

# 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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