



## REPORTS AND ENQUIRIES

### Wages and the Cost of Living in Hungary<sup>1</sup>

One of the first results of the reorganisation of the Hungarian national finances and the stabilisation of the currency which began in the middle of 1924, as of the removal of economic restrictions and transport difficulties, was a rise in prices, accompanied by a rise in wages, both of which reached a maximum towards the end of the year. In 1925 there was a change. The economic depression that had set in when inflation stopped became more serious during 1925. Prices fell, unemployment increased, and these two factors also affected wages and earnings. The national budget was balanced, but this required heavy sacrifices on the part of private industry. The position became particularly bad in the last quarter of the year, and there was no improvement in 1926, but on the contrary, up to the date of writing, the depression has continued to spread.

A detailed examination of the wages, earnings, and standard of living of the wage-earning population meets with the almost insurmountable difficulty that social statistics, and in particular the labour statistics most needed here, are not yet adequately compiled in Hungary. In the present circumstances, the further development of the initiative taken in this direction before the war is of special urgency. Yet the official collection and publication of most of the data in question, which ceased during the war, was subsequently restarted only in a very hesitating and inadequate manner.

There are thus no carefully thought-out and appropriate wage and unemployment statistics covering all classes of workers. All that is available on wages and earnings are the hourly wage rates notified to the official employment exchanges by employers in applying for workers, and the report on the average annual earnings of factory workers, in different branches of industry and for industry in general, based on the production statistics of manufacturers. These two sets of wage statistics can at most be considered to indicate the tendencies of wages, but not their absolute amount. For as a rule the workers and employers who apply to the public employment exchanges are not organised, or else their organisations do not undertake placing. In view also of the comparatively small number of persons placed by the exchanges at these rates, the greatest care is necessary in using the figures to draw conclusions as to general wage conditions. The average annual earnings in factories are obtained from the production statistics by dividing the

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<sup>1</sup> This note by Dr. D. PAP, Under-Secretary of State in the Hungarian Ministry of Commerce, has also appeared in the 1925 edition of the Hungarian Economic Year Book (*Ungarisches Wirtschafts-Jahrbuch für das Jahr 1925*).

total wages paid during the year by the number of workers present on an arbitrary date (1 October). For 1925 even these data are not yet available, nor are the statistics of the workers' sickness insurance organisations, which classify the workers in the different wage groups on which the contributions of employers and workers and the cash payments of the funds are based, and consequently allow of certain conclusions as to fluctuations in wages.

Last year two private statistical surveys of wages were used as a basis for the corresponding chapter of the Hungarian Economic Year Book<sup>1</sup>. That by Benjamin Gál, Secretary of the Hungarian Federation of Trade Unions, has not yet been published for this year; the other, by Dr. Viktor Alapy, Director of the Central Federation of Hungarian Employers, covers only an insufficient number of branches of industry, and even for these the wages recorded differ so widely that no general conclusions may be drawn from them. Further, the only figures given are the hourly wage rates in force on the last day of the year; these allow of comparison with the wages on the last day of the previous year, but give no idea of the fluctuations during the year or of the annual earnings of the workers.

In order to determine the latter it is necessary also to know the extent of unemployment. For this only the trade union statistics referring to their own members are available. If these are extended to the wage-earning population as a whole, the most that can be calculated is the volume of total unemployment at a particular date. There are no means of determining the number of workers whose earnings are reduced below the level indicated by the consideration of time rates alone, and the loss in their earnings, owing to the reduction in employment, whether in the number of hours worked per day, of days worked per week, or of working weeks. When it is remembered that even the most carefully compiled statistics of wages and earnings, duly weighted and taking unemployment into account, cannot allow for all the vast diversity of life, it becomes obvious that the data available for Hungary can give only a very superficial picture of the earnings and conditions of life of the working population. For agricultural workers the position is even worse than for industrial workers, as since the war no official statistics of their wages and earnings have been published, nor has any private initiative for collecting these data been taken.

The two following tables give the average hourly rates offered by employers when applying to the official employment exchanges in Budapest and in other towns in 1925; figures for 1924 are given for purposes of comparison<sup>2</sup>.

