

# POLITICAL ECONOMY

## HUNGARY

### REVISION OF THE LAND REFORM IN THE RECENTLY RE-INCORPORATED REGIONS OF UPPER HUNGARY

Speaking to the people of Tornaalja on April 16th Andor Jaross, Hungarian Minister for the recently re-incorporated areas of Upper Hungary, announced that Government would undertake a revision of the Land Reform carried out by the Czechs after the Great War. This Land Reform, he explained, had been aimed against the Hungarian population and therefore contained many elements of social injustice. The main principle of land division had not been to provide with land those who really needed it, but to reward the services of political and other favourites by giving so called "surplus" estates of many hundred acres. Out of the total amount of land divided, (577.277 cadastral yokes), the Hungarian population ought to have received 174.970 yokes; in reality, however, it received only 42.320 yokes, — i. e. 75% less than it should have lawfully received according to its percentage. — Out of the total amount of land expropriated, 80.7% had been sequestered from Hungarian proprietors, while the share of the Hungarians in the division of the expropriated estates was not more than 7.4%. A revision of the Land Reform must, therefore, provide for a readjustment of this twofold social and national injustice.

This problem was already raised in the Czechoslovak Parliament at Prague when, many years ago, the Hungarian deputy M. Gyula Koczor — speaking on behalf of the Hungarian Party — demanded that in the Hungarian areas the land should be divided among the Hungarian claimants.

The above official declaration of a Cabinet Minister is a striking argument against the unfounded rumour spread by Rumanian propaganda, — viz. that the real motive of this intended revision of the Land Reform is to return the expropriated estates to their former owners.

Public opinion in Hungary is by no means averse to the idea of a Land Reform; on the contrary, such a reform — the Bill for which has just been completed — will be carried out in the whole country. As regards the Land Reform of the

Czechs, the Hungarian Government is resolved to carry it out to a hundred per cent, with this slight modification, however, that the land should really be given to those who want it most. — y —

## ECONOMIC IMPORTANCE TO HUNGARY OF RUTHENIA

Ruthenia as a geographical and political conception is one of the new nations that owe their existence to the Treaty of Trianon. During the whole thousand years of Hungary's history we find no indication thereof, for the simple reason that the inhabitants of Ruthenia never had any ambition to separate from Hungary. When in 1919 the Czecho-Slovak Republic was created, the easternmost part was given the name of Ruthenia (Carpatho-Russia), and this despite the fact that it was not inhabited solely by Ruthenians, having a wide belt in the south where the population was purely Magyar. For the sake of clearness we have thought it necessary to present these facts before entering into an enumeration of the economic data pertaining to Ruthenia.

The area of this province is 12.687 square kilometres, the population of which, according to the Czech census of 1930, numbered 725.357 souls, that being 57 inhabitants to the square kilometre. In 1930 their distribution according to the various branches of occupation was as follows:

Agriculture and forestry . . . . .	480.856	66.3%
Industry . . . . .	86.590	11.9%
Commerce . . . . .	41.550	5.7%
Crafts . . . . .	23.095	3.2%
Civil service . . . . .	30.072	4.1%
Military service . . . . .	7.703	1.1%
Other branches of occupation . . . . .	55.493	7.7%

### *Agriculture.*

In 1938 the area of Ruthenia was distributed as follows:

Arable land . . . . .	242.458	hectares
Meadow land . . . . .	155.445	hectares
Gardens . . . . .	6.949	hectares
Vineyards . . . . .	4.701	hectares
Pastures . . . . .	168.359	hectares
Cane-brakes . . . . .	1.592	hectares
Forests . . . . .	587.116	hectares
Fish ponds . . . . .	40	hectares
Other areas under water . . . . .	10.845	hectares
Parks . . . . .	576	hectares
Built over areas . . . . .	11.530	hectares
Waste land . . . . .	48.243	hectares
Uncharted . . . . .	40.800	hectares

From the above table we see that in 1938 the arable land in Ruthenia was a bare 19.1% of the entire area; so little that it is totally insufficient to provide food for man and beast. It makes little difference that the consumption of cereals is very low (about 100 or 110 kilogrammes per head, per annum), for even thus Ruthenia cannot produce enough to satisfy the wants of the population. The shortage in cereals amounts on an average to about three or four thousand quintals yearly. This quantity can easily be obtained by the Ruthenians in the Great Plain of Hungary.

