

of race and nationality have merely been enhanced in this region by the Peace Treaties. The unstable Austro-Hungarian monarchy itself did not harbour so many problems of suppressed minorities as were created by the diplomatists and statesmen in Paris in 1919." Then it goes on to acquaint us with the plans and conferences with which the Great Powers tried to improve what they spoiled at the time of the Peace Treaties. They had to admit, says Slocombe, that the political as well as the economic effects of the Peace Treaties were directly catastrophic, for, instead of eliminating the damaging effects of the Great War, they stabilized the troubles which arose from it. He makes known the systems of alliance which developed in the new Europe. He does not consider the Little Entente to be an enduring and solid formation, for the interests of its members cross each other. The opinion of the author is that in case of serious trouble the members of the Little Entente will desert each other, because the whole formation was created by the impending danger of the Anschluss, the Hungarian revision endeavours and the Habsburg restoration.

The author then gives us a thorough insight into the interests both common and contrary which decisively influence the reciprocal relations of Powers as well as into the problems which await solution for the promotion of peace and development. Among these he devotes a separate chapter to the Hungarian question. He considers the partition of Hungary to be a most grievous fault for it "created one of the gravest of the economic problems which have afflicted Europe, since the peace and the present condition of these minorities, as has been seen from the previous chapter, threatens to destroy even the political reasons for detaching them from Hungary." "He finds it entirely incomprehensible why three and a half million Hungarians should have been detached from their mother-country. Nothing can justify this except „cynical expediency". This, as well as the ex-

cessive bestowing of territory at Hungary's expense from purely strategic points-of-view, created "a vast new irredentist problem" in the heart of Europe. This is only natural, for "three and a half million members of a proud, sensitive and warlike race were handed over to the tender mercies of nations (in the case of Rumania and Yugoslavia) still only in the Balkan stage of national development, culturally and politically their inferiors". The author considers the Treaty of Trianon injurious, not only from a political, but also from an economic standpoint. "Pre-war Hungary was a more than selfsupporting economic unit — one of the few existing in Europe... The economic disturbance caused by the Trianon Treaty has not, however, affected Hungary alone. It has spread to all the States in the valley of the Danube, the spoliators suffering almost equally with the despoiled. The peace conference did not take into consideration the ethnographic boundaries, because" for strategic, as well as for economic, reasons, the boundary of Czecho-Slovakia was drawn by the Trianon Treaty to pass by Szob on the Danube, although both banks of the Danube at that point are inhabited by Magyars. In Slocombe's opinion — who as an English man, views the events impartially — the Magyars have always availed themselves of peaceful means when they called the attention of the friendly States to the unjust decrees of the Trianon Treaty. He comes to the conclusion that a „revision of the treaties is inevitable if war is to be avoided... Sooner or later, and sooner if the war is to be avoided, a European Conference to revise the Treaties of Peace must be convened... This, according to the author, is vitally important.

Though a few of its events are in the shade of the past already, this book is extremely up-to-date and instructive, because it contains thoughts, suggestions and solutions which are the only means of insuring the peace of Europe and the creating of a pacific collaboration.

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P O L I T I C A L E C O N O M Y

CZECHO-SLOVAKIA

RENEWED ADVANCE IN NUMBER OF UNEMPLOYED

According to the preliminary report of the Labour Exchanges the number of registered unemployed at the end of February was 860,390 — an increase as compared with the number 850,010 recorded in the statement form the previous month. This means that in the course of a month the number of unemployed increased by 10,380.

The increase in the number of unemployed in evidence during the past month fell almost entirely to Slovakia, where statistics show 131,864 workless at the end of January and 141,300 by the end of February. The organ of Hlinka's Autonomist Slovak People's Party, the "Slovak", makes the following comment on the latest unemployment statistics: "Poverty is on the increase in Slovakia. We must keep these figures in mind when we read of negotiations in the course of which leading Czecho-Slovak statesmen urge a speedy solution of the Danube Valley problem.

If there exists a State in the Danube Valley whose economic conditions make the cessation of the conditions at present prevailing therein imperative, that State is Czecho-Slovakia, whose responsible statesmen seventeen years ago so unscrupulously broke up the economic unity of the Austria-Hungarian Monarchy, thereby causing great material losses to their own country."

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TRADE BALANCE: 34½ MILLION CROWNS LOSS

Official reports give the total of Czechoslovakia's imports in January as 530.6 million Crowns, against the total of her export amounting to the value of 495.9 million Crowns. In the same period of last year Czechoslovakia had a total import to the value of 414.9 million Crowns, against 476.3 million Crowns of export. The trade balance of Czecho-Slovakia in January shows a loss of 34.65 million Crowns. In January 1935 it showed a profit of 61.3 million Crowns.

