

K. SZIKRA, MRS. FALUS

ON HIGH PERSONAL INCOMES IN HUNGARY

The author seeks ways for easing the tensions related to high personal incomes in a socialist society in two directions: partly in restricting the economically and socially unjustified incomes and partly in expanding the possibilities for spending the justified incomes. She discusses in detail the latter scope of problems, and within that particularly the uses having the nature of accumulation.

The average standard of living in Hungary is on the whole in agreement with the general level of her development. There exists, however, a stratum drawing amounts far higher than could be reasonably spent – at least legitimately – on personal consumption or on individual or family investments serving consumption. The consequences are spendthrift consumption and investments, evasion of the provisions of law, and the spreading of such forms of use which cause damage to the whole of the national economy. This is a relatively new but aggravating problem of this society. It follows that it has to be tackled.

In this study the term high personal income* stands not for incomes above a certain absolute amount but for a symptom with relative and subjective implications. An income containing a substantial surplus over the needs (i.e., over current consumption and investments directly serving consumption) of the individual or the family enjoying it is a high one. For example, the same income which an urban intellectual family spends with no "difficulty" and which is consequently not high might contain a substantial not reasonably usable surplus for a rural family accustomed to much more moderate circumstances and whose disposing of their income is limited by the backward service system of the village.

Most high personal incomes accrue in concurrence with professions and are enjoyed by four major categories.

1. Artists, scientists, high officials, some specialists with very high qualification and mostly when considerable extra earnings are added to salaries paid for full-time jobs. (Patent fees, royalties, performance fees, money made abroad, etc.).

2. Part of private artisans and private retailers.

*The existence of high personal incomes is extremely difficult to demonstrate statistically. It will be somewhat revealing to know that on December 31st 1977, the National Savings Bank recorded 122 000 savings deposits in the range of 100 000 to 500 000 forints and 1000 deposits of more than 500.000 forints while it is known that especially well-off people deposit their savings in more than one account.

3. Recipients of large amounts of invisible incomes. The sources of such incomes are tips and doctors' fees etc. on the one hand and payments for unauthorized (moon-lighting) work done for the population (sometimes using the materials of an enterprise).

4. Part of the peasant or mixed (that is, worker-peasant, employee-peasant) households where above the money earned in the socialist sector (state and cooperative enterprises) significant revenues are brought home from household plots.

Also incomes unrelated to profession play a role in the creation of high personal incomes, mostly in the form of occasional or random receipts such as heritage, presents, etc. The importance of these increases at a fast rate along with growing welfare. Such incomes are cashed also from sales of highly valuable personal properties (apartments, other immovables, objects of art, jewels, etc.). Regular incomes unrelated to professions (from the letting of flats, rooms, holiday homes) in themselves normally do not result in high incomes as specified here, yet they may have very important complementary roles.

It is extremely difficult to estimate even the approximate number of people enjoying high incomes. Some reference is nevertheless available with respect to incomes related to profession. According to relatively recent estimates the recipients of tips and doctors' fees are in the range of half a million.* According to the data of the Ministry of Finances in the year 1975, from smallscale farmers (farming on household plots) and people with independent intellectual professions as well as private artisans and private retailers, 7 per cent of the taxpayers were taxed after 100 000 to 200 000 forints assessable income, which means more than 130 000 people altogether. These figures alone do not tell much. Obviously only some of those taking tips or doctors' fees draw really high incomes and, in most of the cases, a 100 000 to 200 000 forints yearly income was already in 1975 not "difficult to spend". It must be considered, however, that the assessment was made decisively according to the returns of those concerned and is thus downward misrepresentative, often quite appreciably. It must be also considered that these figures do not contain incomes earned as employees by people engaged *also* in independent intellectual work, nor do they show those receiving high incomes in their exclusive capacity of employee (leaders, experts). In view of the above it will be clear that we have to consider not some small and negligible stratum at all but one that may well be estimated at tens or rather hundreds of thousands.

The ways towards relieving the problems caused by high personal incomes should be sought in two directions: in restricting economically and socially unjustifiable incomes on the one hand and in expanding the opportunities for using incomes that may be considered as justified on the other hand.

*The medical service in Hungary is free of charge by right of citizenship, yet patients frequently pay a fee in the hope of better service. — Ed. note.

