

P O L I T I C A L E C O N O M Y

CONSOLIDATION OF COUNTY AND PARISH (MUNICIPAL) DEBTS OF HUNGARY

The debt problem and the means of its solution stand today, all over the world, in the forefront of discussion. And rightly so! For a proper arrangement of the relations between debtors and creditors, in all that pertains to world economy, allows us to expect at least an alleviation of the critical symptoms of economy, if not a complete recovery. Both abroad and at home Hungary as a debtor country has easily solved this problem. The Hungarian debtor, in the midst of the anarchy of credit affairs, has constantly been pressed to fulfil his obligations. Quite recently, on the occasion of the negotiations in London of M. Imrédy, the Hungarian Finance Minister, a certificate of honour was made out on the part of serious English circles with regard to our honest will to pay. When Hungarian finance took up this problem, we could say with full authority that it did not do so in order to escape from its obligations, but in the sphere of the given capacity loyally to secure to the creditor the utmost degree of fulfilment.

At present the question of the arrangement of the county and communal debts is under discussion. In this complex the capital Budapest forms a special chapter, which in this place will not be discussed.

In the following I shall only deal with the debts of the counties, municipalities, towns and parishes. According to the latest statistical report the counties, towns and parishes of Hungary have debts to the amount of 218 million long-term and 115 million floating debts, totalling 333 million pengő. Of this in the course of the year 21 million pengő were amortised, so that a total debt of 312 million pengő remains. The original amortisation and interest burden in unchanged dollar and pound parity, for this debt, amounts to 28 million pengő annually. The total assets of the counties and towns may be estimated at 1200 million pengő, thus it is the question of a debtor relationship which in no case may be characterised as abnormal. The total expenditure of the debtor counties and towns, before the Budget reduction, amounted to 240 million pengő. Consequently the total original interest and amortisation charges amount to 11.8 per cent. The amount of the debts are distributed as follows: to foreign countries fall 160 million long term and 20 million short term debts. The Speyer and Rothschild groups are interested as creditors to the extent of 150 million pengő. Of the creditor countries, to America falls 96 millions and to England 45 millions, the remaining amounts are distributed among France, Italy and Switzerland. Certain towns and parishes have profit from the general situation in that they have reduced their debts by redeeming their obligations. We have no authentic statistics of this liquidation process. Reports referring to this are more or less guesswork. Doubtless by these re-purchases a considerable relief has come to pass in the situation of certain debtor groups.

According to my calculation in this manner the total interest and amortisation service has sunk from the original 28 million pengő to between 18 and 19 million pengő, a fall which may be attributed partly to the slump of the dollar and the pound, partly to the results of the "Stillhalte" negotiations, and partly owing to the interest preciation brought about by transfer difficulties. Of course, in the meantime the situation of the parish (municipal) budgets also became completely altered. Economic measures became necessary in every department, the Government on its part demanded with sharp insistence a reduction of expenditure. In this manner the total budget of the counties, towns and parishes was reduced from 240 million pengő to 180 million pengő. In spite of this, the relation between the amount of the debt and the interest charges, just with

regard to the above-mentioned circumstances, attained an improvement from 11.8% to 10.5%, i. e. altogether a relief of 1.3%.

The consolidation scheme that I have constructed takes the following form: In connection with the long-term debts of the counties, towns and parishes, no change occurs for the present, there is no occasion to meet trouble half way; the further development process in connection with the long-term indebtedness depends on world financial circumstances. My scheme refers to the consolidation of the aggregate floating debt of about 115 million pengő. For the local authorities this amount is rather oppressive, because on the one part it is continually making it necessary to negotiate for prolongation and on the other part, with regard to the official interest, the rate of interest for internal debts is put at from 2 to 3 per cent. higher than that of the foreign debts. As was already set forth, the amortisation and interest charges of the counties and parishes owing to the improvement of the relations between debt amounts and the fulfilment of obligation has attained a reduction of 1.5%; this corresponds, expressed in figures, to 2—3 million pengő to the detriment of the already reduced Budget of 180 million pengő. This sum would be sufficient to cover amortisation service of the debt amount consolidated for 20 years. On this basis the consolidation of the floating debts of the counties, towns and communes, naturally with certain sacrifices of the creditors, could be carried out without burdening more seriously the household of the commune. The groups of creditors will easily make this sacrifice because floating debts signify infinitely prolonged debts. At a later period — always provided that the relations do not become worse — the rate of interest of the consolidated debt could be reduced without trespassing upon the actual burden limits of the Budget.

