

POLITICAL ECONOMY

BULGARIA

ECONOMIC NEWS FROM BULGARIA

The Bulgarian Government has closed the provincial Chambers of Agriculture and Industry and replaced them with General Provincial Chambers of Economy. The members of these chambers are the representatives of manufacturing industries and crafts, workmen, merchants and agricultural co-operative societies. Half of the members are elected, the other half appointed. These chambers will take over the work formerly done by the Chambers of Industry and Commerce and of Agriculture. At their head will stand the General Supreme Economic Council with headquarters in Sofia, whose task it will be to coordinate the activities of the several Chambers.

The Government has ordered all cattle-breeders in the country to register the number of their cattle and pigs twice a year. Any change in their stocks of animals must be reported within a week. Owing to the disastrous decline in the poultry stocks it is forbidden to kill young poultry before 1st October next.

The baking of white bread has been forbidden.

The quantity of tobacco produced in 1942 is estimated at 90.000 tons. The area at present under tobacco is 83.000 hectares, of which 45.000 are in Old Bulgaria and the remaining 38.000 in the lately restored areas (Macedonia). Next year it is proposed to plant larger areas with tobacco.

In recent years Bulgaria became the biggest producer of castor oil in Europe. Its sale is a monopoly in that country. In 1938 the quantity produced was negligible, a mere 50 or 60 tons a year. By 1940 it had risen to 4365 tons and a year later it was 10.060. By that time Bulgaria was not only able to supply its own needs, but also exported 200 tons. This year the extent of the land producing castor oil is 10.000 hectares and about 13.000 tons are expected.

The Government has prepared an agricultural production scheme for the year 1942/1943. All farmers except those who have other contracts to fulfil must grow cotton, provided that their land is suitable for that crop. Each farmer must plant cotton on at least 1 decare (0.1 hectare). The Ministry of Agriculture has been authorized to mobilize tractors and other machines in the Dobrudja and the regions of the Aegean Sea to ensure that

autumn ploughing and sowing takes place in good time. The Ministry of Commerce will make provision for an adequate number of trucks to transport the necessary fuel and seed.

The Agricultural and Co-operative Bank is to issue loans of 1500 leva per hectare to farmers who intend to plant potatoes.

As from 1st July last the wages of industrial workers as well as of workers in the tobacco, smelting and electric industries have been raised. An extra 100 levas are to be paid to family men with one child and 200 more for each successive child.

The Bill introduced by the *Ministry of Agriculture* asking for the issue of bonds to the value of 120.000.000 levas to expire in 20 years and bearing 6% interest, has been passed by Parliament. This sum is to be spent on erecting cold storage plants, so that instead of the present 35.000 sq. metres available there will in future be 72.000.

The Post Office is to avail itself of a loan of 150.000.000 levas at 3% for the purpose of building post offices. This loan is to be repaid within 10 years beginning with 1945.

The laws governing joint stock companies in Bulgaria are about to be altered. In future the minimum joint stock capital required to form a company will be 1.500.000 levas and the smallest nominal value of each share will be 1000 levas. The Government allows one year in which to accomplish the necessary legal and financial transactions. In consequence of this new law it is probable that many joint stock companies will become limited liability companies, and it is to be expected that small joint stock companies will amalgamate or perhaps go into liquidation.

According to the first quarterly report issued in 1942 by the National Bank of Bulgaria, the amount of banknotes in circulation rose between the end of March 1941 and the end of March 1942 from 7.800.300.000 leva to 12.822.600.000. In the same period deposits rose from 1.394.800.000 to 18.724.300.000. The explanation of this great increase lies in the territorial aggrandisement of the Bulgarian State. According to the report, Bulgaria's stocks of foreign currencies have also grown in one year's time from the value of 3.770.000.000 levas to 11.509.000.000, and her gold stocks from 2.006.300.000 to 2.507.800.000. The precautions taken by the bank resulted in the fact that the gold covering, which was 27.7% in March 1941, was still 26.25% in March this year. The loans issued to economies and the State have considerably decreased. While in 1941 bills and advances amounted to 1.346.200.000 levas and treasury notes and advances to the State to 600.000.000, in March 1942 these sums were only 561.800.000 and 200.000.000 levas respectively.

In the first four months of 1942 Bulgaria's exports totalled 2.940.000.000 levas as compared with 1.730.000.000 in the first four months of the previous year. Imports rose from 2.240.000.000

to 2.660.000.000, so that in the first four months of the present year exports exceeded imports by 280.000.000 levas.

The barter agreement between Italy and Bulgaria which would have expired on 30th June last, has been prolonged for another year and the sums involved have been increased from 800.000.000 to 1.000.000.000 lire. Italy's main export to Bulgaria is artificial fibre, while Bulgaria chiefly exports tobacco, eggs and poultry to Italy. ("La Parole Bulgare", "Bulgarische Wochenschau", August and "Stud", September).

