

# POLITICAL ECONOMY

## CROATIA

### CROATIA'S BUDGET FOR 1943

In his speech delivered at the end of December last Dr Vladimir Koshak, Croat Minister of Finance, made public Croatia's Budget for 1943, the total of which is 16.000.000.000 kunas. This Budget exceeds last year's by 30 per cent, *or somewhat more than 5.000.000.000 kunas*. The Minister emphasized the point that requirements had to be diminished to within the limits of the nation's capacity to pay, except the requirements of the army and the departments responsible for order and public security. For these — he said — no sacrifice was too great.

The Poglavnik and his court get 0.51 per cent of the sums estimated, the Prime Ministry 2.15 per cent, the Ministry of Foreign Affairs 1.25 per cent, the Ministry of National Defence 20.05 per cent, the Ustasha army 12.93 per cent, the Ministry of the Interior 25.11 per cent, the Ministry of Justice 3.48 per cent, the Ministry of Public Education 10.52 per cent, and the Ministry of Economy 6.47 per cent. The budget for the Ministry of Communications is very small, only 0.05 per cent of the whole, and in it only the administrative expenses of the railways are included.

Speaking of the salaries of civil servants the Minister said that *on the whole the State employees had behaved with understanding in these difficult times and had not forgotten what was due to their dignity*, but it had happened that certain of them, unable to make both ends meet, had sold their furniture or other valuables. To prevent this occurring in the future the Croat Government had decided to *give civil servants a substantial rise. Some of them would get a rise of 50 per cent of their net salaries*. In the new year the number of people employed in the State administration would be less by 15.000. Most of these people, however, had already left the civil service.

Speaking of State revenues, M. Koshak said that 38.23 per cent of the whole Budget was covered by direct taxation, 28.86 by indirect taxation and 26.69 per cent by inland revenues (Croat newspapers and „Délvidéki Magyarság“. Jan. 3.)

## HUNGARY

## HUNGARY'S JOINT STOCK CAPITAL

At the end of July last there were 3025 joint stock companies on the register, representing a total capital of 1.609.547.000 pengő. A large number of these companies — 1352, with an aggregate capital of 898.824.000 pengő — were industrial concerns. The commercial group consisted of 686 companies with an aggregate capital of 121.003.000 pengő, while banks were 549 in number, with an aggregate capital of 305.041.000. Agriculture was represented by 71 companies with an aggregate joint stock capital of 20.808.000 pengő, mining and smelting by only 35, with an aggregate capital of 168.432.000. Then there were 19 transport companies representing 23.182.000 pengő. The remaining 313 joint stock companies were grouped together under the heading "Others". Their total capital was 72.430.000 pengő.

*At the end of July the average capital falling to each company was 532.135 pengő; but taken as groups there was a great difference between them. By far the richest in capital was the mining and smelting group, whose members on an average owned each 4.812.342 pengő. The average for the commercial group, on the other hand, was only 176.389. Besides the average for the mining and smelting companies, that for industrial (664.810) and banking companies (559.612) was higher than the average for all the joint stock companies.*

In August four joint stock companies were wound up, but their aggregate capital was only 163.000 pengő, so that their average capital was less than one-tenth of the average for all the joint stock companies. The one with the biggest capital — 100.000 pengő — was the "Nagyatád People's Savingsbank". With these liquidations the number of Hungarian joint stock companies fell to 3021, their aggregate capital to 1.609.547.000 pengő. Capital reduction was also very slight, no more than 90.000 pengő. The four companies involved had an aggregate capital of 190.000 pengő, which shrank to 100.000. Besides this, one company's manipulations resulted in a loss of capital, but only of 1400 pengő. This was the "Agronomia", which first reduced its capital from 71.400 to 22.600 pengő and then raised it to 70.000. This brought the total joint stock company capital down to 1.609.455.600 pengő.

