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UNITED NATIONS | **NATIONS UNIES**

Social Matters
Relief & Rehabilitation

CONSULTATIONS WITH THE HUNGARIAN GOVERNMENT

FOR RELIEF SUPPLIES REQUIREMENTS

JOINT UN-FAO MISSION TO HUNGARY

FILE NUMBER / NO. DU DOSSIER

SO

Clear DAL 18/2/16

533/2

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PART / PARTIE B

FILE BEGINS 16 JAN 1957 / DOSSIER COMMENCE LE

ENDS MAY 1957 / TERMINE LE

DATE	REFERRED TO TRANSMIS A	ROOM BUREAU NO.	P. A. — B. F.	DATE	INIT.	DATE	REFERRED TO TRANSMIS A	ROOM BUREAU NO.	P. A. — B. F.	DATE	INIT.
17/9/57	Taylor	2935									

CR. 37 (5-55)

FOR CONNECTED FILES SEE INSIDE COVER
POUR LES DOSSIERS CONNEXES VOIR AU VERSO

CONFIDENTIAL

SO 533/2

Verbindung zu

Internationale Hilfswerke

Ausländische Botschaften u Gesandtschaften

Liga der Rotkreuzgesellschaften

Rel
un
tradi
Aufga

DELEGATION WIEN

Delegationschef
Stellvertreter

Verbindung zu Oestern. Ministerien u. Wiener Stadtbehörden

Verbindung zur Ungarischen Gesandtschaft Wien

Verbindung zur Liga der Rotkreuzgesellschaften

Sekretariat

Kanzlei | Telex

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Abteilung Strassentransport

Pass-u. Grenzformalitäten | Delegierte Convoyeure

Transportzentrale

I Schweiz

II Schweiz

III Holland

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Technischer Dienst

Park u. Material

Betriebsstoffe

Reparaturen

Abteilung Bahn- u. Schiffstransporte

Transportdienst | Spedition

Verbindung Oe.B.B.

Verbindung Ung.St.B.

Verbindung U.D.D.G.

Verb. Bahnhöfe Wien

Verb. Flugplatz Schwechat

Abteilung Lager

Lebensmittel

Textilien

Medikamente u. san. Material

Diverses

Personelles

Schweizer | Oesterr.

GENERALDELEGATION I.K.R.K.
Ungarnhilfe

Generaldelegierter
Stellvertreter
Chef Koordination

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Planung
Beschaffung
Finanzwesen

Presse

Medizinisch-pharmakologische Versorgung u. Hilfe

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Presse-dienst

Verb. Oe. Presse

Verb. Ausl. Presse

Verb. Schweiz. Presse

Verb. Radio

Verb. Of. Liga der Rotkreuzgesellschaften

Verb. Of. traditionelle Aufgaben IKRK

DELEGATION BUDAPEST

Delegationschef
Stellvertreter

Ungarisches Rotes Kreuz

Abteilung Administration

Unterkunft

Verpflegung Kantine

Buchhaltung u. Besoldungswesen

Postdienst

Inventar

Planung

Allgemeine

Medizinisch-Pharmakologische

Kommissariat

Rechnungswesen

Personelles

Unterkunft/Verpflegung

Sekretariat

Kanzlei

Telex

Lagerleitung

Buchhaltung

Halle 1

Halle 2

Halle F2

Packerei

Transporte

Fahrdienst

Parkdienst

Transporte

Bezirksstellen

File closed as of 31 December 1960
in accordance with the programme for periodic retirement of registry files.

Any future correspondence on this subject will be continued under the same file number.

Mr. de Seynes, Mr. Hill

Senator Charges F. A. O. Helps Hungarian Communists

WASHINGTON, May 15 (U.P.)—Sen. Roman L. Hruska, R., Neb., protested today that the Hungarian mission of the United Nations Food and Agriculture Organization is helping to strengthen the Communist government of dictator Janos Kadar.

In a letter to Robert C. Hill, Assistant Secretary of State for Congressional Relations, Sen. Hruska said the secretariat of the U. N. group had "no authority whatsoever" to spend F. A. O. money on the Hungarian program.

From the F. A. O.'s own report, he said, it is clear that "F. A. O. went into Hungary on the pretext of assessing emergency food needs of suffering people."

RECORDS CONTROL
So 533/2
23 MAY 1957

Basis - U. P. dispatch.

UP29
(HUNGARY)
SEN. ROMAN L. HRUSKA (R-NEB.) COMPLAINED THAT THE HUNGARIAN MISSION OF THE FOOD AND AGRICULTURE ORGANIZATION IS SHORING UP THE COMMUNIST GOVERNMENT OF DICTATOR JANOS KADAR.
IN A LETTER TO ROBERT C. HILL, ASSISTANT SECRETARY OF STATE FOR CONGRESSIONAL RELATIONS, HRUSKA SAID THE SECRETARIAT OF THE U.N. GROUP HAD "NO AUTHORITY WHATSOEVER" TO SPEND FAO MONEY ON THE HUNGARIAN PROGRAM.
HRUSKA SAID THE PROGRAM'S AIM IS TO "PROP UP THE AGRICULTURAL ECONOMY."
FROM THE FAO'S OWN REPORT, HRUSKA SAID, IT IS CLEAR THAT "FAO WENT INTO HUNGARY ON THE PRETEXT OF ASSESSING EMERGENCY FOOD NEEDS OF SUFFERING PEOPLE."
BUT AFTER THREE DAYS OF CONSULTATION WITH THE KADAR AUTHORITIES, HE SAID, THE MISSION "PRODUCED A SET OF PROPOSALS AIMED AT RESTORING FOR THE DICTATOR GOVERNMENT ANY DAMAGE DONE TO THE AGRICULTURAL ECONOMY WHEN THE PEOPLE GOT OUT OF HAND LAST FALL."
5/13-P1013A

O.D. Hold for Mr de Seynes.
Thank you RT
PS

SO 533/2
5 MAR 1957

15 February 1957

My dear Jacques,

Thank you so much for sending me a copy of the paper entitled "Mission in Austria". I have read it and passed it on to Mr. de Seynes and Mr.Cohen to look at.

With kind regards,

Yours sincerely,

Ralph Townley

Mr. Jacques Katel,
The World Veterans Federation,
Office of the United Nations Representative,
311 East 46th Street,
NEW YORK 17, N.Y.

EUROPEAN OFFICE
OF THE UNITED NATIONS

OFFICE EUROPÉEN
DES NATIONS UNIES

JAN 28 1957
ACTION
To Mr. Duckworth-Barker B.
Completed

INTEROFFICE MEMORANDUM

To : Mr. V. Duckworth-Barker, Department of Public Information

Cc: External Services

From : W. Gibson Parker, Director, Information Service, Geneva

Write out cables

GO 533/2

Our Ref : .....

Geneva, 23 January 1957

Your Ref : .....

Subject : Press commentaries on Mr. de Seynes' report

Further to your telegramme No. 51, I am sending you the press clippings from Swiss papers which, of course, are already in our hands. During the next few days, we shall send you clippings from Austria, Germany and other parts of our region.

I want to thank you most sincerely for the trouble you took and the kindness you showed in arranging the details of the simultaneous release of the de Seynes report. It was most helpful and greatly appreciated here.

RECORDS CONTROL
UNITED NATIONS

UNITED NATIONS
RECORDS CONTROL

1957 JAN 30 PM 2:21

UNITED NATIONS
EUROPEAN OFFICE

OFFICE EUROPÉEN
DES NATIONS UNIES

INTEROFFICE MEMORANDUM

ACTION
JAN 28 1957

To : Mr. V. Duckworth-Barker, Department of Public Information

CC: External Services

From : W. Gibson Parker, Director, Information Service, Geneva

Our Ref : ..... Geneva, 25 January 1957

Your Ref : .....

Subject : Press commentaries on Mr. de Seynes' report

Further to your telegramme No. 25, I am sending you the press clippings from Swiss papers which, of course, are strictly in our hands. During the next few weeks we shall send you clippings from Austrian, German and other parts of our Region.

I want to thank you most sincerely for the prompt look and the kindness you showed in arranging the details of the simultaneous release of the de Seynes report. It was most helpful and greatly appreciated here.

THE ROCKEFELLER FOUNDATION
49 WEST 49th STREET, NEW YORK 20

OFFICE OF THE PRESIDENT

TELEPHONE:
COLUMBUS 5-8100

FEB 11 1957

ACTION

TO Mr. Townley
☐ - Action Completed
☐ - Acknowledged
☐ - No Action Required
INITIALS RL

February 8, 1957

Dear Mr. Townley:

SO 533/2 CONFID.

Thank you very much for the interesting report of the mission which visited Hungary under Mr. Philippe de Seynes. I would be glad to reciprocate with notes on my own visit to Budapest in early January, but I am afraid that our procedures here are so informal that no such report exists.

Cordially yours,

Dean Rusk

Dean Rusk

Mr. Ralph Townley
Special Assistant to the Under-Secretary
for Economic and Social Affairs
United Nations
New York, New York

RECORDS CONTROL
So 533/2
FEB 1957

5 February 1957

Dear Mr. MacKoin,

Following our telephone conversation, I have pleasure in sending you Mr. de Seynes' report on Hungarian relief needs. If you feel that this has some interest for you, I am sure I could arrange for you to see Mr. de Seynes when you are next visiting us.

I am also enclosing a chronological note on United Nations action with regard to Hungary up to 31 December 1956.

With kind regards,

Yours sincerely,

V. Duckworth Barker
Senior Information Officer
Office for Relief to the
Hungarian People

Mr. Gary MacKoin
International Catholic Press Union
Room 700
20 Vesey Street,
New York, N.Y.

RECORDS CONTROL
So 533/2
6 FEB 1957

5 February 1957

Dear Mr. Rusk,

I thought you might like to see a copy of the report of the joint United Nations-Food and Agriculture Organization mission to Hungary of which Mr. Philippe de Seynes was the head.

Yours sincerely,

Ralph Townley
Special Assistant to
the Under-Secretary
for Economic and Social Affairs

Mr. Dean Rusk
President
Rockefeller Foundation
49 West, 49th street
New York city

Cable was sent out on Jan to Dupuy, Paris

NATIONS UNIES UNITED NATIONS

CENTRE D'INFORMATION DES NATIONS UNIES
POUR LA BELGIQUE, LA FRANCE ET LE LUXEMBOURG

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PARIS - XVI[e]
TÉL. : KLÉ 52-00 - POSTE : 27-77
CABLES - PAROMNIPRESS-PARIS

RECORDS CONTROL
SO 533 | 2
28 JAN 1957

19/1/57

Cher Monsieur

Voici les premiers échos de la presse française à votre rapport. Vous y lirez la bien curieuse mise au point de journaux parisiens. Je vous communiquerai ultérieurement les comptes de la presse de province et de la presse belge

Vous remarquerez que seul le "Parisien Libéré" est favorable et ce ne peut être qu'une omission involontaire. L'Express et l'Observateur feront également écho de votre rapport dans leur prochain numéro

Veuillez agréer, Mr Pommier,
l'expression de mes sentiments
respectueux

J. C. Comert.

PS/ed

RECORDS CONTROL
~~S0534~~ S0533/2
29 JAN 1957

28 janvier 1957

Monsieur le Président,

Mes journées à New York après mon retour ont été si pleines que je n'ai pas eu, jusqu'à présent, le loisir de vous exprimer par écrit le plaisir que j'avais éprouvé de pouvoir vous rencontrer à Genève et de pouvoir discuter avec vous les différentes données d'une action commune qui, je l'espère, pourra se développer pour le bien du peuple hongrois. Je me félicite des rapports qui ont pu s'établir entre nos deux organisations dans le cadre de leur vocation et de leur mandat respectif et je me permets de vous exprimer ma reconnaissance pour votre participation personnelle à nos débats.

Si j'interprète correctement la situation, beaucoup d'efforts communs seront nécessaires si nous voulons mener à bien le programme dont les grandes lignes ont été tracées par le Comité international et que la mission que j'ai dirigée a pratiquement endossées dans son rapport. Les gouvernements ne seront pas, semble-t-il, prompts à réagir dans le sens désirable et toutes sortes d'inhibitions psychologiques les encombrent dans l'examen d'une action qui mettrait en cause le mécanisme administratif auquel préside l'actuel gouvernement hongrois. En dehors des efforts de persuation qui peuvent être déployés par le Comité aussi bien que par moi-même, et dans l'intérêt même de ces efforts, certains problèmes de coordination doivent être résolus et les conditions d'une action commune précisées. A cette fin, j'envoie à Genève Monsieur Myer Cohen, Directeur exécutif du programme de secours au peuple hongrois et j'espère que des conversations fructueuses pourront avoir lieu à Genève vers la fin de cette semaine.

Je vous prie d'agréer, Monsieur le Président, l'assurance de mes sentiments très dévoués.

Monsieur Léopold Boissier
Président
Comité international de
la Croix-Rouge
7 Avenue de la Paix
Genève

Philippe de Seynes
Sous-Secrétaire
chargé de l'aide
au peuple hongrois

cc: Mr. Myer Cohen

TECHNICAL ASSISTANCE BOARD BUREAU DE L'ASSISTANCE TECHNIQUE

NATIONS UNIES
Palais des Nations
GENEVE

TELEPHONE : 33 10 00 33 20 00 33 40 00

CABLE ADDRESS : TECABOARD GENEVA

Mr. Taylor -
Please discuss with Mr. Tousley. Mr. Grad de Serres
will no doubt be pleased about this.
28/2

CONFIDENTIAL

25 January 1957

RECORDS CONTROL
So 533/2
1 - FEB 1957

Dear Myer,

I am sending you herewith a note which was prepared at the request of Mr. Sinard and which concerns some mistakes in the French version of the report of the UNFAO mission. You might want to take account of this to have the necessary corrections made if the UN Documents Service considers this necessary.

With kind personal regards,

Yours sincerely,

P.R. Obez
U.N. Liaison Officer for Relief
to the Hungarian People

Mr. Myer Cohen,
Executive Director,
Office of the Under-Secretary for
Relief to the Hungarian People,
United Nations,
NEW YORK

No enclosures.
reached Registry
HP.
1/2/57

ORGANISATION DES NATIONS UNIES POUR
L'ALIMENTATION ET L'AGRICULTURE

FOOD AND AGRICULTURE ORGANIZATION
OF THE UNITED NATIONS

ORGANIZACION DE LAS NACIONES UNIDAS PARA
LA AGRICULTURA Y LA ALIMENTACION

Viale delle Terme di Caracalla
ROME

Cable Address: FOODAGRI, ROME
Tel. 590011 - 590211 - 599071

RECORDS CONTROL
So 533|2
31 JAN 1957 90

Please quote
Référence :
Sírvase citar : DDG

23 January 1957

Dear Myer,

Thank you very much for your letter of 18 January number SO533/2 enclosing copies of the English, French and Spanish versions of UN document A/3503 containing the report on the joint UN/FAO Mission to Hungary.

I am very sorry about the misunderstanding which arose in regard to the version which we released. So far as I can judge, however, no unfortunate consequences resulted.

You certainly seem to move about from one activity to another. I wish that here in Rome we had a few spare hands whom we could use to deal with these unexpected developments which seem to take place all too frequently.

All good wishes,

Yours sincerely,

Herbert Broadley
Acting for B. R. Sen
Director-General

Mr. Myer Cohen
Executive Director for Relief
to Hungarian People
United Nations
New York
U.S.A.

Seen by Mr. de S.

ECHNICAL ASSISTANCE BOARD BUREAU DE L'ASSISTANCE TECHNIQUE

NATIONS UNIES
Palais des Nations
GENEVE

ELEPHONE : 33 10 00 33 20 00 33 40 00

CABLE ADDRESS : TECABOARD GENEVA

Mr de Seynes
Red pencil marks show differences in Text. See also actual Press Release.

28/I/57

23 January 1957

RECORDS CONTROL
So 533/2
1-FEB 1957

Dear Myer,

With reference to your cable No. 142, I hasten to send you herewith the only copy which is available here of the FAO report. It is in the form of a press release together with an attachment on "Substantial Food Imports needed for Hungary".

Yours sincerely,

P.R. Obez
U.N. Liaison Officer for Relief
to the Hungarian People

Mr. Myer Cohen,
Executive Director,
Office of the Under-Secretary for
Relief to the Hungarian People,
United Nations,
NEW YORK

RELEASE

FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS

ROMA - VIALE DELLE TERME DI CARACALLA - TEL. 590211

EMBARGO: Not to be used for publication before 1200 hours GMT (1300 hours Rome time) Friday, 18 January

NOTE RELEASE TIME

REPORT OF JOINT UN/FAO MISSION ON HUNGARIAN RELIEF NEEDS

The following documentation is being released simultaneously at noon GMT (1300 hours Rome time) Friday, 18 January, by the Food and Agriculture Organization and by the United Nations in New York.

It is composed of:

1. The introduction to the report of the joint UN/FAO mission on Hungarian relief, as transmitted to the U. N. General Assembly by Secretary-General Dag Hammarskjold;

2. The full text of Chapter I of the report, dealing with the mission's findings on the food and agricultural needs of the Hungarian people;

3. The text of Chapter 3, which summarizes the relief requirements.

0

Chapter II of the mission report, which deals with relief needs of a non-agricultural nature, is being released at U.N. Headquarters as part of the full report.

It is expected that copies of the full report, in English and French, will be available in Rome within a few days.

FAO/57/1/236

NOTE TO CORRESPONDENTS: This is issued at Rome headquarters for release as dated above. Copies are also available at FAO's Regional Information Offices.

INTRODUCTION

1. A visit to Budapest from 4 to 7 January was undertaken jointly by the United Nations and the Food and Agriculture Organization of the United Nations in pursuance of Resolutions 1004 (ES-11) and 1006 (ES-11) by which the General Assembly inter alia resolved to undertake on a large scale, immediate aid for Hungary, and requested the Secretary-General in consultation with the heads of the appropriate specialized agencies to enquire into the needs of the Hungarian people for relief supplies and to report thereon to the General Assembly.

2. The mission was one of enquiry and not one to negotiate on any matters with the Hungarian authorities. The following report is based on information made available to it by the Hungarian Government in the course of three days' intensive consultations. The information which has been gathered in recent years on the Hungarian economy in the secretariats of the United Nations (particularly the secretariat of the Economic Commission for Europe) and of the Food and Agriculture Organization considerably facilitated the task of appraising the effects of recent developments. The mission had also with it a memorandum on relief action for Hungary prepared at an earlier date by the International Committee of the Red Cross in cooperation with the Hungarian Red Cross and the Ministry of Supplies.

It was possible for the mission to revise and complete the estimates made in this memorandum in the light of additional and more recent information. The mission, furthermore, consulted the Directors-General of the International Labour Office, the World Health Organization and the United Nations Educational, Scientific and Cultural Organizations as well as with the President of the International Committee of the Red Cross and the President of the League of Red Cross Societies.

3. The national economy of Hungary has suffered a severe setback as a result of recent events. The fighting and subsequent unrest resulted in extensive damage to buildings, the destruction and depletion of stocks of food and goods, the loss of skilled labour and the virtual cessation of work in many sectors of the economy. The present situation is conditioned not only by these events but also by a relatively poor harvest in 1956 and by the changes being implemented as a result of the current rethinking of economic objectives.

4. There is at present a lack of fodder necessary to maintain livestock through the winter months, as well as a lack of seed for the spring sowing, and of fertiliser. There is also the prospect of food shortage from May until the next wheat harvest. The short fall in coal production has already brought certain sectors of the economy to a standstill with the result of widespread unemployment. Furthermore, inflationary pressures are mounting due to increased pressure of consumer demand upon depleted supplies.

5. The relief requirements of the Hungarian people can be assessed only in the light of the overall economic conditions at present

prevailing and it has therefore been necessary to review these conditions in this report. Moreover, it is clear that steps designed to restore productive capacity will reduce both the duration and the volume of relief needs. The determination, however, of where relief ends and rehabilitation begins, in this situation, is not one where economic considerations are paramount.

6. With regard to relief programmes the International Committee of the Red Cross under the terms of the agreement between the Committee and the United Nations signed on 4 December 1956 is the sole agent for the channelling of supplies and the utilization of funds contributed to the United Nations Relief Fund. The mission had the opportunity to observe at first hand the field operations of the International Committee of the Red Cross and the Hungarian Red Cross whose work is widely publicized in Hungary; the administration and distribution of supplies by these bodies are exemplary. A section of this Report refers to the programme of the Committee and to the proposals for expansion for the present ICRC activities through 15 July 1957 after which the Red Cross proposes to discontinue its relief activities inside Hungary.

CHAPTER I - AGRICULTURE AND FOOD SUPPLY

Minimum conditions for recovery

1. An adequate food supply to the population of Hungary between now and the next harvest can only be assured, under present circumstances, given two conditions:

a) that substantial imports take place urgently, so as to compensate in part for the abnormally low production of 1956;

b) that the supplies becoming available from agriculture in the coming months will be marketed in a regular and continuous manner.

These two imperatives dictate the whole food supply policy of the government. Any reduction in the volume of imports which is envisaged or any prolonged suspension of deliveries from farms would, without any question, endanger the supply of the large cities and towns and would aggravate a food situation which is already difficult.

2. It is moreover essential that every effort should be made to raise agricultural production in 1957 to the highest possible level, especially crop production. The events of recent months have held back field work, in particular the autumn sowing of cereals. If this lost time cannot be made up, the insufficiency of national supplies would not only prevent Hungary, which in the past has been a traditional exporter of agricultural products, from maintaining its flow of foreign trade during the coming year, but would also prolong its dependence on external sources of supply.

Shortcomings of 1956 domestic supplies

3. The deficit in production in 1956 can be attributed for the most part to the long dry period which was experienced. The production of both bread grains and coarse grains was greatly diminished thereby, and fodder crops and pastures were similarly affected. Furthermore, since the food processing industry was and continues to be interrupted for a long period by the shortage of transport facilities and of coal[1/] (especially in the case of sugar beet factories), certain industrial by-products which normally become available for feeding to livestock have been at least partially lacking. For these reasons the feed supply situation for breeding and fattening livestock is very difficult.

Effects of changed system of marketing

4. Until a few months ago the food supply of the urban centres depended essentially on the compulsory deliveries which farmers were called upon to make, and the purchase price of these quantities was fixed by the State. In the early part of November this system was abolished. Henceforward farmers, whether they operate private farms or whether they belong to a cooperative farm, can dispose freely of part or all of their produce to individual consumers. If sales are not made directly to consumers, the farmers have to deliver their products to the trade organisations which collect and distribute under regulations made by the Ministry of Internal Trade. All these transactions, however, take place at prices freely arrived at, and this applies at all stages of distribution.

1/ In these respects serious difficulties still exist.

5. Such far-reaching changes in economic behaviour may well be accompanied by occasional temporary dislocation in deliveries and it should be pointed out that even a temporary falling off in the supply of certain products would inevitably lead to a spectacular rise in prices,[1] consumers' purchasing power being for the moment quite high. Difficulties are being experienced in estimating the probable timing of deliveries from farms, since no comparable situation has existed in recent years which might furnish a basis of estimation. Nevertheless, farmers have increasingly come to regard the removal of compulsory deliveries as an essential step in the improvement of rural conditions, and to that extent they have now obtained satisfaction. The most recent official declarations contain for the time being no reference to or modifications of the arrangements announced in November, and it appears that from now on it is the play of the forces of supply and demand which will decide the way in which agricultural production will develop.

Current food situation in Budapest

6. At the time when the mission was carried out, the food situation in Budapest (and, it seems, in other large cities) was on the whole satisfactory. The basic commodities, bread and milk, were obtainable without rationing, though often only after a period of waiting, due to the reduction in the number of points of sale. Meat was plentiful, this being normally the time of seasonal surplus, aggravated this year by the scarcity of feeds which forces farmers to sell animals; vegetables were arriving from the surrounding districts in sufficient quantities but without much variety to choose from; fruit, consisting almost entirely of apples, was scarce and of poor quality.

The price levels fixed before October have been more or less maintained for the essential foodstuffs, although for other products (notably eggs and paprika) considerably higher prices have been recorded. This satisfactory situation has only been maintained by rapidly drawing upon the stocks. In addition, exports of agricultural products have been totally stopped during the past few months, while a certain quantity of imports have continued to arrive.

Immediate tasks

7. Three main problems arise for the Hungarian food and agricultural services at the present time:

a) to make available to farmers without delay the means of production which are needed in preparation for the harvest of 1957, and for the maintenance of livestock;

1/ This has already happened for certain products, such as eggs.

b) to secure the regular delivery of produce from the farms under the new system of free marketing; and

c) to make plans for such imports as are indispensable.

These three points are developed more fully below.

a) Emergency measures to assist the recovery of agricultural production

(i) Seeds

8. Up to the present time it has not been possible to complete the programme of autumn sowings[1]. If normal weather conditions prevail in the coming months, this delay could be made up by prolonging the period of spring sowing. Early-ripening varieties of wheat, barley and oats which are not available locally in sufficient quantities would have to be obtained. The requirements for these seeds are stated to be as follows:

spring wheat	- 5,000 tons
spring barley	- 5,000 tons
oats	- 2,000 tons

A list of the varieties which are requested has recently been drawn up by the Hungarian agronomic services, which communicated it directly to FAO. That Organisation has already initiated action with a number of its member governments in Western Europe where the desired varieties might be available. It appears that it will be possible to meet the needs expressed in large measure, either in the form of gifts or by means of a barter exchange (e.g. seed barley against an undertaking by Hungary to furnish the equivalent quantity of malting barley after the harvest), or through the normal channels of trade.

Similar provisions have already been made by FAO to secure the supply to Hungary in the near future of 2,500 tons of seed potatoes and 400 tons of hybrid maize seeds.

In the event that gifts are forthcoming, their distribution would be controlled according to a procedure similar to that at present being followed for International Red Cross supplies.

(ii) Fertilisers

9. Production in 1957 could also be increased if chemical fertilisers were put at the disposal of farmers in relatively large quantities.

Fertiliser consumption has remained low in Hungary in comparison to the more advanced countries of Europe. Production in 1955 amounted to 12,800 tons of pure N and 28,800 tons of P_2O_5. It is difficult to estimate what will be the shortfall in fertiliser production due to the recent and continuing fuel shortage as well as transport and other difficulties, but it is safe to consider that the reduction will correspond to no less than three months' output. The most immediate need, which is for nitrogen fertilisers for use in the spring, is on all available evidence considerable.

1/ According to some estimates, the area sown with cereals this winter amounts to only 60 or 70% of the area normally sown.

(iii) Livestock production

10. The Hungarian feed situation is serious. The harvest of coarse grains, and especially of maize, was about 30% below that of the previous year. Fodder crops were also poor.

Production of certain cereals
million tons

	Average 1950-55	1954	1955	1956 (Prelim. estimates)
Barley	0.7	0.6	0.8	0.6
Oats	0.15	0.15	0.2	0.15
Maize	2.3	2.5	2.9	2.3
Total	3.15	3.25	3.9	3.05

Breeding stock (at breeding stations) and some of the stock for meat production (specialised pig-producing enterprises) are particularly threatened. Their feed supply in the past depended mainly on compulsory deliveries coming from cooperative farms and family farms. These deliveries were stopped shortly after the maize harvest, with the result that no stocks of coarse grains were built up by the livestock enterprises.

11. In order to maintain the numbers of pedigree livestock and to fatten the pigs which the specialised enterprises now have, 150,000 tons of coarse grains (essentially barley and maize) are urgently requested by the authorities. The delivery timetable, they consider, should be as follows:

before the end of January:	20,000 tons
in February :	60,000 tons
in March :	70,000 tons

The needs for the next two or three weeks will be met by a consignment of barley promised by the USSR and now on its way. There have been negotiations with China and 150,000 tons of coarse grains will be provided by that country; it is not expected, however, that delivery will take place before April or May. Should these supplies not be forthcoming within the arranged time, the previously-mentioned minimum requirement of 150,000 tons would have to be increased proportionately.

b) Encouragement of deliveries from farms

12. To encourage deliveries from farms, three series of measures have been taken or are envisaged:

(i) as indicated above, steps have been taken to obtain by trade negotiation or other ways, means of production for which the farmers urgently ask.

(ii) concerning domestic production, important changes have been made to the regulations which were previously applied. Farmers are under no obligation as regards their production plans, and they can dispose of their produce in any way they wish. They have obtained the right to dissolve the cooperative farms previously created, if they so desire.1/ The machine-tractor stations must in the future be at the disposal of all and they must become self-financing independent concerns. During discussions mention was made of the Government's intention to proceed with the sale to private farmers of land belonging to the State or to local communities. The purchase and renting of land is authorised so as to enable family farms to adapt their area to the labour which they have at their disposal.

