

POLITICAL ECONOMY

HUNGARY

FAVOURABLE RESULTS SHOWN IN THIS HALF-YEAR'S BALANCE-SHEET OF HUNGARIAN BANKS

The "*Budapesti Közlöny*", the Hungarian official gazette, has (August 18th, 1940) published the first half-year's balance-sheets of seventeen leading *Budapest* banks. *The balance-sheets show that these banks have achieved very favourable results in the past six months*; the aggregate amount of their balance-sheets is 2520.4 million pengő, as against 2243.2 millions at the same period last year; the increase being thus 277.2 million pengő, i. e. 12.4%. Of importance is the fact that the amount of short-term credits and bills of exchange has risen to 1391.1 million pengő, as against 1252.7 million, the increase since last year being 138.4 millions.

The increase is still more remarkable under the heads of securities and interest: 440.6 million pengő, as against 293.4 millions last year; thus the increase amounts to 147.1 millions, i. e. 50.2%. *This surprising rate of increase is due to the fact that the leading banks of Hungary have participated very largely in State issues and loans issued by the city of Budapest.*

The amount of savings deposits in the balance-sheets is 508.6 million pengő, a slight decrease as against the amount of 518.4 millions on June 30th, 1939; on the other hand, the total amount deposited on current account shows an increase from last year's 753 million to 804.6 millions, the increase being 6.4%. *To sum up, we may note that this half-year's balance-sheet of the seventeen banks shows very good results, and we may add that the other — smaller — banks in Hungary have achieved similarly favourable results in the last six months.*

RUMANIA

RUMANIA'S PETROLEUM POLICY

Rumania's petroleum export trade has always been closely connected with *Rumania's* foreign policy. That country has always endeavoured to trick the opposing Great Powers, to play them off against one another and then, when the time seemed ripe, to join the victorious Party. It has also put its petroleum output at the service of that policy. It has taken good care to prevent the formation of any important Rumanian undertaking and has preferred to see foreign capital directing the production of Rumanian petroleum. This is of peculiar significance today, when petroleum has come to play a decisive role, in times of peace

in economic life, and in wartime alike on the battlefield and in economic life.

Already prior to the Great War, in 1907, 62% of the Rumanian production of petroleum was in the hands of *German* capital. After the *Great War* Germany was deprived (*without any compensation being paid her*) of her investments in the petroleum industry of *Rumania*, 52% of the productive capital being transferred to *British* and *French* holders with a similar intention — that, namely, of taking away from Britain too when the time was ripe the capital that had been invested. In the meantime efforts were to be made to incite the Great Powers against one another in the field of petroleum production.

The British and French capitalists became aware of the game that was being played and recently showed no particular desire to invest considerable sums, particularly seeing that even according to the optimistic computations of Rumanians the Rumanian wells will in 10 or 20 years become exhausted. This situation was extremely disagreeable to Germany, for as a consequence of the blockade warfare with which the new Great War opened she was made dependent upon the supply of Rumanian petroleum. And in any case, in recent years both Britain and France had reduced the quantities of petroleum imported from Rumania; for they were able to procure that material from other sources far more easily; whereas Germany had continually increased the quantities of petroleum procured from Rumania. This process may be seen clearly from the following table:

<i>Rumanian Exports to</i>	1937	1938	1939
	(<i>quantities in tons</i>)		
<i>Germany (inclusive of Czecho-Slovakia)</i>	881.100	999.200	1,285.200
<i>Great Britain</i>	1,229.906	926.200	748.900
<i>France</i>	968.800	486.600	400.500
<i>Italy</i>	583.100	560.500	636.800

This situation — which we might characterise as a situation of natural conjunctures — was cleverly exploited by the "see-saw" policy pursued by *Rumania* for the purpose of enhancing the tension between the *Great Powers*. By her management of her petroleum production *Rumania* endeavoured to prevail upon the *British* and *French* undertakings to produce for Germany, while at the same time she granted *Germany* far-reaching concessions for the boring of new wells, a procedure regarded by *Great Britain* and *France* as prejudicial to their interests. *Rumania* however did everything in her power to prevent the petroleum to be delivered to Germany reaching that country, very cleverly making it appear as if the difficulties impeding the delivery were due to *Great Britain* and *France*. And she would have done just the opposite, had there been any possibility of doing so.

Rumania scrambled at the opportunity presented by the complete defeat of France and the elimination of British influence in South-Eastern Europe and expropriated (*without offering any compensation*) the British and French capital invested in her petroleum industry. That is how the game went. That was exactly what *Rumania* did with Germany after the first *Great War*; and there can be no doubt that she would be just as ready to overreach Germany — if opportunity offered — as she has been to trick *Great Britain* and *France* now.

SLOVAKIA

SLOVAKIA'S "WHEAT"

Martin Razus, a Slovak poet, has called wood the "wheat" of Slovakia. He meant that wood has just the same importance for the Slovaks as wheat has for Hungarian farmers. Indeed, Slovakia's wood industry is the basic industry of that young State. The existence of the young State depends mainly on how far it will be able to develop its wood production, i. e. its basic industry. According to official statistics the total forest area of Slovakia amounts to 1.440.353 hectares, more than half of which is managed by the State. Leaders of Slovakia's economic life propose to raise the country's wood production to 5 million cubic metres a year. It will be interesting to point out that the old Slovakia (in Czechoslovakia) reserved 12.355 hectares a year for cutting; this was before the restoration of certain Northern Hungarian territories. The total amount of wood produced in this area was 2.790.791 cubic metres. At present the forest area of Slovakia is 16.000 hectares less than before: out of this present area 17.000 hectares are reserved for annual cutting, that being 5.000 hectares more than during the Czech régime. The Slovak experts reproached the Czechs for having introduced a predatory system of exploitation in the forests of Slovakia. If, however, the Slovaks themselves intend to produce 80% more wood from their forests now when the forest area is 16.000 hectares smaller than it used to be, it is evident that this object can only be achieved by intensifying this Czech predatory system of exploitation. Slovakia's situation is such that she can only offer wood and timber goods in exchange for those commodities which she needs for her economic life and for supplying the wants of her population. This fact, again, urges the Slovak Government to increase the extent of the annual cutting area. From all parts of the country applications are continually being filed asking for an increased cutting area. The wood-producers of Slovakia have the example of Bohemia and Moravia before them, where the cutting area has been increased by 150%.