The method of solution in question has the advantage that it considers objectively the burden capacity of the debtors and unites organically in the tendency to hold high the economic credit.

The maintenance of the principle of regulation founded upon law and economics between debtor and creditor can only contribute to enhance the renown of Hungary as debtor willing to pay.

ECONOMIC IMPOTENCE OF "LITTLE ENTENTE"

The Economic Council of the Little Entente held its session in Bucharest between 30th April and 9th May. Besides working out its rules of interior procedure, the Council called upon the national committees to study the following questions: a) that of the commercial agreements of the three States and b) that of the general and special economic conditions, the knowledge of which is necessary in order to establish an economic rapprochement. Besides this the Council sanctioned the agreement concerning the co-operation of the railways of the three States and the Danube Steam Navigation Companies, and it also approved the Czecho-Roumanian draft air-pact. According to the official report they have put under intensive study the efforts towards the co-operation of the following institutions: the postal, telegraph, wireless, normalisation, statistics, commercial law, customs affairs, banks of issue, savings banks, postal cheque offices and others. From all this it is obvious that in the economic circles of the Little Entente there is no lack of specious plans. But no concrete results appear, with the exception of the agreement concerning the co-operation of the railways and shipping companies. But the conclusion of such an agreement really did not make it necessary to found an economic council and thereby make it appear that the Little Entente forms an economic unit. The truth is just the opposite.

How indeed can we talk so foolishly about economic unity when the three States cannot even carry on their present comparatively unimportant reciprocal exchange of goods without friction and hindrances. So wrote among other things the Roumanian paper "Stirea" in most sharp reproaches against Yugoslavia, because Yugoslavia's neighbour, in spite of treaty obligations, prevents the transit of the Roumanian cattle export by withdrawing the freight concessions granted in connection with railway delivery. The Roumanian official circles were once more obliged to establish that those compensation modifications agreed upon with Czecho-Slovakia owing to the displacement of the equilibrium of the Roumanian-Czecho-Slovak commercial balance, in favour of Czecho-Slovakia brought about most disadvantageous consequences to Roumanian interests.

A U S T R I A

THE STATE REVENUES IN JUNE

The revenue from public taxes in May amounted to 81.6 million Schillings against 83.7 million Schillings in May 1933. The direct taxes brought in 20.1 against 24.2 million Schillings, in which the greatest deterioration is to be seen in company taxes and also a considerable fall in income taxes. The revenue from consumption taxes has only slightly sunk, to 12.2 against 13.2 millions, while the customs duties have risen from 15.6 to 20.5 million Schillings. The income from dues amounts to 28.6 against 29.7 million Schillings, the turnover tax brought in 20.8 against 21.77 millions. The net income of the monopolies rose from 17.08 to 18.88 millions, especially that of the Tobacco monopoly which rose from 16 to 17 million Schillings.

B U L G A R I A

NUMBER OF UNEMPLOYED

In April was published the report of the Labour Office informing us for the first time of the number of unemployed in the several trades. Altogether 86.487 unemployed were enumerated, which in an expressly agrarian country may be considered high. In the tobacco industry there are 23.328 unemployed, in the building industry 8074, in the clothing industry 4847 and in agriculture and its subsidiary occupations the number of unemployed amounts to 3065.

