

had no chance of success without the support of the geographical factors.

We of the Danube Valley are most particularly interested by what the author states as his opinion of Austria's problems. In his eyes the great trouble with the present little Austria created by the peace treaties has been that she could not think except in the ideology of the past. The Holy Roman Empire had passed away; the Austria-Hungarian Monarchy had followed it; and little Austria was born. But for a time she continued to live in the old ideology, and wanted to join the republicanized German Empire. That, however, was not her place. She must become the centre of the Danube Valley.

New Austria as a homogeneous national State was ideal; for her inhabitants were all Germans. Her most burning problem was Vienna, which houses one third of the entire population. Prior to the great war Vienna had been the centre of the banking and trade organizations of Central Europe, and as such an international city. In the great past of the Austro-Hungarian Monarchy, Vienna had not merely become an Imperial city, but also an international centre. It cannot prosper except as a center of trade and communication. Present Austria's greatest trouble is that the roads leading to her traditional markets are blocked by customs barriers. In the time of the Monarchy Vienna was the channel of commerce towards the Balkans and the Levant. It was more of an international clearing-house than a market of local production and consumption.

If Austria proved strong enough to cope with the Nazi peril she should be called upon to play a very important rôle, small though she is. The Austrian Republic — i. e. Vienna — might become the clearing-house of continental trade and the centre and channel of communications, commerce and banking. But the *sine qua non* of Austria's regeneration is that she and the other States of the Danube Valley shall restore free intercourse and free trade among themselves and develop on a larger scale the throbbing economic life that in the past existed in the uniform, great customs area of the old Monarchy.

In many respects the author's views on Austria are our own; but we regret that he did not make a separate study of the Hungarian question. For if there ever was an area in the world that formed a perfect geographical unit, the inhabitants of which were, so to say, compelled by the forces of nature to live in a common economic frame, it was pre-war Hungary encircled by the belt of the Carpathians. And the restoration of her integrity is a *sine qua non* of economic prosperity. If anywhere, it is in Hungary that the arbitrary and artificial international treaties — the Treaty of Trianon which refused to take into account natural circumstances and the dictates of geography and economics — have created such an intolerable situation that a renaissance in these areas, which would be a blessing to the whole of mankind, is only conceivable if the twilight of the Treaty of Trianon comes very rapidly.

George Lukács.

Országos Széchényi Könyvtár

## P O L I T I C A L   E C O N O M Y

### B U L G A R I A

#### EXPORT TRADE IN FIRST QUARTER

The total value of Bulgaria's exports in the first three months of this year amounted to 858 million leva, while her imports represented a value of 704 million leva. The quarterly balance shows an excess of exports of 154 million leva as against an excess of imports of 85 million leva last year. The bulk of both import and export transactions were negotiated with Germany.

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

#### UNEMPLOYMENT

According to the reports of the Public Employment Offices the number of unemployed at the end of April amounted to 797.770.

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#### 60% OF INDUSTRIAL WORKERS UNDERFED

A conference was recently held by the Czecho-Slovak Institute of Public Welfare and the Commission delegated to study the Czecho-Slovak economic plan, to lay down the principles of consumption and nourishment; on this occasion it was stated that, if we base our calculations on the economic and social situation of a working family of five, not more than 40% of the industrial workers are in a position to secure normal nourishment, while the other 60% are underfed.

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#### 1.4% MORE WHEAT-LAND

Discussing the current problems of agriculture, the "Prager Presse", the Czecho-Slovak semi-official organ, declares that it is exceedingly important to provide for the regulation of arable land as soon as possible. The Ministry of Agriculture must insist on the enforcement of its orders referring to the regulation of arable land. The statistical reports show that farmers have not obeyed these orders, so that — in defiance of the regulations — the total amount of wheat-land has been increased by 1.4%.

### 43% OF CAPACITY OF BREWERIES UTILISED LAST YEAR

The report read before the general meeting of the breweries in Czecho-Slovakia states that the total amount of beer brewed last year amounted to 7.747.078 hl., which corresponds to only 43% of the working capacity of the breweries. Compared with the records of 1934 beer production has fallen by 3.1%.

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### DESTITUTION IN SUDETA GERMAN AREAS

An appalling illustration of the destitution obtaining in the German areas of Czecho-Slovakia has been reported in the Czecho-Slovak press: — Dr J. Palma, an articulated clerk of Warnsdorf, lost his job at the beginning of May. He therefore applied to the authorities for a hawker's licence. His application was rejected, and in a fit of despair the young man hanged himself on a tree. When he was discovered by passers-by, life was extinct.