<sup>1</sup> Dr. Gustav GRATZ and Dr. Gustav BOKOR: *Ungarisches Wirtschafts-Jahrbuch*, first year, 1925, chapter XXIV: "Teuerung, Arbeitslöhne und Lebenshaltung in Ungarn".

<sup>2</sup> For the 1924 figures cf. Dr. Kovács NORBERT: "Munkanemek és Munkabérek az ipari foglalkozásokban" (Occupations and wages in industrial undertakings), in *Magyar Statisztikai Szemle* (Hungarian Statistical Survey), Nos. 5-6, 1925, p. 141, where the method of compiling the data is also discussed. The 1925 figures are taken from the provisional statistics placed at the disposal of the author by the Hungarian Central Statistical Office.

AVERAGE WAGES AS RECORDED BY THE EMPLOYMENT EXCHANGES,  
BY INDUSTRIAL GROUPS

*(Hourly rates in gold heller)*

Industrial group <sup>1</sup> and sex	Budapest								Provincial towns							
	1924				1925				1924				1925			
	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter	3rd quarter	4th quarter
<i>Men</i>																
Iron and metal	42	41	51	55	55	55	53	53	34	27	37	40	44	43	41	43
Engineering and electricity	43	59	53	58	57	61	71	55	35	31	44	46	49	49	48	46
Wood and bone	51	43	58	60	57	55	56	61	39	36	50	53	52	47	47	48
Stone, clay, and glass	—	—	—	—	68	—	53	—	79	—	—	—	68	—	53	—
Leather, brushes, and feathers	41	35	50	—	59	43	47	54	30	—	—	60	49	43	44	—
Textiles	65	48	67	73	78	64	79	71	—	—	46	—	61	54	47	52
Clothing	52	46	64	72	67	65	73	63	33	32	42	49	50	48	45	46
Food	—	46	59	—	—	63	80	64	—	—	9	—	68	55	65	56
Paper	—	—	—	—	63	—	56	44	—	—	—	—	—	—	54	35
Building	53	51	71	70	70	67	75	70	32	38	59	70	67	63	58	63
Printing and art	—	—	—	—	65	77	77	73	—	—	—	—	—	—	—	—
Hotels and restaurants	14	16	22	28	36	—	43	45	—	—	—	—	—	—	—	—
Other manufactures	27	21	35	38	35	37	39	38	22	21	30	49	31	22	43	31
Commerce	21	20	29	31	25	27	31	30	11	21	25	20	26	30	29	30
Transport	34	32	45	48	46	48	46	50	25	29	32	40	48	60	49	39
Unskilled workers <sup>2</sup>	29	28	37	45	48	45	41	45	25	25	35	39	36	38	30	36
<i>Women</i>																
Iron and metal	25	25	26	35	31	33	35	34	—	—	—	—	—	—	—	—
Wood and bone	45	41	28	43	—	—	—	—	—	—	—	—	—	—	—	—
Textiles	—	12	—	36	38	43	38	40	—	—	—	—	—	—	—	—
Clothing	23	27	40	42	22	21	30	33	22	21	30	33	44	30	30	34
Food	—	—	—	—	38	37	—	44	—	—	—	20	—	—	—	—
Paper	13	16	23	29	28	32	30	31	—	—	—	—	—	—	—	—
Printing and art	—	—	19	—	21	42	19	—	—	—	—	—	—	—	—	—
Hotels and restaurants	13	18	27	29	36	29	70	59	—	—	—	—	—	—	—	—
Other manufactures	24	18	23	26	28	26	27	27	—	—	—	—	14	—	22	20
Commerce	18	12	22	28	28	49	33	23	—	—	—	—	—	—	—	—
Other occupations	25	26	43	48	9	13	19	24	9	13	19	24	23	26	—	22
Unskilled workers	24	25	36	28	70	23	24	29	70	23	24	29	41	30	32	31

<sup>1</sup> Some industrial groups have been left out of account because the exchanges had effected no placings connected with a wage offer.

<sup>2</sup> Classification into the main industrial groups not possible.

