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PREMIER KALLAY ON ENORMOUS SOCIAL DEVELOPMENT IN HUNGARY

M. Nicholas de Kállay, Prime Minister of Hungary, in the speech with which he closed the debate on the Estimates, *inter alia* made the following statements of more than passing interest:—

"I have not submitted any programme; but ever since I took office as Premier, I have been continually stating in clear and definite terms my attitude, my opinion and my resolve. *I have enunciated an attitude more definite than any previously proclaimed on all fundamental questions relating to the war, to our obligations to our Allies and to our internal problems.* I can do no more on the present occasion either. I have shown my cards openly in the questions of today. I see and note everything that determines the interests of our nation; I am on the defensive and prepared; in the interest of the nation I waive all personal claims and exercise caution to prevent imagination, belief or fanaticism loosening my grasp of realities. *Scientists and scholars may experiment, children may play; new countries may even allow themselves the luxury of experiment and play; but the tendency to be followed by Hungary must be determined, not by me or any other individual, not by any mortal liable to error, but by the miraculous power and indestructible force of Hungarian perpetuity.* This must be felt and known. Oh, certainly; *the nation must be guided, of course, but not directed or any particular tendency foisted upon it: and, above all, it must be served.*"

"During the course of the debate speakers on both sides of the House have stressed the importance of the social question. *The development of the future lies exclusively in social development, in the adjustment of social differences.* That is the direction which the world will follow; and there can be no doubt that, even if that were not the universal tendency, we must nevertheless take that path; for we have very special reasons for doing so. Not that we are particularly

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backward; for in this field too we are far ahead of the neighbouring States: the reason why we must take that path is that that is *the only way to make the Hungarian people the leading people of Central Europe* — a position held by that people for ten centuries — and to ensure the Hungarian people being able to maintain and develop its leading role.

"Today the demands of a modern State cannot be satisfied except by the united efforts of the whole people; and it will not suffice to merely cling to the historical Hungarian idea — under the influence of which the leading classes of Hungary gladly welcomed and embraced persons voluntarily applying for admission to their ranks; an effort must be made to discover and train — to recruit from all quarters — the more valuable, the good and useful elements, the vital energy originating from the whole Hungarian people. There must be — and there certainly are — also material conditions essential to national regeneration; but *no nation can be made great except by its own sons and by their eminence.*"

Hungary ahead of many other States in social development.

"When preparing today's speech, I recapitulated as shortly as possible what Hungary has achieved during the last twenty years in the field of social policy. *By social work I mean, not only public welfare, but also cultural activity. This work — the work of these twenty years — has been gigantic.* Maybe that work has not reached the level attained by *Finland*, whose work in this field was begun at an earlier period under quite different given conditions, or that attained by *Switzerland*, the *Scandinavian* countries and *Germany*, not attaining the level of *Italy* either in every respect; but *we have far exceeded the achievements of the countries lying to the east of our frontiers and of those lying to the west of the Rhine, Great Britain included.* I would note as a matter of considerable interest — and a point which may one day be well worth considering — that in the States which were victorious in the first Great War, during the same period everything else outside the affluence originating from the given conditions that may be described as institutional social development came to a complete standstill; *all the greater*

is the credit due to our achievements in this field — to the achievements of the Hungarian people which had been robbed and tortured and doomed to destruction.

"I am proud to be able to state that *in the history of the peoples there is hardly a trace of any people or nation having made such gigantic efforts in this and every other field as those made by us during recent years.*

"At the close of 1919 the country was full of demobilized soldiers, refugees, unemployed and existences which had lost their balance and their means of earning a living. The victorious, hostile Europe surrounding us inflicted upon us the paralysing effects of a boycott, while the Treaty of Trianon crippled our activity by the imposition of manifold economic restrictions that all stood in the way of an improvement of the social situation. That was indeed the object in view; and yet, it nevertheless proved the starting-point of development. *And the level attained since then is shown by the fact that in the 1942 war Estimates there figures a sum of 280 million pengő appropriated for the purposes of social provision.*

"Though our social progress during the past twenty years has indeed been a considerable one, the line of advance has not been a straight or uninterrupted one, — a circumstance due for the most part equally to outside factors. At the outset *the anti-Hungarian boycott to which I have already referred, the provisions of the Treaty of Trianon and the struggle for consolidation* engrossed the resources and energies of the nation. However, the moment conditions became normal, a gigantic advance was made in the field of social progress by the introduction of obligatory social insurance, as also by the passing and promulgation of many other acts of legislation of a similar character. To quote one example by way of illustration: — *obligatory social insurance had become an accomplished fact in Hungary already in 1927 and 1928, in anticipation of several of our neighbours and of other foreign States.*

"Hungarian social policy was compelled for the second time to play second fiddle during the period of the economic world crisis; but as soon as the danger of a financial and

economic collapse was over, the Christian popular policy of the country betrayed a determined resolve — on an unparalleled scale — *to make its prime, most important object at all times the furtherance of social progress.* This period of our social policy did not at first reveal so intensive a development as we should have wished; for in the years immediately following the economic world crisis we were not yet in full possession of our financial sovereignty, the result being that we were often driven to make unwilling concessions that had been forced upon us.

"A point of peculiar interest is that our alleged social backwardness is the favourite theme of the press of those very countries whose financial policy — for purely capitalistic considerations — compelled us to slacken our efforts. Nevertheless, *in 1935 the system of minimum industrial wages became an accomplished fact in Hungary, while after 1937 or rather 1938 — i. e. after the introduction in industry of the system of family allowances — the scale of progress in evidence right down to our entry into the war, was so gigantic that in many respects we actually succeeded in anticipating even the States of Western Europe.*

"Here are a few figures. In the last budgetary year of Rumanian occupation the town of Nagyvárad appropriated the sum of 25,000 pengő for social purposes. The amount appropriated for the same purpose in the Estimates in the first budgetary year of Hungarian rule was 370,000 pengő. To this amount must be added the sum of 260,000 pengő figuring in the independent Estimates of the Hungarian adjustment fund, the sum of 643,000 pengő appropriated for emergency works and the 600,000 pengő contributed by the Hungarian People's and Family Protection Fund. These sums aggregated altogether 1,873,000 pengő, — *seventy-four times the amount appropriated for public welfare purposes in the days of Rumanian rule, which were moreover days of peace.*

"At Kolozsvár, the amount appropriated for public welfare purposes in the last budgetary year of Rumanian occupation was 31,833 pengő; while the amount figuring under the same head in the 1942 Hungarian Estimates is 613,346 pengő. In rather more than a year — down to the close of last year — the Transylvanian social organization

and the urban public welfare co-operative society respectively spent sums aggregating more than a million pengő; and the sums included in the 1942 Estimates of the Kolozsvár branch of the People's and Family Protection Fund aggregate almost 500,000 pengő.

"In the re-incorporated districts of Southern Hungary *a comparison of the respective situations reveals a state of things in many respects actually far more favourable to Hungary*; for in most of the places situated in these districts there were no items of expenditure of the kind in the days of Yugoslav occupation. I must frankly confess that in the Czecho-Slovakia of former days the prevailing conditions undoubtedly showed a greater degree of progress than that in evidence in the other Succession States; but it must not be forgotten that both in that country and in the other Succession (Successor) States the social policy of the Government did not concentrate on the service of universal human welfare, but — *ignoring completely the interests of the Magyars — aimed deliberately at prejudicing the position of the nationals of Magyar race.*

"And in any case the question as to whether our country is advanced or not in social respects is perhaps best judged on the basis of a comparison of *our road policy* with that of the Successor States; for, as is well known, it is the building of roads that provides the greatest volume of labour and may be regarded as a factor of social activity. At the period when the reincorporated districts of Hungary were restored, only 7% of the townships and villages in the territory of Dismembered Hungary were not connected with the main highways by a network of well-built roads; whereas *in the previously occupied districts of Upper Hungary 23%, in Subcarpathia 14%, in Transylvania 25%, and in the previously occupied districts of Southern Hungary 59%, of the townships and villages lacked the sine qua non of economic progress and social improvement — a system of properly macadamized metal roads open to traffic at all seasons of the year, not to speak of the differences in the quality of the roads in existence.*

"Another moment of importance for a comparison of the social situation prevailing in Hungary and the Successor

States respectively is that the Rumanian State allotted retired employees — particularly those pensioned prior to 1930 — only very trifling pension allowances; whereas the pension allowances allotted by the Hungarian Government after the re-incorporation of the districts affected — allowances determined under the provisions of the relevant Hungarian legal enactments — in many cases *exceeded* by 200% those provided by the Rumanians. Moreover, the Rumanian Pension Law did not grant pensioners any additional allowances for wife and children; whereas such allowances are naturally allotted in Hungary.

"A circumstance revealing the tempo and development of Hungarian social policy is that between 1918 and the completion of the work of consolidation the Government — for wellknown reasons — was practically prevented from effecting a solution except in certain questions of detail. Between 1935 and the outbreak of war, however, measures of a comprehensive and fundamental character were taken.

"The third stage in the process is that ensuing after the outbreak of the war; since then we have been compelled to take measures postulated primarily by the war conditions; but we have always borne in mind the socio-political bearing of these measures. The Hungarian State re-organized in the twenties of the century has so far *brought into being a whole series of important socio-political institutions*; e. g. in the field of social insurance, — and that in a period when in certain other States, for instance, hardly any attempt has been made in this direction. Apart from numerous other socio-political institutions, special mention is due to one of the most recent of the more important institutions, — the Hungarian People's and Family Protection Fund, which we may claim to be *practically unique in its kind and without a parallel in any other European or even in any overseas State*.