(iii) finally, the Hungarian supply services are concerned to provide farmers with the various consumer goods which they need. The new priorities allocated to the industries which produce these goods, which are dealt with elsewhere in this report, partly reflect this concern.

c) Food imports and requirements: forecasts for the coming months

13. The food requirements to be covered by imports relate both to basic commodities (cereals, sugar, fats) and to products often considered to be less indispensable (coffee, cocoa, oranges, etc.). Moreover, a serious shortage of meat might appear during the summer months if the coarse grains necessary for the maintenance and fattening of the livestock are not forthcoming in good time.

Wheat

14. The harvest of 1956 was markedly lower than the average of recent years.

Production of bread grains

	Average 1950-55	million tons		
		1954	1955	1956 (provisional)
Wheat	2.0	1.7	2.1	1.7 - 1.8
Rye	0.6	0.5	0.55	0.5
Total	2.6	2.2	2.7	2.2 - 2.3

Some stocks had been built up before the recent events, through the operation of the programme of compulsory deliveries. However, it has been officially stated that total State procurements of bread grains up to 15 October were 20 percent less than had been planned. The deficit for compulsory deliveries up to that time (based on farm area) was only about 10 percent, but there was a failure to make the planned purchases at free market prices, over and above the compulsory delivered quantities.

1/ It seems that about 50% (or 2,000 in number) of the cooperative farms existing at the end of October have been dissolved. It is reported that some have been re-established in a modified form.

15. To maintain sufficient supplies between now and the next harvest, it is officially estimated that more than 400,000 tons of wheat will have to be imported.[1] After allowing for the 250,000 tons which are expected from USSR as part of the programme of economic aid recently prepared, a need for 150,000 tons would remain. Although it is desired that shipments should begin soon, it would suffice if this quantity were to be delivered in April or May, since the available stocks and the undertakings for delivery from other countries should theoretically cover requirements until the beginning of June.

Sugar

16. The sugar beet harvest of 1956 would normally have been sufficient to cover all requirements. However, as work at the sugar factories has been held up, some losses have occurred through a reduction in the sugar content of the roots. It is now necessary for 20,000 tons of sugar to be imported, at the latest during the summer months, if the present consumption levels are to be maintained.

Fats

17. Lard plays an important part in Hungarian food supplies. It will be necessary to import 10,000 tons to cover requirements until October. The International Red Cross has already taken steps to ensure a supply of 3,000 tons of fats to Hungary in the near future.

18. Tallow. Normally 10,000 tons are imported annually. For 1957 this quantity is not yet assured and apparently cannot be obtained through the usual trade channels owing to lack of means of payment.

Other commodities

19. It would seem desirable to maintain a very limited supply of certain commodities of lower priority, the complete deprivation of which would cause hardship. These are as follows:

cocoa beans	:	1,000 tons
coffee	:	1,000 tons
pepper	:	100 tons
lemons	:	5,000 tons
oranges	:	2,000 tons

Some of these commodities, such as oranges, could be reserved for persons with special nutritional needs.

Problems of meat supplies

20. Meat is plentiful at present in Budapest and probably throughout the country. Slaughterings have been accelerated, especially of pigs, on account of the insufficient supplies of feedingstuffs. Since storage facilities are not such as to accommodate all the available quantities, arrangements have been made to utilise cold stores in neighbouring countries.

1/ This estimate takes account of the quantities of wheat and flour recently received from various countries as emergency aid.

These stocks will in part make up for the shortfall of meat production which will occur during the summer (after the end of May). When that time comes the remainder will have to come from the specialized pig enterprises for which imports of coarse grains are now requested.

Certain traditional exports of Hungarian produce (poultry, for example) will have to continue in order to fulfil trade commitments already made and to pay for the planned imports of basic foods.

CHAPTER III. SUMMARY OF RELIEF REQUIREMENTS

60. From the preceding brief survey the following relief requirements appear to emerge with respect to food supply and agriculture:

(1) Seeds:

Spring wheat	5,000 tons
Spring barley	5,000 tons
Oats	2,000 tons

(The Food and Agriculture Organization (FAO) is in contact with a number of governments with a view to facilitating arrangements for the provision of seed.)

(11) Fertiliser:

Nitrogen	3,150 tons
P 205	7,000 tons

(111) Fodder for Livestock:

Barley and maize	300,000 tons

(The Hungarian authorities reported arrangements are being made to receive 150,000 tons of this amount.)

(1V) Food Requirements:

Wheat	400,000 tons

(The Hungarian authorities report that arrangements are already under way to secure 250,000 tons of this amount.)

Sugar	20,000 tons
Lard	10,000 tons

(The ICRC has arranged to supply some 3,000 tons of this amount.)

Tallow	10,000 tons

Other Requirements (lower priority)

Cocoa beans	1,000 tons
Coffee	1,000 tons
Pepper	100 tons
Lemons	5,000 tons
Oranges	2,000 tons

61. Since November 1956, the ICRC has been conducting a traditional emergency relief programme, which as indicated in the interim report of the Secretary-General (Document A/3443), is providing minimal relief to four percent of the population. 1/ Through resources

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1/ The items included in this programme are: powdered milk, cod liver oil capsules, fats, meat, fish, cheese, cereals, sugar, flour, soap, clothing, blankets, coal for hospitals, and window glass. Distribution is made through standard parcels, child feeding programs, and direct distribution of clothing and blankets.

available to the ICRC this relief activity can be carried on until the end of April 1957. In order to continue this limited operation until July 15, 1957, the ICRC is requesting additional supplies valued at some dollars 1,500,000 (see Annex).

62. The ICRC has informed the Secretary-General that traditional emergency relief activities along the above lines will be insufficient to provide the necessary aid to the Hungarian population since reserves of basic food supplies are at a dangerously low level. The ICRC accordingly urges the establishment of an expanded programme of emergency relief to cover some of the basic needs in primary commodities such as bread - wheat, coal (for hospitals and social institutions only) and cattle fodder (barley oats, cattle cake, maize) for the period January 15 to July 15. The joint UN/FAO mission wishes to endorse a programme of this kind.

63. If an expanded programme of emergency relief is to be established, careful consideration needs to be given to the method of distribution. Items such as bread - wheat and fodder cannot be distributed in large quantities in the same way as the items in the traditional emergency relief programme. Quite apart from the physical impossibility of direct distribution of such items, it is necessary to consider the possible inflationary effect of free distribution of sizeable quantities of these items. In view of these considerations the ICRC has prepared a plan which forsees that products such as bread grains would be distributed through the normal economic channels, namely mills and bakeries, and would be sold to the population at the basic trade rate. For coal, it is foreseen that relief coal would be sold to the coal distribution agents in Budapest under an agreement stipulating that this coal would be exclusively used for hospitals and social institutions such as schools, universities, etc. As for cattle fodder, the quantities which would be available under the general relief programme would be sold through certain specified cooperatives to be used in specially designated areas of the country. In each case the products would be sold at the basic world average prices. The resulting funds would be put into a special account of the Hungarian Red Cross and would be used in turn with the agreement of the ICRC for such purposes as administrative costs of the Relief Programme, and ultimately for hospitals, social institutions and related welfare programmes. It is understood that before such a plan could be accepted, discussions both on the principle involved, and on the details would be required.

64. With regard to the coal mentioned in the ICRC proposal the quantity involved is 260,000 tons, and as indicated the supply is intended to fulfil minimum needs for social institutions. The mission was unable to check on this quantity, but in view of the overall deficiency in coal productions it would appear that the amount is reasonable.

65. In addition to the various sources of relief assistance, it is expected that within the framework of the technical committees of the Economic Commission for Europe consideration may be given to certain of the economic problems with which Hungary is faced.

OF THE UNITED NATIONS

Viale delle Terme di Caracalla, Rome

(For use of information media. Not an official record).

EMBARGO: Not to be released before NOON GMT (1300 hours Rome time), Friday, 18 January

NOTE RELEASE TIME

I.R. Press: 57/6

SUBSTANTIAL FOOD IMPORTS NEEDED BY HUNGARY, UN/FAO MISSION REPORTS

Rome, 18 January -- A joint UN/FAO mission reported today that the people of Hungary urgently need "substantial imports" of agricultural supplies and an assurance of regular deliveries from the farms if they are to be assured an adequate food supply between now and the next harvest. The mission's report on the country's food and agricultural needs was made public simultaneously by the Food and Agriculture Organization and the United Nations.

B.R. Sen, Director-General of FAO, said the estimates of food and agricultural needs listed in the agricultural chapter of the report had already been submitted to member governments likely to be able to supply at short notice some of the required goods, and that already he had received intimations that part of the requirements, including all of the needed seed supplies, could be found.

The report said that a combination of a bad 1956 crop and the disruption of normal field work during the recent political upheaval have made it essential to raise agricultural production in 1957 to the "highest possible level." Otherwise, it warned, a period of critical shortage would develop in the summer and Hungary would have to prolong its dependence on external sources of supply.

The report was prepared by a joint mission composed of Phillipe De Seynes, U.N. Undersecretary in charge of relief for Hungary; Dr. F.T. Wahlen, Director of the Agriculture Division of FAO; Arthur Ewing, Chief of the Steel, Engineering and Housing Section of the U.N. Economic Commission for Europe, and Pierre Sinard, Chief of the FAO/ECE Joint Agriculture Division. It was in Budapest from 4-7 January. The full report, released at U.N. Headquarters today, deals with the needs of the Hungarian people under

the additional categories of industry and transport, housing and economic policy.

Its introduction noted that the mission, undertaken in pursuance of humanitarian resolution of the U.N. General Assembly, was exploratory, and that the findings were based on information made available by the Hungarian authorities and information gathered in recent years on the Hungarian economy by the Secretariats of the U.N. and of FAO. It also drew on a memorandum on relief action prepared earlier by the International Committee of the Red Cross. By agreement with the U.N., the ICRC is the sole agent for channelling supplies and employing funds contributed to the U.N. Relief Fund. The agreement provides in addition for action by the specialized Agencies within their fields of competence. The UN/FAO mission's report supports an ICRC proposal to establish an expanded program of emergency relief towards basic needs for the period 15 January to 15 July.

Dr. Wahlen, in a summary submitted to Mr. Sen, pointed out that the most critical factor in the Hungarian economy is shortage of coal and power, and warned that this together with other factors "may lead to inflation, and thus severely affect the prices of food supplies."

Even as the report was being prepared in final form, FAO was approaching certain Governments to secure their co-operation in meeting the needs revealed in the report. A preliminary survey made in Geneva and Vienna in late December by Dr. Wahlen and Mr. Sinard indicated that some 15,000 tons of seed would be needed for spring planting. The Director-General made available information on the quantities of various types of seeds which would be needed. And when Dr. Wahlen returned from the joint UN/FAO mission, Mr. Sen communicated further information on other agricultural needs to governments which might be in position to satisfy them.

"Thus far," Mr. Sen said, "I have every hope that the greater proportion of the immediate food and agricultural needs can be met."

The Agricultural portion of the report emphasized that the estimates of aid needs were aimed primarily at maintaining the agricultural production apparatus, in the interest of ensuring future food supplies.

"Examination on the spot and discussions with the Hungarian authorities," Dr. Wahlen's summary said, "have shown that the supply of seeds, feeds and fertilizers is the most effective way of accomplishing this goal." The Hungarian authorities had agreed that, insofar as aid goods were furnished as donations, FAO "shall exercise a control for their correct distribution along the lines of control exercised by the International Committee of the Red Cross for the distribution of goods supplied by them."

Dr. Wahlen said the food situation at the time of the mission's visit was "not alarming." Basic foods were available and price levels had been largely maintained.

But there were some disturbing indications of what the future might bring. Among them were cited delays at food-distribution points, the slaughter of valuable breeding stock because of feed shortages, the disruption of the output of food-processing plants, the rapid dwindling of reserve stocks to keep abreast of day-to-day demand, the suspension of exports, and the probable effect on prices of the abolition in November of the policy of compulsory deliveries by farmers of their products at fixed prices. On this latter point, the UN/FAO report said:

"Such far-reaching changes in economic behavior may well be accompanied by occasional temporary dislocation in deliveries, and it should be pointed out that even a temporary falling-off in the supply of certain products would inevitably lead to a spectacular rise in prices, consumers' purchasing power being for the moment quite high. Difficulties are being experienced in estimating the probable timing of deliveries from farms, since no comparable situation has existed in recent years which might furnish a basis of estimation.

"Nevertheless, farmers have increasingly come to regard the removal of compulsory deliveries as an essential step in the improvement of rural conditions, and to that extent they have now obtained satisfaction. The most recent official declarations contain for the time being no reference to or modifications of the arrangements announc in November, and it appears that from now on it is the play of the forces of supply and demand which will decide the way in which agricultural production will develop."

The report said emergency measures needed to assist the recovery of agricultural production include:

-provision of some 15,000 tons of seeds (spring wheat, spring barley, oats and seed potatoes) for spring planting to help in offsetting the 30- to 40-percent deficit in autumn sowings.

-provision of about 50,000 tons of chemical fertilizers for use in the spring, to make up for the loss of current production due to fuel shortages and transport difficulties.

-to combat a "serious" livestock feed situation, 300,000 tons of coarse grains must be provided between January and March.

The report also estimated food imports needed between now and the next harvest at 400,000 tons of wheat, 20,000 tons of sugar, 10,000 tons of lard and 10,000 tons of tallow. As lower-priority items it listed 1,000 tons of cocoa beans, 1,000 tons of coffee, 100 tons of pepper, 5,000 tons of lemons and 2,000 tons of oranges.

Meat, the report said, was presently in plentiful supply due to the widespread slaughter of stock because of lack of feed. All available refrigeration space was filled to capacity and arrangements have been made to use facilities in neighboring countries. These stocks would in part offset the shortfall in meat production expected during the summer.

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CMH/tb

RECEIVED
So. 533/2
24 JAN 1957

23 January 1957

Dear Monsignor Gannon,

After hearing Father Vargas' informative talk on the plight of the Hungarian Worker last Wednesday at the Social Order Forum, and also bearing in mind the efforts you and the members of your community have made to stimulate parish response to the plight of the Hungarian refugees, I felt you might be interested in the enclosed report by the Secretary-General of the United Nations on the situation in Hungary.

Sincerely yours,

Claire M. Howe
Non-Governmental Organizations
Section
Economic and Social Council
Secretariat

Monsignor Robert Gannon
St. Ignatius Loyola Church
980 Park Avenue
New York, N? Y.

CMH/tb

So 533|2
24 JAN 1957

23 January 1957

Dear Father Vargas,

..... Enclosed is a copy of the report of the Secretary-General of the United Nations on the "Humanitarian activities to assist the Hungarian people" which I promised I would send you.

Should we have additional documentation which might be of interest to you, I shall be happy to forward it to you if you so desire.

I should again like to tell you how much I enjoyed the informative talk you gave last week at the Social Order Forum and which I mentioned to several of my colleagues here who are involved directly in the Hungarian question.

With sincere good wishes, I am

Sincerely yours,

Claire M. Howe
Non-Governmental Organizations
Section
Economic and Social Council
Secretariat

Reverend Andrew Vargas, S.J.
Fordham University
Bronx 58, New York

ML/ms

[redacted]

RECORDS CONTROL

24 JAN 1957

Mr. Philippe de Seynes, Under-Secretary for Relief to the Hungarian People — 24 January — 7

SO 533/2

Myer Cohen, Executive Director for Relief to the Hungarian People

Hungarian Relief

1. Now that the Report has been issued to Delegations, it is time to give consideration to next steps. Without knowing the reactions of Governments to the situation as described in the Report, it is of course difficult to outline a plan of action. Yet we must start somewhere.

2. First, as to the question of authorization for action by the UN. We assume that the types of relief action appearing in the Report are covered under the General Assembly resolutions 1004 (ES-II) and 1007 (ES-II), although if one were to give a narrow legal interpretation to these resolutions it could be argued that the intention of the General Assembly was to limit relief action to items which could be distributed directly to consumers. A more reasonable interpretation of these resolutions would certainly include the provision of the items outlined on page 20 of the Report. As in most legal matters, the interpretation will depend on the political desire of those who drafted and voted for the resolutions. I doubt that Governments will claim the Secretary-General has no authority to carry on a relief action such as outlined in the Report under the existing resolutions, but nevertheless it is possible that if certain Governments wanted to block action under these resolutions such a position might be taken.

With regard to the authority under which the FAO is taking action, it is far from clear whether Resolution No. 15 of the 6th Session of the FAO Conference (November 15-December 6, 1951) constitutes authorisation covering a situation of this type.

Assuming that FAO action is not authorized under its own resolution and that its authorization to act in this situation stems from resolutions of the UN General Assembly, then we should insist that FAO action be fully coordinated by the UN and that we have full information on action being taken by FAO of every type ranging from preliminary negotiations, to ultimate distribution in Hungary. In this connexion, the only mention of consultation with specialized agencies on Hungarian relief problems is contained in General Assembly resolution 1004 (ES-II) and I should like to point out that this resolution does not empower the Secretary-General to carry out relief measures himself or to administer a relief programme based on contributions furnished by Member States. The Secretary-General's authority to act stems from resolution 1007 (ES-II) and this resolution makes no mention whatsoever of the specialized agencies. Therefore, FAO's authority to act seems to me to come entirely from any request the Secretary-General may make to this effect and accordingly the Secretary-General should be able to set forth the manner in which he would like to have the assistance from FAO.

3. In view of the complex political factors involved in this situation, it is difficult to know whether to start by finding out whether Governments which mi ght be the principal donors are prepared to support a relief programme in Hungary during the next four months or so, or whether negotia(- tions should be undertaken with individual Governments with respect to securing specific supplies listed as required, or thirdly whether conversations with Governments should be in terms of a combination of the above two approaches. It is possible to approach Governments for cash contributions, for surplus commodities, or with proposals that they may wish to advance from available stocks certain items urgently needed, against later repayment in some form or another.

In connection with approaches to Governments on these matters, some orderly method of procedure needs to be worked out between UN, FAO and ICRC. At present, no coordinated action in this respect exists.

4. Turning from the question of contributions to logistical considerations, a coordinated operating plan needs to be worked out with regard to the responsibility for shipping and land transportation of supplies. This requires consultation by UN with donor Governments, ICRC and FAO.

In view of the system of warehouses established by ICRC, it would seem reasonable that relief goods capable of being warehoused should pass through these warehouses. This question of method of shipment and storage of supplies needs to be taken into consideration along with the larger question of distribution in Hungary.

5. With regard to the distribution of supplies under the traditional relief programme of the ICRC, apparently there are no new problems. There is however the need for additional resources totalling $1.5 million for this programme. The new plan put forward by the ICRC for the distribution of the kinds of supplies listed on page 20 of the Report follows the conventional pattern for handling items of this kind. Since FAO participated in the drafting of the Report, I had assumed that FAO envisaged the adoption of a plan such as this for supplies which might be forthcoming following their appeal to Governments. Mr. Obez informed me yesterday that it is likely that ICRC would not play an important rôle in the distribution of seeds since the ICRC operation is at present limited to Budapest while seeds will have to be distributed in rural areas. He also advised me that FAO is taking action with regard to the provision of coarse grain and, in the course of a conversation yesterday with a member of the Canadian Delegation, I was informed that FAO has indicated to the Canadian Government that they are attempting to locate fertiliser. I think we should encourage FAO in the action it is taking as long as we are kept fully informed, and that action by the entire United Nations family can proceed in a rational way.

6. Summarizing the rôle of the United Nations in this situation, I see the following:

A. To contact Governments in order to secure contributions in cash or in kind and to coordinate action in this respect. In this connection, we face the problem of answering queries from Governments as to the relationship between requirements listed in our Report and the supplies available to the Hungarian people. The difficulty in dealing with this problem relates to the question of relief supplies being sent to Hungary from the East. If we do not have correct information as to supplies being sent into Hungary from the East, it is impossible at any time to tell Governments with whom we are consulting as to the actual requirements in the country. How to distinguish between newspaper reports with regard to relief supplies from the East and the actual fact is one of the matters to which we need to give further consideration.

B. To prepare a coordinated plan of operation and distribution of relief supplies in consultation with ICRC, the Hungarian Red Cross and FAO.

C. To provide some administrative funds to ICRC in support of its operation.

D. To report to the Secretary-General and to the General Assembly on the action being taken under the General Assembly resolutions. If, in fact, a substantial programme develops I think we should consider stationing in Budapest ~~of~~ a Liaison Officer who could gather data to be used in preparing these reports.

All of the above is subjedt to major political considerations and decisions thereon, as without the possibility of substantial resources, quickly available, UN "action" cannot be implemented.

7. I propose the following action:

A. Consultations on Policy and on Contributions: Washington, Ottawa, selected European Countries, Delegations in New York. (Query: what about Delegations of Eastern countries ?)

B. Consultation on Coordination and on Operations in Geneva and in Rome with ICRC and FAO.

C. Consultations with Hungarian authorities in New York. (Consultation with Hungarian Red Cross probably inadvisable unless a substantial UN programme is assured).

The timing needs to be considered.

COMMENT ON SECRETARY-GENERAL'S REPORT ON HUNGARIAN RELIEF

23 JAN 1957
NAME INDEXED
So 533/2

The report of course is receiving full and detailed consideration in Washington.

It deals with two types of relief needs: first, assistance of the traditional kind, for the needy and destitute, and, secondly, a large scale program involving commercial sales.

The United States is prepared to help the United Nations relief efforts - and has helped in a substantial way already - in meeting the emergency needs of the people through the free distribution of food, clothing and medical supplies. We have announced a program of $20 million - $15 million worth of commodities and $5 million cash - for relief in Hungary and for help to Hungarian refugees. We have sent several thousand tons of food already through the Red Cross. We will continue to contribute substantial quantities of commodities to meet the requirements of the International Red Cross Program for the desitute in Hungary.

Any program to send commodities for sale on a commercial basis would be new and as the Secretary-General himself says would require further consideration.

Congress would probably have to pass permissive legislation, as according to present laws, no surplus agricultural stocks may be sold to Iron Curtain countries. There would have to be complete assurance that the distribution would be non-political, impartial and fair to the people.

The general impression given by the report is that the regime was facing economic bankruptcy even before the uprising. The figures in the report give some inkling of the low standards of living in Hungary which contributed to the people's revolt. The failure of communist agricultural policy becomes evident in the poor harvest returns and in the retreat from collectivization which has already been decreed.

The widespread collapse of the economy today is proof beyond words - if proof is needed - of the widespread popular nature of the opposition to the regime. When workers in the mines, power plants, factories and farms refuse to work, the people are protesting in the only way they have to protest, against the regime that has been foisted upon them.

The United States wants to help the Hungarian people. But it does not in any way want to bolster up the regime against which the people have been protesting. In fact it is clear that the biggest step for economic rehabilitation would be for the regime to adopt policies which satisfy the Hungarian people so that they will willingly go back to work.

DCrook:January 19, 1957

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Note to Correspondents

Comité International de la Croix-Rouge.

COPIE

23 JAN 1957
NAME INDEXED 50533|2

SECOURS A LA POPULATION HONGROISE

Concerne : organisation - schéma de la distribution - aperçu des principales actions.

I. Organisation générale.-

L'acheminement par le Comité international de la Croix-Rouge (CICR) des secours destinés à la population hongroise a entraîné la mise en place d'un double dispositif technique. Des services ont été en effet créés à Vienne et Budapest et groupés sous l'autorité d'un délégué général, M. Georges Rütishauser, assisté du Dr. Redli, spécialement chargé de la coordination de l'activité exercée de part et d'autre.

La délégation de Vienne, dirigée par M. Bircher, comprend principalement 4 sections : deux d'entre elles sont chargées de l'organisation des transports (l'une des convois routiers et l'autre des transports par chemin de fer et par voie fluviale), la troisième des entrepôts et la quatrième de l'Administration du personnel et du matériel. D'autres services sont chargés des relations avec les Autorités et la Croix-Rouge autrichiennes, avec la Ligue des Sociétés de la Croix-Rouge et les autres institutions internationales, avec les représentations diplomatiques et notamment la Légation de Hongrie en Autriche et avec la presse.

Un service spécial, dépendant du délégué permanent du CICR à Vienne, M. Joubert, est chargé de l'établissement d'un fichier concernant l'ensemble des réfugiés séjournant ou ayant séjourné en Autriche.

La délégation de Budapest, dirigée par M. Fischer, comprend 3 sections : l'une s'occupe de l'établissement et du contrôle de l'exécution des programmes, l'autre des entrepôts (stocks, confectionnement de colis et transport) et la troisième assure le secrétariat. La délégation qui comprend 22 personnes demeure en contact permanent avec la Croix-Rouge hongroise pour l'exécution de sa mission. Un délégué, M. Bovey, est chargé des activités traditionnelles qui découlent pour le CICR de l'application des Conventions de Genève du 12 août 1949. L'ensemble du personnel de la délégation est de nationalité suisse.

La Croix-Rouge hongroise est dirigée par un Comité Central composé de personnalités médicales qui travaillent en liaison constante avec le CICR.

II. Schéma de la distribution en Hongrie.-

D'importants secours ont été envoyés dans la période du 23 octobre au 2 novembre 1956 hors du contrôle du CICR, par des particuliers ou des institutions qui se sont rendus en Hongrie à la faveur des événements, parfois même en usant indûment du signe de la Croix-Rouge.

Le système de distribution et de contrôle, mis sur pied par le CICR, ne vise par conséquent que les secours qui lui ont été confiés soit à Vienne, soit directement à Budapest (comme cela a été le cas pour le don de la Croix-Rouge polonaise). D'autre part, les constatations faites par les délégués du CICR montrent que c'est à Budapest que les besoins sont les plus grands. Des enquêtes ont néanmoins été faites afin de déterminer la situation en province.

Ceci dit, on peut donner la description suivante de l'appareil de distribution fonctionnant actuellement à Budapest :

a) Les denrées et marchandises arrivant de Vienne ou directement remises au CICR à Budapest sont assemblées dans un entrepôt central, à CZEPEL, réservé exclusivement à cet effet. Elles ne peuvent en sortir qu'avec l'approbation commune du CICR et de la Croix-Rouge hongroise.

b) Les distributions ont lieu en conformité des principes fondamentaux de la Croix-Rouge, c'est-à-dire suivant la plus stricte impartialité, et sans autre discrimination que le degré d'urgence des besoins à satisfaire. Chaque action fait l'objet d'un programme écrit, établi d'entente entre la Croix-Rouge hongroise qui l'exécute et le CICR qui en assure le contrôle. Aucune action ne commence avant que la qualité du bénéficiaire ne soit établie et l'appareil de distribution mis sur pied.

III. Aperçu des programmes de secours les plus importants à Budapest, dont la mise à exécution a commencé.-

1. Distributions de lait.

Actuellement, il est remis quotidiennement à environ 120.000 mères et enfants de Budapest 100 gr. de lait en poudre. En vue de

l'exécution de ce programme, le CICR remet à la Croix-Rouge hongroise 12.000 kg. de lait en poudre chaque jour. On envisage d'étendre cette action à 173.500 mères et enfants. Pour l'instant, il est prévu que l'action se poursuivra jusqu'à fin avril 1957. A cet effet, 2.000 tonnes environ de lait en poudre seront nécessaires. Il est cependant probable qu'il s'avérera nécessaire de continuer l'action jusqu'à mi-juillet 1957, soit jusqu'au début de la nouvelle récolte.

2. Colis-secours.

Le jeudi 10 janvier le CICR a remis à la Croix-Rouge hongroise le cent-millième colis-secours pour distribution à la population nécessiteuse de Budapest. Les colis de denrées alimentaires composés par le CICR pèsent environ 4 kg. et contiennent du sucre, du riz, des pâtes, de la margarine, des conserves de viande, du lait en poudre, du fromage, du chocolat, etc. Pour le travail d'emballage, la Croix-Rouge hongroise a mis à la disposition du CICR 75 femmes et jeunes filles, qui confectionnent plus de 7.000 colis dans l'espace de 8 heures.

La distribution des colis se fait sur présentation de cartes de légitimation spéciales, délivrées par la Croix-Rouge hongroise après examen approfondi des demandes de personnes désirant bénéficier des répartitions. La priorité est établie selon un barème d'urgence comprenant 7 catégories. Les premiers en liste sont les survivants de personnes tombées au cours des émeutes; une deuxième catégorie est formée des blessés et de leur parenté; la troisième catégorie comprend les personnes dont les logements ont été détruits ou gravement endommagés, et en 4ème lieu viennent les familles nombreuses. On a inscrit en cinquième catégorie les vieillards, invalides et malades et en sixième et septième catégorie figurent les tuberculeux et les familles à revenu modeste. Le droit de participation aux répartitions et les catégories sont déterminés par une commission, contre les décisions de laquelle il existe diverses possibilités de recours. Les colis sont distribués par les soins d'aides volontaires dans les centres de distribution de la Croix-Rouge hongroise à Budapest, et ce sous la surveillance continuelle du CICR. Les contrôles effectués par ce dernier ont permis de constater que la distribution faite par la Croix-Rouge hongroise a lieu de façon irréprochable.

