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DISMEMBERED HUNGARY



BY

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WITH AN INTRODUCTION BY
LORD NEWTON

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INTRODUCTION

DOCTOR LADISLAUS BUDAY'S book is a praiseworthy attempt to place before British readers, by means of dispassionate statements and statistics, the condition to which Hungary has been reduced under the Trianon Treaty. The facts have been frequently made public in Parliament and elsewhere, but as few statements meet with any attention unless constantly reiterated, it may be as well to summarize once again the situation in which Hungary is now placed.

Hungary, which prior to the war was a prosperous country of about eighteen million inhabitants, representing one of the most complete economic and geographical units in Europe, has been reduced to a small agricultural state with a population of approximately seven millions, and has been deprived of more than two-thirds of its territory. Access to the sea has gone; economic prosperity has been fatally ruined owing to the capricious frontiers imposed at Paris; territory has been forcibly ceded not only to enemy states, but by a refinement of cruelty, to an ex-ally and sister state. Worse than all, some three million Magyars, exclusive of other ex-Hungarian subjects, have been handed over, like so many animals, to alien races of an inferior civilization, in flat defiance of the sacred principle of Self-Determination. But this by no means exhausts the list of Hungary's misfortunes. For four months in 1919 a Bolshevik Government, at once sanguinary and ruinous, was established

at Budapest; and Bolshevism, when suppressed, was replaced by an equivalent calamity in the shape of a Roumanian occupation. That occupation, which began in the summer of 1919, lasted, in certain parts of the country, for nearly a year, and was not terminated before the Supreme Council had launched at least eleven ineffectual ultimatums at Bucharest. Meanwhile, the Roumanians had not wasted their time; they laid hands upon everything that could by any possibility be carried away, and it has been calculated that their occupation of Hungary was more ruinous than the German occupation of Belgium, from eighty to one hundred million pounds being the generally accepted figure of the cost.

In addition to these misfortunes, Hungary, which had perhaps lost more men proportionately than any other state in the war, had of course become bankrupt, and has been called upon to deal with two abortive revolutions caused by the irresponsible action of the ex-Emperor Charles.

It might have been expected that a country which has suffered so greatly would have been treated with some consideration by the Allies, whereas it is the exact contrary which has occurred. The Trianon Treaty was signed and ratified largely upon the assurances given in the Millerand covering Note that modifications in the frontiers laid down under the Treaty would receive favourable consideration under certain circumstances. No such modification has taken place, or is likely to take place, unless the case of Sopron, where a compromise was effected, in order to avoid inevitable bloodshed, may be taken as an exception. Hungary has been consistently treated as a dangerous menace to the peace of Central Europe, and, to judge by appearances, which, let us hope, are fallacious, the object of Allied policy might have been

to retard the political and even the economic recovery of this unfortunate nation.

There is no such repulsive development of international policy since the war as the establishment of Allied Commissions in all ex-enemy countries, partly for the purpose of supervising the fulfilment of peace conditions, and partly for the purpose of wringing money and contributions in kind out of ruined and bankrupt governments. These Commissions are maintained at the cost of the ex-enemy governments and represent an intolerable financial burden. The former class of Commission may be necessary, at all events for a reasonable period, and in the case of Germany it is only just that reparations should be exacted according to her capacity; but does anyone seriously believe that the smaller countries—Austria, Bulgaria and Hungary—are in a position to pay anything substantial in the nature of reparations?

The financial condition of Hungary is desperate. The Budget for 1921-22 started with a huge deficit and the National Debt is enormous. Nevertheless, the customary horde of Control, Air, Naval, Frontier and Reparations Commissions descended upon this bankrupt country, and some of them remain there still. Up till now they have cost between three and four milliards of kronen. The expenditure in which these Commissions have involved Hungary is a scandal which has never been adequately exposed. Some idea of the scale on which Hungary has been bled may be grasped when it is realized that a British non-commissioned officer attached to the Control Commission received as much pay in a month as the Hungarian Prime Minister receives in a year. I myself visited a Frontier Commission where the Allied officers were drawing more than seventy times as much pay as their Hungarian colleague of equal rank, who was doing

the same work in the same building, and yet no one seemed to see any anomaly in the contrast.

It is hardly necessary to state that no money has so far been paid by Hungary in the form of reparations, because there is no money in the country; but reparations in kind have been successfully extorted, and even Greece has received a contribution of cattle. As there is no money in the country, the Reparations Commissioners have not unnaturally been unable to decide up till now what amount is eventually to be paid; it is understood that this mythical figure is being discussed in Paris at the present time. But how can any country be expected to recover economic prosperity, and what capitalist is going to invest money, when demands of an unknown amount hang over it in suspense? Perhaps the most convincing comment upon the work of the Reparations Commission is that whereas, upon its arrival, the krone stood at about seven hundred to the pound sterling, it now stands at about twenty thousand, and shows no sign of improvement. Surely we, at all events, who have nothing to expect, might dissociate ourselves from this ignoble farce, and leave others to squabble over what they can get out of this mutilated and impoverished state.

The unprejudiced inquirer may well ask why Hungary has been treated with such unmitigated severity—if ferocity, indeed, be not a more appropriate word. Were the Hungarians an exceptionally criminal race, and were they specially responsible for the war? The answer to these queries is in the negative. The Hungarian character is not unlike our own and has always been imbued with a passion for liberty, and with an almost unreasonable admiration for British institutions. The war, strange to say, has in no way affected that feeling, and it found

expression during hostilities, for no enemy Government showed such consideration and generosity towards British subjects as the Hungarian; and here I can speak from personal knowledge, for I was in charge of the Prisoners of War Department during the greater part of the war. The charge that Hungary fomented the war has long ago been disproved. The Austrian Red Book and Count Czernin's illuminating book show conclusively that Count Tisza was an ardent advocate of peace, and that his opposition was overruled by the Austrian military authorities, who were apparently under the guileless impression that they would be allowed to conduct a punitive war against Serbia without interference on the part of other Powers. It really seems as if the real crime of the Hungarians consisted in the fact that, having been unwillingly dragged into the war, they continued to fight until the end, and it does not seem to have occurred to anyone that the same charge might be brought against Poles, Serbs, Czechs and many others, who, unless they deserted, remained in the ranks of the old Austrian army until the Armistice.

There are, however, other explanations of the merciless mutilation of Hungary at Paris which suggest themselves. One, the profound ignorance of President Wilson and of Mr. Lloyd George of Central Europe; another, the indifference of M. Clemenceau, who so long as France was made secure against Germany was content to leave a free hand to the other Allies as regards the rest of Europe; a third possible explanation is that it was feared that the canker of Bolshevism, established at Budapest at a critical moment during the negotiations, might spread throughout Europe. But the most plausible explanation is that the machinations of the Succession States of to-day were so skilfully conducted as to reap a quite disproportionate

reward at the expense not only of Hungary, but also of justice and of Self-Determination. It is only fair that allies should receive their rewards, but those rewards should be proportionate to their sacrifices and their merits. Czecho-Slovakia did not exist as a separate state before the war, and her merit as an ally can therefore be only hypothetical. The case of Serbia is different; no ally fought with greater heroism and constancy, and it must be admitted that the accessions of territory in her case were earned, although their subsequent administration has been unsatisfactory. But who will honestly claim that Roumania stands in the same category as Serbia? The Roumanians, after two years of hesitation, and as the result of heavy inducements, were eventually brought into the war. They conducted their operations with singular inefficiency, and in a short time concluded a disastrous peace, which placed the Central Powers in command of their resources. In fact, Roumanian intervention in all probability prolonged the war. Yet for these dubious services they actually received, probably to their intense surprise, not only Transylvania, but a large section of the Hungarian plain containing flourishing towns with purely Hungarian populations and economically dependent upon Hungary. There are approximately some two and a half millions of Magyars and Germans who have been transferred to Roumanian rule, and, having visited Transylvania personally, I have no hesitation in corroborating the statements of other travellers that the treatment of these people constitutes an international scandal. Yet neither the Allied Governments nor the League of Nations show any disposition to interfere on their behalf or to insist on the observation of the Minorities Treaty. On the contrary, ingenious efforts are made to prove that any grievances which

Hungarian minorities may be suffering from at the present time are as nothing compared with what other races have endured at their hands in the past, although in pre-war times the British press was occasionally ecstatic over Francis Joseph's beneficent administration of his heterogeneous dominions. It is here that we witness the baleful influence of propaganda, which, brought to a fine art during the war, is carried on, in peace time, by those states which can still afford to pay for it. The effect of the anti-Hungarian propaganda has been to create a myth that Hungary is a powerful and aggressive country perpetually threatening her neighbours; while the truth is that she is broken, bankrupt, disarmed, defenceless and surrounded by states each of which is more than double her size and maintains a huge army far larger than the combined authorized forces of all the ex-enemy nations.

Whatever may be the real reasons which actuated those who dictated the Trianon Treaty, no impartial person can fail to realize its folly and injustice. Probably the treatment of Austria will in future be regarded as one of the most monumental imbecilities perpetrated by statesmen in modern times, for in that case they created a state which was incapable of supporting itself, and which has only been kept in being by the charity of its ex-enemies. Yet even with this example before them a policy has been pursued which bids fair to saddle Europe with another mutilated pauper state, and nothing can avert this contingency if the claim for reparations is persisted in.

The experience of the last few years has shown us that treaties based upon vindictiveness and injustice provide no permanent settlement, and that they only add to the race hatred which is the curse of Europe at the present moment. The Trianon Treaty is not a solitary instance

of this nature, but in one case only have the victims been able to resist with success. The very harshness of the Sèvres Treaty defeated its object, and the Turks have been able consequently to destroy it. The Hungarians, however, are in a very different position, and it would be the height of folly on their part to emulate the Turkish example and to attempt to redress their wrongs by force. To do so would be only to invite disaster, for their neighbours are only too anxious to find an excuse for partitioning their territory. If they are prudent, they will exercise patience; refrain from affording any excuse for foreign aggression; compose their own internal differences, and strive to create a model homogeneous state which will serve as an enviable model to their neighbours and do more towards recovering Hungarian Irredenta than anything else. Meanwhile, instead of nonchalantly watching an unfortunate nation with a fine historic past slipping further into the abyss, we might, both from motives of justice and interest, do what we can to arrest the final catastrophe.

Dr. Buday's work, or rather that part of it which follows his preface, has been set up in type and printed in Hungary. The result is, not unnaturally, a book which has a rather unusual appearance to English readers. If expense had been of no importance, it might have been wiser to have had the whole book printed in England. . . . But then expense has been of the greatest importance. I am afraid also that the translation leaves something to be desired, but here again the same considerations have prevailed.

NEWTON.

PREFACE

IN the time of prosperity before the war, Hungary was but little known to the nations of the West. Perhaps this is one of the reasons why her rôle in the war was misunderstood and why she was condemned to the heaviest penalty, although she did not appear before the seat of judgment at the Peace Conference as an accused party of the first degree.

Peace came into being even before the Treaties had been concluded, and with it came into being this new small unit in the geography of Europe, this dismembered Hungary, covering not even a third of that territory which had been in her possession for a thousand years.

On the occasion of the ratification of the Peace Treaty, some seasonable words of sympathy were uttered for the disrupted country; some there are perhaps to whom appears unmerited the lot meted out to this country, but without a knowledge of the details they have nothing to sustain the awakened good-will.

A knowledge of the details. . . . This is lacking at the present day with respect to every country of Europe affected in smaller or greater measure by the boundary-lines established in the Peace Treaties. The geography-books must be born anew, and statistics must be revised, if the politician, the merchant, the industrialist is to know where he may look for the resources of former times, if indeed those resources still exist.

Here I offer this new inventory of Hungary. He who seeks objective information concerning Hungary and requires data relating to the new situation created by the Peace Treaty, can find them in this book.

If this example is followed in other countries, the physicians of Europe will be able to make a safer diagnosis of the sickness against which this part of the world contends.

But it may be permitted, at least here in the preface

to the objective description, to add a few words of subjective import.

Americans who seventy years ago heard with enthusiasm the speeches of the Hungarian orator Kossuth, gave refuge to the exiles after the War of Liberty, and have since given a home to hundreds of thousands of Hungarian emigrants!

Englishmen, whose ancient Magna Charta is as old as the Hungarian Charter of Freedom and who in 1849 would fain have protected the oppressed Hungarian nation from the Russian danger!

Frenchmen, whose countrymen fought as allies of Rákóczi in North Hungary two hundred years ago!

Italians, who saw so many Magyars assembled under the flag of Garibaldi for the idea of Italia Unita!

Germans, our neighbours to whom we are bound by so many historical ties!

Dutchmen, whose heroic son, Admiral Ruyter, liberated the Hungarian priests from the galleys!

Swedes, whose King, Gustavus Adolphus, was the companion alike in culture and arms of the Hungarian Gabriel Bethlen!

Poles, whose history is adorned with Kings chosen from Magyar families!

Finns, our only kindred among the nations, whose star is now in the ascendant while the Hungarian star is sinking low!

And all other Nations of Europe who have been in touch with Hungary in good and evil days—if you turn the pages of this book, you will learn the fate of a serious and laborious nation which has passed through a multitude of tribulations.

And this knowledge will dispel misunderstandings and doubts, and can only assist the efforts of this little country in its struggle against the countless dangers which the future enfolds.

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CHAPTER I.

A BRIEF SKETCH OF HUNGARIAN HISTORY.

The Kingdom of Hungary which has been torn into five parts by the Treaty of Trianon, is one of the most ancient of European states; in 1896 it celebrated the thousandth anniversary of its existence, and on that occasion it received from all other European states, the most sincere expressions of sympathy and friendship.

The Magyar race came, as one of the last waves of the wandering of the nations, from its former settlements in the regions of the Don and Dnieper to the territory encircled by the Carpathians, towards the end of the IX Century. In this country which had been at one time a Roman colony, there dwelt in the IX Century, after the fall of the Avar Empire, a number of Avar, Bulgarian, Turk and Hun tribes, related to the Magyar race, and also some Slovene tribes, but the population throughout the country was extremely sparse. The Magyars who were better organised politically, were united under one prince and had a more developed military system, soon conquered and absorbed the various elements inhabiting this territory which forms an independent geographical unit; indeed, *conscious* of their youthful strength, the Magyars engaged in warlike ventures far beyond the boundaries of their new country.

These ventures abroad, which were accompanied with varying success, were of great importance to the new conquerors, for through these expeditions they became

acquainted with the leading ideas of mediaeval Western culture then in its first stages, as well as with the more ancient splendours of Byzantium. The Greek Empire had already sought alliance with the Magyars in their old home, and in later centuries maintained close connections with this young and rapidly-developing nation.

Nevertheless, when the Magyars were finally established in their new home and it was necessary for them to decide whether they should embrace the Christian religion and civilisation, they chose without hesitation the Christianity of the West and the Latin-German Christian culture, as if anticipating their historical task of extending Western culture towards the East and of protecting the West from dangers coming from the East.

Hungary's great prince Stephen, who energetically carried out his wise resolution to fulfil the demands of X Century culture, became in 1001 the first crowned King of Hungary, receiving from Rome the title of Apostolic King. St Stephen organised the new kingdom economically and politically on the Western model, introducing the *Frank* system of counties, the origin of the system of local government which has always been, and is still to-day, such an important characteristic of Hungarian national life.

With the adoption of Christianity, Hungary entered into closer connection with the life of the Western nations, and some of the country's eminent rulers enjoyed great respect throughout Europe.

The Hungarians hastened to adopt the economic and intellectual culture of the Latin-German Christian nations of the West, and together with the Croats who were united with them under the same king, and the Poles with whom they were frequently united in the course of history, were the furthest representatives of that culture towards the East. The Croat, Magyar and Polish

nations constituted the outposts of Western culture against the culture of Byzance which dominated the East.

The early improvement and extension of agriculture is connected in the X and XI Centuries with religious Orders, South-Germans invited in considerable numbers from the Rhine-land, Italians (chiefly Benedictines), and in the XII Century French settlers (Cistercians), and a number of South-German, French and Italian bishops. Agriculture was most successfully developed on the ecclesiastical estates.

The Latin religious Orders likewise contributed to the development of intellectual life in Hungary. The first Hungarian writer was Bishop Gellért, who came from Venice, and the first Hungarian historian was the «Anonymous» notary of King Bela III, who with many other priests studied at the University of Paris. The influences of South-German and French culture and language are discernible in the growth of Hungarian intellectual life from the time of St. Stephen to the time of the Tartar invasion in the XIII Century; Italian and Sicilian relations are perceptible in the time of King Kálmán (the beginning of the XII Century); the Aragons in the time of the Kings Imre and Andrew II (end of XII Century); French and Italian traits characterise the development of Hungarian culture in the time of the Anjous (XIV Century) and Hungary participated in the Italian Renaissance in the days of King Matthew.

Foreign settlers came to increase the population of the country, some from the East (in the XI Century, the Bessenyős and Kuns), but more from the West (in the XII Century principally Franks, Flemish, Walloons and Italians). These settlers from the West introduced the town-life of Western Europe into the country, and the Gothic style of architecture, the French Gothic especially being adopted in Hungary at an early date.

One of the most notable figures of the Hungarian Royal family, the Arpad dynasty, was St. Ladislaus (at the end of the XI Century) who repeatedly drove back the Bessenyő and Kun invaders from the East; this was the first instance of undisciplined hordes from the East being held back by Hungary, in the fulfilment of her task of protecting the peaceful development of the West.

Not quite a century later, Béla III. who had been educated as heir presumptive to the Throne of Bysance, became King of Hungary; discarding entirely the influence of his early training, he attached himself to the Latin-German Christianity of the West, increased his power so as to become a rival of the Kings of France and England, and conceiving his task to be the conquest of the great Eastern power, pursued a policy of expansion towards the Balkans, carrying thither the Christianity and culture of the West.

At this epoch, and in general under the rule of the Arpad dynasty, the territory of Hungary was enlarged by a number of new conquests, and the country had several vassal states under its protection. *At the end of XI. Century* Croatia was joined to Hungary, and after this conquest the two countries remained under the same rule for more than eight centuries; some decades later, by the conquest of Dalmatia, the Hungarians reached the shores of the Adriatic, and among the countries connected with Hungary and ruled by Hungarian governors were Serbia, Moldavia, Havas-Lowland, Halics (Galicia), Bulgaria etc.

The course of the country's development was from time to time disturbed by internal conflicts. Early in the XIII Century when the ideas of Western feudalism were extending, the Hungarian Constitution did indeed receive a strong pillar of support in the form of the

Golden Bull of 1222, which like the English Magna Charta a few years earlier, and the Aragon Constitution, contained important constitutional guarantees securing the nation's rights against the royal power; but yet, on the whole there were signs of growing economic and social weakness.

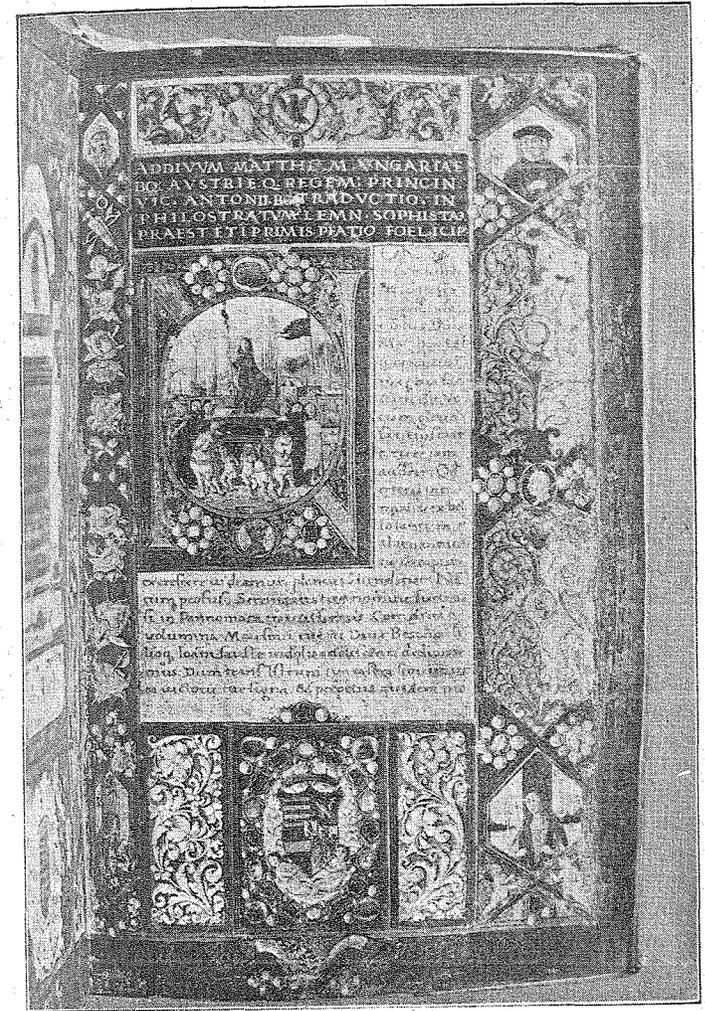
Then, in 1241, there followed a new and disastrous invasion from the East, the incursion of the Mongols, who entirely devastated Hungary and prevented all development for a year and a half. Yet the Magyar nation was so far successful in opposing the Mongol hordes that their depredations were confined to this country and not extended to the West; the invasion was at length broken, and later attempts made by the Mongols ended in failure. It was long before the country could recover from the disastrous effects of the Mongol invasion, and the work of development only recommenced in full vigour at the beginning of the XIV Century, when the Anjou family, of French-Italian origin, came to the throne of Hungary. The great work of reorganisation carried out by the Anjous greatly improved the economic condition of the country and raised it again to the rank of a great power. Nor did it remain without distinction abroad; one of the most famous Anjous, Louis the Great, was elected King of Poland, and his son-in-law King Zigismond, in whose days town-life in Hungary began to flourish, became German-Roman Emperor.

At this time Hungary attained her zenith of internal consolidation and external power, and this glorious epoch which lasted from the middle of the XIV to nearly the end of the XV Century, fused together a united Magyar nation of 8 million people — a very considerable number in those days — united under the Holy Hungarian Crown which constituted a much stronger bond of union

than the feudal system of the West. The economic and cultural forces of the country grew apace, and the University of Pécs founded by Louis the Great, the world-famed Corvina Library founded by the King Matthew (Hunyadi), 1458—1490, at the Pozsony University, and the various monumental works of architecture of this period, prove that Hungary, in respect of civilisation, was of equal rank with the countries of the West. King Matthew, one of the greatest monarchs of the Renaissance epoch, was a great patron of Science and Italian Art, and united in his person the qualities of a first-rate diplomat, a strong ruler and a successful military leader; while successfully defending his realm against a new danger from the East, in the West he annexed to Hungary the provinces of Austria, Silesia, Moravia, Styria and Carinthia, and became indeed a serious competitor against the Habsburg Dynasty for the dignity of Head of the Roman Empire.