"I would note that one of the peculiar and characteristic phenomena in evidence in the country as dismembered by the Treaty of Trianon was the destitution of the university students. In the school-year 1924/25 the Minister of Education appropriated the sum of 149,500 pengő for *student social welfare purposes*, while the amount figuring in the 1943

Public Estimates under the head of student social welfare is 3,500,000 pengő. The sums spent by the Ministry of Education since 1930 for student social welfare purposes aggregate altogether some 30,000,000 pengő.

"The material which I am unable on the present occasion to put before the House will shortly be made public both abroad and at home. Not that I would suggest for a moment that what I have enumerated is in any way sufficient. Nor should the degree of employment resulting from the war conditions or the well-being in evidence in certain quarters mislead us. The work of preparing for the days of peace is in full swing.

"Many schemes and suggestions have been put before me, — some of them already in an advanced stage. I do not intend on the present occasion to deal with these plans and suggestions; but I must not fail to speak of another important socio-political question, — that relating to *the problems of the Hungarian soil and of the sons of the Hungarian soil.* Hungary is in general regarded as the home of *latifundia.* This is an egregious mistake. Whatever criteria we may apply in determining the ratio of *latifundia* and medium-sized estates to small holdings — when making the comparison we naturally refer on all occasions to arable land —, *the proportion of the territory in the possession of smallholders is larger in Hungary than, for instance, in Germany or in Italy.*

"And, when we take the real estate in private possession and deduct that in the hands of towns and villages, church or other authorities of the kind, we shall find that this proportion changes even more materially. And if we add the arable land owned by Jews (some 800,000 cadastral yokes), about one half of which has already been parcelled out, as well as *the considerably more extensive areas still to be distributed in terms of the Land Reform Act,* we shall find that *the ratio of smallholdings and large estates respectively shows a considerable deviation in favour of Hungary as contrasted, we may venture to say, with most of the States of Western Europe.*

"We may conscientiously and proudly affirm that *during the present year we have distributed a far greater number of*

house-sites — perhaps twice as many — than the number originally contemplated.

"The question next in importance to that of house-sites as a factor in the furtherance of social welfare is that of satisfactorily *adjusting agrarian labour wages* (a prime factor of agrarian production); that adjustment to be accompanied by the establishment of a policy of agrarian prices inseparably connected therewith enabling agriculture to afford the wages ensuring an adequate standard of life and to meet the expenses involved by the introduction of a system of insurance of agrarian labourers similar to that in force in industry too.

"In any case it is imperative that there should be an increase in the intensity of the production of both large estates and smallholdings, not only for general considerations of production, but also as a means of finding employment for our surplus population. The Hungarian method of farming is not that extensive agriculture which ensures large revenues, but the intensive agriculture which waives all claim to excessive earnings, produces on a large scale and gives employment to a large number of individuals. It is to support this method of agriculture — which is a Hungarian duty — that the Development of Agriculture Act was framed.

"And for that very reason it is in the interest of agriculture that *Hungarian industry should be developed*, — that industry the magnificent achievements of which still contribute very largely, not only to enable us to continue to live our national life independently even in these days of storm and stress (for Hungarian industry certainly can claim a share in that result), but also to provide possibilities of employment for our surplus agrarian labour. And we need these opportunities of employment at all costs; for — including in our survey the most densely inhabited countries of Europe too —, when we investigate the density of population in agrarian districts and leave out of account urban districts, we ascertain that the most densely inhabited agrarian districts are to be found in Hungary.

"From the same sources which are continually launching attacks against the latifundia and voicing pity for the situation of our rural population, we keep hearing *the terrible*

indictment of Hungarian leudalism. Though to talk of agrarian feudalism in the age of capitalistic dominance is in any case very strange. What is — or has been — the influence of Hungarian *latifundia*, their power and leading role in Hungary compared with the influence and the power represented in the plutocratic countries by the owners of capital? Or was the reason for this one-sided view of the situation — and for the attitude in evidence in our country too in the past — perhaps the feeling that the landed classes also representing economic power were rather in the way of the hegemony of capital? Here in Hungary there was already a smallholders' party prior to the outbreak of the first Great War; and since then this party has been playing a dominant role in the Lower House of our Parliament. There are also a considerable number of smallholders in our Upper House.

"I would ask: where in foreign countries — even and more particularly in France — has the peasantry, the people of the soil, had its representatives in Parliament? Who has defended the land-tilling small existences in those countries? For, had there been anyone to defend the interests of that class, there would never have been more than 10,000,000 yokes of uncultivated land lying fallow prior to the outbreak of the present war.

"Oh, of course I know where this indictment comes from, and why it has just been thrust artificially into the limelight. The refugees from Hungary now in foreign countries who are the ringleaders in this action, together with their friends, are deeply incensed that we should be better than others and that we are living (a fact beyond dispute) under better conditions of life than other nations. We are arrogant too, — not only the big landowners, but every Magyar countryman too. Those are greatly mistaken who believe that, if we put the leading classes of Hungary out of the way, the proletarianized masses here in Central Europe will understand one another, — the only obstacle to such understanding today being, our accusers assert, Hungarian feudalism, the rule of the privileged classes. I deny the charge — deny it most emphatically; for these accusers know nothing of the Hungarian people or Hungarian villages. I would warn them

that *this inborn air of distinction is not only a feature of the Hungarian character, but constitutes also the value, meaning and substance of the Hungarian nation.*

"In Hungary the smallholder class is in process of development and is gaining ground. That is the direction followed by every intervention on the part of the State, by every scheme and decision of the Government. In the countries where we are being subjected to criticism, *the peasantry has fallen into decay*, the artisan and craftsman class has been ruined, and everything has been ruthlessly suppressed by the system of free competition."

OSZK
Országos Széchényi Könyvtár

GREETINGS FROM HUNGARY TO THE FINN SISTER-NATION

Because of the war the Finnish nation, which is now engaged in a life and death struggle, celebrated the twenty-fifth anniversary of its independence on a very modest scale. *Just when the Commemoration Service was about to begin, an alert was sounded and the service had to be continued in the shelter under the church.* This scene was symbolic of the life of the Finns, who have never been able to rejoice for long, because they have always had to fight for life, independence and liberty during all the bloody years of their romantic history. Much attention was accorded their present jubilee all the world by their friends and even by those who today are fighting on the side of Finland's enemies, but who in their hearts surely find it difficult to deny their sympathies to that gallant nation. It was perhaps in Hungary, however, that the flames of sympathy and understanding glowed brightest in the hearts of the people, for the two nations are kin, *and in many respects their destinies show a great similarity.* As in the case of the Magyars, the greatest historical achievement of the Finns is that *they have managed to remain in existence.* Like the Magyars, for generations the Finns fought and struggled for an independent national life, and during all these years of storm and stress it was the common people who suffered most and who deserve the credit of having preserved alive the nation, the language, the race.

In defending their independence and liberty against all aggressors both nations performed a mission in Europe. *It also fell to Hungary's lot to defend Western Europe with her own body against the dangers threatening Christian*

civilization from the East. The Finns, like the Magyars, are a hardy race, but we find colour, form and lyrical beauty in the poems of *Vajnamöjem* as well as in *Petőfi's* and in *Sibelius's "Finlandia"* as well as in *Kodály's "Psalmus Hungaricus"*.

In number the Finns, like the Magyars, are a small nation among the great nations of Europe, but any nation, however small, with a history is entitled to be respected and esteemed just like the great nations. *Hungary has acquired this right by virtue of her existence as a State in Europe for a thousand years, a factor that helped to preserve the European balance of power and made Hungary the self-sacrificing defender of the West against the encroachments of the East. The Finns, a nation whose lot was harder still, acquired it by their struggle through centuries of cruel oppression that steeled their wills and hardened their resolution to achieve independence, which they did only twenty-five years ago.*

For long, long years the little Finn nation was oppressed, first by the Swedes, then by the Russians; but they were never reconciled to their fate and never acquiesced in the loss of their independence. "*Nem, nem soha!*" (no, no never!) was also the slogan of the Finns, and all the infinite might of Russia, her indifference to the sufferings of others and her cruel oppression were powerless to extinguish the flame of independence and freedom in the hearts of the Finnish people. Again and again, even when resistance seemed a forlorn hope, the Finns, unbroken in spirit, sacrificed themselves and resisted. *This little nation is just as deserving of respect as the great nations, because its history shows it to be a self-respecting people.*

Like that of the Magyars, the history of the Finns is one unbroken series of struggles for freedom and independence. Few nations have such a long muster-roll of heroes and martyrs as these two sister-nations, and very few have

been able to preserve amidst all the cruel blows of fate an unswerving resolution to be free and independent as have the Magyars in their thousand-year old State and the Finns independent now for twenty-five years. *Both nations have always fought for Europe, for Western ideals and for Christianity. For these they have suffered and famously conquered.*

Twenty-five years ago Finland arose out of the ruins of Czarist Russia. She threw off the yoke of the Red régime against which she has been repeatedly forced ever since to defend her existence, integrity and independence. Like its kindred, the Magyars, this brave little nation has proved itself to be a great nation, *for great is the nation whose history is so inspiring, so glorious, so exemplary and so eloquent of a will to live.* In the garden of European nations these two blossom with a colour all their own: their existence represents one of Europe's most precious moral values; without them the spectrum of the civilization of the white races would be incomplete.

KING FERDINAD OF RUMANIA (IV.)