THE CENTRE OF THE CZECHO-SLOVAK TEXTILE INDUSTRIES IS THE BURIAL PLACE OF INDUSTRY"

Highly interesting economic statements of eminent importance were made at the last meeting of the Municipal Council in Brünn. Dealing with the subject of the labour programme, the Burgomaster of Brünn quoted a number of interesting figures to illustrate the economic condition of the Moravian capital. Being the centre of the Czecho-Slovak textile industries, the economic condition of Brünn must be looked upon as a standard in examining the development of this most important branch of Czecho-Slovak industry.

In 1928 Brünn could give work to 16,800 textile labourers; in 1931 this figure dwindled to 8000. The value of import of meat to Brünn was 1.35 million Crowns less last year than before. On the other hand, there is an increase of 100% in the prosperity of horse butchery. The Burgomaster then declared that the discussion was to be treated as an open debate, and he requested the members of the council to express their views and submit their proposals.

Subsequent speeches gave a similarly vivid illustration of the economic condition of the second largest city in the Republic. One of the speakers, a Socialist member, recalled the fact that the city stood first on the unemployment list. Besides the remarkable increase of horse butchery, he said, it is amazing to think of the huge quantities of *dog's and cat's meat* sold in Brünn. The consumption of milk, on the other hand, decreased by 2.3 liters in 1935. "In spite of its excellent geographical and technical situation, the Moravian Manchester is now the great burial place of industry" —, said the Vice-Burgomaster. ("Práží Magyar Hírlap", February 13th, 1936).

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PROBLEM OF WHEAT SURPLUS IN CZECHO-SLOVAKIA ?

As a result of Czecho-Slovakia's unreasonable agrarian policy, which has also upset the economic balance of the Danube Valley, this mainly industrial country is now faced with the problem of overproduction of wheat; consequently while not obliged to import wheat from other countries, she is unable for the same reasons to place its industrial products in the neighbouring agrarian States.

The price of wheat in Czecho-Slovakia is so much above the average international price that it is impossible to think of export. Following the suggestion of the Agricultural Association the Government has issued an ordinance to limit the area of arable land employed for the purpose of wheatgrowing. Under the ordinance farmers are not allowed to increase the production of the total area of corn production, while the wheat-growing area has to be reduced by 8%.

Reports published in the Prague press say that this ordinance has been defied by farmers in Slovakia and Ruthenia, i. e. in the territories taken from Hungary. On the other hand, the "česke Slovo" refers to the fact that Slovakia is by nature a wheatgrowing country, so that the improvement of the productivity of arable land was less intensive there than in the historic provinces. And if the methods of improvement have been followed in Slovakia, too, it was only because it was originally intended to make Slovakia the granary of the Republic. The rate of improvement was lowest in Slovakia, and the farmers in the historic provinces have done much more in that way. Between 1927 and 1931, the average wheat-growing area in

the Republic was 791,818 hectares, while in 1935 that area advanced to 965,829 hectares, that being an increase of 20%. The advance was not uniform in all parts of the country. Official records show that the rate of increase in Bohemia was 25%, and that in Moravia and Silesia 30%, while in Slovakia the wheat area was only increased by 15%, and in Ruthenia by 10%. The paper then declares that the expectations of an 8% reduction attached to the ordinance have not been fulfilled; for, taking the total area of the Republic, the area of land sown with autumn wheat has only been reduced by 1.7%, and there is very little hope that it will be possible to reach the 8% reduction in the area of spring wheat.

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REDUCTION OF THE RATES OF INTEREST AND THE FARMERS' BANK

The Cabinet Council has passed the drafts of Orders in Council prescribing a reduction in the rates of interest on the internal state loan and in the rates of interest in general. Both orders come into force on January 1. In terms of the order decreeing a reduction in the bank rates, the rate of interest on deposits will be something like $\frac{3}{4}\%$, and that on credits about $1\frac{1}{2}\%$, lower than at present. Closely allied with the question of lower rates of interest is the problem of how to adjust farmers debts. In this matter the Government has so far come to no decision, but it is probable that the Bill for the establishment of a Farmers' Bank (Selská Banka) for the purpose of effecting an adjustment of the farmers' debts will be debated at latest early in January. The task of the Farmers' Bank will be to buy agricultural land and other land which although not agricultural in character the Bank may consider it desirable to acquire.

