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PROBLEMS OF THE KAZINCBARCIKA PROJECT

Nepszava
Budapest, 3 Jun 1954

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Kazincbarcika, a recently unknown small town in the vicinity of Miskolc, is the site of one of Hungary's giant industrial project. Currently, a coal grader, a power plant, a coking plant, a chemical works, and a housing development are under construction. The ultimate capacity of the power plant may be estimated by the fact that the first machine unit, which will be placed in operation this year, will produce as much power as the Komlo and Maza power plants together. After completion the Kazincbarcika power plant will, therefore, be a key factor in Hungary's power supply.

The coking plant is designed to use the brown coal mined in the surrounding area for the production of coke and briquettes for household use and fuel gas for Miskolc and Kazincbarcika. It will supply the chemical works with large amounts of basic materials. Experiments are also being conducted for producing metallurgical coke from the local brown coal.

The focal point of the new industrial region will be the chemical works. Its chief product will be Pet salt, and production of this fertilizer is estimated as 1.5 million quintals per year.

The electric motors for the chemical works are being built by the Budapest Klement Gottwald Electric Works and the equipment for the gasworks by the Gyor Wilhelm Pieck Railroad Car and Machine Works. One of the most important components of the chemical works will be the 350-atmosphere, 10,000-cubic meter compressor, which is under construction in Budapest at the MAVAG (Magyar Allami Vas-, Acél- és Gépgyar, Hungarian State Iron, Steel, and Machine Works). Work on this compressor, however, has been lagging for a long time; after delivery installation will require 4-5 months.

Tardiness in the production of equipment components is frequently due to the fact that the raw materials and semifinished products have to be sent through a chain of enterprises until the finished product is completed.

Other important defects are manpower shortage and poor organization of the building industry. The Borsodi Ipari Troszt (Borsod Industrial Trust) has contracts with the construction enterprises of the Ministry of Building. These enterprises not only failed to fulfill their relatively small plans for the first quarter of 1954, but even announced in advance that their second quarter plans will not be fulfilled. The slowing down in construction activity is due mainly to manpower shortage which, in turn, is the result of low wages as compared with those paid in mining and agriculture. The low level of wages, despite a 10 percent incentive premium, is due to poor management and serious shortcomings in labor organization. The construction trusts which are building the Kazincbarcika project are directed by remote control. From time to time, officials of the ministry visit the building site in an effort to coordinate the various contractors and subcontractors, usually with little success.

Poor coordination of the construction trusts and enterprises is not the only problem, however. The situation is similar in the Ministry of Heavy Industry, which has jurisdiction over building investments. As a result, construction activity at Kazincbarcika is directed by two central authorities, namely, the Borsodi Ipari Troszt and the Sajómenti Vegyiművek (Sajo Valley Chemical Works). The offices of these agencies are located on the same floor of the same building in Budapest; yet they communicate with one another by correspondence instead of making personal contact.

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The fact alone that this giant project is being directed from Budapest is unfortunate; however, direction by two independent agencies is definitely unsound, and detrimental to economic operations. Traveling expenses of the Borsodi Ipari Troszt during the last 4 months, for example, amounted to 91,000 forints. Also, dual jurisdiction often results in conflicting directives and instructions which unsettle orderly work.

A sound reorganization is, however, beginning to take shape. Next September, the Borsodi Vegyipari Kombinat (Borsod Combine of the Chemical Industry) will be organized with a more simple, efficient, and economic structure. Its main advantage will be that the majority of top-level personnel will move to Kazincbarcika to take charge of the construction of the project at the building site.

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