C Z E C H O - S L O V A K I A

THE DEVALUATION OF CZECH KRONEN

The Czecho-Slovak Parliament passed on February 17 the Bill reducing the percentage of gold contained in the Czecho-Slovak currency by 16.66%, i. e. from 44.58 milligrammes to 37.15 milligrammes. In consequence of this fundamental measure of monetary policy M. *Pospisil*, the Governor, and MM. *Novák* and *Kucera*, Managing Directors of the National Bank of Czechoslovakia, have resigned their posts. Further, the Czech National Democratic Party representing "big business" and led by M. *Kramar*, the former Prime Minister, withdrew from the Government Coalition in which they had figured without interruption for 14 years, and went into opposition.

The views of the party were put forth by Deputy *Hodáč*, Secretary General of the Manufacturers' Association and a distinguished expert in economics, in the debate on the Devaluation Bill. According to him, the new bill may

be instrumental in causing grave losses to Czechoslovak exports. France has already taken the lead by proposing either a reduction by 25% of Czechoslovak import quotas or else a surtaxe of 10% to be imposed on goods imported from Czechoslovakia. M. *Hodáč* further apprehends a rise in the costs of production accompanied by wages reductions, a fall in the purchasing power of savings and a further deterioration in public finances. M. *Hodáč* suggests that the heavy fall in Czechoslovak foreign trade is not due to monetary influences but to a mistaken course in economic policy.

The general meeting of the National Bank, convened to meet M. *Engliš*, the new Governor, witnessed a vehement attack launched by M. *Horáček*, a former Minister of Finance, against Dr. *Engliš*. M. *Horáček* contended that it was futile to expect to keep down prices by State-interference and by prosecuting speculation. However, press reports reviewing this speech were suppressed by the consors and "Národní Listy", was confiscated on account of such a report which, besides, represented the general trend of the discussion at the meeting as revealing decisive hostility towards the new experiment in monetary policy.

The success of this experiment depends entirely on the possibility of avoiding or preventing a rise in prices: otherwise Czech industry would not be able to challenge competition on foreign markets. Currency devaluation having been effected, however, at a time when prices had already resumed an upward trend all over the world, the chances of successfully preventing Czecho-Slovakia from participating in this world-wide tendency are evidently slight. The Government has started a strenuous campaign in order to consolidate the prevailing price-level. A decree was issued declaring all attempts to raise prices punishable with six months imprisonment, fines up to 50.000 Kronen and the withdrawal of trading licences. Nevertheless, prices show a decided inclination to go up. Grain-prices were raised before the passing of the Devaluation Act already and this entailed a rise in the price of flour. The price of imported pigs was 6.75 Czech Kronen (per kilogramme) on January 8th; on February 20th, however, this figure had risen to Cz. K. 8.50 already, and this trend could not fail to affect the price of home-bred pigs either. Moreover, "Lidove Noviny" reports several Czech exporting agencies having notified Rumanian importers that owing to the Devaluation Bill, they proposed to raise their prices by 7 to 10%.

The new Act is thus hardly likely to fulfil the hopes attached to it: namely to revive the foreign trade of Czecho-Slovakia. That the country is in sore need of this is clearly revealed by a comparison of statistical data relating to 1928 and 1933 respectively. Czecho-Slovak exports have fallen from 21.200,000.000 Czech Kronen in 1928 to 5.900,000.000 in 1933, showing thus a decline of 72%!

Monetary reform is but one of the main items of the new Cabinet's economic programme. Another string which the Government has to its bow is the project of establishing a Re-Discounting Institute.

The official devaluation of the Czecho-Slovak currency has for its chief aim the increase of export trade. In the month of March an increase of exports was really perceptible. The objective connoisseurs of the capacity of the foreign markets, however, may establish the fact that the more favourable development of the export trade in the month of March is to be explained solely by the self-confidence and lively export activities awakened by the regulation of the currency. Accordingly, in April there ensues a decrease of exports. This signifies that the crisis in Czecho-Slovakia has not reached its nadir and it also seems to justify the supposition that in the summer months a further devaluation of the Czech crown will follow.