The danger in the East came from the warlike Turks, who in the XIV Century having conquered the primitive state-formations on the Balkans, strove to break a way through Hungary to the West. The first waves of this new inundation were broken by the military talent and heroic resistance of John Hunyadi, the father of King Matthew. Hunyadi's battles were fully recognised by the West, and the struggle carried on in the interest of the whole of Christendom, repeatedly received the warm encouragement and support of the Pope of Rome, as, for example, in 1448 and 1456.

King Matthew himself pressed back the Turks in several small campaigns, so that they did not venture to attack their powerful neighbour. This period was for the Turks a time of gathering strength, while in Hungary unfortunately, after the death of Matthew, there followed some sad decades of wasting force.



King Matthew's Entry into Vienna. Title-Page of Corvin Codex.

The Polish family of Jagello was invited to accept the Hungarian Crown, and to the weakness of this dynasty was due the increased power of the oligarchy — which had been held in check by King Matthew — and the conflicts among the great nobles of the land. The decline of law and order was accompanied by economic decay, and all this provided a favourable opportunity for the foreign foe. At Mohács, in 1526, the Turkish army inflicted a decisive defeat on the disunited forces of Hungary. The King, Louis II of the House of Jagello, fell in this battle, and the catastrophe was followed by a still sharper internal conflict; the nation was split into two parts, one part proclaiming as ruler the Habsburg Ferdinand (brother of the Emperor Charles V) and the other electing John Szapolyai, one of the country's greatest magnates. The party discords lasted for some decades, and although the Hungarians sacrificed streams of blood in heroic combat with the Turks, the country could not escape the martyr's rôle; split up into three parts, it had to struggle for existence during a century and a half, to feel the weight of Turkish oppression, but, on the brink of its own destruction, not to allow the conquering barbarians to advance farther West.

At this time the Habsburg Kings could only exercise their rule over the Western and Northern parts of Hungary; the fertile plain in the middle of the country and the Southern river-districts, just the parts most thickly inhabited by people of pure Magyar race, were occupied by the Turks, while in the Eastern mountain-land there arose the independent Hungarian Principality of Transylvania, with rulers chosen from among the magnates of the country, several of whom played a notable part in the political arena of Europe.

The XVI and XVII Centuries were times of grievous

trial for the disunited country, and although a number of leading men attained eminence even in this period, the great mass of the nation persevered at its work of defence and silent sacrifice.

The little Principality of Transylvania was the stronghold of national Hungarian rule, and defended its frontiers and independence against the Habsburg Dynasty as also against the Turkish conquerors by Treaties and peaceful agreements, and when necessary also by the sword.

The frontiers in the remaining part of the Country were more uncertain. Hungary under the Habsburg Dynasty could call so much of the country its own as it could hold by force of arms against the Turks, and the Hungarians suffered great losses of life in the constant struggle. The ruling Dynasty, which also occupied the throne of the German-Roman Empire, was foreign to the country, and contributed a certain number of German mercenaries to assist in resisting the Turks, but never enough to expel them from the land. The German soldiery likewise despoiled the impoverished people, as the Turks did in the occupied territory, so that economic and cultural development almost entirely ceased, being confined to Transylvania and some few trading and mining centres in North Hungary.

Most pitiable was the condition of the people on the territory under Turkish occupation, where the foreign rulers, devoid of all feeling for Western civilisation and agricultural progress, yet ever ready to exercise cruelty and exaction, swallowed up all the fruits of their victims' toil.

Nevertheless, in these hard centuries also, the harassed nation found some sources of comfort which inspired hope for the future. Chief among these were the numerous brilliant instances of Hungarian valour and military virtues. Thus, Count Nicholas Zrinyi's heroic defence of Szigetvár prevented the Turks, in 1566, from

continuing their advance towards Vienna. As examples of heroism will always be preserved the name of Stephen Losonczi, the defender of Temesvár in 1552, and the name of Stephen Dobó, the defender of the fortress of Eger in the same year. The Zrinyi family, of Croat origin but entirely Magyar in feeling and language furnished the country with several distinguished patriots, and among them, a younger Nicholas Zrinyi who was not only a wise general and politician, but also an eminent Magyar poet.

While engaged in this heroic defence, the best elements in the country seized every opportunity for the advancement of culture. New schools were established, and in place of the closed university a new one was created at Nagyszombat through the generosity of Cardinal Peter Pázmány who was one of the leading figures of the times in the field of culture, politics and literature. Worthy of mention in the same rank with him are Nicholas Oláh, Nicholas Eszterházy, and members of the families of Zrinyi, Wesselényi etc.

During this period the political and intellectual development of Transylvania made great progress. Within a short time the little country enjoyed the distinction of having one of its princes, Stephen Báthory, elected King of the Poles (1576), and he became one of the greatest of Polish Monarchs, acquiring for himself the title of Stephen the Great of Poland.

Early in the XVI Century the Reformation soon won many adherents and zealous apostles in Hungary, but whereas the Catholic Habsburgs persecuted the Protestants, independent Transylvania not only speedily secured them entire liberty, but also acquired and protected freedom of religion on the Hungarian territory ruled by the Habsburgs. This was not accomplished without combat. But the battles were not fought only for equality of

religious rights; they were fought at the same time for the defence of the nation's rights against frequent infringements from the part of the Ruling House and its councillors. As notable stages in these continuous conflicts may be mentioned the insurrection of the Transylvanian Prince, Stephen Bocskay who in the first years of the XVII Century by the Peace of Vienna compelled the Ruling House to respect the rights of the Hungarians and of the Protestants; then the campaigns of Gabriel Bethlen between 1620 and 1630. The Hungarian National Assembly also elected the Prince of Transylvania, Gabriel Bethlen, to be King of Hungary, in opposition to the Habsburg, Ferdinand II. But Bethlen, although he used the royal coat-of-arms, did not actually accept the crown. He took an active part in the Thirty Years War, fighting in company with the Protestant Rulers in Europe against the Habsburg Dynasty; he was the favourite ally of the Swedish King, Gustavus Adolphus, and in his days the political and cultural connection between Transylvania and the Western part of Europe — including England and Holland — was as close as it had been in the most glorious epoch of Hungarian history, under the Anjous and King Matthew. Foreign and native savants were all alike welcomed at the court of Gabriel Bethlen, and it is characteristic of his enlightenment that, although himself a zealous Protestant, he supported the Jesuit Káldy in his translation of the Bible. The Roumanian literature also owed its commencement to the expansive culture of the Transylvanian Princes; the translation of the Bible made by order of George Rákóczi, was the first product of Roumanian literature.

If the peace of Transylvania had not been disturbed at the time of the election of the Princes, the regeneration of the whole country would most assuredly have

proceeded from this stronghold of the Hungarians. As it was, in spite of the disruption of forces, even after the time of Bethlen the Hungarians repeatedly strove with the help of the Transylvanian Princes to defend their rights against the Ruling House. This was the case at the time of the insurrection of Imre Thököly, and then, in the first decade of the XVIII Century, in the war for liberty carried on by Francis Rákóczi who enjoyed French support and the good-will of Louis XIV.

At the time of Rákóczi's campaign, the greater part of the country was already freed from the rule of the Turks. The stormy XVI and XVII Centuries had not only broken the Hungarians who had carried on the struggle at one and the same time for their religion, their rights and their self-defence, but also the Asiatic conquerors, who had been so bound by the Hungarian resistance that they could not continue the progress they had commenced towards the West. The conquering and warlike Turkish race had no genius for state-building and consolidation; they could not hold their dominion in Hungary and began gradually to decline.

After the withdrawal of the Turks, the Hungarian territories they had held, presented a picture of utmost desolation. The Hungarian population of those parts had been practically exterminated in the wars, and with it had perished the work of centuries of economic culture. Vast territories had become depopulated and uncultivated, the roads had fallen into ruin, the ploughlands were changed into thickets of undergrowth and the districts bordering the rivers were converted into swamps. The scanty remnant of the Magyar race was incapable of peopling these desolated districts; on the one hand therefore, the dense population of the West sent its swarms, chiefly Germans, but also French in

smaller numbers, to bring again under cultivation this fallow-land of Central Europe, and on the other hand the Balkan states now in process of formation sent us of their teeming population: Bulgarians and Serbs settled here with the enjoyment of special privileges, and the Roumanians who had hitherto lived principally as a pastoral people, were allowed to form settlements, although these latter streamed into the country in such numbers that it was afterwards found necessary to limit them to certain districts. This process of settlement was not initiated by the Magyars; on the contrary, it was a direct arrangement made by the Habsburgs for the purpose of weakening the Magyar nation, which in its strivings for freedom had always been in conflict with the centralising policy of the Ruling House.

In truth it was at this time that Hungary, devastated and drained of blood, with a population which had dwindled to two millions, became a state of nationalities. Of the nationalities at least 45% have their origin from the beginning of the XVIII Century, and the process of settlement continued till the middle of the century, the settlers increasing in numbers and wealth on the rested territory which for eight hundred years had been the home of the Magyars, and from which they had been swept away in a sea of blood.

In 1848, a hundred and fifty years after the insurrection of Francis Rákóczi, the Hungarians were again compelled to take up arms in defence of their rights, and were only suppressed by the intervention of the Russian armies; the collapse of the War for Liberty again gave the Dynasty an opportunity to weaken the powers of the Hungarians by granting special privileges to the non-Magyar races, principally to the Serbs and Roumanians (establishment of the Greek-Oriental Church etc). The alliance between the Dynasty and the Serbs and

Roumanians whenever it was desired to weaken the Hungarians in the defence of their constitution, embittered the relations between the Magyars and the nationalities. The Magyars had always encouraged culture among the nationalities; at the end of the XVIII Century Serb and Roumanian books were printed at the Budapest University, which was frequented by the intelligent class among these races. The estrangement began for the most part in 1848, and at the same time the Croats who had lived for centuries in brotherly concord with the Magyars, began to assume an attitude of hostility.

Although the sympathy of the civilised world strongly manifested itself towards the Hungarians at this period (Polish legions took part in the war, the speeches in the English Parliament, the reception of the exile Kossuth in London and his triumphal tour in America, the sympathy of Italy striving for unity, acquired through the blood of Magyar legionaries shed in the cause of Italian liberty, etc) the Magyar nation was again compelled to trust to its own strength for the recovery of its constitution.

This came about peacefully in 1867 after Austria's unsuccessful wars with Italy and Prussia, when the Habsburg Dynasty came to understand that the Hungarians, in virtue of their geographical situation and political maturity, constituted the strongest and most consolidated section of the realm. From this time till the beginning of the world-war, no disharmony appeared to disturb the development of Hungary, and indeed during these decades of peaceful work the country made extraordinary progress in every branch of intellectual and economic culture. But even then the close observer could perceive that this rapid rate of development was casting heavy burdens on the country, for in the acute world-compe-

titution Hungary was at a disadvantage in comparison with the Western States.

The two centuries and more, during which Hungary had to defend the West against the Turks and at the same time to fight with diminished forces in defence of her independence against the centralising attempts of the Dynasty, squandered the resources of the country which had been gathered in earlier times and prevented the accumulation of new capital. While in the West the course of development proceeded slowly and surely to maturity, and the complicated economic life of modern times could be established on a stronger base of older formation, Hungary, after centuries of loss in blood and wealth, had to make up for all that she had lost within a few short decades. The lack of men and capital due to the above-mentioned causes, made itself permanently felt, as will be seen from the following pages.

The country's configuration as a complete geographical unit and the limited growth of population would suffice to exclude all thought of foreign conquest. Engaged in economic struggles beyond its strength in consequence of its connection with the neighbouring state, the prevailing spirit of militarism in Europe compelled the country to spend on armaments those great sums which would otherwise have been devoted to useful investments long ago introduced in other countries.

The third serious problem which, especially in the last two or three decades, prevented the peaceful development of Hungary, was the artificially aggravated nationality question, a proper solution of which was found by the Legislature already in the year 1868, but the question was so embittered by the action of certain fanatics under suggestion coming from another quarter, that the country finally had to judge it from the standpoint of the state's security.

Yet among all these, the factor of most serious consequences was the stormy period of the XVI and XVII Centuries, and although the Hungarians may reflect with pride and satisfaction that their self-sacrifice assured the peaceful development of Europe in those days, it remains an undisputed fact that this self-sacrifice jeopardised the existence of the Magyar nation, and in the end, as we can now see with pain and grief, led up to the catastrophe of the XX Century.

CHAPTER II.

HUNGARY IN THE WAR AND DURING THE REVOLUTIONS.

It is not the object of these lines to discuss the question of responsibility for the war. Hungary, though still in 1914 the member of a Great Power, the Austro-Hungarian Monarchy, was so small a factor in world-politics that it could have exercised no decisive influence on the outbreak of the war.

And what little influence it possessed was at all events deliberately employed against the war; it is now a matter of common knowledge and a fact which no one disputes, that Count Stephen Tisza, who was then Hungarian Prime Minister, opposed the declaration of war to the very last moment.

We can here regard the question rather from the standpoint as to whether Hungary was impelled by any particular interest to take part in the war. What advantages could Hungary have hoped for, in case of victory? None at all, as indeed was evident to the clear-sighted from the very beginning. The country's configuration as a complete geographical unit, of which we shall speak later, afforded the hope even after the lost war, that within the geographical unit, although there might be some political variations, the economic and cultural union of the Magyars would later manifest itself more definitely than this proved to be the case under the harsh conditions of the Peace of Trianon. But this geographical unit is so complete that it would

also not have permitted of expansion outwards, and from the beginning it was excluded that Hungary should acquire, even temporarily, any increase of territory, in case of a victorious war, beyond the frontiers of 1914. In addition to the obstacles of a geographical nature which prohibited expansion, there were also racial hindrances; and among the most weighty of these obstacles was the circumstance that the surrounding territories were inhabited by various peoples, each in itself sufficiently homogeneous, and these could have exercised absolutely none other but a centrifugal force, as far as Hungary was concerned. Thus, Hungary was driven into the war, and not allured by any sort of victorious promise or hope. Apart from that constant fidelity which was at all epochs characteristic of the country and now led it to adhere to the end, with terrible sacrifices of blood, to those bonds of alliance into which it had been drawn before the war by the European constellation, one hope at most could have influenced the action of Hungary, and that was, that it might conduce to the weakening of Russian Czarism which constantly threatened the peace of the West. The Russian propaganda was perhaps chiefly unpleasant for the Western Powers in respect of their Asiatic possessions, but Hungary felt the danger in Europe, in her immediate vicinity. That Hungary was not deceived in this presentiment was proved by subsequent events; and although at the commencement of the war, Russia rendered service to the Western Powers, towards the end of the war and after its conclusion, she became a source of serious anxiety also to the West.

The war was not only grievously felt by Hungary because of the extraordinary bloodshed among her people, but because, as a state principally engaged in agriculture, she had to sacrifice the greatest part of her

crops for the purposes of war-consumption. A consequence of this was the depletion of those materials suitable and necessary for the further increase of production, and then a gradual diminution of production.

The undiminished perseverance of the nation during the war, in face of these hardships, may perhaps be rather counted to its credit, than to its discredit; the people of this country could always be relied upon for the faithful performance of the obligations they had undertaken.

Naturally there were some exceptions, who towards the end of the war, began to, agitate against the worn-out policy of the Central Powers.

Consequently, the loss of the war was accompanied also in Hungary, as in all the losing states without exception, with violent revolutionary upheavals. Those elements which were discontented with the country's political situation and aimed at acquiring power, commenced a systematic agitation, first in the army, then in the disorderly classes of the community, and thus prepared beforehand the collapse of discipline and order.

It was disastrous for Hungary that, at this epoch, precisely those politicians were excluded from the government who might have had the strength to deduce the necessary consequences from the loss of the war, so that, in spite of all, the internal liquidation could have proceeded with the least possible danger to the afflicted nation and its economic interests. The government of the day, however, could not stem the agitation, and on October 31, 1918, the internal order collapsed, although this revolution was in truth not at all the consequence of bitter despair in the souls of the masses. It was simply the action of agitators striving for power,

while the masses, wearied and apathetic, looked on without moving.

This was all the more regrettable, because the new possessors of power made no attempt to lead the people towards a condition of consolidation, but, incapable as they were of ripe political action, sought only to increase the number of their adherents by new promises. The reserves of force, so abundant in this country before the exhaustion due to the economic losses in the war, were still further depleted by this barren and extravagant year of revolutionary confusion.

Of the political events it is sufficient to relate that the Habsburg dynasty was declared dethroned, the State was proclaimed a People's Republic, and the territorial integrity of the country, otherwise scarcely threatened, was frittered away by the senseless armistice of Belgrade. In economic respects, the proclamation of an excessively wide land-reform, which suddenly raised in the agricultural labourers the hope of becoming property-owners, was accompanied with disastrous consequences; the rural population spent the whole winter in impatient and inactive expectation, the land-owners alarmed and the landless threatening, both classes living dissatisfied in the midst of continual disturbances.

An equally fatal policy was the granting of assistance to the unemployed, whose numbers were suddenly increased by the unsystematic demobilisation; the money-grants to such persons were not only maintained, but constantly increased. The workman who had an opportunity of employment, took into his calculation the amount of unemployment-aid he would lose if he accepted work; and thus the rate of wages rose out of all proportions with the conditions of living and the possibilities of production.

The inexperienced and impracticable government in

power fulfilled its promises lavishly, as if it had not to cure the wounds caused by the lost war, but had some great war-indemnity to be magnanimously distributed after a victorious campaign.

These four and a half months of delirious revolution which did almost as much towards ruining the economic state of the country as the four and a half years of war, were followed by a change of still more direful consequences, from a political as well as from an economic standpoint — the proletarian dictatorship, the experiment at a Soviet state, which lasted four and a half months. Not to mention the brutal treatment meted out to the citizen-classes under this system and the long series of murders, we need again only to refer here to the economic damages which still further exhausted the hapless country.

Russia, a country of vast territory, sparse population and abundant economic resources could attempt the realisation of the Soviet dream for a longer period without subjecting the whole country to complete ruin. But for Hungary, a small country exposed on all sides, with a dense population relatively, already ruined economically, this attempt denoted the final vivisection. The rate of wages which had risen enormously in the recent epoch in consequence of the unemployed-aid policy, rose now systematically to a much higher degree. Factories which had before flourished, were burdened now under the system of socialisation with heavy deficits; everyone received assistance who by entering some improvised labour-union, could prove his status as a proletarian; the administration of amputated Hungary, instead of being diminished, swelled to such dimensions that it might well have been sufficient for the needs of a country with a population of a hundred millions.

Economic life fell into a state of utter stagnation; a torrent of bank-notes flooded the market, but goods

disappeared, and the proletarian, revelling in money and power, was from day to day more seriously threatened with starvation.

With the fall of the dictatorship, the Roumanian troops of occupation inundated four-fifths of the narrow territory which the Supreme Council of the Entente had thought well to leave to Hungary for the continuation of her life as a state.

It was necessary to give a brief sketch of these events to show what causes contributed to the ruin of economic life in Hungary, which before the war was so prosperous, and even after its conclusion was not entirely stripped of resources.

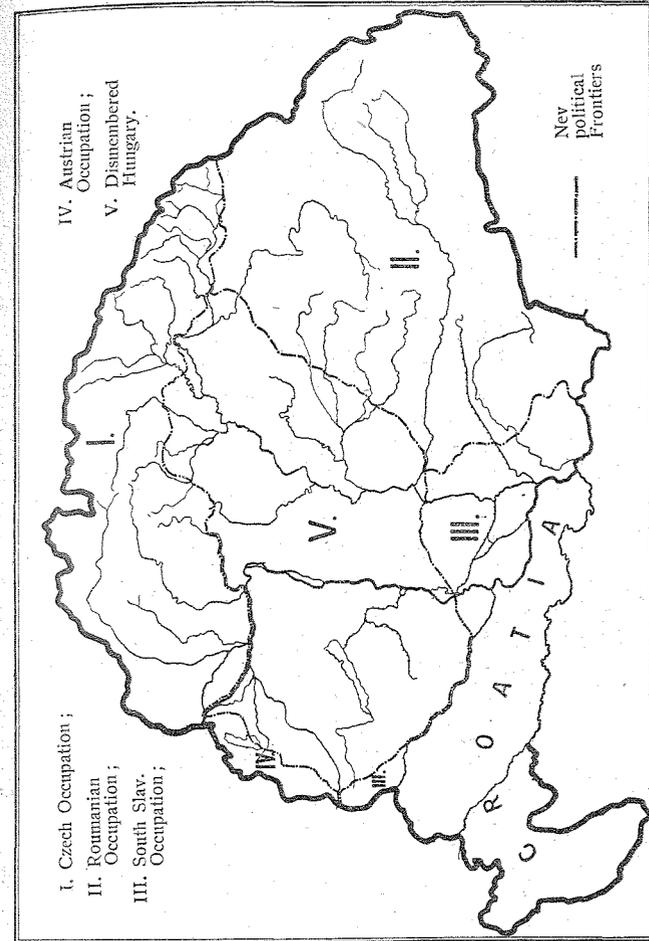
The rule of frivolity and ignorance for ten months had devastated the country, and what still remained was decimated by the long drawn-out Roumanian occupation.

The productive capacity of the country was destroyed in the first year by the revolutions, and in the second by the Roumanian occupation.

What state would possess such reserves of force as to be able to sustain such disasters?

When we enumerate, in the following pages, the damages suffered by the country as a result of the disintegration, it must not be forgotten that they are heavier than would appear from the figures presented, because the damages caused by the revolutions and the occupation of the country by the enemy's troops have not been calculated.

But it was also necessary to give this prefatory sketch of recent events for the further reason, that when in the following chapters, we give an account of the economic endeavours of Hungary as she now exists, respect and sympathy may be awakened for the denuded and amputated country's serious desires and struggles for existence.



Map of Hungary. Riversystem and New political Frontiers.

CHAPTER III.
THE LAND.

No country defeated in the world-war has suffered amputation to the same extent as Hungary. In the Balkan wars of 1912/13 preceding the world-war, Turkey did indeed lose the greater part of her European possessions; but her remaining Asiatic territories still served as an ample basis for the State's further existence, and her most important position, the Bosphorus, remained intact.

Austria, which likewise emerged from the world-war in a greatly diminished condition, had never been a united whole, and the parts broken off from her territory had existed also before the separation as Crown provinces, enjoying in many respects an independent administration.

Hungary alone, which constituted a unit for a thousand years, has been cut up into five parts, with frontier-lines which are quite unintelligible, both from the geographical and also from the ethnographical standpoint.

Croatia and Slavonia which, although they formed part of the Kingdom of Hungary, had their own separate administration and were more sharply separated geographically, from the Mother-land, possessing also ethnographically a well-defined character severed themselves from Hungary after the close of the war, on October 29, 1918, and thus was broken off from the Lands of the Hungarian Crown, a territory of 42,541 square kilometres, with 2,621,954 inhabitants.

