CENTRAL INTELLIGENCE AGENCY

INFORMATION REPORT

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

1. Location.

a. Ghiurghiu-Dej shipyard (formerly Ganz Hajógyár) is located at 206 Váci-ut, Budapest XIII. 25X1

b. The site was flanked on the east by the Váci-ut, an arterial road. To the west was an arm of the Danube, divided from the main stream by Szunyog Island (Szunyog Sziget), on the northern part of which was the Meszhárt ship repair yard. The remainder of the island was occupied by week-end houses and a popular inn (Illik Halasz Csarda) at the southern tip of the island. To the north of the site, the approach bridge to the Ujpest railway bridge crosses over both the Váci-ut and the arm of the Danube to the island. At the southern-most point of the site there was a jetty for the ferry which carries visitors across to the island. The site was divided into two parts. The larger part (#2 on the sketch) was the yard and premises of the shipyard, while the southern part of the site (#3 on the sketch) was the crane factory. 25X1

2. Production.

a. The range of production was as follows:

(1.) Ocean-going cargo vessels of 1,150 tons. No ships of any kind other than these are built.

(2.) The ship bodies of floating cranes and components of bridge cranes.

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(NOTE: Washington distribution indicated by "X"; Field distribution by "#".)

(3.) Castings of all kinds ordered by concerns all over the country, particularly castings of cylinders for marine and railway Diesel engines.

(4.) Tanks for tank cars and other vehicles transporting or storing oil, petroleum, and other liquids.

b. No details of the productive capacity of the plant can be given, but current production both of the shipbuilding shops and of the foundry was believed to be well above normal capacity.

c. A precise breakdown of current production cannot be given, but it was known that the value of total production (shipyard, components for cranes, foundry and tanks) in summer 1953 was 336 m. forints a year. Half of this value, i.e. 168 m. forints, came from shipbuilding. As the "plan price" of this type of vessel was 14m. forints, the annual production at the current rate of manufacture would be 12 ships. However, this rate of production was reached only recently and was well above past production. It was the result of the introduction of higher norms, productivity competitions, intensive productivity drives, ruthless exploitation of labor, and of lowering the quality of both materials and workmanship (more unskilled men doing the job of experts).

d. In September 1953 the immediate aim was to produce at least 12 vessels per year and at the same time to increase the production of components for cranes and foundry products. A Hungarian delegation was sent to Gdansk to study Polish shipbuilding methods. On their return, several of the delegates stated how impressed the delegation had been; in "one of the yards" 5,000 to 6,000-ton standard type vessels were being produced in a series and by "continuous flow" manufacturing methods.

e. A breakdown of past production cannot be given, but four or five years ago, ships of 1,150 tons were taking three to four months to build, whereas now similar ships are being completed in 30 to 35 working days. Shipyard facilities and plant capacity were the same at that time, but the quality of materials and workmanship was superior.

f. There were no production priorities. Ships and cranes were considered important for the fulfilment of export commitments, while the foundry served a large number of Hungarian enterprises and was the most important foundry in the country.

3. Materials.

a. The sources of materials were as follows:

Loerinci Rolling Works	Plates
Diósgyoer Iron Works Ozdi Iron Works, Ozd	Rolled steel, sections, etc.
Láng Machine Factory	Ship's engines (motors)
Vafém	Scrap
Argi Depots	Coke (imported)

Industrial Chain Factory (Ipari Láncgyár)	Anchor chain cables
Ganz Electrotechnical Factory (Villamossági Gyár)	Electrical equipment
Elektroimpex) Nikex)	Nautical instruments
The Screw and Bolt Factory (Csavarárúgyár)	Ship rivets, screws
Steel Wire and Cable Factory (Acéldrót- és Sodronykoetélgyár)	Steel cables
Kontakta	Electric switches
Rákosi Mátyás Trust, Welding Electrodes Factory (Rákosi Mátyás Elektrodagyár)	Welding rods
Small Pumps Factory (Kisszivattyúgyár)	Pumps
The Vehicle Equipment Factory (Jármuefelszerelések Gyara)	Door handles and other fittings

b. The following deficiencies of materials were in evidence:

(1.) Plates were frequently stratified and not uniform in composition. These faults were discovered only when welding or bending operations were in progress.

(2.) Anchor chain cables were made of material below international standard.

(3.) Welding wire was of unsatisfactory composition and the coating was of poor quality. Consequently, the weldings were porous and did not amalgamate properly with the material of the plates.

4. Customers.

a. The whole production of ocean-going freighters of 1,150 tons were exported to the USSR; at the current rate of production this was 12 units per year. Since the end of World War II, 48 of these vessels had been delivered of which 42 or 45 were under reparations, and the rest under a trade agreement. The commercial side of the transactions was handled by Nikex (the Hungarian foreign trade organization for products from heavy industries) and Stanko Impex (sic) a Soviet enterprise.

b. Internal consignees were as follows:

(1.) Darugyár (crane factory)	Ship bodies for floating cranes of 100 tons, 50 tons, 10 tons and 5 tons capacity, as well as components of bridge cranes.
(2) Ganz Railroad Car and Machine Factory (Ganz Vagón es Gépgyár)	Castings of cylinders for the Jendrassik marine and railroad Diesel engines. This was the chief line produced by the foundry.

(3.) Various Hungarian engineering works — Castings of all kinds.