Monetary reform was but one of the main items of the new Cabinet's economic programme. Another string which the Government has to its bow is the scheme of establishing a Rediscount Institute. The tasks of this

Institute include, as specified in the Bill recently passed by the National Assembly, the extending or negotiating of Lombard loans to banking institutes, the cooperation with the Treasury in regulating the market of State securities and in carrying out credit transactions, and the purchases and sales of securities. In special cases the Institute will be empowered by the Government to carry through the liquidation of banks or other concerns, or to grant other than Lombard loans too. The assets of the Institute will consist of a State contribution of 100,000,000 Czech Kronen, of compulsory deposits by banks and insurance companies, of the sums derived from Lombard and discount transactions, and of the issue of cashier-bonds and mortgage-bonds. Every bank is bound to place with the Institute 10% of the increase in its stock of deposits as long as its monthly deposits with the Institute to not reach 5% of its total deposits.

The new Institute is soon to start its activities. M. Vladimír Klimetzky, the Czech economist, expressed the opinion in "Národostrosopodársky Obzor" that the initial contributions from the banks will probably be very modest, seeing that deposits reveal, in many cases, a declining tendency. According to the yearly report of the National Bank, the total stock of deposits declined by C. K. 1,930,000,000 during the first nine months of 1933. Since, however, the total amount of deposits is estimated at C. K. 55,000,000,000, the compulsory deposits to be contributed to the Institute by the banks alone will amount to some C. K. 2,750,000,000, and its final capital will reach the mark of 3,600,000,000. This huge concentration of capital calls forth various comments. It is thus suggested among others that the Institute will be called upon to come to the rescue of public finances struggling with appalling difficulties. Another view, voiced by Parliament, assumes that the new Institute will be chiefly concerned with the salvation of the big Czech banks, just as other funds collected from compulsory contributions made by financial institutes were used, it is contended, almost exclusively for the purpose of assisting the big banks, while the institutes belonging to national minorities were almost utterly neglected. It is significant, in this respect, that neither Slovakia or Ruthenia, nor the non-Czech nationalities forming more than 50% of the total population, will be represented at the managing and supervisory board of the Rediscount Institute.

ORDER DEALING WITH THE DISMISSAL OF WORKERS EN MASSE AND THE CLOSING DOWN OF WORKS

In accordance with the Order of the Czecho-Slovak Government issued on 28th April, the validity of which extends to 30th June 1935, those manufacturers who wish to suspend work for a longer period than 14 days or to dismiss their workers *en masse* must report their intention to the competent authorities. "Dismissal in masse" means in factories working with over 700 workers the dismissal of at least 15 per cent (not less than 10 workers) within four weeks, and in large factories of at least 10 per cent. of the workers. If dismissal *en masse* is in question and the organisations of workers and employers cannot agree, the authorities of the district shall decide as to whether the dismissal be allowed or not. In case of suspension of work for over three months the Ministry of Public Welfare shall decide whether this be permitted or not. Prior to such decision a manufacturer may stop work only if he pays wages for the three weeks. Even in case of havoc wrought by the weather or a *force majeure* the manufacturer is required to report the cessation of work to the authorities, who may order the suitable number of workers to be supplemented or even the continuation of work. Should a manufacturer fail to report the matter, the authorities may oblige him in case of mass dismissal to pay two weeks' wages and in case of suspension of work, three weeks' wages to the workers. In case of a permanent cessation of

work two weeks' notice is to be given to workers who have been employed for less than five years and for every supplementary five years one week more. This order has rightfully been compared to certain regulations of the Bolsheviks.

HUNGARY

HUNGARIAN ECONOMICS IN FIGURES

Public Finances. — State Administration.

In 1000 Pengő	January 1934	December 1933	Monthly average in the first half of 1933/4	January 1933	1/2th of the budget for 1933/4
Estimated revenue	56.491	71.956	60.727	50.449	62.733
Estimated expenditure	65.544	64.819	60.095	58.648	63.741
Estimated surplus (+) or deficit (—)	—9.053	+7.137	+632	—8.199	—1.008
Actual revenue	58.400	68.938	63.992	57.102	
Actual expenditure	59.500	62.875	57.385	63.482	
Actual surplus (+) or deficit (—)	+1.100	+6.063	+6.607	—6.380	
Actual revenue more (+) or less (—) than estimated	+1.900	—3.018	+3.265	+6.653	
Actual expenditure more (+) or less (—) than estimated	—6.000	—1.944	—2.710	+4.834	

Index Figures.