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## HUNGARY

### RAILWAY TRAFFIC INCREASING

According to the figures published by the Ministry of Finance, the number of passengers on the Hungarian State Railways in March was almost 5.500.000, an increase of over 1.000.000 as compared with the same period last year. An improvement was also noticeable in goods traffic. The quantity of goods carried was about 1.200.000 tons, an increase of 75.000 tons as compared with last March. Truck-loads advanced from 80.787 to 86.903. Accordingly the returns this March were 16.800.000 pengő as against 13.600.000 in the March of the past year.

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### INCREASED EXPORT OF PIGS

New foreign markets were found last year for Hungarian pigs. As a result the value of this line of exports rose from 34.700.000 pengő in 1934 to 70.200.000 pengő in 1935; this exceeded the value of exports in grain. Compared with the value of Hungary's aggregate exports, the proportion rose from 8.55% in 1934 to 15.3% in 1935, so that pigs form one-sixth of Hungary's sum total of exports.

The increase of exports of live pigs was due to the increased purchasing power of the old markets and also partly to the agreement concluded last year with Czecho-Slovakia.

The biggest item in the export of pork was the quantity, bought by Germany determined by Ger-

many's food supply problems. It must be remembered that the number of pigs in Germany had sunk from 22.400.000 in 1934 to 20.000.000 in 1935. Germany also provided a market for Hungarian lard and bacon, the exportation of which articles to that country was stipulated in the commercial treaty concluded in 1934 and prolonged in 1935. Great Britain may also be included among the new markets. The sudden rise in the price of American lard in 1935 opened up a market in Britain for Hungary's surplus stocks.

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### FINANCE MINISTER Dr. FABINYI ON THE FINANCIAL AND ECONOMIC SITUATION OF HUNGARY

On May 18th. *Dr. Tihamér Fabinyi*, Minister of Finance, closed the debate on the Estimates in the Lower House, making a long speech, from which we publish the following excerpts: —

The economic situation shows a decided tendency to improve. The important question in principle is the maintenance of the value of our currency.

The Minister considered it important that the deficit should gradually be reduced. That was symbolised already in the present Estimates with their — slight, but significant — decrease of the shortage by 200,000 pengő. Countries far more wealthy than Hungary were operating at losses which were relatively too greater than that shown by the Hungarian Budget. The proportion of the deficit of our Budget consisting of actual Treasury shortage was comparatively slight.

In the case of the State Railways the work of rationalisation had achieved great results, which far exceeded those shown in the same field by foreign railways. It was impossible to entirely eliminate the shortage on operations of the State Railways, partly as a consequence of the additional charges devolving upon those railways under the Treaty of Trianon, and partly owing to the benefits which have necessarily — in defiance of mere business considerations — to be conferred on the economic (and in particular on the agrarian) life of the country. The deficit shown by the State machine factory had declined by 825,000 pengő. In the case of the latter undertaking too the enormous charges resulting from indebtedness and pensions were making their effect felt; as also was the fact that the equipment of the plants had not been renewed for a very long time.

In the case of personal expenditure too there was a certain improvement in evidence as compared with the previous year, seeing that the ration of personal expenditure to the aggregate amount of expenditure — which in 1924/25 had been 33.5% — had in 1935/36 decreased to 30.8% and in the present Estimates had been reduced to just about 30%. In those countries which were not compelled to so strictly restrict their expenditure, the personal expenditure represented a smaller percentage of the aggregate expenditure than it did in Hungary.

The Minister of Finance also announced a reform to be submitted shortly to the House in the matter of dues payable for the administration of justice. There was need also for a reform of the income tax affecting movables and of company taxation. The Order in Council recently issued to exempt from ta-

xation of houses (apartments) consisting only of 1 room and a kitchen, had met with universal approval.

The investments programme of Government opened up a new period, including as it did the irrigation and canalisation of the Lowlands and in connection herewith also the regulation of the river Körös. The programme embraced further the afforestation and strengthening of the Lowlands.

General approval had greeted the appearance of the system of uniform premium (on foreign exchanges). The maintenance of the standard therewith fixed was the common interest of us all; and that referred also to the level of prices, which in the case of agrarian produce had risen to a very gratifying extent, the result being that the divergence between agrarian and industrial prices had shrunk more than in any other year for some time.

