

## CENTRAL INTELLIGENCE AGENCY

## INFORMATION REPORT

This Document contains information affecting the National Defense of the United States, within the meaning of Title 18, Sections 793 and 794, of the U.S. Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law. The reproduction of this form is prohibited.

SECRET/CONTROL U.S. OFFICIALS ONLY

619379

25X1

COUNTRY	Hungary	REPORT	
SUBJECT	Production Difficulties	DATE DISTR.	7 May 1954
DATE OF INFO.		NO. OF PAGES	2
PLACE ACQUIRED		REQUIREMENT NO.	RD 25X1
		REFERENCES	

This is UNEVALUATED Information

THE SOURCE EVALUATIONS IN THIS REPORT ARE DEFINITIVE.  
THE APPRAISAL OF CONTENT IS TENTATIVE.  
(FOR KEY SEE REVERSE)

25X1

1. The continuing shortage of coal and electric current in Budapest has caused a big drop in production in the main factories, even in those possessing their own power supply and generating plant. These drops are particularly noteworthy in the factories which work in co-operation with other enterprises. Delivery of component parts is often delayed for days because of the coal shortage on the railroads.
2. To try to overcome these drops in production, a scheme of so-called "closed production processes" (zárt termelési folyamatok) has been introduced. To supplement this scheme, component parts are ordered in advance by telephone from factories co-operating in the manufacture of an article, electric current is "ordered" for a certain number of hours every day and the factory's workers are called out to do a special shift (day or night). In this way an increased rate of activity is possible when there is a plentiful supply of current; when current is in short supply, work is slackened off.
3. In January 1954, many workers were dismissed from factories and told to find jobs in agriculture, tractor stations, etc. Their work contracts were not terminated.
4. Those factories producing goods for export are given priority in supplies of electric current and material. Nevertheless, they are still falling behind in fulfilling their orders. In 1953 the MAVAG factory was 43 steam locomotives behind schedule in its production for the Soviet Union. This was due to the shortage of chrome metals.

SECRET/CONTROL U.S. OFFICIALS ONLY

25 YEAR RE-REVIEW

STATE	X	ARMY	X	NAVY	X	AIR	X	FBI		AEC									
-------	---	------	---	------	---	-----	---	-----	--	-----	--	--	--	--	--	--	--	--	--

(Note: Washington Distribution Indicated By "X"; Field Distribution By "#".)

SECRET/CONTROL U.S. OFFICIALS ONLY

-2-



5. To improve the speed of communications the dial telephone system is being extended. Individual factories working in co-operation are linked up by this means. As a result of this extension, there has been a marked decline in the number of telephones available for private subscribers.

SECRET/CONTROL U.S. OFFICIALS ONLY