

## REPORTS AND ENQUIRIES

### Industrial Relations in Hungary

*Since the liberation of Hungary, industrial relations have been placed on an entirely new basis in that country. The starting point of this reform was the "rehabilitation" of the trade union movement and of employers' organisations.<sup>1</sup> Next, legislative action on a wide scale has been taken for collaboration between organised management and labour by means of works committees, industrial production committees and a new system of collective agreements. Lastly, structural reforms such as the reform of the agrarian system and the nationalisation of certain key industries have profoundly modified the social system which forms the background for industrial relations. The effect of these three groups of measures is briefly analysed below.*

#### REHABILITATION OF THE TRADE UNION MOVEMENT

Since the establishment of the new regime, trade unionism has constantly and rapidly developed. Freed from the limitations previously placed upon its growth and with the Government behind it, the trade union movement has become a powerful factor in the social, economic and political life of the country, and its influence is steadily increasing.

The dominating feature of trade-union organisation in Hungary is its unity. Local unions may be freely established and conducted provided they join the national unions for the appropriate trade, of which they are supposed to constitute branches.

Although workers are not obliged to join unions, the movement has expanded considerably, not only in a numerical sense but also as regards the groups belonging to it. For instance, agricultural workers and public officials, previously debarred from organising, are now included. There has been territorial expansion too, for the trade union movement, previously limited to the Budapest area and a few other industrial centres, now covers the whole country. In all towns of any considerable size, the unions have their local branches, whose work is co-ordinated by trades councils; there were such councils in 2,688 districts at the end of 1945.

<sup>1</sup> For the previous situation, see *International Labour Review*, Vol. L, No. 6, Dec. 1944, p. 771: "New Regulations on Industrial Relations in Hungary".

The various national unions, of which there are now about fifty, together constitute the Hungarian Federation of Free Trade Unions, also known as the Trade Union Council. The Council itself, composed of thirty-five members, is elected by the General Assembly of delegates of affiliated unions.

As regards the percentage of workers now organised, recent estimates give the following figures: industrial workers, 70 per cent.; non-manual workers, 50 per cent.; agricultural workers, 20 per cent. The numbers organised in the different trades are as follows, in round figures:

Agriculture . . . . .	200,000
Metal work . . . . .	154,500
Railways . . . . .	98,000
Building . . . . .	73,000
Mines . . . . .	56,200
Private salaried employees . . . . .	56,000
Public officials . . . . .	44,000
Provincial and local employees . . . . .	42,000
Textile industry . . . . .	36,000
Chemical industry . . . . .	34,000

According to the most recent figures available, the total number of registered members of the Hungarian Trade Union Federation had already reached about 1,000,000 by the end of 1945.<sup>1</sup>

The employers' organisations are grouped in the National Federation of Manufacturers, the National Industrial Union (representing establishments of medium size), the National Handicrafts Centre and the Central Federation of Merchants.

#### WORKS COMMITTEES

Decree No. 50100 of 18 February 1945, later replaced by Decree No. 55000 of 5 June 1945, provides for the establishment of works committees in industry. The trade unions are associated with the employers in order to secure both the protection of the workers and the efficient running of the undertaking.

Further, the Trade Union Council has established a special "works committees secretariat" in order to co-ordinate and direct the work of these committees, the members of which were not at first equal to their task, owing to lack of experience. The Council has also held four conferences of Budapest works committees as well as a National Congress of works committees at which delegates of 600 undertakings took part (July 1945).

#### *Establishment of Committees*

A works committee must be established in every public or private industrial undertaking employing not less than twenty persons. Where the undertaking is composed of several plants, a works committee must be set up in each; and in such undertakings, if the Trade Union Council considers it necessary, a central committee must also be established; twenty of these were in fact set up in 1945.

<sup>1</sup> All these figures are taken from a recent pamphlet, "Social Policy in Democratic Hungary", published by the Section for International Labour Affairs of the Hungarian Foreign Office, 1946.

In an undertaking employing less than twenty persons, the personnel is represented by delegates. The number of these and the manner in which they are elected will be determined in each case by the trade union concerned.