BY

ZSOMBOR DE SZÁSZ

IV. THE ROAD TO PEACE¹

In the beginning of November 1917 the Bolsheviks — as has been told in a previous article — assumed the power in Russia and addressed a peace offer "to all concerned", urging that an end should be put to further bloodshed and, all thoughts of conquest abandoned, peace to be made on the basis of the self-determination of the peoples.. On November 20 the Central Powers declared their willingness to enter into negotiations with a view to the conclusion of an armistice. By this time the Russian army was completely disintegrated, the troops refused to fight. Rumania, cut off from all her friends, was left to shift for herself, with no access either to military or diplomatic assistance. She could choose between a heroic self-immolation and a separate peace with her enemies. The first alternative would have been difficult, for the Rumanian soldier is no hero, except in the capacity of Unknown Warrior; the second would be an act of despair and would entail the consequence of invalidating the extorted secret treaty of August 1916, with all its incalculable advantages. Both alternatives had their partisans.

Finally Brătianu appointed a delegation to start negotiations; in doing this he relied on an intimation received in December 1917 from the Ministers of the Allied Powers, Great Britain, France, Italy and Russia, to the effect that even though Rumania had ceased fighting and the Court and the Government had fled from the capital, she had fulfilled the obligations contained in the secret treaty and had not forfeited the advantages it secured for her, which was as much as to say that the conclusion of a separate

¹ See previous articles under the same title in the August, October and November issues of this review.

peace would not upset the provisions of the secret treaty. I shall return to this later on. Brătianu showed Take Ionescu, the leader of the Conservatives in his Cabinet, a telegram from the Rumanian Minister in Rome. "I spoke —" this telegram ran — "with Sonnino concerning the necessity of a separate peace and the need of obtaining for it the previous consent of the Allied Powers. Sonnino said: 'Do not ask for such a thing; it is impossible to grant it. Remember that the Christian Church pardons crimes that have been committed, but cannot give anticipatory absolution for crimes about to be committed.'" Brătianu hoped for subsequent pardon of the crime of having concluded a separate peace.

It must be noted, however, that the Conservative members of his Cabinet were not convinced. Take Ionescu, for one, was intransigent. He and his followers submitted to the king a memorandum voicing their disapproval; they feared that Rumania would be excluded from the peace negotiations if she signed a separate peace. "It is Rumania's primary interest," — they wrote — "in the present as for the future, for the sake of her own citizens and for the Rumanians living outside her borders, that the Rumanian Government should be present at the peace negotiations, in order to discuss the questions of her national unity and to demand the fulfilment of the promises made to her by the Allies."

A moderate section of conservative opinion proposed that Moldavia should be evacuated likewise and that the Court, the Parliament and the Government should withdraw to Russia, to Odessa or even further, to the Ural Mountains, there to await the end of the war. The objection to this was, that the occupying force would probably set up a rival government, perhaps even a new dynasty, with which they could negotiate with greater ease.

To the peace party belonged, naturally, the Germanophiles, who had from the first been hostile to the Entente alliance and now, in the hour of defeat, regarded themselves as justified. Foremost among them was the aged Peter Carp, who at the historic Crown Council had so passionately pleaded for war against the Allied and Associated Powers. But there were also more sober and less vehement politicians, like Maiorescu and A. Marghiloman, who saw the salvation

of the country in an early and honest peace with Germany and Austria-Hungary. Bucharest was still unoccupied when Marghiloman tried to convince the Queen that peace would be more beneficial for the country than the continuation of the war.

The final decision was precipitated by the fact that on December 3 negotiations for an armistice were started between the Russians and the Central Powers at Brest-Litowsk. Two days later, on December 5, Sherbatchev, the commander of the Russian forces in Rumania, applied to Fieldmarshal Mackensen for an armistice, and his example was followed by the Rumanian commander.

The request was granted, and on December 7, — the German General Kurt von Morgen narrates — negotiations were started in Focşani. The Russian delegates were General Keltchewsky, commander of the ninth Russian army, and Colonel Baumgarten, his Chief of Staff, with fourteen other officers and men, mostly Bolshevick and social-revolutionaries. The Rumanians sent General Lupescu with eleven officers; Austria-Hungary was represented by General Hranilovitch with two staff officers, and Turkey and Bulgaria with one officer each. "I was the chairman," writes General von Morgen, "supported by Colonel Hentsch and several other officers. The Russian delegation came to Focşani by car. I received them on the steps. The Russians were cold as ice, the Rumanians at first refused; later, however, they consented to take their seats at the table. I greeted the two delegations and expressed the hope that the negotiations would be carried on in a spirit of comradeship and that they would be crowned with success. General Keltchewsky thanked me and drank to democratic comradeship, which he regarded as the only justifiable attitude. He stressed this because of the presence of the revolutionary Russians. He himself was an officer of the Artillery Guards, while Baumgarten was a Colonel of the Dragoon Guards. General Lupescu also spoke, emphasising the independence of the Rumanian delegation."

The Russians demanded that no fixed term should be assigned for the duration of the armistice, but that three days' notice should be given of its expiration in order to give the Bolshevick legislature in Moscow time to decide over

war and peace. They took no account of the armistice concluded at Brest-Litovsk, which extended over the whole Russian as well as Rumanian front. A speedy agreement was reached, writes General von Morgen, in regard to all but the last three clauses: the neutrality of the Lower Danube, that of the Black Sea, and the transfer of the German and Austro-Hungarian forces to other battle-grounds. They were willing to consent to the transfer of two divisions, but with that von Morgen could not be satisfied. The discussions were broken off, and the Russians left for Maraşesti. The Rumanians remained. Next day, however, the Russians reappeared, which showed that the conclusion of an armistice was an important matter for them. This facilitated matters, and after a discussion lasting ten hours, at 10.30 p. m. an agreement was reached which allowed the Germans to transfer five divisions to other battle-grounds.

"While the text of the armistice terms was being drawn up," General von Morgen concludes his narrative, "I had time to talk with the members of the various delegations. General Keltchewsky was very reserved, but I entered into a spirited conversation with Colonel Baumgarten, whom I found most intelligent. He told me openly that the Tsar was responsible for the situation in Russia, because he had turned a deaf ear to all liberal proposals. He also condemned the Empress, who, under Rasputin's influence, had supported the Tsar in his opposition to every reform. When we parted, the Colonel pressed my hand with deep feeling and said earnestly: 'I trust Your Excellency's country and army may never know conditions such as are now prevailing in ours.' Twelve months later, "adds von Morgen," we had soldiers' councils, insubordination, the collapse of the nation and of the army — an exact replica of the Russian upheaval down to the minutest detail."

The armistice having been concluded, the next step was the peace treaty. But the Rumanians were in no hurry to proceed to anything so definite. It was their interest to evade it if they could, or at least to put it off as long as possible; at any moment the war might bring unexpected changes.

The diplomats of the Central Powers had their hands full with the Russian treaty; it was no easy matter to treat

with Bolshevik leaders such as Trotsky and Yoffe. The negotiations in Brest-Litovsk dragged on through the whole of December and January without any agreement being reached, until the Ukrainians declared their independence and made a separate peace with the Central Powers on February 9, 1918. This materially improved Rumania's situation, for Ukrainian detachments in Moldavia helped to disarm the unmanageable Russians and to restore some order on Rumanian soil; as a result, the Rumanians were able to invade and annex Bessarabia, an adventure we hope to describe in a future article.

The obstacles in the way of an early peace were not due solely to the divergent views of the Rumanian politicians. The victors also had aims and claims which were not always easy to reconcile.

The Hungarian attitude was summed up in a Pro Memoria written by Stephen Tisza for the use of King Charles.

"It is a regrettable fact," — wrote Count Tisza — "that Rumania will not emerge from this war as weakened as both justice and the interests of the Austro-Hungarian Monarchy would demand. The loss of the Dobrudja is fully compensated for by the acquisition of Bessarabia, while the Hungarian demand for frontier rectification is no wise in proportion with Rumania's crime or her military situation. Our peace conditions are so mild that they should be offered as a magnanimous gift to a vanquished foe and not be made the subject of negotiations. In particular these negotiations should not be allowed to assume the character of bargaining or chaffering. If Rumania refuses to make peace on the terms we offer, we can only answer by a renewal of hostilities . . . the rectification of the frontiers is a *conditio sine qua non*, a defensive measure for the Monarchy, demanded with insistence by Hungarian public opinion . . . It was right not to exploit Rumania's desperate situation and to offer acceptable peace terms, but if we do not stand firm on this moderate platform we shall strengthen the Western Powers in their belief that it is unnecessary to conclude peace with us on the basis of our sovereignty and territorial integrity." In point of fact, Hungary's territorial demands in respect of frontier rectification were all but nominal.

Bulgaria claimed the cession of the whole of the Dobrudja, with the Black Sea ports, not only the territories taken from her in the second Balkan war.

Germany not being a limitrophe State, her demands were not territorial but economic. She wished, among other things, to lease the Rumanian oil-fields, the Danube and other Black Sea ports, and the exploitation of the forests.

There was one German demand which, so long as it was upheld, bred a certain amount of friction and disaccord between Germany and Austria-Hungary.

The Germans demanded that King Ferdinand, a Hohenzollern but one who, as the Kaiser said, "failed to maintain the noble traditions of fidelity", should be punished for his treachery. He must be made to resign, for it was out of the question for the Central Powers to treat with him. But it was no easy matter to replace him. One candidate after another was suggested: the Hungarian Archduke Joseph; King Charles' younger brother Max; King Ferdinand's younger son Nicholas (the elder, Crown Prince Carol, was excluded as one of the most rabid war-mongers); the king's brother Prince William of Hohenzollern, or any other Prussian or German Prince.

Count Czernin was strongly opposed to the removal of the dynasty.