Slovakia's wood exports in 1939 may be seen from the following records:

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<i>Purchasing States:</i>	cub. m.	E x p o r t s	
		Slov. crowns	%
<i>Protectorate</i>	1.003.413	254.518.000	53.44
<i>Germany</i>	551.983	144.306.000	30.30
<i>Holland</i>	101.851	31.447.000	6.60
<i>Hungary</i>	175.099	26.661.000	5.60
<i>Great Britain</i>	23.594	7.056.000	1.48
<i>Palestine</i>	20.629	6.566.000	1.37
<i>Italy</i>	2.092	1.017.000	0.21
<i>Switzerland</i>	1.272	566.000	0.12
<i>Other States</i>	12.849	4.109.000	0.88
Total:	1.892.782	476.246.000	100.00

The total value of Slovakia's wood output — it appears — in 1939 amounted to about 500 million crowns. The above list shows that the protectorate is Slovakia's most active customer; it buys over 50% of her wood, representing a value of 254.518.000 crowns. But Slovakia's wood industry is seriously jeopardized by the fact that the Protectorate is unable to pay its debt of 493 million crowns, a higher sum than the total value of Slovakia's annual exports. M. Friedrich, the economic expert of the daily "Slovak", states that wood alone figures with 101.700.000 crowns on the list of debts of the Protectorate recorded to the end of last year. In this connection M. Friedrich makes the following observation: "If the clearing debt is to increase at this rate, it means that anyone who exports wood from Slovakia to the Protectorate will not see his money until a year later. Yet, it must be remembered that our wood-merchants have at their disposal only a very limited capital. This circumstance compels people to transact business indirectly, from hand to hand, in order to secure their mobile capital. It is easy to imagine what it would mean to our wood industry, and to our economic life in general, if we could invest our blocked millions immediately. Nor have our banks adequate capital available. Sooner or later it will be impossible to export to the Protectorate. For this reason our wood-merchants are compelled to sell wood to the Protectorate only if 50 per cent. of the purchase price is paid at once." This, then, is the actual position of Slovakia's wood export trade. Its actual importance must therefore be reduced far below what it appears to be on paper. At present the blocked accounts of Slovakia amount to nearly 100 million crowns, i. e. as much as the total value of Slovakia's wood and timber exports.

Sometimes it happens that a Slovak economist, forgetting all about his hatred of Hungary, commits himself to an open confession of the present troubles. Thus M. Kriska, engineer, wrote as follows in the "Slovak" on February 24th, 1940: "Until

1919 Slovakia's forest cultivation was favourably complemented by the Hungarian Lowlands. What timber the Slovaks could not use for their own purposes was carried down the rivers towards the South. Only a negligible amount of the Slovak timber went west. During the Czechoslovak régime most of the Slovak wood was bought by Hungary; but it was impossible then to develop the same system of interchange as before the Great War. Since the territorial changes in 1938 most of the Slovak wood goes to the West; but here the demands of the market are quite different from what they were in Hungary. The States of the West are not able to replace the Hungarian market, particularly in respect of Slovakia's surplus in fire-wood."

This is a clear and decisive recognition of the fact that the Danube Basin within the Carpathians formed a well-balanced economic unit before 1918 and would do so even to-day if only certain hot-headed Slovak nationalists had the courage to take into account the natural force of gravitation exercised by this wonderful economic unit.

YUGOSLAVIA

AMOUNT OF YUGOSLAVIA'S 1940/41 BUDGET EXCEEDS THAT OF PRECEDING YEAR BY 2.381 MILLION DINARS

M. Sutej, Minister for Finance, July broadcast an address on the official authorization for the last eight months of the 1940/41 budget which has been granted by the Cabinet Council. In the absence of Parliament — and according to provisions of the Constitution — the Government asked for appropriations, first for the quarter April to June, and now from August 1st to March 31st next year. The total amount of expenditure for the next budgetary year is estimated at 14.708 million dinars, as against 12.327 millions in the preceding year. The amount of expenditure for the whole year is, therefore, estimated at 2.381 million dinars more than last year. This surplus amount is divided as follows: 943.1 million dinars (i. e. 40%), serve to cover the surplus expenditure of the army, 391.1 million dinars (16.3%) to pay the debts of the State, 262.6 millions (11.4%) to increase pensions and annuities, while another 15—16% are to be used to cover the costs of the Ministry of Transport. The remaining 18% of the surplus amount is to be divided among the other ministries. The surplus expenditure has caused a considerable rise in several categories of taxes and dues. This raising of taxes was effected by making the wealthier tax-payers pay slightly more now than before, while the poorer ones pay some who less and small holders are to pay as little as possible. It is hoped that the rise of receipt will ensure the State a surplus revenue. The total amount of these surplus receipts is estimated at 2.381 million dinars. (*Politika*, August 1, 1940; *Obzor*, August 2.)

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