This table shows that from the fourth quarter of 1924 to the first quarter of 1925 nominal wages expressed in gold crowns fell in most branches of industry, there being a slight rise in only a few cases. In the last quarter of 1925, however, wages, especially those of men, were much lower; for some branches of industry, in fact, where wages rose

in the first quarter of 1925, they were even lower than at the end of 1924. This tendency was even more marked in the provincial towns, where in practically all cases wages were lower at the end of the year than at the beginning. It is to be ascribed on the one hand to the increase in unemployment, and on the other to the reduction in the cost of living, the economic depression, and the consequent fall in prices. When the actual earnings of the workers are considered, the position seems to be even worse. Owing to the reduction in hours worked, even the workers whose hourly rates were not reduced also suffered.

The following table shows wages classified according to the grade of worker :

AVERAGE WAGES AS RECORDED BY THE EMPLOYMENT EXCHANGES.  
BY GRADE OF EMPLOYMENT  
(Monthly averages in paper crowns)

Grade	Budapest							Provincial towns						
	1924	1925						1924	1925					
	Dec.	Jan.	Apr.	June	Aug.	Oct.	Dec.	Dec.	Jan.	Apr.	June	Aug.	Oct.	Dec.
Skilled	10,014	9,689	9,291	8,882	9,048	9,102	8,273	9,037	8,707	7,310	6,958	6,890	6,917	6,497
Semi-skilled	6,061	5,218	6,954	6,616	6,273	6,206	7,105	5,250	6,014	3,405	4,528	6,146	5,091	—
Unskilled	6,582	5,922	6,360	5,529	5,178	5,798	6,259	5,433	5,215	5,462	4,972	4,851	5,194	5,019
Women	5,454	5,345	6,281	5,479	5,433	6,129	5,842	3,637	5,113	4,661	3,718	5,110	4,260	4,048
Domestic servants	5,775	5,730	5,626	5,607	6,089	5,918	5,404	4,306	2,900	5,033	5,304	5,557	4,628	5,407

<sup>1</sup> In November.

This table shows that wages fell for all industrial workers in Budapest and for skilled workers in the provincial towns, as well as for domestic servants in Budapest and unskilled general labourers in the provincial towns. The reduction for skilled workers in Budapest from December 1924 to December 1925 was 17.4 per cent., and from January 1925 14.8 per cent., the corresponding figures for the provincial towns being as high as 31.6 per cent. and 25.4 per cent. respectively. The reductions for unskilled labourers in the provincial towns were 7.6 per cent. and 3.7 per cent. respectively, and for domestic servants in Budapest 6.3 per cent. and 5.6 per cent. respectively.

The fall in the wages of these classes of workers could in no way be balanced by the rise in the wages of other classes, i.e. of women in Budapest and in the provinces, or unskilled labourers in Budapest, and domestic servants in the provinces. In fact, it has already been shown from the examination of wages by industries that at the end of 1925 the Budapest wages in a large number of branches of industry and the provincial figures for nearly all industries were lower than at the end of the previous year or the beginning of 1925. It is reasonable to conclude that when the undertakings began to suffer from economic depression the first thing they did to protect themselves was to dismiss trained, and

therefore more expensive, workers, replacing them wherever possible by cheaper labour, by semi-skilled and unskilled workers and women. The fall of the wages of unskilled labourers in the provincial towns is in turn an indication of the growing unemployment among agricultural workers.

The wage tendencies suggested by the data of the employment exchanges are almost entirely confirmed by the figures of the Central Federation of Hungarian Employers in the industries for which it compiles statistics. These figures are summarised in the following table showing wages on 31 December 1925 as a percentage of those on 31 December 1924<sup>1</sup>.