CROATIA

CROATIA'S BIG INDUSTRIES

A book entitled "Nasa Gospodarska Politika" recently published gives the statistics of Croatia's manufacturing industries. According to those figures, today there are more than 1600 big manufacturing concerns in Croatia with about 2240 factories. Of these 584 are engaged in manufacturing agricultural products, Second in number are those engaged in the timber trade with 454 plants. Then comes the electrical industry with 237, most of which are power-stations. The textile industry has 235, building industry 231, mining 131, chemical industry 124, iron and steel industry 120, leather industry 33 and paper industry 25 factories. 846 factories are private concerns and 665 belong to fictitious persons. The number of joint stock companies owning big industries at the date of registration on 14th Many 1941 was 324, with a share capital of 2.700.000.000 kuna. This is 67.29% of the share capital invested in Croat economy. ("Hrvatski Narod" August 25.)

AGRICULTURAL PRODUCTION IN CROATIA

One of the August issues of the "Hrvatski Narod" contains an article about agricultural production in the independent Croat State which comes to the conclusion that in normal times Croatia would have a considerable surplus of foodstuffs. During the war the country is obliged to feed foreign occupying troops and in certain parts fighting against rebels has reduced the volume of production. During the past ten years the land under the various crops on an average was as follows: wheat 1.200.000 hectares, maize 1.100.000, potatoes 140.000 and pulse 530.000. The crops on an average were: wheat 1.160.000 tons, maize 1.620.000, potatoes 870.000 and pulse 100.000. If the population consumes per head annually 100 kilogrammes of wheat, 150 of maize, 100 of potatoes and 12 of pulse, with average crops there would remain for industrial purposes and exportation an annual surplus of 50.000 tons of wheat, 7500 tons of maize, 400 tons of potatoes and

6000 tons of pulse. In conclusion the article says that with an adequate system of drainage about half a million hectares might be reclaimed, which could produce a further 400.000 tons of maize.

CROATIA'S STATE RAILWAYS

Communications in Croatia, including railway and bus traffic, shipping and the postal services (telephone and telegraph) are controlled by a separate Ministry. The *Croat State Railways* have two managing offices with similar organizations — one in Sarejevo and one in *Zagreb*. Their other offices are: 12 traffic control bureaus, 4 wagon distributing offices, 17 stokehouses, 28 auxiliary stokehouses, 27 repair departments and 4 large warehouses. The length of the permanent way in Croatia is 3959.8 kilometres, 2760.3 of which are ordinary gauge lines. The length of railways with double tracks is 306 kilometres. The length of shunting rails at the stations is 1100 kilometres. Of the rolling-stock belonging to the *Yugoslav State Railways Croatia* received 994 passenger carriages, 3190 closed and 8872 open trucks. The Croat State has taken over the wagons in process of construction at the factory in Bröd, and has already placed 200 of them in use. The number of engines for ordinary gauge lines received was 703. (*"Deutsche Zeitung"*, July 8.)

The '*Croatia Put*', the tourist office of the State Railways, is the sole representative of the State Railways. It alone is entitled to organize travelling parties, to encourage systematic tourist traffic, and to arrange for exchange trains with foreign countries. (*"Deutsche Zeitung"*, July 7.)

HUNGARY

WORLD MARKETS AND HUNGARY'S POTENTIAL ECONOMIC ENERGY REPORT OF HUNGARIAN INSTITUTE OF ECONOMIC RESEARCH

The *Hungarian Institute of Economic Research* has now published its fiftieth report dealing with the period ending on June 30th. This report gives an extremely detailed account of the international economic situation, *especially of the changed economic conditions caused by the war*. It describes the methods and achievements of war economy. According to this report, the economic situation all the world over is dominated by the endeavours to increase the production of armaments and avert the dangers of inflation.

In recent months the economic situation in Hungary has been decisively affected by increased war production, the

country's intensified participation on the side of its great allies in the war, and the assistance given to our allies in the sphere of economy.

In the economic year that ended recently the value of the agricultural produce that reached the markets was 15% more than in the economic year 1940/41. The average price level of the grain and vegetables reaching the markets was approximately 25% higher, while that of animals had risen by about 30%.

In connection with industrial production the report states that despite the fact that it has become increasingly difficult to obtain supplies of raw materials, developments during the past few months have not been unsatisfactory. This comparatively favourable situation has been made possible by the circumstance that the major or minor decline due to a lack of raw materials that is noticeable in many branches of industry (the leather, shoe and textile trades, etc.) has to a certain measure been offset by increased production in other branches.

Thanks to the increased production of armaments the volume of output in the heavy industries is particularly large. A new peak point has also been reached in the output of the mining industries; and despite the restriction imposed in the autumn of 1941 on house-building, activity in that branch of industry was extremely brisk at the end of last year and the beginning of the current year. The comparatively high level of industrial production is also partly attributable to the rapid growth in the production of substitute materials and their increased use, that having given employment to many factories which formerly worked up the raw materials obtained from foreign countries.