*In August, however, three new joint stock companies were formed, with an aggregate capital of 5.650.000 pengő. These new companies are: the "Pusztavám Coalmine" with 5.000.000, the "Hungarian Minerals and Metal Marketing Co." with 500.000 and the "Foundry-fuel and Timber Co." with 150.000 pengő.*

Including these new companies the number of joint stock

companies in Hungary rose to 3024, with an aggregate capital of 1.615.106.000 pengő. In August seven companies found it necessary to raise their share capital. Originally these seven companies had an aggregate capital of 2.906.500 pengő, which they raised by 2.991.200 to more than double their initial capital. Two of these companies each raised its capital by more than one million: the "Borsod Coalmine Co." raised its capital from 1.600.000 to 3.200.000 pengő and the "Salgótarján Glassworks" from 1.000.000 to 2.000.000 pengő. Including this increase of capital the aggregate capital owned by Hungarian joint stock companies is now 1.618.097.000 pengő.

In August, as we have seen, the number of joint stock companies in Hungary decreased by one to 3021. The number of industrial companies fell from 1352 to 1350, that of banks from 549 to 548, but the number of mining and smelting companies rose from 35 to 36 and that of commercial companies from 686 to 687.

Of the 8.375.000 pengő increase 6.600.000 fell to mining and smelting companies, 900.000 to commerce. In consequence of this increase the average capital per company has risen by 3947 pengő to 535.082. In the aggregate the increase of capital in August was 0.52%, while the average for each company was 0.57%.

## SERBIA

### RECONSTRUCTION IN SERBIA

The very foundations of economic life in Serbia have been shaken by the war, and one of the most important conditions upon which the re-establishment of order depends is that the civil war now raging for a year and a half must cease. The Government's efforts to accomplish this have not yet met with complete success, but, with the help of the German occupying army, the situation has been so far cleared up that *today there are no large bands of rebels in the country*. As regards the restoration of order, Serbia has made greater progress than Croatia, where peace and security are still threatened by larger or smaller bands of insurgents, chiefly Serbs.

Under German supervision *the Serb Government is dealing with the plundering revolutionary elements with ruthless severity that for a long time now has kept in check the strata of the population from which both the nationalist and communist insurgents were recruited*. Recently, on 20th November, another 13 Serbs were executed in Belgrade. They were accused of aiding and abetting General Mihaylovitch's followers, and the sentence and a notice that it had been carried out were posted all over the city. In any case, it is not probable that Mihaylo-

vitch's bands will engage in any major action during the inclement winter months, so that the Government and the authorities will be able to devote more time and attention to the task of organizing economic life and developing industry, agriculture and commerce, now slowly recovering from the paralyzing effects of the past situation.

How much has been accomplished in the last few months may be seen from what follows.

*In the field of industry the first Serb Government after the collapse of Yugoslavia set itself to the task of estimating, approximately at least, the damage done by the war, the capacity of the remaining industries and labour possibilities, and of instituting the measures necessary to a successful scheme of planned economy. Departments were created to deal with the iron, metal, textile, coal, chemical, and leather industries and so on.* The consumption of raw materials and semi-manufactured goods was placed under Government control. The branches of industry that had absolutely no raw materials were encouraged to experiment with substitutes, with satisfactory results.

There are over 80 coal-mines in Serbia: 12 anthracite coal-mines, 14 brown coal-mines, 27 mines in which brown coal is mixed with lignite and about 30 lignite-mines. For some time now, especially since the rebellion has been partially quelled, work in these mines is progressing practically normally. A department has been set up to deal with the production and consumption of coal.

In the sphere of forestry the Government has had great difficulties to overcome. The total extent of forests in Serbia is only 1.183.000 hectares, or 20.9 per cent of its total area. *This gives 0.25 hectares per inhabitant*, and while the annual consumption is 6.400.000 cubic metres, only 3.670.000 are produced, which means that Serbia is unable to cover her own requirements by domestic production. Before the war, which she brought upon herself, she was able to supply her own needs from areas now belonging to other countries. The Government, however, has been successful in raising production to double its former volume, in point of fact five times as large a quantity of sleepers was delivered to the Serb railways as in the years before the war. Besides this 4000 cubic metres of mine-props were produced. Because more timber is being cut in the forests, the Government has elaborated a five years' plan for the afforestation of barren areas. The work is to begin in the spring of 1943.

