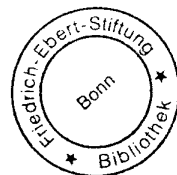


**SZEF-BOOKS**

**CONDITIONS IN THE PUBLIC  
SERVICE IN HUNGARY**

**A 98 - 07263**



**SZEF PUBLISHING HOUSE  
BUDAPEST 1997**

## Conditions in the public service must be palpably improved

*Verbal contribution by Dr. Endre Szabó,  
President of the Forum for the  
Co-operation of Trade Unions (SZEZ)  
at the session of the Federal Council  
of SZEZ on June 17th, 1997.*

The documents sent out to the participants in advance make it possible to cut my verbal contribution short. I am going to deal with three subjects only.

### *Structural Reform – with tensions*

First of these is the question: *how should one judge the structural reform up to now?* The Ministry of Finance has recently drawn up an evaluation of the experiences about the reform till now. The Ministry is of the view that steps taken up to now have brought about considerable results. Many others say, however, that the course effected under the pretext of reform cannot be rated as reform (excluding probably the example of legal administration). These are merely government measures aimed at budgetary savings and monetary curtailment. Such measures have really produced results as regards GDP-ratios, but their professional, qualitative and social effect has generated tension rather than initiate and stimulate positive trends.

**Editor:** **Mr. Gábor Szathmári**

**Published by:** Forum for the Co-operation of Trade Unions (SZEZ)  
H-1088 Budapest, Puskin u. 4.  
Hungary  
Telephone: (36-1) 138-2651  
Telefax: (36-1) 118-7360

**Senior Publisher:** **Dr. Endre Szabó**  
President of the Forum for the Co-operation of  
Trade Unions

**Printed by:** ETO-Print Printing House Ltd.

**Responsible director:** **Mr. Mihály Balogh**

The opinion of SZEZ stands close to the aforesaid one. I emphasise, in order to avoid misunderstandings, that we do not oppose reforms. We have realised from the very beginning that profound social and economic transformation cannot leave the function and role of the state, the structure and operation of public finances and the huge social safety nets untouched. We were fully aware of the fact that steps necessary for the reform will hurt interests and will negatively concern vested rights as regards both employees in the public sector and certain social groups. We are convinced, however, that *genuine reforms cannot be narrowed down to the saving of costs and labour power*. The aim is a much more complex one. That's why we have insisted upon the elaboration and adoption of a comprehensive and consistent reform-concept. This could have made respective steps more concerted and supported from the professional and social points of view. It would have been less necessary or unnecessary for the government to amend or withdraw certain measures soon after their adoption, because of decision of the Constitutional Court or social opposition. This has caused the government a significant loss of prestige.

The aforesaid is an important lesson from the past. It is worthy of attention for the present time and in the future too. It is known that Parliament will soon deal with very significant bills as regards public finances and society. It is enough to refer to legal enactments concerning pensions, social security, health care, legal administration and various sectors of culture. Actually it is only now that the implementation of the recently enacted Education Law and the National Basic Curriculum of Studies begins. The reform of public administration is approaching, too.

It is our firm opinion that each and every reform and change counting upon success must fulfil at least two preconditions. The first is the dialogue with all those concerned, their inclusion into

the preparation and implementation of decisions, as well as the listening to and considering the opinion of civil and professional interest organisations. The other and not less important precondition is the assuring of minimal financial resources necessary for the implementation of decisions. It must be understood that *reforms quite often need advance investments instead of restrictions, in order to make these reforms really successful* and to expect rational savings from them at a later stage. In case this is ignored, even correct and justified efforts will often miscarry. It would be good if we could assert this conception jointly with the government in the future.

### *The general state of the public sector*

The second question I wish to touch upon briefly is the state of the public sector. Wages have been characterised by extremely bad tendencies for a long time. We did not succeed in changing this during the past two years. Apart from certain groups with relatively small permanent staff – judges, lawyers, officials with high education in public administration etc. – the significant deterioration of the buying-power of wages has continued. Wages increasingly lag behind not only in comparison to the private sector but other civil and professional groups too. All this happened in spite of the fact that at the beginning of 1996 we signed a wage-agreement and a comprehensive three-year agreement with the government. These envisaged identical increase of wages both in the private and the public sector, or rather maximum 2 per cent decrease of real wages. *These agreements have not been realised*, though the government fulfilled its obligations linked up to the pay-scale. It made efforts by supplementary interventions up to the total value of ten billion forints to improve the situation. The question presents itself: who is responsible? The government – not without foundation –

made the local self-governments responsible. We also criticise the behaviour of self-governments; even the money freed by dismissals was not used to increase wages. The representatives of local self-governments, who did not sign the agreement as they regarded its provisions unrealisable, shifted responsibility upon the central government. Dispute about responsibility has not come to an end till now. One thing is definitely sure: *Employees of the public services and public administration are the losers!*

SZEF holds that the core of the problem lies in the insufficiency of financial sources and inadequacy of the financing system. The latter divides financial obligations between the central and local governments in an ambiguous, untraceable way. It ensures rather free and wide elbow-room for the local self-governments to increase the salary of civil servants and public officials. The same applies more or less to the National Health Insurance Fund too.

This year the government accepted our proposal that by raising high the obligatory grades of the pay-scale, a firmer guarantee could be established to avoid the recurrence of the situation of last year, when the scale of actual wage-increase deviated considerably from that fixed in the agreement. In our opinion, however, *only the augmentation of central sources for salary-increase and the radical overhaul of financing methods can bring about a real solution.* Financing, on one side, must give clear answer to the question: who is the employer, who is responsible for wage-increase in the public sector. On the other side, who provides financial guarantee to implement salary-increase decisions to the full. We know that the modification of the system of financing is not simply a legal and financial matter. It is a sensitive political issue too. It is unnecessary to emphasise in this circle that the untenable wage-conditions in the public sector are just as a delicate social issue! The government must

first and foremost undertake initiatives and fight for a solution. It can count upon our full support in this.

No doubt, salaries are the most important – but not the only! – determinant of the conditions and general feeling of employees. *The legal orderliness and practical assertion of civil servant – public official status is very important.* Transformation has produced numerous unfavourable circumstances in this field too. Laws concerning the status of civil servants and public officials have in many cases been changed in an unfavourable direction. The guarantees of legal protection of employees have become weaker. Possibilities to receive allowances over basic salaries have also changed, as well as the guarantees of employment and the conditions of dismissal. This has made lay-off easier.

Significant labour-force reductions have taken place. 40–50 thousand places of work have ceased during the past two years only. Many others have lost their civil servant status just because of some reorganisation. Funds for material expenditure have decreased in real value even faster than salaries. This affects labour conditions very seriously in many institutions.

The aforesaid trend exercises an unfavourable influence upon employees in the public sector. Damocles' sword has been hanging above their head since years. Their needy circumstances combined with *uncertainty of existence* cause serious harm in their work, as well as in their health-, psychological and moral condition. Their judgement by the public gets worse and worse, as the citizens quite often hold them responsible for the deterioration of the level of public service. Although they are not the cause but the direct sufferers of the situation.

When we say this, we do not intend to evoke mood nor encourage demagogic efforts. This has never been characteristic

of SZEf. We only want to draw attention to the seriousness of the situation and *the need for urgent change*. We are convinced that *the reserves of institutions in the public sector have been exhausted. Financial policy appealing to these and enforcing such a situation must not be continued*. This policy imperils the existence of public institutions. It is a source for cautious optimism that in their weaker moments even responsible officials of finances admit this, though their concrete proposals do not reflect this yet.

What could be the way out of the present situation? First, it has to be recognised and acknowledged that *the consolidation and stabilisation of the conditions prevailing in the public service cannot be postponed any further*. We know that this cannot be achieved from one day to the other, but it has to be started and continued consequently. Manifold steps are needed. The practice of West-European countries offers examples and solutions. Salaries there in public services cannot compete with those in the private sector either, but disproportionately high differences, similar to ours, do not exist. They use various auxiliary and compensation measures in order to make the public sector attractive for well-prepared and highly educated professionals, too. A manifold way of thinking is needed in Hungary, too.

As regards the tasks of the near future, SZEf proposes the following:

*Firstly:* Tangible steps should be taken next year in order to slow down the lagging behind of wages in the public sector. The scale of real-income increase should exceed the upper limit of wage-increases offered to the private economy.

*Secondly:* The government should clarify what steps it intends to take in the field of various networks (health, education,

culture, public administration, law and order etc.) to liquidate long-standing crisis-symptoms and the feeling of uncertainty of employees, to improve the conditions of their work.

*Thirdly:* We should urgently elaborate the concept of the law on public service. This should include the comprehensive revision and amendment of laws and regulations on employment and labour questions. The aim is to bring about provision of law and guarantees unambiguously defining public service status and in case certain professional requirements are met, increase the security of employment and make a calculable promotion possible. These measures should shape the rights of employees and trade unions to Western norms and, last but not least, should open the way for regulations adjusted to the peculiarities of public service, mainly in questions of employment and social security.

*Fourthly:* It should not be forgotten that in case the permanence of economic growth will prove true, a „new deal” of society on priorities will become necessary.

*Fifthly:* Not only income conditions of active life but also the level of pensions reflect the handicap of the public sector. This stems from wage-ratio on one side and the present pension system on the other. SZEf has supported pension reform. The weight of contribution and the number of years of work should increase as regards the level of pensions. The present drastic digression should stop and the keeping of personal account should be made possible. We have firmly demanded that the new pension law make it possible for employers to execute excess payment on the private pension account of their employees. In case the new pension law will be enacted, the government should declare officially that it will avail itself of this possibility to the benefit of employees in the public sector.

*Sixthly:* SZEf is not opposed to transforming the preferential system of the National Holiday Fund. It is, however, opposed to any step which would worsen further the already very narrow possibilities of public service employees to get hold of preferential holidays. This would bring about new tensions among various groups of employees along the line of the readiness of their employers to contribute to holiday costs.

One can almost hear the scream of certain circles "fearing for the future", as they get acquainted with our proposals. One can hear their anxiety about inflation and that we want to usurp possibilities before the elections in a blackmailing way. We send them this message: The income of public service employees, very often near subsistence level, has not been the main generator of inflation hitherto either! Improving the conditions in public service endangers neither economic growth nor social consolidation. On the contrary: it is a precondition of the normal functioning of society, the betterment of the quality of life. This is in the interest of all of us, irrespective of when are we going to elect members of parliament and local government. Employees of the public sector have for many years borne their unsatisfactory living conditions with patience and understanding towards the problems of the country. Living conditions have deteriorated seriously since the change of system. Nobody has the right – and it would not be advisable either – to abuse this continuously.

### *Trade Union rights curtailed*

I wish to speak about interest reconciliation and SZEf itself as my third topic.

Like the country as a whole, interest reconciliation has also gone through a deep crisis during the past years. No doubt, an

important role has been played in this by factors derived from transition to capitalism, from objective consequences of a tragic economic situation. Frankly speaking, however, these circumstances have till recently been overdimensioned in the course of interest reconciliation, in governmental and political conception and behaviour. Consequently, trade union and employees' rights have been unjustifiably and seriously curtailed in the process of law-making. Negotiations on certain issues often got stranded even then when not the lack of elbow-room but unwarranted seclusion-reflexes were the real cause.

One can experience positive signs for some time. The series of consultations about the new pension law are a good example. There are other examples too. One cannot say, however, that these positive examples are overwhelming and predominant. We could enumerate many examples to this end. Let me mention only one: The draft-text of the new Constitution reads – among others – that it should be made possible to prohibit the right to organise in certain civil areas of the public sector too. What can one say to this? Long live our approach to the European Union! Progressive forces of government and the social partners must unite forces in order to have meaningful dialogue. Readiness for consensus should manifest itself not only in words but in deeds too.

SZEf was one of the initiators of the renewal of interest reconciliation. We made proposals in this direction. We showed an example too, when we signed the three-year agreement though we had known that its implementation would not take place without dispute and fight. Time is a witness to this. In spite of difficulties during the past two years, SZEf has not given up its basic values.

We did not take part in the shameful and harmful squabble of certain political forces, but we let our voice be heard in every

important issue concerning employees and the public sector. Our published background document proves this.

We did not commit ourselves to any party. We did not strike a political bargain; there is no reason to argue about this. We were open to initiatives taken toward us. With the approach of elections, however, we shall have to cast an account on the basis of strict facts. Which political party showed understanding as regards our proposals? From where could we have experienced most support for our efforts? And vice-versa: which parties did not even deem us worthy of an answer? Obviously, tit for tat!

We did not give up our behaviour of responsibility and self-restraint, though this implied awful disputes and sometimes, no doubt, the decrease of our support.