The Bill invests the Bank with the privilege of expropriation. Expropriation is to be resorted to when the Bank requires the agricultural land in question in order to be able to fulfill the tasks devolving upon it in terms of the said Bill. The Bill also invests the Bank with the right to foreclose, when agricultural or any other (non-agricultural) land is for sale. The Farmers' Bank will be entitled to do so even should any other party have an option on the land for sale entered in the Land Register. In terms of the Bill, the Bank must be notified of every proposed transfer of real estate; the name of the intending purchaser and the price offered must be reported; and the real estate in question offered first to the Bank. Should the owner of the real estate for sale neglect to offer it to the Farmers' Bank, or sell it at a lower price than that demanded from the Bank, he will be obliged to pay the Bank compensation. In such cases the Farmers' Bank will be entitled to repurchase the real estate in question from its new owner. According to the Bill all the persons involved in the illegal sale of an estate — even lawyers and notaries public — will be punishable by law. The capital of the Bank is to be 100 million Czech crowns, that amount to be obtained by the issue of non-amortisable, non-negotiable bonds bearing fiscal rate of interest; the State to guarantee the interest and any eventual redemptions. In minority circles it is feared that the Farmers' Bank will serve primarily to further a settlement policy; that it will continue the action so widely inaugurated when the Land Reform was being carried into effect, the object of which was to cut up and denationalise the purely Hungarian and German settlement areas by flooding them with Czech and other Slav elements.

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TOBACCO RÉGIE RECEIPTS 160 MILLION CZECH CROWNS SHORT OF BUDGETARY ESTIMATES

The "Slovák" of January 10 announces that the tobacco régie receipts in 1935 were 1648 million Czech crowns, as against 1727 millions in 1934. Of that sum 1160 millions were paid into the Treasury (in 1934, 1275 millions), whereas according to the Budgetary Estimates 1320 millions should have been handed over.

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HUNGARY

BUDAPEST: THE ECONOMIC AND GEOGRAPHICAL CENTRE OF THE DANUBE BASIN

General interest has been aroused by a statement recently made by Dr. Hodža, the Czech Premier; dealing with the distribution of cereals in the Danube States, he proposed the establishment of a Danubian Corn Centre, or a similar institution, for this purpose. The headquarters of this institution, he thinks, should be in Vienna.

The general attitude of Hungarian economic circles towards Dr. Hodža's proposal may be outlined as follows:

Owing to its peculiar geographical situation Budapest may be considered as the natural centre of the Danube Valley; there are, moreover, a number of other economic moments ensuring a leading position to the Hungarian Capital.

A corn centre of the type described by Dr. Hodža cannot be realized without the cooperation of Hungary, Austria, Rumania, Czecho-Slovakia, Bulgaria and Yugoslavia. The natural and geographical centre of these six countries is Budapest, where the various institutions for the purpose of distribution are all available.

In the first place we have the Free Port of Budapest, which was built a few years ago with a view to facilitate trade relations between the Danube States. Even in the present economic situation of mutual reserve the Free Port has shows a remarkable development, and there is every reason to believe that it will continue to develop very favourably in the future.

Besides this, the leading position of Budapest is ensured by certain other points not to be found in any of other Danube States. Of all the produce exchanges of the Danube States, that in Budapest is the only one where there is still a "futures" market calculated to have an equalizing influence and to considerably facilitate the work of distribution and selling, on the basis of proper statutes.

Another point is the dominating position of Hungarian mill industry in the Danube States. Of all the Danube States the mill industry of Hungary has attained the highest stage of development, and if it is now faced with difficulties that is due to the inadequacy of employment and to difficulties of exports, in consequence of which its full capacity is not used.

Hungarian corn traders and corn exporters believe that the present proposal will not be practicable unless the corn exporting states, (Hungary, Rumania, Yugoslavia and Bulgaria) come to a mutual agreement among themselves with regard to the corn supply of the two industrial states, Austria and Czecho-Slovakia.

The incompatibility of economic interests is another great handicap impeding the realisation of this scheme: the exporting States endeavour, of course, to sell at a high price, while the importing States would like to buy at the lowest possible prices. These differences, as we have seen in a few cases in the past, may be overcome and completely eliminated; but we cannot possibly, for the time being, ignore the leading position of Budapest in the corn trade of the Danube States; and serious consideration and the realities of Nature will soon make it evident that, whether it is a question of the establishment of a corn centre of the Danube States or of the system of corn distribution, the work can only be directed from Budapest.

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IMPROVEMENT IN HUNGARY'S ECONOMIC SITUATION

According to the "Report on the Economic Situation" issued by the "Hungarian Institute of Economic Research", *agricultural conditions show a slight improvement as compared with those of last year.* Taking the prices quoted at the end of October as a standard, *the value of the crops grown on the arable land was about 15—18% more this year than last.* From the point of view of *agricultural income*, however, all that counts is the *value of the marketable quantities.* And here the improvement was not so great as in the amount produced. For the fact that considerably larger quantities of grain, especially wheat, were available for selling was set off by *the necessity of importing corn, particularly maize for cattle.* *The slight improvement in evidence in the purchasing power of agriculture was therefore mainly due to the prices obtained for cattle, especially for pigs, and to the higher prices of certain dairy products.*

