

POLITICAL ECONOMY

CZECHO-SLOVAKIA

305.345 REGISTERED UNEMPLOYED

According to the report issued by the Ministry of Public Welfare, the number of unemployed on the lists is 304.345. Public works, subsidized exportation and a reduced rate of interest *had*, it is true, produced a certain decrease of unemployment, but nothing like what had been expected. — y —

LOTTERY LOAN FOR MILITARY PURPOSES

The Government coalition has introduced a Bill in terms of which the State is to raise 500.000.000 Cz. crowns for national defence purposes by means of a lottery loan. This would provide means of increasing military expenditure beyond the sums accruing from taxation, for national defence training purposes frankly and directly serve military ends, and the lottery loan would also be devoted to "preliminary military training and military equipment".

The parishes (villages) would receive aid from the lottery loan for the purchase and equipment of drilling-grounds, and the associations undertaking the work of national defence training would be able to avail themselves of interestfree loans. The capital would be refunded by drawing lots in twenty-five years from 1938. Besides the capital thus refunded, prizes to the value of 8.000.000 crowns would be drawn annually. — y —

NATIONAL ECONOMY COUNCIL PREJUDICED AGAINST HUNGARIANS

On July 7, at a meeting of the Slovak Provincial Diet, M. George Kontsek, a member thereof, raised a protest because the farmers in the Hungarian districts — where the most and the best wheat is produced — had to pay 50 to 60 per cent more than the market price for the seeds distributed by the relief action organized to help the districts afflicted by elementary disasters. The National Economy Council, which was entrusted with this task, had behaved in such a niggardly fashion towards

the farmers in the minority districts because it still consists solely of appointed members and because the national minorities are not represented on it.

M. Eugene Salkovszky, member of the Provincial Diet, said he thought it curious that in the Budgetary year 1936/37 12 millions were devoted to helping the brewers, when at the same time the farmers who had lost their crops and who belonged mostly to the national minorities were obliged to pay cash down for the seed distributed in spring, although in certain parts — especially in the hail-stricken valley of the Garam — their losses amounted to 100 per cent.

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HUNGARY

AGREEMENT ARRIVED AT CONCERNING HUNGARY'S FOREIGN DEBTS

M. Fabinyi, Minister of Finance, and M. Imrédy, Governor of the National Bank of Hungary, concluded an extremely important agreement in London with the League Loans Committee. That Committee expressed satisfaction with the way the Hungarian Government had striven to fulfil its obligations, and it accepted the Government's proposals.

Since 2nd August 1933 the Hungarian Treasury has been paying in foreign exchanges 50% of interest on the League of Nations Loan. The coupons for 1934 were an exception, in that the Treasury paid 55% to all creditors who agreed to accept that as full payment. The remaining 50%, as well as the sum set apart for sinking fund payments, was deposited in pengő and afterwards borrowed by the Treasury at 2% against Treasury bills. Under the present agreement from August 2 of the present year, i. e. beginning with the coupons falling due on February 1, 1938, the Treasury will pay to bond owners 4.5% or 4% instead of 7.5% or 7% as full and final settlement; three years later the Treasury will undertake capital services under the following conditions. From August 2, 1940 on it will pay 1% of the present loan capital, and the interest released by a gradual redemption of loan capital will be used annually for the repayment of loan capital by a repurchasing of bonds at a price under face value, or, if necessary, by the drawing of lots. The Hungarian Treasury will also be released from the payment of the arrears of interest originating from the part payments effected hitherto. The Treasury bills and sums deposited in pengő up to the present, as well as the accumulated interest on them, will be refunded to the Treasury.

A new standstill agreement of similar importance was concluded on July 7th with British, American, French, Dutch and Swiss banks. In terms thereof the short term loans issued by

these foreign banks to Hungarian banks and industrial and commercial undertakings have been prolonged for a period of three years.

Under the new agreement, in future interest and sinking fund services will be paid in the currency in which the credit stands. Hungarian debtors will pay, through a central pay office and in the currency in question, 5—25% of the amount of their debts outstanding as on July 15th, 1937, in four equal quarterly instalments. A sum corresponding to 1% of the existing loan capital will be paid as interest out of the annual services, while the remainder of those services on loans not guaranteed by Hungarian banks and issued to Hungarian industrial and commercial undertakings will be 3.5%, of which a sum corresponding to 1.25% of the existing loan capital will be counted as interest.