Wholesale price indices. (Hungarian Statistical Office)	Febr. 1934	Jan. 1934	Dec. 1933	Jan. 1933	High-est figures of 1933	Low-est
General index of prices ¹	74	71	71	82	83	70
Agriculture and breeding ¹		55	55	71	72	53
Colonial goods		150	148	133	158	133
Milling- and sugar ind.		93	92	113	113	92
Other industries		106	105	105	107	104
Wheat ²		32	28	57	59	28

HUNGARY'S FOREIGN TRADE BALANCE

The statistical data in respect of our foreign trade during the month of June has just been published. They disclose that our imports in the period under review amounted to Pengős 32,000,000,— in value against P 25.8 million in June, 1933. The increase is, therefore, quite substantial. During the same time we exported to the value of Pengős 29,900,999.— or about one-half million more than in the corresponding month of last year. This means that our balance of foreign trade out for last month turned unfavourable with a debit of P 2.1 million while in June,

¹ Incl. of grain bonus.

² Excl. of bonus.

1933, we had a favourable balance of Pengős 3,600,000.— to record.

With regard to the first six months of the current year the data are as follows: Imports: Pengős 168,300,000.— (in the first half of 1933 this figure was P 144.2 million); exports: Pengős 185,900,000.— (P 159.4 million in the first six months of 1933) leaving therefore, a favourable balance of Pengős 17,600,000.— against that of Pengős 15,200,000.— in the corresponding period of 1933.

Upon analysing the data in respect of imports for June, 1934, we find that we brought in a substantially increased quantity of timber and saw-mill products, crude oil, electrical machines and apparatuses; on the other hand the import of machinery and other instruments has declined. With regard to the exports we should mention the seasonal produce and fruit. Similarly noteworthy is the decrease in the export of live stock; we exported in June less fowl and poultry, eggs, coal, raw tobacco than we did in June, 1933. Of course, the fact that we brought in raw materials in larger quantities means in other words an increased activity on the part of our industry and a decrease in unemployment.

FOREIGNERS' INVESTMENTS IN HUNGARIAN JOINT-STOCK COMPANIES

Our Statistical Bureau has made a very interesting compilation in respect of the participation of foreign capital in Hungarian undertakings. According to it the nominal value of the preferred shares and stocks and bonds of Hungarian Limited Companies — with the exception of financial institutions — amounts to Pengős 1,241,056,243.—. Of this total 78.6% is held by Hungarians, 4.6% by Austrians, 3.7% by Americans, 3.6% by Swiss, 2.3% by Germans, 1.7% by Dutch, 1.3% by Belgians, 1.3% by French, 0.6% by Czecho-Slovakians, 0.3% by Italians, 0.2% by Yougoslavs, 0.1% by Roumanians, and 0.5% by various nationalities; the owners or holders of 0.5% could not be found.

When we compare these data with previous records we find that generally speaking foreign capital invested in Hungary continues to decline excepting in the case of Swiss and Italian investors. It is remarkable that foreigners were chiefly interested in industrial and commercial undertakings, while, hardly any money has been invested in agriculture and transport companies. Biggest are the investments in mining and foundry undertakings, where 40% of the capital used is of foreign origin, while the Drasche firm is purely a Belgian enterprise.

In view of the fact that foreign investors do not own in any company more than 20% of the stocks there can hardly be a question of foreign management or influence making itself felt. We believe that it would be very advantageous for us if we could induce more foreigners to make investments as this circumstance would greatly foster an enterprising spirit.

