

POLITICAL ECONOMY

HUNGARY

WHAT HAVE THE RESTORED AREAS CONTRIBUTED TO HUNGARY'S NATIONAL WEALTH?

Through the restoration of the areas wrested from her Hungary has grown stronger, not only in territory and population, but also economically. In the sphere of economic politics she has risen from the rank of a minor State to that of a medium-sized one, and her national wealth has been considerably increased. It is, of course, impossible to give the exact figures of that increase, since the areas restored are on diverse levels of economic development. It would therefore be a mistake to think that the increase in Hungary's national wealth is commensurate with her increase in territory and population. As there are no official statistics at our disposal, we are forced to compute the value of Hungary's national wealth by a process of deduction.

The area of Dismembered Hungary was 93.000 square kilometres. Her present area is 170.000. Her population has grown from 9.000.000 to 14.500.000; the increase of population is therefore not so great relatively as that of territory. The area of Hungary has increased by 80%, but the increase of her population is only slightly more than 60%, this being due to the fact that the density of population per square kilometre was 100 persons in Trianon Hungary, 80 in Upper Hungary, 57 in Subcarpathia, 59 in Transylvania and 90 in Southern Hungary. On an average, therefore, the present density of population in Hungary as a whole is 90 persons per square kilometre, as compared with 100 in post-war Hungary.

As regards the increase of her economic strength, the restoration of Upper Hungary, Subcarpathia and parts of Transylvania means chiefly an increase of raw materials and metals; in agricultural production those areas fall short of the quantities produced in the mother-country. The restoration of Southern Hungary, on the other hand, has greatly improved the balance of agricultural production, not only as regards the extent of the cultivated areas, but also as regards the yield per hectare. The increase of land under wheat is 21%, of that under rye 19%, of that under barley 28%, of that under oats 48%, of that under maize 32% and of that under potatoes 60%. This, as we see, means a great improvement, chiefly in the quantities of animal foods produced, even though it does not completely

restore the equilibrium of our balance in those commodities. There is also a considerable increase in live stock. Hungary's stock of horses has increased by 16%, while those of horned cattle, pigs and sheep have increased by 42%, 15% and 48% respectively. The strikingly small increase in the stock of pigs in explained by the fact that Transylvania is still rather backward in pig-breeding.

Hungary's increase of wealth is much greater in the field of forestry. Trianon Hungary had barely more than one and a half million yokes of forest-land; present-day Hungary has almost four and a half million, so that, whereas previously only 11% of the entire area of the country was afforested, the proportion is now 21%, and this is a great gain to her foreign trade balance.

Her mining resources have also increased considerably. Apart from coal and bauxite Trianon Hungary had little or no metals. With Upper Hungary she obtained possession of valuable coal, magnesite, antimony and iron deposits, with Subcarpathia salt mines, and with Transylvania lead, coal, antimony and silver, besides waterpower of a practically incalculable value. Boring for oil has begun, but this has little to do with the increase of territory, as the vast majority of the oil wells are in Trianon Hungary (at Lispe and Bükkszék). On the other hand, there are promising prospects of finding natural gas in Transylvania. In Subcarpathia the dam in the valley of the Tarac is of great importance as a means of irrigating the Great Plain, where with methodical irrigation the present value of one million yokes of poor soil might be doubled. The hitherto unexploited water-power of Transylvania has been estimated at 200 million kilowatts, so that the prospects of increasing Hungary's available energy have vastly improved.

It is interesting and characteristic of the sad conditions that prevailed in the wrested areas during the periods of alien rule that, despite the richness of their natural resources, industrial development there is in an extremely backward state. Hungary's industries have increased by only 19%, labour by 11%, the amount of energy used by 8% and the value of industrial production may rise to double or even treble what it is at present. Means of communication show a greater increase, for the length of Hungary's railways has increased by 43%, that of her public roads by 41%. The roads in Transylvania, however, are in a very bad state of repair, and railway connections with the mother-country leave much to be desired.

Taking all these factors into consideration, let us now attempt to express in figures what the increase in Hungary's national wealth represents.