#### *Composition*

Each works committee is composed of between three and twenty-five manual workers' delegates and between one and five salaried employees' delegates, according to the size of the undertaking. The representatives of the manual workers and salaried employees are elected separately, but take part together in the work of the Committees. Elections are directed by a delegate of the trade union organisation concerned, assisted by two workers of the undertaking. Candidates are appointed by the trade union delegate in agreement with a committee composed of representatives of the different trade unions concerned and of a number of workers of the undertaking. Every class of workers must be represented on the committee.

The members of the committee, and an equal number of substitutes, are elected by all workers over 18 years of age enjoying civil rights. The ballot is secret, and electors retain the right to alter the list of candidates. Any person qualified as an elector who has completed six months' service in the undertaking, or a year's service in a similar undertaking, is eligible unless the trade union concerned objects to his candidature.

The result of the elections may be contested by not less than 10 per cent. of the total personnel, or by the employer, or by the trade union concerned. Such objection must be notified to the Trade Union Council, whose decision is final. The Council may decide that new elections shall take place.

The committees are required to meet at least once a month. Meetings are not public, but the trade organisations concerned may send representatives. A copy of the minutes must be handed to the employer.

#### *Powers*

Works committees are competent to discuss social questions, as well as economic questions affecting the efficient running of the undertaking.

#### *Social Questions.*

The competence of the committees extends to all questions concerning conditions of work, such as wages, hours of work, holidays, respect for workers' rights deriving from a contract of employment or collective agreement, or concerning the workers' economic situation or personal wellbeing, such as family welfare arrangements, industrial safety and health equipment and cultural or other welfare schemes. The works committee, or a welfare sub-committee consisting of some of its members, collaborates in the establishment, management and supervision of all welfare schemes in the undertaking. The management is obliged to place any documents concerning the administration of these schemes at the disposal of the Committee.

*Economic Questions.*

Works committees are required to collaborate with employers in planning production, introducing new methods with a view to greater efficiency and increased output, as well as in supervising production and checking operational arrangements.

In order to make this possible, the employer must inform the committee every three months of the business position of the undertaking, the state of production, and probable production and market trends. He is required to give the committee all the information for which it may ask, except in so far as concerns secret manufacturing processes. He must also secure the consent of the committee to any decision involving an obligation on the undertaking outside the normal scope of management. The Committee is entitled to have access to the books of the undertaking and, if necessary, to have them examined by an accountant at the undertaking's expense. It may interrogate any person belonging to the undertaking, and the employer is obliged to arrange for the presence in the Committee of anyone whose functions qualify him to provide information on a specified subject.

In undertakings organised as joint stock or limited liability companies or co-operative societies, two members of the committee are entitled to sit on the board of directors in an advisory capacity.

In the case of a dispute concerning a proposal made by the Committee in a matter connected with production, the Committee, acting in agreement with the trade union concerned, may submit the question to the National Arbitration Board.

Apart from the powers conferred on works committees by the special Act, they have received other powers under various legislative provisions. Thus as regards compulsory labour service, the Minister of Reconstruction regulates requisition and allocation of labour, selects undertakings for such allocation, classifies them according to the importance of their work, and establishes an order of priority for manpower purposes; he makes these decisions either on his own initiative or on application from an employer, after the works committee concerned has given its agreement.<sup>1</sup>

As regards security of employment also the works committees have an important function. In order to protect workers from mass dismissals which employers might be obliged to undertake, such dismissals have been made to depend on a ministerial permit, application for which must be accompanied by the opinion of the works committee. Furthermore, before carrying out authorised reductions of personnel, the employer must consult the works committee regarding the choice of workers to be dismissed. The committee in its turn must publish a list of workers proposed in this connection, and they may submit their remarks to the committee before the latter takes a definite decision.<sup>2</sup>

In the coal mines, there is similar legal protection for employed workers.<sup>3</sup> The mines manager may proceed to dismissals only in

<sup>1</sup> Order No. 22100 U.M. of 20 July 1946.

<sup>2</sup> Order No. 460/1946 M.E.

<sup>3</sup> Order No. 48100/1946 Ip.M.

agreement with the chairman of the works committee and the chairman of the local branch of the trade union concerned.<sup>1</sup>

*Protection of Members*

Members of works committees are required to act as such during hours of work, and may not suffer through loss of salary or in any other way for this reason. In large undertakings it is provided that a number of the members, dependent on the size of the total personnel, shall be excused from taking part in production but shall retain their right to a wage which may not be less than that of the best paid grade of skilled worker. In undertakings employing between 300 and 800 persons, the chairman of the committee or his substitute benefits by this rule; the exemption applies to two members of the committee in undertakings with between 800 and 1,500 employees, three members in those with between 1,500 and 3,000, and five members where the undertaking employs over 3,000 persons.

