

# P O L I T I C A L      E C O N O M Y

## CZECHO-SLOVAKIA

### ECONOMIC CONSIDERATIONS DEMAND CHANGE IN FOREIGN POLICY

More and more depression is being caused in the public opinion of Czechoslovakia by the unusual attitude of France towards that country, an attitude accompanied by very grave consequences in Czechoslovakia's economic life. The balance-sheet of Czech-French trade relations shows a balance of nearly 500 million Czech crowns against Czechoslovakia. Attempts have been repeatedly made by the Czechoslovak Government in recent years to persuade France to adopt a more lenient attitude towards Czechoslovakia, and negotiations between the delegates of the two countries have been going on for some months now, but with no apparent result. It is not without a note of resignation that the Czech Press refers to France's infinitely more obliging attitude towards Germany, notwithstanding the fact that the trade relations of these two countries show a considerable balance against France.

An article published in the "Die Wirtschaft", an economic paper appearing in Prague (on November 29th), proposes a complete change in the foreign policy of Czechoslovakia. The expectations attached to the activity of the Blum Cabinet have utterly failed. It is therefore absolutely necessary that Czechoslovakia should concentrate her efforts on establishing more friendly relations with Italy, as her relations with France have always caused bitter disillusionment in Prague, and as for conditions at home the situation is not very promising. Italy holds the key to the solution of the Danube problem; if this key is not applied as quickly as possible, it may get lost for ever.

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### SCANDINAVIAN COMPLAINTS AGAINST UNRELIABILITY OF CZECH EXPORT AGENCIES

A letter from one of the Scandinavian capitals was published in the "Die Wirtschaft", an economic paper, on December 12th. This letter begins as follows: "It seems an utterly hopeless task for some of the export agencies in Czechoslovakia to acquire the rudiments of proper business etiquette." — The letter then continues to describe how some Czechoslovak firms do not respect the conditions laid down in written contracts; not infrequently they simply cancel these contracts without giving previous notice, and, generally speaking, they seem to be unable to observe the international rules of business life. "The Scandinavian representatives of Czech manufacturers", the letter says, "are gradually losing their patience. They are getting tired of playing the teacher's part all the time. Unless a speedy improvement of the present situation is somehow brought about, Czechoslovak manufacturers may soon give up the hope of finding decent and reliable representatives for their products in Scandinavia".

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### DEVALUATION NOT FOLLOWED BY PROSPERITY

The Socialist paper, "Pravo Lidu", dealing with the continued increase of unemployment, declares that the devaluation which was effected two months ago was not followed by the prosperity of economic life it had been expected to bring about.

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### EXPORT BALANCE AT THE END OF NOVEMBER

There is a slight improvement to be noticed in Czechoslovakia's economic situation, due to the rise in war (armament) investments. The statistical records closed at the end of November show that the amount of exports in the last eleven months of the year 1936 totalled 1390 million Czech crowns, as against 1270 millions last year. The profits, however, have fallen from 746 millions last year to 219 millions this year.

It is stated in the Czechoslovak papers, for instance in the "Ceske Slovo" and the "Lidové Noviny", — whose relations with the Foreign Office are familiar —, that the devaluation of the currency has only affected the import trade of the country, while it has had no influence on its exports. The "Národní Listy", again, declares that taking into account the rate of devaluation there is a marked decrease in trade since last year.

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### WAR EXPENDITURE

Introducing the Budget Bill to the Senate, M. Brdlik declared that the war expenditure allotted for the year 1937 is to be covered from three different sources. 1360 million Czech crowns will be supplied from the Budget, 6500 millions from the Armament Fund created in 1926, while 4000 millions will be supplied from the National Defence Loan. Thus the extraordinary war expenditure of Czechoslovakia amounts to more than 10000 millions.