According to one of the covering letters, the obligatory capital redemption which in terms of the agreement may be claimed besides interest by creditors on loans not guaranteed by Hungarian banks and issued to State undertakings, towns and municipal undertakings, is to be 2.5%. The right to pay back capital at will remains. Hungarian creditors may with the consent of the National Bank of Hungary agree with their foreign creditors to pay their debts or part thereof in pengő at the official rate of exchange. With the consent of the National Bank they may also make a special arrangement with their creditors by which, in full or part payment of their debts, they may transfer the effects in their possession or at their disposal to their creditors.

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FURTHER IMPROVEMENT IN HUNGARY'S FINANCIAL AND ECONOMIC SITUATION

Hungary's trade balance for the first six months of 1937 shows a distinct further improvement in the economic situation. The foreign trade balance was favourable, for the value of exports was 74.700.000 pengő in excess of that of imports, the latter being 218.500.000, and the former 293.200.000 pengő. The rest of the trade figures for that period were briefly as follows: The largest item on the imports side was wood, of which 450.000 tons (valued at 24.300.000 pengő) were imported. Then came raw leather, representing a weight of 8.597'7 tons and a value of 16.500.000 pengő; raw cotton, 13.372'4 tons (valued at 14.400.000 pengő); raw metals, 14.428'1 tons (valued at 12.500.000 pengő); and 38.770'1 tons of paper (valued at 11.900.000 pengő). Imports of coal amounted to 287.000,000 tons (valued at 7.800.000 pengő). Then 2.846 tons of machinery of the value of 7.600.000 pengő; 2.060'8 tons of silk and yarn of the value of 6.300.000 pengő; 698'7 tons of tar dyes (5.300.000 pengő), and 76.926'8 tons of mineral oil (4.900.000 pengő).

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Among the exports the first place is occupied by 2.400.000 quintals of wheat (43.100.000 pengő); then 63.921 horned cattle (valued at 21.700.000 pengő); rye (weight 856.921 quintals and value 14.600.000 pengő) and 100.000 tons of electrical machinery and apparatuses (valued at 11.500.000 pengő). Our exports in maize totalled 842.454 quintals of a value of 10.000.000 pengő; in machinery 3.963'3 tons valued at 9.900.000 pengő; in feathers 1.651'9 tons valued at 8.500.000 pengő and in iron goods 21.693 tons (8.400.000 pengő). Other more important items were 7.219'3 tons of poultry valued at 7.300.000 pengő and 7.696'8 tons of lard and bacon valued at 7.200.000 pengő.

The returns of the National Bank of Hungary published on 7th July also present a favourable picture. According to them the note circulation has decreased by 32.000.000 pengő. This decrease was caused by the redemption of bills and the sums paid into the State's current account. The sum total of the bills redeemed exceeds that of the bills presented by 27.300.000 pengő. Amounts totalling 12.400.000 pengő were paid into the State's current account, but 7.200.000 pengő were paid out of other accounts, so that in reality the sum total of current account credits has increased by 5.200.000 pengő. The metal reserve has scarcely changed. The State's debt to the Bank has increased by 1.800.000 pengő owing to an approved advance of 100.000.000 pengő in connection with the Agrarian Debt Relief Scheme.

In the field of industry we find an increased output and consumption of raw iron. In the first five months of the current year Hungary's foundries produced 139.727'6 tons of pig iron and sold 142.649'9 tons. Production shows an increase of 10.390'8 and the sale one of 26.350'6 tons as compared with the first five months of the preceding year. The total amount of raw iron imported was only 4.546'1 tons, a striking decrease compared with last year's imports for the same period. This year's imports in the first five months are officially stated to be only 7% of last year's, i. e. 57.819'1 tons less. By the end of May our iron ore mines produced 107.937'7 tons of ore and sold 109.455'7 tons. Production and sale were 14.978'5 and 14.093'7 tons less than last year. Imports and exports in iron ore show a considerable increase. By the end of May Hungary had imported 226.418'2 tons of iron ore and exported 19.837'5 tons. Imports were 73.460'3 and exports 2.856 tons more than last year.

Compared with the first five months of last year the production and sale of bauxite was 26.207'4 and 20.332'1 tons more respectively in the first five months of the current year. In one month the number of motor-cars increased by 1215, an increase of 4%. Coal production, too, shows an essential increase. In June the Hungarian coal mines produced 578.307'6 tons, of which amount 470.800'9 tons were brown coal, 67.700 black coal and

39.786'7 lignite. Compared with June of last year the production was 109.954'6 tons (23.5%) more this June. At present 35.237 colliers are employed.

In June 534.224'9 tons of coal were sold. The inland consumption of coal in the June of the current year was 17.9% more than in the same period of last year.