Members of the committees may not be dismissed by reason of their activity as such, and this protection extends up to two years after expiry of their term of office. A member may only be dismissed for good reason, and objection may be lodged with the labour courts. In case of dismissals owing to reduced operation, a member of the works committee may only be laid off with the consent of the trade union concerned.

*Individual Disputes*

The works committee is competent for the informal settlement of individual disputes, supervision of discipline in the establishment, and application of penalties.

Workers are entitled to bring before the committee individual complaints concerning conditions of work. The employer also may submit cases of breach of discipline to the committee, which may take disciplinary measures after having heard the accused. The employer or his representative must be invited to take part in an advisory capacity at such hearings, which must be held outside hours of work. Committees with more than five members must establish a disciplinary sub-committee; appeals against the latter's decisions may be brought to the committee itself.

Disputes concerning the fixing of piece rates or similar questions are dealt with by the committee or a special sub-committee. If the committee cannot secure agreement, these matters may be referred

<sup>1</sup> All placing of workers, except agricultural workers and public officials, is in the hands of the trade unions, who may organise specialised employment offices in Budapest and joint employment offices in other parts of the country. Under Order of the Ministry of Industry No. 48400/1946 Ip.M. of 11 July 1946, issuing regulations under orders 6490/1945 M.E. and 3530/1946 M.E. concerning the organisation of trade union employment offices, a joint committee is to be established at each such office, composed of equal numbers of employers and workers (5-7 from each side) and a chairman selected by the committee or, failing agreement, appointed by the Minister of Industry. The Trade Union Council, through its employment section, supervises and directs all these offices and co-ordinates their activity. As a general rule an employer may only engage workers whose names are submitted by the trade union employment office. If he wishes to engage some other person he must submit an application with reasons accompanied by the opinion of the works committee. (*Magyar Közlöny*, 11 July 1946.)



to an arbitration board, unless a collective agreement otherwise provides; such boards are composed of one or two representatives of the employer and the staff respectively and a chairman selected by the members or, failing agreement, appointed by the competent factory inspector.

#### *National Arbitration Board*

Disputes between the employer and the works committee come before a National Arbitration Board, in cases where, for instance, a committee or its members have exceeded their powers or failed in their duty, or where an employer has prevented a committee or its members from performing their functions, or again where there is a difference of opinion between the parties concerning the methods of work of the committee.

Members of the National Arbitration Board are appointed on a joint basis, for one year, by the National Trade Union Federation (10 representatives) on the one hand and by the National Federation of Manufacturers and the National Handicrafts Centre (5 representatives each) on the other. The list of candidates must be submitted for approval to the Minister of Industry, who chooses the chairman and vice-chairman of the Board from persons not belonging to either of the two groups.

### COLLECTIVE AGREEMENTS

#### *Historical Review*

Since the close of hostilities various methods have been successively used to determine wages and other conditions of work.

During the period which immediately followed the end of hostilities, while the trade unions were only beginning to organise, wage rates were fixed by the Government (under a Decree dated 20 January 1945) on the basis of proposals submitted by boards established with this object in all the towns of the country.

Subsequently recourse was had to collective agreements in order to enable the parties concerned themselves to determine wage rates. However, the Government was still not able to rely fully on the trade unions, since their organisation was incomplete; provision was therefore made, in several decrees,<sup>1</sup> for the establishment of joint committees, composed of representatives of the employers' and workers' organisations concerned, with a view to negotiating and concluding collective agreements in the various industries.<sup>2</sup> In order to secure uniformity in the enforcement of the scheme, wages were regulated under the supervision of a National Wage-Fixing Board.

<sup>1</sup> Decree of the Minister of Industry No. 50775 of 13 March 1945 to regulate the wages of manual and non-manual workers employed in the Budapest area; Decree No. 55900 of 10 June 1945, replaced by Decree No. 59359 of 7 July 1945, to regulate the wages of workers employed outside Budapest; Decree No. 56100 of 20 June 1945 to regulate the wages of workers employed in the mines.