La distribution de colis de vivres doit être portée au chiffre de 10.000 par jour. L'exécution du programme sera rendue beaucoup plus

facile par l'envoi, de la part de l'Allemagne et des Etats-Unis, de respectivement 25.000 et 100.000 colis de denrées alimentaires emballées sous forme définitive. La Suède annonce également un envoi de colis de vivres.

Sous ce rapport, il convient de signaler que le CICR ne peut pas se charger, en vue de leur transmission à Budapest, de paquets de dons charitables munis d'une adresse personnelle. Pour des envois de ce genre, la voie postale normale, qui fonctionne de nouveau, doit être utilisée.

3. Cantines d'écoliers.

Déjà avant l'insurrection, l'administration scolaire de Budapest servait aux écoliers nécessiteux des dîners pour un prix modique (0,5 à 3.- forint par semaine). Or, cette action d'alimentation doit maintenant s'effectuer par les soins du CICR, en ce sens que c'est à lui qu'incombe la tâche de mettre les denrées alimentaires nécessaires à disposition, alors que la préparation des aliments et le service sont l'affaire des autorités scolaires. Comme lundi 7 janvier l'enseignement scolaire a repris, tout au moins en partie, l'action, depuis longtemps envisagée, pourra bientôt commencer. Elle s'étendra en premier lieu à quelque 20.000 écoliers âgés de six à 14 ans, mais il est prévu que par la suite 150.000 enfants de Budapest pourront bénéficier de cette action d'alimentation. Une condition importante posée par le CICR pour la mise en oeuvre de cette action est que la contribution à payer par les parents soit fortement réduite.

4. Couvertures de laine.

Les livraisons du CICR ont permis à la Croix-Rouge hongroise de distribuer, jusqu'à présent, 5.000 couvertures de laine à des nécessiteux. En outre, sur demande de la Croix-Rouge hongroise, 8.000 couvertures de laine prélevées sur les entrepôts du CICR à Czepel, ont été délivrées directement à des hôpitaux. Enfin, en plus de ces deux distributions, le CICR a remis 27.000 couvertures de laine qui n'ont pas encore pu être réparties parmi la population. 30.000 couvertures américaines supplémentaires ont été entreposées ces jours-ci dans le dépôt CICR à Budapest.

5. Vêtements et chaussures.

Après aplanissement de grandes difficultés d'ordre personnel dans l'organisation du système de distribution de la Croix-Rouge hongroise,

qui ne permettait pas un tri rapide, l'action de distribution de vêtements et chaussures à la population nécessiteuse de Budapest a maintenant débuté. Jusqu'au 31 décembre 1956, le CICR a pu remettre à la Croix-Rouge hongroise 200.000 (env.) pièces de vêtements, dont 5.000 seulement ont été distribuées jusqu'à cette date. Par la création d'un second local de triage, on essaie d'accélérer le plus possible la distribution de vêtements.

6. Action charbon.

Jusqu'au 31 décembre 1956, le CICR a pu faire délivrer par l'entremise de la Croix-Rouge hongroise 1.352 tonnes de charbon aux hôpitaux de Budapest, ce qui a permis de remédier au manque critique de combustible, qui avait provisoirement forcé les hôpitaux à cesser presque complètement le chauffage.

7. Médicaments.

Les dons de médicaments d'un peu partout sont réunis, sous direction experte, à la Délégation de Vienne du CICR, où l'on procède à leur tri et leur entreposage. De l'entrepôt de Vienne on les expédie au dépôt CICR de Budapest, où se fait un second tri, minutieux, et d'où l'on remet à la Croix-Rouge hongroise au fur et à mesure de ses besoins, les remèdes qu'elle demande. Dans cette action de secours, la livraison d'insuline revêt une importance particulière. Après épuisement de tous les stocks en Hongrie et cessation de la fabrication de ce produit, le CICR assuma la tâche de repourvoir tout le pays de ce précieux médicament. Jusqu'à présent, il a été livré, en chiffre rond, 20.000 ampoules d'insuline et une livraison additionnelle de 20.000 ampoules également est en voie de préparation. Ces livraisons permettront à la Hongrie de "tenir le coup" jusqu'à ce qu'intervienne de nouveau sa propre production du remède en question, dont la fabrication a recommencé.

De divers côtés des bruits ont circulé comme quoi les médicaments livrés par le CICR à la Croix-Rouge hongroise n'auraient pas été aiguillés dans la bonne direction. Le médecin en chef de l'action de secours à la Hongrie du CICR a pu se convaincre par des contrôles personnels, lors d'une visite à Budapest, que ces bruits ne correspondent pas aux faits et que les médicaments ont été acheminés dans la direction voulue.

Le 10 janvier 1957, pour la première fois, un transport direct de malades aux soins du CICR a été effectué de Budapest à Vienne. Pour

des transports de ce genre, il est nécessaire que le patient ait un passeport valable et le visa de sortie hongrois.

8. Action verre à vitres.

Pendant les combats, des centaines de milliers de carreaux ont été brisés à Budapest, ce qui est particulièrement grave en hiver et lorsque les possibilités de chauffage sont limitées. Dans ces circonstances, le CICR a jugé utile de livrer à la Croix-Rouge hongroise environ 5.500 m^2 de verre à vitres. Une nouvelle livraison est en voie de préparation, car Budapest manque encore de verre à vitres.

9. Actions de moindre importance.

A Noël, les dons reçus de partout par le CICR lui ont permis de remettre aux hôpitaux de Budapest, pour chaque malade, du chocolat et des fruits. Un autre programme de secours repourvut les hôpitaux de la même ville de films pour prises de vues radiographiques. On a pu constater les précieux services que rend l'équipement d'un hôpital de campagne danois utilisé dans une clinique universitaire de Budapest. Ces jours-ci, il a été remis à la Croix-Rouge hongroise, par l'entremise du CICR, cinq ambulances provenant des Pays-Bas.

Outre les actions de secours les plus importantes du CICR dont il est fait mention ci-dessus, de plus petits programmes sont constamment mis en oeuvre pour remédier à des situations urgentes.

10. Continuation des programmes de secours.

La continuation des programmes d'aide à la population hongroise est indispensable et une grande quantité de dons est nécessaire pour soulager les détresses les plus pressantes. Le CICR peut constater avec satisfaction que les dons en faveur de la population hongroise affluent sans cesse. Ainsi, ces jours derniers, il lui a été annoncé des Etats-Unis l'envoi d'en tout cinq millions de kg. de produits alimentaires, comprenant du lait, du fromage et du maïs, d'Angleterre, de quatre millions de kg. de lait condensé et d'Allemagne, de deux millions de kg. de matières grasses.

———

Annexe

DRAFTER Cohen

ISA

REGISTRY FILE COPY

FILE No.

23 JAN 1957
NAME INDEXED 50533/2

SKN28 FFF NEWYORK 44/43 21 2303EST UNGOVT VIA WU

UNATIONS

GENEVA (SWITZERLAND)

134 OBEZ YOUR 137 ADDENDA PUBLISHED AS ADD ONE TO A/3503 DATED JANUARY 18 UNDER TRANSMITTAL NOTE BY SECGEN STOP CONSISTS OF EXACT DOCUMENT FORWARDED BY CICR MINUS ANNEX LISTING SUPPLIES DISTRIBUTED AS STATED MY 115 STOP COPIES BEING POUCHED

COHEN

CFM 134 137 A/3503 18 CICR 115

UNITED NATIONS
JAN 22 AM 12:03
TELEGRAPH UNIT

RECORDS CONTROL
S0 533/2
25 JAN 1957

DRAFTER Meyer Cohen

REGISTRY FILE COPY

FILE No.

28 FFF NY 47 22 1653Z ;

UNATIONS

GENEVA ;

142 CONFIDENTIAL OBEZ FORWARD WHEN AVAILABLE COPIES OF REPORT

AS RELEASED BY FAO IN ROME JANUARY EIGHTEEN

STOP GRATEFUL ALSO IF YOU SECURE INFORMATION FROM FAO AS TO

ACTION THEY HAVE TAKEN WITH REGARD SEEDS OR OTHER ITEMS AND

RESULTS FAO APPROACHES TO GOVERNMENTS ;

COHEN "

UNITED NATIONS
RECD JAN 22 PM 2:14
TELEGRAPH UNIT

CFM 142 "

noted

23/I

RECORDS CONTROL

SO 533/2

25 JAN 1957

ACTION COPY

To DUCKWORTH BARKER

File No.

☑ Action Completed

Initials D. B 22/I/57

Return to Registry Section
(Room 2074)

75 SSS GENEVA 52 22 1809Z

22 JAN 1957

OMNIPRESS NY

UNPSS 22 DUCKWORTH BARKER FROM GIBSONPARKER RE CABLE 134 FROM
COHEN TO OBEZ COULDST PLEASE CABLE TONIGHT SECGENS TRANSMITTAL NOTE
ON CICR ADDENDUM TO DESEYNES REPORT WHICH YOU HAVE NOW PUBLISHED STOP
COULDST ALSO INFORM WHEN OFFICIAL ENGLISH VERSION DISPATCHED
GENEVAWARDS SINCE WE PROPOSE ISSUE FRENCH VERSION TOMORROW WEDNESDAY
OMNIPRESS

CFM 22 134

COMMUNICATIONS
TELEGRAPH UNIT
JAN 22 PM 3:22

UNITED NATIONS
JAN 22 3 36 57 58 PM
TELEGRAPH UNIT

Department of Public Information

SO 533/2
22 JAN 1957

22 January 1957

Dear Dr. Stuchly-Luchs,

Members of our staff recently returned from Austria have spoken to me about the help and the many kindnesses received from you during their stay in Vienna. Your invitation to share office space was most generous and is particularly appreciated. The convenience of a base so well situated and staffed did much to ease their work in connection with the Hungarian refugee situation.

Please accept my thanks for all this kindness and be assured of the gratitude of the Department.

Yours sincerely,

Ahmed Bokhári
Under-Secretary

Dr. Alain Stuchly-Luchs
Secretary-General
Austrian League for the United Nations
Karntnerring 14
Vienna I, Austria.

AB/lae

So 533/2

RO[illegible]

28 JAN 1957

Department of Public Information

22 January 1957

Dear Dr. Meznik,

I thought that you would like to know how much we appreciate the assistance recently given by your Department to those United Nations information staff members who recently visited Austria in connection with the Hungarian refugee situation.

We are particularly grateful for the kindnesses shown by your colleagues Dr. Fent and Dr. Sternberg whose assistance materially helped the undertaking.

Yours sincerely,

Ahmed Bokhári
Under-Secretary

Dr. Fritz Meznik, Director
Bundespressedienst
Bundescanzelerei
Vienna, Austria

Pouch
MC/ms

RECORDS CONTROL
22 JAN 1957

SO 533/2

22 January 1957

Confidential

Dear Pierre,

Now that the smoke of battle has cleared, I would like to write you concerning the events of last week and the general situation as it now appears. As you can imagine, last week was extremely hectic here as we were working on a very tight schedule and the effort to get the Report out as planned was not without difficulties.

There is very little more to be said about the relationship with FAO during that period. It is entirely clear from all the cables at this end (which I realise you have not seen) and the cables from Geneva to Rome that FAO changed its position as convenient from time to time and that they clearly violated their understanding with us both with regard to the extent of the material to be published in Rome and to the publication in final form of material sent in draft form for comment.

When next you come to New York, I will be glad to show you, if you are interested, the cables from FAO to New York which expose clearly the entire situation. I am now satisfied that there is nothing we could have done to avoid this unfortunate development, except perhaps not to have forwarded to Rome the draft of the Introduction and Chapter III which were sent to them for purposes of comment. If we ever have a similar situation in the future, I will know how to proceed.

However, we asked you to forward this!!

I will be interested in hearing ffom you, when time permits, as to the reactions in Geneva and elsewhere in Europe to the Report, and the prospects with regard to action in the future.

Here in New York, our outlook is somewhat gloomy as both the US and the UK have been extremely firm in stating their opposition to provide any assistance to "the present regime in Hungary". Efforts to convince those who hold this view that what we are proposing is relief to the Hungarian People and not to any regime are not producing much in the way of satisfactory results. My personal guess is that the 30 million dollar programme of General Emergency Relief proposed by the ICRC will not be implemented. I doubt that there

Mr. Pierre Obez
Liaison Officer for Relief to
the Hungarian People
United Nations
Palais des Nations
Geneva, Switzerland

will be funds for such a programme and I know that some Governments are strongly opposed to the method of distribution proposed by the ICRC. It looks to me now as though there may be some contributions in the form of seeds (I understand that the Dutch Government is favorable to this) and beyond this my guess is that such contributions as are received will be more appropriately utilized through an expansion of the Traditional Emergency Relief Programme of the ICRC than by the establishment of what is called the General Emergency Relief Programme.

The fact is that when you review the Report you cannot escape the conclusion that most of the economic difficulties with which the country is faced have arisen not from the events subsequent to October 23, but rather from general economic developments in the country prior to that date. The major exception appears to be the coal situation which apparently is definitely attributable to the events of the past three months. You can see that these conclusions, if correct, make it very difficult to base an appeal for relief to Hungary when there are many other countries in the world also suffering serious economic problems.

At the moment, we are giving Delegations an opportunity to study the Report and to secure reactions from their Foreign Offices. Within a few days, I expect we will follow up to see what the possibilities are for positive action.

Before closing this letter, I would like to thank you most sincerely for the tremendous help you gave us last week in connection with the preparation of the Report. As always, we could count on prompt action from you when we needed it.

With best personal regards,

Sincerely yours,

Myer Cohen
Executive Director
for Relief to the Hungarian People

23 JAN 1957
NAME INDEXED So 533/2

INFO. COPY

Action To COHEN
File No.

21 JAN 1957

86 GVA 50 21 1831Z

UNATIONS NY

UNGVA 137 COHEN FROM OBEZ YOUR 126 IN VIEW SPECIAL INTEREST GENEVA IN YOUR ADDENDUM ON CICR MATERIAL WE WOULD LIKE TO PUBLISH THIS HERE SOONEST STOP PLEASE ADVISE HOW MATERIAL PRESENTED AND WHETHER THE SAME ADDENDUM TO REPORT CONTAINS ANY OTHER INFORMATION THAN TEXT SUBMITTED BY CICR.

CFMs 137 126

RECORDS CONTROL
26 JAN 1957

So 533/2

No action

21 JAN 1957

ACTION COPY

TO COHEN

File No.

Action Completed

Initials

Return to Registry Section
(Room 2074)

21/I/57

TNS

83 GVA 146 21 1831

UNATIONS NY

UNGVA 138 COHEN FROM OBEZ FURTHER MY 120 STOP TO COMPLETE PICTURE RE FAO RELEASE PELT INDICATES THAT ON FRIDAY EIGHTEENTH HE LEARNED FROM BROADLEY BY TELEPHONE THAT FAO HAD ALREADY RELEASED IN A PRESS COMMUNIQUE TEXT SUBMITTED TO THEM FOR COMMENTS WHICH THEY THOUGHT WAS FINAL CMA

P2

WITH EMBARGO TWELVE NOON GMT FRIDAY STOP THIS COMMUNIQUE INCLUDED PROVISIONAL TEXT OF INTRODUCTION CMA FULL TEXT OF CHAPTER ONE ON FOOD AND AGRICULTURE AS REVISED CMA NO PART OF CHAPTER TWO BUT ONLY INDICATION THIS WAS PUBLISHED FRIDAY IN NEWYORK AND CMA TEXT OF CHAPTER THREE MINUS PARA SIXTYSIX

P3/46

WHICH WE HAD POINTED OUT WAS TO BE DROPPED STOP IN VIEW OF THIS PELT COMMUNICATED BY CABLE AS SOON AS AVAILABLE ON MORNING EIGHTTENTH JANUARY FINAL TEXT INTRODUCTION AS BROADLEY HAD INDICATED THAT IF SUBSTANTIALLY CHANGED HE WOULD CONSIDER STEPS TO REMEDY DISCREPANCIES IF NECESSARY

CFM 138 120

UNITED NATIONS
JAN 21 PM 2:27
TELEGRAPH UNIT

PT. 108 (2-53)

UNITED NATIONS • NATIONS UNIES

REFERRAL SHEET

TO: Mr. Myer Cohen

FROM: Ralph Townley

SUBJECT:

23 JAN 1957
NAME INDEXED

FILE REF. So 533/2

DATE: 21 January 1957

I understand that at a meeting of Eastern European delegations over the weekend Mr. Si[illegible] stated that his Government was completely satisfied with the content of the report of the Joint Mission to Hungary.

Mr. DB
Mr. Taylor N.D.
Miss Jeffers

PLEASE RETURN TO SENDER WITH YOUR COMMENTS

DRAFTER Cohen
ESA

REGISTRY FILE COPY

FILE No. 501.33/2

62 FFF NY 30 19 1640Z ;

UNATIONS

GENEVA ;

126 CONFIDENTIAL OBEZ THANKS YOUR 120 STOP IT COMPLETELY CONFIRMS THAT FAO DISREGARDED THEIR AGREEMENT WITH US STOP SUGGEST YOU NEED TAKE NO FURTHER ACTION ON THIS ;

COHEN "

CFM 126 120 "

UNITED NATIONS
JUL 19 PM 12:16
TELEGRAPH UNIT

ACTION COPY

RECORDS CONTROL
S0 5331 2
25 JAN 1957

TO M. COHEN
File No.
☑ Action Completed
Initials
Return to Registry Section
(Room 2074)

19 JAN 1957

21/I/57

40 GENEVA 295/293 19 1416

UNATIONS NY

UNGVA 120 COHEN FROM OBEZ STRICTLY CONFIDENTIAL YOUR 112
STOP IMMEDIATELY AFTER RECEIPT YOUR CABLE NR 2 16 JANUARY
PELT TELEPHONED BROADLEY TO ANNOUNCE CABLE DISPATCH FOR
COMMENTS OF MATERIAL RECEIVED GENEVA STOP PELT THEN SENT
CABLE WHICH EYE DRAFTED FIRST PART OF WHICH IS AS FOLLOWS
P2/52/50
AND AS YOU WILL SEE PRACTICALLY IDENTICAL YOUR
NR 2 QUOTE BROADLEY FROM PELT REPORT BEING SUBMITTED TO
SECGEN BY DESEYNES TO CONSIST OF INTRODUCTION CMA CHAPTER I
ON FOOD AND AGRICULTURE AS PRESENTED BY WAHLEN AND SINARD
SUBJECT TO AGREED MODIFICATION AND CMA CHAPTER II ON
NON-AGRICULTURAL SECTORS CMA
P3
AND CHAPTER III SUMMARY OF RELIEF REQUIREMENTS STOP AT REQUEST
HEADQUARTERS AM TRANSMITTING HEREWITH INTRODUCTION AND CHAPTER III
WITH REQUEST YOU SUBMIT URGENTLY DIRECT NEWYORK ANY COMMENTS
FAO STOP TENTATIVE PLAN IS TO DISCUSS REPORT WITH SECGEN WEDNESDAY
AND TO RELEASE TO GENERAL ASSEMBLY AT LATEST FRIDAY STOP TEXT FOLLOWS
P4
ETCETERA UNQUOTE STOP ALSO AT THE END OF CABLE AFTER QUOTATION
CHAPTER III EYE HAD INDICATED THAT IT WAS INTENDED TO DROP PARAGRAPH
66 AND APPENDICES MENTIONED THEREIN STOP HAD FINALLY INDICATED
ADDENDUM ON THIS MAYBE ISSUED LATER IF NECESSARY STOP FURTHERMORE
IN THE COURSE OF THE SAME DAY
P5
SINARD AFTER TALKING WITH ROME MADE IT QUITE CLEAR THAT HE AND FAO
CONSIDERING THEY HAD ONLY FINAL TEXT OF AGRICULTURE CHAPTER WITH AGREED
MODIFICATIONS CMA THEY WERE GOING TO ISSUE TO PRESS IN ROME ONLY
THAT CHAPTER STOP IN VIEW OF THIS AND PARTICULARLY REFERENCE IN OUR
CABLE TO
P6/43
ROME THAT REPORT WAS STILL TO BE DISCUSSED WITH SECGEN EYE CANNOT
UNDERSTAND HOW THEY COULD CONSIDER INTRODUCTION AND CHAPTER III
FINAL EVEN IF THEY HAD NO COMMENTS TO MAKE STOP AS SOON AS HAVE
SEEN SINARD WILL SUPPLEMENT ABOVE INFORMATION IF NECESSARY

CFM 12D 112 2 16 2 66

UNITED NATIONS
1957 JAN 19 AM 9:31
TELEGRAPH UNIT

ACTION COPY

TO Mr. COHEN
File No.
☑ Action Completed
Initials
Return to Registry Section
(Room 2074)

21 I 57

19 JAN 1957

RECORDS CONTROL
So 533/2
25 JAN 1957

28 ROMA 199 19 1145

URGENT

UNATIONS NY

32 DESEYNES YOUR 39 CONFIDENTIAL WE HAD INTERPRETED HAMMARSKJOLDS CABLE 18 AGREEING FAO RELEASE SECTION REPEAT SECTION REPORT DEALING WITH FOOD AND AGRICULTURE AS COVERING ALL REFERENCE IN REPORT THESE SUBJECTS STOP INTRODUCTION AND CHAPTER III AS RECEIVED FROM GENEVA DEALT ALMOST EXCLUSIVELY FOOD AND AGRICULTURE REQUIREMENTS

P2

THUS SUPPLEMENTING SEPARATE CHAPTER STOP THEREFORE CONSIDERED THEM VALUABLE PART FOOD AND AGRICULTURE SECTION STOP OUR RELEASE DID NOT INCLUDE EWING CHAPTER ON NON FOOD REQUIREMENTS BUT EXPLAINED THIS BEING ISSUED FROM NEW YORK STOP VERY MUCH REGRET MISUNDERSTANDING BUT BELIEVE UNLIKELY CAUSE UNFORTUNATE CONSEQUENCES STOP ONLY LIMITED

P3

DISTRIBUTION OUR RELEASE MADE PRESS HERE AND REPORTS IN NEWSPAPERS TO DATE ARE BASED ON CABLES FROM NEWYORK REFERRING YOUR RELEASE AND PERSONAL STATEMENTS SEND AND WAHLEN OF GENERAL CARACTER STOP NO COPIES OUR FULL RELEASE MADRE ANY MEMBER GOVERNMENT COMMA BUT TEXT FOOD AND AGRICULTURE CHAPTER REPEAT CHAPTER ONLY

P4/49

SUPPLIED FEW GOVERNMENTS SUPPORTING YOUR APPEAL FOR FEED ETC STOP IN CONTACT WITH PRESS WILL MAKE CLEAR OUR VERSION EXCEPT FOOD AND AGRICULTURE CHAPTER WAS NOT FINAL BUT PREFER REFRAIN FROM ANY GENERAL ANNOUNCEMENT EMPHASISING THIS AS IT MIGHT LEAD TO DETAILED SCRUTINY AND COMPARISON WHICH OTHERWISE UNLIKELY

BROADLEY.

CFM 32 39 18.

UNITED NATIONS
JAN 19 AM 8:06
TELEGRAPH UNIT

UNITED NATIONS

JAN 19 9 19 AM

TELEGRAPH UNIT

DRAFTER COHEN
ESA

REGISTRY FILE COPY

23 JAN 1957

NAME INDEXED 50533/2 FILE No.

95 F NY 28 18 2001Z ;

UNATIONS

GENEVA ;

115 OBEZ MATERIAL FROM CICR RECEIVED STOP IT IS EXCELLENT STOP
ISSUING IT MINUS ANNEX TO PRESS AND TO GENERAL SSEMBLY AS
ADDITION TO REPORT ;

COHEN "

CFM 115 "

UNITED NATIONS
1957 JAN 10 PM 8:05
TELEGRAPH UNIT

DRAFTER COHEN
ESA

REGISTRY FILE COPY

25 JAN 1957

50533/2

FILE No.

80 SSS NY 89 18 1811Z ;

UNATIONS

GENEVA ;

112 STRICTLY CONFIDENTIAL OBEZ REFERENCE MY 92 OF JANUARY
FIFTEENTH TRANSMITTING TEXT EARLY VERSION INTRODUCTION AND
CHAPTER THREE FOR COMMENTS GENEVA AND ROME STOP PLEASE ADVISE
WHETHER IN TRANSMITTING THIS TO ROME YOU SPECIFIED THIS TEXT
WAS FOR COMMENTS AND THEREFORE OF PRELIMINARY CHARACTER STOP
BROADLEY HAS NOW ;

P2/39 ;

CABLED THAT FAO THOUGHT JANUARY FIFTEENTH TEXT WAS FINAL
AND WENT AHEAD AND ISSUED IT STOP FAO ACTION APPARENTLY IN
VIOLATION PREVIOUS AGREEMENT TO ISSUE IN ROME FOOD AND
AGRICULTURE CHAPTER ONLY STOP DESIRE KNOW FACTS YOUR END ;

COHEN "

CFM 112 92 "

ORIGINAL [illegible]

RECORDS CONTROL

10 JAN 1957

NC/kh

SO 533/2

18 January 1957

Dear Sir Herbert,

..... As requested, I am sending you herewith thirty copies of the French version of document A/3503 containing the Secretary-General's report on the joint mission. Mr. Orr has suggested that we also send you ten copies in Spanish

..... and in English. These are also enclosed.

With kind personal regards,

Sincerely yours,

Myer Cohen
Executive Director
for Relief to the Hungarian People

Sir Herbert Broadley
Deputy Director-General
Food and Agriculture Organization
Viale delle Terme di Carcalla
Rome, Italy

44 ROMA 78Ø64 185 18 1329

ACTION COPY

TO MR DESEYNES
File No.
☐ Action Completed
Initials
Return to Registry Section
(Room 2074)

18 JAN 1957

U R G E N T E

50 533 12
25 JAN 1957

DESEYNES UNATIONS NEWYORK 28 REURTEL 31 ON HUNGARIAN

RELIEF REPORT STOP CONCERNED LEARN THAT INTRODUCTION

AND CHAPTER THREE SUBSTANTIALLY AMENDED AS MATERIAL

ISSUED BY FAO TO PRESS WITH EMBARGO UNTIL TWELVE GMT

COMPRISED CHAPTER ONE BRACKET FOOD AND AGRICOLTURE

SUPPLY BRACKET AND ALSO INTRODUCTION AND CHAPTER THREE

AS CABLED FAO FROM GENEVA WEDNESDAY 16/1 STOP

FULL TEXT ISSUED BY FAO AND CONVERING PRESS RELEASE

ALREADY AIRMAILED PELT WHO HAS JUST TELEPHONED

REPORTING HE IS CABLING ROME REVISED TEXT INTRODUCTION

AND CHAPTER THREE BUT IN VIEW OF LENGTH WILL NOT

REACH US FOR SOME TIME STOP WHILST REGRETTING DIFFERENCE

BETWEEN NEWYORK AND ROME VERSIONS DO NOT THINK TEXT

RELEASED FAO WILL BE LARGELY QUOTED AS NEWYORK IS

ISSUING ~~MISSING~~ FULL REPORT AND RELEASED THEIR VERSION MANY HOURS

BEFORE FAO VERSION ISSUED HERE STOP HAD NATURALLY ASSUMED

TEXT RECEIVED FROM GENVA WAS FINAL TEXT IN VIEW IMMINENCE

RELEASE REPORT AND NO INDICATION FURTHER EXTENSIVE

ALTERATIONS LIKELY APART FROM EWING SECTION NOT

RELEASED BY FAO STOP HAVE ALSO RECEIVED FROM PELT

POINTS FOR GUIDANCE IN DISCUSSION WITH PRESS STOP

REPEAT PELT GENEVA AND ORR NEWYORK ;

BROADLEY"

UNITED NATIONS
JAN 18 AM 8:57
TELEGRAPH UNIT

UNITED NATIONS

JAN 18 9 54 55 56 AM

TELEGRAPH UNIT

UNITED NATIONS NATIONS UNIES

INTEROFFICE MEMORANDUM

TO: Mr. Ralph Townley, Office of the Under-Secretary, ESA, Room 2925A

Date: 17 January 1957

FILE NO.: ECA 162/4/03

THROUGH:

RECORDS CONTROL

So 5331 2

29 JAN 1957

FROM: P.J. Loftus, Acting Director, Statistical Office

SUBJECT: Hungarian Statistics

In response to your telephone call today the following are the Hungarian figures which you requested.