The territory of the Hungarian Mother-land, according to the Peace Treaty of Trianon, signed on June 4, 1920, is distributed among the new possessors in the following manner:

Territory	Area in Sq. km.	Population	Density of Population per Sq. km.
I. Czech occupation	62.937	3,575.685	56,7
percentage	22,2	19,6	
II. Roumanian occupation ...	102.787	5,265.444	51,2
percentage	36,4	28,7	
III. South-Slav occupation ...	20.956	1,499.213	71,5
percentage	7,4	8,2	
IV. Austrian occupation	5.055	392.431	77,6
percentage	1,8	2,2	
V. Fiume	21	49.806	2371,7
percentage	0,0	0,3	
VI. Total occupation	191.756	10,782.579	56,2
percentage	67,8	59,0	
VII. Dismembered Hungary ...	91.114	7,481.954	82,1
percentage	32,2	41,0	
VIII. Hungary, entire	282.870	18,264.533	64,6

According to this, Hungary can call her own only 91,114 sq. km. of territory, that is, 32.2%, not quite a third, of what was hitherto the extent of her possessions.

Among our new neighbours, the Roumanian Kingdom alone occupies 102,787 sq. km., that is, 36.4 of our former territory, an area equivalent to 78.2% of the Roumanian territory prior to the Balkan war. This country has acquired new land greater in area than its old territory in the proportion of 126 to 100. Estimating these conquests in percentages of her old territory, Roumania obtained from Hungary 78.2, from Russia 33.9, from Austria 7.9, and from Bulgaria 6.3%.

The territory won from Hungary by the Czech

Republic is not much less than what has been left to Hungary wherewith to continue her existence as an independent state: thus has Hungary lost 62,937 sq. km, 22·2⁰/₁₀₀ of her whole territory.

Hungary loses 11 millions of her population, that is, 59⁰/₁₀₀ of the whole, if we take the figures of the Census of 1910, the data which were accepted as a standard at the time of the partition.

However, as we are now occupied with the land, the remaining territory of Hungary, we have only to deal with population for the present so far as to know the density of population on the different parts of the disintegrated country.

The remaining Hungarian territory, as it was up to the present the natural gravitation-point of the country's economic and commercial life, is the part most densely populated, with 82·1 inhabitants to the square kilometre. This is a density of population which exceeds that of France and Denmark, although many towns which lie close to the new frontiers and have a large population, have been cut off, for instance, Pozsony, Kassa, Szatmárnémeti, Nagyvárad, Arad, Temesvár, Szabadka etc.

Budapest and its environs — the metropolis, and the villages and towns in the immediate vicinity have grown rapidly during the last two or three decades, so that, taken together, the population in 1910 was 1,069,040 and in 1920 1,172,375 — constitutes a dense central-point of population for the 7,481,954 inhabitants still left to Hungary.

As we shall hereafter have to speak repeatedly of the territory remaining to Hungary, and of the districts occupied by the one or the other of the neighbouring states, it will be best to give here at the beginning a

more precise description of the parts which may be said to remain, and of those said to be lost to Hungary.

According to the terms of the Peace-Treaty of June 4, 1920, of the 63 Counties into which the country is divided for administrative purposes, only ten would remain intact, viz, the Counties of Fejér, Somogy, Tolna, Veszprém, Heves, Jász-Nagykun-Szolnok, Pest, Borsod, Békés and Hajdu.

Among the largest of the towns left to Hungary are Szeged and Debreczen (both with a population of more than 100,000); Kecskemét, Hódmezővásárhely, Szentés, Baja, Székesfehérvár, Nyiregyháza, Makó etc, towns which are of the character of agricultural centres; and the following towns, which in addition to those adjacent to the metropolis are also engaged in industry, viz, the towns of Pécs, Miskolcz, Győr, Szombathely etc.

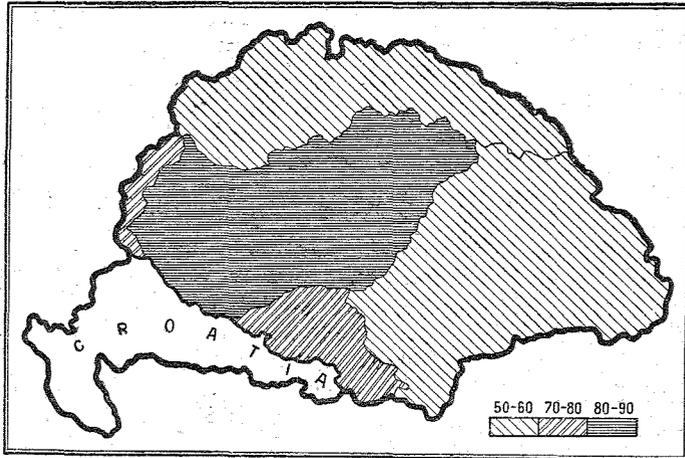
Within the narrowed borders of Hungary lie the greater part of the Trans-Danubian hill-country; the part of the Little Hungarian Lowland Plain stretching South from the Danube; the Great Hungarian Plain for the great part, but with its frontiers in the East and South entirely obliterated: and a smaller strip of flat land skirting the mountain-lands in the North.

As appears from the accompanying map, Hungary forms by nature a geographical unit of remarkably concentric structure, which geographers, beginning with Reclus, have agreed in praising as a geographical ideal. It is this unified character of the country which has always enabled it, after centuries of struggle, to become welded together again under that rule which is directed from its centre-point, the Budapest of to-day, standing at the bend of the Danube.

Here it was that, in ancient times, the Roman Rule had its centre, and from Aquincum (a suburb of present-day Budapest) administered the new colony; and

from this centre (and under the protection of its natural frontiers) the people of the Huns succeeded in establishing their power.

The connected series of mountain-ranges, which girdle Hungary from the point where the Danube enters the country to the point of its exit, form three-quarters of



Density of Population, per square kilometre.

the circumference of an irregular, somewhat elliptical, circle, with peaks rising here and there to a height of over 2000 metres. This continuous system of mountains, which, in its greatest extent, forms the watershed between the North Sea and the Black Sea, and which only permits of human settlement on its gentler slopes, far from its crest, constitutes always a line of separation, and, in this respect, an ideal frontier; but, at the same

time, it is an eternal obstacle to free communication with the interior of the land.

The new Czech state and Roumania have taken upon themselves a heavy burden with their war-acquisitions; for these territories must be the object of special care, since they are separated, by mountains 2000 metres in height, from the other parts of these two countries, with inhabitants naturally differing in customs, and also partly in race.

The centripetal character of Hungary's uniform geographical formation appears also in its hydrographical system, which, with the exception of the two smaller rivers the Dunajecz and the Poprad, rising on the Northern frontier, serves exclusively to increase the Basin of the Danube. The sources from West, North and East tend towards the centre, to pour their waters into the Danube, or into its principal tributary, the Tisza. Almost every tributary has its source and also ends its course on the territory of this geographical unit.

The boundaries determined by the Treaty of Trianon have also cut through the course of the tributaries, the upper parts of the streams being assigned to the sphere of the new States. As, however, the way of communication at all times runs through the river-valleys, and the modern railroads traversing the mountain-chains can choose no better route, the new boundary-regulation now still more effectively separates the dwellers in neighbouring valleys among the mountains, who were able in former times to meet on the plain; for the new regulation attaches them in their mountain nooks to the one State and deprives them of the roads leading to the plain by awarding those roads to the other State.

In short, the new boundaries cannot be indicated by any strong mark of recognition, for with few exceptions they possess no distinguishing geographical feature (and,

as we shall see later, are connected with no ethnographical peculiarity), and follow the lines of caprice. Thus it happens that the new boundary cuts through conterminous villages, and sometimes indeed the people of one and the same parish live in different countries, and go forth to plough their land in a foreign country.

But not only is the frontier-line between Hungary and her new neighbours indistinct and difficult of explanation; the partition of the territory severed from Hungary, could not have been made according to the taste of the parties interested, as indeed is proved by the discord existing between the South-Slav state and the Roumanian state with regard to the boundary-line of the so-called Banát, the highly fertile plain-land between the Tisza and the Maros. Neither of the two new States can fit into its own geographical complex this entirely uniform district, which naturally forms a complementary part of the Great Hungarian Plain, and to draw a frontier-line acceptable to both parties seems impossible. And as ethnographical considerations have not assisted in determining the frontier, it may well be that the partition of this rich district will prove a constant source of friction between the two enlarged Balkan States.

The part of Hungary adjudged to the Czech State (comprising the part of the Little Hungarian Plain lying to the North from the Danube, the North-West of Upper Hungary, and the North-East mountain-land, but everywhere with boundaries which project downwards into the Great Plain) has an average density of population of 56.7 to the square kilometre, but this is due to the greater density of the Magyar-language territories and more populous towns. On the West part of the purely Magyar-language territory here joined to the Czech state, the density of population is 84.5, and in

the Magyar district lying to the East there are 70 persons to the sq. km.

The Slovak districts have in general a much smaller density; exceptions are the County of Nyitra and the district of the Middle Vág, where the density is 73.

In the district of the Upper Vág and the Morva, the density is only 57; in the neighbourhood of the River Garam we find a density of 54.5, but further East, only 41.3. The density, 38.8, of the district near the Ipoly is still lower. In the Ruthenian districts, although here is included the fertile and populous Upper-Tisza Valley, the density of population falls to 37.7.

On the territory acquired by Roumania (which besides Transylvania, extends not only to a part of the North-East mountain-lands, and includes half the Banat, with an uncertain boundary, but also pushes its Western frontier through a wide strip of the Great Hungarian Plain) the density is 51.2, (in the old Roumanian Kingdom it is 55.6), but this again is due to the more thickly populated Magyar districts. In the North part joined to Roumania, the density of the Magyar district is 71.5, and that of the South Magyar occupied district is 74.5.

After the Magyar race, we find the greatest density on the territory occupied by the Roumanians, among the Saxons of the South-East, where it amounts to 58; not much less, viz. 55.3, is the density of the mixed Magyar and Roumanian territory, which enjoyed its period of splendour under the Transylvanian Princes and formed an important connecting link between the Székler Magyars and those of the Lowlands.

To the North, above the Maros, where the greater part of the population is Roumanian-speaking, but where Magyar districts are to be found occasionally, the density is 47.6, but South of the Maros the population is scantier, the density being 41.

The pure Magyar people of Szekler-land, in spite of the hard natural conditions under which they exist, are collected more closely, there being 43 persons to the sq km.

Far below all these in the matter of population is the most sparsely populated part of the whole country, viz the Roumanian-speaking district of Máramaros and Beszterczenaszód, with a density of 28.9. Thus it appears in the final analysis, that the 51.2 density of the part under Roumanian occupation is almost entirely due to the Magyar and German-speaking blocks of population.

Jugoslavia's conquests are much more thickly populated, the average density being 71.5. In addition to the highly-cultivated Bácska and the wealthy Banat, the Wend districts of the Counties Vas and Zala are thickly populated, having a density of 85.6, Muraköz, which joins the County Varasd immediately on the other side of the Drava, was the most populous territory of the Kingdom of Hungary, its density being 122.1. The territory occupied by the South Slavs is highly heterogeneous, both geographically and ethnographically.

Austria likewise should, according to the Treaty of Trianon, receive a highly-cultivated and thickly-populated territory, with an average density of 77.6.

Thus, except for the parts adjudged to the Austrian and South-Slav states, the lost territories are only there more populous where Magyar settlements have been severed from the country; remaining Hungary is more thickly populated than any of the amputated parts.

Accordingly, Hungary has to maintain a relatively denser population on a considerably smaller territory, when she loses also many agricultural districts of extraordinary value, and when the crowded town-populations have to rely on the products of a greatly diminished circle of territory.

In the partition of the land since geographical and

ethnographical standpoints have been completely ignored—this was probably the idea which supplied the motive, viz, the deeper the encroachment on the Magyar-language territory, the stronger will be the geographical connection and the richer the economic protection secured to the new booty.

For the people of the mountain-lands, who hitherto earned their bread by going down to the Lowland Plain as harvesters, the new frontier-determination seems to have provided by attaching to the mountain-districts productive territories cut out from the Lowland Plain.

It is very questionable whether the neglect of the geographical and ethnographical factors, which has so greatly damaged Hungary, will prove to be of permanent advantage to the new states.

But, however long this condition of things may last, in the question of territory special attention must be paid, from the standpoint of the country's future, to the *distribution of land among the different branches of culture*.

The following Table gives the data relating to the distribution of the more important branches of culture on the remaining and the amputated territories of Hungary. (See page 34.)

The arable land, therefore, corresponds nearly with the proportion of population on the territory which remains to Hungary; if we might venture to judge from this fact, the possibility is not excluded that we may be able to continue to provide a suitable supply of bread-stuffs for ourselves. However, as we shall see below, this apparently favourable situation is only of conditional value.

That the garden-lands remaining are below the proportion for the population, is no cause for anxiety, for the figures in question are small, and there are prospects

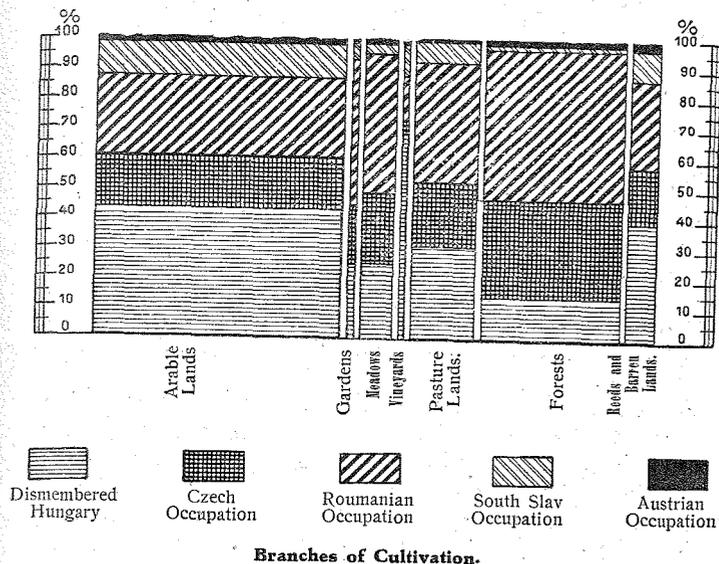
of further developments in gardening on the shores of our rivers.

Much more unfavourable, however, are the prospects afforded by the circumstance that the country will be relatively worse provided with meadow- and pasture-lands than its dense population would wish. This sharpens the question of the development of cattle-breeding into a great problem, and the export of animal products which, before the war, played a most important rôle in covering the country's requirements in foreign manufactured goods, will suffer a powerful set-back.

Territory	Arableland	Garden	Meadow	Vines	Pasture	Forest	Reeds	Barren
	In 1000 Hectars							
Czech occupation... ..	2.235	74	616	14	720	2.218	2	273
per cent	17,4	19,5	23,5	4,4	21,7	30,0	4,1	18,8
Roman occupation	3.418	184	1.210	46	1.319	3.792	4	423
per cent	26,6	48,5	46,2	14,8	39,9	51,3	8,0	29,2
South-Slav occupation	1.444	21	89	32	232	111	11	144
per cent	11,2	5,6	3,4	10,3	7,0	1,5	20,0	10,0
Austrian occupation	236	6	45	7	30	109	7	42
per cent	1,9	1,6	1,8	2,1	0,9	1,5	13,9	2,9
Fiume	0,3	0,0	0,4	0,0	0,2	0,5	—	0,7
per cent	0,0	0,0	0,0	0,0	0,0	0,0	—	0,1
Total occupations... ..	7.333	285	1.960	99	2.301	6.230	24	883
per cent	57,1	75,0	74,9	31,6	69,5	84,3	46,0	61,0
Dismembered Hungary	5.503	96	658	215	1.011	1.167	27	565
per cent	42,9	25,0	25,1	68,4	30,5	15,7	54,0	39,0
Hungary, entire	12.836	381	2.618	314	3.312	7.397	51	1.448

On the other hand, the fact that 68,4% of the vineyards would remain to us, is not so consoling as it appears at the first glance.

For, of the vineyards which remain, about 115,000 hectares produce wine grown on sandy soil, and such wine is of little value for export purposes. Although some valuable mountain wine-producing land remains (also the greater part of the famous Tokaj vineyards), much also has been lost.



An overwhelming blow for Hungary, however, is the loss of her forest-lands; there remains only 15,7% of her forests, the most valuable part, the woodlands ripe for exploitation, having fallen into the power of the foreigners. Not only does the old and flourishing export trade in wood, an important item of the national income, suffer thereby a grievous loss, but the country

in its work of reconstruction will also have to pay dearly for its most important building-material.

Of the reed-growing lands 54%, a total of 27.234 hectar, would remain Hungarian territory. A part of these lands, such as is not purely peat-land, we may regard as arable-land of the future; however, in view of the great investments necessary for the work of transformation, the productive territory to be obtained is but small. Under what is designated barren-lands, about 86.000 hectar falls to the marsh-lands of the shores of the Balaton; if this region could be drained, the Hungarian arable-lands would be increased by a flourishing agricultural district.

It is to be remarked that if, of the territory occupied by the Czech, there would have remained to Hungary all that which would assuredly belong to Hungary on the basis of the right of national self-determination, about half of the arable land assigned to Czecho-Slovakia, that is, more than 860.000 hectar would have remained Hungarian.

Of the arable-lands, about 3,5 million hectar of which have fallen to Roumania, more than 1,7 million hectar ought to have remained to Hungary, if the Magyar-language territories and the Székler-land had been taken into consideration; and a 600.000 hectar of most valuable arable-land, assigned to Jugoslavia, would return with the Magyar-language territories.

Similarly, more than the half of the 100.000 hectar of vineyards, which have passed under foreign rule, are situated on purely Magyar-language territory.

It is also worthy of note that, not to mention the Székler-land where are more than 580.000 hectar of forest-lands, the other Magyar-language districts compelled to separate, possess wood-lands to the extent of 600.000 hectar; consequently, if the decision had been

based on ethnographical considerations, this grievous dearth of wood would not have arisen.

The exploitation of the arable-land on the territory remaining to Hungary is better than on the lost territory, for the proportion of seeded land is somewhat greater; but on the other hand, the remaining territory is more subject to meteorologic disasters (principally on account of the continental climatic conditions occurring in the North-East part of the Lowland Plain, and the frequent hail-storms in the Trans-Danubian district).

The data relating to the distribution of the most important branches of culture are contained in the following Table, Ia:

Territory	Arableland	Garden	Meadow	Vine	Pasture	Forest	Reeds	Barren	Density of population on arable, garden, meadow and vine lands
	Percentage of Territory								
Czech occupation	36,3	1,2	10,0	0,2	11,7	36,1	0,0	4,5	121,7
Roumanian occupation	32,9	1,8	11,6	0,4	12,7	36,5	0,0	4,1	108,4
South-Slav occupation	69,3	1,0	4,3	1,6	11,1	5,3	0,5	6,9	94,5
Austrian occup.	49,0	1,2	9,3	1,5	6,2	22,6	1,5	8,7	133,6
Fiume	13,7	2,7	19,9	0,9	8,4	22,3	—	32,1	6226,0
Total occupations	38,4	1,5	10,3	0,5	12,0	32,6	0,1	4,6	111,4
Dismembered Hungary	59,5	1,1	7,2	2,3	10,9	12,6	0,3	6,1	115,6
Hungary, entire	45,3	1,3	9,2	1,1	11,7	26,1	0,2	5,1	113,1

Thus, among the more important branches of agriculture, only the pasture-land of remaining Hungary has about the same percentage as the same class of land on the expropriated territory, West Hungary being excepted.

The South Slavs have greatly increased the proportion of their arable-land by the addition of the occupied territory, where the forest-lands and meadows cover only a very small area. (The new South-Slav state compensates itself with forest-lands by its other conquests).

Forest-lands constitute about a third of the whole occupied territory, and are greater in area than the arable-lands on the territory occupied by the Czechs and Roumanians: the equilibrium among the different branches is most favourable in West Hungary, where the proportions are nearly the same as those for Hungary entire.

The remaining central territory does not recover in percentage of arable-land what it loses in forests, and therefore it appears from the final analysis that, relative to the territories suitable for agriculture, the population here is worse provided for than that of either the South-Slav or the Roumanian occupied territories, and the proportion of arable-land is also somewhat worse than it was for Hungary complete.

While speaking of the land, we must cast a glance at those districts of Hungary which are especially rich in natural beauty, — districts which, during the last few decades, have been made accessible and convenient for visitors by the investment of Hungarian capital, whereof the cultural and material profit will now accrue to the new states.

Most remarkable for their varied and romantic beauty are the regions of the Carpathians; and these mountains also abound in mineral-waters of great medicinal value, known abroad through a number of celebrated bath-resorts which have been made attractive by Hungarian enterprise. Worthy of special mention are the climatic health-resorts of the High Tatra, fitted up with all modern comforts by state and private enterprise, and

converted into a favourite health-resort for those who need a bracing climate in summer, and for the tourists who engage in winter-sports.

The Csorba Lake and many other sheets of water gleaming in the dark mountain-cups; the varied series of cascades; the attractions of the Tatra baths, surrounded by mountain-peaks, snow-capped even in summer; the electric railways speeding through primeval pine-forests, and the well-developed automobile traffic; all these attractions, thanks to the sacrifice of Hungarian capital have long been known to the foreign public.

Not far from the High Tatra is the wonderful ice-cavern of Dobsina, and the Ránkfűred intermittent geyser, while further to the West are the attractive health-resorts of Trencsénteplicz and Pöstyén, with their hot-springs, of powerful curative-effect.

Herkulesfürdő, with its modern comforts and mineral-waters, is situated in the vicinity of the beautiful scenery of the Lower Danube. Among the salt lakes of Transylvania, Vizakna and Szováta especially have developed into picturesque and much-frequented watering-places; in the mountains engirdling Székler-land, Tusnád and Előpatak have acquired great popularity; and in this neighbourhood are the sulphur cavern of Torja, the mountain-lake of St. Anna and other natural curiosities.

On the remaining territory of Hungary, the number of wildly-romantic, high-lying or sub-alpine health-resorts is naturally much smaller, and the Hungarian public began earlier to interest itself in the development of the bathing-places which lie now beyond the new frontiers.

But those Eastern spurs of the Alps which surround the Trans-Danubian hill-country, the most Southern chain of the Carpathians, the Mátra mountains, and numerous other places easily accessible and rich in natural beauties, afford scope for further development. And

that pearl among the country's charms, the Lake Balaton, 80 km. long and 2 km. wide, with its peculiarly shaped mountain cones of volcanic origin on one shore and its smooth sands like those of the sea-baths on the other, with every facility for sailing and rowing sports, and its picturesque rows of villas, is continually growing more attractive to foreigners in search of recreation, health, invigoration and amusement.

CHAPTER IV.

THE PEOPLE.