In spite of a lot of difficulties we did not give up the readiness to be correct partners of the present government and reach agreement in questions of mutual interest. It is difficult to understand why did some ministries reject our proposals concerning the amendment of the law on public administration. We had wanted to include into the amendment that the aim of interest reconciliation was to reach agreement. Frankly speaking, when the process of interest reconciliation seemed to run into failure, the personal assistance of the Prime Minister helped us find a way out of the crisis. I would like to thank him for having done so, wishing him God speed in maintaining this good habit of his.

We do not enter into a debate about which confederation is the largest or the strongest. We urge instead the unification of forces in the interest of employees.

We have paid more attention than before to the building-up of the organisational basis of our Forum. We have supported and

will continue to support and to initiate the work of our confederations in the counties, the strengthening of solidarity among our affiliated organisations, which should hold together. This is the only chance to enhance effectiveness of interest reconciliation. This is well known to those too, who are unhappy to witness the joining of forces of the trade unions. They constantly try – often with attractive albeit misleading arguments – to drive a wedge between various professional groups of the public sector. We must not permit this!

There are two very difficult years behind us. There are many things we were not able to ward off. There are many things we could not achieve though we would have liked to. We do not have to feel ashamed either. We worked, argued and fought honestly, persistently and resolutely. We demonstrated, if we deemed it necessary. We drew the attention of political and governmental forces to problems awaiting urgent solution. We reminded them of their responsibility. This is what we shall have to do in the future too. More firmly and consequently, if possible. Challenges before the public sector have not come to an end yet! We have to trust in the strength of our unity. We would like to believe in a more balanced governmental policy less burdened by constraints. We would like to believe in a better understanding of problems in the public sector. We have to get prepared for the election of staff councils next year. This requires that SZEF and its affiliate organisations pay special attention to improving the conditions of local trade union work. Hungary's joining the European Union will mean a new and important task for us too. This requires a manifold preparation in the course of which the importance of nurturing and developing our international relations will grow.

I thank everybody for the work during the past years. I wish all of us more bearable years.

**Dr. Judit Gulyás**

*President of the Democratic Union of the Workers in  
Public Health (EDDSZ):*

## **Health-Care and Social Workers are at the Mercy of the Situation**

Honourable Prime Minister!  
Dear colleagues!

I say on behalf of the Democratic Union of the Workers in Public Health –EDDSZ) that the Prime Minister knows social- and health care almost “from inside”. EDDSZ appreciates highly the attention he pays to us. We acknowledge with thanks that on several occasions he personally helped our work and policy to reach agreement.

It is my duty to declare now: as a consequence of the structural reform, serious tension has come about in the health-care and social fields. Workers and patients feel only negative consequences of transformation. With us reform first of all means reduction of expenditure, cutting down the number of hospital-beds without savings. According to official data the buying power of money spent on health-care dropped by fifty per cent in five years. The budget of social insurance is chronically sick and had been under-planned; a supplementary budget is unavoidable. Even the distribution of this money is incidental, incalculable and changes unplanned month by month, because of the system of social security financing. It is a trade union indeed which can conclude an agreement on pay in a situation when here there is someone financing – but covers the costs of operation only – and

somebody else is the owner, not interested in the state of salaries and staff numbers, and has no money for development. Real income dropped by 8.4 per cent and the number of employees by 4.3 per cent in the social sector last year. No wonder if 25 per cent nurses and other professional workers are missing in hospitals. The law prescribes a surplus and not a shortage as regards professional-, staff- and technical conditions of health-care. Sorry to say, legislative intentions do not meet with facts and plans.

It is positive development that guide numbers of professional staff will be regarded as a norm in the future. Implementation, however, is postponed from 1998 to after the turn of the millennium. According to an assessment of the Ministry, the degree of staff-supply in social homes and welfare centres is 30–70 per cent at present. This segment is at the last place as far as incomes within the public service are concerned.

Chronically low income is the price for the security of public official status. This security got threatened during the past two years. The random and incidental way of privatisation, dictated by lobby-interests, left health-care and social workers at the mercy of the situation. Stabilisation is a necessity. We don't need answers from certain decision-making circles: “Privatisation will solve income-problems too.” EDDSZ does not accept this as an answer, as this cannot lead to solution.

Mr. Prime Minister!

Health-care, as regards salaries and wages, has slipped back from the 17th place to the 21st since 1995. Please believe me, in this case 21 is not the winning number for us, it does not bring about luck.



I request you, Mr. Prime Minister, to see to it that the second fiddlers of politics do not risk, are not permitted to risk – without consequences – the confidence in the decision makers of 200 thousand health-care and social workers.

**Mr. János Vadász**

*President of the Democratic Union of Cultural Workers (KKDSZ):*

## **Let 1998 be the Year of Provision of Basic Cultural Services**

Distinguished Federal Council!  
Honourable Prime Minister!  
Dear Colleagues!

The three-year agreement about civil service is very important for the Union of Cultural Workers (KKDSZ). The three-year agreement includes the main facts of salaries, employment and the reform of the public sector. This agreement might – with the strength of law – clarify the provision of basic cultural services and regulate the situation of state and local cultural institutions. This agreement might provide security of employment and make the wage-fight of workers in cultural primary provision sensible. Any trade union effort would be senseless without these correlations. This lends importance to the evaluation presented by the Executive Board to the Federal Council in 1996. The leading organ of KKDSZ agrees with this evaluation.

The three-year agreement is a serious test of patience for us. The government should have elaborated the drafts of laws on the

provision of basic cultural services. This did not happen. The dead-line promised was the first quarter – later the first half – of 1996. The government did not keep this promise either. The situation now is the following: At the meeting of administrative state secretaries on June 16th it came to light that

- the Ministry of Finance and the Ministry of the Interior are opposed to an exact, traceable and accountable wording of obligatory tasks of the central and local governments in the field of basic cultural provision;
- these two ministries do not wish to maintain the system and network of state and local institutions. On the contrary, they are interested in the liquidation of these;
- according to the representative of the Ministry of Finance the provision of basic cultural services is not among the priorities of 1998. Consequently the Ministry does not accept any widening of financial support which would cause meaningful excess-expenditure in the budget;
- representatives of the above mentioned ministries protested against the inclusion of rules on employment guarantees into the laws.

We have experienced at the meetings that nobody has real and professional objection to the drafts prepared. I deem this very important as resistance up to now has in many cases appeared under the pretext of professional excuses. It became clear too that objections stem from the fact that some ministries do not regard the three-year agreement as a political decision of the government, and they intend to prevent its implementation. This is especially true as regards the security of financing, institutions and employment. These are the very points for the sake of which

KKDSZ had signed the three-year agreement and waited with patience until the middle of this year for the enactment of respective laws. It has been very difficult to endure this situation up to now without the loss of prestige. But we have done it. We thought that the implementation of the agreement has a price and in case this is the price, we must understand.

We request the following from You, Honourable Prime Minister:

a) Please move at the next meeting of the government to make 1998 the year of basic cultural services. This task should become one of the priorities of next year.

b) The government, at its meeting next week the latest, discuss the draft of the law on the provision of basic cultural services, in accordance with the three-year agreement. Namely

- by laying down the compulsory tasks of central and local governments for the sake of preserving present values, cultural achievements and the basic cultural services;

- by strengthening state and local governmental institutions;
- by creating a budgetary mechanism necessary to achieve the aforesaid, and by securing an additional financial support in the magnitude of 13 billion forints;
- by the adoption of that homogeneous independent part of the law which deals with employment.

c) We request the government to submit the draft of the law to Parliament in such a way that its discussion begin this month and its adoption take place in the first weeks of September the latest.

d) We request the Honourable Prime Minister to take steps in order to realise the aforesaid and make it unequivocal for us that

the government wants to implement this part of the three-year agreement within the set time-limits. And now I am going to hand over to the Honourable Prime Minister the documents containing the proposals and requests of KKDSZ too. I request his unambiguous answer to our questions.

**Mr. Péter Michalkó**

*President of the National Union of Workers in Tax and Financial Control (ADOSZT) and the Federation of the Public Service Unions (KSZSZ):*

## **The loyalty of civil servants must not be abused**

Distinguished Federal Council!  
Mr. Prime Minister!

As President of the National Union of Workers in Tax and Financial Control (ADOSZT) and the Federation of the Public Service Unions (KSZSZ) I wish to speak on four subjects. I do so in the interest of employees, members of trade unions belonging to our Union, who work as civil servants in the fields of the administration of justice and law enforcing agencies.

Our Union appreciates highly the decision of the government to increase significantly the salary of ministerial civil servants with high-degree education. This step, however, has brought about improvement in the situation of the upper strata of civil servants only. That's why we regard this as the first step only. We expect the government to *improve in the near future the salary-*

*conditions of civil servants with secondary school degrees, as well as of those working at local organs.* It cannot be ignored that their workload is not smaller. They too have to meet the higher requirements of public service. I would like to mention that at the meeting of the CRIPS (Council for the Reconciliation of Interest in Public Services) last November the question of salary-increase of employees of local administration was touched upon. We are probably not too hasty if we lay claim to this since the second half of this year.

#### Distinguished Federal Council!

The preparation of a comprehensive amendment to the law on civil servants has been going on for months. The outlines of the end-result are visible. One can ask: "The mountains laboured and a little mouse will be born?" While we acknowledge that discussions with interest organizations have always taken place in a correct and co-operative way, we must mention that more and more proposals of the trade unions are rejected on grounds of the lack of money. *We do not regard the outcome as an all-embracing modification of the law on civil service, and we require modification of all parts, including the pay-scale and the salary supplements.*

We would like if talks concerning the aforesaid were promising like the proposal of the government concerning the reform of law and justice. Our member organizations are of the view that in case this will be implemented in full, then it will be useful for the citizens and the employees of the courts and the public prosecutors' offices as well.

We regard each element of the reform important, but – naturally – we support most strongly ideas to improve living and

labour conditions of workers in the fields of justice administration and law enforcement agencies. We hope that this reform is "doomed to success."

In conclusion I would like to speak about interest reconciliation. This has a well-established system in the public service. Budgetary institutions, civil servants, various ministries, law enforcement agencies have their own system of interest reconciliation. We perceive these forums as institutionalised parts of a state of law, as cultured forms of settling our disputes. Our restricted possibilities to strike even force us to rely upon these. But we would not welcome at all if the state abused the fact that public officers and civil servants – out of centuries old inurement – are loyal to state power.

It is in the interest of the government too, not to have these forums being drained. They should not be the sources of posterior legitimatisation of government decisions, but real compromises, acceptable for employees too, should come to life. And the stronger part must also respect these compromises. Or else, our membership would find it pointless to continue these talks and would withdraw authorization to participate in them. This would be useful for none!

We hope Mr. Prime Minister, that you, as the head of the body of civil servants, will sympathise with us, will understand and support our above mentioned efforts I have been able to sketch up very briefly because of the shortness of time.

**Mr. József Fehér**  
*General Secretary of the Union of Hungarian Public  
Employees and Civil Servants (MKKSZ):*

## **The importance of public administration must be reassessed**

Distinguished Federal Council!  
Mr. Prime Minister!  
Dear Colleagues!

During the past two years interest-assertion through agreements has been the most important method to safeguard workers' interests in the public sector. Wherever it has been possible to avail themselves of this method. We regret that those had great influence who – may be relying upon the experiences in connection with the agreement on public servants – scared away the government and insisted on the advice not to sign similar agreements.

We have taken note of all these. Though we support the policy based on agreements, we are not going to propose the renegotiation of the issue. (I note, however, that a comprehensive agreement did not come about, albeit MKKSZ signed an agreement on co-operation with three ministries: the Ministry of Environment Protection and Regional Development, the Ministry of Education and Culture and the Ministry of the Interior.) In the lack of a comprehensive agreement it is even more necessary to think together about some very important questions laid down in the draft-agreement, too. The reform of public administration is the most important.

I declare: MKKSZ supports the reform-endeavours of the government. We accept and confirm the conclusion of the no. 2533/1966 government proposition which says: *the level of public administration did not improve – on the contrary, in many domain it deteriorated – as good specialists had left the administration en masse*. An ever worsening staff will of course not be able to perform its duties on the present level. The government is just as well right when it says: *The reform of public administration cannot be realised with an eroded, badly equipped civil servant staff*.

The Rotterdam programme of the European Union (May 30, 1997) holds that it is high time in East- and Central Europe to reassess the importance of public administration. This programme regards a calculable pay-system, material incentives and stabile labour force as basic requirements of professional public administration. We recommend to the government to work jointly for the realisation of this goal, – or EU-expectations if you like. The reform of the law on civil servants offers an excellent chance to do this. I speak about *reform* and not *minor modifications*. I don't mean this as rhetoric. As far as we know, the trumps and aces had been taken out of the *pack*. It is deliberate that I do not say *package*. In this way, however, it will be difficult to win.