At the end of 1940 Hungary's national wealth, computed on the basis of the statistics available, was estimated at

24.000.000.000 pengő. If we add 1.000.000.000 for unregistered items (furniture, jewels, works of art, clothes, etc.) it was a round 25.000.000.000. Of this sum 10.000.000.000 was the quota of agriculture. Taking into consideration the growth of the country and the rise in the price of land (though apart from the speculative rise that has taken place since the beginning of 1941), the total value of the agricultural land may be estimated at 15.000.000.000 pengő. Considering the present price of animals, the value of Hungary's live stock may be appraised at 3.000.000.000 pengő, as compared with 2.000.000.000 in Trianon Hungary. The value of her forests now is double what it was before the restoration, having risen from 1.000.000.000 pengő to 2.000.000.000. This figure also includes the value of the timber under manufacture.

In Trianon Hungary the value of houses and sites was 3.000.000.000 pengő, of which amount about two-thirds were the quota of Budapest, the remaining one-third being divided among the other parts of the country. Here we must also make allowance for the rise in value that has taken place since the beginning of 1941. That included, the value of houses may be estimated at 5.000.000.000 pengő, taking the average value of a flat of one room and a kitchen at 10.000 pengő. The value of factory buildings is of course not included, since they come under the heading of industrial wealth.

The value of Hungary's industrial wealth, including handicrafts, was estimated in 1940 at 6.000.000.000 pengő. This was about the value of the capital invested. If we add the increase in mines and the growth of industrial capital as represented by sinking funds, the total value of Hungary's industrial wealth may now be estimated at 10.000.000.000 pengő. Minor items were there estimated at 1.000.000.000; now that the price of all stocks has gone up, these items may be estimated at 2.000.000.000. In round figures, therefore, the entire value of Hungary's national wealth may be estimated at 40.000.000.000 pengő. This is an increase of 15.000.000.000, about 5.000.000.000 of which amount is accounted for by higher prices and investments, and 10.000.000.000 by the country's growth.

According to a report in the "Magyar Statisztikai Szemle" Trianon Hungary's national income in 1940 was as follows: from agriculture, including mining and smelting, 2.400.000.000 pengő, from manufacturing industries 1.500.000.000, from handicrafts 500.000.000, from commerce, including transport, 500.000.000. *Thus the total national income in 1940 was 4,900.000.000 pengő, as compared with 3.900.000.000 in the previous year, an increase of exactly 1.000.000.000 pengő.*

We should now like to see how much the return of the restored areas has contributed to the increase in the national income. According to the "Südost Echo" the income from agriculture was 3.000.000.000 pengő in 1941. The income from manufacturing industries (at the present index figures of production and higher prices) was estimated at 2.000.000.000. From statistics published in the "Stud" it may be estimated that the value of industrial production in the restored areas, including the extremely valuable stocks of timber from Transylvania and Subcarpathia, amounts to a round 500.000.000 pengő. Accordingly, the total value of industrial production may be put at 2.500.000.000. The value of the goods produced by the handicrafts shows a larger increase compared with that of the goods produced by the manufacturing industries. This item, which last year was estimated at 500.000.000 pengő, may therefore be safely reckoned at 900.000.000 this year. The value of the stocks in the shops may be estimated at 800.000.000, seeing that several thousand new firms have been established since 1940. A scarcity of goods has, it is true, diminished the volume of the stocks in hand, but this has been offset by the greatly increased value of the remaining stocks. We can reckon a round 100.000.000 pengő for goods hidden away. Counting the value of mining production to be 200.000.000 pengő, and allowing 100.000.000 for minor unregistered items, the sum total of Hungary's national income may be put at 7.500.000.000 pengő.

RUMANIA

OIL EXPLOITATION IN RUMANIA

As reported by the "Statistikai Tudósító", the "Moniteur Pétrole Romain" has published an interesting statistical report relating to the development of Rumanian oil production between 1932 and 1941, a subject on which official statistics have for some time past offered only very deficient information. The Rumanian periodical establishes the fact that in recent years oil exploitation continuously retrograded, a circumstance due principally to a decline in the productive capacity of the oil wells.

The output of oil in Rumania in 1936 reached a record volume of 8.700.000 tons; but the following year the output decreased by 1.600.000 tons to 7.100.000 tons: while the process of decline continued to characterise the production also of the succeeding years, the volume of the output being 6.6 million tons in 1938, 6.2 million tons in 1939 and only 5.75 million tons in 1940.

Experts estimate the output of the current year at 5.2 million tons, that meaning that there has been a setback in production of more than 40%.

