

# POLITICAL ECONOMY

## CZECHO-SLOVAKIA

### 220 MILLION CZECH CROWNS DEFICIT IN THE FIRST BUDGET ESTIMATES OF RUTHENIA

The Government of Ruthenia (Sub-Carpathian Ukraina) has now completed the Budget estimates for the coming financial year. Though the expenditure on road building is not included, the deficit is expected to amount to a very high sum. The total amount of the Budget rises to 300 million Czech Crowns, while the revenues are estimated as low as 80 million Crowns in all. The highest figure on the expense list is that of the personal expenses (official staff, etc.), which amounts to 124 million Crowns. That is, the revenues are expected to amount to only two thirds of the personal expenses. It is understood, therefore, that the Volosin Cabinet is going to undertake a reduction in the number of State employees. In the first place, they will dismiss those Czech Government officials who are still serving in Ruthenia. At the same time, however, Canon Volosin will most probably seize the opportunity to discard those officials as well who, as yet, protest against his Ukrainian policy and wish to preserve the national character of the Ruthenian people. Canon Volosin intends to raise a loan in order to be able to cope with the 220 million Crowns deficit, which, if he succeeds in securing it, will make Ruthenia the vassal of the country which is prepared to issue the loan in question. ("Uj Hirek", January 27.)

### SLOVAKIA'S ECONOMIC VALUE

The opinion of German economic circles respecting the economic value of Slovakia has changed radically recently. After the Vienna award Slovak circles made every effort to recruit the support of German capital for the exploitation of the natural resources of Slovakia. German experts spent a considerable time studying conditions in that province and finally came to the unanimous conclusion that present-day Slovakia did not offer German capital any opportunity for safe investment. What

particularly damped the interest of the Germans concerned was the circumstance that — even according to the first rough estimate — the budget of Slovakia showed an annual deficit of 750,000.000 Czech crowns.

What must undoubtedly have interested the inquirers most particularly was the forest industry of Slovakia. The lumbering production in the older territory — altogether some 2.8 million hectares in area — was last year 2.8 million cubic metres. The probable production of the area remaining in Slovakia may be estimated at 2.2 million cubic metres a year. Slovak experts have calculated the value of the quantity of wood and timber available for export after deduction of the inland requirements of the province at the amount of 25,000.000 Czech crowns a year, — an amount of no great significance as compared with the dimensions of the whole turn-over of the economic life of the country. In this respect Carpatho-Russia is in a more favourable position, seeing that its export trade in lumbering products is considerably greater, not merely relatively speaking, but in absolute figures too.

### FACTORIES IN SLOVAKIA SEEK PROTECTION AGAINST CZECH OPPRESSION

Nine tenths of the factories in Czechoslovakia are in Czech-Moravia. Aided by the political factors of Czechoslovakia, the Czech-Moravian factories have literally rolled down the manufacturing industry of Slovakia in the very first years of the life of the Republic. One after the other the factories of Korompa, Liptó-szentmiklós, Porács, etc. had to shut their gates. Even to-day the few remaining factories in Slovakia are hardly able to compete against their rivals in Czech-Moravia. The latter enjoy a number of facilities, such as reduction of taxes and railway tariffs, in addition to which they also have the advantage of being situated near the collieries. The business concerns of Liptó and Szepes (Zipsia) have now submitted a memorandum to the Slovak Government asking them to offer a more effective State aid to the existing factories in Slovakia and to those which are going to be established there in future. They demand the same measure of reduction in taxes as the factories in Czech-Moravia. ("Uj Hírek", January 1.)

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## HUNGARY

### THE BANKNOTE CIRCULATION HAS DECREASED BY 13.9 MILLION PENGŐ

The records of the National Bank concerning the relation of debts and demands on January 23rd show that in the third week of the month there was a decrease in the banknote circulation

by 13.9 million to 763.3 million. This fact is due to repayments on discount accounts and payments on giro accounts. The repayments on discount accounts exceeded the amount of new payments by 13.5 millions, whereby the amount of the discount accounts fell to 448.2 millions. The total amount of giro accounts has increased to 224.4 million; the amount of increase was 5.5 millions; 1.5 million on the State account and 4 million for other accounts. Out of the total amount of the giro accounts, 195.2 millions are dealt with on State accounts. The liabilities of the State figure 269.5 millions in the records; out of this amount, 192.9 millions go to long term credit payment, while 76.6 millions derive from the exchange of Czech banknotes and coins in the recently re-annexed territories of Hungary. The amount of other assets has increased by 2 millions to 330.8 millions, while the amount of other debts fell by 0.4 millions to 173.8 millions. The metal reserve rose by 1,596.011 Pengő to 218,007.918 millions, out of which 124 millions may be counted for the gold stock and 93.3 millions for the stock of foreign currency. — y —

## YUGOSLAVIA

### THE EFFECT OF MEETING AT BÉLLYE ON ECONOMIC RELATIONS BETWEEN YUGOSLAVIA AND ITALY

A report from Belgrade states that during the conversations between the Yugoslav Premier and the Italian Foreign Minister economic questions immediately affecting Italy and Yugoslavia were also discussed. It is well known that in Yugoslavia, as well as in Italy, the ruling circles are labouring to strengthen the economic links between the two mutually friendly States and to increase the exchange of commodities between them. It would be to the interest of both countries that the exchange of goods between Yugoslavia and Italy should regain its former level. A great hindrance, however, is the method of payment.

Leading circles in Italy would view with favour an improvement in Yugoslav industry and are willing to render the support necessary to this end. The reports that Italy is prepared to extend goods credit to the value of 500 million lire to Yugoslavia are not new. But the loan which was to have been employed to provide Yugoslavia with armaments has not yet been taken up. The

endeavour to increase the volume of the trade in goods between Yugoslavia and Italy is not directed against the economic interests of any other country. — y —

### FOR THE MOMENT THE NARODNA BANKA DOES NOT ASK EXPORTERS TO SURRENDER THEIR CHEAP POUNDS

In circular No. 103/1938, the Narodna Banka intimates to all authorized banks and exchange offices that the bank does not for the moment wish to buy 25% export exchanges according to which rate 1 pound is worth 238 dinars, the result being that exporters must only sell 25% of their foreign exchanges at the official rate to the Narodna Banka. Exporters may sell free the remaining 75% in the inland market. — y —

OSZK  
Országos Széchényi Könyvtár

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