What would be a reform in our option?

*Firstly:* Salary adjustment should take place at the outermost ends of state administration too! A wage increase on an acceptable scale took place in the ministries on January 1. *The overall reform of the salary system covering the whole scale of public administration is, therefore, indispensable and politically justified*. The citizen judges out of day-to-day experiences. It is the local civil servants who are in day-to-day contact with the citizens.

*Secondly:* Overtime must be regulated! It is an elementary requirement that public servants be compelled to do overtime within regulated bounds and for proper remuneration.

*Thirdly:* The political and administrative sectors must be completely separated in such a way that even the salaries and remuneration of high state and political leaders, parliamentarians should not come under the jurisdiction of the law on civil servants.

*Fourthly:* A unified public administration requires a unified wage system. *The wage-fund of the state should be guaranteed for civil servants in local administration too.* There are local self-governments still, who maintain a wage-basis of 15 thousand forints. What else, there is a town – Hódmezővásárhely – where public servants receive the same basic salary this year as last year: 20 thousand forints.

*Fifthly:* Qualification allowance should be introduced. A more qualified person is more valuable.

*Sixthly:* The government – in accordance with its obligation prescribed by law – should constitute the degree on the staffing and wage-system of public administration. Five years later the *Council of Public Administration and Public Service* will have to be called into existence.

The level of incomes is undoubtedly the most important factor of general condition, but the *social prestige* of work is not negligible either. Our initiative made jointly with the faculty of Public Administration to celebrate the *Day of Civil Servants* serves the improvement of general condition. We would like to be sure that the government will no more be averse to supporting this initiative. We do not have a self-celebrating in mind, but an

occasion when public servants meet with citizens in a somewhat different way. We trust that our joint programme of July 1 in Nyíregyháza will be of national importance and it will spread some important thoughts not only for our profession but for Hungarian public life, too.

**Mr. Károly Kozma**

*General Secretary of the Federation of Art Unions  
(MSZSZ):*

## **The field of art requires a special attention**

Distinguished Federal Council!  
Honourable Prime Minister!

The Federation of Art Unions agrees with the Draft-Statement. Our Federation would like to express its opinion on the following important matters of detail:

– It is an old claim of ours that taxation and social security accept and recognise the status of *independent artist*. The representatives of these fields do not ask for a favour. They ask for the recognition of characteristics stemming from their special profession. Discussions with the Ministry of Finance and the Ministry of Education and Culture have begun. We would like to win over all those present as allies.

– We deem it necessary to take meaningful steps forward in the regulatory enactment of arts (the film-law, for example). We

welcome the bill on the provision of basic cultural services. We would have been happier if the legislator included art originally as well, as it is "probably" a part of culture, too.

– We are glad that a decision was taken regarding central basic institutions. The name itself does not make these institutions "basic". This should be proven by salaries and labour conditions, too. It would be good, for example, if salaries in our State Opera House reached one tenth of the salaries in the Vienna Opera House. Today it is hardly one twentieth.

– When there are no central funds available for the operation of an important institution, then it is transformed into a public utility company, and this company will not be able to solve the problem either. This is a general trend. It would be necessary to clarify that how and mainly of what will these art- and cultural organisations function in the future.

– News are being spread that the budget for cultural purposes in 1998 prognosticates the nominal maintenance of the present level. This means regression. The art unions cannot accept this.

– Finally some remarks about wages: with regard to the aforesaid, the fields of art request – and probably deserve – a special attention when central budgetary measures will be taken in the future.

**Mrs. István Szöllösi**  
*General Secretary of the Trade Union of Teachers (PSZ):*

## **The state of mercy has been going on for seven years in public education**

Mr. Prime Minister!  
Mr. President!  
Distinguished Council!

The representative of the Trade Union of Teachers cannot begin her contribution with praising any co-operation. We have hardly shared in this during the past years. The worries of institutions under the jurisdiction of local self-governments are nearly identical with those in institutions of pedagogy and public education. The security of existence of employees in local institutions has been equal to the uncertainty of existence for seven years now, Mr. Prime Minister! The reform having gone on for seven years is a seven-year-old heap of problems and a state of mercy in public education. As regards the school year of 1997/1998, we are certain in uncertainty only.

I think it is a grave mistake not to study before our joining the European Union that how do the institutions of public education function in Western Europe? Is there any other country of Hungary's size with 3200 self-governments and their multi-colour bodies of representatives? Consequently, everybody, from the school master to the low-ranking employee, feels only uncertainty as certain.

It has often been emphasised here how important it is to draw those concerned into the preparation of decisions. I regret but reality compels me to say that we do not meet with the smallest sign of efforts towards agreement either. In this regard I cannot join Mr. Károly Kozma. Neither the Ministry of Education and Culture nor the representatives of local governments – my due respect to the exceptions – came to an agreement with PSZ or our institutions respectively. They simply are not in the position to come to an agreement. This applies to the unpreparedness of the onslaught-like reorganisation – that is liquidation – of institutions. But this applies to the National Basic Curriculum of Studies too, many points of which are advantageous to none but their creators. I think the analysis of the European practice – both as regards financing and the maintenance of institutions – is extremely important in the coming period.

Permit me to characterise the facts of 1996 with one single thing: the teachers, the employees of public education with their 11.8 per cent were the last on the list of wage-increase. As wage-increase is very modest this year too, something will have to be done in 1998 to improve the income-position of public education workers. Something will have to be done but not to the detriment of public employee status. PSZ is interested in preserving public employee status and offers ways and means to correct wages lagging behind. For example: the introduction of a new system of allowances, wage-increase for a definite period, the assuring – by government guarantees – a reward fund amounting to 2–3 per cent of aggregate wage, in order to recognise quality work.

I deem it very important to pay great attention to these questions, besides preserving public employee status. And if you think that the opinion of PSZ does not carry much weight, I request the Prime Minister to think over the warning from Brussels, according to which three areas are in serious trouble in Hungary: agriculture, education and infrastructure. This might

hamper the highly desired joining. Besides perceptible wage-increase, the transformation of the system of financing will be unavoidable in 1998. This means that wages and allowances must be guaranteed by the state.

I am going to say the following not because it is fashionable but because the people concerned do exist. It is tragic that their case has been degraded to a political issue. I mean our colleagues working in church institutions. They are just as employees as their teacher-mates in local public schools. Besides schools, a significant part of health-, social- and cultural institutions had been in the ownership of the churches and became public property through nationalisation without compensation. SZEF must not ignore these facts. In this context this question concerns not only the Trade Union of Teachers. It is futile to argue – sometimes with political overtones – about certain paragraphs of the Constitution, Law No. IV. of 1990 and Law No. XXXII. of 1991 (on the return of church immovables) or the Law on Education enacted in 1993 amended in 1996. On the top there is the decision of the Constitutional Court of April 22, 1997, calling upon the government to settle these questions in accordance with the respective laws.

The Trade Union – and first of all PSZ – analyses these questions from the viewpoint of employees in church institutions. These employees should come under the same judgement as public employees in local and other state institutions, as regards employment and dismissal, paid holiday, wage-scale and other elements of income. We know that this is not interpretable from the legal point of view, but can be done.

It must be emphasised that PSZ does not raise its voice against existing guarantees or those being prepared. What we say is this: if the above mentioned paragraphs of the Cons-

titution, as well as the law on the freedom of conscience and religion apply to church institutions, then the same should apply to institutions under the jurisdiction of local self-governments too. The latter amounts to 96 per cent, as regards financing and supply. If this question is put to its proper place, nobody can make a public issue out of it.

Honourable Prime Minister!  
Distinguished Council!

In concluding, permit me to announce not only the claim of PSZ but that of SZEFG too, to participate in the course of preparation of Hungary's joining the European Union. It is high time to re-assess sections of the European Social Chart dealing with employment and wages. At today's session SZEFG could nail to its flag – and communicate to Western Europe – the idea of Social Europe. Hungary has to take part in this social Europe as a partner with equal rights. We are interested in the bringing about of a social Europe! In this context we draw attention to the problems of the mobility of labour force. To this not yet well-considered problem of Western Europe, which will definitely appear in the future. We ask: are the trade unions in Hungary prepared to cope with this problem? How did they prepare themselves for the expectable migration of labour force? I think that the task of Hungarian public sector in the European division of labour has to be clarified. SZEFG has to take part in each and every phase of the process of joining the European Union. We must get ourselves prepared consciously to play a European role, as we are interested in a public service on the European level.

**Dr. Judit Bárdos**

*Co-President of the Federation of the Public Service  
Unions (KSZSZ), General Secretary of the Union of  
Workers in the Ministry of the Interior (BDSZ):*

## **Peace in the world of labour cannot be assured without the improvement of the conditions of life and work**

As co-president of KSZSZ and general secretary of BDSZ I would like to inform you, Mr. Prime Minister, about the problems in the fields under the jurisdiction of the Ministry of the Interior. I request your assistance and that of the government to solve these problems.

Employees in the domain of the Interior Ministry are public employees, civil servants and at the law-enforcement agencies – police, state fire guard service, border guards, civil guard – professionals.

A few days ago articles were published in the papers about the bad life-conditions of policemen. Ms. Katalin Gönczöl, the Ombudsman for Citizens' Rights in Parliament, approached public opinion when she spoke about awkwardness, namely the unfair situation of police employees. Officials of the Ombudsman's office met with the same serious problems office-bearers of BDSZ had disclosed years ago. The difference between the two of us is "only" that, that we used to add: In other domains of the Interior Ministry the situation is not more rosy either. Very little attention has been paid to the improvement of working



conditions during the past years. Only "fire-fighting" has been done.

Real income of public employees in the field of the Interior has dropped by 40-50 per cent during the past years. 2000 out of the 15 thousand public employees have high-degree diploma. The others have secondary or elementary qualification. The system of allowances is negligible. Average gross monthly income is around 30 thousand forints. Public employees received a 10 per cent wage-increase this year. This lags behind the 17 per cent increase promised by the government. And this is without the decrease of real income accumulated during earlier years. Minimum a 20 per cent wage-increase of public employees would be necessary to realise the increase of wages promised by the government for 1998, or at least to maintain the buying power of incomes on the present level. The government promised that by January 1, 1999, the wage-scale for employees at the law-enforcement agencies will be introduced. At present the level of wages of these employees is around 60-90 per cent.

The decrease of the real income of professional staff could be stopped if the wage-system prescribed by the Service Law were introduced by January 1, 1998. The income of the professional staff adjusts itself to the basic salary of civil servants. In case the latter is raised, the central budget will be unable to keep the promise on January 1, 1999.

As far as the law-enforcement agencies are concerned, neither the increase of income – as a matter of fact, how could these agencies increase their own income? – nor the 10-13 per cent wage-increase envisaged – as we hear – for 1998 will stop the decrease of real incomes.

Public employees and the employees of the law-enforcement agencies do not think that this is the end of the line of problems. The planned modification of the wage-system fixed in the Law on Civil Servants is unacceptable for us. *The wage-system of the professional staff of armed services – laid down in the law on service relations – must follow this.* The planned amendment envisages that a civil servant with a diploma may reach by the end of his career maximum a 3.4 times higher basic wage, while the one with secondary qualification would reach a 2.4 higher basic wage when retiring. These multipliers are as low as if they reflected the narrow perspective a civil servant or a police officer can expect today.

Leaders of the Ministry and the police are aware of these problems. Our trade union has correct working relations with Minister Gábor Kuncze and his officials, as well as with László Forgács, Chief of the Police. We are of the view that the government has to take the necessary measures to treat our problems and ensure the implementation of the three-year agreement on civil servants. This agreement had preconditioned a decrease of 2 per cent of real income in 1996. Real wages actually dropped by 7 per cent last year.

Honourable Prime Minister!

BDSZ is also interested in maintaining peace in the world of labour. This, however, cannot be assured without improving the life- and working conditions of the employees.

**Mr. Gyula Horn**  
*Prime Minister of the Republic Hungary*

## **The government can undertake a wage-increase in the public sector for 1998 identical to that in the private economy**

Permit me, first of all, to express my thanks for the invitation. When listening to you I got the impression that the atmosphere now in this hall is different from that two years ago when I was here last. Now too, did the government receive severe criticism, but I perceived more and more confidence in the wording, more than the amount of claims, requests etc. May be, my hearing is bad, selective, but it is unavoidable for a prime minister to have selective hearing. I declare with full sincerity that our co-operation with SZEF has been normal all the way through these very difficult months. I say this not out of courtesy, but on the basis of facts, and you deserve thanks for this. I would like to express my special thanks to SZEF for having supported, for example, the draft of the new system of pensions or the proposals in the Council for Reconciliation of Interest which in our judgement really serve stabilisation.