The length of the borings is also continuously on the decline; and the oil output — particularly in oil-fields which have been less intensively exploited — depends chiefly on the adequacy of the boring activity. The number of boring metres, which in 1930 amounted to 394.500, in 1938 decreased to 288.000 and in 1940 to 239.261. There is no justification — says the "*Moniteur*" — for the assertion that the neglect of the boring activity must be attributed to *the influence of the Western Powers; for that activity continued to decline even when those Powers had ceased to exercise any influence whatsoever.* It is estimated that this year the number of boring metres will not exceed 232.000.

This set-back has extended to all the more important oil-fields, and is most conspicuous in the Domobovica region, which in 1936 still produced 5.000.000 tons, though in the following year, as the result of a disastrous decline, the output fell to only 3.300.000 tons, while the volume of this year's production is not very likely to exceed 1.700.000 tons.

In the most important *Prahova* area in the vicinity of Ploesti, the output has remained on the original level; and this year the production will probably amount to 2.7 million tons as against 3.6 million tons last year. A certain importance attaches also to the oil-fields in the vicinity of *Bacau* and *Buzau* respectively; while the new oil-fields put into operation in recent years do not play any significant role. But there has been a continuous decline in the volume of the output also of the *Bacau* and *Buzau* areas: *Bacau*, which in 1932 produced 60.570 tons, is estimated to have produced only 35.000 tons in 1941; while *Buzau* produced in the said years 64.487 and 40.000 tons respectively.

The bulk of the oil produced is *refined in Rumania* itself. The capacity of the refineries runs as high as 10.000.000 tons; but according to the data given by the "*Moniteur*" the refineries are not able to utilise even one-half of their capacity. In the period between 1934 and 1936 the average volume of oil refined annually in Rumania was 8.000.000 tons. In the year following the record output of 1936 the quantity refined was *1.5 million tons less*; according to estimates made the volume of oil refined in Rumania in 1941 may be expected to amount to 4.800.000 tons.

The output of light and heavy benzine distillates — which play an important role among the refined oil products — is estimated to amount to 1.100.000 tons.

There has been a decline also in the volume of by-products; for instance, the quantity of asphalt produced, which in 1936 still amounted to 82.000 tons, will this year probably be only 51.000 tons.

The set-back in the production has naturally been accompanied by a considerable parallel decline in the volume of exports. In the opinion of experts that volume will this year amount to only roughly 3.1 million tons, as against 6.8 million tons in 1936 and 3.5 million tons last year. First in importance of the distillates exported is benzine (petrol). The quantity of this article exported during the current year is expected to amount to 1.200.000 tons, as against 2 million tons last year. *There are certain shiftings in evidence also in respect of the geographical distribution of exports. Constanza, as being a Black Sea port, has lost its predominant importance.* The quantity of oil exported from that port — which in 1936 was 3.500.000 tons — last year declined to only 1.400.000 tons; and this year's exports are *expected actually to sink as low as 470.000 tons.*

A greater importance from the point of view of oil export trade attaches to the Danube harbour town of Gyurgyava: last year 1.200.000 tons of oil were exported from there, whereas this year's exports are expected to aggregate 1.150.000 tons. The harbour of Gyurgyava is being exploited to the utmost limit of its capacity; and as a consequence certain smaller Danube harbours, which down to 1939 showed a continuous decrease in the volume of the goods shipped from there to foreign countries, in 1940 showed an export trade many times in excess of that previously recorded, — the volume of that trade having been 182.263 tons, as against an average annual volume of 35.000 tons in previous years. But the volume of the exports shipped from these harbours in 1941 is not expected to exceed 61.000 tons.

Rumania naturally secures the inland consumption out of her own output. This consumption has in recent years shown a rising tendency, — having in the period between 1932 and 1940 advanced from 1.48 to 1.85 million tons. The inland consumption for the year 1941 has been estimated to have amounted to 1.700.000 tons, — though this figure does not include the supplies of oil required by the army.

The development of prices in the international market has resulted in the value of the oil exports — though quantitatively less — showing a material increase. After the relatively favourable export results obtained in the period from 1935 to 1937 — when the average annual value of oil exports amounted to 11.000.000.000 lei — in 1938 there ensued a noteworthy decline; but already in 1939 the value of the oil exports once more advanced, — to 11.900.000.000 lei, while in 1940, notwithstanding a material decrease in the volume of the exports, the value of this item actually advanced to 22.900.000.000 lei.