<sup>2</sup> The wages of agricultural workers are however not determined by collective agreements, of which there are none in this industry, but are still regulated by the provincial agricultural wage-fixing committees under the guidance of the National Agricultural Wage-Fixing Board. These joint bodies, composed of delegates of agricultural workers and employers, act under Decree No. 31374 of 1945 F.M., as amended and supplemented by Decrees No. 100100/1945 F.M. and 140600/1946 F.M.

Apart from its standardising function, this Board, established by Decree of 10 May 1945, was required to supervise enforcement of the scheme from the standpoint of the general interest. Nevertheless, owing to the steady depreciation of the currency, the wage rates laid down in collective agreements have been modified by Government decision only. The rise in prices was so rapid that adjustment of wages by amendment of the collective agreements was not practicable.

Finally, when the trade union movement had been fully established, the conclusion of collective agreements was entrusted directly to the workers' and employers' organisations concerned (Decree No. 490 of 16 January 1946). The trade union movement has in fact proved itself the mainspring of this scheme.

The central workers' and employers' organisations play an important part in wage-fixing under these conditions. They negotiate and conclude basic collective agreements containing general principles which must be observed in drafting special agreements for the different branches of industry. Subsequently, they approve the special agreements concluded by the workers' unions and employers' organisations concerned.

The National Wage-Fixing Board has been maintained. It has new powers and is in a certain sense superimposed on the bipartite wage-fixing system.

#### *National Wage-Fixing Board*

##### *Composition.*

The present composition of the National Wage-Fixing Board is determined by Decree No. 490 of 16 January 1946 as amended by Decree No. 8620/1946 M.E. of 28 July 1946.<sup>1</sup> The Board is composed of seven representatives of workers' organisations, appointed by the Trade Union Council, and seven representatives of employers' organisations, as follows: two appointed by the National Federation of Manufacturers, one by the National Industrial Union, two by the National Handicrafts Centre, one by the Association of Savings Funds and Banks, one by the Central Federation of Merchants. When dealing with a matter concerning a certain industry, the National Board may co-opt four members from the workers' and employers' organisations representing the industry in question and selected by the Board. The chairman and vice-chairman are appointed by the Government from among persons belonging to neither of the two groups.

##### *Functions.*

The functions of the National Wage-Fixing Board are: to review collective agreements; to decide questions on which the occupational organisations have not been able to agree; to decide disputed questions of principle concerning the application of collective agreements, which the parties have not been able to settle by negotiation and which have been submitted to the Board by the occupational organisations concerned; and to give opinions, at the request of the

<sup>1</sup> *Magyar Közlöny*, 28 July 1946.

Government or of Ministers, on any other questions relating to labour.

Furthermore, the Decree of 28 July 1946 gives the National Board in general and its chairman in particular a number of functions within the present collective agreements system.

### *The Present System*

Under the new scheme there are two kinds of collective agreements. Provision is made both for basic agreements and for special agreements in individual trades.

#### *Basic Collective Agreements.*

These determine the general principles which are to govern the conditions of work of employed persons. They are concluded between the National Trade Union Federation (Trade Union Council) on the one hand, and the National Federation of Employers, the National Handicrafts Centre or the Central Federation of Merchants on the other. Such basic agreements must be submitted to the Chairman of the National Wage-Fixing Board by the occupational organisations concerned.

Since the stabilisation of the currency, basic collective agreements have been concluded, in accordance with Order No. 8620/1946 M.E. of 28 July 1946, by the employers' and workers' organisations in industry, handicrafts and commerce. Their provisions must be observed when agreements are concluded in individual trades.

#### *Special Collective Agreements.*

The special agreements concluded for different trades must be based on the principles laid down in the basic agreements. The parties concerned in the negotiation and conclusion of special collective agreements are the relevant unions affiliated to the National Trade Union Federation on the one hand, and the employers' organisations on the other. Collective agreements thus concluded are submitted by them to their central bodies for approval. These must transmit the agreement within a week to the Chairman of the National Wage-Fixing Board, notifying him at the same time whether or not they accept it.