The stock of animals is also very small. On 1st January, 1938, the Czecho-Slovak statistical office recorded 232.324 horned cattle, 73.782 pigs, 109.845 sheep and 26.610 goats. This number is inadequate to supply the inhabitants with meat and fat, and it will be the task of the Hungarian Government to supply Ruthenia's deficiency of live stock.

Fruit production is not on a very high level. In 1937 the survey showed 2.400.000 fruit-trees and 200.000 gooseberry and currant bushes. On an average the annual production is 300.000 quintals of fruit, 208.630 quintals of grapes and 113.474 hectolitres of wine. Tobacco production is fairly good: 20.755 quintals of tobacco leaves on an area of 2.055 hectares.

### *Forestry.*

Extensive forests cover practically the whole of Ruthenia. The entire wooded area is 587.116 hectares, the greater part of which — 72.5% — consists of deciduous trees, while the remaining 27.5% are conifers. The bulk of the broad-leaved trees are beeches, about 58% of all the forest lands are beech forests. The annual production of timber may be estimated at between 360.000 and 400.000 cubic metres. This enormous quantity of timber will enable the saw-mills along the river Tisza to work again at their full capacity and will greatly reduce the quantity of Hungary's timber imports. The same applies to firewood. With the restoration of Ruthenia Hungary's imports of that commodity will be reduced by about 30.000 wagonloads.

Ruthenia's role in the production of charcoal is also an important one. The annual output of the charcoal works is about 3000 wagonloads, 500 of which are needed by the works themselves, while the remaining 2500 wagonloads will cover part of Hungary's home consumption. Present-day, or enlarged, Hungary requires from 4000 to 4500 wagonloads of charcoal per annum, so that with the restoration of Ruthenia 60—70% of her needs will be covered at home.

### *Mining.*

Ruthenia is not rich in minerals, but there are large salt mines near the source of the Tisza. In 1937, the mines in the



vicinity of Akna-Szlatina produced 1.605.790 quintals of rock-salt. The number of people employed in these mines is 900. For Hungary these mines are very important, for there is no other salt-mine in the country, and hitherto Hungary has had to import all her salt.

*Industry.*

Industry in Ruthenia is rather primitive. Far from doing anything to develop Ruthenian industry, the Prague Government closed down the majority of the factories found there. The object was to free the Czech industries from domestic competition. In consequence of this policy of desindustrialization, the number of factories decreased and to this may be attributed the fact that according to the statistics for the year 1935—1936, Ruthenian industry was not able to provide work for more than 7.267 persons.

*Finances.*

From a financial point of view Ruthenia is in a bad way. There being no opportunity of amassing capital, the bank deposits at the end of 1935 did not amount to more than 306.800.000 Czech crowns. This sum was distributed as follows: 16.200.000 in the branches of the Czech Banks, 164.800.000 in Slovak banks, 58.600.000 in the branches of the Czech savings-banks and 67.200.000 in various co-operative societies.

In 1935 Ruthenia had only ten banks with head offices in the province. The total capital of these institutions was 6.400.000 Czech crowns and if we add reserve funds of 2.000.000, it will be 8.400.000 Czech crowns. It is interesting to note that the total assets of the largest Ruthenian bank were 3.000.000 Czech crowns capital and 500.000 reserve fund, that is to say 3.500.000 Czech crowns in all. The rest of the Ruthenian banks had even less. The total amount of their clients' money handled by the Ruthenian banks did not exceed 60.000.000 Czech crowns. None of them paid dividends.