WAGES AT 31 DEC. 1925 AS PERCENTAGE OF WAGES AT 31 DEC. 1924,  
AS REPORTED BY THE EMPLOYERS' FEDERATION

Industry	Skilled workers	Semi-skilled workers	Unskilled workers	Women	Young workers	Apprentices
Mining	100	100	100	—	100	—
Iron and engineering	107	105	105	111	115	95
Wood :						
Artistic furniture	100	100	—	100	—	—
Mass production	102	104	—	—	—	—
Chemicals	140	134	128	141	141	—
Textiles	105	—	128	128	—	—
Milling	100	100	100	100	—	—
Building	100	—	100	100	100	—
Printing <sup>1</sup>	115	110	—	104	106	137
Lithography <sup>1</sup>	124	109	—	105	103	137
Industrial photo-graphy <sup>1</sup>	125	103	—	—	105	137
Bookbinding <sup>1</sup>	114	—	—	106	106	137
Bricks and tiles	100	—	100	100	100	—
Leather	100	100	100	100	—	—
Bakery	100	—	—	—	—	—

<sup>1</sup> In the printing and allied trades the wages of helpers are included in the column of "Semi-skilled workers", and those of skilled workers during the first two years following their apprenticeship in the column of "young workers".

According to this table there was a substantial rise in wages as compared with the end of 1924 only in the printing and allied trades (printing, lithography, industrial photography, and bookbinding), the textile industry, and the chemical industry, except in the case of apprentices, to whom special conditions apply<sup>2</sup>. In the printing and allied trades the rise affected mostly skilled workers, in the textile industry women, and in the chemical industry all classes of workers. A similar tendency was shown by the employment exchange statistics, except

<sup>1</sup> Cf. Dr. Victor ALAPY : "Ipari munkások kereseti viszonyai 1925-ben" (The earnings of industrial workers in 1925), in *Közgazdasági Figyelő*, Nos. 7 and 8, 1926.

<sup>2</sup> The above records of the official employment exchanges contain no information on the wages of apprentices, but the periodical reports show that the demand for apprentices in most branches of industry is high (cheap labour!).

in the case of the chemical industry, for which no such statistics were available. The two sets of data also agree as regards the slight rise in wages of male wood-workers in Budapest and the stagnation of building wages. The difference is very slight for workers in the iron and engineering industries, while, as already explained, no comparison is possible with the figures of the Employers' Federation for the chemical industry, nor for the milling, brick and tile, leather, and bakery industries.

The two sets of figures thus confirm each other as regards the tendency of wages, but the difference between them as regards the absolute level of wages is considerable. According to the Employers' Federation the average hourly wage of skilled workers on 31 December 1925 was 77 gold heller, those of semi-skilled workers, unskilled labourers, and women 53.5, 34.5, and 33.8 gold heller respectively. These figures may be compared with the averages derived from the employment exchanges for December 1925, which even in Budapest, where wages are generally higher than in the provincial towns, were 57, 49, 43.2, and 40.2 gold heller for the four groups respectively. Besides the causes already mentioned, the differences in the two sets of figures are undoubtedly also due to the fact that the employment exchange data cover far more branches of industry than those of the Employers' Federation, and that wage conditions in many of the former are less favourable than in most of the branches represented in the Central Federation of Employers.

The average annual earnings of factory workers (including all grades of workers, i.e. skilled, semi-skilled, and unskilled workers, women, apprentices, etc.) were 398 gold crowns in 1923 and 829 gold crowns in 1924<sup>1</sup>. It must be emphasised, however, that these figures, being the result of dividing the total wages paid to the workers during the year by the number of workers in the undertakings on 1 October, can give no true idea of the actual average annual earnings, as unemployment during the year is left out of account. If an allowance is made for unemployment on the basis of the percentage for members of the unions belonging to the Federation of Trade Unions, i.e. 8.6 per cent. for 1923 and 13.2 per cent. for 1924<sup>2</sup>, the average annual earnings are found to be 364.3 gold crowns for 1923 and 719.4 gold crowns for 1924.

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<sup>1</sup> Cf. "A gyáripari termelési statisztika főbb eredményei az 1924 évben" (Main results of industrial production statistics), in *Statisztikai Havi Közlemények* (Hungarian Statistical Monthly), 1925, Nos. 7-9, p. 153; also Dr. Sándor FARKASFALVY: "A Magyar Gyáripar 1924-ben" (Hungarian factories in 1924), in *Magyar Statisztikai Szemle* (Hungarian Statistical Survey), 1925, Nos. 11-12, p. 446. According to Farkasfalvy's article the purchasing powers of the above annual incomes of 398 and 829 gold crowns were equivalent to those of 743 and 912 pre-war crowns respectively.