"For one thing," he wrote in his Memoirs, — "I held that it was not our task to exercise divine justice and mete out punishment, but to end the war as quickly as possible . . . The widely accepted idea that the Rumanians were at the end of their tether and compelled to accept any conditions offered them was completely erroneous. They were in a very advantageous position, the *morale* of their army was excellent, and at the last big attack at Marasesti Mackensen's troops had decidedly had the worst of it. This success had gone to the Rumanians' heads, and there were many among them who wanted to go on fighting to the bitter end." Not that they could hope for a genuine victory; what they counted on was that if they could hold out long enough, their Western allies would obtain the victory for them. "My second reason for insisting that we should treat with the king was that from a dynastic standpoint I held it to be unwise to dethrone a

foreign ruler. At that time there was already a certain decline in the value of kings on the European market, and I feared that we might occasion a panic if we deprived some more kings of their thrones." His third reason was that no real peace could be concluded except with a fully acquiescent Rumania. "If we had deposed the king, we should have split Rumania into two camps and at best could only have concluded an illegitimate peace with the side which had accepted the dethronement. There was no legal peace to be made except with the legitimate sovereign of Rumania."

It must be remembered that Rumania's conduct in attacking Austria-Hungary was judged more severely by her former allies than that of Italy. Rumania had not been menaced from any quarter, she had gone into the war solely for her own imperialistic purposes. Unlike Italy, whose long sea-front lay exposed and defenceless in case of attack by Great Britain or France, she was perfectly safe, and all her neighbours would have been satisfied with her neutrality. Notwithstanding these objections to her conduct, she was treated with the utmost leniency. What the victorious Powers took with one hand they returned with the other. "We want a strong Rumania," said Field-Marshal Mackensen to Marghiloman, "with her territorial integrity preserved." This policy was dictated by the fear of Russian expansion; although a strong and contented Bulgaria would have done equally good service in this respect.

The armistice concluded, it was legitimate to expect peace to follow soon after. But so far there was no serious sign of it. The German, Austrian and Hungarian statesmen were busy with the Russian peace in Brest-Litowsk, and the Rumanians were in no hurry. The Rumanian Government now residing at Yassy, commissioned a certain Major Mitilineu, who in peace-time had been Chief Constable of Bucharest, to get in touch with General von Morgen and in the course of repeated conversations to sound him as to the peace terms and the chances of the Central Powers entering into negotiations with them. But tentatives were not serious.

More to the purpose were the steps taken by Count Czernin and Field-Marshal Mackensen.

Count Czernin, from Brest-Litowsk, advised King Charles

to have King Ferdinand secretly informed that if Rumania asked for peace she would receive decent treatment. Colonel Randa, formerly Military Attaché of the Austro-Hungarian Legation in Bucharest, was entrusted with this mission. Negotiations were carried on in the first days of February, but it is unknown whether they led to any more tangible results than the reassurance of the Rumanians that they would meet with a comparatively amiable reception at the hands of the Austrian statesmen. Marghiloman heard what Count Czernin had said in Vienna: "We are not so mad as to let our soldiers be killed for the sake of Moldavia; and it is not so easy as people think to drive away a king and his family — to drive away a dynasty, and a Hohenzollern dynasty at that!"

The endeavour of the Central Powers to bring the Rumanian adventure to a conclusion by means of a definite peace was met on the part of the Yassy Government by open sabotage, and on the part of military circles by a simple non-observance of the armistice.

Under these circumstances Field-Marshal Mackensen took a decisive step. He invited the peace delegation to return to Focşani on February 4. There he rebuked the Rumanians in no measured terms, blaming them for the transfer of army contingents, the occupation of Bessarabia, etc. He demanded plain dealing, — precise information as to the intentions of the Government and of the Army Command.

The Rumanian delegation fenced and prevaricated, in their turn accused the Central Powers of not keeping the terms of the armistice, and finally broke off the discussions. On February 9 General Lupescu intimated that, the Brătianu Government having resigned, it would be necessary to appoint a new armistice delegation. Mackensen's answer was an ultimatum to the effect that he expected the delegation on February 12; he added that he hoped "the members of the outgoing Government and such leading politicians as were hostile to the Central Powers would not be included in the new Government."

In Yassy two Cabinet Councils were held on the 6th and 7th respectively, followed on the 8th by a Crown Council.

The Government was in a quandary. The two heads of the Coalition Government, John Brătianu, Prime Minister and leader of the Liberals, and Take Ionescu, leader of the Conservative fraction, were both rabidly hostile to Germany and still more to Austria, and opposed the conclusion of a separate peace, but they differed in their views of the best course to be followed.

Take Ionescu wanted war; his opinion was that the armistice should be denounced at once, that the Court, the Legislation and the Government should withdraw to southern Russia, and that the army should remain and continue the fighting.

Brătianu opined that if the fighting was to be renewed, Ionescu should form a new government and shoulder the responsibility. The Liberals would put no difficulties in his way. But his recommendation was to procrastinate, begin negotiations with the approval of the Allied Powers, conceal their real intentions in order to gain time, in the hope that the situation would take a turn for the better. Three questions, he held, must on no account be discussed: the person of the King, the situation of the dynasty, and the territorial integrity of the country.

Ionescu was intractable. He was afraid that negotiations would automatically lead to a separate peace. There was a deadlock in the discussions.

Next day a Crown Council was held. The King declared that the existing political parties were unsuitable either to continue the war or to make peace. It was his intention to form a non-party Administration.

Thus ended the Brătianu-Ionescu Coalition Government.

The King chose as his new Prime Minister General Averescu, the most popular of all the army leaders, somewhat of a demagogue, completely devoid of political experience. In 1907, on the occasion of an agrarian revolt, twelve thousand peasants had been shot at his command. Now he represented peace and social reform.

The pro-Germans in Bucharest received his appointment with aversion.

The aged Peter Carp sent him the following note: "Mr. Peter Carp begs you to inform the King that if he takes it

upon himself to conclude peace with the Central Powers, his presence on the throne will cause such convulsions as will make the dynasty impossible, and will render it difficult to heal the wounds caused by such a policy." He and his followers refused their collaboration.

Averescu and Mackensen met on February 18 at Buftea, the country place of Prince Stirbey. They were old acquaintances, having known one another in the days when Averescu was Military Attaché in Berlin.

As it proved, their good understanding made no difference as regarded the final result. In view of the difficulties of the Russian peace, the Central Powers desired to wind up the Rumanian business as quickly as possible, and that was the affair of the diplomatists. The negotiations in Brest-Litowsk were once again broken off, hostilities were resumed, and Kowno and Kiew were occupied. The peace delegations of the Central Powers left Brest-Litowsk, and in the second half of February Kühlmann and Count Czernin arrived in Bucharest. This time the peace negotiations were started in earnest.

(To be continued.)

Országos Széchényi Könyvtár

THE NATIONALITY QUESTION IN HUNGARY

BY

LADISLAS SZENCZEI

The "Slovenska Pravda" (a Slovak newspaper) of 2nd December contained an article which in the interest of peaceful co-operation between the peoples of the Danube Basin must not be allowed to pass without comment. This article was entitled "Rumania's First of December", and, treating of the Rumanian National Assembly held at Gyulafehérvár on 1st December 1918, it warmly congratulated Rumania on the 24th anniversary of the day when Transylvania was attached to that country. Word for word the "Slovenska Pravda" said: — "Rumania has always asserted, and today European science agrees, that the cradle of the Rumanian race was the region once known as Dacia. The history of that region must be regarded as Rumanian history. The struggle for religious and cultural liberty was followed by a political struggle against alien tyranny waged by the Slovaks and also the Rumanians of the Carpathian Basin." Farther on the article says: — "No Rumanian can ever repudiate the Resolution of Gyulafehérvár, which attached all the areas of historical Hungary inhabited by Rumanians to Rumania. This Resolution will always be sacred to every Rumanian."

In the well-understood interests of the common European front, Hungary and the Hungarian Press have always met the attacks launched against them by their neighbours, who in an ever-sensitive frame of mind complain of imaginary injustices, with dignity and restraint. In the present case, too, we would, calmly and confidently, point out that what the "Slovenska Pravda" says is neither entirely true nor in accordance with the political requirements of the moment. It was a mistake to appeal to European science and present the theory of Daco-Rumanian

continuity propounded by Rumanian historians as a generally accepted opinion. The undeniably Balkan character of the Rumanian language, which so closely resembles Albanian and the Bulgarian Slav language, the indisputable linguistic unity that shows how cognate the three Rumanian dialects of the Balkans — the Macedo-, Megleno, and Istro-Rumanian tongues — are, the markedly Byzantine type of Rumanian culture, and a host of linguistic, historical and cultural facts all go to prove that the Rumanians migrated from the Balkans in the first centuries of the Middle Ages, first into their present home and thence to Transylvania. Dacia was the last province to be conquered by Rome and the first to be lost, and the 160 years of Roman rule there were not a period of peaceful development, but of continual fighting and destruction, so it is scarcely probable that any traces of the Romans should have remained. The theory of Daco-Rumanian continuity is not accepted today by European historians except by those who apply without criticism the methods successfully used in the case of the western Latins to the radically different problems of the eastern Latins. There are even Rumanian historians who have abandoned the Daco-Rumanian theory and declare that the Rumanian people are not the descendants of a mixed Dacian and Roman ancestry, but of an ancient Latin race that lived somewhere between the Carpathians and the Balkan mountains. This would make the Rumanian language the aunt, not the sister, of the Spanish, French and Italian tongues. If this were true, it would mean that Rome and the whole western Latin world was founded by Latins who broke away from an ancient Rumanian stem. We ask the question: which theory is right, the "Scoala latinistá" theory of Daco-Rumanian continuity, or the megalomaniacal "Lupu" pre-Latin theory which serves as the historical basis for the new Rumanian imperialism? Both are very improbable, and, contradicting each other, they rob each other of the modicum of probability generously credited to them by biassed historians. Out of the confusion caused by the two mutually contradictory theories emerges with all the greater authenticity and probability the only acceptable theory, viz. that

the cradle of the Rumanian race is to be sought in the Balkan Peninsula, and that its language was preserved by a Balkan shepherd tribe which was Romanized during five centuries of Roman rule.