There have naturally been conflicts between us too, with the Trade Union of Teachers for example, and for a while with EDDSZ, the Democratic Union of the Workers in Public Health. We have a permanent conflict with KKDSZ, the Union of Cultural Workers, but let me say I have never denied and I am not going to deny it now either that the occasional self-criticism of

the government has ground. I would anyhow like to say thanks to you for having contributed to the preservation of peace in the society. I would like to emphasise this, as in case this had not been assured, we could not speak about our common things of today and tomorrow in such a way and with such a contents as we do it now. Then we could not say that extra-ordinary measures, steps of restriction are no more necessary. Really, none of these are necessary any more. Thanks to the programme of stabilisation which caused horrible ordeals to the people, to workers represented by you. But believe me, it has been just as an ordeal for the government, for me personally too. He who finds enjoyment in restrictions is either sick or is not aware of the consequences. That's why I feel the expression of thanks for enduring the burdens of restrictions justified.

Naturally, there continue to be differences between us in the approach to various issues and in the ways and means of their solution. Though we agree in many things, I do not share fully, for example, the approach of some as regards the structural reform. You are fully right in saying that when people hear about reform, particularly in plural, they say: here we have a new attempt on wage- and salary earners. We are to blame, as we could not explain the necessity of imperative transformation.

I would like to confirm: the structural reform is not a Hungarian speciality either. Beginning with France, in the long row of countries governments wrestle or fall in connection with putting public finances in order. I understand many complaints but I cannot accept the opinion that no meaningful changes have taken place with us in the course of the structural reform. Changes have begun. True, not at the pace, not in such a well-founded channel we would have liked to. This has many-many reasons. If we sit down once, for an informal talk, then I shall have something to tell you. But for the time being you would get

nowhere with this. It is essential that the reform has got going. Believe me, it has got going in your domain, too. With troubles and problems, but it has got going.

I request you to believe me: we did not do in high spirits what we did. I simply reject if someone says that this government is opposed to education, culture and health-care. This is an unfounded accusation. Please look at the programme of modernisation or if you don't believe it, let us see the answer to the questionnaires of the European Union. This document, too, makes our position unequivocal: we will not make a step forward, we cannot join the European Union without the sector of humanities. If we have advantage somewhere, it is just the sector of humanities, without the transformation, development of which our efforts to join the European Union would remain only a slogan.

The new pension system was touched upon here. Substantial debate has taken place about this in the Parliament. In the course of the preparation we kept what we had promised to present and future pensioners. Assertions that an improvised, overhasty conception was born, are untrue. Preparatory work has been going on for eight months and all the chances are there to have a decision in Parliament around July 15.

Mrs. István Szöllősy is right in saying that a lot of inconsistency can be found in matters of education. Things don't proceed as they should, but transformation has begun in public education, too. Not at the pace and in the way though, as it should have happened. And let me say: it is also untrue – what I read at many places – that in the field of culture no movement forward has taken place at all. We have taken many steps in this respect too, during the past 35 months. No denying, what we were able to do is far from being enough. The many year-old lag

what had come about in the relationship of culture and the state, culture and budget could not have been rectified in three years. Many years are needed for this.

Very normal, very good contacts of interest reconciliation have come about between us and the Democratic Union of the Workers in Public Health. We were able to discuss with Judit Gulyás and her colleagues matters which did not move ahead because of bureaucracy or group interest, or of something else. I deem it extremely important – not only from the viewpoint of those concerned but society as a whole – that in the autumn and after, a course of events will begin in health-care as a result of which patients will feel the better functioning of health institutions. This is decisive for us. Everything has to be subordinated to this. Not bureaucrats but experts, acknowledged representatives of the profession are preparing it. As you see, there is a step forward in this field, too.

As regards wages, nobody can dispute that you, who sit here and represent significant strata of society, are right in saying: there is a huge lag in this field. However, I would like to make one-two things more precise as compared to what was said here. What did we undertake in the three-year agreement on pay? Or rather, in the agreement, as it is not only about salaries. We undertook that from 1997 we shall stop the course of decrease of real wages and try to increase real incomes. I don't apologise now but we did not undertake that the trend of the decrease of real incomes will stop in 1996.

I add with self-criticism: the decrease of real incomes was higher in 1996 than planned in the fields of education, health-care and elsewhere. But I would like to emphasise: not because of the intention of the government. As speakers have expressed it here too, the whole financing system is very bad, needs transformation from domain to domain. As it has begun in health-

care, it should begin and go through the same way in other fields too. Just because of the fact that the government had transferred the necessary amounts in vain but those concerned never got it. We have drawn a lesson. This has to be executed in health-care and in other fields too. I am convinced – and I am ready to swear if you wish – that the 7 per cent decrease of real-incomes of last year was a single one and it is unrepeatable. No more decrease of real income may ever take place in any of the fields represented here.

Let me add: in the first quarter of 1997 a 10.4 per cent increase of real wages took place in the sector belonging to SZEF. In a differentiated way, of course. This signals the course that something has begun. And it is extremely important that in all these fields there are much stronger legal and financing guarantees from 1997 on to enforce intentions. We would like to stabilise in 1998 the favourable wage-trends commenced in 1997. What can the government undertake? It can undertake that the wage-increases in the public sector will proceed on the level of the private sector. That's what we can undertake. This means that the opening of the wage-scissors will get somewhat smaller as compared to the past. It will get nearer to private economy by planning a wage-increase on identical level for the coming year.

The questions of budget and priorities were mentioned here. The government discussed the 1998 budget in first reading last week. I want to avoid misunderstanding: we cannot give priority to more than two areas. These two areas are agriculture and public security. Within public security mainly supporting the police and direct law-and order-enforcement organs. Real wages there will increase in accordance with the increase of GDP: we plan 3.5 per cent for 1998. In other fields we cannot undertake more than the safeguarding of real value. It is not true what some say – I don't know who spreads this – that cultural subsidies will

fall radically, and we are even going to withdraw what came in 1996. This is simply not true. On every other area we undertake to maintain real value.

Excuse me, there is one more exceptional field: pensions. We will raise pensions in January 1998 according to the net incomes of this year. This means that a considerable increase of real incomes will take place. I don't want to mention figures as regards the increase of pensions next year. Various figures have been mentioned but we have to see data concerning this year first and only on the basis of those data can one speak about the final degree of the raising of pensions. We keep what we promised: pensioners will not come off badly with the new system of pensions. On the contrary, we will maintain the trend which began in 1997 and – modestly though but – the real value of pensions will increase anyway.

We strive at two things in 1998 as far as wages are concerned: First, we would like to come to an agreement in the Council for Reconciliation of Interest before the introduction of the 1998 budget. If we cannot reach a final agreement, we would like to have a temporary or preliminary agreement and after that to submit the draft-budget to Parliament around September 30. At the same time we would like to reach agreement with representatives of private economy at the extraordinary meeting of the Council for Reconciliation next week. I have to say that all fields exercise extremely great pressure. Without exception. I would not say that the claims are unjustified. They are justified. But tell me please, from what should we satisfy these claims? We must not turn the 1998 budget – and stabilisation – upside down. Your additional claims amount to a few hundred billion forints. Dear János Vadász, I beg your pardon, but the paper you sent me speaks about 12 billion and just now you mentioned 13 billion. The claim increases by one billion every week? All right, 13

billion means the same for me as 12 billion. We cannot fulfil it either. Tell me please, where should we take that plus away from? I mean the plus we should give to this domain. It must be taken away from somewhere. I can say one thing: we promise to safeguard in the cultural field the real value of 1997 for 1998. That's what we can undertake. We drafted last Thursday the decision of the government in this spirit.

Steps have really been taken in the case of staff-reduction but not to the extent public opinion thinks. Between 1993-97 the number of employees dropped by 110 thousand and now stands around 600-650 thousand. Nobody has any intention - within the government at least - to execute a bigger reduction of staff. I have to say that there is ample allocation in the budget for training and retraining but it has hardly been used. Maybe, because of the respective Ministry too, but I don't want to go into details, as I have mentioned this more than once at the meetings of the government. So the number of employees decreased by 13-14 per cent in five years. In five years! If somebody says that this is dramatic, then he strongly exaggerates, I think. Look at the new law on child protection please, or the new law on social provision. In this sector - in the sector of social provision - there is a significant need for staff-increase and this will remain so in the future too.

Criticism concerning the law on the provision of basic cultural services is fully justified. What could I say now? At the beginning of June the meeting of the secretaries of state qualified the draft unsuitable. The Ministry got two weeks to redraft the whole text and present it to the government again. I undertake that I will try to submit it to Parliament before summer. If this fails, in September it will be among the first drafts on the table of representatives. The law will be enacted this year anyway. I have to say that in this case too, as in the case of other comprehensive

bills, the process of reconciliation takes an amazingly long time. And reconciliation - because of positions and interests extinguishing each other - very often does not bring us closer to a solution. On the other hand we are responsible to have the law. That's why I keep saying all the time that the process of reconciliation should be shortened if possible.

As regards civil servants, the lower and the upper strata should be examined separately. In the upper strata there has been a pay-increase moratorium for years. It has been so for three and a half - four years. In the meantime there was no moratorium for the low and middle strata. A significant improvement began in 1997, but he who attacks this practice is right. On one side the structure of the number of employees in public service and their expertise have changed. And on the other, the whole service is overburdened. Requirements are extremely high. Appreciation - moral, material and of other kind - is very small. I can't promise that any kind of significant pay-increase for civil servants is possible. I can undertake one obligation concerning this sector too: the safeguarding of real incomes for 1998.

In concluding I would like to say a few words in connection with the European Union. It is fully justified that the European Union harshly criticises the situation and practice of associated countries. I would like to add that according to the most recent - compiled last week - assessment the European Union declared that Hungarian preparedness was the best by far, much the best, and as some say Hungary is in the first place and the second one follows far-far behind. True, there is criticism as regards agriculture, public safety and infrastructure. I add, however, that at the same time the Committee of the European Union competent in agriculture accepts our development proposals and programmes. I remark this because of the fact that not only legal reconciliation is needed in connection with the European Union. This

can be done in a few years. The assertion of these laws and rights is also necessary. This is the real challenge. There are 150 areas concerning domains represented by you and where we have to create not only the legal but the financial, economic and organisational conditions, too. Social provision, cultural provision, employees' rights and the financial aspects of these are much much stronger, higher, than in Hungary or in any other East-Central European country. These 150 areas will mean an unbelievably great challenge. True, an unbelievably big step forward for Hungarian society also.

I hasten to add something: our productivity lags 400–500 points behind the average of the European Union. The difference in income is the same. I say this to underline: we cannot work off or at least reduce this enormous difference without patience and devoted work. I would like to emphasise, however, that it is just these 150 areas which will basically determine the main lines of Hungarian development for many-many years to come. These embrace mainly the sector of humanities: education, culture, health-care and others. We must strengthen performance at a very significant pace.

I would very much like to request you to manifest the same, highly responsible attitude I experienced here. And now I don't want to pay compliments, as facts prove this too. I am not happy over criticism. Who is happy over it? These are rather painful for me but one has to survive and deal with these. I am happy to welcome, however, concrete proposals. I think that some kind of a written summary of what had been said here will be prepared. If I receive it, I promise to deal with it in merit. I request understanding as regards the handling of worries and problems. Amidst our serious difficulties somewhere the end of the tunnel is visible already, though we are somewhat dazzled. I wish you partnership, and good health to all of you in order to get out of the tunnel, to step forward.

## Let us proceed to indemnify the public sector

**Dr. Endre Szabó**

*President of the Forum for the Co-operation of  
Trade Unions*

Distinguished Federal Council!

We have all listened with great attention to the speech of the Honourable Prime Minister and his responses to our opinion and proposals.

Because of time-limit, it has not even been possible to introduce the manifold activities of SZEF and its member organizations. I think, however, that in spite of this the Honourable Prime Minister could receive a foretaste that not only the government is in a not easy situation when balancing among many-sided claims, but we too. The same applies to our Federation, to our many-coloured Federation carrying particular interests in many questions, while it intends to shape and realise the common aims and programmes of interest representation in public service.

The Prime Minister acknowledged that the citizens of the country, mainly those living on wages and salaries, had suffered very much from the burdens of economic and social transformation. I dare declare – as this corresponds to facts – that this is especially true as far as employees of the public sector are concerned. That's why our claim to begin the closing up is well founded. It is well known that many claims for indemnity and priority come up in the society. These put additional burden on the state budget. We are not going to argue about the rightfulness

of these claims. We have to declare, however, very clearly and firmly: it is unacceptable for us to satisfy these claims to the detriment of the public sector. Who are the typical employees of the public sector working in the density of weekdays: teachers, nurses, doctors, civil servants, policemen, employees of the public collections, public education and institutions of art. Their real conditions are often covered, or more than once beautified by the statistical average of the public sector as a whole. It is understandable therefore, that we think of them first of all when we demand significant improvement of living conditions. I wish to emphasise at the same time that our demands stem not only from employees' interests but from the fact that workers of the public sector do public service. If we draft non-exaggerated, real claims then a recognition is there in the background that a better public education, health-care, culture and public administration improve the feeling of individuals and the whole society. This is essential as regards the politics of the coming year. The "seven lean years" have lasted very long.

