

POLITICAL ECONOMY

CZECHO-SLOVAKIA

1356 MILLION MORE TAXES

Introducing the Budget of 1938 in Parliament, M. Kalfus, Minister of Finance, made an important speech on November 9. He began his speech with an open confession of the fact that the finances of the State were very unfavourably influenced by the expenses which were necessary for the purposes of armament and frontier fortification. The Government had to choose between inflation or the method of covering the regular expenses with regular revenues and finding funds for the extraordinary expenses by credit operations. Besides this the regular taxes would have to be raised.

The Government resorted to the latter method, basing its credit operations on its own savings and on the generosity of investors. Private enterprise is at the same time expected to contribute an additional amount of 1150 million Czech Crowns in extraordinary taxes. Currency conditions have improved to a certain extent, the commercial index is higher; on the other hand, there is an increase in the index of living, a decrease in the total index of production, and the decrease of exports was necessarily accompanied by a corresponding decrease in the volume of transit trade. There is a decline in the export of sugar. By increasing the taxes and dues with the introduction of new taxes the Government to achieve additional revenues to the amount of 1155 million Czech Crowns.

The regular Budget provides an amount of 10.117,422.000 Crowns for expenses. The total amount of revenues is estimated at 10.120,233.000 Crowns. Compared to the Budget of 1937 expenditure has risen by 1.663,680.000 Crowns. There is only a slight increase in the expenses of the cultural and economic departments, while those allotted for the purposes of national defence have risen tremendously. While in the Budget for 1937 the expenses of national defence amounted to 1.360.000.000 Crowns, they figure in the Budget for 1938 with an additional amount of 738,567.000 Crowns; moreover, the amount of 243,438.000 Crowns allotted for public works, as well as an increase of 163,311.000 Crowns in the budget of the Ministry of Home Affairs, is also added to these expenses. In addition to

the expenses provided for under the regular Budget, there is also an "extraordinary budget", under which an additional amount of 3.508.688.000 Czech Crowns has also to be provided for the purposes of national defence, which amount the Minister of Finance must find by credit operations. 1.5 to 5% of the revenues are to accrue from the new national defence taxes, to be levied on the basis of the income tax. It is a typical instance of increased taxes that — among other things — the tax on artificial fat has been raised from 30 to 80 fillérs; the tax on beer by 10 fillérs per litre, on soda and mineral water by 20 fillérs, on textiles by 3.5% and on wine by 2.5 Crowns.

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HUNGARY

THE FINANCIAL POSITION OF THE STATE IN THE THIRD QUARTER 1937

In this twenty-third report on Hungary's financial position, Mr. Royall Tyler, the Representative in Hungary of the Financial Committee of the League of Nations, has summed up for the third quarter of 1937 in the followings the general financial position of this country.

"The offers made by the Hungarian authorities, in some cases with the support of the creditors' protective organisations, but where possible actually agreed with the creditors, for a three-year settlement (definitive in the case of the Reconstruction Loan, 1924) involving direct transfers in the appropriate currencies now apply to the greater part of Hungary's foreign debts. Since my last report appeared, agreement has been reached on the Treasury Bills, 1931, and the offer regarding the non-State bonded debts has received support from bondbearers' protective organisations in several countries. Offers have also been made, and negotiations are pending, with regard to most of the remaining debts. Thus decided progress has been made towards putting Hungary's relations with her creditors on an agreed basis.

"These new arrangements will increase Hungary's free exchange requirements for debt service, and, when extended to the whole of the State's foreign obligations, may cost the Treasury some 15 to 20 million pengő more annually on the present basis than it has been paying recently. But they will simplify a question which has become excessively intricate, and will result in an all-round improvement from the creditor's point of view. Their conclusion should enable further steps to be taken towards setting the internal credit life of the country free from the restrictions imposed in the depression years.

"Budget receipts, in the first quarter of the financial year begun on July 1st last, were, on a level, some 6% above that of the corresponding months last year. Total expenditure is 7.5% higher, this being partly caused by larger public-works programme authorised for this year. The State Undertakings are maintaining the progress which it has recently been possible to report.

"The Treasury position has continued to improve.

"The National Bank now assumes an increased measure of responsibility in connection with Hungary's foreign debts, and is more than ever obliged both to ensure that Hungary's exports produce the requisite amount of free exchange and to protect the internal purchasing power of the currency. Its own position has not ceased to be strengthened.

"The cereal harvest was rather below the average, but fodder crops are again abundant, and food prices on foreign markets are higher than they were last year. Inland prices have also continued to rise.

"Hungary's export surplus for January—September 1937 is the largest recorded for the corresponding months. Trade with Austria has again been going less well. The big increase in exports from last year to this has been largely in goods shipped to distant markets.

"Production and distribution inside the country are still rising. No appreciable increase in the broad masses appears to have taken place.

"The upward tendency shown for some time past in certain sections has still not found expression in any visible accumulation of savings. Profits appear to have gone to the setting-up of new plant, to building and the purchase of land. The Stock Exchange, after declining in April and May, boomed again in June and July, but has declined during the last couple of months."

NEARLY 100 MILLIONS EXCESS OF EXPORTS IN TEN MONTHS

The official records published by the Hungarian Statistical Bureau show that the value of our *imports* in the month of October amounted to 43.4 million Pengős (in October 1936 it was 36.4 millions), while the value of Hungary's exports at the same time amounted to 52.6 millions (45.8 millions in October 1936); thus the balance of October's export trade shows an *excess of exports* to the amount of 9.2 (9.4) millions. The total value of our *imports* in the first ten months of 1937 amounted to 387.4 million Pengős (358.2 millions in 1936), while the amount realized by our exports during the same period was 484.8 (405.9) millions. — Our export trade balance was *favourable with a total of 97.4 million Pengős*, as against 47.7 millions from January to October 1936.

RUMANIA

IT IS NOT ALLOWED TO SELL AGRICULTURAL MACHINES
IN RUMANIA WITHOUT A LICENSE

A decree of the Ministry of Agriculture — which has been for a long time in preparation — was finally published in the December 2nd issue of the Official Gazette. According to this decree only those factories, commercial undertakings and firms are permitted to import agricultural machines into Rumania, after March 22nd 1938, which are in possession of a special license. That repair-workshops are not compelled to obtain a license. The decree limits the term repair to the work done on agricultural machines and tools modifying the volume, capacity and weight with 50% at the most. No agricultural machines drawn by beasts or tools, whether home-made or imported can be put on the market or sold to farmers unless the origin, i. e. the trademark appears clearly on it. The mark has to be either stamped upon the machine or engraved into it or else appear on a tablet screwed on it. Besides the mark the weight in kilogramms has also to appear on smaller agricultural tools, such as hoes, spades, scythes, rakes, sickles as well as ploughs to be drawn by beasts, harrows and sowing machines etc.

YUGOSLAVIA

HALF-A-MILLION UNEMPLOYED

Appearing at the annual meeting of the National Choral Union at Zombor on November 14, M. Dragisa Cvetkovič, Minister for Social Welfare, gave an interview to the reporters of the local paper "Uj Hirek" and the "Reggeli Ujság" of Ujvidék (Novisad). The Minister declared that the number of unemployed in the whole country amounted to half-a-million, the majority being farm labourers. He forgot to point out the fact that most of these unemployed are to be found in the ranks of those poor Hungarian farm-hands who, before the Serbian régime, had found labour and living on the large estates in the now detached territories, and who were not allowed to enjoy the benefits of the Land Reform which had been introduced by the Government's edict of February 25, 1919.