Even less objective and less in accordance with the real facts is the assertion made by the "Slovenska Pravda" that "the struggle for religious and cultural liberty was followed by a political struggle against alien tyranny waged by the Slovaks and also the Rumanians of the Carpathian Basin." The Rumanians of the Carpathian Basin had no need to struggle for religious and cultural liberty, for in their new home, Magyar Transylvania, they found the classical land of religious and cultural liberty. It was in Transylvania that the Rumanian people and the Rumanian spirit were first able to cast off the Slav cocoon that centuries of life in the Balkans had spun round them. It was in Transylvania that the Rumanian language was first heard in their churches, instead of the language of the Pravoslav Orthodox Church. It was the Magyar Princes of Transylvania whose strict laws made it obligatory for the Rumanian priests to preach in their national tongue. It was Magyar and Saxon patrons who paid for the first Rumanian translations of the Bible, which marked the beginnings of the Rumanian literary language. There is therefore no truth in what the "Slovenska Pravda" says about the Rumanians of Transylvania having had to fight for religious and cultural liberty; on the contrary, the flame of Rumanian national liberty that flared up in Transylvania had to struggle against the Pravoslav darkness and slavery that obtained in Moldavia and Muntenia. It was teachers and scholars educated in Transylvania who first realized their Latin origin and who imbued with this inspiring belief the Rumanians who at that time were languishing in the shackles imposed on them by the Slav world and by Byzance. It was teachers and priests from Transylvania who first showed their brethren in Muntenia and Moldavia how to educate a people and make of them a nation. *All this would have been impossible if in Transylvania, instead of the light of liberty, the darkness of tyranny had reigned.* Neither is it true that after the struggle for religious and cultural liberty

the Rumanians had to fight political battles against alien tyranny, for — apart from the deeds for which Austrian rule was responsible — Transylvania was always the land of political liberty. Already in the Middle Ages Transylvania could boast of a well-defined system of liberty as represented by the Estates, in which system every race and religion could obtain the place to which by virtue of its capacities and merits it was entitled. *That the Rumanians of Transylvania suffered no disadvantage may be proved by the fact that their economic position and their social and political standards were many times better than those of their kindred in the Old Kingdom (the Regate).* In 1907, although the proportion of Rumanians in Transylvania was only 53 per cent of the population, they owned 55 per cent of the arable land. Only 15 per cent of the land in Transylvania was in the hands of the owners of large estates, at a time when in Rumania they owned 40 per cent of the land, which in that year (1907) led to the greatest peasant rising known to modern social history. There could have been no question of political struggles against Magyar rule, stigmatized by the "Slovenska Pravda" as "alien tyranny", if only for the reason that under Magyar rule the Rumanians enjoyed complete religious and cultural autonomy. As Onosifor Ghibu, a Rumanian authority on education, admits in a pedagogic report (*Viata si organizatia bisericeasca si scolara in Transylvania si Ungaria*), in 1914 the Rumanians of Transylvania had one elementary school to every 980 inhabitants, while in Old Rumania there was only one to every 1418. According to that same report, the Hungarian Government gave annual grants of 4.700.000 gold crowns to the Rumanian Greek Oriental Church for its priests and schools and about the same sum to the Rumanian Greek Catholic Church. That the Rumanians of Transylvania are the most wealthy, most healthy, best educated and politically the most mature section of the Rumanian nation, proves beyond a doubt that the Rumanians were never oppressed in Transylvania. It is true that before the first world war their leaders came into conflict with the Hungarian executive power and had to be punished with all the severity of the law, but for these regrettable

events those leaders were themselves partly responsible and partly certain politicians on the other side of the Carpathians. Incited by the latter, the leaders of the Rumanians in Transylvania launched a campaign of unbridled propaganda against the Hungarian State, using language in their pamphlets and newspapers and at their meetings that could not be tolerated in a civilized country. In his "*Istoria Contimporană a României*" Titus Maiorescu, a distinguished Rumanian politician in the Regate, writes of that historical incident as follows: — "...Under its new leaders the Liberal Party (Opposition) prepared a programme of systematic and violent propaganda, choosing, as the most suitable weapon for its purposes, the Transylvanian question as the nucleus of that programme. From that moment on this so-called "national" question was accorded the greatest attention in newspaper articles, at public meetings and in Parliament. It was fully exploited and use was made of all the other methods of creating a disturbance that are so familiar to us in the history of the Liberal Party, such as stirring up the students and the officers, involving the person of the King in the matter and marching out of Parliament.

"Sturdza (the new Chairman of the Liberal Party) ...sent an able writer of short stories to Nagyszeben to start a newspaper entitled the "Tribuna". Slavici's skill as a writer of fiction must have been very useful, for the seed sown by the "Tribuna" soon bore fruit; discord was created among the Rumanians beyond the Carpathians, and the sectarian spirit which works like a poison in the political parties in free Rumania began to spread among them. In a very short time party adherents of Dimitrie Sturdza made their appearance as Liberals in Trans-carpathia, in opposition to whom — one extreme breeding another — Take Jonsescu's party adherents, calling themselves Conservatives, soon turned up too, and now alongside of this unfortunate strife the Rumanians of Transylvania began to believe in growing numbers that their political guidance must come from the political parties on the other side of the Carpathians.

"Contemporaneously with the unrest fomented in Nagy-

szeben, Brassó and Arad a campaign of propaganda was launched in Bucharest and Yassy. On 9th January 1892 the meeting of the Rumanians of Transylvania held at Nagyszeben resolved to go behind the Hungarian Government and carry a memorandum on the situation of the Rumanians in Transylvania to the Emperor Francis Joseph. When the Emperor refused to see the delegation, the university students of Bucharest and Yassy staged a 'demonstration of sympathy' with the Rumanians of Hungary (9th June 1892). On the occasion of the King's speech to the Senate on 27th November 1893 and at a session of the Senate (9th and 10th December 1894) Dimitrie Sturdza delivered two great speeches in which he openly discussed the relations existing between the Hungarian Government and the Rumanians of Transylvania. He declared it was the duty of the Liberal Party to clear up that difficult and obscure situation. He then dealt in detail with the demands of the Rumanians, describing the Hungarian Government's policy as 'preposterous', 'unjust' and 'befitting Asiatic barbarians rather than a European nation.'

Farther on Maiorescu describes the political agitation attending the famous trial of those responsible for the memorandum as follows: — "...Sturdza advised them (the men sentenced) to escape punishment and remove the headquarters of their activity to Bucharest. This advice shows so little judgment that no one would have credited a man at home in public affairs with giving it, had not Sturdza's letter urging the leaders of the Rumanians in Transylvania to escape to Rumania been published in the "Tribuna". The political leaders under sentence were wise enough not to take his advice, preferring to submit themselves to the punishment imposed on them by the Hungarian State. In any case they were all pardoned, some sooner some later, the most of them after a short term of imprisonment lasting 13 months and 10 days.

"Sturdza was furious. At a public meeting held on 25th September 1898 in the "Orfeu" Hall he delivered the notorious speech in which he gave the number of the orders to pay served on Transylvania by Take Jonescu, repeated his invectives against the Hungarian Government, and told

the Rumanian Government it was its duty to assist the Rumanians living in the neighbouring State.

"While the Chairman of the Party was making these statements its official organ continued to inveigh against the Magyars, using expressions so coarse that, if that were possible, they outdid Sturdza'. This newspaper never called the Magyars anything but "Huns", "barbarians", and "the murderers of the Rumanian people..."

This is how the political struggle waged by the Rumanians of Transylvania against alien "tyranny" is described in his exact and true account of the events by Titus Maiorescu, one of Rumania's most outstanding statesmen and writers. The notorious memorandum and the violent campaign of propaganda against Hungary conducted by certain leaders of the Rumanians in Transylvania were nothing but an attack launched by the Liberal Party against all the principles of international courtesy and were merely part of their unbridled party politics in the field of domestic policy.

We would advise the "Slovenska Pravda" to make a closer examination of the documents of the case before pronouncing sentence on so intricate and thorny a question as that of the relations between the Magyars and the Rumanians.

A CENTURY OF HUNGARIAN INDUSTRY

BY

MICHAEL DARABOS

To be exact, we should speak of a century of work by the General Association of Industry, for on 29th November that Association held a jubilee to commemorate its inauguration exactly a hundred years ago. The Association's century of work corresponds with a century of Hungarian industry, though naturally *there was Hungarian industry before that, and it had its own battles to fight.*

Apart from the fact that the economic activity originating from the *Thurzó-Fugger* undertakings marks a great step forward in the spread of industry, and that real industrial life in Hungary — first of all in the textile industries — began only during the reign of Maria Theresa, or rather of Joseph II, when the obstacles impeding free development inherent in the Guild system began to disappear, it may be established that *there were industrial settlements in Hungary as early as the XVI or XVII centuries.* But the use of steam had not yet spread to Hungary, although she was rich in natural resources and could command labour sufficient to enable the country to compete with Western Europe in the sphere of industry.