*The question of prices and wages, which together with the economic use of materials is one of the greatest problems that had to be solved by post-war Serbia, was relegated to a Government Commission created for the purpose, which, when initial*

*difficulties had been overcome, managed to solve most of the problems tackled.*

New working regulations have been issued to the banks and savings-banks, which are calculated, on the one hand, to increase the confidence of depositors and, on the other, to ensure the smooth and efficient functioning of the banks. Arrangements have also been made in connection with the debts of the peasants, who constitute about 80 per cent of Serbia's population and whose debts to the banks at present amount to nearly 619.000.000 dinars. If to that sum we add the 475.000.000 they owe to other creditors, we see that their total indebtedness is 1,094.000.000 dinars.

Finally, as regards agriculture: in the middle of November *M. Radoslav Veshelinovitch, Minister of Agriculture in the recently reconstructed Neditch Cabinet*, broadcast an appeal to the peasants of Serbia in the Belgrade radio, in which he outlined the Government's agricultural programme and the tasks awaiting agriculture.

At the beginning of his speech he laid emphasis on the fact that it was as an expert on these questions that he had taken over the Ministry of Agriculture and Public Supplies, and that as such it was his job to use every means to increase production, for Serbia's peasantry would have to produce enough to satisfy the needs of the population. In the interests of the Serb people he would do his very best, nor would he shrink from any steps likely to ensure success. But the success of his work depended on the collaboration of the peasantry and the support of the Press. Planned economy, which would have to be generally adopted, could not allow the old chaotic conditions to return. Nothing but planned economy would save Serbia and the Serb people. Every farmer must understand this, and must also understand that what the Government was doing was being done in the interest of the Serb farmers and the Serb people. Producers must grow what consumers and the country require. Serb agriculture would have to be thoroughly reorganized. The Serb Ministry of Agriculture attached great importance to the cultivation of industrial plants, for in this respect Serbia was very backward. Public supplies must be reorganized according to the spirit of the times and production must be reformed accordingly. Today maize was no longer a staple article of food.

*Not one single rood of land should be left uncultivated.* Experts from the Ministry of Agriculture would teach the village people how to increase production. All the measures instituted by the Ministry were calculated to promote the interests of the farmers. One of these was the closing down of the village public-houses. *If they were to improve their own economic situation, the farmers, instead of sitting in the inns,*

would have to work harder and produce more. With the improvement of their financial position social development would follow. There would be no more ragged and dirty peasants in Serbia, objects of pity to all observers.

Besides getting the farmers to work harder, the Government was particularly anxious that their wives should be properly trained. The wives of the Serb farmers would have to learn to keep house efficiently, breed poultry and work with flax and hemp, in order that they should be able to hold their own in the circumstances imposed on everybody by the new European order.

The Minister then said that crops had not been heavy last year, but that *they had enough to feed the population*. The farmers, however, would have to send all their surpluses to the markets. This was of vital importance. In spring every rood of land must be cultivated if the future existence of the Serb people was to be assured.

After the war the whole of Serbia's agriculture would have to be reorganized. Farmers could not be allowed to produce so much of certain crops that they could not sell them and so little of others that it was not nearly enough for the country's needs.

In conclusion the Minister declared that through the co-operatives he wished to help the farmers who — as Premier Neditch had said — were the pillars of the State, while agriculture was its very foundation. (See the Belgrade newspapers, the "Reggeli Ujság", "Délvidéki Ujság" and the "Donauzeitung".)

The Government measures briefly described above show that the reconstructed Neditch Cabinet is doing its best, with unflagging energy and incessant labour, to heal the wounds caused by the war, improve the economic situation of the country, and pilot the people of Serbia into a harbour of peaceful development and prosperity.

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