Industrial production shows a marked improvement. The index number for the third quarter of 1935 was 20% above that for the same period last year. *The number of workmen employed by industry has also risen by 11%.* Business in the heavy and building industries in particular has improved notably. Against this, the increase in production attained by the consumption good industries is only 2% in excess of last year's figures; but it is also true that *the present is the highest level attained so far.* There were several reasons why the improvement was so great in the industries first mentioned: briskness in the building trade, public investment, and the so-called "supplementary investments" made by private industrial enterprise and agriculture, which had been postponed for years. Another factor largely contributing was a *brisker trade in industrial exports.*

Hungary's *foreign trade balance* for the third quarter of 1935, which aggregated 201 million pengő, closed with an excess of exports of 13 million pengő, as against a favourable balance of 12 millions in 1934. The value of imports rose by 10 million pengő to 94 millions. *This was due solely to the large quantities of corn imported for cattle.* The value of exports, chiefly industrial exports, rose by 11 million pengő to 107 millions.

The rise in the wholesale price level which had set in in September 1933, *continued with increasing rapidity* in the past few months. By the end of October the price level *had risen 30% above its low point.* In the course of the last *four months* the rise was 13%. *The most important rise was in the price index number for agricultural produce and live stock* (51 and 20 per cent respectively), and in the price index number for imported raw materials and colonial goods

(29 and 10 per cent. respectively). It should be noted that the rise in the prices of agricultural products, as well as of imported articles, which has taken place within the past months, was chiefly due to the *higher prices obtaining in the world markets. The index number of finished and half-finished goods fell between 1933 and the May of 1935, but between then and the end of October it rose 9%. The discrepancy between agricultural and industrial prices has been decreased during recent months. In September, 1933, the discrepancy was 30%, in June 1935, 23% and by the end of October only 14%.*

In the *money market* the improved conditions in industrial production were reflected primarily in a *very much brisker turn-over in cheques.* But during recent months the *circulation of banknotes* has also slightly increased. Since the rate of interest was lowered on August 20th, the money market rates of interest have also declined by $\frac{1}{4}$ — $\frac{1}{2}$ %, and business in that market is a *shade livelier.* The boom in shares which set in in the close of 1934 reached its high point in May, with a 60% rise. By the end of August the prices of shares had dropped by about 10% and since then, apart from minor fluctuations, have been practically unchanged.

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HUNGARIAN EXPORT: 18.5 MILLION PENGOES INCREASE IN JANUARY

Official records on Hungarian export in January show that after a continual export surplus for some months, the balance of January has a surplus of import.

The considerable rise of *import* (13.4 million Pengö more than in January last year) is due, in the first place, to the losses suffered from the drought and other havoc last year. As an example it is enough to mention that last year Hungary had almost no import of *maize*, while this year we had to spend nearly 7 and a half million Pengö for this purpose, in the interest of our cattle breeding. Another important factor was the increase of our *oil import*, where we see a difference of one million Pengö (plus) against January of last year. — At the same we are pleased to report the increase of our export by more than $\frac{1}{6}$ (i. e. 5.1 million Pengö) in January, parallel with the rise of our import. With this, the total of our export trade shows an increase of 18.5 million Pengö, i. e. nearly $\frac{1}{3}$, against last years.

The total value of our import in January amounted to 40.6 million Pengö (against 27.2 million P. in January last year), while the export amounted to a total of 34.9 Pengö (29.8 mill. P. last year). The export balance of January, then, shows a loss of 5.7 million Pengö (against a profit of 2.6 million P. in January last year).

HUNDRED CAR-LOADS OF HUNGARIAN FAT TO ENGLAND

Following the decisions arrived at in the debate on Sanctions at Geneva, the British Government afforded remarkable preferences to Yugoslav poultry export, which meant a fatal blow to the poultry-ex-

port of Hungary. Asking for the withdrawal of these orders from the British Government, the Hungarian authorities were informed that these measures were not intended to offend the interests of Hungary but to serve those of Yugoslavia, and that England will take advantage upon the first opportunity to make good the losses which Hungary may have incurred in consequence of the diminution of her poultry export. This promise has now been fulfilled. Following the negotiations conducted by the Hungarian Foreign Trade Corporation Ltd., England has ordered about a million kilograms of fat within the last few weeks; it has been agreed that England will increase this amount in the next few weeks and months, and if the quality in bulk conforms with the quality of the samples sent to England and guaranteed by the Trade Corporation, Hungary will be invited to be a permanent exporter of considerable quantities of fat to England in the future.