If the central bodies reject an agreement, or certain parts of it, or if the Chairman of the National Wage-Fixing Board considers that an agreement is illegal or constitutes a serious danger to the economic interests of the country, the National Board gives a ruling on the points in dispute. This ruling takes the place of the agreement, and must be published in the Official Gazette.

If the negotiations between the workers' and employers' organisations concerned, or between their central bodies, are not successful, the conditions of work of the employees of the trade in question are determined by the National Wage-Fixing Board; its ruling takes the place of a collective agreement and must be published in the Official Gazette.

### *Effects of Agreements*

The scope of the basic agreements extends throughout the country, whereas special agreements apply only to the territory defined therein. The National Wage-Fixing Board may, however, extend the scope of special agreements for the Budapest area to any other part of the country and determine the wage rate adjustments to be applied there.

Under Decrees of 16 January and 28 July 1946, the scope of any collective agreement extends to all workers belonging to the grades and occupations covered by it, and to all employers in the trade concerned, whether or not such workers or employers belong to the organisations which concluded the agreement.

### *Contents of Agreements*

During the inflation, the wage rates fixed by collective agreement were partly in cash and partly in kind. The volume of the payments in kind was fixed in view of the number of persons dependent on the worker. The type and quality of these payments (usually food, industrial products and clothing) were determined by the National Economic Council on the basis of proposals by a tripartite board composed of delegates of the Trade Union Council, the National Federation of Manufacturers and the Ministry of Industry.

After the currency stabilisation, brought about at the beginning of August 1946, payment in kind as part of ordinary remuneration was abolished by the Order of 28 July 1946. This Order, which is to a large extent identical with that of 16 January 1946, provides also that the wage rates fixed by collective agreements shall be considered as both minimum and maximum rates. Stipulation for or payment of wages above those laid down in the agreement is prohibited. The employer is also not permitted to provide the worker with any benefits of an economic value over and above the agreed wage rates, nor may he make any employed person an advance, loan, or other grant exceeding the equivalent of a week's wages, unless this is justified by some exceptional circumstance affecting the personal welfare or interest of the worker.

Wages are calculated according to output. Special attention is paid to piece-rate systems and bonuses, by means of which higher real wages and increased production are to be obtained. As the principle of the currency stabilisation scheme is to put into circulation only a relatively small volume of money, barely equivalent to the quantity of goods available, the resulting shortage of currency causes a fall in prices. To take account of this situation, wages are fixed rather low, but by general application of a progressive piece rate system, real wages now average 50 per cent. of real wages of the prewar period,<sup>1</sup> or, according to a later estimate, as much as 54.3 per cent. of real wages in 1938.<sup>2</sup>

### INDUSTRIAL PRODUCTION COMMITTEES

Collaboration between employers' and workers' occupational organisations is being rendered still more thorough by extension to

<sup>1</sup> *Neue Zürcher Zeitung* 15 Aug. 1946, No. 1443.

<sup>2</sup> *Journal de Genève*, 12 Sept. 1946, No. 214.



matters connected with industrial production. In order to secure an increase and a more rational organisation of industrial output, Decree No. 6540 of 9 June 1946 provides for the establishment of industrial production committees in different trades, under the guidance of an Industrial Production Council.

### *Composition*

Under Decree of 9 June 1946, the Minister of Industry is required to establish an industrial production committee in each branch of industry, or several committees if the importance of the branch or the co-existence of public and private establishments render such action necessary.

Each committee is composed of four persons, two representing the workers and two the employers. The chairman is appointed by the Minister of Industry after consultation with the Council of Industrial Production. The method of appointing members of the committees depends on the competence of the committee in question. In the case of a committee competent for private establishments in an industry, one of the workers' members is appointed by the Council of Trade Unions and the other by the individual union concerned; similarly one of the employers' members is appointed by the employers' central organisation and the other by the individual union.

As regards committees competent for establishments belonging to the State or to independent public corporations, the workers' members are appointed as described above, whereas the employers' members are appointed as follows: in the case of Government establishments, the competent Minister selects the employers' members; in the case of establishments belonging to municipalities, one of the employers' members is appointed by the elected town council or similar body, and the other is chosen by the head of the local administration from among his qualified officials; in the case of establishments belonging to smaller local authorities, both the employers' members are appointed by the local body. In agreement with the other members, the chairman may call upon one or several experts to be present at the meetings of the committee in an advisory capacity.