<sup>2</sup> Cf. *A Szakszervezeti Mozgalom Magyarországon 1923-1925, A Magyarországi Szakszervezeti Tanács Jelentése* (The trade union movement in Hungary 1923-1925, Report of the Hungarian Federation of Trade Unions), p. 31. As already stated, the economic crisis, which is still in progress and has led among other things to an increase in unemployment, set in during the last months of 1924. Even at that date, after the working day or week had been shortened, recourse was had to the

The production statistics of the factories and the data of wages paid during the year based on these are not yet available for 1925. If it were not for the widespread unemployment during the whole of the year, the average annual earnings of factory workers in 1925 would probably have been higher than in 1924, in spite of several reductions in wages; for wages in the first half of 1924 were still very low and it was not until the second half of the year that there was a considerable rise. If unemployment is left out of account, the rise in earnings as compared with 1924 may be estimated at about 26.3 per cent. for Budapest and 16 per cent. for the provincial towns. If, on the other hand, unemployment is estimated at the annual average of 19.2 per cent. given by the Federation of Trade Unions for its members in 1925, and if this figure is applied to all factory workers (about 225,000), their average annual earnings in 1925 may be estimated at about 754 gold crowns, or only 4.7 per cent. more than in the previous year.

This very modest rise in average annual earnings as compared with 1924 was more than cancelled by the rise in the cost of living. It is true that this fell steadily throughout the year, not least in consequence of the increasingly acute economic depression<sup>1</sup>, but the annual average still exceeded that of the previous year. According to Dálnoki-Kováts<sup>2</sup>, the annual average index number of the cost of living, calculated in gold crowns, was 93.8 in 1924 and 112 in 1925 (the peace year 1913-1914 = 100); according to B. Gál<sup>3</sup> the figures were 110 and 135 (31 July

dismissal of workers. It is significant of this that whereas the number of workers in factories on 1 October 1923 was 205,800, it had already fallen by 1 October 1924 to 194,100, or by 5.7 per cent., although the maximum number employed in 1924 (252,434) was higher than in 1923 (241,239). This large number of workers was employed only during the first half of 1924. The increase in unemployment is illustrated by the following figures from the official and trade union employment exchanges:

Source and date	Vacancies	Applicants	Applicants placed	Applicants per cent. of vacancies	Applicants placed per cent. of	
					Vacancies	Applicants
Official exchanges:						
1923	80,331	104,579	51,888	130.2	64.2	49.5
1924	100,094	149,249	49,493	142.1	49.4	33.1
1925	66,982	156,489	39,750	233.6	59.3	25.4
Trade union exchanges:						
1923		95,506	65,201			
1924		77,434	44,450			
1925		57,123	33,945			

<sup>1</sup> The index number of wholesale prices in gold crowns fell from 160 on 31 December 1924 to 125 on 31 December 1925, 1913 being taken as base (= 100). The retail price index numbers always fall behind those for wholesale prices.

<sup>2</sup> Figures published monthly in *Közgazdasági Figyelő*.

<sup>3</sup> Figures published monthly in *Szakszervezeti Értesítő*.

1914 = 100) ; according to I. Vágó<sup>1</sup>, 123 and 129 (middle of July 1914 = 100) ; and, finally, according to the official compilation of the Central Statistical Office<sup>2</sup>, the index number for 1925 was 108 (average for 1913 = 100)<sup>3</sup>. If the average cost-of-living index number for 1924 is equated to 100, the average for 1925 is 119 according to Dálnoki-Kováts, 123 according to Gál, and 105 according to Vágó. If these figures are applied to determine the standard of living, i.e. the ratio of the index number of earnings to the index number showing the rise in the cost of living, or in other words to determine real wages, it will be found that, if allowance is made for unemployment, real wages in 1925 were 87.4 per cent. of those in 1924 according to Dálnoki-Kováts, 84.6 per cent. according to Gál, and 99 per cent. according to Vágó. And it should not be forgotten that only total unemployment can be taken into account, and that no allowance can be made for short time, which was becoming more and more general.