DEVELOPMENT OF BRITISH-HUNGARIAN TRADE

Hungary was represented at the British Fair by fifty-three commercial experts. The leader of the Hungarian delegation, Mr. Leo Dán, took steps to discuss with the head of the foreign department of the Board of Trade the possibilities of British export to Hungary. He suggested that Hungary should be allowed to pay in agricultural products, in which case Hungary could offer an excellent market for the sale of British industrial products. It is understood that negotiations to ensure the development of trade between the two countries will soon be opened.

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NEW COMMERCIAL AGREEMENT BETWEEN HUNGARY AND CZECHO-SLOVAKIA

Following an exchange of notes between the Hungarian Ministry of Foreign Affairs and the Czecho-Slovak Legation in Budapest, a commercial agreement was concluded between the two countries on January 1-st. This agreement allows Hungary to export to Czecho-Slovakia, in the course of the year 1936, 30,000 fattened pigs, 516 wagon-loads of lard and bacon, 9500 sheep, 1250 horses, 150 wagon-loads of wine; pulse, butter and eggs, of the value of 900 million Czech crowns, and, lastly, industrial products of the value of 22 million Czech crowns. Certain changes have been introduced in regard to the regulation of the mode of payment. The system of compensations hitherto followed will remain valid in the case of Hungarian agricultural products and Czecho-Slovak coke, coal, and charcoal. On the other hand, the equivalent of Hungarian goods of the value of about 6 million Czech crowns will serve to cover the expenses of Hungarian visitors to Czecho-Slovakia, and to pay Hungarian debts in that country. Another

new feature is the new way of settling accounts for the remainder of the goods exported: the parties concerned will not have to negotiate individually, as they have done in the past, because the Hungarian Trading Co. Ltd. (under the control of the Hungarian Foreign Corporation Ltd.) will be authorised by the National Bank to effect all payments. The Hungarian exporters will receive a uniform export premium of 40%, while the amount of Czecho-Slovak crowns needed for the payment of imported goods will be remitted to the importers, within the limits of the sums available, at a premium of 40%.

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FINANCIAL POSITION OF GENERAL SOCIAL INSURANCE INSTITUTE

According to the figures published in the "*Statisztikai Tudósító*" (Statistical Gazette) the General Social Insurance Institute, known as the OTI, is one of the biggest accumulators and distributors of capital in Hungary. Its revenue from premiums gives it control of a capital so large that the Institute is able, to play an important rôle in Hungary's economic life.

About one million people in Hungary are insured against sickness, and about two-thirds of that number are members of the OTI.

Insurance premiums constitute the Institute's principal assets. In 1934 the premiums paid in the four branches of insurance were as follows:

Sickness insurance:	
a) General branch	34 million pengő
b) Servants' insurance	5 million pengő
Old Age and Disablement insurance	14 million pengő
Accident insurance	9 million pengő
Miners' Pension insurance	3 million pengő
total	65 million pengő

In addition to the 65 million pengő paid as premiums in 1934 the Institute enjoyed State contribution and other items of revenue accruing from interest on money, rents, etc. Of course, in accordance with the aims of the Institute, the greater part of these additional amounts was paid out again in various insurance services and for organisation expenses. The accumulation of capital goes on chiefly in the branches of old-age and invalid insurance and miners' pension insurance.

The assets of the four branches of insurance are estimated at over 200 million pengő; and even after deducting the various liabilities the Institute still controls a very considerable capital.

The capital invested in the reserve funds of the old-age and invalid insurance already amounts to about 11 million pengő. In addition, the assets of the sickness insurance branch — equipment, buildings, offices etc. — are very considerable, and even the

assets of the accident and miners' pension insurance may also be described as important. The various assets of the sickness insurance branch, such as buildings, arrears of premiums, institutions, dispensaries etc. are valued at 71 million pengő.

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RUMANIA

RUMANIAN WRITER ON 26 YEARS OF RUMANIA'S ECONOMIC LIFE

M. Andrei Serbulescu, sub-editor of the Bucharest paper "Cuvantul Liber", has just published a paper on "The Economic Situation in Rumania", in which he gives a summary of Rumania's economic life in the last twentysix years. We thought it advisable to inform our readers of this paper, because it is written by an authority belonging to the ruling majority, so that this opinion may be considered as perfectly unbiassed. M. Serbulescu makes the following remarkable statements:

"Great (or United) Rumania is composed of heterogeneous parts. Transylvania, the Old Kingdom, and Bessarabia are so different from one another economically, that their union demanded an increase of expenses and a capital such as Rumania had never possessed and does not possess even today. In want of capital the Greater Rumanian régime made use of the dangerous instrument of land reform, because it was feared that Rumania would come under the influence of the then new revolution in Russia. The distribution of land naturally resulted in a decline of the productivity of land, as the new landowners only received land without the necessary implements of cultivation. Thus it is easy to understand why the 1911—15 average of 12.2 quintals per hectare fell to 9.8 quintals per hectare. Besides having a detrimental influence on the trade balance of the country, the decrease of productivity affected the Budget too very unfavourably. Before 1929 the contribution of the agricultural population towards the total revenue of the State amounted to 8—10%, in 1930—34 it sank to 4.6%. The Bratianu Cabinet (Liberal) endeavoured to counterbalance this by the protection of industry, but even in this point it allowed itself to be led exclusively by party interests. It carried out the nationalization of industrial undertakings, but it exploited that measure for the profit of liberal banks; owing to the influence of the Banca Nationala, the State Bank granted no credit except to its own undertakings. The National Peasant Party, which then took the place of the Liberals, endeavoured to counterbalance this and to change the situation, yet the methods it applied were purely illusory. It started the work with a sum of 20 milliard Lei (1 milliard = 1000 millions), which it raised by farming out all the most important Government monopolies, such as the manufacture of matches, the telephone service, the

ammunition industry, etc. Thus the 200 milliards were soon spent without any apparent result.

"The present economic situation of Rumania may be illustrated by two symptoms in particular: on the one hand we have the domination of "trusts" over 60% of the industry, while on the other hand we see the utmost misery of the peasantry, which is too poor to be considered as a class of consumers. In 1924, shortly after the land reform, Rumanian boasted that she had only 400,000 landless farming people living within her frontiers. But in 1930 the number of landless agrarians rose to 700,000, while in 1935 it was estimated at 1,200,000; at the same time Rumania had about 400,000 agricultural inhabitants who were compelled to leave their homes in the country and move to the adjacent cities, because they had lost their holdings.

The temporary prosperity of her home industry does not contribute towards the improvement of Rumania's finances, because the country has almost nothing to export except wood, oil, and a small quantity of agricultural products.

Yet even these few articles are bought by those countries who pay them in their own weak currencies, (Italy, Austria, Hungary, Germany, etc.) while Rumania is obliged to pay her creditors in French francs, or pounds sterling, so that the State is actually faced with serious difficulties in meeting its own financial obligations abroad. The only way to secure good currencies seems the restriction of imports. This, however, will scarcely prove a satisfactory method, because the number of Rumania's purchasers is becoming more and more limited to countries with weak currencies: in 1934, 39% of Rumanian's exports were dispatched to countries with blocked currencies, while in 1935 this percentage rose to 67%.

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RUMANIA'S EXPORTS IN 1935.

Great surprise has been caused in economic circles by the fact that the Rumanian Ministry of Finance, whose reports on export had previously been published every month, has stopped the publication of these reports since October 1935, so that the only records of Rumanian exports have been those published in the press. The reason why the Ministry has discontinued the publication of export reports is that the records have to be revised, because the export balance of the second half last year was founded on incorrect facts. The result of this revision, it is expected, will be that the excess of exports will be much less than 500 millions (as was incorrectly reported last year), probably not more than 200 million Lei.

In default of official records we must rely on the report submitted by the exporting organisations to the Exporters' Congress held in Bucharest in December, 1935. According to these records the total value of Rumania's exports in the first ten months of the year

1935 amounted to 12,730,598,000 Lei. If we compare this with the records of the last four years (1932: 16,721,593,000 Lei; 1933: 14,470,828,000 Lei; 1934: 13,655,734,000 Lei) we notice a considerable decrease in spite of the fact that prices have generally risen; as a matter of fact, Rumania's total exports were 3,000 million Lei less in 1935 than in 1932. The fall in exports of cereals is most disastrous, because in the last three years it has declined from 5,730 to 2,284 million Lei, a most unfortunate occurrence in the case of a distinctively agricultural country.

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DECREASE OF EXPORT IN JANUARY

In December 1935 Rumania's exports amounted to 1,551 million Lei. In January 1936, however, their value was not more than 1,063 millions. ("Curentul", Febr. 10).

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"THE INCREASE OF INLAND REVENUE IS DUE TO THE WILDEST FISCAL TERROR"

According to a report of the Ministry of Finance, published in "Patria", the mouthpiece of the Rumanian Peasant Party in Transylvania, the total amount of inland revenue in January 1936 shows an increase of 272 millions as against January 1935. These 272 millions, the paper says, are due to "the wildest fiscal terror". Tax collectors and gendarmes broke into the houses of tax payers, terrorising children and widows, to carry off the last *pillow and very often the only cow* that gave nourishment to 7 or 8 members of a hungry family. *The newly appointed tax collectors sometimes went so far as to sell peoples houses for small arrears.*

CREAT LOSSES OF RUMANIAN PETROLEUM COMPANIES

The sixteen most important Rumanian petroleum companies, possessing a capital of 9,000 million lei and thus representing more than 80% of the total amount of capital invested in the Rumanian petroleum industry, in their accounts for 1934 show a deficit of 79,500,000 lei, as against profits of 244 million lei for the year 1936 and of 5786 million lei for the year 1929. Since the latter year the output has advanced by 75%. The unfavourable results shown in the balance-sheets are due primarily to the set-back ensuing in the first eight months of 1934 in the prices of most export products, and in particular of petrol. As against the increase in the volume of exports (from 5,883,659 tons to 6,545,866 tons) in evidence in 1934 as compared the state of things in 1933, we find that the value of the yield of the export trade declined from 7,879,000 to 7,212,000 lei.

