

POLITICAL ECONOMY

HUNGARY

THE PRODUCTION OF HUNGARY'S MANUFACTURING INDUSTRY IN 1938 SURPASSED THE MAXIMUM OF 1929.

The National Association of Hungarian Manufacturers published, at the beginning of July, its report on the production of Hungary's manufacturing industry in 1938. The gross value of this production in 1938 amounted to 3051 million pengő, which was just 100 millions — i. e. 3% — more than the value of the production of Hungary's manufacturing industry in the previous year. The net value of the production amounted to 1310 millions, which was not only larger than the net value realized in the previous year, but it was 33 million pengő more than the net value of the maximum production of 1929.

The records of Hungary's manufacturing industry show that in the years of the world crisis a number of factories had to be closed down, so that even two years after the crisis, in 1935, the number of factories working was less than in 1929. In 1936, however, manufacturing industry began to increase at a quick rate, so that *the number of factories rose by 500 within a few years.*

It is important to take into consideration the increase of personal expenditure in 1938. While the number of employees and the value of production shows only an increase by 2—3 per cent., the total of personal expenditure, 492 million pengő, was 44 millions — i. e. 10% — higher than in 1937. Another interesting feature of the report is that while the value of articles produced in 1938 was just 7% higher than ten years ago, the amount of horse power represented by the machines and electric engines (motors) was 28.6% higher. This increase of horse power shows that the capacity of factories is increasing more quickly than production itself. This is a natural consequence of the fact that the number of factories working today is 500 more than 10 years ago. — The number of people employed by the mines and foundries (including workmen and clerks) in 1937 was 43.437, while the number of the clerks alone was 32.134 during the same period.

The investments of 1938 contributed, in the first place, towards the increase of the production of the iron and machine industry. Here the gross value of production in 1938 was 742 million pengő, i. e. 81 millions more than in the previous year. The most remarkable increase is that in evidence in metal goods

(23.3 millions), machinery, boilers and armaments (32 millions). Other branches of industrial production also show a remarkable increase. Thus, there was an increase in the value of the production — both gross and net — of the food industry, milling, milk products, tobacco and liquor, sweets and chocolate. There was no change in the production of salami and tinned meat, while the production of sugar, alcohol, beer and malt decreased. The value of production in the chemical industry in 1938 was 302 million pengő, 24 millions more than in the previous year. Several branches of the chemical industry were kept fairly busy in consequence of the amount of orders from public bodies. Among the branches of the building industry, the production of those more directly concerned (cement industry, quarries, brick works and the clay industry) slightly increased since 1937.

38 MILLION EXCESS OF EXPORTS IN FIRST HALF OF THE YEAR

According to the report issued by the *Hungarian Statistical Office*, the value of *Hungary's* imports in June was 42.000.000 pengő, as compared with 34.400.000 pengő in June 1938. The value of her exports was 43.500.000 (36.500.000) pengő. That month's foreign trade balance therefore showed an excess of exports of 1.500.000 (2.100.000) pengő.

The value of *Hungary's* imports in the first half of the year was 243.800.000 (200.300.000) pengő; that of her exports was 281.800.800 (251.700.000) pengő. Last year's balance for the first six months showed an excess of exports of 51.300.000 pengő; this year the excess of exports was 38.000.000 pengő.

In the first half of the current year, as compared with the same period last year, there was a great increase in our imports of motor-cars, copper, raw and scrap iron, dressed furs, coke and raw cotton, but a considerable decline in timber and tobacco.

Those of our exports which show the greatest increase are wheat (2494.898 quintals to Italy and 570.849 q.s to Germany), pigs (202.179 to Germany), lard and bacon (90.254 q.s to Germany), and flour (224.368 q.s to Germany and 24.322 q.s to Italy).