### *Functions*

The functions of the industrial production committees are as follows: to propose to the occupational organisations and the undertakings concerned the introduction of reforms relating to methods of work, manufacturing processes, standards of output and remuneration schemes; to compare the piece rates established in each undertaking; to decide whether such rates are fair and to order their amendment if necessary; to determine such rates if none have been established, taking account of local conditions of production; to supervise their practical application; to supervise methods of work, processes of manufacture and systems of remuneration; and to submit matters of general importance to the Industrial Production Council for decision. All parties are required to give the committee any information necessary for the performance of its duties.

Appeal may be made to the Industrial Production Council against the decisions of these committees. Such appeals may be notified

immediately by members of committees (provided they have not voted in favour of the decision in question) or within a week by the employers or workers concerned or their organisations. Enforcement of decisions is suspended on appeal, except when this is made by an occupational organisation. Where there is good reason, however, the committee may order a given decision to be enforced at once or within a specified period.

Decisions of committees against which no appeal has been brought have legal force, and employers and workers as well as their local organs (the works committees) must act in conformity with them. The Decree provides for penal sanctions to ensure respect for such decisions.

### *Industrial Production Council*

This is the organ responsible for the guidance and supervision of the industrial production committees. It was established to co-ordinate their work and act also as an appeals court; its decisions have the force of law.

The Industrial Production Council is composed of a chairman and his substitutes and seven members appointed by the Government. The members are proposed by the following institutions and organisations: one by the Minister of Industry, two by the Trade Union Council, two by the National Federation of Manufacturers, one by the National Handicrafts Centre, one by the Reparations Office. Experts attending in an advisory capacity may be added to the Council, and the Chairman of the National Wage-Fixing Board is also present at its meetings in an advisory capacity.

### STRUCTURAL REFORMS

The occupational organisations have also played their part in the structural reforms already accomplished or in the course of introduction. This collaboration has extended both to putting the reforms into practice and to arranging for production within the framework of the new schemes. The most important structural changes are the agrarian reform and the nationalisation of certain key industries.

### *The Agrarian Reform*

Under the Decree of 15 March 1945 converted into Act VI of 1945, providing for the abolition of large estates and the granting of land to the agricultural population, the land for distribution is obtained from confiscated and expropriated properties.

The groups of persons whose estates are confiscated are enumerated in the Act, which then provides that medium sized estates exceeding (roughly) 140 acres<sup>1</sup> are subject to expropriation, though proprietors in these cases may retain 140 acres each. Estates with an area of over 1,400 acres must be completely expropriated, as must all land belonging to commercial companies, works pension funds and social insurance institutions, whatever the area. The Act exempts from expropriation the property, not exceeding 280 acres,

<sup>1</sup> 100 Hungarian acres, or 56 hectares.

of any person coming from a family of small-holders whose principal occupation is agriculture.

All stock—live or other—and farm buildings share the fate of the land to which they belong, the proprietor being entitled to retain only what is indispensable for the cultivation of the area left in his possession. Where the distribution of plant, machines and buildings belonging to a dismembered estate would not be conducive to efficient production, such plant, etc., must be handed over to the agricultural co-operatives which the new proprietors will establish, and which will be regulated by the Minister of Agriculture.

The area of land which may be granted to any one person may not exceed that which a peasant family can work with its own labour. This area must be determined in view of the situation and quality of the land for division, but in any case fields and meadows granted to a single person may not exceed 25 acres, and market gardens and vineyards 4.2 acres.

The beneficiaries of the reform are, first of all, farm hands and agricultural workers, and secondly the smallest small-holders.

Expropriated persons are, in principle, entitled to compensation, and the beneficiaries of the reform are required to pay a purchase price. Where the beneficiary is a former small-holder, 10 per cent. of the price must be paid when he takes possession of his new land, the remainder being due in ten equal annual instalments. If the holder is a farm hand or landless agricultural labourer, the purchase price is payable in twenty annual instalments, the first of which may be postponed until not more than three years from the date of entry into possession.