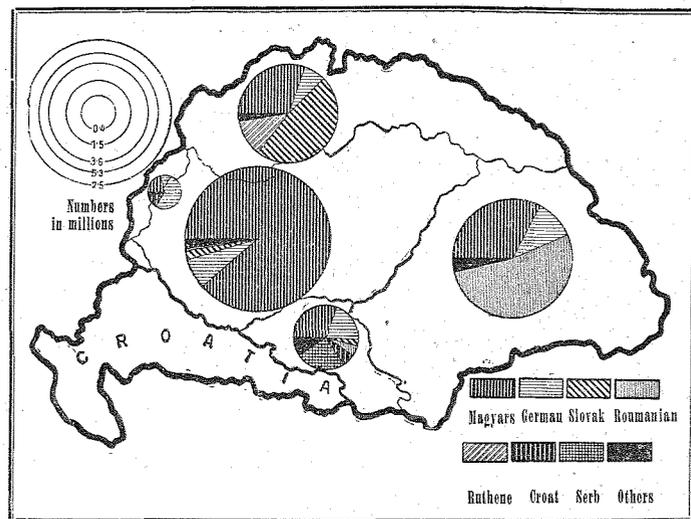
Not only did President Wilson in his world-famed Fourteen Points proclaim that one of the objects of the war was to secure the Right of National Self-Determination, but the Peace Conference also began and continued its work under the same far-reaching device.

There are indeed some simple examples of territories connected by language and separated by more or less well-defined geographical frontiers, to which the principle may well be applied without much difficulty.

In most cases, however, the confusion of life makes this problem much more complicated than could have been imagined by the authors of the Peace Treaty, who attempted to apply the principle in their dispositions, without possessing a detailed knowledge of existing conditions. And as the losing parties in the suit, the conquered countries, had no voice in the preparation of the text of the Treaty, and, after submitting the text, the Great Powers did not wish to change it, probably from reasons of prestige, although they may have begun to perceive the inadequacy and injustice of its provisions, the new Map of East Europe has been so made as to incorporate in a variety of states minorities of peoples qualified to exercise the right of self-determination.

That this step was a failure is evidenced by the constant friction existing between the several East European States and the discontent within the countries themselves.

Hungary does not seek to obtain justice by a further dissolution of peace; but abundant proof is supplied



Distribution according to Language.

by our data to show to what extent the principle of self-determination has been disregarded in determining the new boundaries of the country.

The following Tables I and II show the disintegration of Hungary, from the standpoint of the mother-tongue of the population:

Territory	Magyar	German	Slovak	Roumanian	Ruthene	Croat	Serb	Others
	in 1000 s according to mother-tongue.							
Czech occupation	1084	266	1702	22	436	3	0,4	63
per cent	10,9	14,0	87,4	0,7	93,9	1,4	0,1	15,6
Roumanian occupat.	1705	560	31	2800	16	2	55	96
per cent	17,1	29,4	1,6	95,0	3,5	1,1	11,9	24,1
South-Slav occupation	458	304	46	77	11	88	384	131
per cent	4,6	16,1	2,4	2,6	2,3	45,2	83,1	32,7
Austrian occupation	80	250	1	0,04	0,06	48	0,03	14
per cent	0,8	13,1	0,1	0,0	0,0	24,6	0,0	3,5
Fiume	6	2	0,2	0,1	0,01	13	0,4	27
per cent	0,1	0,0	0,0	0,0	0,0	6,6	0,1	6,8
Total occupations	3333	1382	1780	2899	463	154	439	331
per cent	33,5	72,6	91,5	98,3	99,7	78,9	95,2	82,7
Dismemb. Hungary	6612	521	166	49	1	41	22	70
per cent	66,5	27,4	8,5	1,7	0,3	21,1	4,8	17,3
Hungary, entire	9945	1903	1946	2948	464	195	461	401

Territory	Magyar	German	Slovak	Roumanian	Ruthene	Croat	Serb	Others	Magyar speaking in 1000 s.	Magyar speaking in per cent
	in percent according to mother-tongue									
Czech occupation	30,3	7,4	47,6	0,6	12,2	0,1	0,0	1,8	1537	43,0
per cent									13,0	
Roumanian occupat.	32,5	10,6	0,6	53,2	0,3	0,0	1,0	1,8	2290	43,5
per cent									19,4	
South-Slav occupation	30,4	20,3	3,1	5,2	0,7	5,9	25,6	8,8	694	46,3
per cent									5,9	
Austrian occupation	20,3	63,6	0,2	0,0	0,0	12,2	0,0	3,7	156	39,7
per cent									1,3	
Fiume	13,0	4,7	0,4	0,3	0,0	26,0	0,8	54,8	11	21,6
per cent									0,1	
Total occupations	30,9	12,8	16,5	26,9	4,3	1,4	4,1	3,1	4688	43,5
per cent									39,7	
Dismemb. Hungary	88,4	7,0	2,2	0,6	0,0	0,6	0,3	0,9	7133	95,4
per cent									60,3	
Hungary, entire	54,5	10,4	10,7	16,1	2,5	1,1	2,5	2,2	11821	64,7

That this distribution is not based on any pre-conceived and thought-out plan, but changed according to the increasing influence of the neighbouring States as the power of resistance of Hungary grew weakened in the throes of the revolutions, is best proved by the history of the Czech demarcations, the course of which, in contrast with the Diaz Armistice of November 1, 1918, assuring entire territorial integrity to Hungary, was as follows:

First claim: The demarcation territory of December 6, 1918, The Czech State demanded from Hungary a total population of 1,972,866, of which 220,571, that is, 11,2% were Magyars.

Second claim: The demarcation territory of December 23, 1918: The Czech claimed a population of 2,909,160, of which 841,198, that is, 28,9% were Magyars.

Third claim: The territory occupied on January 23, 1919. The total population is 2,979,835, of which 899,953, that is, 30,2% are Magyars.

Fourth claim: The territory adjudged to the Czech State by the Peace Treaty. The Total population is 3,575,685, of which 1,084,343, that is, 30,3%, are Magyars.

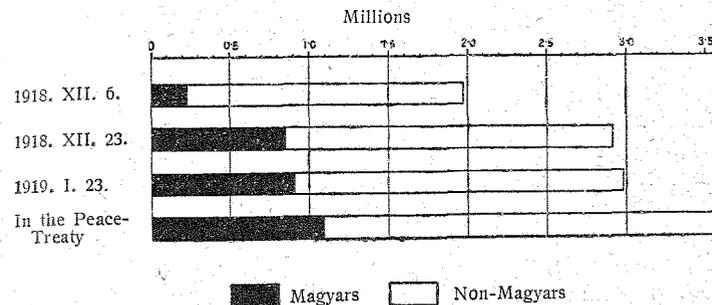
The Czech State therefore could only be framed in its present shape by the incorporation of more than one million Magyars. It was necessary for Roumania to include nearly 2 million Magyars in completing her territorial claims, and in addition there are still more than half a million Magyar-speaking people on the territory which has fallen to the Roumanians.

According to the figures, not very many Magyars, only 457,597, pass under the rule of the South Slavs; but the Magyar territory joined to Jugoslavia, with its 30,4% Magyar population, constitutes a relative majority, compared with which the Croats and Serbs together,

and the other nationalities (of which the greater part are really Bunyevác or Sokác, related to the Croats and Serbs, but yet differing from them in many respects) all counted among the South Slavs, constitute only 40,3%.

Hungary loses 33,5% of her people whose mother-tongue is Magyar, and 39,7% of her Magyar-speaking population.

The territory which the Czech State has taken over



Growth of Czech territorial claims expressed in population (millions) of the territory claimed.

from Hungary is burdened with Magyars to the extent of 30,3% of the population, and that in such a manner that these 30,3% are connected directly as out-spurs with the six and a quarter millions of Magyars on the remaining territory of Truncated Hungary. To these must be added a further 12,7% of the people on the severed territory, who speak the Magyar language.

On the territory acquired by Roumania, the Magyars (either directly adjacent to the Lowland Magyar-language territory, or connected in the thick network of connecting Magyar pillars) comprise 32,5%, and the Magyar-speaking 43,5%, of the population.

Jugoslavia acquires with her new territory, a population of which 30,4% are Magyars, and 46,3% Magyar-speaking.

On the territory adjudged to Austria, 20,3% of the population are Magyars, and 39,7% speak Hungarian.

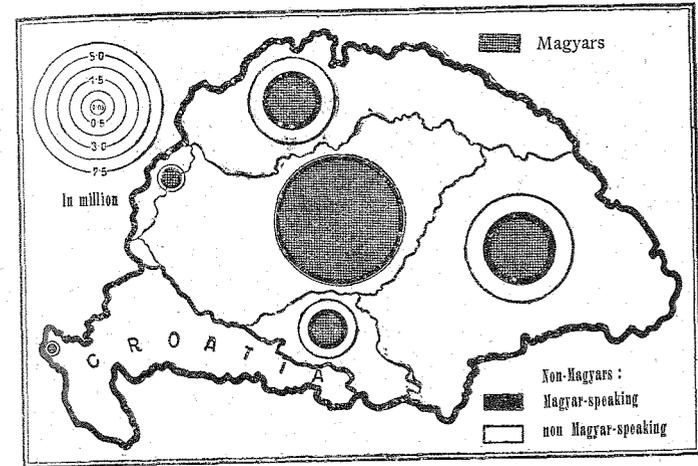
In the partition among the new States, besides the Magyars, the German element comes to a less extent under foreign sovereignty. Not counting the parts which are to be joined to Austria, nearly one and a quarter million German-speaking people come under Czech, Roumanian, or South-Slav rule.

On the West part of the territory assigned to the Czechs, 23,6% of the population are Slovaks, as against 67,5% Magyars, and 7,8% Germans; in this district therefore, more than three-quarters of the population belong to the two latter nationalities. On the East side the Slovak population is still smaller, being only 16,9%; here, the Magyars are 68,3%, the Germans 4,2% (the two together therefore again almost three-quarters of the whole) and the Ruthenes 9,5% of the population. On the two territories, four-fifths of the people are acquainted with the Hungarian language — in the West 79%, and in the East 80,8%.

On the territory occupied by the Roumanians, if we except the Magyar districts and the mixed population along the Szamos and in the Mezőség, the part where the proportion of Magyar-speaking is highest is the district inhabited by the Saxons.

Of the South-Slav conquests, the Muraköz is linguistically the purest, 91,7% of the population being Croat. In the Wend districts, the proportion of Wends is 63,5%; on the other occupied territory, the South-Slav element — the Croat, Serb and other Slav races all included — reaches nowhere to half of the population.

On the whole of the South-Slav occupied-territory the proportion of Magyar-speaking population is greater than that of any of the Slav-language populations; the Magyars have a strong relative majority, and together with the Germans constitute also the absolute majority. What is now left of Hungary forms practically a purely



Magyars and Magyar-speaking.

National State, for 88,4% of the people are Magyars, and only 4,6 of the inhabitants cannot speak the Magyar-language.

But this is the only National State in East-Europe; the other new formations will be, from the language stand-point, much more motley than was Hungary within her original borders. Formerly the accusation was often raised against Hungary — and at the time when the terms of Peace were being constructed, the accusation was loudly emphasized — that the peoples of Hungary

were artificially magyarised, and that the statistics relating to the language of the people were exaggerated and false.

In this small book there is no space for an exhaustive treatment of this question. We may, however, mention here one or two notable points from among the wealth of material adduced by the Hungarian Peace Delegates to refute the accusation. One of these is that the Magyars at the beginning occupied the central districts, and the great river-valleys which were always the high-roads of trade and culture. But as the migration of the people within the country itself was likewise directed towards this central territory, the non-Magyars, who were also more ready to adapt themselves to a life of commerce, mixed with the great mass of Magyars, and in the course of a generation or two became magyarised. In this way there was an expansion of the Magyars, and the same phenomenon accompanied the growth of the towns which formed the centre of commerce. The boundaries of the Magyar-language territories, however, have not undergone any change, since the great land-settlement, subsequent to the Turkish conquest, so greatly increased the number of the non-Magyar inhabitants. If therefore anyone wished, now and then, to bring about an artificial magyarisation, he failed in his object; and the above-mentioned natural course of events continued without the employment of any compulsory measures.

A striking example which goes to prove that the Hungarian official statistics have painted no false picture is, that Roumanian writers, members of the Roumanian Ecclesia (for instance, Nicolae Mazere, the Jassy professor) even by including the Székler Magyars of the Greek Church — who only speak Hungarian and can therefore in no case be taken as Roumanians — can scarcely show that there are 21,000 more Roumanians in Transylvania than are counted in the official

Hungarian statistics; and indeed the latter know, in half the parishes, more Roumanians than does the Jassy professor.

Also, 80% of the Magyars know no other language but Magyar, and therefore there could have been no registration of a Magyar as a person with some other mother-tongue.

The above-mentioned migration in the interior of the country not only explains the natural character of the magyarizing process, but also indicates the magnitude of the economic attractive-force of Hungary's central territory on the parts which have now been severed.

An inspection of the balance of this inland migration shows that the central point of dismembered Hungary gained from the parts condemned to separation a population of 100,833 in 1900, and 125,375 in 1910.

The German-language strip of West Hungary, which is in the neighbourhood of Vienna and Pozsony, likewise sent large numbers of its native population towards the interior parts of Hungary. The people of our North country did not hasten across the Carpathians to their racial kinsmen, but were drawn down into the valleys by the magnetic force of the Hungarian plain.

The scale of relations between the whole Hungarian territory and Transylvania closed in 1910, with a gain of 2768 for Transylvania, but yet with a loss of more than 20,000 in comparison with the district between the Danube and the Tisza. The South-East therefore showed the same tendency as the North and the West to gravitate towards the centre.

It must still be mentioned that the census taken on Dec. 31, 1920, which could naturally only relate to the territory of Hungary then actually under Hungarian administration, according to the preliminary returns, gives a population of 7,840,832 which, compared with the previous population on the same territory, denotes an increase

of about 5%. Compared with those of the census results abroad which have been published up to the present, the Hungarian result evidently belongs to the most favourable. By way of explanation, however, we must still mention that in Hungary, as probably in most of the belligerent states during the war, the population thronged to a greater degree towards the centre of the country where industrial and commercial enterprises offered more scope for employment. The movement towards the centre—that is, towards what is left of Hungary by the Peace Treaty of Trianon—was further increased during the war by the Russian invasion of 1915 and the Roumanian invasion of 1916, which drove the people from the North and South-East respectively, as refugees. And after the war, the Hungarians expelled from the occupied territories by the neighbouring States, again suddenly swelled the population. To these must be added the circumstance—although it made but a little difference relatively—that after navigation was reopened, those Hungarians of the United States who had conceived the desire to return during the years of the war, hastened homewards.

From the data of the census of 1920 therefore, so much can already be seen that on the territory of dismembered Hungary, in spite of the war-losses which will be enumerated later, a greater population has massed itself than in the period of peaceful development. In consequence of this there is, as we shall see later, a temporary surplus of workmen, without the possibility of finding work.

Another consequence of the war, which also makes itself felt more or less in all the belligerent States, is apparent from the census at the beginning of 1920 in the increased excess of females over males, a consequence which will be attended with further consequences to the population and to economic policy.

The decrease of population in Austria and the diminished rate of increase in the population of Germany, are likewise economic consequences of the lost war. The apparently more favourable position of Hungary in the matter of population, however, makes the impression of transitoriness. But it is undeniable that a relatively greater population would offer more guarantees for a new development if the artificial obstacles to the application of economic forces were removed.

On the territory to which the census of 1920 applied, the density of population had increased to 86,0.

It is instructive also to examine the populations of dismembered Hungary and the severed territories from the standpoint of their religion. The data relating to this, however, can only be given from the census of the year 1910, as in Tables III and IV.

Territory	Roman Catholic	Greek Catholic	Reformed	Augustine Evangelic	Greek East	Unitarian	Israelite	Others
	numbers in 1000 s.							
Czech occupation ...	2,113	602	228	397	2	0,2	23,5	0,6
per cent ...	23,4	30,0	8,8	30,4	0,1	0,3	25,5	3,5
Roumanian occupation ...	1,008	1,234	719	263	1,790	69	179	5
per cent ...	11,2	61,4	27,7	20,1	76,7	92,6	19,6	28,0
South-Slav occupation ...	821	13	52	122	464	0,2	24	3
per cent ...	9,1	0,7	2,0	9,3	19,9	0,2	2,6	20,1
Austrian occupation ...	316	0,1	6	62	0,10	0,3	80	0,1
per cent ...	3,5	0,0	0,2	4,8	0,0	0,1	0,9	0,0
Fiume ...	45	0,5	1	0,3	10,02		20	0,7
per cent ...	0,5	0,0	0,0	0,0	0,0	0,0	0,2	0,4
Total occupations ...	4,303	1,850	1,006	844	2,257	69	446	9
per cent ...	47,7	92,1	38,7	64,6	96,7	93,2	48,8	52,0
Dismembered Hungary ...	4,708	158	1,597	463	77	5	466	8
per cent ...	52,3	7,9	61,3	35,4	3,3	6,8	51,2	48,0
Hungary, entire ...	9,011	2,008	2,603	1,307	2,334	74	912	17

The same data is collected in Table IV in percentages:

Territory	Roman Catholic	Greek Catholic	Reformed	Augustine Evangelic	Greek East	Unitarian	Israelite	Others
	percentage of religion							
Czech occupation ---	59,1	16,8	6,4	11,1	0,1	0,0	6,5	0,0
Roumanian occupation	19,1	23,4	13,7	5,0	34,0	1,3	3,4	0,1
South-Slav occupation	54,8	0,9	3,5	8,1	30,9	0,0	1,6	0,2
Austrian occupation ---	80,5	0,0	1,5	15,9	0,0	0,0	2,1	0,0
Fiume ---	90,7	0,9	2,3	0,6	2,0	0,0	3,4	0,1
Total occupations---	40,0	17,2	9,3	7,8	20,9	0,6	4,1	0,1
Dismembered Hungary	63,0	2,1	21,3	6,2	1,0	0,1	6,2	0,1
Hungary entire ---	49,3	11,0	14,3	7,1	12,8	0,4	5,0	0,1

It is most striking that the two Greek sects practically disappear from within the borders of Hungary, and likewise the Unitarians, the most Magyar of the Protestant Branches.

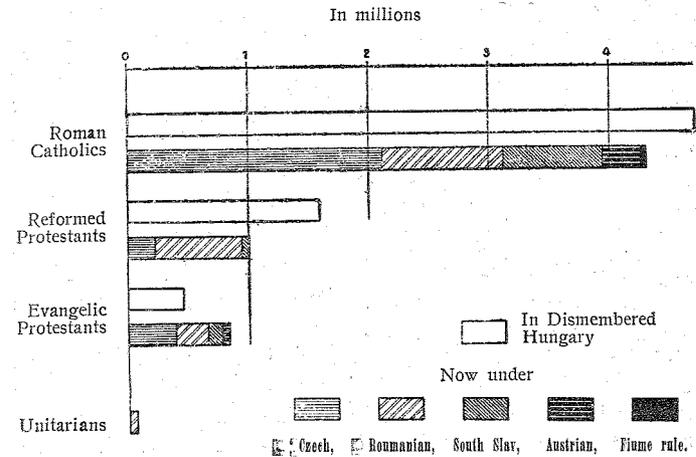
Of the Greek Catholics, who numbered more than two million, only 158,000 remain; and the country also loses Magyar-speaking Greek Catholics, especially in the Upper Tisza valley.

Nearly two million adherents of the Orthodox Greek Church come under the rule of Roumania, and not quite half a million under that of Jugoslavia.

The country loses about 70,000 Unitarians, nearly all of whom continue their puritan rites under Roumanian sovereignty.

Among the other Christian sects, the Roman Catholic Church in Hungary loses nearly half its members (4.3 million), and in spite of this, the proportion of Catholics in dismembered Hungary is almost two-thirds

of the whole population (63%). The part which falls to Austria is almost entirely Catholic, and three-fifths of the people on the territory accruing to the Czech State and to the South-Slav Union, are Catholic: on the other hand, the strong Catholic majority of Trans-Danubia and the wide prevalence of Catholicism in the remaining parts of the country, make the character



Catholics and Protestants on the Remaining and the severed Territories.

of Hungary still more strongly Catholic than it was before the disruption.

This relative strengthening of the Catholics, which, except in the district of the Upper Tisza Valley and beyond the Tisza, has given the Catholics everywhere a strong absolute majority, is principally due to the fact that the Greek Churches have been weakened to such a degree, for the proportion of members of the Reformed

Church has also risen considerably, although very many have fallen under foreign rule.

The Reformed Protestants have remained the second of the Religious Sects, as regards numbers, and have indeed increased their proportion from 14,3⁰/₁₀₀ to 21,3⁰/₁₀₀, but they have lost more than a million to the neighbouring States. Again it is the Magyar language-territory on which the Reformed Protestants, sentenced to the foreign yoke, live in greatest numbers. Of the 228,000 Reformed Protestants on the Czech occupied-territory, 198,000 are pure Magyars. Roumania has extended her rule over 719,000 members of the Reformed Church: among these, apart from the Magyar-minority districts, the Mezőség and the Szamos districts, the number of Reformed Protestants on purely Magyar-language territory is 440,000.

Only one-third of the members of the Augustine Evangelic Church remain, 462,537 out of 1,306,384. The proportion of Lutherans in dismembered Hungary has fallen from 7,1⁰/₁₀₀ to 6,2⁰/₁₀₀.

The Protestant Churches of Hungary have lived for centuries, since the earliest times of the Reformation, in close cultural connection with their co-religionists of the West and North, with the Protestants of Scotland, Holland and Sweden, and many of their most eminent pastors were educated in the universities of those countries.

The followers of the Greek Orthodox, among whom a part of the Magyar Protestants lived, never showed, when they were in power, sufficient tolerance towards other religions. After the religious freedom and equality they have hitherto enjoyed in Hungary, the only hope of the severed Protestants to assure their further existence as a Church, lies in the well-directed support of their foreign brethren.

The fate of the Catholics cut off from the country,

does not seem sufficiently protected by the Peace Treaty; here also the solidarity of International Catholicism gives promise of a better bulwark of defence.

The Hungarian official statistics have always taken account of the Jewish sect. Of the Hungarian Jews, 466,174, that is, 51,2⁰/₁₀₀, remain within the narrowed borders of Hungary, 445,053, that is, 48,8⁰/₁₀₀ fall under foreign yoke. In addition to those in the towns, the Jews of the country live for the most part in the Eastern districts, and the greater part fall to the Czech State (principally in the North-East Magyar-language district and on the territory inhabited by the Ruthenes) and to Roumania,

However, as more than half the Jews still remain in little Hungary, now reduced to a third of her former area, the relative number in the population of the country is increased, and after the Roman Catholic and the Reformed Protestants, they are the most numerous sect, being by some thousands in advance of the Augustine Evangelics.

CHAPTER V.

BIRTH-RATE AND PUBLIC HEALTH.

The fearful devastation caused by the world-war weighs heavily on every belligerent nation, whether emerging from the struggle among the victors or among the vanquished. Fortunate only were the neutral countries, which, to their great advantage, were able to keep out of the terrible whirl-pool of four-and-a-half years bloodshed, and thus could preserve for themselves the greatest power which a State can acquire—the power of renewing human life.