1. January 1956 economically active population:

	4 503 000
of which agricultural:	1 991 000
non-agricultural:	2 512 000

2. Crude petroleum production, 1955: 1 601 000 tons

3. The official value of the Forint given by the mid point of the buying and selling rates of the Hungarian National Bank as from March 1956 is 11.74 forints to the dollar. This means that the forint is officially equal to about 8.5 US cents. There is reason to believe that taking account of the relation of the prices of consumer goods and services in Hungary to corresponding prices in US, the forint has a lower purchasing power in Hungary than 8.5 cents has in US. The value of the forint in these terms may indeed be as low as 5 cents in terms of consumer goods and services although it may be higher in terms of other goods. An example of this is that the average monthly earnings in 1955 of Hungarian workers and employees was 1 133 forints. At the official rate this would be equal to 96 dollars, but in terms of purchasing power over consumer goods the value of these earnings may be as low as 57 dollars.

(R.T. adds: Hungary applied and was elected to membership of FAO on 13 September 1946 and withdrew in 1952 [after Czechoslovakia and Poland had withdrawn]).

Seeley M.C.

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RESOLUTION 399 AND IN ACCORDANCE WITH PARAGRAPH SEVEN YOUR AGREEMENT WITH INTERNATIONAL REDCROSS STOP FAOS FIRST OBJECTIVE HAS BEEN ESTABLISH CATALOGUE IMMEDIATE NEEDS IN REGARD A) SPRING SEEDS B) CATTLE FEEDS C) FERTILISERS STOP HAVING ESTABLISHED NEEDS I HAVE APPROACHED ONLY THOSE NIEGH-BOURING GOVERNMENTS LIKELY ABLE SUPPLY IN

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VARIETIES AND QUANTITIES NEEDED STOP HAVE LEFT ENTIRELY THEIR DISCRETION EXTENT THEY ARE PREPARED HELP STOP NO SPECIAL APPEAL HAS BEEN MADE FOR FUNDS AS THIS IS COVERED BY ACTION TAKEN BY YOU UNDER RESOLUTION 399 STOP PROCEDURE PROPOSED TO DONOR GOVERNMENTS TO ENSUR SUPPLIES ACTUALLY REACH AGRICULTURALISTS NEEDING THEM

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IS THAT THEY WILL BE PROVIDED BY GOVERNMENTS AS GIFTS COMMA TO BE SOLD TO FARMERS AND SALES PROCEEDS HANDED OVER TO REDCROSS STOP NECESSARY FAO CONTROL WILL BE EXERCISED IN HUNGARY TO ENSURE SUPPLIES ACTUALLY REACH FARMERS COMMA UTILISING HUNGARIAN ADMINISTRATIVE MACHINERY ONLY IN OPERATIVE CAPACITY IN SAME MANNER

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AND ON SAME PRINCIPLES AS ARE ALREADY UTILISED BY REDCROSS IN EXISTING RELIEF ACTIVITIES STOP FAOS ACTION AND ATTITUDE MAY BE EXPLAINED TO THE GOVERNMENTS CONCERNED IN CASE THEY TAKE IT UP WITH YOU STOP SO LONG AS RESOLUTION 399 OF UN ASSEMBLY REMAINS UNCHANGED FEEL ACTION FAO IS TAKING

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IS FULLY JUSTIFIED STOP REPEAT ORR COPY PELT GENEVA ;

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REPORT OF MISSION TO INQUIRE INTO RELIEF NEEDS IN HUNGARY

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1. A joint mission to Budapest was undertaken from 4 to 7 January by officials of the United Nations and the Food and Agriculture Organization of the United Nations in pursuance of resolutions 1004 (ES-II) and 1007 (ES-II) by which the General Assembly, inter alia, requested the Secretary-General in consultation with the heads of the appropriate specialized agencies to enquire into the needs of the Hungarian people for food, medicine and other similar relief supplies and to report thereon to the General Assembly.

2. The mission was one of enquiry and not one to negotiate on any matters with the Hungarian authorities. The following report is based on information made available to it by the Hungarian Government in the course of the three days intensive consultations. All statistical data were furnished to the Mission by the Hungarian authorities. The information which has been gathered previously on the Hungarian economy in the secretariats of the United Nations (particularly the Secretariat of the Economic Commission for Europe) and of the Food and Agriculture Organization considerably facilitated the task of appraising the effects of recent developments. The mission had also with it a memorandum on relief action for Hungary previously prepared by the International Committee of the Red Cross in co-operation with the Hungarian Red Cross and the Ministry of Supplies. It was possible for the Mission to revise and complete the estimates made in this memorandum in the light of additional and more recent information.

Before and after their journey, members of the mission had the opportunity of consulting with the President of the International Committee of the Red Cross. Consultations were also held with the senior officials of certain of the specialized agencies concerned, including the Director-General of the World Health Organization, and the Director-General of UNESCO, the General Conference of which had recently adopted a resolution authorizing the use of funds for educational relief in Hungary.

The national economy of Hungary has suffered a severe setback as a result of recent events. The fighting and subsequent unrest has resulted in extensive damage to buildings, the destruction and depletion of stocks of food and consumer goods, the loss of skilled labour and the virtual cessation of work in many sectors of the economy. The present situation is conditioned not only by these events but also by a relatively poor harvest in 1956 and by the changes being implemented as a result of the current rethinking of economic objectives.

There is at present a lack of fodder necessary to maintain livestock through the winter months, as well as a lack of seeds for the spring sowing, and of fertiliser. There is also the prospect of food shortage from May until the next wheat harvest. The short fall in coal production has already brought certain sectors of the economy to a standstill with the result of widespread unemployment. Furthermore, inflationary pressures are mounting due to increased pressure of consumer demand upon depleted supplies.

The relief requirements of the Hungarian people ~~for foodstuffs, medical supplies and clothing~~ can be assessed only in the light of the overall economic conditions at present prevailing and it has therefore been necessary to review these conditions in this report. Moreover, it is clear that steps designed to restore full utilization of productive capacity will reduce both the duration and the volume of relief needs. The determination, however, of where relief ends and rehabilitation begins, in this situation is not one where economic considerations are paramount. In presenting this Report the Mission is fully conscious of the fact that the mandate given to the Secretary-General by the Resolutions of the General Assembly was specific in confining any proposed action to the provision of large scale relief for the affected territories by furnishing medical supplies, foodstuffs and clothes.

With regard to relief programmes, the International Committee of the Red Cross under the terms of the agreement between the Committee and the United Nations signed on 4 December 1956 is the sole agent for the channelling of supplies and the utilization of funds contributed to the United Nations relief

Fund. The Mission had the opportunity to observe at first hand the field operations of the International Committee of the Red Cross and the Hungarian Red Cross. The supplies contributed to, and distributed through these agencies are widely publicized in Hungary. The Mission found the administration and distribution of supplies by these bodies to be exemplary. A section of this report refers to the programme of the Committee and to the proposals for expansion of the present ICRC activities through 15 July 1957. The ICRC has indicated its desire to discontinue its relief activities inside Hungary as from that date.

CHAPTER I

FOOD AND AGRICULTURE

I. Minimum conditions for recovery

An adequate food supply to the population of Hungary between now and the next harvest can only be assured, under present circumstances, if two conditions are fulfilled: (a) that substantial imports take place urgently, so as to compensate in part for the abnormally low production of 1956; (b) that the supplies becoming available from agriculture in the coming months are marketed in a regular and continuous manner.

These two conditions dictate the whole food supply policy at the present time. Any reduction in the volume of imports which is envisaged or any prolonged suspension of deliveries from farms would, without any question, endanger the supply of the large cities and towns and would aggravate a food situation which is already difficult.

It is also essential to raise agricultural production in 1957 to the highest possible level, especially crop production. The events of recent months have held back field work, in particular the autumn sowing of cereals. If this lost time cannot be made up, the insufficiency of national supplies would not only prevent Hungary, which in the past has been a traditional exporter of agricultural products, from maintaining its flow of foreign trade during the coming year, but would also prolong its dependence on external sources of supply.

II. Shortcomings of 1956 domestic supplies

The deficit in production in 1956 can be attributed for the most part to the long dry period which was experienced. The production of both bread grains and coarse grains was greatly diminished thereby, and fodder crops and pastures were similarly affected. Furthermore, since the activity of the food processing industries was interrupted and continues to be interrupted by the shortage of transport facilities and of coal (especially in the case of sugar beet factories), certain industrial by-products which normally become available for feeding to livestock have been diminished. For these reasons the feed supply situation for breeding and fattening livestock is very difficult.

III. Effects of changed system of marketing

Until a few months ago the food supply of the urban centres depended essentially on the compulsory deliveries which farmers were called upon to make, and the purchase price of these quantities was fixed by the Government.

In the early part of November this system was abolished. Henceforward farmers, whether they operate private farms or whether they belong to a cooperative farm, can dispose freely of part or all of their produce to individual consumers. If sales are not made directly to consumers, the farmers have to deliver their products to the trade organisations which collect and distribute under regulations made by the Ministry of Internal Trade. All these transactions, however, take place at prices freely arrived at, and this applies at all stages of distribution. Such far-reaching changes in economic behaviour may well be accompanied by occasional temporary dislocations in the regularity of deliveries, and it should be pointed out that even a temporary falling off in the supply of certain products would inevitably lead to a sharp rise in prices, consumers purchasing power being, for the moment, quite high. Difficulties are being experienced in estimating the probable timing of the flow of deliveries from farmers, since no comparable situation has existed in recent years which might furnish a basis of estimation. Nevertheless, farmers have increasingly come to regard removal of the compulsory deliveries as an essential step in the improvement of rural conditions, and to that extent they have now obtained satisfaction. The most recent official declarations contain for the time being no reference to or modification of the arrangements announced in November, and in the absence of any such modification, it appears likely that from now on it is the play of the forces of supply and demand which will decide the way in which agricultural production will develop.

IV. Current food situation in Budapest

At the time of the visit the food situation in Budapest (and, it seemed, in other large cities) was on the whole satisfactory. The basic commodities, bread and milk, were obtainable without rationing, though often only after a period of waiting, due to the reduction in the number of points of sale. Meat was plentiful, this being normally the time of seasonal surplus, aggravated this year by the scarcity of feeds which forces farmers to sell animals; vegetables were arriving from the surrounding districts in sufficient quantities but without much variety to choose from; fruit, consisting almost entirely of apples, was scarce and of poor quality.

The price levels fixed before October have been more or less maintained for the essential foodstuffs, although for other products (notably eggs and paprika) considerably higher prices have been recorded.

This relatively favourable situation, however, has only been maintained by rapidly drawing upon stocks. In addition, exports of agricultural products have been totally stopped during the past few months, while a certain quantity of imports have continued to arrive.

V. Immediate tasks

If adequate food supplies are to continue, three main problems arise:

(a) to make available to farmers without delay the means of production which are needed in preparation for the harvest of 1957, and for the maintenance of livestock;

(b) to secure the regular delivery of produce from the farms under the new system of free marketing; and

(c) to make plans for such imports as are indispensable.

These three points are developed more fully below.

(a) Emergency measures to assist the recovery of agricultural production

(i) Seeds

Up to the present time it has not been possible to complete the autumn sowing.[1/] If normal weather conditions prevail in the coming months, this delay could be made up by prolonging the period of spring sowing. Early-ripening varieties of wheat, barley and oats which are not available locally in sufficient quantities would have to be obtained. The requirements for these seeds are stated to be as follows:

spring wheat - 5,000 tons
spring barley- 5,000 "
oats - 2,000 "

A list of the varieties which are requested has recently been drawn up by the Hungarian agronomic services, which communicated it directly to FAO. That Organisation has already initiated action with a number of its member governments in Western Europe where the desired varieties might be available. It appears that it will be possible to meet the needs expressed in large measure, either in the form of gifts or by means of a barter exchange (e.g. seed barley against an undertaking by Hungary to furnish the equivalent quantity of malting barley after the harvest), or through the normal channels of trade.

1/ According to some estimates, the area sown with cereals this winter amounts to only 60 or 70% of the area normally sown.

Similar provisions have already been made by FAO to secure the supply to Hungary in the near future of 2,500 tons of seed potatoes and 400 tons of hybrid maize seeds.

In the event that gifts are forthcoming, their distribution would be controlled according to a procedure similar to that at present being followed for International Red Cross supplies.

(ii) Fertilisers

Production in 1957 could also be increased if chemical fertilisers were put at the disposal of farmers in relatively large quantities.

Fertiliser consumption has remained low in Hungary in comparison with the more advanced countries of Europe. Production in 1955 amounted to 12,800 tons of pure N and 28,800 tons of P_2O_5. It is difficult to estimate what will be the shortfall in fertiliser production due to the recent and continuing fuel shortage as well as transport and other difficulties but it is safe to consider that the reduction will correspond to no less than three months' output. The most immediate need, which is for nitrogen fertilisers for use in the spring, is on all available evidence considerable.

(iii) Livestock production

The Hungarian feed situation is serious. The harvest of coarse grains, and especially of maize, was about 30% below that of the previous year. Fodder crops were also poor.

Production of certain cereals

(million tons)

	Average 1950-55	1954	1955	1956 (Prelim. estimates)
Barley	0.7	0.6	0.8	0.6
Oats	0.15	0.15	0.2	0.15
Maize	2.3	2.5	2.9	2.3
Total	3.15	3.25	3.9	3.05

Breeding stock (at breeding stations) and some of the stock for meat production (specialized pig-producing enterprises) are particularly threatened. Their feed supply in the past depended mainly on compulsory deliveries coming from cooperative farms and family farms. These deliveries were stopped shortly after the maize harvest, with the result that no stocks of coarse grains were built up by the livestock enterprises.

In order to maintain the numbers of pedigree livestock and to fatten the pigs which the specialized enterprises now have, it is stated that 150,000 tons of coarse grains (essentially barley and maize) are urgently required. It is further stated that the delivery timetable, should be as follows :

before the end of January	:	20,000 tons
in February	:	60,000 "
in March	:	70,000 "

The needs for the next two or three weeks will be met by a consignment of barley promised by the USSR and now on its way. There have been negotiations with the Peoples' Republic of China as a result of which 150,000 tons of coarse grains are expected; it is not expected, however, that delivery will take place before April or May. Should these supplies not be forthcoming within the arranged time, the previously-mentioned minimum requirement of 150,000 tons would have to be increased proportionately.

(b) Encouragement of deliveries from farms

To encourage deliveries from farms, three series of measures have been taken or are envisaged :

(i) Steps are being taken to obtain by trade negotiation or in other ways means of production for which the farmers urgently ask.

(ii) Important changes have been made to the regulations which were previously applied to domestic production. Farmers are under no obligation concerning their production plans, and they can dispose of their produce in any way they wish. They have obtained the right to dissolve the cooperative farms previously created, if they so desire.1/ The machine-tractor stations must in the future be at the disposal of all and they must become self-financing independent concerns. During discussions mention was made of the Government's intention to proceed with the sale to private farmers of land belonging to the State or to local communities. The purchase and renting of land is authorized to enable family farms to adapt their area to the labour which they have at their disposal.

(iii) Finally, the Hungarian supply services are concerned to provide farmers with the various consumer goods which they need. The new priorities allocated to the industries which produce these goods, which are dealt with elsewhere in this report, partly reflect this concern.

(c) Food imports and requirements : forecasts for the coming months

The food requirements to be covered by imports relate both to basic commodities (cereals, sugar, fats) and to products often considered to be less indispensable (coffee, cocoa, oranges, etc.). Moreover, a serious shortage of meat might appear during the summer months if the coarse grains necessary for the maintenance and fattening of the livestock are not forthcoming in good time.

1/ It seems that about 50% (or 2,000 in number) of the cooperative farms existing at the end of October have been dissolved. It is reported that some have been re-established in a modified form.

(i) Wheat

The harvest of 1956 was markedly lower than the average of recent years.

Production of bread grains

	Average 1950-55	million tons		
		1954	1955	1956 (provisional)
Wheat	2.0	1.7	2.1	1.7 - 1.8
Rye	0.6	0.5	0.55	0.5
Total	2.6	2.2	2.7	2.2 - 2.3

Some stocks had been built up before the recent events, through the operation of the programme of compulsory deliveries. However, it has been officially stated that total State procurements of bread grains up to 15 October were 20 per cent less than had been planned. The deficit for compulsory deliveries up to that time (based on farm area) was only about 10 per cent, but there was a failure to make the planned purchases at free market prices, over and above the compulsory delivered quantities.

To maintain sufficient supplies between now and the next harvest, it is officially estimated that more than 400,000 tons of wheat will have to be imported.[1/] After allowing for the 250,000 tons which are expected from USSR as part of the programme of economic aid recently prepared, a need for 150,000 tons would remain. Although it is desired that shipments should begin soon, it would suffice if this quantity were to be delivered in April or May, since the available stocks and the undertakings for delivery from other countries should cover requirements until the beginning of June.

(ii) Sugar

The sugar beet harvest of 1956 would normally have been sufficient to cover all requirements. However, as work at the sugar factories has been held up, some losses have occurred through a reduction in the sugar content of the roots. It is now necessary for 20,000 tons of sugar to be imported, at the latest during the summer months, if the present consumption levels are to be maintained.

1/ This estimate takes account of the quantities of wheat and flour recently received from various countries as emergency aid.

(iii) Fats

Lard plays an important part in Hungarian food supplies. It will be necessary to import 10,000 tons to cover requirements until October. The International Red Cross has already taken steps to ensure a supply of 3,000 tons of fats to Hungary in the near future.

Tallow. Normally 10,000 tons are imported annually. For 1957 this quantity is not yet assured and apparently cannot be obtained through the usual trade channels owing to lack of means of payment.

(iv) Other commodities

It would seem desirable to maintain a very limited supply of certain commodities of lower priority, the complete deprivation of which would cause hardship. These are as follows:

cocoa beans	:	1,000 tons
coffee	:	1,000 "
pepper	:	100 "
lemons	:	5,000 "
oranges	:	2,000 "

Some of these commodities such as oranges could be reserved for persons with nutritional needs.

(v) Meat supplies

Meat is plentiful at present in Budapest and probably throughout the country. Slaughtering has been accelerated, especially of pigs, on account of the insufficient supplies of feedingstuffs. Since storage facilities are not such as to accommodate all the available quantities, arrangements have been made to utilise cold stores in neighbouring countries.

These stocks will in part make up for the shortfall of meat production which will occur during the summer (after the end of May). When that time comes the remainder will have to come from the specialised pig enterprises for which imports of coarse grains are now requested.

Certain traditional exports of Hungarian produce (poultry, for example) will have to continue in order to fulfil trade commitments already made and to pay for the planned imports of basic foods.

CHAPTER II

NON-AGRICULTURAL SECTORS

A. The General Situation

It appears that the critical element in the industrial situation in Hungary is the shortage of coal. This shortage is of long standing, but was greatly intensified by recent events, which resulted in a sharp drop in the labour force in the mines. Leaving aside the problem of large-scale political and industrial unrest, inability to secure adequate supplies of coal is at the root of the current low level of operations of the light industries, and still more of the heavy industries.

The considerable reduction in the supplies of food and of industrial consumer goods since 23 October, together with the fact that wages and salaries continued to be paid whether work was done or not, has led to increased pressure of consumer demand. As a result of these circumstances, and of damage or destruction during the fighting, stocks of consumer goods are estimated to have fallen from 14 billion forints before 23 October to some 5 billion by the end of the year.[1/] It will be obvious that unless an early recovery in production and supplies can be assured, there is a serious danger of inflation. At the same time, there is an immediate problem of unemployment, the duration of which will depend primarily on how soon an adequate flow of coal supplies can be restored.

While the destruction of housing and the dislocation of transport have been substantial, they are not considered to pose problems of the same order of

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1/ It appears that this decline in stocks is equivalent to approximately two-fifths of the value of total retail trade in the first half of 1956.

importance as the above. More serious, perhaps, is the short-term outlook for foreign trade; exportable supplies have been greatly curtailed while import requirements, particularly in view of the deficiency in coal supplies, are likely to remain high until more normal conditions are restored.

B. The Problem of Coal and Other Fuel

Coal production was originally forecast for the whole of 1956 at between 24 million and 25 million tons,[1/] about 85 per cent of which is brown coal. Some 5 million tons were lost between 23 October and the end of the year. Production just before 23 October was at an average daily rate of 78,000 tons, fell as low as 10,000 tons thereafter, and has now recovered to between 40,000 and 45,000 tons.

The labour force in the mines was originally about 90,000 and is now estimated at 50,000. No precise information is available concerning the number of skilled miners who have left the country. Many of the miners who have remained are unwilling to continue working in the mines. In addition, there have been widespread strikes. A complicating factor is that only 40 to 45 per cent of the miners are normally resident in mining districts, the remainder having to travel to work. Under present transport conditions many of them find this difficult, if not impossible, and prefer to work in agriculture. A special government effort is being made to effect a considerable improvement in the conditions of the coal miners by such means as raising wages, replacing the

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1/ On a ton for ton basis. All subsequent figures referred to are brown coal except where otherwise stated.

system of piece-rates by time-rates, and building some 10,000 dwellings in the mining areas in 1957. An additional problem in raising coal production is the fact that many of the pits were flooded when regular pumping was interrupted.

The production forecast for the whole of 1957 is put at 15 million tons, of which 6.5 million tons are expected in the first six months. In the first quarter, 600,000 tons of hard coal have been promised by the USSR, and a maximum of 150,000 tons is expected from other eastern European countries. The deficit, which can be met only by additional imports is estimated at 3 million tons of hard coal for the first six months and 2 million tons for the second six months. The principal equipment lacking which could be imported if conditions permitted consists of pit-props, electrical equipment and pumping equipment.

Electric power stations, most of which are thermal, are receiving something like three-quarters of normal deliveries of coal; the consequent cut in power output is impeding industrial operations considerably. Power is being imported from Czechoslovakia at a rate of 110 megawatts a year. Any increase in imports of power would depend on the construction of additional transmission lines and the conclusion of agreements with neighbouring countries.

Gas production is virtually normal, since the coal for this purpose is imported and continues to be imported.

~~Hungarian oil supplies are considered adequate;~~ Oil refining capacity is more than sufficient to process the quantity of crude oil imports expected for 1957. It is not believed to be practicable, at least in the short run, to substitute oil for other forms of energy.

C. The Output of Industry

The level of operations of particular industries in Hungary at the present time depends in the first instance upon how far their coal and power requirements are being satisfied.

The distribution of the total supply of coal (home production and imports) before 23 October 1956, on the basis of a daily production of 78,000 tons of brown coal, and at present on the basis of a production at about half this level, is as follows:

	October 1956	January 1957
	(in percentages)	
Domestic heating, including social buildings	14	15
Gas	3	6
Electric power	33	45
Railways	12	12
Steel industry (other than metallurgical coke)	10	4
Machinery industry	6	0
Light industry and food	10	10
Building materials	6	2
Miscellaneous (including consumption by miners)	6	6

These percentages, particularly those relating to the present time, are approximate.

As noted previously, gas production is being fully maintained; electric power is receiving about three quarters, and domestic heating, railways, light industry and food about half of their normal requirements. Almost everything else has been cut even more drastically. Translated into terms of degree of utilization of industrial capacity, the food industry is operating at about 60 per cent, light industry at 45 to 50 per cent, engineering at about 20 to 25 per cent and chemicals and building

materials at about 10 per cent. The metallurgical industry has been virtually stopped. As to the future, it would seem that in addition to the sectors already receiving priority, railways, light industry, food and building materials are likely to receive increasingly better treatment.

Although the industries producing consumer goods are receiving priority in the allocation of coal, output remains low. Since shortages of consumer goods are expected, the hope was expressed that Hungary would be able to import during the next six months consumer goods valued at some $60 million (at world wholesale prices), particularly textile products, shoes, furniture and other household equipment. Whether, given the great scarcity of foreign exchange, this programme will receive a priority comparable with that for coal seems doubtful, but there is no doubt that great importance is attached to action along these lines.

As noted above, most of the heavy industry of the country is either at a standstill or working at a low level owing to the lack of coal. ~~However~~, installations have not been damaged. ~~In spite of this~~ But it seems that a rather low priority will be given to the steel industry as far as coal and power allocations are concerned in the immediate future. This is probably bound up with current consideration of fundamental changes in the role of heavy industry in the economy. Thus, although no decision has yet been taken on the future rate of growth of the steel industry, it seems likely that the second five-year plan target of 2,240,000 tons of crude steel (in 1960) will be revised downwards.

The fall in production has led inevitably to unemployment.[1/] Unemployment

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1/ An additional factor in current unemployment is the release of about 30,000 people from administrative posts.

is expected to reach between 150,000 and 200,000 in the first quarter of 1957 and possibly as much as 300,000 by mid-year.[1/] Any substantial reduction thereafter depends mainly upon the restoration of the normal flow of coal supplies to industry and on the transfer of 100,000 people into small-scale industry and commerce operating under private enterprise and as co-operatives, with governmental encouragement.

D. Housing

Some 40,000 dwellings were damaged or destroyed, the bulk of the destruction being in Budapest. Of the 40,000 some 20,000 were lightly damaged, mainly roofs and windows; it was hoped that repairs to these could be completed by the end of March 1957. Another 10,000 were rendered uninhabitable owing to structural damage but are capable of being repaired. The remaining 10,000 were destroyed. Hungary has not suffered as acutely as certain other European countries from a housing shortage, so that those who have been rendered homeless have been able to find accommodation elsewhere, many of them taking shelter with neighbours. Others have transferred to the dwellings of those who have left the country.

The repair and replacement of damaged and destroyed housing will clearly place considerable strain upon the capacity of the building industry. At the present time, operations are being hampered by shortages of certain key materials and it may be necessary to import these items as well as certain types of equipment. However, the hope was expressed that supplies of the basic materials - with the exception of timber, the bulk of which is imported - would be restored to normal in the near future and no shortage of labour is anticipated.

1/ According to the Report on the Fulfilment of the Economic Plan for 1954, the number of wage and salary earners throughout the economy in 1954 averaged 2,435,000. This figure includes a small number of wage and salary earners in State farms and Machine and Tractor Stations.

While the housing conditions resulting from recent events are, therefore, of great concern to the people affected, they cannot be considered among the more important problems facing the economy at the present time.

E. Transport

The damage to fixed installations and rolling stock after 23 October was not considered of great significance and was valued at considerably less than the damage to goods in transit. The present difficulties are partly the result of coal shortage in a system which is 90 per cent based on steam, and partly the result of difficulties inherent in the relatively antiquated nature of the Hungarian transport system, insufficient track and the high age of rolling stock.

Nevertheless, railway transport is not a limiting factor in the economy at present levels of output and trade. A substantial increase in the volume of imports could be handled except insofar as limitations are imposed by the change from broad-gauge to normal-gauge track at the Hungarian/Soviet border. The transfer operation would be facilitated if additional pumps for fuel and exhausters for grain could be made available.

Since 23 October some 1,500 to 2,000 lorries and buses have been destroyed or have left the country with the refugees: this number is equivalent to approximately one-tenth of the total number of lorries and buses which were to have been put into service in the course of the second five-year plan.1/

1/ A further 750 lorries and 180 buses are out of use due to lack of tyres, the size required being 8.25 x 20. The latter shortage is due to the drop in production, but production has now recovered to 80 per cent of normal.

F. Foreign Trade

A substantial merchandise trade deficit already occurred in the fourth quarter of 1956. In the first quarter of 1957 the value of imports is forecast at 2,500 million forints - or about one-half of total value of imports for the whole year 1956 - and the value of exports at 600 million forints - approximately one-tenth of their normal annual level. ~~Exports are not expected to reach more than about two-thirds of their normal rate by the end of 1957.~~ Although imports of machinery are expected to fall, the large-scale deliveries of coal, food and textiles presently being sought from abroad will clearly involve the financing of a heavy trade deficit during 1957. The longer-term outlook for foreign trade depends greatly on the nature of the structural readjustments in the economy which are still under consideration.

CHAPTER III. SUMMARY OF RELIEF REQUIREMENTS

From the preceding brief survey, it is possible to outline relief requirements which appear to emerge at present. Relief action as envisaged by the General Assembly resolutions is restricted to foodstuffs, medical supplies and clothing. As regards the two latter items, the requirements seem to be at present adequately covered ~~with the exception of a small quantity of cod liver oil.~~ As far as food is concerned, relief action to meet the prospective deficits as mentioned in Chapter I might be considered to come within the terms of resolution 1007 (ES-II), provided suitable arrangements for channeling and distribution can be established.

In addition, the ICRC has recommended that 260,000 tons of coal be made available to fulfill the needs of social institutions, such as hospitals and schools. ~~The Mission was unable~~ to check this specific requirement, but in view of the ~~overall~~ shortage in coal production it would appear that the amount is reasonable.