#### *Trade Union Collaboration.*

The application of the Agrarian Reform was entrusted to representative bodies. In each locality where applicants for land were to be found, a local applicants' committee had to be established, composed of between five and thirty members elected by the persons concerned at the rate of one for every twenty applicants. The duty of these Committees was to register the estates which might be used for distribution and the persons entitled to receive such land. They were also required to draw up plans of allotment and to collaborate in the actual distribution process.

The work of the local committees was supervised by the provincial land reform commissions composed of seven members; three of these, a judge, an engineer and an agricultural expert, were appointed by the Minister of Agriculture, two by the Agricultural Workers' Union, and two by the National Committee (a political body comprising the representatives of the five democratic parties which belonged to the National Independence Front). Each Commission sat at the provincial capital. The provincial commissions were empowered to approve the distribution plans drawn up by the local committees, to decide regarding confiscations, to supervise the technical and legal aspects of the distribution process, and to settle appeals brought against rulings of the local committees.

As a supreme authority, the reform operations are directed by the National Land Reform Council, the composition of which is almost identical with that of the provincial commissions.

#### *Nationalisation*

After the liberation, the political parties composing the Government coalition came to an agreement during 1945 as regards the nationalisation of key industries. Furthermore, the first General Assembly of Free Hungarian Trade Unions, meeting in Budapest on 2 December 1945, voted a resolution calling for the nationalisation of the coal mines as a first step in this direction, and subsequently for that of all large industrial undertakings employing over 1,000 persons, as well as electric power works and factories making agricultural machinery, whatever the size of their personnel.

Planned economy in industry was inaugurated by Act No. XIII of 1946 concerning the nationalisation of the coal mines. This first step will be followed up;<sup>1</sup> indeed, pending the execution of its programme, the Government has established, by Decree No. 5740 of 28 May 1946, a Raw Materials and Prices Office, one of the functions of which is to prepare for the extension of planned economy in the industrial field.

#### *Nationalisation of Coal Mines.*

The nationalisation of the coal mines was introduced by the Order of 20 December 1945<sup>2</sup> and completed by Act No. XIII of 1946. This latter measure annulled all privileges held by landowners with respect to underground coal deposits, without compensation. Coal mines and ancillary establishments, on the other hand, become State property with compensation for the owner. The importation of coal from abroad is placed under State control.

The Act provides for the establishment of arbitration boards for the settling of disputes regarding the separation of mines and ancillary establishments from plant to be left in the owner's hands. These boards are composed of a representative of the Minister of Industry and the mine-owner. The chairman is selected by these two members or, failing agreement, is appointed by the President of the Supreme Court from among recognised legal experts.

*Administration.* The property expropriated under the Coal Mines Act will be administered by a public corporation to be established by the Minister of Industry in agreement with the Minister of Finance. Meanwhile this property is brought together under the title: "Hungarian State Coal Mines", and administered by a central executive committee in virtue of Order No. 62400/1946.<sup>3</sup> The committee, which is composed of a chairman, two vice-chairmen, and six other members, is appointed by the Minister of Industry.

The Act provides that as from 1 July 1946, an amount equal to one per cent. of the gross receipts from the State mines shall be reserved for workers' welfare purposes after consultation with the National Council for the Coal Mines and the Trade Union Council.

<sup>1</sup> The next measure in this field, the nationalisation of electricity works, Act No. XX, providing for the nationalisation of the power-producing plant and long-distance electric power lines of certain electricity works, with other provisions regarding the production of electric power, was adopted in December 1946.

<sup>2</sup> Order No. 12200/45 M.E., providing for the assumption by the State of administration of the coal mines.

<sup>3</sup> Order No. 62400/1946 Ip.M., concerning the provisional administration of the Hungarian State Coal Mines, 29 Sept. 1946.



A part of this Fund is to be used to provide higher education for young persons of working class origin who have proved their fitness. Furthermore, the State will take action to ensure the recruitment and vocational training of persons to be employed on underground work.

*The National Council.* In order to ensure that the best technical and economic principles shall be followed in the industry, the Act provides also for the establishment of a National Council for the Coal Mines.

This body, of which the Minister of Industry or his representative acts as chairman, is composed of representatives of the public departments and institutions and of the occupational organisations concerned. The Council is required to give its opinion on any matter submitted to it by the Minister.

### CONCLUSION

The above analysis of recent legislation justifies the following conclusions regarding the present position of the trade unions in Hungary.