ELECTRIFICATION IN HUNGARY

The new law governing the energy sources of Hungary will come into force on October 1, 1934, and will, as a matter of course, affect also the plans for electrification in Hungary of foreign interests as well. We have several times reported on the offers tendered to the Hungarian Government by the Powers Securities Co. and the Vickers firm. The first-mentioned company made a tender also in respect of taking over the power plants owned by our Government who have, however, declared that there will be no consideration whatever paid to it. Consequently, the firm made another offer. Up to the present time, however, not one of the offers has been dealt with, as our Government will await the coming into effect of the new law referred to above, as it will materially alter the situation. Therefore, the offers will be laid on the table only during October. But as the then situation will differ from the

present one, we do not doubt that the Britishers will tender entirely new offers again.

We may remark at this point that also the Dutch Finelon firm participates in the electrification work in our Country, though its activity is restricted to minor undertakings in the province.

BUDAPEST A SEA-PORT

This title may sound paradoxical but it is, nevertheless, true. The first sea-going Danube steamer will be ready for traffic during August, 1934. She has been ordered for the purpose of experiment by the Hungarian Government from the Ganz works. Thus the ship will be loaded at Budapest and the merchandise will reach its destination without any transshipment at the mouth of the Danube.

The work on this vessel is now well under way and the experiment our Government embarked upon is of such a nature that world wide interest has been aroused, as this new way of navigation opens the road to new possibilities. The Hungarian ship-building companies have received numerous inquiries and some foreign firms have made us offers with a view to making Budapest actually a sea-port. Thus Mr. Burger, the Honorary Consul for Hungary at Genoa reported to the Foreign Office that he is purchasing a French steamer that is able to ply from the Mediterranean up the Danube to Budapest. She is intended for the Budapest—Marseilles line and it is expected that there will be sufficient freight collected to inaugurate her maiden voyage during August.

Also a big British shipping company wants to participate in this new business and its Budapest agent already advertised the services whereby Hungarian goods will be shipped by water direct to England without transshipment. All this tends to show that foreign firms also see great possibilities in making Budapest a sea-port. On the other hand shipments destined from Southern Germany, Austria, Czecho-Slovakia to overseas points would be reshipped at Budapest and not at the mouth of the Danube as was the case heretofore. Of course, this sea-going traffic at Budapest would do much in developing Budapest into an important sea-port.

RUMANIA

FOREIGN TRADE OF RUMANIA

The foreign trade figures of Rumania relating to the first eleven months of 1933 are summarised as follows:

imports:	10,486,000,000 Lei
exports:	12,970,000,000 Lei

The balance is thus favourable by 2,484,000,000 Lei. Compared, however, with previous results, the favourable balance shows a distinctly declining tendency since 1927, quite apart from the enormous shrinking in the volume of foreign trade. In 1927 imports amounted to 33,853,000,000 Lei and exports to 38,111,000,000: leaving a favourable balance of 4,258,000,000 Lei. There is a decline therefore in exports of 63.9% and in the balance of 64.5%.

Animals, oil, cereals and lumber are the chief articles exported by Rumania. These goods supplied 89% of total Rumanian exports in 1933. Their combined share in Rumanian exports remained the same in 1933 as in 1927, changes have occurred, however, in their respective proportions. The comparative importance of raw oil and oil products has substantially increased to the detriment of cereals: these two groups of goods have changed places, as it were. Oil and oil products have increased their share in exports from 19.7% in 1927 to 55.5% in 1933; cereals and grain products, on the other hand, declined from 49.9% in 1927 to 23.6% in 1933.

Considered from the viewpoint of distribution between the various countries, Rumanian foreign trade figures of 1927 and 1933 compare as follows:

	1927	1933 (11 months)
<i>Trade with countries yielding favourable balances for Rumania.</i>		
(Balances in million Lei.)		
Bulgaria	+ 353	+ 67
Greece	+ 969	+ 194
Hungary	+ 1. 906	+ 195
Yugoslavia	+ 444	+ 84
Spain	+ 132	+ 232
Egypt	+ 849	+ 562
Netherlands	+ 549	+ 656
Italy	— 404	+ 97
Belgium	+ 258	+ 240
Great Britain	— 609	+ 511
France	— 1. 254	+ 489
Gibraltar	+ 3. 415	+ 104
Other countries	+ 337	+ 939
<i>Trade with countries resulting in adverse balances for Rumania.</i>		
Austria	+ 524	— 101
Poland	+ 1. 071	— 103
Germany	— 549	— 723
Czechoslovakia	— 2. 685	— 394
Switzerland	— 639	— 251
United States	— 916	— 311
Totals of balances:	+ 4. 258	+ 2. 485

These figures also give a clear indication of the character of the Little Entente as an economic unit.