Following is a list of items and quantities mentioned in Chapter I considered necessary to meet the shortage in foodstuffs:

CHAPTER III. SUMMARY OF RELIEF REQUIREMENTS

From the preceding brief survey the following relief requirements appear at present to emerge with respect to food supply and agriculture:

(i) Seeds

spring wheat - 5,000 tons
spring barley - 5,000 "
oats - 2,000 "

(ii) Fertiliser

Nitrogen - 3,150 tons
P_2O_5 - 7,000 "

(iii) Fodder for livestock

Barley and maize - 300,000 tons

(iv) Food requirements

Wheat - 400,000 tons
Sugar - 20,000 "
Lard - 10,000 "
Tallow - 10,000 "

Other commodities (Lower priority)

Cocoa beans - 1,000 tons
Coffee - 1,000 "
Pepper - 100 "
Lemons - 5,000 "
Oranges - 2,000 "

With regard to this list of requirements, the following information is at present available and the Secretary-General will continue to keep the General Assembly advised as additional information is received:

The Food and Agriculture Organization (FAO) is in contact with a number of Governments with a view to facilitating arrangements for the provision of seeds.

The Hungarian authorities reported that arrangements are under way to secure 150,000 tons of Fodder for Livestock, and 250,000 tons of Wheat.

The ICRC has arranged to supply some 3,000 tons of Lard.

Since November 1956, the ICRC has been conducting a traditional emergency relief programme, which as indicated in the interim report of the Secretary-General (document A/3443), isproviding minimal relief to 4% of the population. 1/ Through resources available to the ICRC this relief activity

1/ The items included in this Programme are: powdered milk, cod liver oil capsules, fats, meat, fish, cheese, cereals, sugar, flour, soap, clothing, blankets, coal for hospitals, and window glass. Distribution is made through standard parcels, child feeding programmes, and direct distribution of clothing and blankets.

can be carried on until the end of April 1957. In order to continue this limited operation until July 15, 1957, the ICRC is requesting additional supplies, ~~valued at some $1,500,000~~ (See annex I).

~~The ICRC has informed the Secretary-General that~~ traditional emergency relief activities along the above lines will be insufficient to provide the necessary aid to the Hungarian population since reserves of basic food supplies are at a dangerously low level. The ICRC accordingly urges the establishment of an expanded programme of emergency relief to cover some of the basic needs in primary commodities such as bread-wheat, coal (for hospitals and social institutions only) and cattle fodder (barley oats, cattle cake, maize) for the period January 15 to July 15. ~~The joint UN/FAO Mission wishes to endorse a programme of this kind.~~

If an expanded programme of emergency relief is to be established, careful consideration needs to be given to the method of distribution. ~~Items such as~~ bread-wheat and fodder cannot be distributed in large quantities in the same way as the items in the traditional emergency relief programme. Quite apart from the physical immpossibility of direct distribution ~~of such items~~, it is necessary to consider the possible inflationary effect of free distribution of sizeable quantities of these items. In view of these considerations the ICRC has prepared a plan which foresees that products such as bread grains would be distributed through the normal economic channels, namely mills and bakeries, and would be sold to the population ~~at the basic trade rate~~. For coal, it is foreseen that relief coal would be sold to the coal distribution agents in Budapest under an agreement stipulating that this coal would be exclusively used for hospitals and social institutions such as schools, universities, etc. As for cattle fodder, the quantities which would be available under the general relief programme would be sold through certain specified co-operatives to be used in specially designated areas of the country. In each case the products would be sold at the basic world average prices. The resulting funds would be put into a special account of the Hungarian Red Cross and would be used in turn with the agreement of the ICRC for such purposes as administrative costs of the relief programme, and ultimately for hospitals, social institutions and related welfare programmes. ~~It is understood that~~ before such a plan could be accepted, discussions both on the principle involved, and on the details would be required.

Insert at top of page 21
as separate Para.

Following a survey by the UNICEF Executive Director in Hungary, the UNICEF Executive Board on 11 December 1956 approved an allocation of $700,000 for emergency aid to Hungarian children and mothers in both Hungary and Austria. It was expected that most of this sum would be used for relief within Hungary where it would be distributed by the ICRC. ~~The purpose of the UNICEF aid is to meet urgent requirements for children not met from other sources, and to provide assurance that some types of aid may be continued for children after the exhaustion of supplies coming forward from other sources.~~

RECORDS CONTROL
So 533/2
29 JAN 1957

INCOMING CODE CABLE.

Mr de Seynes to see

TO: DE SEYNES

FROM: PELT, GENEVA

DATE: 16 JANUARY, 1957 1241 EST

NUMBER: UNGVA 100

Ewing to whom I communicated information contained your 94 asks me to transmit to you following comments. He recommends that all factual information on economic situation and requirements contained memorandum as given to UN Mission by Hungarian authorities be retained in report. Also that in light of present circumstances and background information on possible governmental reactions no repeat no recommendation be included at this stage concerning possible role ECE which will remain available for action if and when decided it should play role in UN plan.

Not passed

OK

Seen by Mr Cohen

Action taken

15 January 1957

CODED CABLE

File CH 172

From: P. de Seynes

To: UNATIONS
GENEVA

PELT PALTHEY OBEZ CROIS NECESSAIRE VOUS INFORMER DE CERTAINES REACTIONS GOUVERNEMENTALES CONSTATEES A MON RETOUR NEW YORK STOP VIVE INQUIETUDE MANIFESTEE PAR LES DELEGATIONS AMERICAINE BRITANNIQUE NEERLANDAISE ENTRE AUTRES A L'EGARD DES RECOMMANDATIONS EVENTUELLES DE MON RAPPORT STOP LA DOCTRINE PARAIT ETRE QUE L'ON EST DISPOSE A AIDER LE PEUPLE HONGROIS MAIS A CONDITION DE N'IMPLIQUER EN AUCUNE FACON NI LE GOUVERNEMENT KADAR NI MEME LE MOINDRE MECANISME ADMINISTRATIF STOP CETTE ATTITUDE LEGEREMENT IRREALISTE RISQUE DE COMPROMETTRE TOUT EFFORT EN VUE D'UNE ACTION DEBORDANT LE CADRE DES ACTIVITES TRADITIONNELLES DE LA CROIX ROUGE STOP EN PARTICULIER DES ARRANGEMENTS TELS QUE CEUX PREVUS POUR UN PROGRAMME ELARGI PAR LE CICR DANS LEUR MEMORANDUM AU SECRETAIRE GENERAL SERAIENT EXCLUS STOP LES GOUVERNEMENTS S'INQUIETENT EGALEMENT DE L'ACTION FAO EN CE QUI CONCERNE LES SEMENCES ET POSENT LA QUESTION DU FONDEMENT JURIDIQUE OU CONSTITUTIONNEL DE CETTE ACTION STOP CETTE ATMOSPHERE HOSTILE AU SEIN DES GOUVERNEMENTS LES PLUS SUSCEPTIBLES DE CONTRIBUER A UN PROGRAMME DE SECOURS M'IMPOSE QUELQUE PRUDENCE DANS LA REDACTION DE MON RAPPORT STOP LA PARTIE REDIGEE PAR EWING DOIT ETRE CONSIDERABLEMENT REDUITE AFIN D'EVITER L'IMPRESSION QU'IL S'AGIT D'UN PLAIDOYER POUR UN PROGRAMME D'AIDE ECONOMIQUE STOP TOUTE REFERENCE AUX COMITES DE LA CEE DEVRA ETRE EXTREMEMENT DISCRETE ET JE NE SUIS PAS ENCORE SUR QU'UNE ACTION PUISSE ETRE ENTREPRISE EN DEHORS DES SESSIONS DES COMITES STOP TOUT CECI SUGGERE ATTITUDE PRUDENTE ET RESERVEE A L'EGARD DE LA PRESSE A ROME AUSSI BIEN QU'AILLEURS STOP VOUS ADRESSE CES QUELQUES COMMENTAIRES POUR VOTRE INFORMATION PERSONNELLE? VIRG ET VOUS SERAIS RECONNAISSANT DE COMMUNIQUER AUX DIVERS INTERESSES Y COMPRIS LA CROIX ROUGE CE QUE VOUS-MEMES JUGEREZ OPPORTUN

DESEYNES

Seen by M.C and D.B. Hi

Mr de Seynes

RECORDS CONTROL
So 533 | 2
29 JAN 1957

INCOMING CODE CABLE

TO: SECRETARY-GENERAL ATTENTION DESEYNES BOKHARI

FROM: PELT, GENEVA

DATE: 16 JANUARY 1957 1439 EST

NUMBER: UNGVA 104

Comparing certain governmental reactions on Deseynes mission to Hungary as depicted in his 94 with reactions in Western European public opinion as we have watched them here over last few weeks produces rather disturbing and confus ing picture. This picture as we see it from here may best be summarized as follows: Primo. During last two months public opinion in most Western European countries has shown increasing tendency to criticise United Nations for having reacted towards Anglo-French action in Egypt much more effectively than towards Russian intervention in Hungary. This wholly unrealistic reaction can probably be best explained by fact that although Anglo-French action over Suez Canal has caused damage to economic conditions in Western European countries it is nevertheless widely excused and understood by large part of public opinion. Soviet intervention in Hungary on the contrary has hit Western Europe emotionally to a degree much greater than is generally understood outside Europe and which as far as we can judge from here has never found proper echo in American press. As corollary to this reaction public opinion also charges that United Nations is helping Egypt much more effectively than it is helping Hungary. During last few weeks we begin to note reawakening of a certain sence of reality. Editorial writers begin to ask what Western world could have done either through United Nations or through individual governments to assist Hungary without risking war with Soviet Russia and the mere need of having to give a reply to this question has had a sobering effect. There now appear more and more suggestions for some kind of humanitarian and economic aid

without, for all that, any desire to support Kadar Government. It would however be a mistake to believe that public opinion as a whole now judges situation with cool realism. On the contrary emotional reactions still hold sway. Secundo. In this atmosphere announcement of Deseynes mission was favourably received as in eyes of public opinion over here it was considered as first attempt on behalf of United Nations to render practical help to Hungary. At same time a good deal of skepticism still prevails as to practical outcome of mission but interest in it was and is considerable. In light of foregoing I wonder whether governmental reactions as depicted in Desgynes 94, even when coming from European Delegations like British and Dutch, will really be supported by reactions at home. It would appear to me that in most western European countries the will and desire to help Hungarian people may very well prove so strong that objection mentioned in Deseynes 94 according to which help to Hungarian People will directly or indirectly strengthen present Hungarian Government will be brushed aside with argument that in obsence of any Western assistance Hungarian People will once more feel that they are abandoned and thrown into the arms of Eastern Powers. I am of course not in position to give you firm assurance that this reaction of public opinion will be strong enough to overcome reluctance of Governments but I feel there is fair chance that this may happen. Anyway according to information available here West Germany, Swiss and Dutch Governments still appear ready to undertake action suggested by FAO concerning spring seeds and first help coarse grains. On other hand United Kingdom Delegate advised Ewing in course informal conversation that his government is opposed to ECE participation in any United Nations plan for aid to Hungary. Tertio. Nor am I of course in position to judge to what extent Deseynes report should recommend practical help to Hungary. Purpose of this cable merely is to give you an outline of what might be West European reaction to report and to possible United Nations action in Hungary. At same time we may have an opportunity of influencing European public

opinion by effectively arranging for publication of Deseynes report. For last few days we have received repeated requests from Press and Radio for full and simultaneous publication in New York and Geneva. This connection I must point out that full publication in New York on Friday with airmailing of text to Geneva where it then could be published at earliest on Monday would make bad impression and would destroy in part good effect report may have on appreciation of United Nations action for Hungary in eyes of Western European public opinion. Gibson Parker is cabling separately suggesting ways and means to assure simultaneous publication. Effect of publication over here will also be influenced by oral comments we might be able to give and in this connection it would be very helpful if you could give us necessary guidance. End.

INFO. COPY

Action To: MR CORDIER

File No.

14 JAN 1957 So 533/2

29 JAN 1957

86 ROMA 173 14 1915

UNATIONS NY

18 HAMMARSKJOLD WAHLEN HAS REPORTED RESULTS JOINT UN FAO MISSION HUNGARY STOP MOST GRATIFIED AT COOPERATIVE SPIRIT BETWEEN MISSION MEMBERS AND IMPRESSED BY IMPORTANT FINDINGS STOP VERY ANXIOUS FAO PROCEED URGENTLY OBTAIN SEED FOR SPRING SOWING FEED FOR LIVESTOCK AND OTHER AGRICULTURAL REQUISITES RECOMMENDED BY MISSION STOP UNDERSTAND DESEYNES

P2

AGREES WITH THIS VIEWPOINT STOP AM ALREADY IN TOUCH WITH CERTAIN GOVERNMENTS AND DISCUSSING WITH THEIR ROME REPRESENTATIVES AVAILABILITY SUPPLIES WHICH MUST BE DELIVERED NEAR FUTURE TO MEET URGENT NEEDS STOP APPROACH TO GOVERNMENTS WILL BE GREATLY FACILITATED BY MAKING KNOWN FULL DETAILS SITUATION AS OUTLINED REPORT STOP THEREFORE ANXIOUS

P3

HOLD PRESS CONFERENCE AND ISSUE INFORMATION SOONEST INCLUDING TEXT REPORT IMMEDIATELY AVAILABLE OR AT LEAST SECTION DEALING WITH FOOD AND AGRICULTURE STOP DESIRE SYNCHRONISE PUBLICITY ROME WITH YOUR PLANS FAR AS POSSIBLE SO TO AVOID ISSUE CONFLICTING ACCOUNTS STOP GRATEFUL LEARN YOUR OWN PLANS SO THAT I CAN TAKE ACTION

P4/20

HERE IN KNOWLEDGE YOUR ARRANGEMENTS ANNOUNCING RESULTS JOINT UN FAO MISSION AND FURTHER ACTION PROPOSED STOP PLEASE REPEAT ORR

SEN.

DRAFT MC/lh

UNITED NATIONS NATIONS UNIES

INTEROFFICE MEMORANDUM

RECORDS CONTROL
S0533/2
29 JAN 1957

TO: Mr. Dag Hammarskjold, Secretary-General

Date: 14 January 1956

FILE NO.:

FROM: Phillipe de Seynes, Under-Secretary for Economic and Social Affairs

SENDER'S TELEPHONE EXTENSION:

SUBJECT: Mission to Hungary.

In accordance with Resolutions 393 and 399 of the General Assembly which, inter alia, instructed the Secretary-General, in consultation with the heads of appropriate specialized agencies, to inquire into the needs of the Hungarian people for relief, and called upon Member States to participate to the greatest extent possible in the provision of humanitarian relief to the Hungarian people, I undertook at your request a Mission to Hungary, departing from New York on 31 December 1956. I returned to New York on 12 January 1957 having visited Paris, Geneva, Vienna, and Budapest. On my visit to Budapest I was accompanied by Dr. Wahlen and Mr. Sinard of the FAO, Mr. Ewing of the ECE, and through the special courtesy of the ICRC by Mr. Willy Meyer who during October and November had served as the representative of that organization in charge of relief operations in Hungary.

In Paris and Geneva I consulted with Mr. Luther Evans, Director-General of UNESCO, Dr. Candau, Director-General of WHO, Mr. David Morse, Director-General of ILO, Mr. Leopold Boissier, President of the ICRC, as well as a number of senior officials of the United Nations. Everywhere I was impressed with the seriousness with which responsible officials look upon the current situation in Hungary in terms of its humanitarian aspects.

I spent three full days in Budapest, arriving there at 1400 hours on 4 January, and departing at the same hour on 7 January. In Budapest I was received by Mr. Kadar, held a succession of meetings with Hungarian Government officials including

, and had an opportunity of observing at first hand the field operations of the ICRC and the Hungarian Red Cross. Before proceeding further with my report I should like to pay tribute to the manner in which the distribution of relief supplies is being handled by the ICRC and the Hungarian Red Cross, and to express full satisfaction on this point.

Since my mandate was that of determining relief needs I was faced throughout my mission with the problem of assessing the proper scope of the assignment. Narrowly interpreted, relief needs encompass only provision of the bare necessities of life. Broadly interpreted, relief needs are inextricably bound up with a comprehensive problem of economic reconstruction. I have attempted to consider relief needs and economic reconstruction separately, while at the same time showing their relationship and the "no man's land" where they impinge upon one another. For example, while the provision of food parcels for individuals is clearly "relief", the supplying of coal for refining sugar beets, might be defined as "economic reconstruction," yet the close relationship of these two activities is obvious.

My report consists of the following:

I. Outline of Relief Needs through 15 July 1957, as set forth in the letter from M. Leopold Boissier, President of the ICRC, dated 28 December 1956. This proposal cites the urgent need for contributions totalling $31,500,000 for relief purposes.

II. A section on "Agriculture and Food Supply" prepared by the FAO members of our joint UN/FAO Mission. The requirements set forth in this report reproduce certain of the proposals contained in Item I above.

III. Appendix: Economic Policy, Industry and Transport. This report was prepared on the basis of data secured during my Mission to Hungary. The data was received from officials of the Hungarian Government, and in its current form has been received by appropriate technical sections of the ECE.

IV. Appendices showing resources reported as available both for purposes of relief and of economic reconstruction in Hungary.

Appendix I contains <u>Pledges and Contributions to the United Nations by Governments</u>.

Appendix II lists relief as reported to the Secretary-General by Governments, but not contributed to or through the United Nations.

Appendix III is a list of contributions received by the ICRC for relief in Hungary since early November, 1956. (These contributions represent relief needs over and above the programme of $31,500,00 set forth in the letter of the President of ICRC in Item I above).

Appendix IV contains data received in Hungary on Foreign Relief and Economic Aid. Some of the items reported are identical with contributions listed in II above.

An objective consideration of the conditions in Hungary discloses in unmistakeable terms the existence of urgent needs for assistance both in the form of humanitarian relief and in strengthening the economy. I have already referred above to the close relationship between these two types of activity. The duration of the need for humanitarian relief will vary to the extent that the economy is able to function in a more or less normal fashion.

Therefore, I recommend first that the humanitarian relief programme currently being undertaken by the ICRC be continued and strengthened. This is a matter of top priority and in my view the resolutions passed by the General Assembly in November, 1956 represent a moral commitment by Governments to support this programme. It is now necessary to press for action by Member Governments in order to implement these resolutions, and to fill the existing urgent needs of the Hungarian people for relief.

Secondly, the action already started by the FAO in support of the agricultural economy in Hungary should be welcomed.

Thirdly, other specialized agencies, and particularly the WHO, and UNESCO, should be encouraged to undertake surveys on the spot of humanitarian needs in the fields in which they are competent, with a view to providing appropriate assistance in Hungary.

Finally, within the framework of the Committees of the ECE, consideration should be given to measures relating to immediate requirements for economic aid such as coal, and in due course to problems of longer range economic rehabilitation.

RECORDS CONTROL
So 533/2
29 JAN 1957

11 January 1957

Note for Mr. de Seynes

In a telephone conversation this afternoon, Sir Herbert Broadley has made to Mr. Pelt the following points:

1) If there is any interim report published in New York on the mission in Budapest, he would wish the FAO in Rome to be informed immediately by cable.

2) FAO would like to receive in Rome, preferably in advance of its release, the final and full report of the mission.

3) FAO would also like to know at the same time, by cable, the time at which the full report would be released in New York.

CONFIDENTIAL

Second draft

11 January 1957

RECORDS CONTROL
SO 5332
29 JAN 1957

Agriculture and Food Supply

Minimum conditions for recovery

1. The food supply of the population of Hungary between now and the next harvest can only be assured, under present circumstances, given two conditions :

a) that substantial imports take place urgently, so as to compensate in part for the abnormally low production of 1956;

b) that the supplies becoming available from agriculture in the coming months will be marketed in a regular and continuous manner.

These two imperatives dictate the whole food supply policy of the government. Any reduction in the volume of imports which is envisaged or any prolonged suspension of deliveries from farms would, without any question, endanger the supply of the large cities and towns and would aggravate a food situation which is already difficult.

2. It is moreover essential that every effort should be made to raise agricultural production in 1957 to the highest possible level, especially crop production. The events of recent months have held back field work, in particular the autumn sowing of cereals. If this lost time cannot be made up, the insufficiency of national supplies would not only prevent Hungary, which in the past has been a traditional exporter of agricultural products, from maintaining its flow of foreign trade during the coming year, but would also prolong its dependence on external sources of supply. In such case, international assistance would probably have to continue for a long time.

Shortcomings of 1956 domestic supplies

3. The deficit in production in 1956 can be attributed for the most part to the long dry period which was experienced. The production of both bread grains and coarse grains was greatly diminished thereby, and fodder crops and pastures were similarly affected. Furthermore, owing to the fact that the activity of the food processing industries was interrupted for a long period by the shortage of transport facilities and of coal[1/] (especially in the case of sugar beet factories), certain industrial by-products which normally become available for feeding to livestock have been at least partially lacking. For these reasons the feed supply situation for breeding

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1/ In these respects serious difficulties still exist.

Current food situation in Budapest

6. At the time when the mission was carried out, the food situation in Budapest (and, it seems, in other large cities) was on the whole satisfactory. The basic commodities, bread and milk, were obtainable without rationing, though often only after a period of waiting, due to the reduction in the number of points of sale. Meat was plentiful, this being normally the time of seasonal surplus, aggravated this year by the scarcity of feeds which forces farmers to sell animals; vegetables were arriving from the surrounding districts in sufficient quantities but without much variety to choose from; fruit, consisting almost entirely of apples, was scarce and of poor quality.

The price levels fixed before October have been more or less maintained for the essential foodstuffs, although for other products (notably eggs and paprika) considerably higher prices have been recorded. This stability has only been maintained by rapidly drawing upon the stocks which had previously been built up. In addition, exports of agricultural products have been totally stopped during the past few months, while a certain quantity of imports have continued to arrive.

Immediate tasks

7. Three main problems arise for the Hungarian food and agricultural services at the present time :

a) to make available to farmers without delay the means of production which are needed in preparation for the harvest of 1957, and for the maintenance of livestock;

b) to secure the regular delivery of produce from the farms under the new system of free marketing; and

c) to make plans for such imports as are indispensable.

These three points are developed more fully below.

a) Emergency measures to assist the recovery of agricultural production

(i) Seeds

8. Up to the present time it has not been possible to complete the programme of autumn sowings[1]. If normal weather conditions prevail in the coming months, this delay could be made up by prolonging the period of spring sowing. Early-ripening varieties of wheat, barley and oats which are not available locally in sufficient quantities would have to be obtained. The requirements for these seeds are stated to be as follows :

1/ According to some estimates, the area sown with cereals this winter amounts to only 60 or 70% of the area normally sown.

spring wheat - 5,000 tons
spring barley - 5,000 tons
oats - 2,000 tons

A list of the varieties which are requested has recently been drawn up by the Hungarian agronomic services, which communicated it directly to FAO. That Organisation has already initiated action with a number of its member governments in Western Europe where the desired varieties might be available. It appears that it will be possible to meet the needs expressed in large measure, either in the form of gifts or by means of a barter exchange (e.g. seed barley against an undertaking by Hungary to furnish the equivalent quantity of malting barley after the harvest), or through the normal channels of trade.

Similar provisions have already been made by FAO to secure the supply to Hungary in the near future of 2,500 tons of seed potatoes and 400 tons of hybrid maize seeds.

In the event that gifts are forthcoming, their distribution would be controlled according to a procedure similar to that at present being followed for International Red Cross supplies.

(ii) Fertilisers and farm machinery

9. Production in 1957 could also be increased if chemical fertilisers and farm machinery were put at the disposal of farmers in relatively large quantities.

Fertiliser consumption has remained low in Hungary in comparison to the more advanced countries of Europe. Production in 1955 amounted to 12,800 tons of pure N and 28,800 tons of P_2O_5. It is difficult to estimate what will be the shortfall in fertiliser production due to the recent and continuing fuel shortage and transport difficulties, but it is safe to consider that the reduction will correspond to no less than three months' output. The most immediate need, which is for nitrogen fertilisers for use in the spring, is on all available evidence considerable.

A detailed list of the various types of machines for which the need is considered particularly urgent has been drawn up by the competent departments. This list, which is annexed to the present report, includes among others, light tractors, planting machines and spraying equipment.

(iii) Livestock production

10. The Hungarian feed situation is serious. The harvest of coarse grains, and especially of maize, was about 30% below that of the previous year. Fodder crops were also poor.

Production of certain cereals

million tons

	Average 1950-55	1954	1955	1956 (Prelim. estimates)
Barley	0.7	0.6	0.8	0.6
Oats	0.15	0.15	0.2	0.15
Maize	2.3	2.5	2.9	2.3
Total	3.15	3.25	3.9	3.05

Breeding stock (at breeding stations) and some of the stock for meat production (specialised pig-producing enterprises) are particularly threatened. Their feed supply in the past depended mainly on compulsory deliveries coming from cooperative farms and family farms. These deliveries were stopped shortly after the maize harvest, with the result that no stocks of coarse grains were built up by the livestock enterprises.

11. In order to maintain the numbers of pedigree livestock and to fatten the pigs which the specialised enterprises now have, 150,000 tons of coarse grains (essentially barley and maize) are urgently requested by the authorities. The delivery timetable, they consider, should be as follows:

before the end of January: 20,000 tons
in February : 60,000 tons
in March : 70,000 tons

The needs for the next two or three weeks will be met by a consignment of barley promised by the USSR and now on its way. There have been negotiations with China and 150,000 tons of coarse grains will be provided by that country; it is not expected, however, that delivery will take place before April or May. Should these supplies not be forthcoming

within the arranged time, the previously-mentioned minimum requirement of 150,000 tons would have to be increased proportionately.

b) Encouragement of deliveries from farms

12. To encourage deliveries from farms, three series of measures have been taken or are envisaged:

(i) as indicated above, steps have been taken to obtain by trade negotiation or in other ways the means of production for which the farmers urgently ask.

(ii) concerning domestic production, important changes have been made to the regulations which were previously applied. Farmers are under no obligation as regards their production plans, and they can dispose of their produce in any way they wish. They have obtained the right to dissolve the cooperative farms previously created, if they so desire.[1/] The machine-tractor stations must in the future be at the disposal of all and they must become self-financing independent concerns. During discussions mention was made of the Government's intention to proceed with the sale to private farmers of land belonging to the State or to local communities. The purchase and renting of land is authorised so as to enable family farms to adapt their area to the labour which they have at their disposal.

(iii) Finally, the Hungarian supply services are concerned to provide farmers with the various consumer goods which they need. The new priorities allocated to the industries which produce these goods, which are dealt with elsewhere in this report, partly reflect this concern.

c) Food imports and requirements: forecasts for the coming months

13. The food requirements to be covered by imports relate both to basic commodities (cereals, sugar, fats) and to products often considered to be less indispensable (coffee, cocoa, oranges, etc.). Moreover, a serious shortage of meat might appear during the summer months if the coarse grains necessary for the maintenance and fattening of the livestock are not forthcoming in good time.

1/ It seems that about 50% (or 2 000 in number) of the cooperative farms existing at the end of October have been dissolved. It is reported that some have been re-established in a modified form.

Wheat

The harvest of 1956 was markedly lower than the average of recent years.

Production of bread grains

	Average 1950-55	million tons		
		1954	1955	1956 (provisional)
Wheat	2.0	1.7	2.1	1.7 - 1.8
Rye	0.6	0.5	0.55	0.5
Total	2.6	2.2	2.7	2.2 - 2.3

Some stocks had been built up before the recent events, through the operation of the programme of compulsory deliveries. However, it has been officially stated that total State procurements of bread grains up to 15 October were 20 per cent less than had been planned. The deficit for compulsory deliveries up to that time (based on farm area) was only about 10 per cent, but there was a failure to make the planned purchases at free market prices, over and above the compulsory delivered quantities.

15. To maintain sufficient supplies between now and the next harvest, it is officially estimated that more than 400,000 tons of wheat will have to be imported.1/ After allowing for the 250,000 tons which are expected from USSR as part of the programme of economic aid recently prepared, a need for 150,000 tons would remain. Although it is desired that shipments should begin soon, it would suffice if this quantity were to be delivered in April or May, since the available stocks and the undertakings for delivery from other countries should theoretically cover requirements until the beginning of June.

Sugar

16. The sugar beet harvest of 1956 would normally have been sufficient to cover all requirements. However, as work at the sugar factories has been held up, some losses have occurred through a reduction in the sugar content of the roots. It is now necessary for 20,000 tons

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1/ This estimate takes account of the quantities of wheat and flour recently received from various countries as emergency aid.

of sugar to be imported, at the latest during the summer months, if the present consumption levels are to be maintained.