The ways of restriction

From the point of view of restricting high incomes the source and magnitude of the income are of relevance. The aim should be to eliminate incomes originating from unauthorized sources and to moderate those which, though originating from authorized sources, yet are disproportionate, through controlling the accruing of income and through expost taxation, respectively. There is no room for restrictions in case of justifiable incomes even if they are considered to be high.

Behind the outstanding incomes of artists, scientists, high officials and some experts with especially high qualification there normally are activities of particular value for the society. (It is also true that another part of them do not get but rather moderate rewards *for their no less valuable work*. The analysis of this disproportion is, however, beyond the scope of this study.) At the same time this income, accruing mostly from state or social organizations, is easy to control and is adequately taxed in the form of contribution to pension and of a strongly progressive personal income tax on independent occupations. Except for very rare extremities, any further restriction here is found to be inappropriate.*

The incomes of *private artisans and private retailers* cannot be controlled accurately. Disproportionately high incomes in this category can be traced back mostly to shortages in products or services and to the lack of the necessary competition. It follows that these can be curbed first of all through putting an end to commodity and service shortages and through the boosting of competition. Much more vigorous competition is required between the socialist and the private sector and, within the private sector, among individual artisans and retailers. This also necessitates to increase the number of private artisans and private retailers in certain trades and implies, as a rule, the elimination of tendencies characteristic of a shortage economy.

Disproportionately high incomes enjoyed in the private sector can be traced back furthermore to blatant laxity of taxpayers and in this context mainly to their concealing of assessable incomes. This is related to the professional and moral weakness of the control authority which has really grave impacts reaching beyond the private sector. The purity and integrity of the supervisory and control authority must be absolutely guaranteed on every level. This is a principal issue in the present state of affairs.

The grave negative consequences of the prevalence of *tipping, doctors' fees and "grease money"* are often quoted these days in Hungary. These admittedly need to be restricted even though little is done in practice to this end. One of the reasons must be the disagreements in judging the ways of solution.

The widespread use of tips and doctors' fees is often explained with the low official remuneration for the jobs in question and so the elimination of this state of affairs is

*This is one of the reasons why the introduction of the so-called family income tax is not recommended. This would only inflict upon strata with easily assessed incomes whereas the major disparities are not in this group.

supposed to resolve the problem. In fact, only some of the jobs where tips and extra fees are paid are poorly rewarded and the official earnings of people working in these fields are not smaller than of those other categories with similar standard of qualification and responsibility and so on. The other cause frequently quoted is the shortage of goods or labour. This is also short of the truth. Tips are paid often in areas where there is no shortage or where it is artificial and has been created deliberately by those concerned. The restriction of tips and extra fees implies the raising of disproportionately low salaries and the easing of commodity or labour shortages wherever these really exist but this alone is not enough. It requires the shaping of the public spirit as well as unambiguous prohibition and in case of nonobservance also severe retaliation where the user of the service is obviously at the mercy of the seller. The asserting of the interest of the whole society or of the majority must prevail even if this runs against certain partial interests.

Giving and taking of "grease money" has been for long prohibited; only the law should be strictly enforced. It is a naive idea to think that such abuses could be brought to an end simply through the improvement of material incentives. Nobody can be paid so much as to be better off if he keeps his integrity than if he takes bribes. One cannot financially compete with corruption.

The problem of unauthorized moonlighting work ought to be judged in a different way when it is performed after working hours. Unlike tips, doctors' fees and "grease", this is a type of income originating from extra work and one needed by the population. Therefore, the first aim should be to channel these activities onto a legal path (by issuing licences) and this would in turn entail a levelling of incomes through expansion of competition and adequate taxation.

The income of peasant households, like that of private artisans and private retailers, cannot be controlled accurately. Overrestriction and limitation have grave consequences — also according to historical experiences — and endanger food supply to the urban population and raw material supply to the food industry. Work done in the household plots (of prominent significance in high peasant incomes) is going to remain indispensable and is at the same time a most tiresome activity which society should duly reward.

Restriction of *occasional incomes unrelated to profession* could be implemented in the first place through levying taxes on presents and heritages of great value as well as through skimming the profit accruing from the soaring prices of properties. The feasibility of both is however limited. (Taxation can be enforced especially in the case of immovables.)