It was the policy of the Habsburgs to prevent industrial development in Hungary. They wished Hungary to remain an agricultural country, partly in order that she might produce raw materials for the rest of the Monarchy, and partly that she might provide markets for the products of Austrian and Czech industries, which were given all the support possible. But the leaders of the Magyars were aware of the fact that *this Habsburg policy, besides depriving Hungary of the possibility of cultural development and economic growth, was also preventing the achievement of political independence by keeping the country in a condition of economic dependence.* So, when Kossuth, a man of outstanding ability, created the

General Association of Industry as a means of furthering industrial development, he was influenced, not only by economic, but also by political considerations. To quote his own words:— "*The development of industry is one of the country's most urgent and burning necessities.*" The idea of an industrial association was proposed by a well-known physician and politician, *Dr. Paul Balogh de Almás*, who suggested the formation of a society that would undertake to train craftsmen and artisans. *For the purpose of creating this society Louis Kossuth contributed the sum of 5000 florins which his friends had collected for his family while he was in prison.* His example was followed by many other people, amongst whom were Count Louis *Batthyányi*, who as first constitutional Premier of Hungary died a martyr's death in 1848, and Baron Joseph *Eötvös*, who later became a great minister and a great writer. At that time Pest was merely a backward big village without anything but the most primitive traces of industrial and commercial life. The number of its inhabitants was 64.000, while Buda had barely more than 31.000. Pest and Buda were separate municipalities, although Count Stephen *Széchenyi* had already suggested that they should unite. It was in these circumstances that Kossuth unfurled his flag and with his eloquence called into being the General Association of Industry of which he became assistant director, while Count Louis Batthyanyi was elected President. *At Kossuth's suggestions the first industrial exhibition was opened that same year in the Pest Concert Hall.* The charge for admission was about twopence on week days and less than a penny on Sundays, to enable people of small means who were busy on working days to see the exhibition and learn new things. Since then the Association has arranged numerous exhibitions, many of them on a grand scale, has organized lectures and courses of instruction to popularize industrial knowledge, and has also launched movements and established institutions that later, separating from the Association, continued their useful activities independent of it. It was, for instance, the Association that inaugurated the famous movement the aim of which was to protect the Hungarian industry now well advanced.

At the first Hungarian industrial exhibition two hundred

and ninety-eight objects were exhibited by two hundred and thirteen exhibitors. *Among the latter we find the names of Hungarian factories — such as, for instance, Ganz — which have since become world-famous.* It was at that time that the Kőbánya breweries began to function, and they were among the exhibitors. Hungarian porcelain was the most interesting part of the exhibition. The makers of gingerbread and wax candles were present with their wares, as were also a large number of craftsmen and artisans.

The Association was also responsible for the creation of *a joint stock company formed to finance the establishment of factories.* At the first meeting of that company Francis Deák made the opening speech. During the War of Independence the life of the Association was paralyzed, but afterwards, in 1867, it revived, and Baron Joseph Eötvös became its President. In this second phase of its existence was born the idea of an industrial law, and it was thanks to the Association that *Hungary was the first country in Europe to pass such a law and make the education of apprentices compulsory.* Among the establishment of the Association were the separate organization of manufacturers, craftsmen and small manufacturers, the so-called General Alliance of Industrial Societies, and later the National Corporation of Industrial Societies. The General Association of Industry still continues its activities in the interest of medium-sized and small industries, and will have many problems to solve in the next few years when the war is over and, era of reconstruction sets in.



LEADING CROATIAN POLITICIANS DISCUSS MOVEMENT OF CROATIAN INSURGENTS

BY

IMRE PROKOPY

A ccording to a report from Zagreb dated late in September *during the clashes in Bosnia alone more than 20.000 children were bereft of their parents, who were either killed or have disappeared.* The Croatian Government has removed these orphans to towns and villages less exposed to danger, which have most readily undertaken to provide for them and to bear the cost of their education.

A fact strikingly illustrative of the methods of warfare and the ruthless carnage characteristic of the partisan robber-bands is also the account given, on the basis of disclosures made by a partisan officer who had been taken prisoner, by the Zagreb daily, "*Hrvatski Narod*"; "*I was told*", said the officer who had been taken prisoner, "*that the object of our struggle was to achieve the liberty of the people, and we were informed that the Russian troops had already crossed the Drave and the Save and were at the gates of Belgrade. When we attacked one of the towns, the rattling of the machine-guns terrified the inhabitants, who fled out into the streets only partly dressed, whereupon we took aim at them and shot everyone whom we saw. By the morning we had collected all the foodstuffs we could find in the town we had occupied, caught all the members of the Ustasa and murdered every one of them. Some of our men — even officers — cut off (with axes) the ring-fingers of the victims who had been shot. We initiated a veritable campaign of robbery and pillage against towns and villages; and when the work of plundering, destruction and mass-*

murder had been completed, we retired to the forests or among the mountains."

When, after the liberation of the town of *Jajce* (in Bosnia) and its environs and after that neighbourhood had been cleared of insurgents, the victorious German and Croatian troops on November 9th. entered *Serajevo*, the German commander, General *Fortner*, made a speech to his soldiers in which he established the fact that many hundreds of robbers had paid with their lives for their rebellion against the Croatian State.

Equally revealing in respect of the inhumanity and monstrous ravages of the partisans is the statement made by Foreign Minister *Lorković* to the effect that in Montenegro alone *in recent months more than 7000 peasants had been murdered by the insurgents.* ("*Hrvatski Narod*", November 17th., 1942.).

And now let us inquire into the opinion of some of the leaders of Croatian political life respecting the action of the insurgents that has resulted in the destruction of so many lives.

Early in November the "*Spremnost*" (Preparedness), a Zagreb daily, published an article from the pen of Dr. *Vilko Rieger*, Propaganda Minister, dealing with the partisans in which the writer *inter alia* establishes the fact that in Yugoslavia the statesmen representing the Pan-Serbian idea were at all times by conviction zealous supporters of every anti-Croatian movement. . . . The Yugoslav communist party operating in secret was also under the direction of Pan-Serbian dreamers, who hated the Croats just as bitterly as did *Yevtitch*, *Zhivkovitch*, *Stoyadinovitch* and *Tsvetkovitch*. Later on in his article the Croatian Propaganda Minister explains how after the falling to pieces of Yugoslavia these Croatophobes — acting on the suggestion of London and Moscow — joined hands to form bands of

partisans... The mountain bandits for a short time acknowledged as their leader General Drashs Mihajlovitch; later on, however, when the time came to divide the spoils obtained by robbery and pillage, they quarreled among themselves and split into groups. Wherever these partisans appeared, they left behind them veritable graveyards. Wherever they go, they are guilty of vandalism and incendiarism, ruining and destroying everything. They show particular hatred of the Croatians; and they would fain exterminate the Mohammedans. In the concluding part of his article the Croatian Propaganda Minister points to the fact that the fighting and the depredations of the insurgents in Bosnia and Lika serve exclusively the interests of London and Moscow.

As pregnantly illustrative of the situation resulting from the outrageous depredations of the bands of partisans, particular interest attaches also to the speech made at *Sisak* by M. Lorković, Croatian Foreign Minister, on November 15th., before a mass assembly of members of the Ustasha (*Ustaša*) organization, from which we would cite the following passages: — "We Croatians", said the Foreign Minister "when we see the horrible havoc being wrought by the bands menacing the life and peace of our peasants, workers and burghers, are warned by personal experience what would be bound to ensue if these inhumanly savage hordes succeeded in gaining possession of our native land and were in a position to commit everywhere in the country those crimes which so far they have only been able — provisionally — to commit in certain villages or towns... There are only a few Croatians to be found in the ranks of these partisans. For the most part these bands indulging in orgies of vandalism are recruited from non-Croatians whose one and only desire is to finally and definitively annihilate this country... Who are these forest heroes?

They are men who were trained in murder by their leaders already in the Spanish civil war, or in the terror-schools of the Russian Bolshevists, — or in the secret societies meeting clandestinely in Belgrade... *These partisans tell the people of the towns and of our passive territories that Croatia is unable or unwilling to provide the people with food; and what have they done, I would ask? In Syrmia, for example, they have destroyed the corn, set fire to the threshing machines and night after night have ambushed and attacked our national defence soldiers...* In other districts they have devastated the crops of potatoes, oleaginous plants and maize; and, wherever able to do so, they have committed railway stations and depots to the flames, and blown up the railway trucks conveying food consignments for the starving children in Dalmatia and Herzegovina. And, when they destroy these engines and trains and the articles of food carried by them, thereby depriving a considerable proportion of the population of their food supplies, they actually have the insolence to howl and bellow in the ears of the people, "You see, the Croatian State does not worry about you and fails to provide your daily bread..." And when they set schools on fire, then too they proclaim aloud that they are the champions of national development. In Montenegro an abandoned priest who had joined their ranks addressed the people in the following terms: — "Comrades, we have long ceased to believe in the existence of God! Spit upon Heaven, and you will see that there is no God" ... However, I can assure you — and you will shortly have the opportunity to experience the truth of my words — that the armed troops of Croatia will attack these criminals with such force that they will be unable any longer to stand this winter... The rumour is also being spread everywhere that the Allied troops fighting shoulder to shoulder with us are costing us a fortune and

that they are starving you to death. The truth is, however, that the bulk of the German and Italian troops provide themselves with food out of their own supplies. But it is also true that last year we received a few hundred wagonloads of maize from the Germans, while in the autumn of the present year we are receiving 4000 wagonloads of potatoes . . . And in any case I am in a position to re-assure you and to declare that the Croatian State rests on foundations of granite, for it is built on the will of the whole Croatian nation . . ."

The mass meeting of the Ustasha organization was addressed also by Dr. *Vrančić Visko*, Secretary-of-State in the Croatian Prime Ministry, who *inter alia* revealed to his audience that three months prior to the collapse of Yugoslavia, by the good offices of Jancić Voja, former Minister and director of the Belgrade broadcasting station, Chetnik songs had been broadcast daily from the Yugoslav Capital inciting the people to murder . . ." "Unless we forget", continued Dr. Visko, "what happened in Croatia during the twenty-three years of Yugoslav rule, we shall be able to understand why our young State has to contend with so many difficulties. We must not lose heart, however. *All the troubles that have been inflicted upon us are the fire through which the Croatian has to pass in order that it may be purified and acquire the hardness of steel*" ("*Hrvatshi Narod*", November 17th., 1942).