The government could provide convincing proof of this intention to improve public services if the man in the street felt the minimal signs of improvement not only in declarations and statistics but in their own daily living conditions, too. Nobody dreams of conditions in the Canaan. But one expects tangible changes and improvement in this sphere, too. This could give rise to hopes, namely, as the Prime Minister said – and I don't want to doubt his words – that the end of the tunnel is visible already.

I repeat: people can believe this if they experience such in their day-to-day life.

It is our firm claim that the increase of income in the public sector should be above the highest level of that in private

economy. We expect this, on one hand, as the three-year agreement envisages to stop the widening of the "wage-scissors" and to lessen the differences of wages for 1998. On the other hand, experiences of the last year prove that means at the disposal of the government are insufficient to keep wages in the private sector in hand. I have to add, in order to be correct, that the situation in private economy is not uniform either. At some not insignificant places wages are astonishingly high, while at other places possibilities are more moderate. We took note of this when we drafted our wage-claims.

I would like to refer briefly to another subject. I understand that everybody has a selective hearing. Ours is not an exception, as that of the Prime Minister is not either. This is a well known professional injury. Undertaking this "sickness" I say that from among the responses of the Prime Minister I noted first of all those which underline that

- there is no need for further restrictive measures;
- meaningful changes have begun in the economy;
- we cannot join the European Union without a proper sector of humanities;
- the real income of none of the professional groups belonging to SZEF will decrease next year;
- the financing system of public service must be transformed;
- the government has no central intention to cut further the number of employees in the public service.

This is my selective hearing. I sincerely hope that it does not distort and does not offer a totally different meaning to what the Prime Minister has said. The Prime Minister perceived correctly from the general report of SZEF, from the sometimes rough but not unfair remarks of the leaders of member organizations: we

cherish some hope that something promising had really begun in the development of the country. Negation for negation's sake, the loss of hope are not characteristic of us, though we would have reason the lose faith. In spite of ordeals, we have always striven for preserving our basic values: optimism and hope. We have done this in the conviction that present conditions must and can be changed by joint forces only. This spirit has guided and will continue to guide our co-operation with the government. I trust that hearing on both sides is not selective as to prevent us from meditating on things we don't like or do not agree with. We will send the position of our Federal Council to the Honourable Prime Minister and other government organs, too.

I am convinced that today's session of the Federal Council of SZEf has been useful and illuminating for all of us. We had the chance to inform the Prime Minister about our most painful worries. We were able to make public in his presence our ideas and proposals we deem very important as far as the coming year and especially the public sector are concerned. May be, the government is not in the position to give as positive an answer to all of our problems as we would like to see. We expect and request that much at least that the government exerts utmost efforts to minimise the gap between our justified claims and the possibilities. If we succeed to achieve this in the course of our upcoming negotiations, we can confidently say that we had created good conditions for joint work in the future. I know that we have to face much criticism, many trials and tribulations. We have no other choice but to do what we must do. To present our proposals, our sober bills to the government. The government, on its part, should take these proposals into consideration as much as possible – as a good master should – and move the fate of the country and the public sector forward. I wish the Honourable Prime Minister and ourselves more and more favourable social and economic conditions and good health.

## STATEMENT

### *General Survey by the Federal Council of the Forum for the Co-operation of Trade Unions (SZEf). Proposals concerning the most important tasks of the coming period*

Two years have passed since the Congress of SZEf held in May 1995. This means that we are at half-time between two congresses. Evaluation and a glance into the future are justified.

#### I.

##### 1.

Social-economic transformation has continued during the past period. The policy of stabilisation – while bearing some results in the transformation of the structure of the economy and in improving the balance of public financing – demanded severe sacrifices from a large part of citizens, first of all from salary- and wage earners.

Transformation has many-sided and detrimental effects on employees of public service institutions. Working conditions in these institutions have deteriorated continuously. Here and there the signs of crisis appear. The level of public administration has dropped. At some places expectations towards public services have increased, as well as the burden on employees.

Income of employees in the public sector have deteriorated to a higher degree than the average. The lagging behind the private economy is unacceptably huge. Restrictions in public services have also affected negatively a considerable part of public employees near the social minimum. They are compelled



to face problems of living every year. Uncertainty of existence characterises a wide circle.

## 2.

It had been said that the aim of those parts of the structural reform concerning public institutions is to reduce state subsidy, to have a more rational and better functioning. State expenditure as compared to GDP has improved (by appr. 10 per cent) One of the set goals offers a solution. Sorry to say, the other element – the level – does not move forward.

Various measures were motivated by monetary restrictions and in many cases characterised by improvisation. Professional arguments were unfairly pushed aside.

In some cases steps backward had to be taken because of the lack of feasibility studies and conditions. Parameters of economicalness are unfavourable too.

As far as public institutions are concerned, the structural reform for the time being means much more cutting down and dispersion than construction and efforts aimed at improvement.

This causes significant social tension in the population and much uncertainty, bitterness among employees in the public service.

One cannot yet feel the positive effects of efforts aimed at bettering adopted laws, bills under consideration and norms.

## 3.

SZEF and its member organizations have worked among sharp challenges, complicated conditions and stormy clashes. SZEF has notwithstanding stuck to its earlier position: we have had responsibility for the fate and future of a modern statehood. We have tried to join this up with the responsibility to represent and safeguard the interests of public employees.

SZEF urged interest reconciliation through negotiations even in very difficult situations. In the process of interest reconciliation it manifested a determined and constructive readiness for compromise. This was the motivation when SZEF signed the three-year agreement and the agreements on pay.

The three-year agreement is an important document of today's interest reconciliation, in spite of some insufficiencies in implementation and dangers – here and there – of termination. It strengthened calculableness and improved the readiness to cooperate.

The question is not groundless: Does the way of practice resting upon agreements have a future? Experiences and feelings are mixed. The end-conclusion, the main rule can only be efforts aimed at agreements in the future too. We need agreements unequivocal in wording, concrete in undertaking obligations and the implementation of which is ensured by strict guarantees.

## 4.

Salary- and income policy has been an outstanding part of the fight and efforts of SZEF during the past two years. The starting point of SZEF has been and is – as formulated in the three-year agreement too – that unacceptable disproportion between the private and public sectors should lessen in the first step and an acceptable ratio come about gradually.

No proper results were reached in the fulfilment of these claims, in spite of a row of firm steps (demonstrations, teacher's strike etc.)

The deterioration of wages reached a catastrophic level in 1995. (12 per cent on the average, 15–16 per cent in the public sector.)

The agreement says 19.5 per cent in 1996, but only 15–16 per cent was realised. With the teachers and in the cultural field

barely 11 per cent. This meant a decrease of real wages of 7-8 per cent in the public sector and a lag of 3-4 per cent in private economy.

Prospects for 1997 are somewhat better as the result of the minimal wage having been raised. Some fields, however, are still uncertain because of the lack of money.

The government undoubtedly took steps in order to implement the agreement but its intervention did not bring the expected results.

SZEF has consequently urged the revision of the system of financing, as the wage-lag was caused mainly – not exclusively – by the fact that local self-governments had not taken a satisfactory part in wage-increases.

Revision has not taken place as yet. Self-proposal to this end did not get a strong support either from the central or the local governments.

There is one more obstacle in the way of implementing wage-agreements. The government has no proper means at its disposal to influence the wage-situation in private economy. It cannot count upon the support of trade unions active in these areas either.

The present situation cannot go on for long. This would risk, on one side, the basis of interest reconciliation and drift wage conditions in the public sector towards a catastrophe.

## 5.

Fiscal policy influences wage and income relations to a great extent. SZEF insists on a fiscal policy aimed at the gradual reduction of taxes, the improvement of the level of tax-collection and the strengthening of the executive organs. The 1997 modification of the income tax resulted in a plus of 2-4 per cent for employees in the public sector. Steps were taken to shrink "black economy", to increase the severity of control and to strengthen tax administration.

## 6.

SZEF urged the comprehensive revision of laws embracing the world of labour, and the enacting of service laws. The latter was achieved. The overall modification of the laws of labour relations is still to come. As regards partial modifications, SZEF and its member organizations prepared their proposals and had actively taken part in the preparatory work.

The bills presented to Parliament contain proposals demanded by us too, but all in all do not meet our expectations. None of these bills contains forward-looking financial measures. In some cases there is a step backward (allowances in health service, for example). It is even more unacceptable for us that refusal is visible in cases too, which have no financial consequences at all, – could however improve the conditions for interest reconciliation and the safeguarding of employees' interests.

We initiated the elaboration of a unified law on public services. In response to this only one single draft-paper is on the table up to this day.

We took stand against the intention to stop the independence of the Court of Labour. Thanks to this too, the question was taken off the agenda.

## 7.

One of the most serious problems of society in unemployment. The number of employees in public service has dropped by 110-130 thousand in the past 3-4 years. In spite of this, public service does not belong to the disaster areas yet.

The very firm stand of SZEF and its member organisations has prevented the intended cut in the number of employees.

We have always emphasised the importance of the specification of staff-levels, the building up of the system of re-training and the guaranteeing of their budgetary cover. We have managed to assert our efforts to some extent.

8.

SZEF paid special attention to the bill on the reform of the pension system. We presented our views and proposals in 12 points. The government accepted the majority of our proposals and showed a sincere readiness for compromise in other questions. As a result, the bill presented to Parliament is much better than the original draft. This, in spite of some unsolved issues, has made it possible for us to agree to going to Parliament with this bill.

9.

SZEF made public its opinion on the concept of modification of the Constitution of the Hungarian Republic. We made numerous remarks and proposals, a part of which has been taken into consideration thanks mainly to the support of the parliamentary group of the Hungarian Socialist Party.

A significant part of our proposals was aimed at a more decisive assertment of state of law mentality, the widening of basic rights and the improvement of interest reconciliation.

Taking note of the fact that a new constitution will not be adopted within this cycle, we want to avail ourselves of our rights and expound our point of view and voice our serious worries in connection with the draft and some joint bills.

10.

SZEF supports the maintenance of self-government in social security administration. We admit the rightfulness of criticism as regards social security, mainly health-care. We are of the opinion that the reason behind these absurd conditions cannot be limited to the local self-governments. Not the liquidation of self-government but the drawing of consequences and the taking of necessary steps can be the solution.

11.

The signs of serious crisis appeared in the system of interest reconciliation, especially in 1995. Elbow room within the economy became even narrower than before. The possibilities of agreements between the government and the social partners decreased to a great extent. On the forums for reconciliation of interests the government – more and more frequently – intended to take note of compulsion instead of striving at agreements. This exercised a disorganising effect on relations between the government and the social partners.

In the last months of 1995 all those interested realised more and more clearly that the decline of interest reconciliation must be stopped and it has to be put on a new foundation with joint efforts.

SZEF was the first from among representatives of employees' to elaborate proposals on the transformation of the system of interest reconciliation.

Steps worthy of attention were taken recently. The law on the control of labour conditions was born. A system to prevent and manage conflicts came into being. The employees formulated their proportionate representation in voting.

This means that no decision can be taken without SZEF on the employees' side.

Government behaviour changed in a good direction. Readiness for compromise became more frequent. The debate about the bill on the new pension system is a good example. This does not mean that there are no differences of view – sometimes without reason – between SZEF and the government. We have frequent differences of opinion with employers' representation too. In spite of positive signs, the comprehensive modernisation of interest reconciliation is still to come.

## 12.

SZEF continues its efforts to join the forces of trade unions. In most of the issues we succeeded to bring about a common stand, in spite of disputes in some questions and differences of interest in a few others. This improves the chances to enforce interests. Joint training and actions also took place. This year three more confederations joined the May Day festivities organized by SZEF and the National Confederation of Hungarian Trade Unions (MSZOSZ).

Our relations to the National Council of Local Self-Governments are unchanged. We could co-operate fruitfully, though there are disputes between us in pay matters. SZEF supports to provide representation for self-governments in CRI and the General Assembly of the Self-Government of Health-Care.

## 13.

As regards political parties, SZEF maintains relations mainly with parties in Parliament. Practically this means relations with the parliamentary groups of parties. We sent our views and proposals to each and every parliamentary group. The most frequent response came from the parliamentary group of the Hungarian Socialist Party (MSZP). A meeting took place with the representatives of the Federation of Free Democrats (SZDSZ) and the Federation of the Young Democrats (FIDESZ). Other parties in the opposition did not show affinity towards SZEF, though sometimes their view was close to that of SZEF. We cannot ignore this situation.