It is absolutely necessary to restrict high incomes but it may be seen that restriction itself is limited with respect to feasibility and, in a good part of the cases, to expediency. Therefore also the other way, i.e., wider opportunities for spending, must be resorted to.

Expanding the opportunities of use

High personal incomes are partly consumed and partly accumulated. The opportunities of using them may be expanded in these same two directions.

The main purpose of personal incomes is to provide for adequate consumption. There is an approach in Hungary accepting differences in earnings or incomes but contending differences in ways of life with respect to consumption. This is an absurd idea. Once differences are allowed in personal incomes they should be allowed to realize themselves in consumption differences too. Accordingly, people having the money must be given the chance to satisfy their special consumption demands. This requires provisions for the necessary coverage in goods and services to be bought as commodities. Experiences learned in Hungary and abroad have shown that from this point of view, over and above the traditionally luxury type articles, a wider choice of products related to home culture and of services helping the intelligent spending of leisure time deserve special attention. [2] Of course the prices of the above things as well as of other commodities and services satisfying special demands of high-income strata have to contain a relatively high net social income for this way of spending to be fruitful for society as a whole.

Promoting the proper consumption-type spending of high peasant (agricultural) incomes is a specific problem of its own. It implies development of the rural service network and expansion of the local spending opportunities, along with raising the standard of the peasantry's (rural population's) cultural requirements.

The consumption-type use of high incomes has its limits. It belongs to the nature of socialism to moderate differences in incomes relative to capitalism and especially in wealth between people and on this basis the differences between the financial conditions of ways of life. Under these circumstances people are extremely concerned about great differences in consumption or ways of life. This is the outcome in part of the notion of social and human equality in socialism and in part of the rapid approximation of the standards of demands of various social strata, the higher schooling standards and the significant social movements that have taken place. In Hungary before the war, when society was much more closed and the different strata were much more powerfully segregated, also consumers' demands were more differentiated. A workman or peasant wanting to imitate the way of life of the capitalist or the landlord and assuming the latter's consumption and way of life as his direct ideal should have been considered positively crazy. But now, when the chairmen of cooperative farms and general managers come from their relations or neighborhood, also the so-called "simple" families want to follow them directly or using the term of sociology: the two levels of aspiration have come next to each other.*

*"In socialism relations between strata are stronger, the different strata are more strongly interwoven and get nearer to each other also with respect to consumption habits. This process of approximation is enhanced also by technical progress, by improvement of the means of communication, industrialization and the service network." [3]

The blatantly lavish ways of life of certain strata or groups has unfavourable social and political impacts. It provokes wide discontent and unrealistic demands and, accordingly, defective forms of misbehaviour. The wasteful spending of certain strata is harmful also from the purely economic point of view. *Therefore, expansion of the opportunities for using high personal incomes cannot be kept within the bounds of the sphere of consumption. It should be made possible for part of them – and in my opinion a bigger part of them than at present – to return to the process of reproduction.*

Along with increasing welfare an ever growing part of personal incomes is put aside and accumulated. This is the only way for an individual to come into possession of valuable estate and effects and to establish a safe financial status. The savings of the population, again, are utilized by the whole society,* and the entire national wealth is enriched by immovables and effects owned by individuals. Moreover, above a certain ceiling greater opportunities of only current consumption are no longer stimulating. The incentive power of opportunities to build up reserves and to accumulate is also needed. That is, society has to encourage a way of life aspiring after solid accumulation as against lavish spending. (The conception spreading in the postwar years and especially in the United States and claiming that waste was advantageous for the economy because it was a precondition to a high level of production and employment was proved to be wrong also with respect to the capitalist world.) This postulate does not seem to assert itself in this country. High-income families already possessing the allowed amount of immovables are rather driven towards spendthrift consumption. We are facing here an extremely difficult task and dilemma of the socialist system that has attained a relatively high level of material wealth: *to combat wasteful consumption in a way that at the same time trends towards excessive opulence are controlled.* A question suggests itself: what is the way of easing the problem under the present circumstances through expansion of opportunities for accumulation-type uses of incomes, without risking the socialist establishment of society, what is the way of feeding back into the reproduction process incomes that can be no longer spent reasonably on consumption?