The Minister hoped that the simplification of the credit organisation hitherto operative would be followed by further rationalisation measures on the part of the banking companies too. The recent amalgamation of the agrarian institutes had resulted in a gratifying strengthening of confidence both in Hungary and abroad. There were already several encouraging symptoms pointing to a gradual strengthening of the credit life of the country. One of the factors acting towards that issue was the adjustment of the debts of the agrarian classes.

## RUMANIA

### DEFAULTS ON LOAN SERVICES AND LOSES CREDIT IN FOREIGN COUNTRIES

The "Universul" of May 2nd contains a remarkable article on the recent negotiations in Bucharest re methods of payment. It says:

"The conclusion of foreign commercial and financial agreements and their subsequent amendment has become an everyday entertainment for the Rumanian Government. Agreements are concluded and then — broken. When one has been signed and ratified, the signatories immediately decide that it cannot be put into execution. And their decision is always based on the same explanation viz. the Rumanian State finds it impossible to fulfil the obligations undertaken. This is what has happened to the agreements re payments made with Britain, France, and Holland, indeed also to those concluded with countries such as Egypt, Greece, Turkey, etc. with which Rumania has a favourable trade balance. And, what is more curious still, Rumania has proved unable to discharge her obligations even when the creditor States themselves have come to her assistance, and to no mean extent either, by offering to buy from her a large quantity of commodities, or to raise substantially the quotas of their imports from Rumania. This has happened in the case of Great Britain. Britain was ready to accept Rumanian wheat and maize in lieu of the obligations undertaken but not fulfilled. Rumania, however, could not pay even in this way. In view of these circumstances Britain again sent representatives to negotiate with Rumania, but the Rumanian circles concerned displayed anew their usual flurry, unpreparedness, shilly-shallying, hesitation, and confusion. However, foreigners are not accustomed to that sort of thing and when it is forced on their notice that these phenomena are habituary Rumanian traits, they are bound to lose faith in the Rumanian State. This is the reason why the present régime has completely

spoilt Rumania's credit in foreign markets as well as with the foreign Governments which in the given circumstances would have been willing to assist Rumania.

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### STATE'S SHARE OF RUMANIA'S PETROLEUM HAS PASSED INTO FRENCH HANDS

After months of negotiations the State's share of Rumanian petroleum has been bought by France. It is generally known that the making over of this petroleum to France was the most important stipulation in the Franco-Rumanian financial agreement, as the best security for Rumania's debts to France. Like Rumania's orders of arms and munitions from France, the petroleum deal will also cover a period of 12 years and the annual service will be 75,000 wagons of oil (50,000 wagons of crude oil and 25,000 wagons of petrol).

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### RUMANIA'S BEST AGRICULTURAL MARKET IS HUNGARY

Recent reports published by the National Institute of Rumanian Export show that the total volume of agricultural exports in the first three months amounted to 198,745 tons, as against 122,172 tons during the same period last year. This shows an increase of nearly 50% within a year. Two thirds of this amount were maize (132,675 tons); in the first quarter of 1935 less than half this quantity (60,217 tons) was exported from Rumania. — 80% of Rumania's exports went to the following six countries: France (30,353), Austria (30,031), Germany (29,520), Hungary (29,206), Czecho-Slovakia (23,917) and Great Britain (12,590) tons. This shows that Hungary is a better market for Rumania than her ally, Czecho-Slovakia.

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## YUGOSLAVIA

### CZECH COMPENSATION BUSINESS SUSPENDED BY YUGOSLAV NATIONAL BANK

M. Sourek, a Czech engineer, was sent to Belgrad by the National Bank, to represent the Czecho-Slovak Government in the negotiations for the conclusion of an agreement respecting Czecho-Yugoslav clearing transactions. Czecho-Yugoslav goods transactions have hitherto been negotiated on the basis of clearing and compensation. Export and import transactions had to be approved of by the National Bank in both countries. The situation has changed since the first half of April, because the Yugoslav National Bank refuses to license compensation transactions, which will only be allowed in very rare cases. The Czecho-Slovak Legation in Belgrade has repeatedly taken steps to persuade the Yugoslav Government, but its intervention has so far proved a failure. Many Czecho-Slovak exporters have considerable sums lying in Yugoslavia now and they would like to mobilize these sums and realize their claims, but the Yugoslav Government — probably for this very reason — approves only of the compensation transactions of new firms.

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