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### DEFICIT OF ADMINISTRATION OF STATE FORESTS AND DOMAINS

It will be remembered that the execution of the Land Reform in Czechoslovakia began with the expropriation of the estates of the minority landowners, and that the majority of the forests were then taken over by the State. The final accounts for the year 1935, which have now been published show that the Administration of State Domains forests and land aggregating 1,120,000 hectares) operated at a loss of 15 million Czech crowns. This unfavourable result is all the more surprising as the timber industry was

very prosperous last year; furthermore, the industrial undertakings of the State — such as 40 saw mills, 3 sugar refineries, 8 breweries, 12 distilleries, 4 mills, and a number of spirit refineries (for alcohol) — are usually considered to be among the most profitable branches of industrial production.

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## MEETING OF LITTLE ENTENTE NATIONAL BANK GOVERNORS

A conference on the modes of payment concerning clearing transactions between the three Little Entente States was held in Prague by the Governors of their National Banks. The Czecho-Yugoslav committee has agreed upon introducing, at a suitable date in the future, a more liberal form of transactions in place of the present clearing system. The Rumanian-Yugoslav committee decided to maintain the present situation, which leaves the way open to the free development of the Czech crown. This agreement is very unfavourable to Czechoslovakia, as it has caused the hitherto valid rate of calculation, (lei 5.70) to fall to lei 4.90, and even as low as 4.60.

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## HUNGARY

### DEVALUATION OF CURRENCIES HAD NO UNFAVOURABLE EFFECT ON ECONOMIC LIFE OF HUNGARY

At the close of the Session of the League Financial Committee, Dr. Tihamér Fabinyi, the Hungarian Minister of Finance, made the following statement to the correspondent of the "Pesti Hirlap":

"Financial and economic experts were particularly desirous to know how the economic life of Hungary had responded to the devaluation of currencies in different countries. I informed the Committee that, apart from inevitable difficulties at the very outset, our economic life was — on the whole — not unfavourably affected by devaluation, with the exception of our export trade, but that we hoped that this slight reaction would soon be counterbalanced by the levelling of prices in general and by the conclusion of suitable regional agreements. Referring to the financial policy of the Hungarian Government, I declared that we did not contemplate any new arrangements in the matter of currencies, since by the standardization of additional charges on currencies last year we have already obtained those results which other countries endeavour to reach by the devaluation of currencies.

"Reference has been made to certain restrictions the abolition of which would seem desirable. No doubt, the restoration of free trade is dependent on certain preliminary conditions. With regard to Hungary I have outlined these as follows: It is absolutely essential that suitable markets and reasonable prices should be secured for our surplus of agricultural products, so that we may obtain a surplus amount of freely available foreign currencies. Later on this may lead to the storing of certain reserve funds, with the help of which we then hope to find a reasonable solution for the payment of our foreign debts."

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## EXCESS OF EXPORTS DOUBLED

In the new economic year, which is counted from July as far as agriculture and the exports of grain are concerned, Hungary's exports have amounted to 191.7 million pengő as compared to 160 millions last year. Her imports, on the other hand, show a rise from 133 millions last year to 139.8 millions this year. The excess of exports amounts to 51.9 millions, owing to the increase of grain export. The exports of agricultural products amounted to 84.4 million pengő, as against 44 millions in the same period last year.

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## THE NEW CZECHO-HUNGARIAN TRADE AGREEMENT

After a period of six years of unsettled conditions, a new trade agreement was concluded between Hungary and Czechoslovakia at the end of December, 1936. According to this agreement, the quota of goods transactions has been raised to 1200 millions p. a., the equivalent for this amount being specified in the near future by a mixed committee. The agreement will then be completed, presumably at the beginning of next year, by special clauses referring to frontier traffic and certain points of veterinary hygiene.

The methods of payment will be fixed by the National Banks of the two countries, which have agreed to the clearing of currencies according to a permanent key.

## YUGOSLAV-HUNGARIAN TRADE AGREEMENT

The new Yugoslav-Hungarian trade and clearing agreement was concluded on December 17th, 1936. The agreement is based on the principle of compensations and provides for a remarkable rise in the contingents hitherto in force. Hungary has agreed to import a considerable amount of wood, charcoal, timber, and sleepers.

Independently of this new agreement, Yugoslavia has ordered a number of railway engines from the Hungarian State Railways Factory.