Fats

17. Lard plays an important part in Hungarian food supplies. It will be necessary to import 10,000 tons to cover requirements until October. The International Red Cross has already taken steps to ensure a supply of 3,000 tons of fats to Hungary in the near future.

18. Tallow. Normally 10,000 tons are imported annually. For 1957 this quantity is not yet assured and apparently cannot be obtained through the usual trade channels owing to lack of means of payment.

Other commodities

19. The food supply services would very much like to have at their disposal during the next six months the following products and quantities:

cocoa beans:		1 000 tons
coffee	:	1 000 tons
pepper	:	100 tons
lemons	:	5 000 tons
oranges	:	2 000 tons

The maintenance of even a very limited supply of cocoa and coffee is deemed desirable on psychological grounds; the same applies to citrus fruits. The small quantities requested could - for some products at least, such as oranges - be reserved for special categories of consumers in accordance with a system of controlled distribution.

Problems of meat supplies

20. Meat is plentiful at present in Budapest and probably throughout the country. Slaughterings have been accelerated, especially of pigs, on account of the insufficient supplies of feedingstuffs. Since storage facilities are not such as to accommodate all the available quantities, arrangements have been made to utilise cold stores in neighbouring countries.

These stocks will in part make up for the shortfall of meat production which will occur during the summer (after the end of May). When that time comes the remainder will have to come from the specialised pig enterprises for which imports of coarse grains are now requested.

Certain traditional exports of Hungarian produce (poultry, for example) will have to continue in order to fulfil trade commitments already made and to pay for the planned imports of basic foods.

Concluding Remark

21. The requirements summarized above have been discussed in detail with the Hungarian authorities, and the Mission feels that this supply is essential for satisfying the urgent food needs, for alleviating the supply difficulties which will certainly appear in the coming months, and for assisting the Hungarian farmers in the immediate resumption of agricultural production. This programme - which reproduces certain of the proposals contained in the "Memorandum on Relief Action for Hungary" addressed by the CICR to the Secretary-General of the United Nations on 28 December last - cannot therefore be considered to be in any way a programme for reconstruction.

Farm Requirements

Priority list:

- garden tractors (two-wheeled) with equipment.
- light all-purpose tractors (maximum 1 100 kg), Diesel, about 14 h.p. with equipment, including some for work in vineyards.
- light seed-drills, about 24 rows, 11-12½ cm. width.
- planting machines, mounted or semi-mounted, for tobacco, tomato and red pepper planting.
- precision machines for planting horticultural seeds.
- vine-spraying machines, for carrying on the back.
- motorised spraying equipment (long rubber pipes).
- cleaning machines for seeds and peas.
- machines for drying cob-corn seed (fired by coal, wood or gas), capacity 1-5 tons per hour.
- seed calibrating machine for hybrid maize.

Secondary list:

- winch equipment (2 machine system), with equipment for vineyard cultivation on hill sides and sandy soil.
- high capacity sprayers for orchards.
- fertiliser distributors, revolving plate type, tractor and horse drawn.
- tractor mounted harvesting equipment for seed peas.
- equipment for wine-handling and production.

Prices of certain foodstuffs and other consumer goods
in Budapest

(beginning of January 1957)

(Forints per Kg.)

Bread	3.-
Sugar	12.-
Milk	4.50 per litre.
Butter	66.-
Pork	26.- (average)
Beef	18/20.-
Wine	Ordinary : 15.-
	in bottles : 30.-

Shoes :	270 to 450 per pair depending on quality.
Man's suit:	1200 (poor quality)
	3000 (to measure)

(Average industrial wage : about 600 - 1200 forints per month, according to skill)

10 January 1957

CONFIDENTIAL

CONTROL
So 533/2
29 JAN 1957

TO : Mr. P. DE SEYNES

FROM : A.F. Ewing
P. Sinard

SUBJECT : Report on Present Economic Situation in Hungary

INTRODUCTION

We have prepared this report immediately on the basis of our conversations in Budapest. In view of the limited time available, however, it has not been possible to pay much attention to presentation. We have jointly prepared the Introduction and the Conclusions. Mr. Sinard has prepared the part dealing with food and agriculture (which is transmitted to you separately but should be regarded as an integral part of this report) and Mr. Ewing the remainder.

We arrived in Budapest about 1 p.m. on 4 January. You, Dr. Wahlen, Mr. Sinard and Mr. Meyer left about 2 p.m. on 7 January and Mr. Ewing left early on 8 January.

A list of those whom we saw is attached as an annex to this report. The source of all the information is statements by Ministers and officials whom we met, where possible checked against and sometimes supplemented by information available in the ECE Secretariat. Detailed sources could be given if required.

The purpose of the Mission, in accordance with the Assembly Resolutions, was to examine relief requirements in Hungary, to study on the spot the arrangements made by the CICR (Comité International de la Croix-Rouge) and the Hungarian Red Cross(1), and generally to establish as far as possible the facts of the economic situation. As you yourself pointed out in discussions with Hungarian Ministers and officials, for the purpose of examining the situation you interpreted the problem of relief in a fairly broad manner. Accordingly, we also examined the immediate reconstruction problem with a view to shortening the period during which relief was necessary. As you made clear, however, we were in no way empowered to enter into negotiations concerning reconstruction.

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(1) Our report does not deal with this aspect of the question since you dealt with it yourself and will no doubt make whatever report you consider necessary.

In broad terms there were three main economic effects of recent events: sheer destruction of buildings and stocks of food and consumer goods; loss of skilled labour; and virtual cessation of work, or work well below the normal level (which, as will be brought out, is likely to continue for some time). Furthermore, apart from the direct and indirect consequences of recent events, a process of re-thinking of economic policy had already started before 23 October 1956 and this is continuing. At the same time measures are being worked out to recover from the present economic difficulties. Thus it has just been announced officially that the second five-year plan has been scrapped and that for the present efforts are being concentrated on the problems of the current year, and indeed of the coming months; and that a two-year programme will be worked out for 1958/1959. In addition, the situation was further complicated by another background factor, the poor harvest last year.

As far as possible each section of this report attempts to bring out the effects of recent events, the immediate policy being pursued, the help already given or envisaged, the additional help needed and the trend of future policy.

The final part sets out possible action by the United Nations provided it proves possible polftically to envisage something in addition to relief through the Red Cross.

INDUSTRY AND TRANSPORT

Energy

Coal production was originally forecast for the whole of 1956 at between 24,000,000 and 25,000,000 tons, about 85 per cent of which is brown coal (all subsequent figures referred to are brown coal except where otherwise stated). Some 5,000,000 tons were lost between 23 October and the end of the year. Production just before 23 October was at an average rate of 78,000 tons a day. It fell as low as 10,000 tons and has now got back to between 30,000 and 35,000 tons and is expected to reach 40,000 to 45,000 tons a day by February 1957. Thereafter the rate of increase will be somewhat lower and is expected to reach about 65,000 tons a day by the end of the year, provided the intake of labour is sufficient, including transfer from other industries. It is not expected that in the near future the 78,000 level will be reached. This was regarded as an "over-strain" level, given the lay-out of the mines, with small deposits, and the lack of mechanization. The principal equipment lacking which could be imported if conditions permitted are pit-props, electrical equipment and pumping equipment. One of the difficulties is liability to flooding. A considerable number of the mines are flooded at present simply because when work ceased there was an interruption of regular pumping.

The labour force in the mines was originally about 90,000 and it is now estimated at 50,000. Only a comparatively small number of skilled miners are believed to have left the country. However, only 40 to 45 per cent of the miners are normally resident in mining districts, and the remainder have to travel. Under present transport conditions many of them find this difficult, if not impossible, and prefer to work in agriculture. A special Government effort is being made to improve drastically the housing situation and it is planned to build some 10,000 dwellings in mining districts this year and also to erect hostels. In addition, with a view to making the mines relatively more attractive, since it is admitted that working conditions are bad, wage increases have been made so that the miner is now better paid than any other industrial worker. Furthermore, the wage system has been changed, apparently away from an incentive system.

The production forecast for the whole of 1957 is put at 14,500,000 tons, of which 8,000,000 tons are expected in the first six months. In the first quarter, 600,000 tons of hard coal have been promised by the USSR, partly a diversion of Polish exports to the USSR. Other imports from Eastern Europe will be small, and in the first quarter a maximum of 150,000 tons. Consequently the deficit, which could only be met by imports from the West, is put at 3,000,000 of hard coal for the first six months and 2,000,000 tons for the second six months.

The gas situation is virtually normal, since the coal for this purpose is imported and continues to be imported.

The electric power situation is governed by the availability of coal, since the plants are nearly all thermal. However, high priority is being given to the allocation of coal to the power stations and they are now receiving something like three-quarters of normal deliveries. Power is being imported from Czechoslovakia at a rate of 110 Megawatts a year, partly of Czechoslovak but also of East German and Polish origin. It was stated that it is not considered practicable at present to increase these imports. Potentially power could be imported from Yugoslavia but there are no prospects at present since there is no transmission line. In the case of Austria nothing is being imported at present. Negotiations last year (before 23 October) led to no result. The Hungarian authorities consider, however, that these might be taken up again and that it would be technically feasible to import from Austria in about three months, the time taken to build some 60 to 70 km. of transmission line on the Hungarian side.

Apart from some imports of special kinds of refined oil, Hungarian refining capacity, at 1,700,000 tons, is considered adequate. Crude oil imports for 1957 are expected to be about 1,100,000 tons from the USSR and Romania. It is not considered practicable, at any rate in the short run, to substitute oil for other forms of energy.

Heavy industry

The only branch of heavy industry (apart from energy, already discussed) examined in any detail was steel, since, as will be brought out later, most of the heavy industry of the country is either at a standstill or working at a low level owing to the lack of coal, and some fundamental changes in the role of heavy industry in the economy are being considered. Furthermore, in the short run most of the heavy industry does not give rise to immediate reconstruction problems.

Crude steel production in 1955 amounted to 1,623,000 tons, and rolled steel to some 900,000 tons. Pig-iron production was 854,000 tons. On this basis, Hungary was nearly self-sufficient, normal imports being about 100,000 tons, mainly tin-plate, sheet, strip, light sections, some wire products and certain types of tube, mainly cold-drawn, of all of which there was either no production or very little. Exports, mainly plates and heavy sections, were of the same order of magnitude in tonnage but lower in value.

The Hungarian steel industry suffers from the difficulty that hitherto virtually all the metallurgical coke has had to be imported, largely from Poland, Western Germany, Czechoslovakia and the USSR, and also a large proportion of the iron ore (1,400,000 tons of iron ore were imported in 1955, almost entirely from the Ukraine). Coking capacity has recently been installed, designed to use the limited supplies of domestic

coking coal, which would be capable by the end of 1957 of accounting for about one-fifth of requirements and which it was, at any rate originally, intended to expand still further by 1960 to cover up to 30 per cent of requirements.

At present the iron and steel industry is virtually at a standstill owing to lack of coal and power. There is limited pig-iron production but otherwise furnaces are only being kept going to a sufficient extent to avoid damage. Installations have been in no way damaged, nor has there been any particular loss of skilled labour.

It seems that a rather low priority will be given to the steel industry as far as coal and power allocations are concerned in the immediate future, and looking further ahead it also seems likely that the second five-year plan target of 2,250,000 tons of crude steel will be revised downwards. No decision on this has yet been taken. Meanwhile, imports in 1957 are expected to be 400,000 tons of rolled steel compared with 100,000 tons in normal times. The additional requirements are partly to meet the needs of small-scale industry which is being developed, as will be seen later in this report, and partly, as will also be seen later, to meet the requirements of the building industry.

Building and housing

Some 40,000 houses were damaged or destroyed, the bulk of the destruction and damage being in Budapest. Of the 40,000 some 20,000 were lightly damaged, mainly roofs and windows. Another 10,000 were rendered uninhabitable owing to structural damage but are capable of being repaired, and the remaining 10,000 destroyed.

Those who have been rendered homeless have been found accommodation with neighbours or to some extent in the dwellings of those who have left the country. This is possible since the housing situation in Hungary was not as serious as in some countries.

Much progress has already been made in repairing the 20,000 lightly damaged houses and this part of the programme is expected to be completed at the end of March, partly by using stocks of domestic materials, partly by maintaining substantial glass production and partly be substantial imports of materials required, particularly glass and roofing materials from neighbouring Eastern European countries, particularly Czechoslovakia.

The next phase of the programme, the repair of structurally damaged houses, presents greater difficulties owing to shortages of key materials, particularly timber and timber products, reinforcing steel, steel sheet, structural steel, steel pipes and tubes for water, gas and central heating, lead pipes and sanitary and electrical equipment (details of specifications and quantities which cannot be supplied from domestic sources are available).

There remains the replacement of the 10,000 houses completely destroyed, together with the 10,000 houses already referred to which the Government have decided to provide

during 1957 in the mining areas. Unfortunately, these substantial additional requirements are superimposed on the normal housing programme, which in the second five-year plan it had been decided should be doubled, from 20,000 a year to 40,000 a year, this being the figure required to cover demographic needs and normal replacement. Consequently, strictly speaking some 60,000 houses should be built in 1957, or three times the rate of recent years, a task which is clearly impracticable. The aim is in fact to try to build 40,000 houses. For this purpose substantial imports will be necessary of the same items as those referred to in the repair or reconstruction of structurally damaged houses. In addition, it is desired to import types of building machinery which are not produced domestically (details of which are available), particularly tower cranes, electric welding equipment, excavators, concrete block making machinery, wire rope, trailers, tractors, pumps and a variety of spare parts. On the other hand, the basic materials, with the exception of timber, the bulk of which is imported, are available in adequate quantities even for a much larger housing programme, particularly if sufficient fuel can be allocated. In this connection brick production, which is largely small-scale, using low-grade fuel, is expected to be restored to normal shortly. Glass production has been kept at a high level throughout and cement production will be given high priority in the allocation of coal. Furthermore, cement, brick and glass making capacity are all being expanded steadily and as far as can be seen there will be no change in these plans. As to labour, particularly skilled labour, there is not expected to be any difficulty. Very little skilled labour has been lost and with the drastic cut for some time to come in capital construction a substantial additional skilled labour force will be available for house building and repairs. Furthermore, a new wage system is being established which will give building workers substantially better pay.

What appears to be a more fundamental problem is how to organise such a substantial increase in the housing programme, in the sense of making proper use of more rapid and in real terms cheaper building methods. The Hungarian authorities are looking in the direction of greater mechanisation and prefabrication, together with the use of lightweight concrete such as Siporex and Ytong, for which however they want licences and detailed documentary information. Hitherto some 50 per cent of the programme has been individual houses but they intend, apart from the miners' programme, to increase the proportion of flats so as to make greater use of standardization and mass production methods.(1) It seems clear that no definite decisions about the approach to this whole

(1) See in this connection "Muszaki Elet" No.17, 5 December 1956, page 45.

problem have yet been taken and that in some respects they are rather at sea, even in the urgent miners' programme, where details appear to be far from being settled. For example, they are envisaging experimental building but would like to shorten the experimentation period by drawing more fully on the experience of other countries. In particular, there would seem to be some danger, as has been in fact the case in several other countries in the process of industrialization, of regarding mechanization and prefabrication as something of a panacea.

Consumer goods and the danger of inflation

Stocks of clothing to the value of some 500 million forints were destroyed or damaged during the fighting. Furthermore, additional pressure of demand on consumer goods generally, together with some damage to goods other than ready-made clothing, caused stocks of consumer goods to fall from some 14 billion to some 5 billion forints by the end of last year. Furthermore, production since 23 October has been at a low level.

The problem presented by the shortage of consumer goods has two aspects: in the first instance the immediate hardship for the population, and secondly the danger of inflation. Until the end of the year salaries were paid whether work was done or not, so that the buying power of the population has been largely maintained, particularly since price control has remained effective. Obviously, unless production recovers and stocks are rapidly replenished, this position cannot be maintained much longer. It is desired to import during the next six months some 60 million dollars of consumer goods (at world wholesale prices), particularly cotton, wool and silk piece goods, shoes, knitted goods, furniture and household equipment. Whether, given the great scarcity of foreign exchange, this programme will in fact take priority over other efforts such as coal seems doubtful, but there is no doubt that great importance is attached to action along these lines. In the second half of the year the production of consumer goods is expected to be virtually normal, since they are receiving priority as far as coal allocations are concerned, particularly since they are relatively low coal consumers and high employers of labour. It is intended to import cotton, wool, hides and skins and fibres at similar levels to those prevailing in the past.

Transport

The damage to fixed installations and rolling stock after 23 October was not of great importance and is estimated at 30 million forints (the damage to goods in transit was considerably greater, approximately 100 million forints). The present difficulties are partly the result of coal shortage in a system which is 90 per cent based on steam,

although railways are receiving relatively high priority in coal allocations, and partly the result of difficulties inherent in the relatively antiquated nature of the Hungarian transport system, insufficient track and the high age of rolling stock (e.g. 20 per cent of locomotives are less than 10 years old and the rest are between 10 and 50 years; in the case of rolling stock, 15 per cent are post-war and the rest up to 50 years and more). A change-over to Diesel and electric was in process, based on domestic production. Indeed, these have been significant export items, and domestic requirements have been neglected in the interests of the export trade. A particular difficulty is the lack of oil tank wagons, and it is desired to hire from 100 to 200 from abroad. Efforts are also being made to hire refrigerator cars, and perhaps also open wagons, since a significant proportion of the existing stock is too old for the carriage of import and export goods. In contrast to passenger carriages, there is only limited capacity to produce goods wagons, and something between an additional 1,500 to 3,000 wagons are needed per annum. Since new production this year will be seriously hampered, efforts are being made to encourage additional repair facilities.

Nonetheless, neither the availability of wagons or tracks is a limiting factor in the economy at present levels of output and trade. From a transport point of view there would be no difficulty in handling substantial additional imports, the only limiting factor being the facilities for the change-over of goods at the Hungarian/Soviet border, where there is a change from broad gauge to normal gauge track. The transfer operation would be facilitated if additional pumps for fuel and exhausters for grain could be made available.

Since 23 October some 1,500 to 2,000 lorries and buses have been destroyed or have left the country with the refugees. A small proportion of these are expected to return in due course. Furthermore, some 750 lorries and 180 buses are out of use owing to lack of tyres, the size required being 8.25 x 20. The lack of tyres is due to the cut in production, but production is now 80 per cent of normal.

ECONOMIC POLICY

In this section the present economic situation and immediate policies and future perspectives as a whole are discussed. The first question, since it is the principal key to the present situation, is the allocation of coal. This is followed by the facts about employment and unemployment. There is finally a discussion of the foreign trade situation.

Coal

The distribution of the total supply of coal (home production and imports) before 23 October 1956, on the basis of a daily production of 78,000 tons of brown coal, and at present on the basis of a production at about half this level, is as follows:

Consumption sector	October 1956 (in percentages)	January 1957
Domestic heating, including social buildings	14	15
Gas	3	6
Electric power	33	45
Railways	12	12
Steel industry (other than metallurgical coke)	10	4
Machinery industry	6	0
Light industry and food	10	10
Building materials	6	2
Miscellaneous (including consumption by miners)	6	6

These percentages are naturally somewhat rough, particularly those relating to the present time. It will be seen that in absolute figures gas is being fully and electric power substantially maintained; domestic and social heating, railways, light industry and food are getting half of their normal requirements. Almost everything else has been cut severely. Translated into terms of degree of utilisation of industrial capacity, the food industry is operating at about 60 per cent, light industry at 45 to 50 per cent, engineering about 20 to 25 per cent and chemicals and building materials at about 10 per cent. The metallurgical industry has been virtually stopped. As to the future, it would seem to be the intention, in addition to the sectors already receiving priority, to give increasingly better treatment to railways, light industry, food and building materials.

Employment and unemployment

The employment situation is closely linked to the availability of coal but reflects also the changes being made or envisaged in the structure of the economy. Before 23 October there was a shortage of skilled labour generally, but particularly in the

mines and in the building industry. Although there was no unemployment there was a certain degree of under-employment in administration and light industry. There were between 1.1 and 1.2 million employed in industry, of which 20 per cent were in building, 10 per cent in small-scale industry and the remainder employed in large factories. Of this last group the percentage distribution by industrial groupings was as follows:

Mining	15
Iron and steel	8
Chemicals	5
Engineering	30
Light industry, particularly textiles and leather goods	20
Basic building materials	7
Food	8
Miscellaneous	7

Unemployment in the first quarter of 1957 is expected to be between 150,000 and 200,000, deriving from three main causes: the shortage of coal, the decrease in investment and the streamlining of the administration. It is expected that unemployment will fall by 50,000 to 60,000 each quarter and disappear by the end of the year. Over and above unemployment, some 150,000 people have left the country. Some of these may return and a considerable proportion are children and old people; but it is not possible to state at this point exactly what has been the loss by the industrial labour force.

The measures to deal with unemployment, which are part and parcel at the same time of the structural re-adjustment of the economy, apart from efforts to raise coal production and if possible import additional coal, may be summarized as an attempt to transfer 100,000 people by the end of the year into small-scale industry and commerce operating under private enterprise or as cooperatives. For this purpose Government credits are being made available and tax concessions have been introduced. It is intended to induce additional labour in mining and in certain labour-intensive forms of agriculture, and also to augment the labour force in hospitals and other health institutions.

Those dismissed permanently by an industry which it is intended to contract receive six weeks' wage plus 5 per cent of their average wage for every year of work, together with unemployment pay up to 80 per cent of their wage. Ages at which pensions are taken have also been reduced by two years. Those temporarily out of work largely because of the fuel shortage receive 50 per cent of their normal wage. The industries which have temporary unemployment largely on account of the fuel shortage are evident from the data

and leather goods, which mainly go to overseas markets. It is intended to try to push the export of the small-scale industry which is now being encouraged, particularly furniture and handicraft goods. The over-riding principle is in the main export of goods of high value in relation to imported materials. Accordingly it is proposed to decrease exports of steam engines, standard heavy machine tools, and also to reduce exports of coal, oil, building materials, rolled steel and aluminium.

Foreign aid

Foreign aid from Western countries is mainly channelled through the Red Cross and distributed by the Hungarian Red Cross. A very rough estimate of the value of aid received so far through these channels is about 6-7 million dollars. The details of the action by the Red Cross are set out in a memorandum prepared by the CICR, particularly the note attached to the letter from Mr. L. Boissier to the Secretary-General, dated 28 December. Attention should be drawn to the fact that the relief programme regarded as urgent by the CICR until 15 July 1957 amounts to over 30 million dollars.

Aid from Eastern European countries falls under two headings: grants already received, which correspond probably to relief; and economic help in the form of long-term loans which are concerned with the reconstruction of the Hungarian economy.

In the first category the following grants have been received:

Government of the USSR : 38 million roubles, made up as follows:

50,000 tons of wheat and flour
5,000 " of sugar
3,000 " of meat
2,000 " of butter and fats
unspecified quantities of milk
10,000 m^3 of sawn wood
300,000 m^2 of glass
10,000 tons of cement
3,000 " of rolled steel

Moscow City : 10,8 million roubles, made up of:

8,000 tons of cement
300,000 m^2 of glass
10,000 m^3 of sawn wood
10,000 tons of steel sheets
13,000 " of rolled steel
200 " of gas tubes
5 exdavators
5 bulldozers
20 dumpers
5 refuse lorries
other building machinery

China : 30 million roubles in convertible currencies;

Mongolia : 900,000 roubles of which 2,000 tons of wheat;

North Korea : 410,000 roubles of which 10,000 tons of cement, and 10,000 m^2 of glass.

Vietnam : 3 million roubles in form of timber and cement;

Czechoslovakia : 90 million crowns, of which 50 million in the form of medicines and consumers goods; the remainder:

5,000 tons of flour
5,000 " of potatoes
5,000 " of cement
100,000 m^2 of glass
building machinery

East Germany : 22 million marks, in the form of:

410,000 pairs of shoes
10,000 blankets
100,000 pairs of stockings
5,000 tons of Diesel oil
500 " of canned meat
glass
other consumer goods

Poland : 100 million zlotys, of which:

650,000 cotton piece goods
53,000 m. of woollen piece goods
20,000 men's suits
10,000 overcoats
8,000 ladies' winter coats
4,000 children's winter coats
200,000 pairs of stockings
150,000 " of shoes
other textiles and food stuff

Romania : 13 million lei, of which
5,200 tons of oil
5,200 " of fuel wood
10,000 " of salt
cement,
sawn wood
medicines

Bulgaria : 5.5 million roubles, in the form of:
26,000 tons of coal
30,000 m^3 of fire wood
4,000 " of sawn wood
3,000 tons of crude oil
700 tons of rice
1,000 tons of sugar
other food stuff.

Albania : 500,000 roubles, of which 200,000 in convertible currencies and 2,400 tons of coal;

Yugoslavia : 150 million dinars, of which:
20,000 m^2 of glass
5,000 m^3 of sawn wood
5,000 " of fire wood
1,000 tons of cement
500 tons of rice
soap,
other consumer goods.

The long term credits are partly negotiated, partly in the process of negotiation and partly anticipated; accordingly, some of the figures given below are official estimates. The terms are not yet settled but it seems likely that the goods will be forthcoming in 1957, the length of credits will be 15-20 years and that the interest rates will not exceed 2 per cent. All figures are in dollars. It will be seen that a very rough total is of the order of 420 million dollars.

USSR : 250 million dollars of which 50 million in convertible currencies and the remainder in goods to be negotiated. Already settled: 250,000 tons of wheat, 50,000 tons of fodder and in the first quarter of 1957: 600,000 tons of coal.

Czechoslovakia	: Negotiations are in process and a loan of 40 - 50 million dollars is expected. 7 million dollars will be spent on consumer goods in the first quarter of the year.
East Germany	: Negotiations are in progress and a loan of 15 million dollars is expected.
Rumania	: Negotiations are in progress and a loan of 10 million dollars is expected;
China	: Negotiations have not yet started but it is hoped to obtain 50 million dollars, partly in foreign free currency, partly in goods.
Bulgaria	: Negotiations are in progress, no figure is available.
Poland	: Negotiations have not yet started but a loan of 25-30 million dollars is expected.
Yugoslavia	: Negotiations are in progress and it is expected that the present revolving credit will be increased from 2.5 to 5 million dollars.

CONCLUSIONS

We believe that although from an economic point of view relief and reconstruction requirements are logically difficult to separate, from a political point of view, having regard to the prospects of getting action, a clear distinction should be made between relief to be channelled through the Red Cross and reconstruction involving either bilateral action or action by the United Nations and the specialised agencies.

The former is obviously of great urgency and it is hoped that the Secretary-General and the Assembly can reinforce the CICR along the lines suggested by Mr. Boissier in his letter to the Secretary-General. The latter problems are more complicated and although also extremely urgent, time is bound to be required before solutions can be found.

The action which might be taken by certain of the specialised agencies is evident from the nature of their fields of competence. In this connection the FAO has already initiated action and this is described briefly in the body of our report. For the rest, we confine ourselves here to suggestions as to what might be done, given a suitable political climate, by or within the framework of the ECE Committees.

Immediate action would be possible by or within the framework of at any rate four ECE Committees.

In the first place the Coal Committee has a Coal Trade Sub-Committee which meets every quarter, the next meeting being in March. At this meeting the coal supply situation is discussed, together with the prospective import/export pattern for the ensuing quarter. Although the Sub-Committee has no executive powers, in point of fact the arrangements discussed and agreed upon take the form of recommendations which are almost tantamount to an informal allocation of coal between countries. To wait until next March might be too late from the Hungarian point of view, although in all probability no action could be taken for the first quarter since contracts have already been fixed up. However, it would be possible to envisage something for the second quarter, or possibly even some more immediate action on an ad hoc basis. In this connection it should be noted that the Hungarian authorities suggested that they might be willing to send a coal trade specialist, equipped with full details as to qualities and sizes and ready on the Hungarian side to initiate contract action, to Geneva at an early date for discussions with the Chief of the ECE Coal Section and possibly the Chairman of the Coal Committee, who is a Belgian, if the atmosphere were favourable. Thus it might be feasible to envisage working out arrangements for the imp ort of coal from the West into Hungary. In the last resort this would mean a further increase of imports from the USA, but it might nevertheless be more realistic to envisage proceeding in this manner rather than suggesting that the

Hungarian authorities should make a direct approach to the United States.

Further aspects of the Hungarian coal situation, in particular longer term prospects in the coal trade field and possibilities of assistance in stepping up domestic production, might be explored by the Coal Committee and its appropriate subsidiary bodies at a later stage.