Some of the accumulation-type uses of personal incomes will be studied from this point of view hereunder.

Forms of accumulation unrelated to profession

Savings deposit is the basic form in which the people's income is accumulated. The rate of savings is known to be higher on higher income levels, the better-off strata set aside a higher percentage of their income. It can be seen, however, and it is also backed up by foreign experiences [4] that this holds only up to a certain limit. The saving

*The voluntary savings of the people mean voluntary renunciation of a part of current consumption which helps the expansion of social accumulation, productive or not productive, or the expansion of social consumption.

propensity of individuals or families has a point of "satiation". When the amount saved approaches this point, the ratio of the amount saved relative to income (the savings rate) does not increase any more. In Hungary the average amount of savings is estimated by experts to correspond to the average income level. But this average correspondance most probably hides bigger amounts of savings than what many people could really afford and at the same time relatively small savings (deposits) of people with outstanding income.

A major impediment to the increase of deposits of high-income people is the rate of interest which compensates for only part of the price increases, or the fear of the latter. (In this respect it is not the general price level that counts but the price trends mainly of those goods and services at which the saving is directed. And the building industrial and real estate prices increase at a much higher rate than the average price level.) By this circumstance the formation of short-term deposits is not retarded but that of long-term ones, a special concern for society, is. At present in Hungary the highest rate of interest on deposits is 6 per cent p.a. paid on a time deposit left untouched for at least three years. A kind of longer-term time deposit with suitably higher interest rate should be made possible and this would ease the problem.

The system of *private insurance* and in this context the system of personal (life) insurance is also suitable for engaging part of the high incomes.* Even though our social insurance scheme is comprehensive and is of higher standards than in many economically more advanced countries, it is capable of satisfying only part of the just demands of the people. Fuller satisfaction requires the people's own funds, too.** For example, a retired elder understandably wants more than to satisfy his primary demands: he also wants to continue the way of life he has been accustomed to and also to keep pace with the general improvement of welfare, while he is burdened by special costs owing to his failing health. However, our pension scheme cannot meet these expectations for a long time ahead. The problem could be partly resolved or at least eased*** through an appropriate pension-complementing insurance which mainly the higher income strata can afford. Also the other kinds of personal insurance (against disablement, illness, death, etc.) could find wide room with these strata. These forms of insurance would mean that free assets are engaged really durably, for some long term, and through the profit accruing also the resources of the budget would be increased. However, the scheme of private insurance (personal insurance) has not been given its due place yet. I suppose the main reason is, besides other minor factors, the lack or poorness of a mechanism hedging these forms of insurance against the climbing price level.**** One ponders whether the magnitude

*By private insurance I mean the types of non-compulsory insurance but in the framework of the national insurance scheme.

**The question arises whether "on the present level of development of social care and self-care, and under the changing financial and income circumstances, self financing should not be involved into the solving of certain social problems to greater extent." [5]

***A similar solution was devised by Zs. Orolin [6] but in the framework of the national scheme of pensions. The difference has only technical implications.

****At present the State Insurance Enterprise, similarly to the Pension Institute, increases the amounts of various allowances by 2 percent a year.

of payable amounts could be in some way linked to the changes in the consumer price index? The proposition to increase the amount of benefit at an annual rate according to a preliminary agreement between insured and insurer (in this case the insurance premium would be also progressive) is also worth of consideration.

The hoarding of *valuable effects* (objects made of rare metals, objects of art, antiques, etc.) has been since early times not only a fancy occupation but also a traditional way of preserving values. Owing to the accelerated rise in price levels this function has become especially meaningful these days all over the world. In Hungary there are additional specific circumstances such as the restriction on immovables a person may own. The investing of part of the high incomes into this sort of effects is advantageous for the whole of the economy when they are traded by official commerce and when the state has sizable net income from the various taxes and duties. On the other hand, the appreciation of such effects can be easily withheld from taxation as it is not always possible to follow up their transfer (nor, in some cases, their exportation from the country).