The above data relating to factory workers are also illustrative of the conditions of other industrial workers. In an even worse position than such workers, however, are those private and commercial employees whose real earnings have fallen even further below the pre-war level than those of the workers, and who suffer more than most classes of workers from increasing unemployment. As already stated, no official data are available on the conditions of agricultural workers and their wages since the war. To judge from the complaints in the labour press and the statements of the chambers of agriculture, however, it is clear that in 1925 these workers suffered from extremely low wages and extensive unemployment. A slight improvement in the position of civil servants in active employment was introduced during the second half of 1925 in the form of a slight rise in salaries, but their real earnings are still on an average far below the pre-war level. The position of those civil servants who are no longer in active employment is much worse. Their number increased after the war owing to the fact that in the other Succession States civil servants of Hungarian origin were turned out of the country in large numbers, and that these States have not observed the obligations they assumed under the Peace Treaty with respect to the provision for such officials. In addition, Hungary had herself to reduce the number of her official employees to such an extent that the State is not in a position to take them or their widows and orphans into account in drawing up its budget.

<sup>1</sup> Figures published monthly in *Pester Lloyd*.

<sup>2</sup> Figures published in the *Magyar Statisztikai Szemle*.

<sup>3</sup> Apart from I. Vágó's index number, which is an unweighted index based on the prices of a certain number of articles, not including rent, these index numbers relate to the budget of a worker's family of 5 (or 4) persons, rent being included. As the housing restrictions have not yet been removed, and the graduated rise in rents meant that the index did not reach 50 per cent. of the level for the last quarter of 1917 until the May-July quarter of 1926, the cost-of-living index numbers which exclude rent are higher than those which include it. Thus, for instance, the official indexes calculated by the Central Statistical Office for the months June to December 1925 (prices in gold crowns) are 112, 112, 106, 105, 99, 99, and 102 if rent is included, and 136, 135, 128, 126, 118, 115, and 119 if rent is excluded.



The effect of the economic depression on independent employers, traders, and manufacturers may be illustrated by the following bankruptcy statistics<sup>1</sup>:

	1923	1924	1925	1926 (January to April)
Bankruptcy proceedings	17	66	385	267
Compulsory compositions independent of bankruptcies	38	196	2,009	984

It should be pointed out that these figures refer only to proceedings in the courts and do not indicate the full extent of the crisis, on which further light is thrown by the large number of conversions of personal into real estate and of moratoria, settled privately and not by the courts. There is no need to explain in detail that the liberal professions too must suffer severely under such circumstances, which are partly the effects and partly the causes of an ever-increasing failure of markets. All working sections of the population are thus suffering from the severest economic depression, which reacts on all social conditions, the only compensation being that the balancing of the national budget, which was achieved at such a cost, and the stabilisation of the currency now seem secure against all vicissitudes.

## Sickness Insurance in Palestine<sup>2</sup>

Until quite recent times, industry in Palestine was at a very low stage of development. The operation of various factors — chief among which is Jewish colonisation — has, however, resulted of late in the introduction of modern methods of work; and new industries are being established in Palestine, necessitating the use of up-to-date machinery and industrial equipment. This in turn has given rise to a class of wage earners, at present numbering about 25,000, bringing in its train all the problems inevitably contingent upon its existence.

### THE PROBLEM OF SICKNESS INSURANCE

One of the most important problems is that of sickness insurance. The majority (about 20,000) of the wage earners are Jewish immigrants, of whom the greater number have come from European countries with a comparatively cold climate; they have thus to become acclimatised to a sub-tropical country in which malaria and sub-tropical diseases are very widespread. Moreover, a number of them have come from the liberal professions and are undertaking manual work to which they

<sup>1</sup> Figures published by the Hungarian Information Association.

<sup>2</sup> From a report communicated to the International Labour Office by the Secretary of the National Sickness Fund of the General Federation of Jewish Labour in Palestine.