For, what this or that belligerent may have gained in property through the war, the subsequent economic disturbances may change to damage: but where during this sad epoch, the creation of new human life could continue unabated, thence will assuredly strength and power irradiate in the future.

And in this respect, every State which drew the sword in the great struggle, has suffered defeat; it has lost the fight around the cradles which have remained empty, for it was not permitted to create the working-forces of the coming generation.

In this loss, however, there are different degrees. The earlier a country took to arms, the sooner did it lose the possibility of continuing its natural course of increase. The lower the birth-rate and the higher the death-rate, so much more grievous was the loss.

The United States of America could scarcely feel a danger threatening their people's strength, so short was

the time and so small the measure in which they participated in the bloody conflict. The natural increase of population in England and Wales did indeed diminish between the years 1913 and 1918, from 577,000 to 51,000, but the balance in these years remained at least active, and did not yield to a deficit. In truth, the most unfavourable result, which was in 1918, was not due entirely to the war, for in the second half of the year the great number of deaths from influenza contributed also to stem the rate of increase.

France suffered much more grievously during this epoch. According to the population statistics for the 77 counties not invaded during the war, the balance of population, which, as it was, showed a very low rate of increase, became actually changed to a deficit already in the year 1914, and the deficit grew from year to year, so that, as against a natural increase of 17,000 in the year 1913, the following five years, taken together, close with a loss of one and a quarter millions, here also in the first place due to the great decline in the number of births, and to a less extent to the variable increase in the death-rate.

In the above figures relating to France and England, are not included in the death-roll the immediate victims of the war. In general, if we examine the unfavourable effect of the war on the population statistics, we must recognise the absence of births as the greatest and most lasting evil, in comparison with which, every other loss, however serious, is in its final effect of smaller significance.

And in the matter of this sad lack of births, it is probable that the other belligerents suffered also in the same manner as France. At least the position of Hungary, as we shall see in what follows, is by no means more comforting than that of France.

Here we are faced by an aspect of European population of such disastrous consequence, that now and in the following years it must receive the most serious consideration, and new auxiliary weapons must be sought for the armoury of social policy and questions of population.

Space does not permit us — nor have we sufficient data — to discuss here the loss in population suffered by the different States which took part in the war; but with regard to Hungary — that is, the territory of Hungary undiminished, as it was at the time of the catastrophe to the birth-rate — we may note the following particulars:

The rapid fall in the birth-rate began in Hungary in the month of April 1915, a month earlier than might have been expected when we take into account the time of the outbreak of war. Beginning from this time up to the autumn of 1918, so long as our territory remained intact and we could therefore observe the course of the natural increase of population throughout the country, our balance was as follows:

Year	Marriages	Births	Deaths	Natural Increase or Decrease (—)
1906—10 average	162.699	648.603	444.548	204.055
1911	171.354	638.082	455.006	183.076
1912	161.105	665.093	425.124	239.969
1913	172.050	640.566	432.928	207.638
1914	136.337	648.865	439.924	208.941
1915	60.948	445.426	474.972	— 29.546
1916	62.866	314.016	391.820	— 77.804
1917	75.745	297.024	384.628	— 87.604
1918	126.894	281.333	473.364	— 192.031

In this Table are not included the deaths caused by the war; calculating these at about 600.000, the balance shows a deficit of 980.000. The actual deficit in the

balance, however, — compared with the normal increase — amounts to about 1,200.000 during the four years.

The first month in which the deficit in the natural increase came to an end was April, 1919; the number of births, however, — reckoned for the country's entire territory — was in the last quarter of the year 1919, still 22.000 below the normal figure.

Thus, the sad state of deficit arising from the absence of births, lasted full four years.

It is worth while to examine this phenomenon more closely, and to investigate its consequences, so that we may be able to weigh the full extent of the danger.

Continuing the calculations for Hungary intact, the births which were not, but should have been, numbered

in 1915	197.000
» 1916	329.000
» 1917	345.000
» 1918	389.000
» 1919	231.000

and therefore, the loss of population under this head was in these five years for all Hungary, 1,491.000.

According to the census of 1900 and the statistics of deaths for 1899—1901 (which appear now too favourable, for the physiological, hygienic and food conditions necessary for infant life were extremely bad during the war), counting from the age of 6 years, that is, the age for compulsory attendance at school, we shall have the following reductions in the number of scholars as compared with the normal figures:

in 1921	132.000
» 1922	352.000
» 1923	583.000
» 1924	843.000
» 1925	997.000

In this last year, the schools will be in the highest degree depopulated; then will be missing from the school-rooms 40,6% of the number of scholars attending in normal times, and especially in the towns there will be a superfluous number of teachers.

We can continue the calculation further, on the basis of the mortality statistics, up to the 15th year, the time when the capacity for productive labour begins, and up to the 20th year, at which age generally all ought to be at work.

In 1930 there will ensue a decrease in the population of persons fit for productive labour, and this decrease will from year to year assume greater proportions, so that, beginning with the calculation at 15 years of age, in 1934 the decrease in the productive population will be 931,000, which is 9% of the number of productive workers (from 15 to 60 years of age) in normal times.

Calculating from the age of 20, in the year 1939, the decrease in the working generation will be 897,000, which signifies a diminution of 10,5% in the population between 20 and 60 years of age.

Naturally, the decline in the working generation continues also in later years, but not in such alarming proportions.

This is the roughest calculation of loss, entirely omitting for the present the gaps produced in the population now of working age, for a part of the people capable of bearing arms have perished, and part have become cripples or in other ways rendered unfit for work.

In countries where there exists no national capital — and as such a country we must regard Hungary, from the above-mentioned historical causes — the productive force of man is practically the only force wherewith to create wealth; but, after ten years this source will also

be closed to us, and will remain closed for five years, if not more.

Consider now the double disaster involved in this problem. To-day, in consequence of the slump in economic relations, there are hundreds of thousands of workmen who cannot find employment, and after ten or fifteen years we shall feel the lack of nearly a million workers. And this lack of labour will be felt not only on the whole territory of Hungary, by whatever political frontiers the country may be divided, but will disturb every European State which took part in the war.

The situation of to-day, assuming that no new continental catastrophe overtakes us, we may hope to be transitory. In Hungary, as in Europe generally, where so many factors suitable for continuing production have gone to ruin and the stocks required for further existence must be renewed, the scarcity of work may be felt from time to time as the result of torpor after the storm, but only temporarily; productive labour, in spite of all transitory obstacles, will sooner or later recommence. In Hungary, however, this number of nearly a million workers, and in the other belligerent States a number more or less great according to the size of the State and its participation in the war, which will be missed from the work of production throughout a generation, will remain an effective loss, a hard-felt deficit in productive force.

Every year must furnish its recruits for intellectual and physical labour. During five years, in the population of every belligerent State there will be a lack of these recruits. If in olden times, under more primitive hygienic conditions, some greater epidemic occasionally decimated the ranks of new-born children for some particular year, this could scarcely be perceived in the great army of national labour, for the deficit could easily

be supplemented by a supply from the preceding or from the succeeding year. But it is impossible to go back 5 years, and set those of 10 years old to do the work of the 15 years old, and those of 15 to do the work of those of 20 years. Only one solution offers itself: it is better to reach ahead with five years and seek to make up for the great deficit of labour which will appear from 1930 to 1939, by drawing on the surplus of births which may eventually appear for the years 1905—1914.

The years 1905—1914, however, can at most give a surplus of the female sex. If we must draw on this reserve, then, since the call for female recruits does not come as a surprise and we can calculate beforehand when there will be a greater need of female workers in productive labour, the preparation for this transfer of work from males to females can begin in the immediate future.

This is no special Hungarian problem, but a question involving the future welfare of all European nations alike. It would be highly desirable if, for the careful consideration of this problem from the stand-point of social policy and production, the European nations would not meet each other as strangers, but as parties working together rationally for the common good.

The above calculations concerning the future course of the population relate, as I have before mentioned, to the whole of Hungary; we have no more exact details to cite with regard to the dismembered territory. The situation, however, in the narrow territory left to Hungary, would probably not be brighter; on the contrary, it would probably be still gloomier.

We have no positive data as to the precise number of casualties in the war. Still, from the lists of losses already issued, it might be possible to find out the

losses of the different nationalities and the territory to which they belong; we can establish approximately, that among the peoples of the former Monarchy, Hungary suffered the greatest losses, and of the nationalities in Hungary the Magyar race suffered most.

This is also proved by the calculations made from the data of the Vienna Bureau of War-Statistics.

According to these data, for every 1000 of the population in Hungary, 25 fell in the war, in Austria, 23,3 and in Bosnia 19,1.

In all age-classes the Hungarian losses are the greatest; of the class 1890—1897. (the class of men aged 17 to 24 years which began the war), the loss among the Magyars exceeded 50—70 per thousand.

And if the ravages of death have been much greater among the Magyars than among the other races, we must suppose that among the disabled the Magyars hold likewise the sad priority of place. The invalids, even if no organic parts have suffered, enjoy in no case complete physical well-being and health, and this, together with economic causes also, will greatly tend to a decrease in the number of births, to long and expensive illnesses and to early death.

The number of those invalids whose illnesses are of an organic nature — here we consider mainly lung-disease and to some extent illnesses of the arterial system — is still more considerable.

That the war has accomplished its own devastating work in every organism, and that the length of life of those who took part in the war, and of those who at home did double work, will be considerably shorter than that of the happier generation in peace-times, cannot yet be proved by statistics, but threatens greatly to be a sad reality.

The soldiers returning home with tuberculosis, under

unfavourable alimentary conditions and without sufficient medical supervision, can very easily transmit the disease to the members of their families.

Neither must we forget that the women on whom a great share of harmful physical labour devolved in the war, work which they, with their weaker constitutions, had to bear and at the same time remain inadequately nourished, will also probably be less long-lived, and those who are of a suitable age will have fewer possibilities of maternal joy.

As round the whirlpool which engulfs the sinking ship, a ring of waves expands in endless series, though relatively weaker as the distance increases, so the last five-years' catastrophe to the population will repeat itself again and again for a long period in the life-time of every man, for the missing births denote missing marriages hereafter, and then again missing births, the effect of which appears again after 25—30 years, until the peoples' race-maintaining strength and improving economic situation gradually still the ring of waves.

It will be the gigantic task of European population- and social-policy to fight for our existence against the two great adversaries, against the ensuing increase in death-rate, and against the diminishing birth-rate, — which after a short period of transition, will appear again — and to observe with care the oscillations of sickness among the population at different times of life.

CHAPTER VI.

POPULATION AND SOCIAL POLICY.

The dangers to the population resulting from the war, which were discussed in the preceding chapter, must also be viewed from another standpoint, if we are to see clearly the paths to be followed in the future by population- and social-policy.

The war has brought about great dislocations in the ranks of society, probably in the case of all nations which were more seriously exposed to its dangers. The dislocation of fortunes, which has always been a characteristic attendant on wars, manifested itself in this war in a greatly accentuated form in consequence of the length of the struggle and the gigantic forces involved; and this dislocation brought in its train a greater number of persons reduced to a position of economic dependence, and consequently an increased proportion of individuals constrained to resort to the protection of the State's social policy. It is probable that the same phenomenon appeared in other States also; in Hungary, however, it manifested itself with extraordinary acuteness, first in consequence of the war, and then again in consequence of the country's disintegration.

The centripetal character of Hungarian economic life, which drove, so to speak, every product of economic value to the middle point, towards the Danube-Tisza valley, to be returned thence increased or converted

in value to the various quarters of the land, produced of necessity the result that the concentration was greatest in the great central basin of the country. Agricultural production which was carried on here on a great scale, called for the establishment of great enterprises in its service, and a great part of the working population became dependent on these enterprises, and in the shadow of the great concerns relatively few small existences could assure for themselves an independent life.

In the outer districts of the country, which by the Treaty of Trianon have fallen into the possession of the neighbouring States, a simpler form of economic life is pursued, with less developed centralisation, so that in these parts a much greater number of people live in modest circumstances indeed, but yet in a state of independence. As a result of this condition of things, the proportion of work-people, which in whole Hungary was 45,7%, has increased, so that the wage-earning population within the narrowed frontiers, constitutes an absolute majority being 52,2% of the population.

But in addition to the category of working-men, another dependent class has become massed on the territory of dismembered Hungary, and that is the class of agricultural and public officials.

The concentration of economic life in the centre of the country naturally had for result that the staff of public officials swelled to the highest point there where business, traffic, the transformation of goods and their exchange proceed most actively, and where movement in all its many shades and pulsations is constrained to take the shortest directions and submit to regulation.

If we add to this, that the central administration which is in all countries situated in the capital, was equipped with a staff for a nation of 18 millions, it is

easy to understand that the territory which has been left to Hungary is much more richly provided with public officials than the extent of the population would demand.

On the territory left to Hungary there will remain 48,1% of officials and people belonging to the free, so-called learned professions.

The officials occupied in economic branches, play a still greater rôle on the remaining territory of Hungary. Of the officials engaged in industry and commerce, the great mass of whom come to Budapest and the immediate vicinity, only one third part live in the territory beyond the new demarcation lines: and even half of the officials engaged in agriculture do not belong to the severed territory.

Finally, there is a new class which is cast under the protection of the State, a class recruited from all branches of society, and that is, the sad army of war-cripples, of war-widows and orphans.

It is natural that, with regard to social policy in the future, the dismembered Hungarian State must undertake the fulfilment of those obligations which are collected in the Peace Treaty under the point of workman's protection, and which the other belligerent States have also recognised as binding on themselves in their own peace treaties.

However, much time will elapse before the complicated machinery, which is planned in the Peace Treaty for the regulation of social conditions, can really begin to work, and just in these most difficult times it is not possible to nourish the classes of society which need protection simply by the hoped-for decisions of the International Bureau of Labour.

The author of this work, however anxiously he weighs those heavy and apparently intolerable economic burdens

under which dismembered Hungary bends to breaking-point, feels still more acutely the disastrous weight of the evils of population, the great increase of the dependent classes, and the numbers cast on the public care.

And while the author has but little hope that the deplorable economic situation of Hungary may find an appreciative echo in wider circles, except in connection with those details (unfortunately so numerous) which clearly show that Hungary has suffered an injustice — and such an injustice that will be felt not only by this country but also by the economic system of all Europe — he is yet convinced that his words in connection with population policy will find consideration in other quarters, for every nation in Europe suffers to a greater or less degree from the same evils. The jealousy which may perhaps exist among the different States must be overcome by the reflection that only in this way, only by working together in unison, is it possible to restore the working-capacity of Europe.

The main endeavour of the State must be directed to protecting and developing the strength of the people, and to according special protection to those classes who are most dependent on its support.

The greatest dangers threatening the strength of the people are — as above stated — the shattered health of the present generation, the high death-rate and the low birth-rate. The remedy of these evils is not a humanitarian interest, but principally a financial and economic interest. The policy of land-reform, the industrial policy, both these may be very influential factors in this remedy, but in themselves they are tasks of only secondary importance, whereas social policy understood in this sense (viz, as the factor applied to the protection and development of the people's strength) is a *sui generis* task of the first importance, for the squandered

wealth of the nation can only be gradually recovered by increasing the working-capacity of the people.

If we regard the tasks of social policy from this point-of-view, it opens before us an endless vista of agenda. Our object cannot be to hunt after utopias; we know, indeed, that even in the Northern and Western States, spared from the horrors of the war and living in abundance, the ladder of prosperity begins from very low depths, and on the lowest rung we see misery and sickness, and a weakening of the people's strength.

Still there exist means, even in the hard situation of to-day, by which we can approach a state of regeneration.

With regard to the fostering of the people's strength in certain measured periods of time — although in most respects connected one with the other — the following tasks present themselves to us:

1. The prolongation of the threatened working-capacity of the present generation of productive population of working age.
2. The education of the new generation up to its full working-capacity.
3. The fight against sickness among the people.
4. The increase of the birth-rate.

The most important factor in the first three groups, at least in Hungary, is a final and complete solution of the problem of alimentation: the restoration of the life-strength of a population which has been inadequately fed for years, by an abundant supply of simple food, not subject to variation in quantity for any considerable length of time. It is true that this will diminish the possibilities of exporting agricultural products for a time, but in the end it will appear as a very necessary investment. Tuberculosis can effect very great ravage, every epidemy can find a receptive material for

reaction in our people, if we do not provide them with sufficient nourishment.

The sum of the people's strength, its physical health, is still much more deeply affected than is apparent to the eye, and until the old, regular blood-circulation is restored, economic life cannot run smoothly and continuously.

The food-supplies for the people can be considerably improved, even if, in the interest of the development of cattle-breeding, we do not for the present attach very great weight to an increase in the consumption of meat.

Another great task for the State to perform in developing the working-power of the people and one above all necessary for coping with disease among the people, is the task of carrying out a rational housing-policy, — a task more difficult of solution than the alimentation question, and requiring more time for its completion.

In the first place it would be necessary as an auxiliary in the combat against the threatening ravages of tuberculosis, for it is extremely probable that the great hardships endured by the men during the war and the unusual over-work and insufficient nourishment of the women-folk in war-time, have increased the disposition of the people to fall victims to tuberculosis; the danger of infection haunted the trenches even as it haunted the crowded work-shops of the towns, and thus the perilous disease had an opportunity to spread its germs among people and in districts which had hitherto been immune.

The great combat of Western Europe against tuberculosis in recent decades, has been one of the most splendid triumphs of hygiene; it remains to be seen, however, whether as a result of the misery of war, this terrible danger will not again rear its head.

In Hungary we have all the more reason to fear this, because even before the war the conditions were far from unexceptionable. And in Hungary — apart from the towns which are the natural cess-pools of human misery — tuberculosis appeared in its most devastating form in the colonies of the Great Lowland inhabited by the Magyars, a race which in other respects can be said to be endowed with a full measure of life-strength. Again we have here a sad proof that the policy of the Magyar State did not favour its own Magyar race, for while it made every effort to enlarge the hygienic equipment of the non-Magyar mountain districts, the horrible spectre of tuberculosis infested the houses of the Magyars in the Great Plain.

The housing-policy is surely not the only remedy wherewith to fight against tuberculosis, but it is one of the most important. It is very expensive; but in defence of the people's strength the expense must be incurred with the least possible delay.

The building of dwelling-houses — and this is surely also the case throughout Europe — has practically ceased entirely since the middle of 1914, and the people desiring to find accommodation in the existing tenements have met with dangerous and victorious competitors in the form of increased war-institutions and official localities.

Moreover, as the war destroyed a mass of dwellings in every State which was more or less the scene of military operations, the populace became much more crowded together just at a time when the apparatus of hygiene diminished, and when therefore the counter-balance of greater isolation would have been necessary.

The mass-building of houses, therefore, in towns and villages alike, is not only a momentary requirement of public health, but it is a feature of social policy fraught

with far-reaching effect on the life-strength of future generations.

However, it is only possible to attain a satisfactory hygienic result, if in all further house-building, apart from the avoidance of over-crowding, it shall be accepted as a guiding principle that infected families must be carefully separated from those hitherto immune, and shall at all events be housed in separate buildings, but also so far as possible in separate great groups, so that, the hygienic work being centralised, they can be more cheaply and effectively treated.

With four or five such colonies, it would be possible to remove from the population of the great towns the people most likely to spread the infection, and thus diminish the danger in the towns. By this means it would be far more possible to employ the sanitary measures necessary for the infected, and assure the restoration of their strength in greater measure — and this is the stand-point of social policy and economy which not only justifies the material sacrifice, but also renders it most urgent.

Much more difficult, however, is the combat against the people's disease in the villages, on account of the defective hygienic equipment there and the convulsive clinging of the villagers to certain customs, such as the custom — prevalent also in Hungary — of leaving the best and well-aired apartments empty and crowding together in small and badly-ventilated localities.

The question arises with regard to this danger, to combat which would not only involve very great expense, but would also lead to much misunderstanding, mistrust and opposition, whether we should not entirely lay down our arms, recognising in advance the fruitlessness of the combat.

We can scarcely do this, for the village supplies

population for the town — although it is questionable if this will be so in the future — and in the villages, as a second important menace to public health, is the danger of infant-death, strongly accentuated in company with tuberculosis.

The combat against tuberculosis in the villages is also made very difficult by the lack of medical supplies and treatment; and the situation has been further aggravated since the conclusion of the war by the fact that the invalids have circulated the germs of consumption in the badly-ventilated, badly-floored houses; we cannot wait till the infection extends to the inhabitants of districts which were hitherto less exposed to the ravages of the disease.

To such an extent has the danger of tuberculosis increased since the war, that it is scarcely possible to imagine any other course to pursue than that of applying measures of coercion in addition to the attempts at instruction. Just as International Agreements were made, in the happier time of free intercourse among men, relating to the prohibition of certain materials noxious to industrial workers, — agreements which were codified among the Statutes of every State —, so it would be necessary and urgent, for overcoming the evils attendant on the fatigues of the war, and above all, the evil of tuberculosis, to pass a law by international agreement, in the execution of which every State would go so far as its material strength permits.

Another question which is likewise most difficult of solution is that of increasing the birth-rate.

It is known that the decrease of the birth-rate has been, for some decades past, a world-wide phenomenon; in Hungary the changes for periods of five years, beginning with 1881, have been as follows:

Years	Total number of infants born alive	Number of births per 1000.
1881—1885 average	626.488	44,6
1886—1890 »	646.764	43,7
1891—1895 »	648.300	41,7
1896—1900 »	642.830	39,2
1901—1905 »	637.028	37,0
1906—1910 »	648.603	36,3
1909—1912 »	653.915	35,8
1909—1912 for Hungary within its present frontiers	263.286	35,2

Known also is the connection which exists between the diminishing birth-rate on the one hand, and on the other hand the increasing grade of culture, and in connection therewith the increase in the claims of economic life.

Perhaps we have to do here with an aspect of mass-psychology which has grown up under the influence of economic necessity, or at least under the influence of social customs, a phenomenon which has slowly, in the course of decades, assumed a definite shape and now possesses the character of a law. The fight against it is all the more difficult, because that which most closely affects this destruction of the people's strength, the one-child or two-children system, is not only considered no evil, but is perhaps characterised as wise discrimination.

We are not at liberty, however, to resign the combat *à priori*; this is also not done by any other State suffering from the same evil. And Europe, which has lost so much blood, can now by no means adopt the comfortable and complacent stand-point that the decline in the birth-rate is at all events paralysed by the continual improvement in the death-rate.

Nevertheless, it must be clear to us that within the

bounds where the individual will and economic reflection of the married couple limit the number of births, the public has no business to interfere with this resolution.

But as the economic considerations which lead married people to abstain from having children are very frequently without any objective basis, only signifying an adaptation to the custom of the neighbourhood, the custom of the entire village, and thus for the most part are in reality no economic cause, but custom which is designated economic cause, it is still possible to combat such custom rationally by favouring customs of another direction.

One remedy contributing to the increase of the birth-rate at all events would be the removal of those obstacles which are objective, or at least appear to be so. In this respect, besides the employment of a suitable land-policy — the ameliorating effect of which would perhaps not endure longer than a few generations — some sort of industrialisation of the villages most exposed to the danger would be beneficial.