In Hungary the possibility for a continued hoarding of objects of arts and antiques diminishes. Namely, they are hard or impossible to multiply, a fact that lends them their value. And most of the really precious effects have already "settled" in private ownership and have stiffened into treasure. The owners are not, nor are they predictably going to be, short of money. Therefore they cannot be expected to come to the market as sellers. At the same time, because of great demand also in foreign markets, importing meets growing obstacles. For this reason the volume of turnover in objects of art will most likely decrease along with rapid price increases. (Else, the market of rare metal objects and jewels has shown this same trend since the early seventies.) Supply is going to be smaller and smaller vs. invariably high demand and this strengthens the speculative tendencies. [7]

Building of holiday homes. The building of weekend or holiday homes is in most cases not motivated primarily by accumulation strivings but is often encouraged by such and by profitability considerations. This is especially true for the popular holiday areas.

The building of tourist and holiday accommodations from private funds is a national economic concern. For example, it normally does not pay to build state holiday hotels on Lake Balaton which would be run for three months a year. At the same time, according to provisions of the law in force, a family may own only one holiday home limited also in its dimensions to be more or less suitable for one family. The inconsistency is usually solved by people in command of more money by building unlawfully big houses through different kinds of manipulations and then letting part of them either legally or frequently illegally, i.e., by avoiding the tax office. But this solution is hardly a desirable one,* Today paying guests, especially foreigners, prefer the hotel-type suites and would pay for such ones. Also the rapidly shrinking area of building plots and the economic consider-

*The other chance is given when the family lives in a (state-owned) lease. It may namely buy or build a property which is qualified as flat but which can be utilized as a holiday home.

ations of infrastructural investments stand for big habitation complexes of the hotel type. Whereas once a family has only a one-room apartment in such a habitation complex, it has depleted its legitimate claims for an own holiday home. Perhaps it could be allowed that a family should own besides a weekend home for its own recreation also a holiday suite for the express purpose of letting it in a hotel-type holiday house provided that they duly let it to the tourist organizations as stipulated by the actually effective rules and pay tax after the revenue accruing therefrom. This way the state, too, would get its due share. But in areas where circumstances do not justify the building of so big hotel-type houses it might be expedient to permit the building and properly controlled running of smaller private boarding houses also for touristic purposes. Thereby, in addition to the useful engagement of "capital", also the utilization of the labour power of persons who cannot be employed elsewhere, e.g. elderly people, could be also sponsored. This has already led us to the problems of accumulation related to profession.

In *housing* private capital should not be given more room than it now has. Possession of an adequate home is the primary need of every family and individual and it falls absolutely in the sphere of competence of society to care for this need. Private construction or purchase of houses for the purpose of letting is impermissible. Owing to physical limitations, this would not make the housing circumstances better, but would let some people draw big unearned incomes and under the influence of supply and demand conditions it would necessarily lead to usurious rents.

Accumulation related to profession

In the above such forms of accumulation of high incomes have been treated which do not depend on the type of work or profession of a person. The ways that feed back the saved incomes into the reproduction process linked to the profession appear to be even more promising. In certain cases these also promote a higher efficiency of work.

Investments into private small scale industry and private retail trade. In Hungary the activities of private artisans and private retailers are necessary, the general preponderance of the socialist sector notwithstanding. The setting up or development of such shops are obvious investing opportunities for people working in the corresponding trades. In capitalist countries the small producer is pressed by competition to regularly spend a significant share from his net profit on the modernization and development of his shop. Here he is not forced to, on the contrary, it would often run against his interest and he is not in a position to do so: investments in this sector come up against legal and physical barriers (those of procurement). Of course it is not possible to lift every barrier in this field, we cannot give free way to capitalization. But in many fields it may be to the purpose to somewhat amend the system of regulations and to render the limitations of law more flexible (such measures have been taken recently), as well as to improve the supply of artisans with materials, parts and machinery. In this context the latest initiatives and experiences of other socialist countries e.g. Poland should be studied.

It seems that private activity and along with it private funds could be involved into some branches of the non-productive services, something that has been almost lost from sight up to now. Properly qualified people could be given licences e.g. to open private nurseries, kindergartens, day-time homes (for school children), and even private boarding houses attending old people. From these, only private nurseries exist now in very small number although such demands are enormous and such solutions would ease the burden of the budget as well.