POLITICAL MOSAIC

SOCIAL ACHIEVEMENTS IN HUNGARY

On 6th August 1940 the Act of Parliament establishing the General Family Protection Fund was incorporated in the Hungarian Statute book. Since that date great results have been achieved by the organization formed, *not to dole out alms, but to raise the economic, moral and educational level of the classes most in need of a helping hand.* It is not individuals, it is families with many children that receive aid, and the form it takes is not momentary relief, but the provision of material means to enable worthy families to turn their capacity and willingness to work to good account and give them a place in the productive work of the nation. The people to benefit by this institution are decent, needy fathers of large families who are not in a position to obtain the credits required to give them a start in life. Their need is determined by the social workers who examine their financial circumstances. *From this point of view a large family is one with at least four children under the age of 18.*

An important function of the Fund is the building of family houses, which as regards their interior arrangements are practical and hygienic, while in externals they conform to the architectural traditions of the region. *In the villages these houses are built on sites of about half a yoke in size, which allows their occupants to do some market-gardening.* If the house is not built on a site belonging to the family in question, they are regarded as tenants until the loan has been repaid. Loans may be repaid within 30 years' time, and a reduction of 10⁰/₁₀ is allowed for the fourth and every subsequent child.

The families receiving assistance from the Fund can also count on help from the public welfare co-operatives. They also assist each other, especially in cases of child-birth, when they render each other all the help possible. The public welfare co-operatives lend money for the purpose of enlarging houses or finishing buildings already begun. *Market-gardening is also being organized, and the necessary seeds, plants and tools are being provided.* The work of the co-operatives is organically linked up with the activities of the Ministry of Agriculture.

Wherever it is possible, the co-operatives organize groups of tenants or settlers and provide them with the required live stock and farming implements, as well as with working capital. The distribution of animals is also a great help. Tenants, for

instance who have no horses or oxen of their own, receive horses and carts. Payment for them, which in the case of large animals must take place in from 3 to 5 years and in from 6 months to 2 years in the case of smaller ones, may be made in money or in kind. Another common form of assistance is to provide the farmers with agricultural machines. The public welfare co-operatives also assist cottage industries and retail shopkeepers.

One of the most important functions of the Fund is to provide marriage loans, which may be applied for by engaged couples under the age of 32 and of Aryan stock, provided their joint possessions do not total the value of 5000 pengő. Repayment consists of a monthly contribution of 1% of the sum borrowed, from which a substantial reduction is allowed for each child born. The Fund provides free milk and sugar for children, free lunches, day nurseries and holiday homes, and organizes various courses. When loans are being paid back, *the fathers of large families receive the same reduction as do the recipients of houses.*

SZERETFALVA—DÉDA RAILWAY LINE BUILT BY DINT OF SUPERHUMAN EFFORTS OPENED TO TRAFFIC

In December 5th., in the presence of M. Nicholas de Kállay, Prime Minister, and several Members of the Cabinet, as well as of other notabilities and official delegations, the Regent inaugurated the Szeretfalva—Déda railway line. After the solemn ceremony of inauguration M. Joseph Varga, Minister for Industry, expressed his gratitude to the Regent and the Government for having facilitated the construction of this exceptionally important railway line. The building of this railway branch line had been one of the greatest achievements of engineering of recent decades.

It is now possible to travel from Budapest to Sepsiszentgyörgy by through train.

Constructive work was begun immediately after the re-incorporation of the northern part of Transylvania. As representatives acting on behalf of M. Varga, Minister for Commerce, Industry and Communications, the late *vitész Stephen de Horthy*, then President and General Manager of the Hungarian State Railways, and Secretary-of-State Paul *Algyay*, made a tour of inspection in the districts involved, and after having surveyed the territory chosen for the purpose, submitted to the late Count Paul Teleki, then Prime Minister, a draft report comprising all the alternative possibilities of railway construction required. It was immediately decided that a line covering the relatively short distance between Szeretfalva and Déda must be built in order to provide for the trunk line of Széklerland being

organically connected with the general railway system of the country. For *the frontier line demarcated by the Vienna Award made on August 30th., 1940, had cut off the connecting railway line, the result being that the passenger traffic — though more particularly the goods traffic — of Széklerland could only be carried on with the greatest difficulty.* The line which it was proposed to build was to join the main line between Kolozsvár, Dés and Beszterce, at the station of Szeretfalva, whence it was to proceed for 48 kilometres through the "Mezőség" (savannah) region, joining the trunk line of Széklerland at the station of Déda in the valley of the Maros.

In pursuance of instructions issued by the Government a beginning was made at once with the works required. And today, when we look back at the two years which have just passed, it seems almost incredible that, *despite the exceptionally formidable obstacles impeding the work of construction, the building of the railway line should have been successfully completed and the line opened to traffic within so short a period.* (It should be noted, *en passant*, that under ordinary circumstances the work of planning and of making preparations for the building of a single railway line itself usually takes more than two years.) It goes without saying that, it being a question of the interests of the Székler people, all factors alike made it their sole object *to ensure that the railway loop line should be ready and in service by the autumn of 1942.*

And, as we see, the line is ready.

And now we would deal briefly with the formidable difficulties that impeded the work of building the railway line between Szeretfalva and Déda. The soil of the "Mezőség" region, through which the line had to pass, *is referred to also by foreign experts as a typical and well-known example of the so-called "sliding" (spongy) soils.* This soil is absolutely unsuitable for the construction of embankments; so much so, indeed, that in many places the lower layer of soil too had to be removed, seeing that it would not have been able to carry the embankment.

Before there could be any talk of throwing up the railway embankments, *the sliding hillsides had to be bound and made firm by the aid of subterranean desiccative adits and a network of infiltration galleries.* These infiltration galleries were built as required over a total length of more than 34.000 metres at a depth of 10—14 metres. The railway line over a considerable proportion of its total length runs through intersecting valleys where exceptionally high embankments (in many places twenty metres in height) and cuttings had to be constructed: *and this all rendered necessary the removal of almost 3.000.000 cubic metres of earth.* The clayey soil in periods of rainfall

develops a character making it impossible to carry out any works, of whatever nature. Last year, for instance, the total number of working days for earth work operations was only 71.

There were practically no building materials to be had anywhere in the vicinity of the route to be taken by the line under construction. All the materials had to be transported from considerable distances, first by railway, and then by road, to the place where the work of building was in progress. Before any work whatsoever could be begun, in order to render transport possible and to facilitate approach to the route of the new line, the completely impassable highroads (sadly neglected during the twenty-two years of Rumanian rule) had first to be re-built over a length of fifty kilometres; a large number of highway bridges had to be constructed: and new roads more than 15 kilometres in length had to be built.

Extremely valuable information is contained in another of the figures relating to the new railway: *the waterways intersecting the railway line altogether fifty kilometres in length are crossed by no fewer than 190 bridges of varying spans, the same including 4 viaducts and 6 large iron bridges.* Two tunnels had also to be bored underneath the passes crossing the hills. Nor was it an easy task to plan and carry out the construction of the 160 buildings required for the purposes of official premises and dwelling-houses for the personnel.

Special organization was needed *to provide for the accommodation of the exceptionally large army of workers — at times 25—27.000 in number — employed in the work of building the line.* On certain sections of the line veritable independent settlements were established consisting of barrack dwellings and other buildings. In these war-years it was also an exceptionally difficult business to ensure the adequate provisioning of the many thousands of navvies employed on the permanent way. The number of working days recorded in connection with the construction of the line was as follows: — 2.500.000 in the case of day-labourers, 2.800.000 in that of navvies, and 600.000 in that of skilled workers engaged on sundry jobs, — that being a total of 5.950.000 working days, calculated on the basis of a ten hour working day. *The permanent way works gave occupation continuously to an army of 27.000 workers.*

By October 11th., 1942, the work of construction was so far advanced that the rails coming from the two opposite directions met that day in the middle of the new line, *the normal-gauge railway connection with Széklerland having therefore been definitively effected on that day.* And the embedment in gravel of the permanent way was very shortly so far advanced that *early in November it proved possible already to start the running of goods trains carrying consignments of merchandise and measurement goods to and from Széklerland.*

MAGYAR AUTHORS OF SLOVAKIA

Anyone who follows with attention the life of the Magyar nation as a whole must be arrested by the work of the Magyar authors of Slovakia. They are the mouthpieces of the intellectual élite of the Magyar minority in that country. Their feeling of unity is, if possible, greater even than it was during the years of Czecho-Slovak oppression. Their literary works, which are published in a series entitled "*Literary Publications of the Magyars of Slovakia*", are praiseworthy evidence that those writers have learned the first lesson taught by their lot as a minority, and are doing their best to eliminate from public life everything tending to destroy the unity of the Magyars.

In every branch of literature the writers best fitted for their tasks, most of them young people, are at work. *The tone of that literature is grave on the whole, but it reveals faith in justice and in victory. Much self-discipline is displayed, and a sense of the truth of Count Esterházy's words, who said: — "We must work not only for our own nation, but also in the interest of Europe."*

Among those authors are some who have long been recognized workers in the sphere of Magyar minority literature: Elizabeth Asguthy, Anna Pozsonyi, Alexander Kelenbéry, Louis Klimits, Nicholas Páll, Charles Szereday, and others. Then there are others whose names have only recently become known: Maria Cotelly, Charlotte Hevessy, etc.

The headquarters of Magyar literature are in Pozsony. It is there that Magyar writers meet in brotherly friendship. It is there that these noble aims are encouraged by Ladislas Aixinger, Norbert Zolyomi Duka, Alexander Környei, Violet Kiss, Emery Mayer, Louis Stelczer and Tibor Thuróczy. Their works are published by the "Litera" printing-press, which thus spreads Magyar culture in the Slovak capital.