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## RUMANIA

### DEVALUATION OF LEI CURRENCY

In the month of November devaluated the Leu by 29%, in so far as the previous rate of calculation for 1 kilogramme of gold, 111.000 Lei, was raised to 153.333 Lei. It is interesting to note that the profit of 294 million lei accruing from this transaction, was at once invested for armament purposes; the official explanation given for this step was that the raising of the necessary funds by way of legislation would cause an undesirably delay which would have an unfavourable effect on the interests of the country.

### INCREASE OF IMPORTS

In the month of October Rumania's imports showed an increase from 961 million lei to a total of 1252 million lei, while her exports showed a decrease from 2218 million to 2164 million lei.

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## YUGOSLAVIA

### ISSUE OF TREASURY NOTES IN YUGOSLAVIA

It has been declared by the Yugoslav Minister of Finance that the amount of Treasury Notes (500 million dinars) already in circulation will be raised to 1000 millions by the issue of new Treasury Notes for the purpose of covering the Budget deficit. The new Treasury Notes will run for 2 years and will bear interest at the rate of 5%.

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### SIGNATURE OF YUGOSLAV-FRENCH TRADE AGREEMENT

The new Yugoslav-French trade agreement was signed in Belgrade, in December, by M. Bastide, the French Minister of Trade. The new agreement provides for an increase of Yugoslavia's exports to France and for the regulation of previous clearing transactions. The French delegation, as is stated by the "Vreme" in Belgrade, has agreed to almost all the wishes of Yugoslavia, and the French Government has provisionally undertaken to buy 10.000 wagon loads of wheat from Yugoslavia.

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## S P O R T S

### FOOTBALL

By far the most outstanding event of the last month of the year was the match between England and Hungary. It was a worthy trial of strength between British football with all its traditions and Central European football, which is the best on the Continent. It is always a great event for Continental footballers when they have the opportunity of meeting England's representative team, and the Hungarians are particularly proud that the team representing Hungary's colours were able to play in London, on the beautiful grassy ground at Arsenals.

Not only the players themselves, but also all the Hungarian at home recall with gratitude the friendliness and kindness shown towards the Hungarian team by British public opinion in general. The greetings in Hungarian in the "Star" and the "Evening News", the badges with the letter H on a ground of the Hungarian colours, and numerous other small attentions all go to show that the warm sympathies felt by the Hungarian nation for Britain's sons are not wholly unrequited.

The particulars of the match appeared in all the daily newspapers, so we shall not repeat them. But we feel bound to state that in spite of being beaten by 6 goals to 2 the Hungarian team has no reason to feel ashamed of itself. Its play was good, sound football. The one fault was that the Hungarians were not so quick to shoot in front of the goal, and this gave the English players the advantage which won the day. English sporting papers stressed the point that the game was fair and sporting throughout. That this was so may also be judged by the behaviour

of the crowds of spectators, who often broke out into a storm of applause for the Hungarian visitors.

After the London match the Hungarian team played one against Ireland and won by 3 goals to 2. On the way home they had a match with Holland's representative team which they also won (1:0) after some excellent work.

### SPORT FLYING

The success of last year's "Pilot Pic-nic" and the "Balaton Flying Star" tour has induced those concerned to create possibilities of regular air tourism in Hungary. Hitherto only the aerodromes at Mátyásföld and Balatonkürt near Siófok were big enough to allow several machines to land and provide sufficient accommodation, petrol and other necessities for them.

In order to encourage air tourism suitable flying fields will have to be provided, partly by the establishment of new ones and partly by enlarging those already existing at Sopron, Kőszeg, Szombathely, Pécs, Kiskunhalas, Kalocsa, Kecskemét, Bugac-Puszta, Szeged, Debrecen, the Hortobágy, Miskolc, and the Aggtelek Stalactite Cave. Preparations at those places are so far advanced that by the spring of 1937 an adequate number of landing places will be ready at almost all of them. It is also proposed to build landing places at Keszthely, Eger and Veszprém.

All of these landing places will be arranged so that air tourists from abroad will find everything they require for their machines and to facilitate flying. Machines will be looked after and properly hangared, repairs provided for, all necessities at hand and guides waiting to conduct visitors.