The lessee system can also help channelling the accumulated funds of people back to production. But this system is not as widespread in Hungary as it should be and, besides, it is often realized in ways which do not need the lessee to command any capital of his own. This ought to be changed. Today in Hungary the lessee system is used in retail trade and in the catering trade but it could be extended e.g. to the running of gas stations and passenger transport by (taxi) cabs.* It has been found that shops run under the lessee system are capable of transacting the same turnover with much fewer staff and are consequently more lucrative than the other types.**

Setting up industrial and service cooperatives of a new type. Small factories and small enterprises are mostly missing from the Hungarian economy. Neither the private artisans nor the cooperatives nor the state enterprises subordinated to councils are able to successfully perform that function. We seem to need small enterprises with 10–20–25 employees, with modern equipment for independent industrial production and services which should be capable of instant adaptation to the changes in demand and of promptly satisfying buyers' demands. (The viability of such enterprises is particularly obvious e.g. in the building industry, in home maintenance and in repair and fitting services.) In my opinion cooperative enterprises of a new type would suit the purpose the best.*** These small-size cooperatives would be given much economic independence. The necessary capital would be contributed by the members themselves who would be at the same time the workers of the cooperative. The members' income would be directly dependent on the enterprise's performance. But unlike the case of existing industrial cooperatives where the "investment contribution" of the members was an act that took place only once at an early date (namely, when the cooperative was formed and the members contributed their equipment, tools and perhaps materials) here, for promising investments, it could be put on the agenda all over again. The due share society should receive in the form of taxes paid would be guaranteed by efficient running and easier checking than in the case of private workshops. The working out of the concept of this type of cooperatives naturally needs to be further studied.

*Franchising is in capitalist countries an approximative counterpart of the lessee system. Gas stations and car dealers have been run under this system for a long time. See: K. Szabó [8].

**For details of the situation of the private and lessee sector and its principal aspects see I. R. Gábor's treatise on the so-called second economy. [9].

***A. Hegédüs and M. Márkus raise in their article the need of agile and adaptive small enterprises run in the form of joint enterprise but do not specify the type of the joint enterprise [10]

Development of household plots and auxiliary farms. Significant interests of the national economy are attached to the promotion of production in agricultural household plots and auxiliary farms. This naturally requires steady modernization of farms. Experiences indicate that if appropriate financial incentives are maintained the owners of the household plots and auxiliary farms will be willing to make more investments into their farms. This way a part of the high incomes and funds accumulating with these strata can be engaged, too. Of course the necessary physical coverage (machines, equipment, materials sold freely) must be also made available.

The idea suggests itself whether the peasantry might not contribute with their individual funds to the development of the common cooperative farm? It seems reasonable to have this contribution not as a one-time act when the cooperative is associated but as a standing and renewing element of copartnership. Such recommendations have already been made, mostly to the effect that the cooperative farmers should grant credit to the cooperative against fair rates of interest.* This could at the same time help overcoming the not at all rare paradox of "poor cooperative – rich membership". But the raising of loans from members has been very narrowly used. The main reason is that its centrally specified order (the rate of interest etc.) is strictly adjusted to the terms of the National Savings Bank. But this formal equality covers a substantial inequality. The secrecy and security of repayment of the Savings Bank cannot be assured by any cooperative however strong and well organized it may be. The cooperative statutes do not permit at all the issuing of share vouchers that would entitle the holder to regular income. This can be traced back to caution against any socio-political tension. Ways should be nevertheless found for utilizing a part of the well-to-do cooperative members' personal incomes so as to accelerate at the same time the development of the cooperative and without adding to socio-political tensions. (E.g. it has been raised to pay back the credits extended by members voluntarily to the cooperative mostly in their old age as pension supplement.)

State stock share and bonds. It has been a recurring idea that state enterprises could issue shares to their workers with the purpose of thus increasing their financial resources. This seems to be unfeasible. The share manifests shareholder's rights and is therefore incompatible with the nature of state ownership. It would not be right if individuals could become co-proprietors of certain state enterprises.** Otherwise, as only a negligibly small number of employees of state enterprises have high incomes, this isn't of any substantial importance from the viewpoint of the subject of this study.