## 14.

The full building up of SZEF co-ordination bodies in the counties was an important element of recent development. Their presidents were elected, their rules of procedure were elabor-

ated. A modest financial support from central sources was assured for them. The activities of these bodies multiply the influence of SZEF and its chances in the regions.

## 15.

Our international and bilateral relations have widened and developed. We participated actively in many forums. We organized successful conferences – together with the Budapest Bureau of FES and the Secretariat of PSI – about current questions of public service.

At the end of 1995 SZEF received observer's status in the European Trade Union Confederation. This made our participation without the right of vote possible at the leading bodies of ETUC.

The taking up of contacts in Peking and in Budapest with the All-China Federation of Trade Unions is an important development in our bilateral relations.

## Summarising:

As earlier, work and fight for better conditions in the public sector, safe living conditions and fair income of public employees have remained in the centre of SZEF's work. This has been the decisive part of its interest safeguarding policy. Dealing with questions of social policy has got more weight in our work than before. This had a beneficial effect on the public role and influence of SZEF.

Achievements of the past two years have not approached the optimum set by us, but deserve attention under the given economic and political conditions

The positions taken by SZEF and its members prove that the joining of forces is the only chance to enforce interests. Without the consequent and firm representation of our proposals and stand:

- laws and bills under preparation, concerning the public service directly or indirectly, would be worse;
- harmful consequences of cut-grass principles would have prevailed in wage- and income policy, employment and labour questions unrestrained;
- the possibilities of individual interest safeguarding by way of lawsuit and other means would have become more unfavourable;
- the strength of solidarity – the basic value of the trade union movement – would be missing.

SZEF took a step forward on the road to a modern confederation. Its public recognition and influence have grown.

## II.

The programme adopted at the preceding congress remains in force up to the next congress of SZEF. There is no need to execute substantial change. The completion of certain points of the programme is, however, justified.

### 1.

SZEF considers it indispensable that economic stabilisation be followed by the stabilisation of public service institutions. The policy of restrictions should be replaced by financing according to norms fixed or to be fixed in laws. Legal measures do not have to be a bare legal frame. Their economic and financial conditions should also be established.

Government behaviour and action aimed at the high-level functioning of public service should receive a place of high priority in the process of the structural reform.

### 2.

SZEF regards the observance of the three-year agreement as the touchstone of interest reconciliation and confidence among partners.

a) It resolutely claims the tangible improvement of salaries in the public service. Employees in the public sector suffer significant losses every year as compared to private economy and other social and occupational groups. Such a humiliating situation cannot be maintained.

The government has a high responsibility as regards the changing of this situation. This equally applies to the widening of sources in the central budget, improvement of wages in the centrally financed fields and the liquidation of the intolerable system of local governmental financing.

SZEF expects the government to make urgent proposals on financing, guaranteeing the observance of wage agreements in the public sector as a whole.

As regards 1998, SZEF demands that wage-increase in the public sector go beyond the planned upper limit in private economy.

b) SZEF urges the early adoption by Parliament of bills already tabled or to be tabled.

It is important to prepare the harmonised concept of the law on public service during the present government cycle. SZEF is of the opinion that a comprehensive revision of the Labour Code and the elaboration of a new law are unavoidable.

c) SZEF is convinced that a further substantial cut in the number of public sector employees is not possible. Individual steps may be taken only in cases when posts and tasks are dis-

continued. And vice versa: in case of new tasks the number of employees must be increased.

All possibilities should be used to avoid dismissed employees becoming unemployed.

### 3.

SZEF holds it important that on the basis of the new pension law – in accordance with the practice of many European and non-European countries – the particular and justified pension-claims of public employees and civil servants be respected.

SZEF maintains its proposal as regards the particular pension-system in the public service. It takes cognisance of the fact that social and economic conditions are not yet given to realise this. At the same time it claims that the government, within the framework of obligatory private pension funds as a first step, transfer a fixed amount of allowance to the account of public employees, beyond the contribution employers are obliged to pay. This should be introduced within the framework of the public social security funds too, after the necessary record system will have been created. The size of this amount should be fixed in the yearly wage-agreement.

Such a governmental step would be a significant gesture towards public service employees. It would give expression to the appreciation for them. It would increase the attractiveness of public service, and by old age would offer some compensation for the earlier wage-lag as compared to the private sector. This would not be done to the detriment of others, as all the employers would be free to provide an excess-allowance to their employees.

### 4.

The transformation of the National Holiday Fund is on the agenda. State support is going to decrease or stop. The granting of holiday allowance will fall on the employers.

SZEF takes note of the necessity of change. However, it can accept the change-over to a new system only with the following condition: the law on central budget should guarantee that employees of public institutions financed by the state or the Health Care Fund will not suffer a handicap as compared to holiday allowances available for employees of other fields. It is obvious that budgetary institutions are unable to contribute from their own sources to the holiday costs of their employees.

Guarantees are needed in connection with the preferential recreation of pensioners and the unemployed too.

### 5.

SZEF welcomes the adoption by Parliament of the law on social security administration. Massive support by the representatives of the Hungarian Socialist Party made the adoption possible.

It rejects unfounded accusations voiced by the majority of political parties represented in Parliament against the representatives of local self-government. SZEF, at the same time, deems it necessary to refresh the personal composition of the assemblies of local self-government including leading office-bearers, too.

SZEF does everything possible in order to establish local self-governments till the given time-limit and that they continue their activities within the framework set by law.

6.

SZEF supports the revision of the law on parliamentary elections in order to make it simpler, more concise and give clearer expression to proportionality. SZEF holds it desirable to reduce the number of members of Parliament.

7.

SZEF regards the overall renewal of the system of interest reconciliation as pressing, and upholds its proposal for enacting a law on the representation of interest. It maintains its proposal aimed at bettering the conditions of interest reconciliation – including the re-thinking of the competence of various forums –, at guaranteeing agreements and the better assuring of personal and material conditions. The urgent settling of property rights of the trade unions is of paramount importance. The initiative taken by the parliamentary group of the Hungarian Socialist Party is heartening.

8.

SZEF does not intend to change its attitude towards parties. Programmes put forward in connection with the upcoming parliamentary elections must be studied carefully. At the same time it will be necessary to summarise and evaluate the stand taken by the parties in connection with the SZEF during the past years, and to draw the necessary consequences.

9.

SZEF continues to strive at constructive relations with the central and local governments. It urges concrete forms of co-operation among the trade unions, a dialogue with civil organizations and a new social treaty on priorities.

As regards our international relations, we attach great importance to SZEF becoming a full member of ETUC (European Trade Union Confederation.) as soon as possible.

10.

Special attention should be paid to the following in the work of SZEF :

- to the better utilisation of the intellectual potentials of local units;
- to the support of endeavours of units in the counties and regions;
- to the further improvement of PR-work.

11.

SZEF respects the Hungarian Constitution, the No. 1990 IV. Law on the freedom of thought and religion, the provisions of laws in general, Law No. 1991 XXXII, as well as the April 22, 1997, decision of the Constitutional Court. It agrees that the state should render financial support to church schools, educational, health, social and cultural institutions.

It expects, at the same time that employees of these institutions be given the same treatment as public employees when it comes to employment, dismissal, overtime, remuneration for overtime, the structure of income, paid holiday and additional holiday.

12.

Experiences drawn from the financing of institutions maintained by local self-governments show that these institutions in a significant part of our villages and country towns got into a serious handicap in comparison with the others. This stems from

the insufficiency of financing. SZEF expects the institution to function as laid down in the Constitution and various laws, irrespective of the financial situation of the given local self-government. Consequently, responsibility of the state, the security of material guarantees must equally be increased in institutions run by the central and local governments.

## **The activities of the Forum for the Co-operation of Trade Unions (SZEF) since its first congress on May 4<sup>th</sup>, 1995**

**1995**

**May 16.** Statement by the Managing Board of SZEF on crisis-symptoms in reconciliation of interests. Because of the lack of readiness for compromise on the part of the government and its inflexible attitude, negotiations on reconciliation end with failure in one instance after the other. SZEF calls upon the participants of reconciliation to start negotiations immediately. It calls upon the parliamentary groups of parties, the members of parliament to pay proper attention to the opinion and proposals of representations of interests.

**June 13.** SZEF forwards to the Finance Minister its comments on a survey about the present state and the future development and tasks of the system of local self-governments. SZEF regards the survey and the further development as timely and necessary, but it is of the opinion that changes are possible only in harmonization with the reform of the large systems.

SZEF shares the view that

- the present financing system of self-governments is untenable;
- the regional structures are to be strengthened;



- the restraining of exaggerated decentralization is expedient;
- in the frame of the complex reform of state administration models well-founded from the professional and social points of view, have to be shaped;
- it is justified to reduce the contradictions of the scopes of duty, authority and financing.

SZEF does not support efforts aimed at restricting the conditions of operation and the scope of activity of self-governments. It holds that it is necessary to clarify the responsibility of the central government and the local self-governments for provision, the division of tasks between central and local administration and the order of financing linked to it.

**June 21.** SZEF requests the Constitutional Court to declare Paragraph 40 of the 1992 Law on civil servants – which does not allow overtime pay – unconstitutional.

**June 23.** SZEF requests the Constitutional Court to declare certain amendments to laws on economic stabilization unconstitutional.

**August 16.** SZEF elaborated a proposal according to which the excess-burdens stemming from the price-increase of energy (electricity, gas, PB-gas) due in September, should be fully reimbursed to public institutions as they are unable to cover it from their own sources.

**September 4.** The Managing Board prepares a proposal for the transformation of the system of reconciliation, as it came to the conclusion that the reconciliation of interests reached the bottom. The confederation deems a thorough analysis of this unfavourable situation necessary. According to SZEF an agree-

ment has to be reached on the new principles of reconciliation and the law on representations of interests. The circle of participants in reconciliation should be reconsidered, the competence of participating institutions and trade unions clarified and the criteria of representativity determined. The right of participants in reconciliation to get information must be settled by legal measures. The material, personal, financial and infra-structural conditions necessary for reconciliation have to be established and laid down in a law.

SZEF – in its proposal – suggests that a complete system of interest reconciliation councils should be established on the level of place of work, settlement, county and economic branches. A Council for the Reconciliation of Interests in the private and public sectors and public services should also be established on a macro-level.

**September 6.** SZEF formulated its position as regards the Concept of the New Constitution.

**September 19.** Upon the initiative of the Autonomous Trade Unions' Confederation (ASZSZ) a discussion took place between the presidium of ASZSZ and the Managing Board of SZEF about current questions of trade union policy.

**October 6.** President Dr. Endre Szabó forwarded to Prime Minister Gyula Horn the September 2 statement of the Managing Board pointing out that challenges concerning the public sector are the source of serious tension. The intention to freeze in 1996 the salary of 500–600 thousand public employees would bring about a 20–30 per cent deterioration of real salaries and a 15–20 per cent deterioration of net incomes. SZEF is of the opinion that sectoral programmes of the structural reform did not reach that stage yet which could lead to a significant staff reduction from

the beginning of 1996 already. SZEZ would not like to be forced to organise among employees and the population widespread manifestations of discontent, as SZEZ stands on the side of negotiations and sober compromise. To this, however, new proposals are needed from the government. A personal meeting would be useful, too.

**October 25.** SZEZ prepared a proposition for the Council for the Reconciliation of Interests, aimed at lessening social-economic tension. This proposition, resting on the recommendations of various professional workshops, urges a fundamental turn of attitude and strategy in the economic policy of the government, in order

- to subdue the accelerating decline of living standards,
- to avoid the collapse of public service and its institutions, and
- to avoid increase of the foreign and domestic indebtedness of the country,
- to stop the further erosion of the country's most important resources,
- to carry through consequently the transformation of the eco-social market economy.

The document proposes steps

- to put an end to the unduly great power of the National Bank lacking any social control,
- to decrease, without restrictions, the deficit of the budget,
- to ensure domestic resources necessary for the launching of economic growth,
- to decrease by regulating exports and imports, the deficit in the balance of payments,
- to lessen inflation,
- to take steps aimed at stimulating investments,

- to introduce a tax- and social insurance system more acceptable for public opinion,
- to improve the rate of employment.

**October 27.** According to the statement issued by the Managing Board of SZEZ, steps envisaged by the central and local governments for 1996 and the rising costs of services go beyond the limits wage- and salary earners and pensioners can bear. Everything should be done to ward off the danger of turning social stability upside down, as a consequence of the exaggerated tempo of economic stabilisation. The plan of the financial administration to freeze salaries and carry out staff-reduction on a large scale, is regarded by SZEZ as unacceptable and provocative. It holds it justified that various trade unions promised demonstrations and strikes as an answer. SZEZ is of the opinion that serious conflicts can be avoided only then if the government admits that its proposals are untenable and comes forward with new and real motions suitable for negotiations. In case the possibility of an agreement runs into final fiasco, SZEZ will initiate united actions to exert pressure. At the same time it supports independent actions by some membership organisations and calls upon all the membership organisations to express their solidarity in an effective way.