The increased opportunities of labour should be never such as to deprive the village of its village character. Nor may we indulge in the illusion that such measures would lead to a rapid and universal improvement in the birth-rate; even as the diminution was a slow procedure, so must the work be long and systematic to enable us to maintain the proportions of pre-war time, and still longer to produce any perceptible increase in the birth-rate.

But besides the creation of employment, systematic *propaganda* appears also to be a suitable weapon in the combat against the low birth-rate. And the means of propaganda must not be such as condemn families with few children, but only such as praise and distinguish those with many children.

Privileges in the matter of taxation granted to families with more children, a method already accepted in several States, signify no great loss for the budget, and yet awaken in the people a certain *useful envy* towards those who enjoy the privileges.

The granting of money premiums and of diplomas of distinction with the formalities pleasing to the people, the obligation of the better-situated communities to help the poorer by always including in their budget a certain sum to be used for the benefit of large families: all these are apparently small means, involving indeed but small expense, but they are all means which cooperate to substitute a feeling of pride in large families in the place of a feeling of embarrassment.

The psychological key to the revolution of popular custom must always be sought by *distinguishing what was formerly ridiculed* and thus slowly producing a change of opinion.

When the families with few children see that the large families participate in distinctions and assistance, and know how to prosper, the wife will be less prone to feel embarrassment and less inclined to resort to secret methods of repression in certain circumstances.

An organisation would be necessary — relatively small, but permanently active and always capable of adapting itself to the people's mood — which would work for the improvement of the birth-rate, and this at relatively small cost to the State.

However, the birth and education of children is a matter of such enormous value from the economic standpoint of the State, and especially after the recent great loss of blood, that it must be possible to make this sacrifice even under the gloomiest financial auspices.

And if for this combat it would be possible to find an international basis, so that the States by common

accord would aim at overcoming not only the dangers which immediately threaten health, but also the evils arising from the low birth-rate, this would serve the future economic interests of Europe, and also promote genuine peace among the nations.

Again I point to the fact that Europe has lost four years of child-production; if in the succeeding years there will be a deficit of children, are we not advancing further on the road to destruction?

Hungary is seriously interested in the loss of people; but when she sums up her misfortunes she sees those of other nations also, and is therefore of opinion that if Europe has succeeded in invoking this catastrophe in conflict, one state against another, it should be able to search for the remedies in co-operation, one state with the other, to the advantage of all.

CHAPTER VII.

LAND ESTATES. LAND-REFORM.

Hungary has hitherto been a State where the distribution of landed property was decidedly uneven, the system of great landed estates having been in evidence almost to the same excess as in England, Russia, or Roumania. The superior rôle played by large estates is the result of historical development; the splitting-up of land into small holdings has been brought about in recent times of free competition.

The last detailed statistics relating to Hungarian agriculture are derived from the year 1895, and from this, as appears from the following Table, it can be determined that, of the number of farms amounting to somewhat less than two and a half million, 1,280,000 were not more than five hold¹⁾ in extent, and of these nearly the half were even less than one hold: 53,6% of the holdings fell into the category of farms of not more than five hold in area. The number of farms of 5—10 hold is below half a million, being 19,2% of the whole number of farms, and the class of 10—20 hold farms is quite considerable, numbering 385,000, that is, 16% of the total. There is naturally a very rapid diminution in the number of farms in all the higher categories.

¹⁾ Hold = 5755 sq. metres.

Classes of Farms and Character of Cultivation.

Character of Land	Dwarf Holdings (0—5 hold)	Small Holdings (5—100 hold)	Middle-sized Farms (100—1000 hold)	Large Farms (above 1000 hold)	Total
	Farmed territory classed according to cultivation, in 1000 hectares				
Number of Farms in 1000 s.	1,280	1,085	20	4	2,389
Arableland... ..	789	6,719	1,877	2,280	11,665
per cent... ..	63,6	68,1	57,6	33,3	55,0
Garden... ..	90	215	28	25	358
per cent... ..	7,3	2,2	0,8	0,4	1,7
Meadow... ..	159	1,670	342	485	2,656
per cent... ..	12,8	16,9	10,5	7,1	12,5
Vines... ..	90	160	16	10	276
per cent... ..	7,2	1,6	0,5	0,2	1,3
Pasture... ..	40	523	391	935	1,889
per cent... ..	3,2	5,3	12,0	13,6	8,9
Forest... ..	24	400	508	2,757	3,689
per cent... ..	2,0	4,1	15,6	40,2	17,4
Reeds... ..	2	17	12	37	68
per cent... ..	0,1	0,2	0,4	0,5	0,3
Barren... ..	47	157	85	320	609
per cent... ..	3,8	1,6	2,6	4,7	2,9
Total... ..	1,241	9,861	3,259	6,849	21,210
per cent... ..	100,0	100,0	100,0	100,0	100,0
Average area of Holdings in holds... ..	0,97	9,09	162,95	1712,25	8,87

The territory of the farms of different area naturally shows quite a different character of cultivation. The estates of over 1000 hold comprise 19,5% of the arable land, a little less than 2,300,000 hectares, three times the area of arable land on 1,280,000 holdings of 0—5 hold.

It is true that the dwarf-holdings are, in great part, not used entirely for agricultural purposes, but comprise

gardens, housing localities etc, and are not the only source of the owner's livelihood, for among the dwarf land-holders there are numbers belonging to the so-called learned professions, small tradesmen, and others who are not engaged in agriculture. Still, between the two extremes, there is no good and even distribution among the other land-owners; the lower category of small-holdings (5—10 hold) cover a small territory, the holders of 10—20 participate to a somewhat greater extent, the holders of 20—50 hold, however, numbering only 200,000, own more than one-fifth of the whole of the arable-lands.

It would be difficult to apportion these old data in accordance with the capricious frontiers which have been assigned now to disintegrated Hungary; but as they contain a number of proportions with regard to which we have no more recent data, we must of necessity devote some consideration to them.

An examination of the different types of estates with respect to their branches of cultivation, does not show that the excessive number of large estates is much to be regretted. The dwarf holding also in this respect increases in importance, for it is engaged in the most intensive branches of cultivation, in viticulture and horticulture. Pasture-land which is scarcely represented at all in the lower categories, occupies on the middle-sized farms almost the same proportion as on the large estates. The proportion of forest-land shows a sudden spring when we pass from the small estates to the middle-sized estates, still forests are chiefly a cultural branch of the large estates, of which they constitute more than two-fifths of the area. As we advance towards the higher types of estate, the arable land, gardens, meadows and vine-yards diminish in proportion, and the pastures, forests, reed-land and barren land continually increase.

With regard to these same types of estate we have the following data which relate, not as above to the different branches of cultivation, but to the status of the farmer working the estate:

Type of Holding	Dwarf Holdings (0—5 hold)	Small Holdings 5—100 hold)	Middle-sized Farms (100—1000 hold)	Large estates (over 1000 hold)	Total	
Farms worked by owners	number in 1000	1.145	914	11	2	2.072
	area in 1000 hect.... ..	1.097	7.951	1.749	3.653	14.450
	percent of total area ... —	88,5	80,6	53,6	53,3	68,1
Farms hired on part- produce rent system	number in 1000	22	14	0,3	0,3	37
	area in 1000 hect.... ..	18	160	51	914	1.143
	percent of total area	1,4	1,6	1,6	13,4	5,4
Farms on lease	number in 1000	45	16	3	0,8	65
	area in 1000 hect.... ..	29	194	631	1.126	1.980
	percent of total area	2,3	2,0	19,4	16,4	9,3
mixed farms of the above categories	number in 1000	68	141	5	0,7	215
	area in 1000 hect.... ..	97	1.556	828	1.156	3.637
	percent of total area	7,8	15,8	25,4	16,9	17,2

Although with these data of more than 25 years ago, it is not possible to indicate with any precision the course of more recent development, still it is very probable that with the growth of intensive culture and with the increase of mortgages on the land, the lease-system has become in general more extended, and we

find exceptions to this only where groups of agricultural labourers have become owners of property by the parcelling of large estates. The lease-system is naturally the most frequent in the case of branches of culture which more quickly produce a profit, and therefore, in the first place, for arable land, and then to a less degree for meadow-land. The greater estates are in general more dependent on the system of leasing for the purpose of obtaining income.

Compared with 1895, the complete data for 1918 show some improvement in the dwarf holdings, both in the lowest classes of less than one hold as well as in the type of holding from one to five hold in extent: the number of small parcels of land is therefore now a little more satisfactory.

We find also a more favourable constellation with regard to the arable holdings of 5—10 hold, but in the following higher categories, in the farms of 10—50 hold and 50—100 hold, there has been some decline. The lower types of middle-sized estates, the farms of 100—200 hold, which, however, do not play a very considerable rôle, and also the farms of 200—500 hold show again some increase at the expense of the categories which exceed 500 hold.

Compared with these averages, the territories cut off from the country by the amputation, show the widest possible divergence, as can be seen from the following Table. (See page 83.)

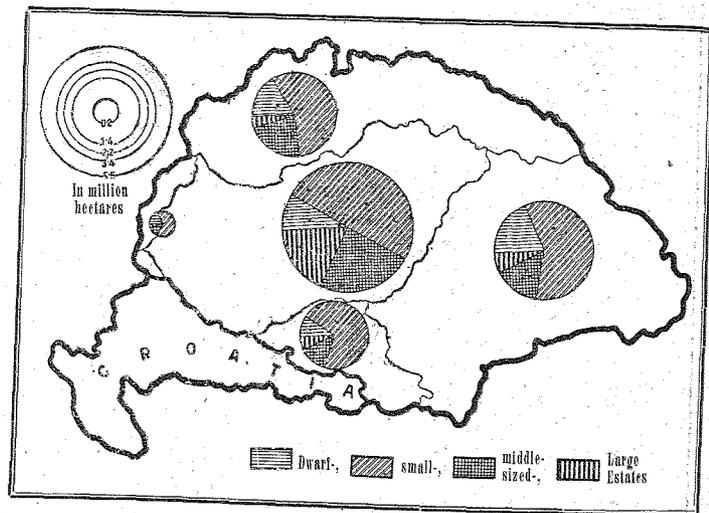
This Table shows most strikingly the unevenness of distribution in the number and area of dwarf holdings; parcelling has been carried out to the furthest limit on the central territory. The proportion is not much more favourable on the territory which has fallen to the South Slavs, while on the other severed territories there is a much healthier distribution of dwarf holdings.

Distribution of Arable territory according to size of Estate.¹⁾

Extent of Arable Farm	Czech occupation	Roumanian occupation	South-Slav occupation	Austrian occupation	Dismembered Hungary	Hungary entire
Dwarf Holdings						
0—1	1,71	1,86	1,00	2,54	0,98	1,36
	22,09	34,95	8,80	2,76	31,40	100,00
1,1—3	7,40	8,47	4,42	8,62	3,89	5,80
	22,33	37,37	8,78	2,19	29,33	100,00
3,1—5	8,35	9,55	4,66	10,21	4,10	6,40
	22,90	38,25	8,42	2,36	28,07	100,00
Small Holdings (0—5)	17,46	19,88	10,08	21,37	8,97	13,56
	22,57	37,53	8,62	2,33	28,95	100,00
5,1—10	18,50	19,25	10,53	24,19	10,33	14,27
	22,75	34,54	8,53	2,50	31,68	100,00
10,1—50	33,93	33,67	46,70	32,21	32,30	34,60
	17,20	24,94	15,61	1,37	40,88	100,00
50,1—100	4,16	5,68	12,77	4,77	7,25	6,91
	10,57	21,06	21,39	1,02	45,96	100,00
Middle-sized Farms (5,1—100)	56,59	58,60	70,00	61,17	49,88	55,78
	17,80	26,90	14,53	1,62	39,15	100,00
100,1—200	4,54	4,04	5,85	2,74	5,09	4,78
	16,68	21,66	14,16	0,85	46,65	100,00
200,1—500	9,27	6,16	4,25	4,34	8,94	7,67
	21,20	20,58	6,40	0,83	50,99	100,00
500,1—1000	7,28	4,98	3,27	5,84	9,45	7,16
	17,83	17,85	5,28	1,21	57,83	100,00
Large Estate 100,1—1000	21,09	15,18	13,37	12,92	23,48	19,61
	18,86	19,86	7,88	0,98	52,42	100,00
Over 1000 cadastral yoke	4,86	6,34	6,55	4,54	17,67	11,05
	7,71	14,71	6,85	0,61	70,12	100,00
Total	100,00	100,00	100,00	100,00	100,00	100,00
	17,54	25,61	11,57	1,48	43,80	100,00

¹⁾ In the double rows of figures, the upper one gives the percentage in arable land of the particular class of farm, compared with the total arable area of the dismembered country; the lower row shows how the arable farms of different classes are distributed among the severed parts of the country.

With respect to arable holdings of 5—10 hold, the remaining territory of dismembered Hungary presents a somewhat more favourable distribution; in the number of farms as well as in the extent of estates of this type, the proportion is a little below what it was for the entire country.



Distribution of Arable-land according to size of Estates.

The arable farms of 10—50 are less favourably distributed; here are to be noted the large number of farms of this class on the territory falling under the South-Slav occupation, and the high average area of the farms.

In the higher categories of estate — classes which are conspicuous for extent of area in the occupied territory, but naturally much smaller in number — the remaining territory of dismembered Hungary participates

with a respectable proportion. The great estates, and the small holdings grown beyond the average area, are frequent on the territory occupied by the South-Slavs; on the other severed parts the normal small holdings rather predominate, in the Czech districts the units being somewhat greater in area than in the districts occupied by the Roumanians. The three characteristics of dismembered Hungary are therefore the dwarf holdings, the better class of small holdings, and the great estates. With regard to the dwarf holdings, however, we must remark that they are also the accompaniment of the more strongly-developed town-life on the remaining territory of Hungary, and of the system of small parcellings in the vicinity of the towns. The greater participation of better-class small holdings would only then be reassuring if a greater part of the agricultural population belonged to this class; but since — as we shall see later — the proportion of agricultural population possessing no land is very great, the rôle of the higher categories of small holders is really indicative of the excessive unevenness in the distribution of landed property.

We should still mention that somewhat less than half of the large estates on the remaining territory of Hungary (1,74 million hectares) are freely negotiable; the greater part (1,86 million hectares) are tied estates, and of these latter, on the remaining Hungarian territory, the entailed and ecclesiastical estates predominate, while in the districts severed from the country, the estates of the Exchequer and the Communes play a more prominent rôle.

We can judge of the direction in the development of land-distribution from some scattered data. The average number of transfers of estates in virtue of legal transactions between living persons, was, in the years

of the first decade of this century, 404.258 in the years preceding the war 427.728 while in the years of the war, the transfers were as follows:

1914	292.728
1915	107.654
1916	168.158
1917	221.854

A slow but steady diminution can be observed in the area of entailed estate in Hungary, as follows:

The area of entailed estate was, in

1905	1,353.110	hectares
1913	1,318.435	»
1916	1,256.862	»

In spite of this, the area of tied estate — that is, estate removed from free purchase and sale — has been on the increase in recent years, and grew from 1913 to 1917 to the extent of 82.847 hectares. The increase, however, is mostly due to the estates acquired by Limited Companies, and amounted to 62.376 hectares, of which about 26.000 is arable-land and about 26.000 forest.

The *parcelling movement* continued also during the war. According to our statistics 530.190 hectares were parcelled between 1905 and 1913, and since 1913, 81.794 hectares, so that in something less than a decade the small holdings have increased by 611.984 hectares.

To what extent the Hungarian State abstained from placing obstacles in the way of her non-Magyar speaking citizens is shown not only by the fact that she herself established land-grants for them, but also by the fact that in the final parcellings the Magyars have suffered damage to the profit of the nationalities,

The data of the last balance (1905—1917) are:

	Profit in hectares	Damage
Magyar	—	52.297
German	28.394	—
Slovak	59.451	—
Roumanian	68.700	—
Ruthene	12.624	—
Serb	9.793	—

In another relation also we may ascertain the condition of the people in the matter of land-holding, if we regard the personal data supplied by the census. The population engaged in agriculture (included workers and those dependent on them) is, according to the dismembered parts of the country, as follows:

Territory	Number	Per cent	Percentage of total population engaged in agriculture
Czech occupation	2,271.871	19,9	63,5
Roumanian occupation	3,708.619	32,5	70,4
South-slav occupation	1,005.974	8,8	66,9
Austrian occupation	220.533	1,9	56,2
Fiume	1.598	0,1	3,2
Total occupations	7,208.595	63,2	66,8
Dismembered Hungary	4,190.527	36,8	56,0
Hungary entire	11,399.122	100,0	62,4

It appears that on the territory left to Hungary, the population is not so preponderatingly agricultural as it is for the whole country; the proportion of agriculturists is considerably lowered, while on the severed territories it has everywhere increased, except on the new Austrian territory.

In the Western part, the Magyar-language district of the territory occupied by the Czechs, which gives such

valuable agricultural products (brewers barley, sugar, fattened cattle, etc) the agriculturists are 60,3% of the population: in the Magyar districts of the Eastern parts, however, the proportion falls to 56,4%.

The territory occupied by the South-Slavs is in its entirety of a pronounced agricultural character, the preponderating number of agriculturists, however, is not on the splendid soil of the South-Lowland, but on the densely-populated territory of the Western parts. The population of the Muraköz is 75,8% agricultural, the Wend district, 82,8%.

On the territory occupied by the Roumanians, the people of the Magyar-language districts are nearly two-thirds agriculturists. A somewhat lower percentage (60,3%) is found among the Saxons of Királyföld who are to a greater extent artisans. Of the Szeklers 71,7% live from agriculture, in the mixed and Roumanian districts the proportion is still higher, and among the Roumanians on this side of the Maros, the proportion of agriculturists amounts to 81,9%.

The numbers of dependent agriculturists and the proportions to the total agricultural population on the different parts into which Hungary is severed, are as follows:

Territory	Number of dependent agriculturists	Percentage of dependents among the total of agriculturists
Czech occupation	1,353.727	59,6
Roumanian occupation	2,139.067	57,7
South-Slav occupation	601.235	59,8
Austrian occupation	126.034	57,1
Fiume	739	46,2
Total occupations	4,220.802	58,6
Dismembered Hungary	2,522.744	60,0
Hungary entire	6,743.546	59,2

Still more instructive are the data of the following Table, showing how the different classes of small holdings are distributed among the people:

Territory	Number of owners and tenant-farmers, in 1000 s. of				Number per 100 of owners or farmers of		
	above 100 cad. hold	10-100 hold	under 10 hold	total	above 100 cad. hold	10-100 hold	under 10 hold
Czech occupation	3	97	232	331	0,8	29,3	69,9
Roumanian occupat.	4	179	399	582	0,7	30,7	68,6
South-Slav occupat.	2	55	77	134	1,2	40,9	57,9
Austrian occupation	0,2	13	24	38	0,4	34,9	64,7
Fiume	0,003	0,014	0,3	0,3	1,0	4,7	94,3
Total occupations	9	344	732	1085	0,8	31,7	67,5
Dismemb. Hungary	9	177	332	518	1,8	34,2	64,0
Hungary entire	18	521	1064	1603	1,1	32,5	66,4

And to complete the picture, we must add the series of those who are at present, so to speak, out-of-doors: the agricultural population without ownership of land.

Territory	Number in 1000 s of agricultural workers not owning land	Assistants	Servants	Workmen	Among 100 agri: workers not owning land		
					Assistants	Servants	Workmen
Czech occupation	576	278	95	200	48,2	16,5	34,6
Roumanian occupat.	971	453	125	380	46,6	12,8	39,2
South-Slav occupat.	266	110	37	116	41,3	13,9	43,7
Austrian occupation	56	31	9	15	55,9	16,4	27,3
Fiume	0,5	0,05	0,05	0,4	9,4	9,0	79,8
Total occupations	1869	872	266	711	46,6	14,2	38,1
Dismemb. Hungary	1131	361	242	511	31,9	21,5	45,2
Hungary entire	3000	1233	508	1222	41,1	16,9	40,8

From the stand-point of the distribution of land-holdings we might suppose that the territory remaining to Hungary is in a healthier condition than any other part with the exception of the Southern district occupied by the South-Slavs, for it seems that the peasant proprietors of 10—100 hold are more numerous, and the owners of less than 10 hold are less important. But as the non land-owning element is the greatest just on the central territory, this spoils the favourable impression we may acquire when we first glance at the distribution of land-ownership.

The distribution of estates is based on historical development; considerable changes have occurred since the abolition of serfdom in 1848.

It is therefore natural that among the land-owning elements, the Magyars who occupied the land a thousand years ago should be the strongest, as is also shown by the results of the last census. However, it is characteristic of the Hungarian State that no artificial means were employed to maintain this hegemony by force, and, in place of the Magyars who gravitated to the towns, the non-Magyar races were left to spread themselves quietly over the village properties.

This is not so much the case with the large and middle sized estates; since 1848, the non-Magyar races could advance but little on the long road leading to the possession of large estates. But it is worthy of notice that, among the owners of middle-sized estates, the proportion of Magyars diminished between 1900 and 1910, from 71,9⁰/₁₀₀ to 68,4⁰/₁₀₀.

Still more characteristic is the situation, on the different territories, of the better class of small landowners of 50—100 hold. Among these, the Magyars on the territory occupied by the Czechs had still the relative majority

in 1900, but during the succeeding ten years the proportion fell from 40,4⁰/₁₀₀ to 37,3⁰/₁₀₀.

On the territory occupied by the Roumanians, in spite of the decrease from 41,6⁰/₁₀₀ to 39,7⁰/₁₀₀, the Magyars maintained their relative majority among the better-situated small land-holders.

In West-Hungary, on the territory now occupied by the South-Slavs, and in the Magyar counties left to the country, the number of Magyar land-owners of 50—100 hold advanced somewhat — almost everywhere at the expense of the Germans — and this slightly improved the general average for the whole country.

The loss of land in the higher categories of estates is naturally equalized by the gain in the lower, and as the foreign occupations have annexed a number of large territories inhabited by Magyars, the sharper proportions in these compilations have become somewhat modified.

In spite of every slow loss of ground, the rôle of the Magyars in the class of land-owners is so important that with this also it is possible to demonstrate the injustice of the dismemberment.

On the territory occupied by the Czechs, the Slovaks only just attain an absolute majority with estates of 10—50 hold, and their maximum proportion for holdings of 5—10 hold is only 54,4⁰/₁₀₀.

In the districts occupied by the Roumanians, the preponderance of the Roumanians begins likewise in holdings of 10—50 hold, and attains its maximum for holdings under 5 hold.

The South Slavs at most attain a relative majority, and their maximum proportion, 34,2⁰/₁₀₀ is found in the ranks of the small farmers of 5—10 hold.

In West Hungary the Germans have only the majority in the category of middle-sized farms, of 50—100 hold, and below this, lose here and there also the relative majority.

The rôle of the Magyars, however, on the central remaining territory extends at least to 76.4⁰/₁₀₀, and taking the average for the whole country, they have a strong absolute majority in the higher classes of estate, and in the lower, a very respectable relative majority.