The number of hands employed in March 1941 in factories and handicrafts was 920.000 in the area of pre-1939 Hungary, 122.000 in the restored areas of Eastern Hungary and Northern Transylvania, and 38.000 in Southern Hungary. Employment in Trianon Hungary was at its highest level in the August of 1941 with a record number of 992.000 employed; but although that peak point was reached only in the autumn of 1941, the volume of industrial production was at its highest level in the winter of 1939.

As regards the lucrativeness of industrial production, the report of the Hungarian Institute of Economic Research notes that as compared with the conditions obtaining before prices were first fixed in August 1941, an improvement is noticeable following the two regulations of prices that took place that year. In general the possibility of continuing production without loss is now assured to those factories which are well, or reasonably well, supplied with orders. With very few exceptions, however, industry is not nearly so lucrative as it was before the war.

The report also mentions that the rise in industrial wages and salaries that took place in December 1941, coupled with the

new price regulations then issued, made it necessary to regulate anew the prices of hand-made articles as well as wholesale and retail prices. But in spite of the higher prices permitted to industry and commerce *the wholesale price level had not increased by more than 10% between the end of November 1941 and the end of May 1942, while the cost of living had not increased by more than 7%.*

Since the outbreak of war the wholesale price level has risen by 71%, the cost of living index by 46%. The rise in the price level that has taken place since the war began was made unavoidable by the increased price of imports and the necessity of using substitute materials.

In conclusion the report states that the agreement concluded with Germany regarding the prices fixed for reciprocal trade with that country has contributed towards the comparative stability of the price level. This agreement prevents any considerable increase in the prices either of imports or of exports.

Another factor that has helped to slow down the tendency of prices to soar — says the report — was the Government's policy of tying down a considerable part of the consumer's surplus money by means of increased taxation and the issue of bonds, and also by introducing effective measures to prevent hoarding and a purely speculative manipulation of prices. Thanks to that policy the cost of living index has remained unchanged since the end of March.

SERBIA

SLOVAKIA'S ECONOMIC TROUBLES. STATE CONTROL OF FODDER.

The August 7th issue of the semi-official "Slovak" contains a lengthy report in which we read that fodder has been placed under State control. The explanation of this measure is that since the creation of independent Slovakia the production of fodder has been attended with the greatest difficulties. The agricultural area of the country is not capable of producing all the crops required to satisfy its needs. The most acute difficulties appeared in connection with the milk supply. Expert Slovak economists at the time believed that it was merely a question of organization, and now this same opinion finds expression in the arrangement made on 1st August, in terms of which fodder is to be distributed to farmers by the State. According to the order issued by the Ministry of Public Supplies, barley for cattle, oats, garblings, maize, millet, all kinds of bran and chaff, meal for animals, the waste products of the raw materials manufactured for human consumption, the pods and straw of peas and beans, dried potatoes and dried turnips all

come under the heading of fodder. Agricultural undertakings, cattle-breeding societies and research institutes are to receive the corn they require direct from the Ministry of Public Supplies or from the local district offices. The direct distribution of corn from the Ministry is to take place in the case of dairy-farms that have at least 11 milch cows giving an average of 7 litres each a day and which, after supplying their own needs, hand over at least 50 litres daily for public consumption. Other agricultural undertakings to receive their corn direct are those that fatten at least 15 bullocks a year and intend to sell that number in the future too, those that last year sold at least 15 fattened pigs each weighing over 110 kilogrammes, and those that own at least 300 sheep and winter 100. Pig-breeding undertakings that own at least sows and have 50 eight or ten weeks old pigs to sell yearly are also to receive their corn requirements direct from the Ministry, as are poultry farmers who keep at least 100 laying hens. Farmers who keep at least 3 and not more than 10 milch cows are also to receive corn. From these measures we see that *in Slovakia the rationing system has been extended to every kind of domestic animal*. This system will require a great apparatus to work it, and it will certainly be interesting to watch how that young State solves this problem.

New rules concerning the purchase of cereals

Despite the fact that detailed instructions concerning the purchase of cereals had already been issued by the Ministry of Public Supplies, it was discovered that grain-dealers were engaging in prohibited transactions. In consequence the Ministry found it necessary to issue further regulations and warn grain-dealers seriously to stop these illegal transactions, the more so since from now on their activities will be more severely controlled. Graindealers will have to take an oath to obey orders and report any breach of the law that comes to their notice to the public security authorities. They must therefore not only refrain themselves from prohibited transactions, but must also make it their business to see that others fulfil their duty to hand over their surplus grain. Those who break this oath will be deprived of their licences, and in serious cases will be punished according to the laws dealing with sabotage. ("Magyar Hirlap", August 9.)

The Danubian Review is published monthly. — Editorial Offices and Management: Zrinyi-utca 1, Budapest V. — Responsible for the publication: Dr. ANDREW FALL. — Issued and printed by Sárkány 20811 Ltd. — Responsible for the printing: A. and J. Wessely.

Price Six pence. — Subscription for one year 5 /

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