**November 21.** The Managing Board of SZEZ finalised its position for the discussions to take place on November 21<sup>st</sup> between the representatives of SZEZ and the Prime Minister.

The claims of SZEZ:

1. 25 per cent increase of gross salaries for employees in the public service.
2. Employment of a staff corresponding in number to the tasks of public institutions, putting an end to professionally unjustified staff reduction.

3. Assurance of sources necessary for the maintenance of proper functioning of public institutions.

In SZEF's view the government is obliged to elaborate its financial policy and the budget with due attention to the limits within which the population can bear burdens. The confederation does not accept that the economic policy of the government is the only one possible.

**December 5.** Dr. László Sándor and Dr. Endre Szabó signed the agreement on co-operation between the National Association of Hungarian Trade Unions (MSZOSZ) and SZEF, valid till December 31<sup>st</sup>, 1997. The goal of the agreement: a more fruitful safeguarding and a more effective representation of employees' interest and a more resolute stand against the government and employers.

**December 11.** Dr. László Vigh, President of the Intellectual Workers' Trade Union Association, and Dr. Endre Szabó, President of SZEF signed the agreement on co-operation of the two confederations, according to which they will strive for the forming of a joint stand as regards all questions concerning employees, especially public officers and civil servants.

**December 13.** The Executive Committee of the European Trade Union Confederation (ETUC) at its session on December 13<sup>th</sup> accepted SZEF's participation – in observer's status – in the activities of ETUC. This means that SZEF received place at and right to participate in discussions of the Executive Committee and the Working Committee on Integration of ETUC. Secretary General Emilio Gabaglio when informing the president in a letter, said that "SZEF is an essential segment of Hungarian trade union movement. It must have a place in ETUC", and observer's status facilitates for SZEF "to widen and deepen its contacts with

membership organisations of ETUC and by doing so, to improve preconditions for future decisions."

**December 13.** The Federal Council of SZEF expressed in a statement its serious anxiety about the reason that in the Council for the Reconciliation of Interests in the Public Service no agreement was reached on the salary-increase of public employees in 1996, as the government undertook guarantee of only the half of the 19.5 per cent increase promised earlier. The trade unions concerned did not accept the proposal of government according to which the salary of public employees would increase – from February, 1996 – by 10 per cent and from September on by minimum 2 per cent, and that of civil servants by 11.1 per cent, while that of public officials appointed by local self-governments by 5.6 per cent only. The Council called upon the government to guarantee the full amount of salary-increase and to submit urgently to Parliament a new pay-scale for public employees, as well as a motion about the solution of questions of staff and employment. The Federal Council reaffirmed its position: SZEF is not going to sign the agreement on prices and salaries until there is no agreement concerning the salary-increase for the budgetary sector. The Federal Council authorized the Managing Board to establish an action committee for the co-ordination of initiatives aimed at exerting pressure.

## 1996

**January 15.** The Managing Board of SZEF discussed a proposal about amending the 1992 Law on the legal position of public employees, and the amending of the system of promotions and salaries, – in order to frame the position of SZEF.

**January 26.** Discussions between representatives of organisations in the Council for the Reconciliation of Interests and the Prime Minister Mr. Gyula Horn. The meeting was initiated by Mr. Gyula Horn. Subject: The utilisation of excess-income originating from privatisation, and questions to be discussed in the course of reconciliation in the first half of 1996. In connection with the reform of large provision systems, the president of SZEZ pronounced: reform should not only mean withdrawal of money from certain areas but amounts freed by modernisation should be left within the system. This would make counterbalancing measures in other fields possible. Sums released by the modernisation of hospitals, for example, could be allotted to the improvement of the system of social provision, and social strata falling behind should also be taken care of.

Dr. Endre Szabó proposed: as the realisation of structural reform will take a long time, it is necessary to prepare a timetable for implementation. He also raised that transformation and the evolving of a viable system need investment, too. SZEZ is of the view that a system of state administration and public service of a higher standard must come about as a result of a structural reform. This would take place in such a way that avoidance of mass dismissals be possible. This requires the shaping of mechanism of compensation.

**January 29.** In the opinion of SZEZ the compromise agreement which has come about can be enumerated among the most important agreements on pay of recent years. In this agreement the government guaranteed, for the first time, a yearly increase of earnings (19.5 per cent in 1996) in the public sector identical to that in the private sector.

Agreement was reached that a significant change of the number of employees can take place on the basis of professional

laws only. A reconciliation of interests will take place among social partners prior to the decision.

The statement of the Managing Board reaffirmed the earlier position of SZEZ: the confederation does not accept a new pay-scale which could deprive certain parts of employees – those having an earning higher than the average – from the possibility of salary-increase.

**February 7.** Agreement was reached at the session of the Council for the Reconciliation of Interests in Public Service that it is justified to introduce in the 1997 budget – within the financing limits provided by the state – a statutory order on pay and a system of promotions with 10 grades and 14 steps in each grade. The Council for the Reconciliation of Interests in Public Service agreed that from February 1st, 1996, the statutory order on pay and the system of promotions contain 8 pay grades and the basis of related allowances be 9350 HUF from February 1st, 1996, and 9800 HUF from September 1st.

**February 19.** The Managing Board of SZEZ made the statement in connection with the decision of the government to raise retiring age: it is neither timely nor justified to raise retiring age separated from the reform. This problem could realistically be approached together with the complex correlation of employment and national health care.

SZEZ is ready to co-operate in the elaboration of a comprehensive pension reform, but it can only accept a solution well prepared through the participation of the insured and in harmonisation with all those concerned, which maintains acquired rights of the insured and offers those to retire the possibility to make a choice. SZEZ is opposed to discriminative sanctions against those making use of early retirement. It holds, instead, positive preferentials more appropriate to delay retiring.

SZEF does not support the general elimination of preferential exemption by age. It proposes, instead, its differentiated regulation.

**March 11.** The Federal Council of SZEF, in a statement took a stand about the draft of the three-year agreement on public employees. The Council declared: the agreement is important for SZEF, as its draft contains some promises by the government, advantageous for public employees. The government accepts, among others, the claim of trade unions that the scissors between salaries in the public and private sector respectively, should not open wider during the coming three years. On the contrary, the difference should possibly decrease. The level of real salaries of public employees should not sink any further after the 2 per cent drop this year, but possibly improve.

By signing the document the government recognises that staff reduction unavoidable in the course of the structural reform does not exclude the improvement of employment conditions for public employees. It does not exclude the increase of staff in certain fields either. The government promotes by all means possible that those losing their job find work as soon as possible. Furthermore, the government commits itself in the agreement that it is not going to submit to parliament laws on certain areas of public employees' activities, or amendments to such laws, without prior reconciliation with the trade unions. The government assumed obligation in the agreement that it will consider, together with the signatories: what government measures could improve the working conditions and the exercise of constitutional rights of organisations safeguarding the interests of the workers. The government will strive at the settlement of unsolved property problems of such representations. Trade unions, signatories to the agreement, intend – on their part and first of all – to settle the issue through negotiations.

**April 18.** The Managing Board of SZEF made a complaint in writing to Prime Minister Gyula Horn, as there are two cases already, showing that governmental organs consciously hinder the coming into force of the amendment to the law on public employees, as well as the payment of salaries in accordance with the new pay-scale.

**April 29.** The Managing Board of SZEF in its letter to Mr. György Szabó, Minister of Public Welfare, and Mr. Péter Kiss, Minister of Labour, summed up in five points its position as regards the government proposal to raise retiring age and the conditions of flexible retirement:

1. SZEF holds the raising of retiring age separated from pension reform unacceptable, and the – mainly demographic – reasons are not satisfactory either.
2. A public debate is necessary about pension reform and the raising of retiring age.
3. The time-span to prepare for the raising of retiring age is very short. Transit to the new age-centre should begin after 2001, and a bonus-system should stimulate those retiring according to the new system.
4. SZEF regards a retiring age below 62 as acceptable for women. In certain sectors of work it should not be permitted to impose sanctions against retiring before the new age-centre.
5. Pension of women working in three shifts and are regularly on duty, too, must be dealt with separately.

**April 24.** Meeting between leaders of organisations in the Council for the Reconciliation of Interests and Prime Minister Gyula Horn. The following questions were discussed:

- The utilisation of excess-income deriving from privatisation, and the relevant interest savings;
- Concepts on the structural reform;

- The concept of the modernisation of the Council for the Reconciliation of Interests.
- Dr. Endre Szabó represented SZEZ at the discussions.

**April 25.** SZEZ – with the Friedrich Ebert Foundation – organised a professional-scientific conference about the concept of the new Constitution. Representatives of several trade union confederations, all the membership organisations of SZEZ and a large number of social and professional organisations safeguarding interests took part in the conference. Dr. Zoltán Gál, President of Parliament and Chairman of the Committee for the Preparation of the New Constitution, addressed the conference.

SZEZ regards it important that the Basic Law of the country come into being with public participation of the widest possible circle. SZEZ in 1995 –in connection with the concept of the government regarding the new Constitution – declared already that the preparation of the new Constitution cannot be the inbred matter of the legislature, and especially not that of the parliamentary parties exclusively. Sorry to say, the opinion of SZEZ on the concept – with the exception of a letter of thanks – was not deemed worth an answer.

Principles of the new Constitution prepared on the basis of the concept do not satisfy SZEZ either. Obligations of the state are exaggeratedly substituted by the self-care of citizens, and social rights are devalued groundlessly. The concept exaggerates the role of parliamentary representation and wantonly narrows down the possibility of other representation, the function of civil organisations – for example – and impairs the possibilities of direct democracy. It is unacceptable that the concept does not deal with the system of reconciliation of interests. SZEZ is of the view that public debate about bills must be ensured by constitutional guarantees. The same applies to obligatory prior harmonisation of legal measures concerning the world of labour.

**May 22.** Representatives of SZEZ and the Federation of Young Democrats (FIDESZ) – under the leadership of President Dr. Endre Szabó and Vice-President Zoltán Pokorny – had a consultative meeting and informed each other about certain questions of interests reconciliation, representations of interests and about law-making. SZEZ confirmed at the meeting that as the representative of the interests of public service employees and civil servants, it will – as in the past – continue to be ready for dialogue with each political party and other organisations, but does not intend to commit itself to any political force. Representatives of FIDESZ agreed with the position of SZEZ that the principles of interests reconciliation should be laid down in the new Constitution, and the government should ensure in the budget cover for the functional expenses of the reconciliation of interests.

**July 4.** The Managing Board of SZEZ expressed deep disappointment in a press statement, as regards the decision of Parliament by which the limit of retiring age of women was raised – separated from pension reform – to 62 years.

**July 15.** The Managing Board of SZEZ had discussions with Mr. Péter Medgyessy, Minister of Finance, and Mr. László Akar, Political Secretary of State in the Ministry of Finance, on the prospects of salaries in the public sector in 1996–1997.

As regards structural reform, SZEZ confirmed: it sticks to the claim that the decrease of staff of public employees, civil servants fall into line with tasks of the public sector. In the first five months of 1996 the number of employees in the public service dropped by fifty thousand. Further significant dismissals – leaving the tasks untouched – would endanger the capability of public institutions to function. SZEZ most firmly rejects solutions taking into consideration only financial aspects in the course of structural reform.

**July 22.** The Managing Board of SZEZ had discussions with Mr. Péter Kiss, Minister of Labour. Speaking about salaries, Dr. Endre Szabó expressed his concern whether the 19.5 per cent salary-increase in the public sector due in 1996 will be realised or not. The increase is especially uncertain with the local self-governments, as there is hardly any sign of their having allotted savings from staff-reductions and other measures to raise salaries. SZEZ requests early negotiations – with the participation of the central government and the local self-governments and the representations for interests – on the guarantees of salary-increases.

In connection with the modification of the pay system of public employees – just under preparation – SZEZ deems the unity of this pay system important, but the modification must provide a stronger recognition of qualification, the duration of service and the peculiarities of certain professions (health-care, education, culture). Furthermore, the confederation is of the opinion that it is necessary to review the salary system of civil servants and the harmonisation of the two salary systems with each other. SZEZ claims that the central and local governments give more reliable guarantees of the fulfilment of the agreements on pay.

Current political or financial matters must not get a role in the shaping of the future of **self-governments for social security**, – this is claimed by SZEZ. It is unavoidable to determine more punctually the scope of responsibility and competence of the government and the self-governments for social security. The confederation holds that the employees' representatives in the self-governments for social security should also be mandated through delegation.