Secondly, arrangements for increasing imports of electric power into Hungary could be explored by the Electric Power Committee and in particular the possibility of importing power from Austria, although in the longer run it would also appear feasible to explore the prospects of increasing imports from Czechoslovakia and of obtaining imports from Yugoslavia. In point of fact the question as a whole will be examined by the Electric Power Committee at its next session in October, on the basis of an investigation carried out on the spot by the Chief of the Electric Power Section in September last year (see preliminary note entitled "Enquiry into the Possibilities of Electric Power Exchanges between the Countries of Central and South Eastern Europe", ME/389/56). Recent events have, however, given added urgency to this question, and if considered likely to lead to practical results the Hungarian authorities would be glad to discuss the matter further with the countries immediately concerned and the Chief of the Electric Power Section of the ECE.

Thirdly, action within the framework of the Housing Committee would appear to be feasible. First, through key contacts in the Housing Committee something might be done to urge the export of some of the key materials, components and machinery referred to in this report. Furthermore, the Hungarians would in principle welcome a small expert mission along the lines of those sent by the Housing Committee to Yugoslavia and Turkey last year, with a view to getting advice on more rapid methods of house construction. At the same time arrangements could probably be made with regard to such licences as are necessary for the production of light-weight concrete, together with the necessary technical documentation.

Fourthly, the Agricultural Committee will meet next week and has on its agenda the over-all European supply situation in grain and in meat. No doubt the Hungarian situation will be considered within the framework of these discussions and the Committee will be in a position to consider whether specific action is required.

In the longer run, some aspects of the problems raised in this report could probably be usefully discussed by the Steel Committee, the Inland Transport Committee and the Trade Committee, although for the moment no specific suggestions have been put forward by the Hungarian authorities.

Original Swiss/Wahlen draft.

RECORDS CONTROL
SO 533/2
29 JAN 1957

brought back from Geneva.

First Draft

10 January 1957

by Mr Detzner

125.

Agriculture and Food Supply

Minimum conditions for recovery

1. The food supply of the population of Hungary between now and the next harvest can only be assured, under present circumstances, given two conditions:

a) that substantial imports take place urgently, so as to compensate in part for the abnormally low production of 1956;

b) that the supplies becoming available from agriculture in the coming months will be marketed in a regular and continuous manner.

These two imperatives dictate the whole food supply policy of the government. Any reduction in the volume of imports which is envisaged or any prolonged suspension of deliveries from farms would, without any question, endanger the supply of the large cities and towns and would aggravate a food situation which is already difficult.

2. It is moreover essential that every effort should be made to raise agricultural production in 1957 to the highest possible level, especially crop production. The events of recent months have held back field work, in particular the autumn sowing of cereals. If this lost time cannot be made up, the insufficiency of national supplies would not only prevent Hungary, which in the past has been a traditional exporter of agricultural products, from maintaining its flow of foreign trade during the coming year, but would also prolong its dependence on external sources of supply. In such case, international assistance would probably have to continue for a long time.

Shortcomings of 1956 domestic supplies

3. The deficit in production in 1956 can be attributed for the most part to the long dry period which was experienced. The production of both bread grains and coarse grains was greatly diminished thereby, and fodder crops and pastures were similarly affected. Furthermore, a not insignificant proportion of the crops harvested appears to have been lost during the months of November and December 1956. Finally, owing to the fact that the activity of the food processing industries was interrupted for a long period by the shortage of transport facilities and of coal[1/] (especially in the case of sugar beet factories), certain industrial by-products which normally become available for

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1/ In these respects serious difficulties still exist.

feeding to livestock have been at least partially lacking. For these various reasons the feed supply situation for breeding and fattening livestock is uncertain.

Effects of changed system of marketing

4. Until a few months ago the food supply of the urban centres depended essentially on the compulsory deliveries which farmers were called upon to make, and the purchase price of these quantities was fixed by the State. In the early part of November this system was abolished. Henceforward farmers whether they operate private farms or whether they belong to a cooperative farm, can dispose freely of part or all of their produce to individual consumers. If sales are not made directly to consumers, the farmers have to deliver their products to the trade organisations which collect and distribute under regulations made by the Ministry of Internal Trade. All these transactions, however, take place at prices freely arrived at, and this applies at all stages of distribution.

These new arrangements have temporarily increased the difficulties which confront the services which are responsible for the feeding of the cities and industrial centres. In the first place, they find themselves unable to estimate the probable timing of the flow of deliveries from farms, since no comparable situation has existed in recent years which might furnish a basis of estimation. In the second place, even a temporary falling-off in the supply of certain products would inevitably lead to a spectacular rise in prices[1], consumers' purchasing power being for the moment quite high, as is indicated elsewhere in this report.

5. The new system has been in operation for too short a time yet to make it possible to judge whether or not the rural population will continue to respond in the way which the situation requires.[2] It must, however, be kept in mind that in recent years farmers have been increasingly coming to regard the removal of the compulsory deliveries as an essential step in the improvement of rural conditions, and to that extent they have now obtained satisfaction. The most recent official declarations contain for the time being no reference to or modification of the arrangements announced in November, and it appears that from now on it is the play of the forces of supply and demand which will decide the way in which agricultural production will develop.

1/ This has already happened for certain products, such as eggs.

2/ Certain reports would suggest that farmers' deliveries are on the whole satisfactory and for the time being will ensure normal supplies of the basic food to the urban centres. The mission was not able to check these reports, having stayed only at Budapest.

Current food situation in Budapest

6. At the time when the mission was carried out, the food situation in Budapest (and, it seems, in other large cities) was on the whole satisfactory. The basic commodities, bread and milk, were obtainable without rationing, though often only after a period of waiting, due to the reduction in the number of points of sale. Meat was plentiful, this being the time of seasonal surplus; vegetables were arriving from the surrounding districts in sufficient quantities but without much variety to choose from; fruit, consisting almost entirely of apples, was scarce and of poor quality.

The price levels fixed before October have been more or less maintained for the essential foodstuffs, although for other products (notably eggs) considerably higher prices have been recorded. This stability has only been maintained by rapidly drawing upon the stocks which had previously been built up. In addition, exports of agricultural products have been totally stopped during the past few months, while a certain quantity of imports have continued to arrive.

Immediate tasks

7. Three main problems arise for the Hungarian food and agricultural services at the present time :

a) to make available to farmers without delay the means of production which are needed in preparation for the harvest of 1957.

b) to secure the regular delivery of produce from the farms under the new system of free marketing, and

c) to make plans for such imports as are indispensable.

These three points are developed more fully below.

a) Emergency measures to assist the recovery of agricultural production

(i) Seeds

8. Up to the present time it has not been possible to complete the programme of autumn sowings[1/]. If normal weather conditions prevail in the coming months, this delay could be made up by prolonging the period of spring sowing. Early-ripening varieties of wheat, barley and oats which are not available locally in sufficient quantities would have to be supplied. The requirements for these seeds are stated to be as follows :

1/ According to some estimates, the area sown with cereals this winter amounts to only 60 or 70% of the area normally sown.

spring wheat - 5,000 tons
spring barley - 5,000 tons
oats - 2,000 tons

A list of the varieties which are requested has recently been drawn up by the Hungarian department for agronomy, which communicated it directly to FAO. That Organization has already taken action and it appears that the needs expressed will be able to be met in large measure, either by means of a barter exchange (e.g. seed barley against an undertaking by Hungary to furnish the equivalent quantity of malting barley after the harvest), or through the normal channels of trade, or in the form of gifts.

Similar provisions have already been made by FAO to secure the supply to Hungary in the near future of 2,500 tons of seed potatoes and 400 tons of hybrid maize seeds.

In the event that gifts are forthcoming, their distribution could be controlled according to a procedure similar to that at present being followed for International Red Cross supplies.

(ii) Fertilisers and farm machinery

9. Production in 1957 could also be increased if chemical fertilisers and farm machinery were put at the disposal of farmers in relatively large quantities.

Fertiliser consumption has remained low in Hungary in comparison to the most advanced countries of Europe. Production in 1955 amounted to 12,800 tons of pure N and 28,800 tons of P_2O_5. It is difficult to estimate what will be the shortfall in fertiliser production due to the recent and continuing fuel shortage and transport difficulties, but the reduction might be estimated as representing at least three months' output. The most immediate need, which is for nitrogen fertilisers for use in the spring, is on all available evidence considerable.

A detailed list of the various types of machines for which the need is considered particularly urgent has been drawn up by the competent departments. The priority requirements are for:

- garden tractors (two-wheeled) with equipment.
- light all-purpose tractors (maximum 1100 kg), Diesel, about 14 h.p. with equipment, including some for work in vineyards.
- light seed-drills, about 24 rows, 11-12½ cm. width
- planting machines, mounted or semi-mounted, for tobacco, tomato and red pepper planting.
- precision machines for planting horticultural seeds
- vine-spraying machines, for carrying on the back
- motorised spraying equipment (long rubber pipes)
- cleaning machines for seeds and peas
- machines for drying cob-corn seed (fired by coal, wood or gas), capacity 1-5 tons per hour.
- seed calibrating machine for hybrid maize.

A secondary list includes :

- winch equipment (2 machine system), with equipment for vineyard cultivation on hill sides and sandy soil.
- high capacity sprayers for orchards
- fertiliser distributors, revolving plate type, tractor and horse drawn.
- tractor mounted harvesting equipment for seed peas.
- equipment for wine-handling and production.

(iii) Livestock production

10. The Hungarian feed situation is serious. The harvest of coarse grains, and especially of maize, was about 30% below that of the previous year. Fodder crops were also poor.

Production of certain cereals

million tons

	Average 1950-55	1954	1955	1956 (Prelim.estimates)
Barley	0.7	0.6	0.8	0.6
Oats	0.15	0.15	0.2	0.15
Maize	2.3	2.5	2.9	2.3
Total	3.15	3.25	3.9	3.05

Breeding stock (at breeding stations) and some of the stock for meat production (specialised pig-producing enterprises) are particularly threatened. Their feed supply in the past depended mainly on compulsory deliveries coming from cooperative farms and family farms. These deliveries were stopped shortly after the maize harvest, with the result that no stocks of coarse grains were built up by the livestock enterprises.

11. In order to maintain the numbers of pedigree livestock and to fatten the pigs which the specialised enterprises now have, 150,000 tons of coarse grains (essentially barley and maize) are urgently requested by the authorities. The delivery timetable, they consider, should be as follows:

before the end of January:	20,000 tons
in February :	60,000 tons
in March :	70,000 tons

The needs for the next two or three weeks will be met by a consignment of barley promised by the USSR and now on its way. There have been negotiations with China and 150,000 tons of coarse grains will be provided by that country; it is not expected, however, that delivery will take place before April of May. Should these supplies not be forthcoming within the arranged time, the previously-mentioned minimum requirement of 150,000 tons would have to be increased proportionately.

b) Encouragement of deliveries from farms

12. To encourage deliveries from farms, three series of measures have been taken or are envisaged:

(i) as indicated above, steps have been taken to obtain by trade negotiation or in other ways the means of production for which the farmers urgently ask.

(ii) concerning domestic production, important changes have been made to the regulations which were previously applied. Farmers are under no obligation as regards their production plans, and they can dispose of their produce in any way they wish. They have obtained the right to dissolve the cooperative farms previously created, if they so desire.[1] The machine-tractor stations must in the future be at the disposal of all and they

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1/ It seems that about 50% (or 2 000 in number) of the cooperative farms existing at the end of October have been dissolved. It is reported that some have been re-established in a modified form.

must become self-financing independent concerns. During discussions mention was made of the Government's intention to proceed with the sale to private farmers of land belonging to the State or to local communities. The purchase and renting of land is authorised so as to enable family farms to adapt their area to the labour which they have at their disposal.

(iii) Finally, the Hungarian supply services are concerned to provide farmers with the various consumer goods which they need. The new priorities allocated to the industries which produce these goods, which are dealt with elsewhere in this report, partly reflect this concern.

c) Food imports and requirements : forecasts for the coming months

13. The food requirements to be covered by imports relate both to basic commodities (cereals, sugar, fats) and to products often considered to be less indispensable (coffee, cocoa, oranges, etc.). Moreover, a serious shortage of meat might appear during the summer months of the coarse grains necessary for the maintenance and fattening of the livestock are not forthcoming in good time.

Wheat

The harvest of 1956 was markedly lower than the average of recent years.

Production of bread grains

	Average 1950-55	million tons		
		1954	1955	1956 (provisional)
Wheat	2.0	1.7	2.1	1.7 - 1.8
Rye	0.6	0.5	0.55	0.5
Total	2.6	2.2	2.7	2.2 - 2.3

Some stocks had been built up before the recent events, through the operation of the programme of compulsory deliveries. However, it has been officially stated that total State procurements of bread grains up to 15 October were 20 per cent less than had been planned. The deficit for compulsory deliveries up to that time (based on farm area) was only about 10 per cent, but there was a failure to make the planned purchases at free market prices, over and above the compulsory delivered quantities.

15. To maintain sufficient supplies between now and the next harvest, it is officially estimated that more than 400,000 tons of wheat will have to be imported.[1/] After allowing for the 250,000 tons which are expected from USSR as part of the programme of economic aid recently prepared, a need for 150,000 tons would remain. Although it is desired that shipments should begin soon, it would suffice if this quantity were to be delivered in April or May, since the available stocks and the undertakings for delivery from other countries should theoretically cover requirements until the beginning of June.

Sugar

16. The sugar beet harvest of 1956 would normally have been sufficient to cover all requirements. However, as work at the sugar factories has been held up, some losses have occurred through a reduction in the sugar content of the roots. It is now necessary for 20,000 tons of sugar to be imported, at the latest during the summer months, if the present consumption levels are to be maintained.

Fats

17. Lard plays an important part in Hungarian food supplies. It will be necessary to import 10,000 tons to cover requirements until October. The International Red Cross has already taken steps to ensure a supply of 3 000 tons of fats to Hungary in the near future.

18. Tallow. Normally 10,000 tons are imported annually. For 1957 this quantity is not yet assured and apparently cannot be obta ined through the usual trade channels owing to lack of means of payment.

Other commodities

19. The food supply services would very much like to have at their disposal during the next six months the following products and quantities:

cocoa beans	:	1 000 tons
coffee	:	1 000 tons
pepper	:	100 tons
lemons	:	5 000 tons
oranges	:	2 000 tons

1/ This estimate takes account of the quantities of wheat and flour recently received from various countries as emergency aid.

The maintenance of even a very limited supply of cocoa and coffee is deemed desirable on phychological grounds; the same applies to citrus fruits. The small quantities requested could - for some products at least, such as oranges - be reserved for special categories of consumers in accordance with a system of controlled distribution.

Problems of meat supplies

20. Meat is plentiful at present in Budapest and probably throughout the country. Slaughterings have been accelerated, especially of pigs, on account of the insufficient supplies of feedingstuffs. Since storage facilities are not such as to accomodate all the available quantities, arrangements have been made to utilise cold stores in neighbouring countries.

These stocks will in part make up for the shortfall of meat production which will occur during the summer (after the end of May). When that time comes the remainder will have to come from the specialised pig enterprises for which imports of coarse grains are now requested.

Certain traditional exports of Hungarian produce (poultry, for example) will have to continue in order to fulfil trade commitments already made and to pay for the planned imports of basic foods.

Concluding Remark

21. The requirements formulated by Hungary and summarised above are intended essentially to satisfy urgent food needs and to alleviate the difficulties of supply which will certainly appear in the coming months. They also would facilitate the immediate resumption of agricultural production. This programme - which reproduces certain of the proposals contained in the "Memorandum on Relief Action for Hungary" addressed by the CICR to the Secretary-General of the United Nations on 28 December last - cannot therefore be considered to be in any way a programme for reconstruction.

Please file - Report
K.W.? 10 January 1957

Mr Taylor
Copy of memo

CONFIDENTIAL

TO : Mr. P. DE SEYNES

FROM : A.F. Ewing
P. Sinard

SUBJECT : Report on Present Economic Situation in Hungary

INTRODUCTION

We have prepared this report immediately on the basis of our conversations in Budapest. In view of the limited time available, however, it has not been possible to pay much attention to presentation. We have jointly prepared the Introduction and the Conclusions. Mr. Sinard has prepared the part dealing with food and agriculture (which is transmitted to you separately but should be regarded as an integral part of this report) and Mr. Ewing the remainder.

We arrived in Budapest about 1 p.m. on 4 January. You, Dr. Wahlen, Mr. Sinard and Mr. Meyer left about 2 p.m. on 7 January and Mr. Ewing left early on 8 January.

A list of those whom we saw is attached as an annex to this report. The source of all the information is statements by Ministers and officials whom we met, where possible checked against and sometimes supplemented by information available in the ECE Secretariat. Detailed sources could be given if required.

The purpose of the Mission, in accordance with the Assembly Resolutions, was to examine relief requirements in Hungary, to study on the spot the arrangements made by the CICR (Comité International de la Croix-Rouge) and the Hungarian Red Cross(1), and generally to establish as far as possible the facts of the economic situation. As you yourself pointed out in discussions with Hungarian Ministers and officials, for the purpose of examining the situation you interpreted the problem of relief in a fairly broad manner. Accordingly, we also examined the immediate reconstruction problem with a view to shortening the period during which relief was necessary. As you made clear, however, we were in no way empowered to enter into negotiations concerning reconstruction.

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(1) Our report does not deal with this aspect of the question since you dealt with it yourself and will no doubt make whatever report you consider necessary.

Start Item II

In broad terms there were three main economic effects of recent events: sheer destruction of buildings and stocks of food and consumer goods; loss of skilled labour; and virtual cessation of work, or work well below the normal level (which, as will be brought out, is likely to continue for some time). Furthermore, apart from the direct and indirect consequences of recent events, a process of re-thinking of economic policy had already started before 23 October 1956 and this is continuing. At the same time measures are being worked out to recover from the present economic difficulties. Thus it has just been announced officially that the second five-year plan has been scrapped and that for the present efforts are being concentrated on the problems of the current year, and indeed of the coming months; and that a two-year programme will be worked out for 1958/1959. In addition, the situation was further complicated by another background factor, the poor harvest last year.

As far as possible each section of this report attempts to bring out the effects of recent events, the immediate policy being pursued, the help already given or envisaged, the additional help needed and the trend of future policy.

The final part sets out possible action by the United Nations provided it proves possible politically to envisage something in addition to relief through the Red Cross.

INDUSTRY AND TRANSPORT

Energy

Coal production was originally forecast for the whole of 1956 at between 24,000,000 and 25,000,000 tons, about 85 per cent of which is brown coal (all subsequent figures referred to are brown coal except where otherwise stated). Some 5,000,000 tons were lost between 23 October and the end of the year. Production just before 23 October was at an average rate of 78,000 tons a day. It fell as low as 10,000 tons and has now got ~~back~~ raised to between 30,000 and 35,000 tons and is expected to reach 40,000 to 45,000 tons a day by February 1957. Thereafter the rate of increase will be somewhat lower and is expected to reach about 65,000 tons a day by the end of the year, provided the intake of labour is sufficient, including transfer from other industries. It is not expected that in the near future the 78,000 level will be reached. This was regarded as an "over-strain" level, given the lay-out of the mines, with small deposits, and the lack of mechanization. The principal equipment lacking which could be imported if conditions permitted are pit-props, electrical equipment and pumping equipment. One of the difficulties is liability to flooding. A considerable number of the mines are flooded at present simply because when work ceased there was an interruption of regular pumping.

The labour force in the mines was originally about 90,000 and it is now estimated at 50,000. Only a comparatively small number of skilled miners are believed to have left the country. However, only 40 to 45 per cent of the miners are normally resident in mining districts, and the remainder have to travel. Under present transport conditions many of them find this difficult, if not impossible, and prefer to work in agriculture. A special Government effort is being made to improve drastically the housing situation and it is planned to build some 10,000 dwellings in mining districts this year and also to erect hostels. In addition, with a view to making the mines relatively more attractive, since it is admitted that working conditions are bad, wage increases have been made so that the miner is now better paid than any other industrial worker. Furthermore, the wage system has been changed, apparently away from an incentive system.

The production forecast for the whole of 1957 is put at 14,500,000 tons, of which 6,000,000 tons are expected in the first six months. In the first quarter, 600,000 tons of hard coal have been promised by the USSR, partly a diversion of Polish exports to the USSR. Other imports from Eastern Europe will be small, and in the first quarter a maximum of 150,000 tons. Consequently the deficit, which could only be met by imports from the West, is put at 3,000,000 of hard coal for the first six months and 2,000,000 tons for the second six months.

The gas situation is virtually normal, since the coal for this purpose is imported and continues to be imported.

The electric power situation is governed by the availability of coal, since the plants are nearly all thermal. However, high priority is being given to the allocation of coal to the power stations and they are now receiving something like three-quarters of normal deliveries. Power is being imported from Czechoslovakia at a rate of 110 Megawatts a year, partly of Czechoslovak but also of East German and Polish origin. It was stated that it is not considered practicable at present to increase these imports. Potentially power could be imported from Yugoslavia but there are no prospects at present, since there is no transmission line. In the case of Austria nothing is being imported at present. Negotiations last year (before 23 October) led to no result. The Hungarian authorities consider, however, that these might be taken up again and that it would be technically feasible to import from Austria in about three months, the time taken to build some 60 to 70 km. of transmission line on the Hungarian side.

Apart from some imports of special kinds of refined oil, Hungarian refining capacity, at 1,700,000 tons, is concerned adequate. Crude oil imports for 1957 are expected to be as much as ~~about~~ 1,100,000 tons from the USSR and Romania. It is not considered practicable, at any rate in the short run, to substitute oil for other forms of energy.

Heavy industry

The only branch of heavy industry (apart from energy, already discussed) examined in any detail was steel, since, as will be brought out later, most of the heavy industry of the country is either at a standstill or working at a low level owing to the lack of coal, and some fundamental changes in the role of heavy industry in the economy are being considered. Furthermore, in the short run most of the heavy industry does not give rise to immediate reconstruction problems.

Crude steel production in 1955 amounted to 1,623,000 tons, and rolled steel to some 900,000 tons. Pig-iron production was 854,000 tons. On this basis, Hungary was nearly self-sufficient, normal imports being about 100,000 tons, mainly tin-plate, sheet, strip, light sections, some wire products and certain types of tube, mainly cold-drawn, of all of which there was either no production or very little. Exports, mainly plates and heavy sections, were of the same order of magnitude in tonnage but lower in value.

The Hungarian steel industry suffers from the difficulty that hitherto virtually all the metallurgical coke has had to be imported, largely from Poland, Western Germany, Czechoslovakia and the USSR, and also a large proportion of the iron ore (1,400,000 tons of iron ore were imported in 1955, almost entirely from the Ukraine). Coking capacity has recently been installed, designed to use the limited supplies of domestic

coking coal, which would be capable by the end of 1957 of accounting for about one-fifth of requirements and which it was, at any rate originally, intended to expand still further by 1960 to cover up to 30 per cent of requirements.

At present the iron and steel industry is virtually at a standstill owing to lack of coal and power. There is limited pig-iron production but otherwise furnaces are only being kept going to a sufficient extent to avoid damage. Installations have been in no way damaged, nor has there been any particular loss of skilled labour.

It seems that a rather low priority will be given to the steel industry as far as coal and power allocations are concerned in the immediate future, and looking further ahead it also seems likely that the second five-year plan target of 2,250,000 tons of crude steel will be revised downwards. No decision on this has yet been taken. Meanwhile, imports in 1957 are expected to be 400,000 tons of rolled steel compared with 100,000 tons in normal times. The additional requirements are partly to meet the needs of small-scale industry which is being developed, as will be seen later in this report, and partly, as will also be seen later, to meet the requirements of the building industry.

Building and housing

Some 40,000 ~~houses~~ dwellings were damaged or destroyed, the bulk of the destruction and damage being in Budapest. Of the 40,000 some 20,000 were lightly damaged, mainly roofs and windows. Another 10,000 were rendred uninhabitable owing to structural damage but are capable of being repaired, and the remaining 10,000 destroyed.

Those who have been rendered homeless have been found accommodation with neighbours or to some extent in the dwellings of those who have left the country. This is possible since the housing situation in Hungary was not as serious as in some countries.

Much progress has already been made in repairing the ~~20,000~~ lightly damaged houses and this part of the programme is expected to be completed at the end of March, partly by using stocks of domestic materials, partly by maintaining substantial glass production and partly be substantial imports of materials required, particularly glass and roofing materials from neighbouring Eastern European countries, particularly Czechoslovakia.

The next phase of the programme, the repair of structurally damaged houses, presents greater difficulties owing to shortages of key materials, particularly timber and timber products, reinforcing steel, steel sheet, structural steel, steel pipes and tubes for water, gas and central heating, lead pipes and sanitary and electrical equipment (details of specifications and quantities which cannot be supplied from domestic sources are available).

There remains the replacement of the 10,000 houses completely destroyed, together with the 10,000 houses already referred to which the Government have decided to provide

during 1957 in the mining areas. Unfortunately, these substantial additional requirements are superimposed on the normal housing programme, which in the second five-year plan it had been decided should be doubled, from 20,000 a year to 40,000 a year, this being the figure required to cover demographic needs and normal replacement. Consequently, strictly speaking some 60,000 houses should be built in 1957, or three times the rate of recent years, a task which is clearly impracticable. The aim is in fact to try to build 40,000 houses. For this purpose substantial imports will be necessary of the same items as those referred to in the repair or reconstruction of structurally damaged houses. In addition, it is desired to import types of building machinery which are not produced domestically (details of which are available), particularly tower cranes, electric welding equipment, excavators, concrete block making machinery, wire rope, trailers, tractors, pumps and a variety of spare parts. On the other hand, the basic materials, with the exception of timber, the bulk of which is imported, are available in adequate quantities even for a much larger housing programme, particularly if sufficient fuel can be allocated. In this connection brick production, which is largely small-scale, using low-grade fuel, is expected to be restored to normal shortly. Glass production has been kept at a high level throughout and cement production will be given high priority in the allocation of coal. Furthermore, cement, brick and glass making capacity are all being expanded steadily and as far as can be seen there will be no change in these plans. As to labour, particularly skilled labour, there is not expected to be any difficulty. Very little skilled labour has been lost and with the drastic cut for some time to come in capital construction a substantial additional skilled labour force will be available for house building and repairs. Furthermore, a new wage system is being established which will give building workers substantially better pay.

What appears to be a more fundamental problem is how to organize such a substantial increase in the housing programme, in the sense of making proper use of more rapid and in real terms cheaper building methods. The Hungarian authorities are looking in the direction of greater mechanization and prefabrication, together with the use of lightweight concrete such as Siporex and Ytong, for which however they want licences and detailed documentary information. Hitherto some 50 per cent of the programme has been individual houses but they intend, apart from the miners' programme, to increase the proportion of flats so as to make greater use of standardization and mass production methods.(1) It seems clear that no definite decisions about the approach to this whole

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(1) See in this connection "Muszaki Elet" No.17, 5 December 1956, page 45.

problem have yet been taken and that in some respects they are rather at sea, even in the urgent miners' programme, where details appear to be far from being settled. For example, they are envisaging experimental building but would like to shorten the experimentation period by drawing more fully on the experience of other countries. In particular, there would seem to be some danger, as has been in fact the case in several other countries in the process of industrialisation, of regarding mechanization and prefabrication as something of a panacea.

Consumer goods and the danger of inflation

Stocks of clothing to the value of some 500 million forints were destroyed or damaged during the fighting. Furthermore, additional pressure of demand on consumer goods generally, together with some damage to goods other than ready-made clothing, caused stocks of consumer goods to fall from some 14 billion to some 5 billion forints by the end of last year. Furthermore, production since 23 October has been at a low level.

The problem presented by the shortage of consumer goods has two aspects: in the first instance the immediate hardship for the population, and secondly the danger of inflation. Until the end of the year salaries were paid whether work was done or not, so that the buying power of the population has been largely maintained, particularly since price control has remained effective. Obviously, unless production recovers and stocks are rapidly replenished, this position cannot be maintained much longer. It is desired to import during the next six months some 60 million dollars of consumer goods (at world wholesale prices), particularly cotton, wool and silk piece goods, shoes, knitted goods, furniture and household equipment. Whether, given the great scarcity of foreign exchange, this programme will in fact take priority over other efforts such as coal seems doubtful, but there is no doubt that great importance is attached to action along these lines. In the second half of the year the production of consumer goods is expected to be virtually normal, since they are receiving priority as far as coal allocations are concerned, particularly since they are relatively low coal consumers and high employers of labour. It is intended to import cotton, wool, hides and skins and fibres at similar levels to those prevailing in the past.