It is not a question of being "content with little in times of need", for *judged by the most serious literary standards the Magyar writers of Slovakia come up to the mark.* Proof of this is afforded by two books recently published: *The Life of the Magyars in Slovakia* and an *Anthology of Works by Magyar Authors.* "*In muffled tones they know how to speak intelligibly and encouragingly to their readers about the lot of the Magyars*" — was said of them by Francis Sziklay, one of the best authorities on the question of literature in Slovakia and Upper Hungary. During the era of Czech oppression the writers of Upper Hungary represented a united and robust force in Magyar literature, and now the work of the minority Magyar writers in Slovakia reveals the same noble aims and reaps the same well-deserved success.

POLITICAL ECONOMY

CROATIA

CROATIA'S FINANCES

In Croatia a new financial law forbids banks to trade in real estate, and limits the amount of real estate they themselves may own — besides their business premises — to 25% of their capital. The measures dealing with liquidity prescribe that they must keep 5% of their third parties' capital in cash and a further 25% of their own capital as a liquid reserve. *Deposits exceeding six times the amount of their capital must be invested in State bonds or State-guaranteed bonds.* Loans issued on personal security may not exceed 20% of the bank's capital; mortgage loans 25%, or 50% if guaranteed by the State or covered by gold security. Banks are forbidden to buy their own shares. In future only joint stock banks and co-operatives may do business in deposits. In the case of joint stock companies a minimum capital and reserve fund have been fixed, varying with the size of the undertaking. The sphere of work of the controlling boards has been greatly widened.

In terms of the Ordinance issued by the Minister of Finance *all Croat undertakings must declare their secret reserves, 30% of which must be handed over to the State as a special capital levy.* Any infringement of the taxation laws connected with the amassing of these reserves will, if confessed in time, be pardoned.

To facilitate the exchange of commodities in South-Eastern Europe the Croat Government, in collaboration with the big banks, has established the "Danubian Commercial Co." in Zagreb. The company's share capital is 20 million kunas, of which 5 million have been paid up. The head of the foreign trade section of the Croat Ministry of National Economy has been appointed manager of the new undertaking.

A decree issued by the Head of the State has set up *an independent mint in Zagreb*, which besides coining money will also manufacture other metal articles. The 20 million kuna capital required is to be provided by the Treasury. As soon as the new State-controlled mint has been registered, it will begin to function.

HUNGARY

ELECTRICAL ENERGY PRODUCTION IN HUNGARY

Today electrical energy is one of the most important factors of economic production and cultural life. Once the cultural level of a country was measured by the quantity of soap used in it. Today the quantity of electrical energy produced and utilized is perhaps a surer index of a country's cultural level. When future historians come to seek a designation most characteristic of our era, they will probably call it *the age of electricity*.

Hungary has not been tardy or backward in keeping pace with developments in the field of electricity. In the 'eighties of last century she was one of the first countries to realize the importance of Edison's incandescent lamp. In 1882 the first electrical plant in Hungary was established at Temesvár, and in 10—12 years electrical works, the heralds of a general scheme of electrification, were set up in many other towns as well. Electric lamps, machines and apparatuses helped to make the use of electricity widespread, and that in turn made further development in the manufacture of electrical appliances possible. Among the results achieved by Hungary was the electrical transformer, an invention of world-wide importance.

Then came the Peace Edict of Trianon, which for the time being put a stop to progress in the production of electrical energy in Hungary that had begun so promisingly. Hungary lost 65% of her coal, 95% of her water-power, 84% of her forests, her only source of crude oil and all her natural gas in Transylvania. Her supplies of electrical energy were also greatly curtailed by the circumstance that only 151 of her 225 power-stations generating energy for public use remained in the dismembered country.

In the past two decades, from 1919 to 1939, great progress was made. The number of power-stations, it is true, increased very slowly, but the capacity of those existing grew by leaps and bounds. By 1939 the amount of energy required was two and a half times as great as the amount required in 1919, and the country itself was able to supply 89% of that increased demand from its own resources. In 1939 the number of power-stations — including those in Upper Hungary and Subcarpathia — was 166, of which 43 were public utility plants and 123 privately owned plants generating energy for public use.

The statistics of electrical energy production and consumption for the first, middle and last years of the two decades in question are as follows:

DANUBIAN REVIEW

	Total capacity of power-stations	Total production in kilowatt-hours	Total consumption in kilowatt-hours
1920	235.000.000	202.000.000	165.200.000
1929	389.000.000	606.500.000	493.500.000
1939	754.000.000	1612.600.000	1382.000.000

The most important figures of the official production statistics dealing with the output of the power-stations supplying public needs and of the distributing centres from 1913 to 1939 are as follows:

	No. of plants	Quantity of coal used (in tons)	Value of energy produced (in pengő)
1913	91	—	25.000.000
1921	107	675.800	19.600.000
1926	219	888.300	87.600.000
1931	258	1.075.800	115.400.000
1935	280	1.218.800	117.600.000
1939	294	1.803.900	156.300.000

These figures relate to the power-stations supplying public needs and do not therefore include those belonging to privately owned plants. From 1926 on, the production statistics deal separately with the power-stations and the distributing centres. In 1939, for instance, 166 of the plants were power-stations and 128 distributing centres. The number of workers and officials employed by these great undertakings in 1939 was 11.389, of whom 8404 were employed by the power-stations and 2985 by the distributing centres.

The amount of energy produced in 1939 by the power-stations supplying public needs was 1305 million kilowatt-hours. If to this we add the energy generated by private power-stations (mostly owned by factories) the total produced in 1939 was 1613 million kilowatt-hours, which gives approximately an annual quota of 160 kilowatt hours per inhabitant for the whole country inclusive of the restored areas of Upper Hungary and Subcarpathia.

The restored parts of Transylvania — despite their potential wealth of energy — are sadly deficient in electric current, and in this respect are very backward compared with the mother-country. It will perhaps suffice to point out that the proportion of people living in places supplied with electricity is 32% in Subcarpathia, 51% in Upper Hungary, 71% in the Trianon areas and only 25.3% in Transylvania. Whereas

in Hungary, including the restored parts of Upper Hungary and Subcarpathia, the quota per inhabitant was 160 kilowatt-hours in 1939, in 1938 it was only 35 in Transylvania.

In Southern Hungary the situation is much better, for that part of the country is well supplied with electrical energy.

The quota per inhabitant per annum in 1920 was 24.7 kilowatt-hours, 73.1 in 1928 and 159.4 in 1939. The number of public corporations supplied with electrical energy was 292 in 1920, 470 in 1928, and 1530 in 1939. In 1920, 41.7%, in 1928, 55.2% and in 1939, 71% of the total population lived in areas supplied with electricity.

These figures are not to be disparaged, although much still remains to be done. *There are still several thousand villages without electricity*, where the only light is supplied by petroleum lamps, and where the only wireless sets in use are ones with batteries or crystal sets. Electric current is important for other reasons, too, besides cultural ones. *A sine qua non of intensified economic production is cheap electrical energy.* In future, therefore, increased attention must be devoted to energy production, to the electrification of the whole country, which would be best promoted by a nationalization of energy production.

RUMANIA

RUMANIAN NEWSPAPERS REPORT RISING PRICES

The "Gazetta Comertzului" of 16th November contains statistics about the rise of prices from 1939 to 1942. *Petroleum is 28% dearer, salt 129%, cheap cigarettes 289%, alcohol 740%, brown bread 171%, table-oil 297%, sugar 125%, cornflour 400%, potatoes 400%, fat 500% and curds 455%.*

The "Argus" of 29th November also contained an article on the same subject which gave the index figures published by the Paveli, one of the big banks, for 1941—1942. According to those figures, *Rumania is the dearest country, not only in Europe, but also in the whole world, for while the cost of living has risen by 11% in Germany, 11% in the U. S. A. and Argentina, 12% in Australia, 21% in Japan, 28% in Great Britain, 33% in Portugal, 34% in Sweden and Switzerland, 39% in Hungary, 51% in Denmark, and 60% in Bulgaria, the rise in Rumania is 145%, or almost two and a half times as great as in other countries.* The maximum prices fixed in 1941 were impossible to maintain. Repeated price regulations have merely resulted in soaring prices.

SERBIA

SERBIA'S FINANCIAL SITUATION

The interest on the receipts issued in the middle of March by the National Bank of Serbia has been raised as follows: *on receipts expiring in three months from 2% to 2 and 1.2%, on those expiring in six months from 2.5% to 2.75%, on those expiring in nine months from 2.75% to 3%, and on receipts expiring in one year from 3% to 3.25%.*

Thanks to this measure the banks will be able to deposit the monies paid in to them in the National Bank at a rate of interest that will defray all the expenses connected with the higher rate of interest on the monies deposited with them.

The National Bank hopes that by raising the interest on receipts it will induce the owners of ready money who hitherto were unwilling to deposit it in banks and saving-banks or in stocks and shares to deposit it now.

On 1st January 1943 this higher rate of interest will be extended to all receipts in circulation, thus also to those issued before 1st November 1942. In the present state of liquidity it is important that the owners of long-term receipts should not be afraid that they will miss the benefits of a later rise in the rate of interest.

It should be noted that, while the interest on receipts expiring in three months has been raised by 1/2%, that on the rest has only risen 1/4%. In this way the National Bank wishes primarily to offer an advantage to the holders of receipts for smaller sums, especially to the little banks which have higher overhead expenses.

Compared with the rates of interest in the European money markets, the newly fixed rate of interest on receipts issued by the National Bank of Serbia seems very high. ("Stud", Nov. 14.)

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