Apart from the land-owners the most important factor among the agricultural population in point of numbers appears to be the co-operating members of the family, and these we may simply disregard in the course of our further investigations; this large group, with very few exceptions, consists of members of the families of the 10—100 hold class of farmers, actively engaged in agriculture. They are the wife, son or daughter, or son-in-law, at all events people who not only find employment on the land they help to cultivate, but also have, in most cases, some claims to its possession also.

Two important groups of the agricultural population are the agricultural servants and the agricultural labourers. Undoubtedly these are the people who participate most effectively in the work of production on the larger estates, without having any share in the land.

They are not, however, entirely excluded from participation in the income derived from the agricultural enterprise; it is a matter of common knowledge that in the contracts under which servants are engaged, there is usually a stipulation giving them the use of a parcel of land, and in most cases the day-labourers do their work in return for a share in the produce (maize, etc).

Of the agricultural official-class, numbering not quite 10,000 persons, 51.7⁰/₁₀₀ are on the territory remaining to Hungary, which obviously is a sign that the owners here are more concerned to employ practical and intelligent experts in the management of their farms. On the territories severed from the country we also find agricultural officials in greater proportion in the parts inha-

bited by the Magyars, where expert knowledge is more highly esteemed, or where — and this is principally in Upper Hungary — the great State forest-lands made it necessary to employ a greater number of trained foresters.

Of the agricultural servants, numbering more than half a million, 47.7⁰/₁₀₀ are on the territory remaining to Hungary, and of the labourers, nearly one and a quarter million in number, 41.8⁰/₁₀₀ remain.

Among the people who earn their living with agriculture, in general, 11⁰/₁₀₀ belong to the class of servants, and 26.6⁰/₁₀₀ to that of the labourers. This equilibrium is destroyed on the remaining Hungarian territory, where there are 14.7⁰/₁₀₀ servants and 31⁰/₁₀₀ labourers, for in the centre of the country the land-owning class is smaller and the condition of economic dependence more general.

On the other hand, the more favourable proportion of land-owners somewhat depresses the proportion of these two dependent classes on the territory occupied by the Czechs; however, there appears also here a certain equilibrium between the two classes, for here also the class of labourers is somewhat more than double that of the servants in number.

On the territory occupied by the Roumanians, the proportion is conspicuously more unfavourable, to the disadvantage of the agricultural labourers who are more than three times as numerous as the servants (24.5—8.0⁰/₁₀₀).

The same extreme proportions exist between the two classes of agricultural employees on the territories occupied by the South-Slavs; here the proportion of servants is 9.2⁰/₁₀₀, that of labourers, 29⁰/₁₀₀.

In the West strip of the country assigned to Austria, the proportions are satisfactory. On this West Hungarian territory, there are 9.8⁰/₁₀₀ servants, and 16.2⁰/₁₀₀ labourers.

In these comparisons, the smaller or greater rôle of the land-holders disturbs the proportions here and there. We obtain a clearer picture of the situation of the landless class, if we compare the servants and labourers. For every hundred servants there are the following numbers of agricultural labourers on the different territories:

The Czech occupation	210,2
The Roumanian occupation	305,0
The South-Slav occupation	315,6
The Austrian occupation	167,0
Dismembered Hungary	210,8

The social situation in the West and North is the more favourable, and the wide divergencies in the South and East territories appear from the above data.

We must, however, still mention the unfavourable circumstance that, among the agricultural population of the whole country (disregarding the dismemberment boundaries), the non-land-owners are most numerous among the Magyars, being 48,4%, while of the Slovak agriculturists only 33,6% are not land-owners, and of the Roumanians, 31,5%.

Independently of the distribution of land among the nationalities, however, Hungary has for some time past occupied herself with the thought of effecting a more equitable distribution of land, with a view to increasing the number of small holders, partly by more systematically rounding off the existing estates, and partly by apportioning land to the agriculturists who are at present not possessed of landed property.

The reform-bill was prepared already during the war, only the State waited for a more tranquil epoch so that its provisions might be executed without disturbance. The disastrous end of the war, that is, disastrous for

Hungary, and the subsequent excesses of the revolutionary movements suspended the land-reform, and filled the air with many extravagant notions entirely subversive of private property and a tranquil system of economy.

It is characteristic of the sound good-sense of the agricultural labourers that they were not dazzled by promises impossible of fulfilment, but calmly waited for the restoration of order, which soon brought in its train the introduction of the land-reform.

This new regulation can now unfortunately be applied only to what remains of dismembered Hungary, for the agriculturists of every nationality on the severed territories would have been in a better situation if they had received land-grants in accord with the provisions of the new reform-bill.

The Hungarian Land-Reform Bill is based on all the experiences which could be derived from the various forms of agrarian policy throughout the civilised world, and accordingly contains but little that is radically new. And yet it is worthy of consideration, not only because it is a well-deliberated and comprehensive scheme which respects to the highest possible degree all acquired rights and as far as possible takes into account all reasonable wishes, but also because it constitutes the base of the future land-system of Hungary, and the future effective capacity of the country's agriculture depends on its success.

The new Land Bill declares it has for object a land-owning policy of public interest, which is, to provide land for agricultural labourers and servants, owners of dwarf and small holdings, and farm officials, to establish institutes for the purposes of public instruction, and to provide for common pasture-lands. In the ranks of the agriculturists, the right of preference is given to

war-invalids and cripples, to war-widows and orphans, and to those who have received distinctions for bravery in the war. The fundamental condition is, however, that the person in question shall be one who is engaged in agriculture. The small-holdings, which are to be created, will have a maximum area of 10 hold (5,75 hectares); public employees can receive at most 1 hold for a house and garden.

The State can buy the land required for these purposes of public interest either by private contract or at auctions, but can acquire it also by right of pre-emption, or by way of redemption.

The State can exercise its right of pre-emption in case of all land put up for sale, with the exception of small holdings. It is probable that the purchases by private contract and the lands obtainable in virtue of pre-emption, will suffice for a considerable period to carry out the reform, for the land-owner whose property is perhaps subject to heavy burdens, will endeavour to transfer his estate to the State.

If the State cannot acquire enough territory for its purposes on the above titles, its right of redemption comes into being, a right which it can exercise, as against estates acquired in the course of the war (but not from relations), and against great estates in such a measure that the remaining part forms an independent economic compact unit. Some kinds of tied estates can also be redeemed; further, estates which have changed owners during the last fifty years — if the change was not between relations — in case of necessity, in their entirety. From redemption are exempted those parts of the farm which have been equipped for more intensive culture at greater expense, such as, gardens, hop-fields, vineyards, plantations, fish-ponds, etc. Within the above series, those estates are to be redeemed in the

first place which are not farmed by the owner himself, or of which the owner resides abroad, etc.

For the purpose of providing needy men with land, the State can also, in certain cases, take over lease contracts, and indeed it can take over on lease territory from the estates which are subject to limitation in respect of purchase and sale, when according to the law the territory could be redeemed, even if it has been actually worked by the occupier.

In all these procedures a rôle is played by the local magistracy, the law-courts, and the State's office of experts, but the final decision is entrusted to a specially constituted, independent tribunal, of which the president and vice-president, and the presidents of council, are nominated by the head of the State, and of which the members are chosen in great part from the judges of the Hungarian Royal Curia, (the highest forum of justice) and the Public-Administration Court; delegates are sent to the tribunal by the more important agricultural associations, the so-called altruistic financial institutes interested in land-reform, and by some of the Ministries. The work of this land-regulating tribunal — and therefore also the execution of the Law — has already actually begun.

We must still mention that the financing and executive organs of the State in the matter of the land-reform are, the National Union of Land-Credit Institutes, the National Central Credit Union, and the Finance-Institutes Centre. An important rôle falls to these, apart from their work in pre-emptions and redemptions, in arranging small leases and also in the bonded estates which may be created according to the terms of the Law. The bonded estates are those which the altruistic organisations buy for themselves, so that the owner of the new bonded estate which is to be created may be

obliged to pay either the State or themselves, and not private persons.

A new institution in the Hungarian land-law also is the family estate which, according to the Law, the owner has the choice of creating — an institution which establishes in this country the approved system of clan-heritage and the homestead.

The new Law does not at all exclude parcelling by private enterprise, but it is placed under State supervision, and the Law contains provisions for the protection of buyers who purchase in good faith.

At about the same time as the new Land-Law, but more rapidly coming into execution, there was passed the Law relating to the Regulation of House-Plots, which assures smaller parcels of ground for agricultural labourers, servants, war-invalids, etc. who have no houses of their own.

As is shown by this brief sketch, the Hungarian Land Reform is calculated to bring about a large increase in the number of small farms. Care is taken that the transformation shall not proceed too rapidly, for this might be greatly detrimental to production, nor is it unduly postponed, for that would involve social dangers which would also endanger production.

There is, however, no doubt that the realisation of land-reform in Hungary not only demands great sacrifices on the part of the State, but also great efforts on the part of private economy, and during the next few years, very great expenses must be incurred in the way of investments for the purpose of building, of buying implements and machines, and finally for the purpose of acquiring live-stock. These investments will necessarily give an impulse also to some branches of industry (the building trade, machine industry, etc.) and develop trade in machinery; on the sound basis of economic

activity we may expect a further revival, which, although advancing slowly, promises a sure source of profit. It would be fatal if, with the Hungarian crown at its present low and vacillating rate of exchange, it would be necessary to pay dearly to cover the expenses of the necessary equipment; but if there is no other method, the foreign manufacturers of agricultural machines will probably perceive on what a remunerative field they may reckon in supplying the plant required.

The enlargement of the area of territory suitable for cultivation is also a problem connected with land-reform, especially the transformation of the flat and alkali lands of the Lowland Plain which could be made productive of crops of great value. The first work towards reclaiming this territory has already commenced. This is naturally no easy task, but it is a profitable one; the Hungarian land is so well suited to agriculture that the conquest of every new square foot is a gain, and here it is a question of acquiring some hundred-thousand hectares for intensive culture. The co-operative movement which has proceeded hitherto with the State's concurrence, but principally through the efforts of private societies, finds greater support now in the State's economic programme, and, therefore, with the accomplishment of the land-reform, the promotion of the interests of the small producers and the sale of their produce can proceed under much more favourable conditions.

In general it may be stated, that although we have been compelled to draw a gloomy picture of the present critical state of Hungary's agriculture in comparison with the country's favourable situation in former times, it is necessary to emphasize the fact that the Hungarian State is constantly aware that the country's future prosperity is only to be expected from agriculture, because the preliminary conditions required for its development

exist in ample measure and because, thanks to the country's geographical situation, its agricultural products are sure of finding a ready market.

The State must of course make gigantic efforts in order that the country, in its disintegrated condition, may again possess a productive agriculture, in spite of its loss of territory. This is the aim of the land-reform and the numerous far-reaching provisions to promote more intensive culture. The situation is more serious from the fact that just in the years of transformation when the enormous expenses for the investments must be met, we have not our former large income from the export of agricultural produce to help the State financially. However, as it is necessary to commence the work of reconstruction from the foundation, and as the final result is clear, for Europe is in need of Hungary's agricultural produce, the country can only choose the course of gradually increasing its strength, instead of straining after a rapid export-trade and neglecting the equipment of its new agricultural enterprises. If in this work it also engages foreign interests, these interests can be sure of obtaining very satisfactory returns for their investments.

CHAPTER VIII.

AGRICULTURAL PRODUCTS.

Hungary never produced so much as she should have done, considering the extraordinary richness and unexhausted strength of her soil; not to mention the extremes of climate and unfavourable meteorological conditions, numerous obstacles of what may be called a political and historical nature, obstructed her progress in intensive culture.

In contemplating what there is lacking of progress among the Magyars, it is never possible for us to pass unnoticed those four centuries of struggle, in which the country's energy was entirely absorbed in conflict with the Turks and with the foreign Ruling Dynasty, and in which her better elements could indeed keep pace with the intellectual advance of the West, but her material prosperity of necessity remained far behind that of the Western states. During four hundred years the more happily-situated Western states were able to invest their labour in their land, their industry, their cities and in every branch of economy, while the energy of Hungary was smothered in strenuous combat and in the numbness of repose resulting from extreme exhaustion. A mighty surplus of useful and working capital accumulated in the West, while Hungary squandered her only capital, her red, warm blood, to maintain her existence. And robbed of this one capital, she remained, for centuries, a colonist as it were among the nations of the earth, without stores and stock of implements, panting

and harassed, to be at last, only during the last fifty years, goaded into the unequal, economic race of competition.

The average territory devoted to field-crops in Hungary during the years 1911—15, is shown in the following Table. It includes only the territory where crops were actually harvested, and not the territory on which the crops were destroyed by weather disasters. By these disasters, every year, from one to two per cent of the fertile land is made absolutely unproductive, and besides, the capricious vagaries of a somewhat continental climate also greatly contribute to the reduction of the average yield.

Territory	Wheat	Rye	Barley	Oats	Maize	Potatoes
	harvested territory in 1000 hectares					
Czech occupation ...	319	217	382	255	124	264
per cent ...	9,7	20,0	34,4	23,8	5,1	42,7
Roumanian occupat.	906	117	126	318	929	72
per cent ...	27,3	10,8	11,4	29,6	37,8	11,6
South-Slav occupation	527	26	45	131	527	21
per cent ...	15,9	2,5	4,0	12,2	21,4	3,3
Austrian occupation...	47	41	32	23	17	21
per cent ...	1,4	3,8	2,9	2,2	0,7	3,3
Fiume ...	0,04	—	0,05	—	0,04	0,05
Total occupations ...	1.799	402	585	727	1.597	378
per cent ...	54,3	37,1	52,7	67,8	65,0	60,9
Dismembered						
Hungary ...	1.511	680	525	345	859	242
per cent ...	45,7	62,9	47,3	32,2	35,0	39,1
Hungary entire ...	3.510	1.081	1.110	1.072	2.456	620

In these calculations, Hungary is to be understood as the part on this side of the Drava, without Croatia and Slavonia.

The wheat-lands, which constitute 26% of the Hungarian arable land, are nearly 3 and half million hecтар in area; less than half this number will remain, the loss being well over 1,800.000 hecтар. Henceforth the Jász-Kun district will be Hungary's most important wheat-growing territory. Unfortunately, the greater part of the remaining wheat-lands is along the course of the Tisza, where the weather is more capricious and the crops more variable.

More than 900.000 hecтар of wheatlands are cut off by the Roumanian occupation, principally in the South part inhabited by Magyars, therefore a territory with a notable wheat-production, and one in which the Roumanians, the minority, are only newcomers.

The South-Slavs have laid their hands on more than 527.000 hecтар of wheat-lands; here the loss of the Bácska and Torontál will be felt most painfully.

The Czech occupation comprises 319.000 hecтар of wheat territory, 60,8% of which is land cultivated by Magyars. In the district claimed by Austria, wheat is grown only on 47.000 hecтар, half of which is cultivated by the people of German origin in the County of Vas.

Of the rye-growing lands, more than one million hecтар in area, there remains a considerably greater proportion, viz, 62,9%: the Magyars will be less restricted in the use of black bread than in the use of white.

The greatest share in the severed rye-lands falls to the Czechs, who receive 217.000 hecтар. Not quite half of this is in the Magyar-language district; besides, there is much rye produced in the Nyitra, Vág and Morva Valleys. Rye plays a much smaller rôle on the territory occupied by the Roumanians, the rye-lands here scarcely exceeding 118.000 hecтар: the greater part of this is on the Magyar-language territories, including the

Széklerland. On the land occupied by the South-Slavs, rye is grown in more considerable quantities in the Wend-language district and in the Muraköz. The cultivation of rye is considerably more extensive in West Hungary, principally among the Germans of County Vas.

The barley-growing lands are not much greater in area than the rye-lands 1,110,000 hectar. However, the loss due to the annexations is much more seriously felt: only 47,3% of the barley-lands remain under Hungarian rule. A good third of Hungary's barley territory falls to the Czechs; here also it is the Magyar-language district, which in its Western part, produces the famous brewer's barley. Of the districts occupied by the Roumanians, where 11,4% of the barley crops are produced, it is the South Magyar-language territory and the Széklerland which are most noted for their barley. The South-Slavs have acquired extensive barley-lands in the Bácska and Torontál.

Oats are grown to a somewhat smaller extent than rye and barley, and principally in the districts where the climate is more inclement: among all the cereals therefore, the loss in oats is the greatest, being 67,8% of the harvested territory.

The oat-growing territory lost to Hungary lies principally on the parts assigned to the Roumanians and Czechs; of these lands the Roumanians receive 318,000 hectar, and the Czechs 255,000 hectar.

The maize-growing lands of Hungary covered an area of two and a half million hectar, and of this only 35% remains. The Roumanian occupied-territory alone includes more maize-lands, viz 37,8%, than what is left to Hungary; 21,4% comes under South-Slav rule; the area of maize-land assigned to the Czechs and Austrians, is insignificant. Henceforth we may reckon for dismembered Hungary a maizeproducing area of 860,000 hectar.

The potato-lands somewhat exceeded 620,000 hectar, and of this area 39,1% remain within the frontiers of Hungary. The Czechs have acquired the greatest share, viz. 42,7% of the whole; 11,6% is lost to the Roumanians, and the South-Slavs and Austrians receive each 3,3%.

It is instructive to observe what percentage of the arable-lands is occupied by each of these six main crops. These data are shown in the following Table:

Territory	Wheat	Rye	Barley	Oats	Maize	Potatoes
	per centage of arable-land in 1918					
Czech occupation ...	15,7	10,6	14,7	10,6	5,8	8,5
Roumanian occupation	27,0	2,7	3,9	8,7	23,9	2,2
South-Slav occupation	36,4	1,4	3,1	8,1	35,6	1,2
Austrian occupation --	17,4	16,7	11,0	9,3	7,1	7,5
Total occupations ...	25,2	5,3	7,3	9,2	20,2	4,1
Dismembered Hungary	26,0	11,9	8,2	6,5	16,3	4,0
Hungary entire... --	25,5	8,2	7,7	8,0	18,5	4,1

There are two exceptions to the average of the percentage, 72%, of the arable land of the whole country under these crops: the territory under South-Slav occupation where these crops cover 85,8% of the arable land, and the territory of remaining Hungary where they cover 72,9% of the arable land. The smallest percentage, 65,9%, is in Upper Hungary, occupied by the Czechs, then in the Eastern part of the country assigned to Roumania, 68,4%, and in West Hungary 69%.

By far the greatest percentage of wheat and maize is grown in the South country, and then in the Eastern parts; on the central remaining territory, the maize crop is smaller.

In every part of the country, wheat is the principal crop, but in West Hungary the rye crop runs close

to it, and in the North, barley. The distribution of the main crops is most even in West Hungary, and afterwards on the remaining central territory, which shows a greater difference from the average for the whole country only with regard to three crops, producing somewhat more rye and less maize and oats.

The other arable lands are devoted to the cultivation of plants used for industrial purposes, pulse, various kinds of green vegetables and artificial fodders. From the series, varying greatly in the extent of cultivation, some more important crops deserve special mention. As one of the most important raw materials for our former export trade, we must mention the sugar-beet. This crop was grown in Hungary on about 115,000 hectar of territory, of which 58,1⁰/₁₀₀ has been lost by the dismemberment.

The Czechs have occupied 35,2⁰/₁₀₀ of the sugar-beet lands, the South-Slavs 11,9⁰/₁₀₀, the Roumanians 7,3⁰/₁₀₀, and 3,7⁰/₁₀₀ are in West Hungary.

On the central territory, nine-tenths of the sugar-beet crop is raised on large and middle-sized estates, but on the peripheries, where it is a crop on the Magyar-language territories in the immediate neighbourhood of the new frontiers of diminished Hungary, the proportion is much more favourable to the small landholders.

Of the territory devoted to tobacco planting, 82,7⁰/₁₀₀ remains within the new borders, the Roumanians acquire 9,7⁰/₁₀₀, the Czechs 4,5⁰/₁₀₀ and the South-Slavs 3,1⁰/₁₀₀.

The hemp falls for the most part outside the new frontiers. Of the hemp territory, which is not very great, being little more than 40,000 hectar, 23⁰/₁₀₀ remains to Hungary; with the South-Slav occupation 34,4⁰/₁₀₀ of the hemp territory is lost, with the Roumanian 26,6⁰/₁₀₀, and in consequence of the Czech demarcation, 15,4⁰/₁₀₀,

On the territory severed from the country, hemp was everywhere a crop grown by the small land-owners; in the interior of the country, however, it is cultivated to a greater extent on the large estates.

Among the fodder plants must be first mentioned the turnip which is grown on an area of 170,000 hectar, nearly two-thirds of which are in the interior of the country. On the occupied territory, 18,1⁰/₁₀₀ of the turnip lands are under Czech rule, and 10,5⁰/₁₀₀ are Roumanian. In the South country, relatively few turnips are grown (2,8⁰/₁₀₀), and in West Hungary, 6⁰/₁₀₀.

The proportion of green-maize, the so-called American-maize territory which remains within the frontiers of Hungary, is still greater, 12,8⁰/₁₀₀ of the maize fodder is on the territory of the Czech occupation, and the maize-growing Eastern and Western parts leave relatively less scope for the green fodder.

Vetches are grown in Hungary on an area of 331,000 hectar of which 58,8⁰/₁₀₀ remain within the new frontiers. On the occupied territories, Upper Hungary possesses 18,8⁰/₁₀₀ of the vetches, and in the East there are 15,6⁰/₁₀₀.

Clover covered more than 370,000 hectar but a greater percentage of this is now in the occupied territories. Only 37,2⁰/₁₀₀ of the clover fields remain within the new Hungarian frontiers; 28,8⁰/₁₀₀ falls to the Czechs, and 25⁰/₁₀₀ to the Roumanians; the clover lands of the South-Slav demarcation and of West Hungary are of much smaller importance.

On the other hand, a greater proportion, 56,5⁰/₁₀₀, of the lucerne-growing territory of 213,000 hectar remains to the central territory. To the Roumanian occupation there falls 18⁰/₁₀₀, to the Czech 17,4⁰/₁₀₀, to the South-Slav conquists 5,9⁰/₁₀₀, and in West Hungary the proportion is 2,2⁰/₁₀₀.

The mohar millet, (*setaria germanica*) is cultivated on more than 57,000 hectar, but as a result of the country's disintegration, only 46,3% of this remains. The South-Slav occupied territories, where horse-breeding is in a flourishing condition, participates in mohar millet-growing to the extent of 23,4%. In the North the millet territory is 14,6%, in the East 13%.

The crop results of former years show that the remaining central territory is somewhat more productive than the peripheries.