SUSPENSION OF ANGLO-RUMANIAN ECONOMIC NEGOTIATIONS

Owing to the incompatibility of the interests of the two countries, the Anglo-Rumanian commercial negotiations have been broken off. The British delegates declared that Rumania must make a definite promise to pay her previous debts and appropriate 25% of her exports to this purpose. The Rumanian Government, on the other hand, desired the inclusion of these debts in the export payments, but is not willing to appropriate more than 10% of the total value of exports for this purpose.

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GERMAN ECONOMIC EXPANSION IN RUMANIA AT CZECHO-SLOVAKIA'S EXPENSE

According to data published in the *Národný Listy*, trade between Rumania and Czecho-Slovakia looks less and less promising for Czecho-Slovakia. Czecho-Slovakia's exports to Rumanian show a declining tendency, while Germany's exports to that country are on the rise. The volume of commodities to Rumania by Germany this year is 17% in excess of that for the same period of last year.

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THE FIRST COMMERCIAL AND CLEARING AGREEMENTS BETWEEN ROUMANIA AND THE SOVIET

The first *commercial agreement* between Rumania and the Soviet has recently been signed by *M. Ostrowski*, the Soviet Minister in Bucharest and *M. Costinescu*, the Rumanian Minister of Commerce. At the same time the two Ministers have signed a *clearing agreement* between the two countries, based on the principle of mutual goods exchange, on equal terms. The sums (in Lei) paid for the articles exported from Rumania to Soviet Russia, will be deposited at the Rumanian National Bank for the payment of goods imported from Russia to Rumania.

YUGOSLAVIA

PROTEST IN SKUPSTINA, AGAINST UNJUST SYSTEM OF TAXATION

The new session of the Skupstina (Yugoslav Parliament) was opened in the last week of January, with a heavy attack from the opposition directed mainly against *M. Stevan Čirič*, President of the National Assembly, who had gone over to the Government Party after his election as an opposition member. This attack did not cease before the chair was taken by *M. Franja Martić*, Vice-President of the Skupstina.

The most remarkable speech in the new session was that made by *M. Voislav Dosen*, a member for the Voivodina, in support of his bill proposing a new and more adequate determination of the cadastral net revenue necessitated by the abnormally unequal system of taxation now prevailing in the country. He quoted the relevant official reports showing the various categories of land tax: while in the Danube Banate (the greater part of which, the Voivodina, was formerly Hungarian territory) the land tax, is 150 Dinars per yoke, that of the Save Banate (formerly Croatia) not more than 35 Dinars, that in the Drave Banate (Slovenia) and the Drina Banate 21 Dinars, that in the Morava Banate 20 Dinars, and that in the Littoral Banate only 6 Dinars. He also mentioned that the excise authorities in the Voivodina collect more taxes than those levied on the population of that territory. Thus last year the taxes collected in the District of Dárda (County of Baranya) were 39% in excess of the original assessment, the excess in the District of Bácskapalánk being 3%, that in the Ruma District (Province of Sylvania) 2%, that in the Szabadka (Subotica) District 12%, and that in the Zombor District 4%. The taxes collected illegally (by mistake) were not returned to the taxpayers, who were thus made to pay an involuntary contribution to the excise authorities.

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WHY IS YUGOSLAVIA UNABLE TO MEET THE OBLIGATIONS UNDERTAKEN BY HER AT THE POSTAL CONGRESS OF 1927?

At a recent meeting the Yugoslav Cabinet discussed the question of the modernization necessitated by the fact that the International Postal Congress of 1927 decided to put Yugoslavia, Hungary, and Austria under the obligation to double the number of their cables connecting with the Yugoslav frontier. Hungary and Austria have already fulfilled their obligations, but Yugoslavia has not done so as yet. Several States are now demanding that Yugoslavia should urgently increase her 11 telephone lines by another 14 new lines to the frontier, otherwise they would have to direct the transit service (from the West to the East) through Rumania and avoid Yugoslavia. It is not easy to see why Yugoslavia is so slow in fulfilling her obligations, the more so as the extension of the telephonic service would mean a surplus revenue of 14 million dinars a year to the State, so that the amount of investments (roughly 190 million dinars altogether) could be paid back out of this surplus alone within not more than 14 years.