**September 5.** In the Council for the Reconciliation of Interests in Public Services a complementary agreement was

reached on corrective measures ensuring the implementation of agreements on pay for 1996 concerning the public sector.

The government and the trade unions hold it necessary to examine a transformation of the system of agreements on pay and salary-financing which would ensure legal and financial guarantees of the agreements.

**September 27.** Four national confederations of trade unions – The National Confederation of Hungarian Trade Unions (MSZOSZ), the Forum for the Co-Operation of Trade Unions (SZEZ), the Autonomous Trade Unions Confederation (ASZSZ) and the Intellectual Workers Trade Union Association (ÉSZT), searching for possibilities to transform the decision-making process of the employees' side in the Council for the Reconciliation of Interests, elaborated a joint proposal on voting proportionate to weight. On the basis of results attained at the election of works- and staff councils, and on the basis of the membership of the confederations, MSZOSZ would get 8, SZEZ 6, the ASZSZ 4, ÉSZT (Intellectual Workers' Trade Union Association) and the League (Democratic League of Trade Unions) 2–2, and the National Alliance of Workers Councils 1 mandate in the Council for the Reconciliation of Interests, where decisions by the employees' side would require a 75 per cent majority and the consenting vote of minimum four trade union confederations. The final decision about this proposal will rest at the leading bodies of the confederations.

**October 2.** A meeting took place between the Managing Board of SZEZ and the Presidium of the parliamentary group of the Hungarian Socialist Party (MSzP). The office-bearers of SZEZ raised that the situation of public service and public institutions has been deteriorating continuously since years. This is the reason why public service only vegetates and does not function on the expectable level.

The real salaries of public employees and civil servants – with the exception of one year – always dropped to a larger extent than the national average. In the first half of 1996, 33.000 HUF was the monthly gross salary of public service employees. The increase – instead of the 2 per cent fixed in the agreement – will be 5 per cent lower than that in private economy.

Ill-considered **staff-reduction**, lacking the careful deliberation of tasks, drove the normal functioning of public institutions into danger. The number of employees in the public service dropped by 110 thousand – more than 10 per cent – in four years, since 1991. In the meantime tasks and duties remained unchanged and expenditure of operation shrank year by year.

This tendency has nothing to do with the structural reform, regarded by SZEF, too, as unavoidable. Neither the economic and financial, nor the professional conditions of this reform are, however, given as yet.

Conditions are not yet given to change over to a system based on the self-care of citizens instead of a paternalistic state. SZEF unequivocally supports the structural reform which formulates exactly the obligatory tasks of the modern state and local self-governments, as well as the related financial sources.

As regards the draft budget for 1997, SZEF does not accept a 17 per cent salary increase. The government must also settle its debt stemming from the salary increase of 1996. The confederation can interpret the 17 per cent only as the minimum of guaranteed increase on the pay-scale. It holds that a 20 per cent average salary increase is realistic in the public service. SZEF sticks to its opinion as regards the self-governments for social insurance: Those who pay insurance fee, must have the right to co-determine the spending of the amount paid in. SZEF – at the same time – is opposed to politically motivated election of self-

government representatives. It is enough if the employees' side also delegates representatives into the self-governments, as employers do.

At the talks SZEF raised its claim that the Parliamentary group of MSZP support the settlement of ownership rights of **trade union property**. It requested that socialist MPs take into consideration – to a larger extent than hitherto – the opinion of representations of employees' interests.

**October 17.** At the meeting of representatives of SZEF and the Federation of Free Democrats (SzDSz) Dr. Endre Szabó gave voice to worries of public service employees as regards salary, reductions of manpower and the deterioration of working conditions of public institutions having gone on for years. Mr. Tamás Bauer, Executive of SZDSZ, admitted that these are real problems, but was of the opinion that no significant improvement can be expected in the present system of public finances. He is of the opinion that a smaller but better paid public service, civil servants staff would be desirable. He thinks that there are reserves still to reduce the staff in the public sector, as the decrease of their number is smaller than that in the private sector.

Contrary to the position of SZEF Mr. Tamás Bauer expounded the opinion that it is not opportune to fix the Constitution government obligations as regards the reconciliation of interests, and there is no need for a law on the representations of interests either.

The two sides presented views differing in many points as regards the future of self-governments for social insurance. According to the Executive of SZDSZ the legitimating of self-governments for social insurance is only possible through elections.



**October 22.** The Federal Council of SZEF had a session and accepted a declaration on some current questions.

1. In connection with the "success-prize" granted by the **State Company for Privatisation and Property Management**, the Council declared it alarming that events hurting seriously the cleanliness of public life and the ethical and legal norms of a constitutional state take place more and more frequently. These events give rise to unjustified conclusions and generalisations as regards public service employees. That's why SZEF has for a long time strongly recommended the urgent formulating of ethical expectations and rules of incompatibility regarding participants of public life. It also urges the elaboration of the building up of a system of social control, and the improvement of the conditions for publicity.
2. In connection with **the situation of employees in the public sector**, the Federal Council declared that the regular withdrawal of sources from the public sector and staff reduction along the "grass-cutting" principle are untenable. As a consequence of the latter, the real salaries of public service employees dropped by more than 40 per cent in four years. The staff decreased by 110.000 employees – that is by 13–14 per cent – while tasks and obligations remained the same. The firm position of SZEF is: Neither the social nor the economic or financial conditions are given in present-day Hungary for the quick withdrawal of the state from the public sector. Significant fields of the public sector can never be put on the market.

The Council confirmed: SZEF sticks to its claim that a 19.5 per cent increase of earnings be fully realised in 1996, while for 1997 it regards a 20 per cent increase as justified. SZEF cannot accept without reservation proposals aimed

at the modification of the system of social insurance-fees. It rejects the suggestion that insured employees give up financial provision of social insurance. It regards as unacceptable the planned taxation of meal contributions.

The confederation is of the opinion that a study should take place prior to the planned raising of energy prices. Compensation for the excess costs of budget institutions should also be considered. SZEF expressively claims that the budget and employers contribute to the voluntary insurance of employees in public service.

3. The Federal Council feels it necessary
  - to review profoundly the system of reconciliation of interests;
  - to fix legal guarantees of reconciliation of interests in the Constitution;
  - to enact a law on the reconciliation of interests;
  - to review the Statute of the Council for the Reconciliation of Interests and to improve its working conditions.
4. SZEF holds it indispensable to analyse objectively the foregoing activities of self-governments for social insurance, to draw consequences, to mark out exactly the division of competence and responsibility between the state and social insurance respectively, and to give the insured the right to co-determine the spending of insurance funds. SZEF claims that the representatives of employers and employees get mandate in the self-governments for social insurance on even terms. It rejects politically motivated election of the members of self-government bodies.
5. The Federal Council urges the settlement of property rights of trade union immovables registered at present as

state property. It requires that all these immovables be returned to the trade unions without any limitation.

**November 11.** The Managing Board of SZEZ declared in a statement that it was taken by surprise when an MP of the Federation of Free Democrats (SZDSZ) – member of the government coalition – submitted an amendment to the bill on legal status and pay order of public employees. The amendment concerns workers of public education. This is surprising, as a long process of reconciliation of interests – and in some questions debates are still going on – led to the joint understanding with the government that **the unity of the pay order of public employees must be preserved.** This is the framework within which justified ways and means must be found to satisfy the special interests of various professional branches and groups. The low level of salaries of employees in the public sector and the financial allocations for 1997 make it neither justified nor possible to carry out a comprehensive modification of the system of earnings, – a modification deviating substantially from the system of to-day. Such a step would be very detrimental to the legal status of employees in the public sector. It would offer a ground for various groups of public employees to be set against each other. SZEZ requests the members of Parliament not to support this motion.

The Managing Board of SZEZ draws the attention of those concerned to sit down immediately to the negotiating table and reach an agreement about the financing of health-care and the guarantees of salary-development for health-care workers in 1997. The confederation holds it unacceptable that organs of the central and local governments, responsible for health-care, while pointing the finger at each other and employing delaying tactics, hinder the averting of circumstances endangering the normal activities of health-care.

**November 26.** The leaders of county-organisations of the member unions participated – for the first time – in the national conference of activists of SZEZ.

The development of the system of SZEZ co-ordinating structures in the counties, the establishing of county managing boards are indispensable for the more effective representation of interests of public employees and civil servants. The building up of regional co-ordinating structures of SZEZ is justified, too. This makes it possible to form the national structure of SZEZ, built on an organisational basis wider than that of any other confederation.

**December 20.** Agreement in the Council for the Reconciliation of Interests in Public Services on the increase of earnings of public employees in 1997. According to the agreement, signed by Prime Minister Gyula Horn too, an unified pay-scale with 10 grades and 14 steps in each grade will be introduced from January 1st, 1997. Salary-rates will change on February 1st each year.

## 1997

**January 23.** On the initiative of the Pensioners' Committee of SZEZ, the pensioners organisations of the six trade union confederations held a joint consultation about pension reform.

**January 31.** SZEZ, at its press conference, announced its opinion about the draft pension reform and about the first experiences as regards the implementation of agreements on pay for 1997, and expounded its relevant concern. SZEZ gave information on its position regarding the renewal of mandates of self-governments for social insurance.

**February 13.** In a press statement SZEF expressed its solidarity with the Budapest demonstration of workers of the meat industry, envisaged for February 17<sup>th</sup>. In SZEF's view it is outrageous and not permissible that the German owner and management of Szekszárd Meat Co. threw out of the plant the office-bearers of the trade union. SZEF declared: it requests the government to force the employers to respect law and trade union rights. Violation of law must not be tolerated.

**February 21.** At the meeting between Prime Minister Gyula Horn and the leaders both of employers and employees' side in the Council for the Reconciliation of Interests, the modernisation of the system of reconciliation of interests, the renewal of self-governments for social insurance and questions about joining the European Union were discussed. Among current issues Dr. Endre Szabó, President of SZEF expressed that real salaries of employees in the public sector dropped by 7-8 per cent in 1996. It seems that there are no financial covers above the 1997 agreements on pay either. He requested the government to prepare a proposal in order to solve the problems of financing in the public sector. Mr. Gyula Horn accepted the proposal and promised that representatives of the government and employees will on February 26<sup>th</sup> jointly review the situation of salaries and questions of financing in the public sector.

**February 21.** The Managing Board of SZEF formulated and finalised in 12 points its position on the draft of the government concerning pension reform. Dr. Péter Medgyessy, Minister of Finance, Mr. László Keller, Political Secretary of State in the Ministry of Public Welfare and Mrs. Judit Csehák, Chairwoman of the Parliamentary Committee on Social and Health Affairs, were present. The Board took note of the fact that the new draft of the government took into consideration a number of proposals of SZEF, the position of SZEF and that of the government drew

nearer to each other and the difference of approach narrowed down to a few subjects.

**February 24.** SZEF issued a statement about the meeting of the Federal Council. The Council confirmed the position taken by the Managing Board regarding pension reform. It instructed the Managing Board to elaborate proposals on the preparation of obligatory pension fund of the public sector, in case the law permits it as a complementary part of pension. It requested the government to make a proposal on support by the employers.

The Federal Council stated: employees representatives should also be delegated into the **self-government for social insurance**. At the same time, it regards participation of the government in bodies of self-governments as incompatible with the spirit and essence of self-government. It is unacceptable for SZEF that **real salaries of employees of the public sector** dropped in 1996 again in higher proportion – by 8-10 per cent – to the national average. This is contrary to the three-year agreement on public employees. SZEF expects the government take steps to improve the situation.

The Federal Council of SZEF expressed its anxiety concerning the planned termination of independence of the Labour Courts.

**March 4.** The Federal Council of SZEF published its position on the anticipated modification of the law on the management of self-governments for social insurance. The Council confirmed: the direct participation of the government in the Assembly and Supervisory Committee of the self-governments is unjustified. The Council supports the delegating of representatives to the self-governments, adding that, if certain criteria

are met, employers' organisations in the moment not participants to the Council of Reconciliation could also delegate representatives. It is worth considering that local self-governments and organisations for the safeguarding of interests of pensioners be also represented in the Self-Government for Health-Care.

**March 17.** The Managing Board of SZEf issued a statement in connection with agrarian demonstrations. It expressed its concern regarding tension in agriculture, but declared: none of the social strata may be exempted from carrying out the principle of proportionate bearing of public burdens. SZEf stands by negotiations, but negotiations can only take place between sides ready for compromise and able to guarantee the observance of agreements. That's why the reconciliation of interests is important branch-wise, too. In this, however, representative organisations of the respective professions may take part. Besides agrarian demonstrations, tension in other sectors – in higher education, for example – call attention to the weaknesses in the work of the government as regards the preparation of decisions.