(Cf. Victor Slavesco, Finance Minister: "La Situation économique de la Roumanie et sa capacité de paiement," Bucharest, 1934. pp. 116 and 189-)

THE RUMANIAN HARVEST AND CORN EXPORTS

According to the latest official report of the Rumanian Ministry of Agriculture, the work of harvesting is drawing to an end throughout the country, the yield being slightly better than a mean average. The quality of the wheat is satisfactory, its natural weight being 77—82 kilogrammes per hectolitre. There has been an improvement in the prospects of the corn export trade. In all probability it will prove possible to export 3—400.000 tons of maize, and the same quantities of barley, lentils, beans and oilseeds. Wheat and rye Rumania will be unable to export. And there has just been published, in Bucharest, the report of the Rumanian Corn Export Syndicate dealing with last year's exports of cereals. Between June 1st., 1933, and June 1st., 1934, Rumania exported some 400.000 tons of wheat and rye, the value of these exports amounting to 843 million lei. There has been an exceptional decline in export trade as compared with the previous year.

HOW STATE MONEYS ARE MANAGED

The Bucharest daily "Universul" which published the other day an article under the title "A Sinful System" caused a great sensation. The article deals with the report of foreign experts on the financial situation in Roumania and quotes the following passage from the report:

In the State Budget Estimates for 1932 we must completely disregard the demand set against certain ministries to the sum of 21 milliard lei of which 18 milliards were to be refunded by certain persons who had embezzled this amount and against whom legal proceeding had been taken. The paper "Universul" remarks with regard to this that the foreign experts are greatly mistaken if they suppose that the embezzled 18 milliards of the State Treasury will ever be restored. Actual abuses occur, writes the "Universul", through which the State suffers losses not only of 18 milliards but perhaps of even more, but these embezzlement cases are never brought to court; the defenders more often await a new favourable opportunity to render the State happy once more by their activities. The paper accentuates that this evil was known years ago, though it was not abolished. The fault lies in the corrupt system. The article of the "Universul" rings out in this assertion ("Déli Hirlap" No. 73.)

The following case is also very characteristic: In the Rumanian Parliament a Bill to abolish the autonomous State Treasuries has for a long time been awaiting discussion. The Minister of Finance, A. D. Madgearu, mentioned in his critical speech the case of the autonomous treasury for fisheries from which the daughter of the former State Secretary in the Ministry of Agriculture had received 3 million lei as her dowry. As some members of the Chamber doubted this statement Madgearu explained that he had further knowledge of such generous presents which likewise were paid out of these autonomous State funds, and perhaps not even in secret, but more often with the consent of the Cabinet Council. ("Szabadság", No. 94, 27th April, 1934.)

YUGOSLAVIA

HOW THE FORMER PROSPERITY OF THE VOIVODINA HAS BEEN DESTROYED

Of the speeches delivered during the sitting of the Skuptschina on 27th. February held in connection with the announcement on the State Budget, the following statements are recommended to general attention:

Toscha Rajitsch, member of the Government party, the Serb representative, in his speech depicted in the darkest colours the economic situation of the former Voivodina, i. e. the Banat, the Bácska and Baranya, severed from Hungary, and summed up by stating that "this once richest province of the country has now decayed into a state of complete insolvency". ("Novosti" of Zagrab, 28th February.)

The same conclusion is arrived at also from the thorough and appropriate statements of the German representative, Dr. Stefan Kraft, who attributes the impoverishment of the Voivodina and the ruin of its peasantry to the unjust and intolerably high land taxes, and to the common burdens, which exceed all endurable proportions.