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YUGOSLAVIA'S FOREIGN TRADE IN 1935.

According to the statistics of the Customs Department of the Finance Ministry, the total value of Yugoslavia's foreign trade in 1935 was 7,730,100,000 dinars,

as compareed with 7,451,500,000 dinars in 1934, which means an increase of 3.74%. The value of exports last year was 4,300,300,000 dinars, or 3.92% more than the previous years' total of 3,878,200,000 dinars. The value of imports was 3,699,800,000 dinars as compared with 3,773,300,000 dinars in the previous year, an increase of 3.54%. The foreign trade balance for 1935 closed with an excess of exports of 330,600,000 dinars, an improvement of 25,700,000 dinars compared with the previous year's profit of 304,900,000 dinars. Germany holds the first place in exports and imports both in value and volume. The various States participate in Yugoslavia's import trade in the following ratio: Germany 16.17%, Czecho-Slovakia 13.97%, Austria 11.92%, Great Britain 10.09% and Italy 10.02%. These five countries supply Yugoslavia with 62.17% of her imports. To a smaller extent she imports from the United States (6.19%), France (4.35%), Hungary (2.91%), British India (2.59%) and Switzerland (2.42%). Exports are directed chiefly towards Germany (18.65%), Italy (16.68%), Austria (14.32%) and Czecho-Slovakia (13.40%). These four countries absorb 63.05% of Yugoslavia's exports. The countries absorbing over 2% are the United States (5.58%), Great Britain (5.27%), Hungary (4.98%), Greece (3.64%), Belgium (3.38%), and Switzerland (2.42%). It is significant that *the surrounding Balkan States participate to such a negligible extent in Yugoslavia's foreign trade. Together they scarcely do as much trade with her as Hungary alone.* (Jugoslovenski Lloyd I/28 and I/31.)

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**POST OFFICE SAVINGS-BANK DEPOSITS
USED TO SECURE BURGETORS
DEFICITS**

In its endeavour to create new sources of revenue the Savings-Bank. Dictatorship has had recourse to the Post Office Savings-Bank. First the Bank was made to buy State bonds, then when in 1931 and 1932 the value of these bonds fell so low and the Post Office Savings-Bank had suffered great losses, the Government imposed all sorts of dues and charges on cheques. With the sums thus obtained the losses were paid off and a reserve fund created to balance any contingent losses in the future. The Bank's balance for 1935 shows a profit of 56,900,000 dinars in which the above-mentioned dues and charges figure at 22 millions. The Bank, as we see, could afford to dispense with the revenues accruing from them, but then the share of the profits falling to the State — 36,600,000 dinars — would be considerably less. The way the financial resources of the State Banks are being made use of to balance State expenditure is even more clearly visible in the credit policy of the Post Office Savings-bank. In 1931, 1934, and 1935 respectively the Bank supplied the following credits in million dinars: —

	1931	1934	1935
Loans to the Treasury	379	926	1071
Loans to Banks	238	189	172
Loans on Securities	134	65	47

During the same period the value of the State bonds held by the Post Office Savings-Bank rose from 160 to 336 millions. Deposits increased in those five years from 1134 to 2030 millions. During those years the Bank therefore handed over to the State its newly acquired foreign capital of 896 million dinars almost as soon as it was deposited. The service of private credits, on the other hand, was considerably curtailed, so that loans to banks and on securities decreased from 372 to 219 million dinars. (Jugoslovenski Lloyd February 5.)

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CRISIS IN YUGOSLAV MILLING INDUSTRY

The figures showing the flour exports for the last sixteen years clearly demonstrate the injurious consequences of an economic system trying to achieve self-sufficiency, one of the characteristic symptoms of which is the crisis in the Yugoslav milling industry: —

(in Dinars)

1920.	96.8 million	1928.	8.0 million
1921.	127.0 "	1929.	35.2 "
1922.	142.0 "	1930.	28.0 "
1923.	239.0 "	1931.	8.8 "
1924.	348.0 "	1932.	7.8 "
1925.	201.0 "	1933.	4.0 "
1926.	163.7 "	1934.	3.9 "
1927.	61.8 "	1935.	3.6 "

Flour exports had by 1934 dropped to less than 1% of the highest value recorded (in 1924). The best markets for Yugoslav flour were Austria, Czecho-Slovakia and Italy. In 1924 the value of flour exported to Austria 172,500,000 dinars, while in 1934 it was only 3,500,000. Ezports of flour to Czecho-Slovakia, the value of which in 1924 totalled 120,000,000 dinars, and those to Italy which in 1923 were valued at 30,600,000 dinars, had entirely ceased by 1934—1935. The statistics relating to bran exports show a more favourable aspect, but naturally the recent exportation of bran to the value of 20,800,000 dinars cannot make up for the great decline in flour exports.

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