The first characteristic of the reorganised labour movement is its structural unity. The basic trade organisations are formed into national unions, with local branches throughout the country, and these national unions together constitute the Trade Union Council.

A second characteristic is the centralisation of the movement. The Trade Union Council exercises supervision over the national bodies on which such new institutions as the National Arbitration Board, the Council of Industrial Production, and the National Wage-Fixing Board depend. The influence thus exerted by the employers' and workers' central trade organisations is particularly striking in the conclusion of collective agreements. First of all, the Trade Union Council concludes basic agreements with the central employers' organisations and the stipulations thus made must be observed in the special agreements for individual trades; next the employers' and workers' unions must refer back to their central organisations, for approval, the special agreements at which they have arrived.

In this way the trade union movement can now participate, through its representatives, in the solution of social and economic problems at the plant, industry and national levels. At the plant level, as has been seen, the works committees are competent to deal with all questions concerning conditions of work and the rational organisation of production; at the industry level, in the same way, the industrial production committees are required to propose to managements and unions the introduction of reforms in methods of work, manufacturing processes, output standards and remuneration schemes; and at the national level, such central bodies as the National Council of Industrial Production, the National Wage-Fixing Board, and—under the first nationalisation measures—the National Council for the Coal Mines either regulate or direct the regulation of social and economic affairs.

## Social Insurance in the Soviet Union

*Social insurance in Russia goes back to 1912, when compulsory insurance against sickness and employment injury was introduced. The post-revolutionary scheme dates from 1922, and acquired its present structure and comprehensive scope in 1933. The changes effected in subsequent years have been of relatively small importance apart from the introduction of family allowances—for very large families in 1936 and for families of moderate size in 1944.*

*A study of Soviet legislation governing social insurance, and of the results achieved up to the end of the year 1933, was prepared by the International Labour Office for inclusion in an international survey of social services made at the request of the Governing Body in 1936.<sup>1</sup> In 1933 began a new stage in the development of Russian social insurance, coinciding with the operation of the second Five-Year Plan; an article on the working of social insurance in the Soviet Union during these five years appeared in the Review in 1938.<sup>2</sup>*

*In view of the general quickening of interest in social security plans during and since the late war, it is felt that the following summary of the working of social insurance in the Soviet Union to-day may be of interest to readers of the Review.*

*The article is based partly on official Soviet sources, partly on other published material.<sup>3</sup>*

The Russian social insurance scheme has a number of outstanding features which, until the last year or two, were to be found in it alone, but some of them have now been incorporated in other national schemes. Thus the Soviet scheme provides cash benefits and certain welfare services in kind, but not medical care, which is a free service furnished by the public health authorities. Liaison between the insurance scheme and the medical care service is maintained by local joint committees. The administration of the scheme is entrusted to the All-Russian trade unions of the different industrial branches and to their local organs. The cost of the scheme is entirely defrayed by contributions proportional to the gross wage bill of each establishment. Payment of contributions is effected, as a rule, by transfer from the bank account of the establishment to the account of the social insurance scheme at the time when the establishment draws cash from its account for the purpose of paying wages. The qualifying period for benefit is expressed in terms of duration of employment, and more particularly uninterrupted employment in

<sup>1</sup> *International Survey of Social Services, 1933*, Vol. 1, pp. 623-661. I.L.O. Studies and Reports, Series M, No. 13 (Geneva, 1936).

<sup>2</sup> Cf. *International Labour Review*, Vol. XXXVIII, No. 2, Aug. 1938, pp. 226-253: "Social Insurance in the U.S.S.R., 1933-1937".

<sup>3</sup> The following sources have been used: *Profesionalnye Soyuzy*, Nos. 1-2 (Moscow, 1946) *Sotsialni Revue*, Nos. 5-6, 7; "Socialni pojisteni v S.S.S.R.", by Dr. Ivan KOCHANOVSKOV (Ministerstvo Ochrany Prace a Socialni Peca, Prague, 1946); *The Work of the Trade Unions in the Field of Social Insurance of the Workers* (Publishing House of the All-Union Central Council of Trade Unions, Moscow, 1945); *Trud*, 10. Sept. 1946; *Spravochnik po Sotsialnomu Strakhovaniyu dlya F.Z.M.K.* (Profizdat, Moscow, 1940).