5. Incoming materials were transported by rail and truck. Outgoing products were transported as follows:

a. Completed ships by water.

b. Castings by rail and truck.

6. The shipyard used electric power only, which was obtained from the national grid; there was no alternative source of power in an emergency. Power consumption data are not known.

7. Labor.

The total number of employees was 2,200, including 300-350 women. Work was in three full-strength eight-hour shifts each 24 hours, with six working days a week, less the usual rest days as in all other industries. Of the manual workers, only about 35-40% were skilled. The general standard of efficiency among the skilled workers was low and there were not enough of them. The availability of labor was unsatisfactory. There was a permanent lack of welders and boilermakers. The men disliked working at the shipyard because the work was hard, the manufacturing methods not mechanized, everything had to be done by physical labor, and the tools were antiquated. In May and June 1953, there were two fatal casualties while welding; both were due to the worn out and antiquated welding equipment. The workers lived at Ujpest, Rákospalota, and in the 13th district of Budapest. Transportation to work was by streetcar and train.

8. Machinery.

a. The following machinery and equipment was available:

Lathes of large size	number not known
Planing machines of large size	number not known
Large drilling machines	number not known
A minimum of 150 welding machines	
Plate-bending machines and moulds	number not known
Two or three Cupola furnaces	
Moulding installations	number not known
1 sand mixer	
Manual tools used in shipbuilding, i.e. pneumatic rivet hammers, drills, and cutting tools	number not known

The efficiency of the equipment was low; machine tools were very old and in insufficient numbers.

b. The shipyard had a test room with non-automatic air conditioning. There was also a Mark Siemens M (mobile)III X-ray testing apparatus for controlling weldings. This equipment was of old design and too heavy and cumbersome for efficient working.

c. Internal transport and mechanical handling was by cranes, tractor-drawn cars (with rubber tires) and railway freight cars. The latter traveled on standard-gauge track system of the works' railway siding.

9. Quality and Quantity Control.

a. The methods used for controlling quantity in the shipbuilding industry were different from those in other industries. Operations were directed by means of a dispatcher network, but its organization is not known.

b. Quality control was at a low level of efficiency. The staff of inspectors consisted of 92 persons, more than half of whom were not experts.

c. Assembly was slowed down by numerous deficiencies in quality of the components produced by the various shops and the work turned out was substandard. Moreover, work in general was slipshod and negligent because too many of the workers were non-skilled and underpaid, particularly the welders. They worked too quickly; their only aim was to increase their wages. The high percentage of rejects in the production of castings for Diesel engines, up to 70-90%, was an example of the bad work turned out.

10. Bottlenecks.

a. Serious bottlenecks known to have occurred in the past were the following:

(1.) Shortage of plates

(2.) Shortage and poor quality of welding rods

(3.) Shortage of labor

(4.) Lack of nautical instruments

(5.) Poor quality of electric switches

b. Serious bottlenecks affecting production in September 1953 were the following:

(1.) Poor quality of welding rods

(2.) Low standard of craftmanship among personnel

(3.) Bad work owing to general fear among the workers of being subjected to investigation by the political police for suspected sabotage.

c. A serious bottleneck for the whole concern would result if the foundry, the machine-tool shop, or the slipway were damaged. If the foundry were unable to operate, a serious bottleneck in other industrial concerns who depended on the shipyard for their supplies of castings would result.

11. Security.

The site and premises were not protected by armed guards. There was only an organization of the works' fire brigade and civil guards, who wore arm badges and who were on duty by day and by night.

12. Organization.

The general organization of the shipyard was similar to that of other large industrial plants in Hungary. It was subordinate to the Shipbuilding Industry Trust in the Ministry for Metallurgy and Mechanical Industry. The shipyard

had under it two small ship-repair yards, the Iszer Workshop (Iszer Telep) and the Lacskovic Workshop (Lacskovic Telep). Both are small yards located on Szunyog Island facing the shipyard; they engaged in minor repair jobs. There was a larger repair yard on the island which was not subordinated either to the shipyard or to the Shipbuilding Trust. It was believed to be a repair shop of the former MFTR (Hungarian River and Ocean Shipping Company, now Meszhárt), where maintenance of ships was carried out.

13. The identities of executive personnel were as follows:

Director: Ferenc Györgyi, engineer

Chief engineer: Pál (fnu), who had held the position for four or five years, was believed to be an expert in ship building.

Legend to the enclosed sketch-map of the Ganz Shipyard.

1. Váci-ut (main thoroughfare)
2. Gheorghiu-Dej Shipyard
3. Crane Factory
4. Main entrance to the shipyard
5. Entrance to the crane factory
6. Main gate to the crane factory
7. and 8. Jetties for the ferry
9. Ilik Halász Csárda, an inn
10. Works railway siding
11. Electric streetcar
12. Terminal of the streetcar
13. Ujpest railway bridge
14. Lock
15. Approach railway bridge across the road and the arm of the Danube
16. Danube
17. Arm of Danube on opposite (western) bank
18. Arm of Danube, along which the slipways of the shipyard are located
19. Szunyogsziget or Népsziget (alternative names by which the island is known)
20. Ship repair yards which do not belong to the shipyard.

Annex: Sketch-map of the Gheorghiu-Dej Shipyard in Budapest (1 page)

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Annex: The Gheorghiu-Dej (Ganz) Shipyard, Budapest