

# POLITICAL ECONOMY

## HUNGARY

16% INCREASE IN THE AMOUNT OF RECEIPTS  
3% INCREASE OF PURCHASING POWER

The Hungarian Economic Research Institute has just published a comprehensive report concerning the first half of the economic year 1938—39. It appears from this report that the total receipts of agriculture were 16% higher than in the previous economic year. The standard of purchasing, however, shows only an increase by 3% because — in spite of a certain decrease in the prices of technical supplies — the regulative activity of the Marketing Board has caused the distance of the agrarian and industrial indices to remain the same as before, i. e. about 15.5%, so that the development of receipts could not ensure an adequate development of the purchasing power of agriculture.

The favourable development of receipts, however, does not indicate, as it were, a uniform development of the situation of agriculture. The prices of wheat were — in spite of the good crop — rather high, which is no doubt due, in the first place, to the fixing of minimum prices at a considerably high level. The same condition is to account for the fact that the largest part of the surplus of crop had been placed in the market as early as last autumn, which has again exercised a favourable influence on the development of receipts.

Cattle breeding, on the other hand, shows a less favourable development. The high prices of corn in the inland market caused a remarkable increase in the costs of cattle breeding, to which must be added the loss caused by the foot-and-mouth-disease. It appears from this, then, that there was a striking contrast between the development of corn growing and that of cattle breeding.

The surplus of the wheat crop amounted to 6—6.5 million quintals; most of this has already been placed in foreign markets: Germany has purchased 2.4 million quintals, Italy 2.5 million quintals and Switzerland 600.000 quintals.

Germany is prepared to pay the high inland prices, which are 7.7 pengő above world parity, while Italy a lower price, though the State is paying the difference. One and a half million quintals are still to be placed abroad; this quantity will also most

likely go to Italy, though the storing of at least one million quintals would be desirable for the purposes of home defence.

The crop of rye has given a surplus of one and a half million quintals. There is, however, practically no export of rye at present, because, owing to the low prices, the surplus of rye is being used up for cattle food, in order to save what little surplus there is of maize, which is needed for the purposes of pig breeding.

Pig breeding shows a remarkable rise. In the middle of June 1938 the total number of pigs bred was 5,911,000 of which number only 750,000 were used for fattening, while on October 15th the number of fattened pigs was 2,418,000 out of a total contingent of 6,231,000 pigs. This year Germany has offered to purchase 252,000 pigs from Hungary, while 100,000 pigs may be exported as meat.

The prices of horned cattle show an increase by about 20% since June last; yet, the number of fattened cattle has not increased, owing to the — as yet — uncertain possibilities of exportation.

The quantity of milk and milk products has decreased in consequence of the foot- and mouth-disease, which again resulted in a corresponding decrease in the making and exportation of butter.

The export of poultry has reached its last year's level: 160,000 quintals. 57% of this went to Germany, and 40% to England. It is interesting to remember that since the abolition of the Jewish ritual butchering of cattle the consumption of poultry has increased considerably in Hungary.

The export of eggs has decreased. Nevertheless, it is a notable fact that the export of frozen eggs to England was ten times as large as last year. The explanation of this fact is that a considerable portion of the quantity of eggs formerly imported from China has now been purchased from Hungary — owing to troubles caused by the Chino-Japanese war.

The total quantity of wine was one and a quarter million hectolitres less than in the previous year. The prices of wine, therefore, now vary between 2.7 and 3.1 fillers per Maligand grade, which is a remarkable difference compared to 1.1 and 1.3 fillers in the previous year. The supplies of wine now stored by wine growers are very small.

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## RUMANIA

Trade relations between Hungary and Rumania recently show a declining tendency. While between 1935 and 1937 the volume of exports amounted to an average of 24—25 million pengő a year, this amount sank to 21 millions in 1938. The decrease of imports

is still more remarkable. In previous years the value of goods imported from Hungary to Rumania and vice-versa amounted to 48—59 million pengő, while in 1938 the amount fell to 42 millions. The decrease in imports is caused, in the first place, by a decline in the import of petrol. In 1937 Hungary's import of Rumanian oil amounted to 24.000 wagon-loads, while in 1938 it was not more than about 17.000 wagon-loads.