SLOVAKIA

SLOVAKIA'S BUDGETARY DEFICIT

In an address to the financial committee of the Slovak Parliament, on July 8th, M. *Prujinsky*, Minister of Finance, gave an account of Slovakia's public finances. Even after its completion

and improvement the deficit of the Budget in the first five months of the current year amounts to 305.78 million Slovak crowns. The unsecured expenses of the State undertakings during the same period ran as high as 204.11 million crowns. Extraordinary investments — without any funds to cover — totalled 480.74 million crowns. The revenues of the State — from direct taxation — amounted to 108.18 millions, 17.13 millions less than the figures foreseen in the Budget estimates. On the other hand, indirect taxes (torn-over and luxury) secured the State an income of 99.93 millions, 20.76 above the figures of the estimates. State revenue of duties and taxes amounted to 56 millions, i. e. 20.82 millions below the estimates, while tobacco fetched 60 million crowns more than the sum estimated. The *baths* of Slovakia are in the most critical situation. The number of visitors had been fatally low so far, but it is to be hoped that the summer will bring better results. Including investments, the losses of the State in connection with its baths amounted, in the first five months, to 480.74 millions.

MAGYAR CO-OPERATIVE SOCIETIES

The "Hanza" co-operative society of Galanta (Upper Hungary) has issued a report of the work accomplished during the past twenty years. The figures of this balance-sheet show better than any mere words could the magnitude of the struggle waged for the welfare of the Magyar minority and are also proof that the economic ability of the Magyars, their perseverance and unflinching efforts, are able practically to work miracles.

The Hanza has branches from Pozsony to Ipolyság. Twenty years ago it had 114 co-operative branch societies which until 1938 it was able to increase to 219, despite the fact that the Czechs did everything possible to strangle Hungarian economic organization. All the difficulties raised by the central supervisory departments under the control of which they were forced to work, could not prevent the Hanza co-operative societies from becoming an increasingly important economic factor. *These 219 branches of that society always transacted over 36%, in good years sometimes 50%, of the whole of Slovakia's co-operative trade, and that although the Slovaks had more than four times the same number of co-operative units.*

However difficult the situation was, *the Hanza never availed itself of a single crown of State aid*, not even of the privileges ensured in the Czecho-Slovak laws. In this way it managed to preserve its jealously guarded independence. The society, however, was always ready to make sacrifices for the good of the Hungarian minority. During the past 14 years, 74 village institutes to propagate culture were built of the money lent without interest by the Hanza. For the heating of schools in winter the Hanza

spent about 250.000 Czech crowns yearly.

The secret of the astonishing way the Hanza prospered lay in the social methods of its management. Its staff policy was social in character, for the minimum wages of the youngest shop-assistant were equivalent to 110 pengő a month, and the highest salary paid to the man at the head of the Hanza business may not be more than seven times the minimum wage.

It dealt in a social manner with its workmen, for each family was provided with a two-roomed flat and a bathroom. Its policy was social also because every co-operative society belonging to the Hanza that bought goods at the central warehouse in Galanta paid the same rate for the transport of the purchased wares by lorry ($\frac{1}{2}\%$ of their price) whether the distance was 5 or 200 kilometres. Its price policy was social, for no attempt was made to amass large reserve funds. The business profits were shared out among all its members by reducing the prices of commodities to a minimum. During the Czech era the Hanza even cut the prices of monopoly articles and successfully defied all the cartels.

SLOVAKIA STRIVES TO FIND A MARKET IN HUNGARY FOR HER TIMBER

This year's annual general meeting of the "Dredoma" Co-operative Society was held at Tátralomnic with M. Biringer, engineer, general manager of the State forests, in the chair. The report submitted by the secretary of the company had one subject only: *exports to Hungary*. From this report it may be gathered that *Slovak official circles are endeavouring to direct the exportation of Slovak timber towards the Hungarian markets*. That this is the trend of Slovakia's foreign trade policy is confirmed by the fact that *the Slovak National Bank has forbidden the other banks to advance sums to exporters dealing with Germany, which had been permitted for the past few weeks*. This measure is due to the growth of Germany's debts to Slovakia. German importing firms are now trying to surmount the difficulties created by the Slovak National Bank by making their agents pay cash immediately to the sawmills for the goods ordered. The result of these cash payments is that the Slovak sawmills at present are working almost exclusively for Germany; Slovak economists, on the other hand, are extremely anxious because of the rapid increase of the banknotes in circulation and consider that this method of immediate payment will not last long. The export of Slovak timber to countries with stable currencies is on the decline. For, while in the past foreign buyers very often paid for the whole production, at present they have stopped advancing money because of the unsettled conditions. For lack of capital the Slovak producer has been forced