This year similar results are expected. In recent years, particularly in the period following the loss of Bessarabia, there was a considerable increase in the ratio of the oil exports to the aggregate volume of export trade; in the first six months of 1941

— with a value of 11.400.000.000 lei — those exports represented 72% of the total export trade. It is to her oil exports that Rumania owes the active character of her foreign trade balance; and it is to this fact that the country owes its ability to secure the imports required by it, despite the difficulties due to the war and the prevailing shortage of goods.

SERBIA

SERBIA'S FIRST ESTIMATES

The Serb Budget for 1942 foresees the outlay of 5.000.000.000 dinars and a similar amount of receipts. What is striking is that the Estimates of the State administration and those of the State undertakings have been separated. *The sums appropriated for personnel and material expenses are 2.604.741.319 (52.09%) and 2.395.258.681 (47.91%) dinars respectively.* It has been stated by the competent Serb authorities that for the present there will be no increase of salaries. On the receipts side taxes and dues figure at the sum of 2.246.322.455 dinars (44.92%), while the remaining 2.753.677.545 dinars (55.08%) are to be provided by the State undertakings. The old taxes have been raised and new ones introduced. The bulk of the inland revenue receipts — 1.197.100.000 dinars — is to come from direct taxation. Indirect taxation is expected to produce 974.959.000 dinars, dues to yield 448.000.000, whereas customs duties have been estimated at a low figure — 89.573.000 dinars.

The independent State undertakings are expected to provide 2.159.507.245 dinars. In this sum the State régies figure with 1.300.000.000 dinars. The receipts of the Ministry of Transport are estimated at 1.037.840.000 dinars, to produce which amount the railway tariff rates for passenger traffic are to be raised by 50% and those of goods traffic by 40%, with the exception of coal and metal, on which only an additional 20% will be charged. *Authoritative Serb circles lay great emphasis on the point that the balance can be preserved only if it proves possible to increase production considerably, which in turn demands consolidated political conditions and much more work.* If these are forthcoming, the results will help to stabilize the dinar. It is proposed to divide the burden of taxation in such a manner as to make those economic circles bear the largest share whose purchasing power has largely increased during the past few months.

NATIONAL BANK OF SERBIA EXTENDS NETWORK OF BRANCHES

The new division of Serbia into 14 administrative districts has made it advisable for the National Bank of Serbia to open at least one branch in each district. In this way the National Bank,

which regulates Serbia's foreign exchange policy and the internal circulation of money, hopes to ensure the undisturbed transaction of all financial business and make a further development of clearing payments possible. The Bank has its headquarters in Belgrade and branches in the following towns: *Nagybecskerek, Sabac, Nis, Kragujevac, Usice, Pancsova and Versec*. In the near future other branches will be established at *Zajecar, Kosovska-Mitrovica, Valjevo, Kraljevo, Krusevac, Leskovac, Cupria and Pozserevac*. This will bring the number of branches up to 16.

SLOVAKIA

SETTLEMENT SCHEME IN SLOVAKIA

In Slovakia the State has sequestered the landed estates of Jews; and — according to a report published in the November 16th, 1941, issue of the "Gardista" — the Government is making use of these estates for purpose of settlement in nationality districts. The population of the counties of Northern Slovakia is being transferred to the Jewish estates confiscated in nationality (non-Slovak) areas. The northern counties are poor in fertile soil; and the inhabitants have been engaged everywhere in those counties exclusively in the only two branches of occupation possible in those districts — Alpine herding and forestry. Now it is proposed to initiate these inhabitants into the secrets of agriculture in the plains.

The first settlers to be transferred to the flat country in the South are the inhabitants of the poorest counties — in particular of the County of Arva. Persons from Arva County have already been settled on two occasions in certain villages in the *Zoboralja* Magyar peninsula. Quite recently the Slovak Land Reform Office sequestered 1273 cadastral yokes of land in the Magyar village of *Vicsapáti*. In another village also belonging to the said Magyar peninsula — *Szalakuz* — 343 cadastral yokes have been sequestered; while in a third village — *Menyhe* — 407 cadastral yokes have been seized for settlement purposes. In all three villages alike Slovaks from County Arva have been settled for the purpose of raising the proportion of the Slovak minority living there.

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