Transport

The damage to fixed installations and rolling stock after 23 October was not of great importance and is estimated at 30 million forints (the damage to goods in transit was considerably greater, approximately 100 million forints). The present difficulties are partly the result of coal shortage in a system which is 90 per cent based on steam,

although railways are receiving relatively high priority in coal allocations, and partly the result of difficulties inherent in the relatively antiquated nature of the Hungarian transport system, insufficient track and the high age of rolling stock (e.g. 20 per cent of locomotives are less than 10 years old and the rest are between 10 and 50 years; in the case of rolling stock, 15 per cent are post-war and the rest up to 50 years and more). A change-over to Diesel and electric was in process, based on domestic production. Indeed, these have been significant export items, and domestic requirements have been neglected in the interests of the export trade. A particular difficulty is the lack of oil tank wagons, and it is desired to hire from 100 to 200 from abroad. Efforts are also being made to hire refrigerator cars, and perhaps also open wagons, since a significant proportion of the existing stock is too old for the carriage of import and export goods. In contrast to passenger carriages, there is only limited capacity to produce goods wagons, and something between an additional 1,500 to 3,000 wagons are needed per annum. Since new production this year will be seriously hampered, efforts are being made to encourage additional repair facilities.

Nonetheless, neither the availability of wagons or tracks is a limiting factor in the economy at present levels of output and trade. From a transport point of view there would be no difficulty in handling substantial additional imports, the only limiting factor being the facilities for the change-over of goods at the Hungarian/Soviet border, where there is a change from broad gauge to normal gauge track. The transfer operation would be facilitated if additional pumps for fuel and exhausters for grain could be made available.

Since 23 October some 1,500 to 2,000 lorries and buses have been destroyed or have left the country with the refugees. A small proportion of these are expected to return in due course. Furthermore, some 750 lorries and 180 buses are out of use owing to lack of tyres, the size required being 8.25 x 20. The lack of tyres is due to the cut in production, but production is now 80 per cent of normal.

ECONOMIC POLICY

In this section the present economic situation and immediate policies and future perspectives as a whole are discussed. The first question, since it is the principal key to the present situation, is the allocation of coal. This is followed by the facts about employment and unemployment. There is finally a discussion of the foreign trade situation.

Coal

The distribution of the total supply of coal (home production and imports) before 23 October 1956, on the basis of a daily production of 78,000 tons of brown coal, and at present on the basis of a production at about half this level, is as follows:

Consumption sector	October 1956	January 1957
	(in percentages)	
Domestic heating, including social buildings	14	15
Gas	3	6
Electric power	33	45
Railways	12	12
Steel industry (other than metallurgical coke)	10	4
Machinery industry	6	negligible
Light industry and food	10	10
Building materials	6	2
Miscellaneous (including consumption by miners)	6	up to 6

These percentages are naturally somewhat rough, particularly those relating to the present time. It will be seen that in absolute figures gas is being fully and electric power substantially maintained; domestic and social heating, railways, light industry and food are getting half of their normal requirements. Almost everything else has been cut severely. Translated into terms of degree of utilisation of industrial capacity, the food industry is operating at about 60 per cent, light industry at 45 to 50 per cent, engineering about 20 to 25 per cent and chemicals and building materials at about 10 per cent. The metallurgical industry has been virtually stopped. As to the future, it would seem to be the intention, in addition to the sectors already receiving priority, to give increasingly better treatment to railways, light industry, food and building materials.

Employment and unemployment

The employment situation is closely linked to the availability of coal but reflects also the changes being made or envisaged in the structure of the economy. Before 23 October there was a shortage of skilled labour generally, but particularly in the

mines and in the building industry. Although there was no unemployment there was a certain degree of under-employment in administration and light industry. There were between 1.1 and 1.2 million employed in industry, of which 20 per cent were in building, 10 per cent in small-scale industry and the remainder employed in large factories. Of this last group the percentage distribution by industrial groupings was as follows:

Mining	15
Iron and steel	8
Chemicals	5
Engineering	30
Light industry, particularly textiles and leather goods	20
Basic building materials	7
Food	8
Miscellaneous	7

Unemployment in the first quarter of 1957 is expected to be between 150,000 and 200,000, deriving from three main causes: the shortage of coal, the decrease in investment and the streamlining of the administration. It is expected that unemployment will fall by 50,000 to 60,000 each quarter and disappear by the end of the year. Over and above unemployment, some 150,000 people have left the country. Some of these may return and a considerable proportion are children and old people; but it is not possible to state at this point exactly what has been the loss by the industrial labour force.

The measures to deal with unemployment, which are part and parcel at the same time of the structural re-adjustment of the economy, apart from efforts to raise coal production and if possible import additional coal, may be summarized as an attempt to transfer 100,000 people by the end of the year into small-scale industry and commerce operating under private enterprise or as cooperatives. For this purpose Government credits are being made available and tax concessions have been introduced. It is intended to induce additional labour in mining and in certain labour-intensive forms of agriculture, and also to augment the labour force in hospitals and other health institutions.

Those dismissed permanently by an industry which it is intended to contract receive six weeks' wage plus 5 per cent of their average wage for every year of work, together with unemployment pay up to 30 per cent of their wage. Ages at which pensions are taken have also been reduced by two years. Those temporarily out of work largely because of the fuel shortage receive 50 per cent of their normal wage. The industries which have temporary unemployment largely on account of the fuel shortage are evident from the data

already presented on the distribution of fuel. The economic sectors that are expected to yield up labour on a permanent basis are administration, which is expected to make available some 30,000, and the engineering industry, the figure for which cannot yet be stated.

Foreign trade

The foreign trade picture is also greatly affected by the events since 23 October.(1) In 1956 it was planned that the value of imports would be 5,500 million forints and that the value of exports would be 7,000 million forints (all prices are given on a world market basis). Up to December 15 1956 the value of imports was 5,000 million forints and the value of exports only 4,300 million forints. In fact, exports valued at 2,500 million forints had been planned for the fourth quarter, whereas the value of actual exports at 15 December was 400 million forints. The value of planned imports for the fourth quarter was 1,500 million forints, whereas the actual value at 15 December was 400 million forints.

In the first quarter of 1957 the value of imports is at present expected to be 2,500 million forints and the value of experts 600 million forints. The high imports are of course accounted for largely by coal, food and textiles, articles normally produced at home. Machinery imports are expected to fall. Exports in the first quarter are expected to be only 10 per cent of normal and are forecast as reaching 65 per cent of normal by the end of 1957. However, it is recognised that a better performance than this is extremely desirable, partly to avoid increasing debt and partly to keep a footing in foreign markets already won. However, much depends on the structural re-adjustments in the economy which are still under consideration.

Some indications of the expected changes in the export pattern were given in discussion. After the temporary import period is finished it is intended that agricultural experts will be increased and within three years should be some 25 to 30 per cent higher than in the past. Once present difficulties have been overcome it is estimated that engineering exports will recover to the old level and increase further, but with a somewhat different pattern.

It is intended to try to maintain and increase the export of Diesel and electric locomotives, railway passenger cars, lorries, dumpers, telecommunication equipment, electronic instruments, certain special machine tools and electric power plant. Almost in parentheses, it was pointed out that it was hoped that it would be possible, in certain of these industrial circles, to organise visits of specialists to other countries with a view to raising the technical level. It is hoped to maintain exports of textiles

and leather goods, which mainly go to overseas markets. It is intended to try to push the export of the small-scale industry which is now being encouraged, particularly furniture and handicraft goods. The over-riding principle is in the main export of goods of high value in relation to imported materials. Accordingly it is proposed to decrease exports of steam engines, standard heavy machine tools, and also to reduce exports of coal, oil, building materials, rolled steel and aluminium.

China : 30 million roubles in convertible currencies;

Mongolia : 900,000 roubles of which 2,000 tons of wheat;

North Korea : 410,000 roubles of which 10,000 tons of cement, and 10,000 m^2 of glass.

Vietnam : 3 million roubles in form of timber and cement;

Czechoslovakia : 90 million crowns, of which 50 million in the form of medicines and consumers goods; the remainder:

5,000 tons of flour
5,000 " of potatoes
5,000 " of cement
100,000 m^2 of glass
building machinery

East Germany : 22 million marks, in the form of:

410,000 pairs of shoes
10,000 blankets
100,000 pairs of stockings
5,000 tons of Diesel oil
500 " of canned meat
glass
other consumer goods

Poland : 100 million zlotys, of which:

650,000 m. cotton piece goods
53,000 m. of woollen piece goods
20,000 men's suits
10,000 overcoats
8,000 ladies' winter coats
4,000 children's winter coats
200,000 pairs of stockings
150,000 " of shoes
other textiles and food stuff

Foreign aid

Foreign aid from Western countries is mainly channelled through the Red Cross and distributed by the Hungarian Red Cross. A very rough estimate of the value of aid received so far through these channels is about 6-7 million dollars. The details of the action by the Red Cross are set out in a memorandum prepared by the CICR, particularly the note attached to the letter from Mr. L. Boissier to the Secretary-General, dated 28 December. Attention should be drawn to the fact that the relief programme regarded as urgent by the CICR until 15 July 1957 amounts to over 30 million dollars.

Aid from Eastern European countries falls under two headings: grants already received, which correspond probably to relief; and economic help in the form of long-term loans which are concerned with the reconstruction of the Hungarian economy.

(a) In the first category the following grants have been received:

Government of the USSR : 38 million roubles, made up as follows:

50,000 tons of wheat and flour
5,000 " of sugar
3,000 " of meat
2,000 " of butter and fats
unspecified quantities of milk
10,000 m^3 of sawn wood
300,000 m^2 of glass
10,000 tons of cement
3,000 " of rolled steel

Moscow City : 10.8 million roubles, made up of:

8,000 tons of cement
300,000 m^2 of glass
10,000 m^3 of sawn wood
10,000 tons of steel sheets
13,000 " of rolled steel
200 " of gas tubes
5 excavators
5 bulldozers
20 dumpers
5 refuse lorries
other building machinery

Rumania : 13 million lei, of which
5,200 tons of oil
5,200 " of fuel wood
10,000 " of salt
cement,
sawn wood
medicines

Bulgaria : 5.5 million roubles, in the form of:
26,000 tons of coal
30,000 m^3 of fire wood
4,000 " of sawn wood
3,000 tons of crude oil
700 tons of rice
1,000 tons of sugar
other food stuff.

Albania : 500,000 roubles, of which 200,000 in convertible currencies and 2,400 tons of coal;

Yugoslavia : 150 million dinars, of which:
20,000 m^2 of glass
5,000 m^3 of sawn wood
5,000 " of fire wood
1,000 tons of cement
500 tons of rice
soap,
other consumer goods.

(c) The long term credits are partly negotiated, partly in the process of negotiation and partly anticipated; accordingly, some of the figures given below are official estimates. The terms are not yet settled but it seems likely that the goods will be forthcoming in 1957, the length of credits will be 15-20 years and that the interest rates will not exceed 2 per cent. All figures are in dollars. It will be seen that a very rough total is of the order of 420 million dollars.

USSR : 250 million dollars of which 50 million in convertible currencies and the remainder in goods to be negotiated. Already settled: 250,000 tons of wheat, 50,000 tons of fodder and in the first quarter of 1957: 600,000 tons of coal.

Czechoslovakia	: Negotiations are in process and a loan of 40 - 50 million dollars is expected. 7 million dollars will be spent on consumer goods in the first quarter of the year.
East Germany	: Negotiations are in progress and a loan of 15 million dollars is expected.
Rumania	: ~~Negotiations are in progress and a loan of 10 million dollars is expected.~~
China	: Negotiations have not yet started but it is hoped to obtain 50 million dollars, partly in ~~foreign~~ free currency, partly in goods.
Bulgaria	: Negotiations are in progress, no figure is available.
Poland	: Negotiations have not yet started but a loan of 25-30 million dollars is expected.
Yugoslavia	: Negotiations are in progress and it is expected that the present revolving credit will be increased from 2.5 to 5 million dollars.

$1,750,000 credit; (additional) $3,750,000 credit under negotiation

CONCLUSIONS

We believe that although from an economic point of view relief and reconstruction requirements are logically difficult to separate, from a political point of view, having regard to the prospects of getting action, a clear distinction should be made between relief to be channelled through the Red Cross and reconstruction involving either bilateral action or action by the United Nations and the specialized agencies.

The former is obviously of great urgency and it is hoped that the Secretary-General and the Assembly can reinforce the CICR along the lines suggested by Mr. Boissier in his letter to the Secretary-General. The latter problems are more complicated and although also extremely urgent, time is bound to be required before solutions can be found.

The action which might be taken by certain of the specialized agencies is evident from the nature of their fields of competence. In this connection the FAO has already initiated action and this is described briefly in the body of our report. For the rest, we confine ourselves here to suggestions as to what might be done, given a suitable political climate, by or within the framework of the ECE Committees.

Immediate action would be possible by or within the framework of at any rate four ECE Committees.

In the first place the Coal Committee has a Coal Trade Sub-Committee which meets every quarter, the next meeting being in March. At this meeting the coal supply situation is discussed, together with the prospective import/export pattern for the ensuing quarter. Although the Sub-Committee has no executive powers, in point of fact the arrangements discussed and agreed upon take the form of recommendations which are almost tantamount to an informal allocation of coal between countries. To wait until next March might be too late from the Hungarian point of view, although in all probability no action could be taken for the first quarter since contracts have already been fixed up. However, it would be possible to envisage something for the second quarter, or possibly even some more immediate action on an ad hoc basis. In this connection it should be noted that the Hungarian authorities suggested that they might be willing to send a coal trade specialist, equipped with full details as to qualities and sizes and ready on the Hungarian side to initiate contract action, to Geneva at an early date for discussions with the Chief of the ECE Coal Section and possibly the Chairman of the Coal Committee, who is a Belgian, if the atmosphere were favourable. Thus it might be feasible to envisage working out arrangements for the imp ort of coal from the West into Hungary. In the last resort this would mean a further increase of imports from the USA, but it might nevertheless be more realistic to envisage proceeding in this manner rather than suggesting that the

Hungarian authorities should make a direct approach to the United States.

Further aspects of the Hungarian coal situation, in particular longer term prospects in the coal trade field and possibilities of assistance in stepping up domestic production, might be explored by the Coal Committee and its appropriate subsidiary bodies at a later stage.

Secondly, arrangements for increasing imports of electric power into Hungary could be explored by the Electric Power Committee and in particular the possibility of importing power from Austria, although in the longer run it would also appear feasible to explore the prospects of increasing imports from Czechoslovakia and of obtaining imports from Yugoslavia. In point of fact the question as a whole will be examined by the Electric Power Committee at its next session in October, on the basis of an investigation carried out on the spot by the Chief of the Electric Power Section in September last year (see preliminary note entitled "Enquiry into the Possibilities of Electric Power Exchanges between the Countries of Central and South Eastern Europe", ME/389/56). Recent events have, however, given added urgency to this question, and if considered likely to lead to practical results the Hungarian authorities would be glad to discuss the matter further with the countries immediately concerned and the Chief of the Electric Power Section of the ECE.

Thirdly, action within the framework of the Housing Committee would appear to be feasible. First, through key contacts in the Housing Committee something might be done to urge the export of some of the key materials, components and machinery referred to in this report. Furthermore, the Hungarians would in principle welcome a small expert mission along the lines of those sent by the Housing Committee to Yugoslavia and Turkey last year, with a view to getting advice on more rapid methods of house construction. At the same time arrangements could probably be made with regard to such licences as are necessary for the production of light-weight concrete, together with the necessary technical documentation.

Fourthly, the Agricultural Committee will meet next week and has on its agenda the over-all European supply situation in grain and in meat. No doubt the Hungarian situation will be considered within the framework of these discussions and the Committee will be in a position to consider whether specific action is required.

In the longer run, some aspects of the problems raised in this report could probably be usefully discussed by the Steel Committee, the Inland Transport Committee and the Trade Committee, although for the moment no specific suggestions have been put forward by the Hungarian authorities.

SO 533/2
29 JAN 1957

INTEROFFICE MEMORANDUM

3 January 1957

To: Mr. A.F. Ewing, Industry Division
Mr. P. Sinard, ECE/FAO, Agriculture Division

From: R. Nötel, Research Division

through: Mr. H.B. Lary, Research Division
cc: Mr. M. Boserup, Research Division
Mr. V. Kostelecky, Central Office

Subject: The problem of food, fuel and other shortages in Hungary

These are notes pursuant to my memorandum to Mr. Myrdal of 19 November 1956 on immediate relief requirements of food, domestic fuel and house repair materials in Hungary. They sum up information on these topics mainly of Radio Budapest and the official paper of the Hungarian Socialist Workers' Party Népszabadság. In addition, other press reports are given - if these appear to be reliable and relevant. The sources are quoted for all items.

I. Food

The food situation became more or less normalized in early December in spite of the abolition of delivery obligations. The available central stocks, together with the deliveries coming from the Soviet Union and the other eastern European countries, seem to be sufficient to supply state retail trade with the required quantities.

In Budapest bread sales have been reported to have reached 6-700 tons per day between 3 and 6 December as against the normal requirements of 400-450 tons. (Népszabadság, 7 December 1956).

The Christmas market of food was normal in Budapest and shortages existed only in sweets. The demand was adequately met of flour, sugar, fats, meat, butchers' goods and tinned food. The central stock of eggs was about on last year's level.

Sales in state and co-operative trade in Budapest have been the following in the first half of December according to official reports:

Total sales

	1-15 December 1955	1-15 December 1956	1955=100
	Thousand tons		
Flour	2 190	2 810	178
Sugar	1 460	1 640	113
Fats	1 040	1 080	104

(Népszabadság, 21 December 1956).

Cold storage facilities are reported to be insufficient because of the very high slaughterings in conditions of fodder shortage. The stock of pork has been reported to amount to 100,000 carcasses which will be needed in order to cover needs after May. These carcasses have therefore been sent for storage in Czechoslovakia and eastern Germany which will imply a quite considerable cost for the renting of storage facilities. (Népszabadság, 23 December 1956).

Total import requirements of bread grains seem to be estimated at present at 50,000 tons per month.

Up to 22 December the Soviet Union has delivered according to official reports 50,000 tons of grain in accordance with the aid offer of 4 November. A commodity credit for the purchase of 250,000 tons has also been granted by the Soviet Union and it is to be delivered in the first five months of the year.

There will be export surpluses available for beef, pork and sunflower seed oil, butter and tinned food, but salt, spices, tea and chocolate will have to be imported. (Népszabadság, 23 December 1956).

II. Fuels

The heating situation still appears to be extremely unfavourable. Daily requirements of hospitals, dispensaries and other health institutions are estimated at 500 to 550 tons. A report of 10 December has spoken of a reduction in coal stocks of those institutions to 3-4 days consumption (Népszabadság, 11 December 1956).

Several hundred houses with central heating are also reported to be without fuel. (Népsabadság, 22 December 1956).

Total coal production has developed as follows in the first three weeks of December (Népszabadság, 25 December 1956):

3 - 8 December	75,000 tons
10 - 15 December	72,000 tons
17 - 22 December	158,000 tons

Normal requirements are estimated at 520,000 tons weekly.

Of 84,000 workers in coal mining, only 40-45 thousand have remained in the mines, according to an official statement. On 14 October an output of 20,000 tons was produced by 35,000 miners at their working place. (Népszabadság, 16 December 1956). The strike between the 6 and 10 December has particularly reduced output from 15,000 tons to 7,000 tons per day.

Import requirements for the whole of 1957 are estimated at 4 million tons. For the whole of December 1956 the Soviet Union has scheduled 100,000 tons for delivery. A further 600,000 tons will be delivered by the Soviet Union in the first quarter of 1957. Negotiations with socialist and western countries are on the way in order to provide for further imports. (Népszabadság, 23 December 1956).

Electric power production has been reduced more or less in step with coal production. In early December 5-6 thousand tons of coal were delivered to the power stations out of a total output of between 14 and 16 thousand tons, on 20 December about 10,000 tons from a total output of 30,000 tons. (Népszabadság, 22 December 1956).

Energy seems to be the main bottleneck in future industrial expansion. In comparison with the preceding years, a substantial reduction in output is foreseen in 1957. Particularly the production of energy intensive products is to be cut down. (Népszabadság, 25 December 1956).

With restored power supplies and after reconstruction of transmission lines, Budapest city transport has operated from early December onwards about half of its total rolling stock.

III. Housing

The information concerning housing damage seems to be contradictory. According to a recent official report 209 public buildings and 5,200 dwelling houses with 16,800 dwellings have been damaged. Earlier, damage to 40,000 dwellings was reported (see Népszabadság, 28 December 1956). The lower figure may refer to structural damage whereas the higher may include also lesser damage.

Reconstruction is reported to have proceeded on 3,062 dwellings up to 10 December and on about 3,500 dwellings up to 28 December. Employment on reconstruction work was given at 9,300 on 5 December and at 8,600 on 10 December. A report referring to 20 December speaks of 12,000 co-operative and individual artisans as working on reconstruction. (Népszabadság, 22 and 28 December 1956).

The Zagyvapalfalva glass works have produced 370,000 square metres of window glass in November. Production in the first week of December has reached about 55,000 square metres, that is to say, a rate of about 250,000 square metres per month. Daily fuel requirements amount to 150 tons and were not fully met at that time.

The building material deliveries from the Soviet Union, Czechoslovakia Roumania, Bulgaria, eastern Germany and Yugoslavia in the course of November (from 4 November to 4 December) were reported as follows (Népszabadság, 7 December 1956):

	Tons
Window glass	1 870
Asbestos roofing tiles	760
Other roofing tiles	480
Slate	100
Building timber	8 720
Cement	7 410
Construction steel	100

IV. Supply of manufactured consumer goods

Production had been at a complete standstill for six weeks. In addition a buying fever prevailed and a plundering of some stocks has also taken place. As a result of all this, stocks of industrial goods to a value of 14 billion forint fell to 6 billion forint. Ready-made clothing to a value of 500 million forint were also destroyed or damaged. During the first quarter of 1957 light industrial production is expected to be on a level at about 50 to 60 per cent of capacity. Supply of consumer manufactures is expected to be poor. (Budapest Radio, 5 and 22 December 1956).

V. Official view on foreign credits

Exports planned for the fourth quarter of 1956 were not carried out and further reductions may be expected. At the same time import requirements of consumer goods and raw materials are rising. Official circles try to obtain large credits from socialist countries. They would like to have credits also from capitalist countries. (See Népszabadság, 25 December 1956).

VI. The problem of refugees

The number of refugees arriving in Austria reached on 2 January 1957 157,591, according to a report from the High Commissioner for Refugees. The impact is very serious on the manpower situation in mining and industry.

I attach hereto a copy of my memorandum of 19 November 1956 as well as a list of Cabinet Ministers, delegates to ECE meetings and distinguished economists in the country.

RM/REH

EUROPEAN OFFICE
OF THE UNITED NATIONS

OFFICE EUROPÉEN
DES NATIONS UNIES

RECORDS CONTROL
29 JAN 1957

50 5332

INTEROFFICE MEMORANDUM

To : Monsieur P. de SEYNES, Secrétaire général adjoint

From : Frank S. ROULET, Chef de la Division des Achats, Fournitures et Transports

Our Ref : FR/md **Geneva,** 2 janvier 1957

Your Ref :

Subject :

1. Le Chef de la Mission du Comité International de la Croix-Rouge à Vienne se charge de trouver 3 chambres d'hôtel pour la nuit du 3 au 4 janvier mais n'a pu, au cours de la conversation téléphonique, préciser le nom de l'hôtel.

2. Une voiture portant la marque du Comité International de la Croix-Rouge vous attendra à l'aéroport et vous conduira à votre hôtel. Vous voudrez bien, à la sortie de l'aéroport, identifier la voiture qui vous y attend. Le nom de M. Sinart a été donné au chauffeur à toutes fins utiles.

Frans. S. Roulet

cc. M. Palthey

RECORDS CONTROL
So 5332
29 JAN 1957

2.1.1957

Croix-Rouge hongroise

Dr. Killener (Chirurgien) - Directeur exécutif

Professeur Feldvary (Professeur en dermatologie) - Membre du Comité directeur

Mr. Gedeny - Chef des Relations extérieures

RECORDS CONTROL
So 533 | 2
29 JAN 1957

CONFIDENTIAL

REPORT ON HUNGARIAN MISSION by Dr. Wahlen and Mr. Sinard

18-28 December 1956

1. Outline of the trip and contacts made:

Left Rome the evening of 18 December, arriving in Geneva at 12.45 on 19 December. Lunch at the Hotel des Bergues at invitation of C.I.C.R. with Messrs. Bodmer, Vice-President, Galopin, member of the Committee handling Hungarian Affairs, Michel, Maunoir, and Obez, U.N. Liaison Officer. Afterwards, meeting at the headquarters of the International Red Cross with Mr. Boissier in the chair. Left Geneva 20 December at 9.07 for Berne, contacts with Département Politique Fédéral and others able to give information on Hungary. Left Berne for Zurich at 17.17, where useful contacts were also made. Left Zurich by air on 21 December, at 8.55 arriving in Vienna at 11.00. Met at airport by Dr. Phillip, Chairman of National FAO Committee, and called on Austrian Minister of Agriculture, Mr. Thoma. In the afternoon discussions with Dr. Phillip, Mr. Bauer and Dr. Pammer of the Bundesanstalt für Pflanzenbau und Samenprüfung, Vienna. Later ⊗ the C.I.C.R., and dinner with him. During forenoon of 22 December, telephone contacts with Rome, Budapest and the Austrian authorities. Afternoon inspection of the headquarters of the C.I.C.R. in the Stiftskaserne, their automobile and truck parks, and their warehouses at the Donaukanal outside Vienna.

23 December, drive to Györ where on 24 December we met Mr. Sibelka-Perleberg, Dr. Jánossy, Mr. Fonó, Mr. Sandor and Mr. Bergnes, with whom needs were discussed in detail.

25 December, contacts with Austrian authorities, particularly Dir. R. Bauer, on the possibility of furnishing seed barley to Hungary. Return to Berne and Geneva adjourned to 26 because the airlines do not function on Christmas Day. Invited Col. Rutishauser and his collaborators to dinner.

26 December, return from Vienna to Zurich and Berne. Contacts with the Swiss authorities on the possibilities of furnishing seeds, particularly spring wheat of Canadian origin. Persons participating in these discussions were: Minister H. Schaffner and Mr. Bauer, Director and Deputy Director in charge of Eastern European Trade of the Division of Commerce, Mr. Tapernoux, Deputy Director of the Cereal Administration, Mr. J. Landis and Dr. A.Kauter, Director and Deputy Director of the Agriculture Division.

27 December, trip to Geneva, and contacts with the C.I.C.R. Invited Mr.Boissier, President and Mr. Bodmer, Vice-President, for lunch. Discussion with Mr.Obez, Liaison Officer of U.N. with C.I.C.R. 16.26, departure for Rome, arriving at 10.00 on 28 December.

⊗ contacts with Mr. Rutishauser, Adjoint général of

2. Discussion with the C.I.C.R.

It was obvious from the beginning that the Committee was very anxious to have FAO's cooperation. They are most anxious not to get involved in any political issues, and stressed the need to keep the political and humanitarian Resolutions of the U.N. General Assembly strictly apart. The importance of rehabilitating Hungary's agricultural production was fully recognised by them. At present, the C.I.C.R. has funds for its action only up to about the end of January, as the greater part of donations in money has been made for the Refugees, and comparatively little for relief in Hungary itself. The President recalled former occasions when the world expected large efforts of the Red Cross in emergency actions without providing sufficient means, so that the Organization was left with deficits which hindered their operations for years. Hence their vital interest in restoring production, and in the early start of economic help.

During these discussions, the intervention of the Secretary-General was not yet known. The necessary steps had already been taken by the Red Cross in Budapest to obtain our visas, and word had been received that our visit was urgently expected. In subsequent telephone conversations from Berne, the representative of the Committee, having learned of the request of the Secretary-General not to proceed to Budapest, expressed great disappointment.

There were no difficulties in coming to an agreement on the form of an eventual FAO action, which would be based on requesting the help of FAO member governments in providing seeds and other materials for the spring seeding campaign on the basis of the catalogue of needs to be established by the mission. The Red Cross would be glad to put its transport and distribution mechanism at FAO's disposal, but it was recognized that some governments might wish to proceed bilaterally, and that the Red Cross distribution organization is geared at consumption centres, rather than production regions. It was agreed that the mission would return via Geneva, so as to discuss these points in the light of its findings. In the meantime, the full support of the C.I.C.R. was promised, and it subsequently became clear that without this support, the mission could not have reached its aim.

3. Discussions in Vienna

In view of the request of the Secretary-General of the U.N. the contacts in Vienna were kept within a very narrow and strictly technical framework, and great care was exercised to avoid any publicity. However, the contacts provided by the Minister of Agriculture and Dr. Phillip, Chairman of the National FAO Committee, proved extremely helpful. Mr. R. Bauer, Director of the Federal Experiment Station for Plant Production and Seed Testing, had been on an official mission to Hungary during the whole month of September and had a great deal of first-hand information. His