*"The development requirements of cooperative farms their different kinds of financial difficulties, as well as the limited state resources and the increasing prices of investment goods have highlighted the money savings of cooperative farm members as potential sources of credits (and loans)." [11]

**"It follows that the introduction of shares that manifest co-partnership rights is incompatible with the principles concerning the ownership of the means of production, and with the principle of distribution according to work." [12]

The bond type of security, which only manifests the creditor's right and is not issued by a company but usually by the state, is a different thing. In this country most unfavourable experiences of the past are associated with the notion of state bonds: strong pressure to subscribe, no redemption before maturity etc. But these symptoms need not accompany it. On the contrary, voluntary subscription and redeemability before the date of maturity are necessary criteria of securities which in such cases are very near to savings deposits engaged for the long term and so the relation to the work done or to the place of work is missing.

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The accumulation-type uses of high incomes as outlined above may help in replacing the unreasonable or unlawful ways of uses by more sensible and legal solutions which should also improve the efficiency of the national economy. But most of these ways are also laden with inconsistencies and imply that the wealthy become still wealthier and that also unearned incomes may result. The resulting wealth, once justified by the acute need to check conspicuous and wasteful consumption, can be translated at any moment into still more extravagant and lavish consumption. The already discussed and known ways of restrictions, the fostering of competition, adequate regulation and taxation may considerably mitigate this danger. It is especially important to repress the impact of financial differences upon young generations, upon the offsprings. But at the same time other ways of using incomes which are free from these inconsistencies and which are moreover suitable for partly compensating them must be also resorted to. Such a way is the spending of incomes on altruistic purposes.

Altruistic uses

The public-purpose and altruistic use of high personal incomes or accumulated amounts of money is a rare thing in this society as yet. Under capitalist conditions it is not unknown at all. Systems of various charity and public endowments and funds widely exist in capitalist countries. In the first decade of our socialist development there was a halt in this field. In part, very few people could afford it, and in part, the old way of charity discredited itself and no positive and new type of approach evolved. Mutual distrust and lack of understanding prevailed. In the last decade some slight progress has been shown. Today the different private endowments for social and cultural purposes, scholarships and cultural and material assets donated for public purposes amount in Hungary to several thousands. Still this does not play an appreciable role in engaging the high incomes and in the accumulation of money. The grants are from artists, scientists and devoted people filled with local patriotism, most of them modest rather than well-to-do people. The endowments are in the range of 100,000 to 200,000 forints, bigger amounts are rare, although this way of use would perfectly suit the purpose. It may fortunately

link community interests with certain individual ambitions, with the satisfaction of understandable and laudable human aspirations. Most people wish to support a noble cause while gaining acknowledgement for themselves too, or making themselves or their beloved ones remembered. Both the sphere of endowers and the types of endowments should be extended and this institution should be popularized in the genuine meaning of the term. Instead of "fancy fences" of wrought iron or marble vaults why should not a marble plate carrying the endower's name on the wall of a university, school, nursery or hospital become a status symbol?

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The objective of this paper has been only to raise some ideas. I find it the most important conclusion that solution is not a one-way street but one has to go along more than one parting or sometimes apparently crossing streets. None of these can stand for another one.

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О ВЫСОКИХ ЛИЧНЫХ ДОХОДАХ

К. СИКРА—ФАЛУШ

Смягчение проблем, связанных с высокими личными доходами, автор ищет в двух направлениях. С одной стороны — посредством ограничения экономически и социально необоснованно высоких доходов, а, с другой стороны, — путем расширения возможностей использования считающихся обоснованными доходов. Более подробно автор останавливается на последней проблеме, в первую очередь на вопросе использования, носящего характер накопления.

Из форм накопления, независимых от осуществляемой индивидуумом деятельности, она рассматривает проблематику сберегательных вкладов, индивидуального страхования, тесаврации ценностей и строительства дач. Из числа возможных форм накопления, связанного с осуществляемым им занятием, автор останавливается на проблеме капитальных вложений в кустарную промышленность и торговлю, системы аренды хозяйственных заведений, создания кооперативов нового типа в области промышленности и услуг, развития приусадебных и вспомогательных хозяйств, предоставления членами производственных кооперативов кредита коллективному хозяйству, а также государственных акций и облигаций в социалистическом хозяйстве. В заключение она останавливается и на возможности использования высоких личных доходов для альтруистических целей. Автор приходит к выводу, что решения проблемы высоких личных доходов следует искать не в одном, а одновременно в нескольких, причем, возможно перекрещивающихся направлениях.