There were 171 co-operative societies in Ruthenia with 123.760 members. Amongst them were 5 agricultural credit institutes and a few industrial and Jewish credit institutes the statistics of which are unknown.

— y —

FOREIGN TRADE BALANCE FOR FIRST QUARTER OF  
YEAR SHOWS EXCESS OF EXPORTS OF 20.5 MILLION  
PENGŐ

Official records for March 1939 show that the total value of Hungary's imports amounted to 43.3 million pengő, while that of her exports totalled 42.8 million; there being therefore an excess of imports in March amounting to 0.5 million pengő. In

March 1938 the value of our imports amounted to 36.1 millions, that of one exports to 48 millions the excess of exports last year being therefore 10.9 million pengő.

In the first quarter of 1939 the value of Hungary's imports totalled 122 (95.8) million pengő, while that of her exports amounted to 142.5 (133.6) millions. Hungary's foreign trade balance for the first quarter of 1939 shows an excess of exports of 20.5 millions, as against 37.8 millions in 1938.

In the first quarter of this year there was a considerable increase — composed with the previous year — in the imports of such articles as pig-iron and scrapiron, copper, coke, sawn-wood and dressed furs. On the other hand, the imports of timber, raw tobacco and iron ore decreased. As regards our exports, the following articles show an increase: wheat to Germany (522.507 quintals), to Italy (958.049 q.); pigs to Germany (89.491), clover and lucerne seeds to Germany (26.788 q.) there was a certain decrease in exports of maize, rye, cattle, butter, railway carriages and rail-cars.

— y —

## RUMANIA

### RUMANIAN SETTLEMENTS IN THE MAGYAR AREAS

Rumanian chauvinist circles imbued with a hatred of the Magyar minority have more than once suggested that the unity of the Magyar nationality zone on the western frontier should be broken up. One plan was that the State should appropriate all the land within a forty kilometre zone and settle Rumanians on it. This plan was not adopted in its entirety by the State; but several larger or smaller settlements have been created in the districts in question. Extensive settlements in those areas were impossible, for the simple reason that every rood of soil had been taken possession of and was being cultivated by Hungarians. The State did not dare to settle Rumanians there en masse: that would have been too Asiatic a procedure. But wherever it was possible, small settlements of Rumanians have been created. The idea of Rumanian settlements in the Hungarian districts has again been broached by the anti-minority, chauvinist "Astra" organization. This organization has sent a notice to the Rumanians of Măramaros stating that those of them who are willing to settle in Counties Szatmár and Bihar and in the Banate would receive 10 hectares of land.

The "Astra" refuses to recognize that these areas are purely Magyar in character and that it would be impossible to replace them with settlements of Rumanians, for the latter would be the first to run away, since the economic level of the Rumanian peasantry is so low that they could not hope to compete with

the more advanced Magyar farmers, and besides this there is no room for settlements.

That this is so was proved by the case of the Campul-Popii settlement near the town of Szatmár. In 1934, 30 Rumanian families from County Kolozs were settled there. It has been declared by the State, i. e. Rumanian, agricultural authorities that in spite of repeated warnings and assistance these settlers did not cultivate the land as they should have done and that therefore it would be taken away from them. This fact was established by the "Curentul", one of the most important Rumanian newspapers, on April. 5th 1939. It would be worth while examining the rest of the Rumanian settlements. It is sure that even the official Rumanian authorities would be forced to the same conclusion as was reached by the above-mentioned unbiassed agricultural supervisory board. Rumania would do better to raise the agricultural level of the Rumanian areas instead of thinking of depriving the Magyars of the frontier zone, who have little enough land as it is, of their farms and settling persons without a knowledge of agriculture on them. — y —

### BRITAIN'S ECONOMIC POSSIBILITIES IN RUMANIA

Britain is now preparing an economic agreement with Rumania. The speedy decline of Anglo-Rumanian trade relations has made it necessary for Britain to act as quickly as possible. Exports to Britain in 1936 represented 14.2% of Rumania's total exports, in 1939 this figure sank to 11.2%. In 1936 Rumania sold to Britain goods of the value of 3.100 million lei, but in 1938 the total value of goods sold there declined to 2.400 millions. In 1937 Britain contributed 9.4% of Rumania's imports; in 1938 her quota amounted only to 8%.