In every area more coal was consumed and even our exports in that commodity show an increase. The stock of coal remaining is 236.700 tons, — 133.400 less than at the same period last year.

The yield of cereals is not definitively known yet. The average wheat crop for the whole country is a medium one: 7.15 quintals per cadastral yoke, making a total of 19.124.267 quintals, may be expected with a weight per hectolitre of 78 to 82 kilogrammes. The rye crops are also medium; with an average of 6.04 quintals per cadastral yoke a total yield of 6.436.229 quintals may be expected. Barley, too, is expected to yield an average crop of 5.78 quintals per cadastral yoke with a total of 4.794.711 quintals. An average crop of oats has yielded 5.76 quintals per cadastral yoke, with a total of 2.320.384 quintals. Prospects for maize, potatoes, onions, cabbages, vegetables and grapes are good. There is a good crop of musk and water melons. There was an average crop of cherries, mahaleb cherries and apricots and apples, pears, plums, walnuts and peaches promise a fair yield.

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RUMANIA

BUYING CAPACITY OF FARMING CLASSES IN 1936 WAS LESS THAN IN 1932

The latest Bulletin of the Rumanian Society for Research into the Economic Conjuncture gives us interesting data concerning the buying capacity of the farming classes of Rumania. These data — with which we are dealing on the basis of the "Excelsior", a periodical edited by M. Strunga Manoilescu, former Minister of Commerce — deserve particular attention in view of the fact that in Rumania the farming classes represent 80% of the population.

According to these data the more favourable harvest yield of 1936, which was 14% in excess of that for the previous year, combined with the advance in the prices of agrarian produce, and that in the volume of corn exports, contributed largely to the increase in income resulting from the marketing of the agrarian products. The 1936 income of the farming classes was one-third in excess of that obtained in the year 1935 and two-thirds larger than that of the year 1933. However, the advance in the prices of industrial products absorbed a certain quota of the increase in income. For, if we take the buying

capacity of the farming classes — i. e. the relation between their income and the price-index of industrial products in the year 1929 as 100, we find that the buying capacity of the farming classes in 1936 was only 64 — as against 52.4 in 1935, that meaning therefore, in comparison with the year 1935, an advance of 20%. This shows that, although the income of the farming classes has risen above the level of 1931, their buying capacity has remained below the level recorded in 1932. — y —

RUMANIA PREVENTS BUILDING OF BRIDGE OVER DANUBE BETWEEN THAT COUNTRY AND BULGARIA

A great hindrance to traffic in the States along the Danube lies in the fact that whereas there is about one bridge to every hundred kilometres in the upper and middle reaches of the river, there is no bridge for more than a thousand kilometres in the Lower Danube region. In vain has Bulgaria tried to persuade Rumania to join in building a bridge to connect the Rumanian and the Bulgarian shores. Although the lack of one there is greatly detrimental to Poland, Greece and Turkey, who lacking a bridge over the Danube, have no immediate railway connection, Rumania is unwilling to entertain the idea of building one. At long last she has been persuaded to agree to the building of a railway ferry-boat at least between Russe and Giurgiu to connect the Bulgarian and Rumanian shores.

This is indeed a very primitive solution of the problem, but better than nothing. Bulgaria is doing her best to modernize her network of railways. She has voted 600.000.000 levas for this purpose, and in a year or two the Bulgarian part of the London-Constantinople motor-car route will be ready. — y —

YUGOSLAVIA

HUNGARIAN AND YUGOSLAV JOINT CATTLE-MARKETING OFFICE

The negotiations in Budapest initiated by Hungary with a view to establishing with Yugoslavia a joint cattle-marketing office have reached a successful conclusion. The aim of this office is to see that instead of competing against each other in foreign cattle markets, the cattle breeders and marketing organizations in the two countries shall obtain the best possible prices for their exports by working in co-operation. It is very probable that in time Rumania and Bulgaria will also join in. — y —

COINS IN CIRCULATION TO BE INCREASED BY
148.000.000 DINARS

The "Jugoslovenski Kurir" of 2nd July publishes the text of the Bill proposing to mint new coins which authorizes the Minister of Finance to withdraw the coins in circulation and mint new ones. The Minister of Finance is to issue an order fixing the date by which all coins at present in circulation should be handed in, which date must not be later than two years from the day the order is issued. When that term has expired the coins now in circulation will cease to be legal tender. Instead of the present coins to the value 1,212.000.000 dinars, new coins representing a total value of 1,360.000.000 — an increase of 148.000.000 dinars — will be in circulation. — y —

OSZK

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