It is to be expected that the boring of new oil wells in Western-Hungary will shortly bring about a parity in the balance of trade relations between the two countries. There was, furthermore, a decrease in the import of timber and wood from Rumania; the quantity of these items decreased from 39.000 wagons to 36.000 wagons. This decrease of imports does, however, not affect the trade balance; namely, owing to an increase in the price of wood the value of wood imported from Rumania in 1939 was nearly the same as in 1937. — y —

## SLOVAKIA

### THE LACK OF ORGANISATION IN SLOVAKIA'S TIMBER PRODUCTION

36.6% of the whole area of Slovakia is forest land. This should produce a revenue of 1.000.000.000 crowns. The amount of timber felled is 5.108.000 cubic metres per annum. After deducting Slovakia's own needs, about 2.400.000 cubic metres remain. But there is such a lack of organisation in Slovakia's timber trade, such a want of foresight, that according to a Slovak report issued on 28th March, 1939, Slovakia is forced to sell her timber 30% cheaper than do Poland and Rumania theirs. This is all the more striking in view of the fact that there are practically no restrictions on the export of wood from Slovakia to Germany. Slovakia's timber trade will suffer a further decline now that Hungary will be able to obtain the wood she needs in Ruthenia, for Hungary was the greatest consumer of Slovakia's timber through the agency of the "Dredem" timber marketing concern.

Thus Slovakia's greatest and most important source of revenue will dry up considerably, all because she is not able to organize her timber trade and thus cannot compete in the German markets with Poland, and because she did not enter into closer co-operation with the country upon which geological and economic factors make her dependent. — y —

## YUGOSLAVIA

THE SITUATION OF CLEARING TRADE BETWEEN  
YUGOSLAVIA AND HUNGARY

Official reports published in Yugoslavia show that Hungary's demands in the clearing trade between the two countries have decreased from 15.7 million dinars in January to 6—7 millions in February. The clearing trade between Italy and Yugoslavia shows a remarkable change. In January Yugoslavia demanded 2.4 million dinars from Italy, while in February there appeared an *Italian* demand of 10.9 million dinars against Yugoslavia. *Yugoslavia's* clearing debt in relation to *Czechoslovakia* has decreased remarkably. At the end of 1938 her debt to *Czechoslovakia* amounted to 142 million Czech crowns, while at the end of January it decreased to 114 million crowns, and at the end of February it fell to 98 million Czech crowns. Germany's clearing debt also shows a marked decrease in February, from 26.1 million dinars to 20.3 millions. — y —

## YUGOSLAVIA'S PASSIVE CLEARING BALANCE

It appears from the report of the National Bank that Yugoslavia's clearing accounts in relation to *Czechoslovakia*, *Hungary*, *Rumania*, *Switzerland* and *Belgium* shows a passive balance. Her clearing balance with *Germany* is active. Among the various items on the creditor's side of the balance sheet *Czechoslovakia* figures with 107 million crowns, *Hungary* with 13 million dinars, *Rumania* with 8 million dinars, *Switzerland* with 2.75 million Swiss francs, and *Belgium* with 2.26 Belgian francs. *Germany* owes *Yugoslavia* 335 million dinars. — y —

## FURTHER RESTRICTION OF CURRENCY DEALINGS

At a recent meeting of its Board of Directors the National Bank of Yugoslavia decided to introduce a further restriction of international currency dealings. The prevailing regulations will be maintained only in relation to the so-called "tourist dinars." According to the new regulations, no financial transaction in which the dinar is involved may be effected without the consent of the National Bank. To December 10th.: 938 it was allowed to take out of the country 10.000 dinars without any special permission, this limit has now been reduced to a maximum of 5.000 dinars.

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