The Rumanians have spent hundreds of millions in increasing their export trade with Britain; yet all they have achieved is to prevent their trade not shrinking to a minimum.

What is going to happen now that Germany's territorial aggrandisement has enormously increased her demand for raw materials, and that the economic policy inaugurated by Britain and France is compelling her to rely primarily on Rumania?

Rumania will develop her economic relations with Germany still more; and these relations will become even more intense in view of the fact that apart from purchasing all her raw materials from Rumania, Germany is prepared to undertake enormous investments to increase the output of Rumania's raw materials.

Under such circumstances Britain's economic prospects in Rumania are very poor indeed, and they are bound to become less and less as time goes on.

Moreover, Rumania's political reliability is very unlikely to



fulfil Britain's expectations. It will be impossible for Rumania to serve the political interests of Britain once she becomes economically dependent on Germany. This is one of the causes of Rumania's political unreliability and continual hesitation at present. Rumania can by no means be considered as a fixed point suitable to be included in Britain's recent security plan.

Britain's endeavours to offer political assistance can, and do, merely give Rumania a good opportunity for economic blackmailing. In an article published in the Rumanian daily, "Universul", on April 17th we find a frank statement to the effect that Rumania's desire regarding the forthcoming Anglo-Rumanian trade discussions is not to make an advantageous trade agreement with Britain, but to persuade Britain to undertake the responsibility of financing Rumania's exports: "Those sums which Britain spends on rearmament in a few days would cover the total economic deficit of Rumania. Germany has understood this argument... "In the same issue the "Universul" points out that an advantageous agreement now enables Rumania to find a market for her total output, and that she could only export goods to Britain if Britain, like Germany, would also undertake to contribute towards the increasing of Rumania's productive capacity.

In a word, Rumania's plan is to persuade Britain into financing Rumania's exports and increasing her productive capacity; in other words: to persuade Britain to serve Rumania's interests in every way.

— y —

## SLOVAKIA

### SLOVAKIA'S LEATHER INDUSTRY

Since 1918, the Slovak leather industry has been steadily on the decline. At the beginning of 1919 there were 16 leather undertakings in Slovakia, but by degrees, and in consequence of the competition of the Bata shoe factory, the number sank to 9. Slovakia's shoe consumption is valued at 77 million Czech crowns per annum. There is enough raw material in Slovakia to supply this demand, so that imports are not required, At present the Slovak shoemaking industry is able to use 1.600.000 kilogrammes of leather per annum, but 1.500.000 kilogrammes are supplied at home. In other branches of the leather trade things are different. Slovakia has not enough cowhide of her own, and is forced to import hides to the value of 4.872.000 crowns, i. e. 812.000 kilogrammes. Slovakia must also import 130 wagonloads of tan (of a value of 2.860.000 crowns) per annum. She requires 85 wagonloads of salt annually for the leather industry. The Slovak leather industries do not manufacture kid leather, so that goatskins to the value of 450.000 crowns are available

for export. Slovakia could also export sheepskins to the value of 1.800.000 crowns. ("Slovak", April 16.) — y —