to cancel a considerable part of his exports to countries with stable currencies. An important technical difficulty in the way of exportation to those countries is the lack of trucks. The markets of certain non-clearing countries, such as, for instance, Holland, demand timber the length of which requires trucks from 10 to 12 metres long. Having lost a certain amount of her rolling stock, Slovakia does not possess a sufficient number of such trucks. All these circumstances contribute towards making Slovakia *anxious to use every means to direct her timber exports towards the Hungarian markets.*

In the report submitted to the general meeting of the "Dredoma" it was stated that even after the territorial changes the export of Slovak timber to Hungary had begun favourably. The report also pointed out that the development of barter trade with Hungary depended solely on how the political relations between the two countries took shape.

MAGYAR INSURANCE OFFICIALS IN SLOVAKIA LOSE THEIR JOBS

In the July 13th issue of the Pozsony "Uj Hírek", the official organ of the Hungarian Party of Slovakia, we read that many Magyar private employees, amongst others insurance officials, are being dismissed. Recently, for instance, the Magyar officials of the Domov-Slovakia insurance company, an affiliation of the "Star", were dismissed. These dismissed officials state that at the beginning of January a paper was circulated in the office in one column of which they had to enter their nationality. Shortly afterwards the Magyar officials began to be dismissed.

The company, citing Government Decree No. 91 of 24th December, 1938, gave notice to its Magyar officials on the pretext that as it had lost the greater part of its Magyar clients through the restoration of the Csallóköz to Hungary, it could no longer employ Magyar officials. These officials belong to three categories. Those belonging to category "A" if dismissed are to receive 100% of their fixed salaries, "B" and "C" categories 50% and 30% respectively as compensation. Here it should be said that the fixed salaries represent about 70% of their total increments, the rest being bonuses etc. Naturally the Government Commissioner had to give his assent to the dismissals.

YUGOSLAVIA

FOREIGN CAPITAL IN YUGOSLAVIA'S MINING INDUSTRIES

According to official statistics, at the end of 1937 the capital invested in mining and foundry industries was 882.000.000

dinars. 77.73% of that capital was foreign. The distribution was as follows: Great Britain 40.83%, France 28.07%, Belgium 4.69%, Italy 1.79%, Switzerland 1.04% and Germany 0.87%. Since then, however, the situation has undergone a considerable change. In 1938 many new mining companies were floated, the greater number of which are German concerns, so that now the interests of German capital in Yugoslav mining industries rank third after British and French interests.

ABOUT 80.000 REGISTERED UNEMPLOYED IN YUGOSLAVIA

The official reports of the labour exchanges state that at the end of May there were 77.961 registered unemployed in Yugoslavia, but only 14.110 were in receipt of assistance.

A FEW YUGOSLAV TOURIST STATISTICS

The following data are taken from the report for 1938 submitted to the annual general meeting of the "Putnik" travelling bureau held in Belgrade on 18th June. In comparison with former years, tourist travel in 1938 was a much better organized branch of national economy. *The number of tourists — domestic and foreign — has been growing steadily larger for the past five years (1933—1938).* The number of foreign tourists from the countries with a clearing arrangement with Yugoslavia was much larger than from the other countries. As regards the income from tourist traffic, 1938 was a record year. According to the report of the tourist department of the Ministry of Commerce, tourist traffic in 1938 yielded an income of 1.008.900.000 dinars to Yugoslavia.

The Danubian Review is published monthly. — Editorial Offices and Management: Zrinyi-utca 1, Budapest V. — Responsible for the publication: Dr. ANDREW FALL. — Editor for Economics: NICHOLAS UDVARDY. — Issued and printed by Sárkány Ltd. — Responsible
14708 for the printing: Dr. A. and J. Wessely.

Price Six pence. — Subscription for one year 5/