### TRANSPORT SCHEMES IN SLOVAKIA

In No. 6, Vol. 7 of the "Deutscher Lebensraum", a German periodical, we find a report of the work planned, and to a certain measure begun, in Slovakia preparatory to that country's being drawn into Germany's economic system. In order to make Slovakia's natural resources available, the river Vág is to be transformed into a navigable stream. To make it navigable as far as Liptóujvár at the foot of the Lower Carpathians five locks are to be built. One of them is ready now and the estimates of the second have been approved, so that work on it will soon begin. With this waterway the question of the supply of energy is expected to be solved. New railway lines are to be constructed in the southern part of the country, in order to provide direct communication between Pozsony and the rest of Slovakia. In Eastern Slovakia railway lines between Divék and Besztercebánya and Straske and Eperjes respectively are already under construction. Plans have also been made for the construction of a great road from west to east. This would cost 1.500 million crowns, 400 million of which have been already set apart for the purpose. A sum of 178 million crowns has been estimated for road improvement. — y —

### SLOVAKIA'S WATER-WORKS INVESTMENTS

Slovakia requires 78 million crowns to keep its present water-works in repair and complete those it has begun to build. Besides this sum the Department of Water-works in the Ministry of Agriculture has recommended an estimate of 118 million crowns for investments. Of that sum 48 millions would devolve upon the State. This would bring the sum required for these State investments up to 126 million crowns. But the State cannot devote more than 20 millions per annum to this programme; in other words it would take 7 or 8 years to complete the most urgent and necessary investments, which would extend to the regulation of rivers, irrigation, water power, pisciculture and hygienic arrangements. ("Slovak", April 23.) — y —

### SLOVAK DAIRY FARMING

In spite of favourable natural conditions, dairy farming in Slovakia is very primitive in character. In 1936 the quantity of milk delivered to the dairy co-operative societies was 344.562.500 litres in Bohemia, 252.556.200 in Moravia, but only 49.908.600 in Slovakia. With a proper system of dairy farming and a ra-



tional use of Slovakia's present milk production, the country should be able to export 100 wagon-loads of butter per annum. ("Slovak", April 22.)

— y —

## YUGOSLAVIA

### YUGOSLAVIA PLACES EMBARGO ON IMPORTATION OF DINAR BANKNOTES

In order to prevent an illegal flight of money from the country, the Yugoslav Minister of Finance has issued a decree placing an embargo on the importation of banknotes of 1000, 500, and 100 dinars. Yet visitors to Yugoslavia often happen to bring dinar banknotes with them, while relatives living abroad attempt to send dinar banknotes by letter to their people at home. These banknotes will be confiscated by the authorities and blocked. Since the importation of dinar banknotes is carefully watched and made impossible by the authorities, the Yugoslav National Bank has issued a notice to all concerned that they should inform their foreign clients and correspondents (relatives) abroad that the sums to be remitted should henceforth be sent in foreign currencies (dollars, French and Swiss francs, pounds sterling, Dutch florins, etc.), but on no account in dinar banknotes, for these will be confiscated by the authorities and blocked, with no immediate possibility of their being available for use.

*Országos Széchényi Könyvtár*

— y —

### YUGOSLAVIA'S FOREIGN TRADE IN FIRST QUARTER OF THE YEAR

This year Yugoslavia's foreign trade shows an unfavourable balance of 175.100.000 dinars for the first quarter of the year, as compared with 137.700.000 for the same period last year. It is reported from Belgrade that according to official statistics the value of exports in the first three months of the current year was 1.081.500.000 dinars, as compared with last year's 1.173.800.000, that is to say, the decline was 92.200.000 dinars or 7.86%. Imports totalled 1.256.50.000, against last year's 1.311.500.000, a decrease of 54.800.000, or 4.18%. A comparison of Yugoslavia's foreign trade shows an unfavourable balance of 175.100.000 dinars, as compared with last year's deficit of 137.700.000.

— y —

The Danubian Review is published monthly. — Editorial Offices and Management: Zrinyi-utca 1, Budapest V. — All articles, — with the exception of those signed „y” — have been translated by Dr. ARTHUR B. YOLLAND, Professor of English literature in the University of Budapest. — Responsible for the publication: Dr. ANDREW FALL. — Editor for Economics: NICHOLAS UDVARDY. Issued and printed by Sárkány Ltd. -- Responsible for the printing: Dr. A. and J. Wessely. 14468