The following Table shows the average for the principal crops in the years 1911—1915:

Territory	Wheat	Rye	Barley	Oats	Maize	Potatoes
	crop in 1000 quintals					
Czech occupation	3.862	2.414	5.269	2.492	1.769	23.224
per cent	9,4	19,4	34,9	19,8	4,2	44,9
Roumanian occupat.	9.687	1.204	1.552	3.459	12.886	5.504
per cent	23,6	9,7	10,3	27,5	30,6	10,7
South-Slav occupation	6.921	309	673	1.927	12.128	1.768
per cent	16,9	2,4	4,4	15,3	28,7	3,4
Austrian occupation	606	480	494	312	281	1.750
per cent	1,5	3,9	3,8	2,5	0,7	3,4
Fiume	0,3	—	0,3	—	0,4	6
Total occupations	21.076	4.407	7.988	8.190	27.064	32.252
per cent	51,4	35,4	52,9	65,1	64,2	62,4
Dismembered						
Hungary	19.942	8.033	7.128	4.398	15.054	19.421
per cent	48,6	64,6	47,1	34,9	35,8	37,6
Hungary entire	41.018	12.440	15.116	12.588	42.118	51.673

Thus, of the 41 million quintals of wheat, nearly 20 millions were produced on the central territory, more than what would have been expected in proportion to the area seeded. The South fertile zone with a crop of

7 millions, and the West Hungarian with 0,6 million quintal, show likewise a more favourable result relative to the area seeded; the wheat-lands occupied by the Czechs and Roumanians gave worse crops.

The crops of potatoes and barley on the remaining part of Hungary were somewhat below what might have been expected from the extent of territory cultivated; maize, rye and oats, however, gave higher averages. The averages for the crops of the years 1911—1915 were as follows:

Territory	Wheat	Rye	Barley	Oats	Maize	Potatoes
	averages for the crops per hectar in quintals					
Czech occupation	12,1	11,1	13,8	9,8	14,3	87,6
Roumanian occupation	10,7	10,3	12,3	10,9	13,9	76,4
South-Slav occupation	13,1	11,9	15,0	14,7	23,0	84,2
Austrian occupation	12,9	11,4	15,4	13,6	16,5	87,5
Fiume	7,5	—	6,0	—	10,0	120,0
Total occupations	11,7	11,0	13,7	11,3	16,9	85,3
Dismembered Hungary	13,2	11,8	13,6	12,7	17,5	80,2
Hungary entire	12,4	11,5	13,6	11,7	17,1	83,2

The above crop-averages are at all events the low figures obtained by the system of extensive cultivation hitherto employed, and remain far behind those obtained in the Western States on soil of lower quality, which, however, is worked on a much more rational system of agriculture.

Although for the moment Hungary is deprived of the possibility of increasing these averages by intensive cultivation and by supplementing the producing forces of her soil, in the course of time and with the necessary capital it may be possible to attempt to increase the crops by these means.

In view of the country's greatly diminished economic forces, which are also bound in other directions, attempts of foreign capital in this respect would be highly encouraging, for the soil of first-class quality is at hand, and there only lacks capital for stocking and improving the farms. Also in consequence of the easy communication with the food-market of Central Europe, Hungarian agricultural products can always be disposed of without difficulty.

In the above we have determined the distribution of cultivation and crop-results; it remains for us still to establish a final balance of the country's production and requirements with respect to fieldcrops, considering the given situation only, and not the possibilities of increased production, which without foreign help, must remain a consideration for the future.

The territory which remains to Hungary under the Peace Treaty is, apart from some quite insignificant exceptions, entirely inhabited by wheat- and rye-consumers. Therefore only these two cereals can be taken into consideration as bread-products. If we deduct one quintal per hold¹ for seed, and on the basis of consumption for the years 1909/14 (35,7 million quintals of wheat and rye) reckon for human nourishment 182,3 kilos per head, and take into account a further 20% of bread for the Hungarian agricultural population, which lives principally on bread and consumes a much smaller quantity of potatoes and vegetables, the balance works out as follows:

1. Seed	3,809.000	quintals
2. Human consumption	16,371.000	»
3. Total requirements	20,180.000	»
4. Wheat and Rye crop	27,975.000	»
5. Surplus	7,795.000	»

¹ One hold = 0,575 hectar.

This surplus is based on the average crops of the years 1911—1915; if, however, we should make our account on the basis of the bad crop of 1918, then in spite of a lower quantity of seed required, instead of a surplus the balance would close with a deficit of 3,618.000 quintals in bread-cereals.

Accordingly, until production is again consolidated, and till at least some fraction of the old stores can be again gathered in the barns, the bread-supply of the people of remaining Hungary will always depend on the chances of the economic year and the hopes attached to a regular and greater export, remain uncertain.

The balance for grain-fodder is still more unfavourable. Reckoning as seed, per hold, for barley 90 kilos, for oats 80, and for maize 15 kilos, and taking as basis of consumption the amount 66,900.000 quintals counted in the years 1909—1914 for foddering purposes and the most necessary demands of industry, the balance for these three products works out thus:

1. Seed	1,523.000	quintals
2. For fodder and industrial purposes	28,336.000	»
3. Total required	29,859.000	»
4. Crop	26,580.000	»
5. Deficit	3,279.000	»

It would be necessary therefore to sacrifice a part of the surplus bread-grain to supply the deficit in fodder-grain, or it would be necessary in a great measure to restrict the supply for industrial purposes. If, however, we reckon with more unfavourable crop-returns — and in the present state of exhausted reserves this is unfortunately not at all an improbable contingency — and use the data of the above-mentioned year, 1918, the deficit in

grain-fodder would rise to the height of 14,820,000 quintals, a deficit against which any supplementing by bread-cereals or any restriction of industrial supplies would be unavailing.

In vain therefore the higher cultivation and the good soil of the territory remaining to us: on account of the careless squandering in past years of the most necessary articles of every-day life, and on account of inefficient cultivation, the danger of a deficit will threaten us for some time to come, and one or two lean years will suffice to swallow up the residues from seven abundant harvests.

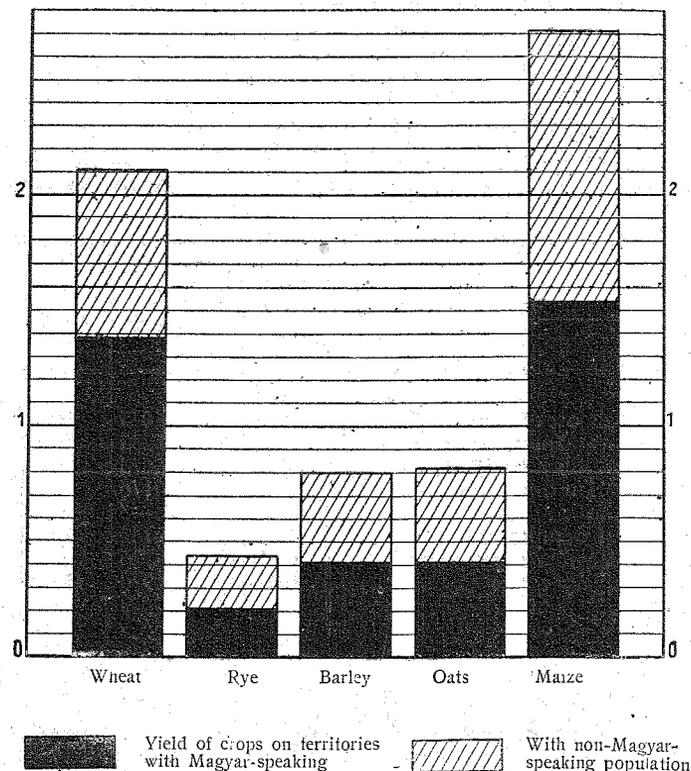
There has not yet appeared, in the economic year 1920/21, an increase of cultivated and seeded territory, although in comparison with the preceding disastrous years, the above-mentioned consolidation of production has already commenced.

That it is necessary to speak of eventual deficits in the agriculture of Hungary, also apart from crisis in production, is due to the fact that a very dense population has to be maintained in our dismembered country.

If, however, we imagine again within the Hungarian frontiers those territories occupied by Magyars which, on the principle of nationality, it would never have been possible to cut off, and which though more sparsely populated possess good, fertile soil, we immediately obtain a brighter picture. Reckoning these territories together with Hungary, on the basis of the bad crop-returns of the year 1918, the balance for bread- and fodder-grain would indeed still close with a deficit, but under more normal conditions (according to the average crops of the years 1911—1915), there would have been surplus bread-grains to the amount of 10,580,000 quintals, and instead of the above deficit in fodder-grain

it would have been possible to count with a surplus of 5,126,000 quintals, which would more or less restore the exporting possibilities Hungary formerly enjoyed.

The severed territories inhabited by Magyars, amount



Yield of Cereals, in million quintals, of the Severed Territories, and also of Severed Districts with a Magyar-speaking population.

to 29% of the whole country. but they share in the crops to the extent of 33,7% for wheat, 16,9% for rye, 27,4 for barley, 32,9% for oats, and 36,6% for maize; it is therefore to be understood how their attractive force could overcome the power of Wilson's principle of national self-determination.

We have still to mention an important branch of culture which really offers possibilities for the export-trade, and that is viticulture. This has lost much valuable territory through the country's dismemberment, but still much remains. The vineyards of the country, according to the new frontiers, are distributed as follows:

Territory	Total vine-growing lands. in hectares	Immune from phylloxera	Not immune
Czech occupation	12.865	2.045	10.820
Roumanian occupation	42.870	3.285	39.585
South-Slav occupation	29.519	7.678	21.841
Austrian occupation	6.549	176	6.373
Fiume	20	—	20
Total occupations	91.823	13.184	78.639
Dismembered Hungary	215.039	115.786	99.253
Hungary entire	306.862	128.970	177.892

Thus it appears that nearly half of the mountain vineyards are lost, but 89,8% of the immune sandy vine-lands remain in dismembered Hungary; only in the South-Slav occupied territory are the sandy soil vineyards of any considerable extent.

The average vintage in Hungary for the years 1911—1915, in quantity and value was as follows:

Territory	Vintage of new wine quantity in hectolitres	Value in crowns.
Czech occupation	168.575	8,862.217
per cent.	5,2	6,1
Roumanian occupation	599.656	25,214.836
per cent.	18,5	17,6
South-Slav occupation	390.872	14,834.077
per cent.	12,0	10,3
Austrian occupation	105.945	6,276.647
per cent.	3,3	4,4
Fiume	—	—
per cent.	—	—
Total occupations	1,265.048	55,187.777
per cent.	39,0	38,4
Dismembered Hungary	1,978,468	88,555.629
per cent.	61,0	61,6
Hungary entire	3,243.516	143,743.406

Of the three and a quarter million hectolitres of new wine therefore, almost 2 millions were produced on the central territory of the country; on the territory occupied by the Roumanians not quite 600.000 hectolitres, on the Hungarian territory which has fallen to the South-Slavs, 400.000 hectolitres, and a smaller quantity on the Czech territory and in West-Hungary.

Comparing the quantities and the values of the new wine, we see that the South-Slav territory produces relatively the wine of weakest quality, and although the Roumanian territory produces some excellent wine, the greater quantity is of inferior quality.

Although we must not believe that the value of the new wine represents entirely a productive profit for the nation's economy since much of the value is lost by careless treatment and by superfluous consumption, especially among the small land-owners, the production of wine and the industries connected with wine offer still

a favourable prospect of export even on the dismembered territory of Hungary especially if the necessary capital can be found for the work of reconstruction.

Far more grievous is the loss in forest-lands. The distribution of forests, according to the principal varieties of timber, is shown in the following figures for the different parts after the dismemberment of the country:

Territory	Forest-lands according to species of timber						
	Oak	Beech etc.	Pine	Total	Oak	Beech	Pine
	in 1000 hectares				per centage		
Czech occupation	390	1.101	727	2.218	17,6	49,6	32,8
per cent	20,0	30,0	40,8	30,0	—	—	—
Roumanian occupation	879	1.978	935	3.792	23,3	52,1	24,6
per cent	45,4	54,0	52,4	51,3	—	—	—
South-Slav occupation	27	66	18	111	24,5	59,7	15,8
per cent	1,3	1,8	1,0	1,5	—	—	—
Austrian occupation	22	30	57	109	20,5	27,5	52,0
per cent	1,1	0,8	3,2	1,5	—	—	—
Dismembered Hungary	628	493	46	1.167	54,0	42,0	4,0
per cent	32,2	13,4	2,6	15,7	—	—	—
Hungary entire	1.946	3.668	1.783	7.397	26,3	49,6	24,1

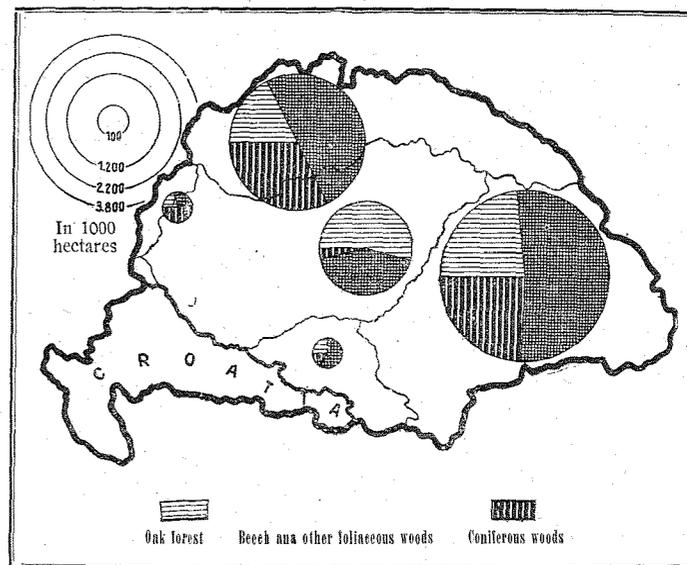
The greatest loss is in pine forests, of which we retain only 2,6⁰/₀; the Czechs and Roumanians have acquired 93⁰/₀ of the country's pines.

Our share of the oak-forests is still the most favourable; but here also there remains only one-third of our supplies.

The country remains more scantily provided with beech and other trees of thick foliage, chiefly on account of territory lost to the Roumanians and Czechs.

The *stock of animals* has suffered great losses through the new determination of frontiers. If we take into con-

sideration that in the country's foreign trade during recent normal years, the export of animals and animal-products has exceeded the value of exports of planted crops, and thus cattle-breeding was able to cover a constantly increasing share of foreign imports, we can



Distribution of Forests.

better understand the significance of this loss. And if we further reflect that during the war and the succeeding difficult epochs the stocks were ruinously depleted, and indeed after the Roumanian requisitions a disastrous death in animals took the place of the abundance of former times, the loss of animals seems to be no less

than a catastrophe for the whole economic and financial life of Hungary.

The data which enable us to understand the state of our remaining stocks, show considerable variations during the last nine years, from the spring of 1911 to the spring of 1920. The census in 1920, however, was taken not for the territory regulated by the Peace Treaty but only for the territory in our actual possession, so that a better proportion is obtained by comparing the data for 1911 with those for 1918, which do not show the fluctuations for two critical years.

The following Table shows the number of horned cattle in the year 1911 on the territory now cut up by the new frontiers:

Territory	Horned cattle in 1000 s.		
	Under 2 years	Over 2 years	Total
Czech occupation	360	1.000	1.360
per cent	20,8	22,5	22,0
Roumanian occupation	574	1.492	2,066
per cent	33,2	33,5	33,4
South-Slav occupation	128	314	442
per cent	7,4	7,1	7,2
Austrian occupation	54	114	168
per cent	3,1	2,5	2,7
Fiume	0,02	0,3	0,3
Total occupations	1.116	2.920	4.036
per cent	64,5	65,6	65,3
Dismembered Hungary	614	1.534	2.148
per cent	35,5	34,4	34,7
Hungary entire	1.730	4.454	6.184

Thus, the stock of horned cattle is somewhat greater in proportion to the area of territory remaining to the country, but considerably smaller than would be necessary when compared with the number of the population.

If we compare the stock of animals with the territory and with the population, we get a clearer view of the extent of the loss:

Territory	Of the stock of animals in 1911							
	there fall to 1 sq. kilometre				to 100 persons			
	Horned cattle	swine	horses	sheep	horned cattle	swine	horses	sheep
Czech occupation	21,6	12,1	4,4	18,6	38,0	21,5	7,8	32,8
Roumanian occupation	20,2	14,5	4,9	33,5	39,2	28,2	9,6	65,2
South-Slav occupation	21,1	35,0	14,1	32,2	29,5	49,0	19,7	45,0
Austrian occupation	33,2	22,2	4,8	2,3	42,8	28,7	6,2	3,0
Fiume	16,3	29,2	33,3	1,5	0,7	1,2	1,4	0,1
Total occupations	21,0	16,1	5,8	27,6	37,4	28,7	10,3	49,1
Dismembered Hungary	23,6	36,4	10,4	26,4	28,7	44,4	12,0	32,2
Hungary entire	21,9	12,5	7,1	27,2	33,9	35,1	11,0	42,2

According to the data for 1918, somewhat more than 2 million horned cattle would remain, but of these nearly a million are animals under two years of age. Compared with the conscription for 1911, the deficiency in this respect was still more perceptible: the greater proportion of live-stock (in 1911, 28,6%, in 1918, 44,8%) fell to the younger animals.

In consequence of the well-conducted and flourishing state of cattle-rearing in Trans-Danubia, the remaining part of Hungary, in proportion to the area of its territory, is somewhat better provided with horned cattle than any of the territories doomed to separation, with the exception of the West-Hungarian strip of territory where cattle-breeding is developed to the highest degree. This shows the most favourable proportion, with a 33,2, average to the square kilometre, the average 23,6 for the remaining central country of Hungary being far behind.

Considered in relation to the density of population however, the number of animals appears much more unsatisfactory: the average number of horned cattle for every 100 persons is 28,7, which is considerably lower than in any one of the occupied territories.

On the territory where, in the spring of 1920, it was possible to carry out a conscription of animals, the number of horned cattle, compared with that for the year 1918, showed a decrease of 67.000 head, and the whole inventory was not quite 13.000 head more than in the year 1911. That this decline is almost exclusively due to the occupation of territory by the neighbouring states is shown by the shares on the different territories: in the West, the inventory is smaller in Baranya and Somogy (occupied by the Serbs) in the East, and in all the counties near or beyond the Tisza, with the exception of Szatmár.

With swine the central remaining territory is relatively better supplied. The very small numerical increase between the years 1911 and 1918 signifies here also a decline in value, for the number of animals under six months of age has increased, and the number of older ones diminished; however, in view of the rapid rate of increase and development of swine — if the above-mentioned deficiency in fodder did not threaten the situation — this loss could be quickly made good. Among the severed parts, the territory occupied by the South-Slavs, in comparison to its population, is more favourably situated in the matter of swine.

On the territory actually in the possession of Hungary in 1920, there were registered 3,314,894 pigs. This shows some increase as compared with the number in 1911, but in many districts there appears a decrease, again in the Tisza Valley and beyond the Tisza.

Territory	Swine in 1000 s			
	1911		Total	1918
	under six months	over six months		Total
Czech occupation ...	364	399	763	734
per cent ...	12,1	11,8	11,9	10,0
Roumanian occupation...	679	807	1.487	1.674
per cent ...	22,4	23,7	23,2	22,9
South-Slav occupation ...	350	404	754	1.047
per cent ...	10,9	11,9	11,4	14,3
Austrian occupation ...	44	69	113	127
per cent ...	1,5	2,0	1,8	1,8
Fiume ...	0,07	0,5	0,6	0,1
Total occupations ...	1.417	1.679	3.098	3.582
per cent ...	46,9	49,4	48,3	49,0
Dismembered Hungary...	1.602	1.718	3.320	3.729
per cent ...	53,1	50,6	51,7	51,0
Hungary entire ...	3.019	3.397	6.418	7.311

The following data show the distribution of horses and sheep:

Territory	Horses in 1000 s.		Sheep in 1000 s.	
	1911	1918	1911	1918
	Czech occupation ...	279	200	1.172
per cent ...	14,0	12,5	15,2	15,1
Roumanian occupation	506	351	3.432	3.121
per cent ...	25,3	21,9	44,5	47,5
South-Slav occupation...	296	283	675	634
per cent ...	14,8	17,8	8,8	9,6
Austrian occupation ...	24	17	12	12
per cent ...	1,2	1,1	0,2	0,2
Fiume ...	0,7	0,1	0,03	0,3
Total occupations ...	1.106	851	5.291	4.760
per cent ...	55,3	53,3	68,7	72,4
Dismembered Hungary	895	746	2.406	1.817
per cent ...	44,7	46,7	31,3	27,6
Hungary entire ...	2.001	1.597	7.697	6.577

The loss in horses during the war was naturally very great. This is shown by the conscription in 1918, when the number of horses had diminished by more than 400,000.

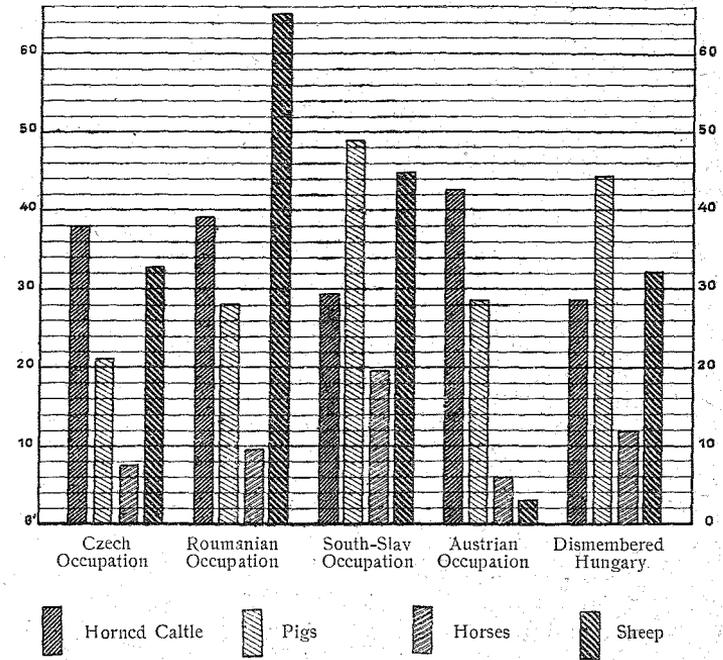
In the spring of 1920, when the period of war devastation had ended, there were registered on the territory actually under Hungarian administration, 717,700 horses, altogether 125,000 fewer than in 1911. Only one or two counties show an increase; in most places there is a decrease, and in some the number has diminished to a third of its former strength.

The decrease in the flocks began at an earlier date, but increased considerably during the war, and between the years 1911 and 1918 the number of sheep in the country diminished by 1,1 million. The decrease in the flocks appears most of all on the central territory, which was also formerly less well provided with sheep. The number of sheep on the territory acquired by the Roumanians is relatively twice as great as the number on what remains of dismembered Hungary. On the Hungarian territory of to-day, the number of sheep diminished between 1911 and 1920, from 2,293,000 to 1,476,000.

Finally, it seems worth while to mention two secondary branches of culture, which have hitherto stagnated or but slowly developed, but which in Hungary's new situation, in spite of the losses, ought to be taken into consideration. These two secondary branches are bee-keeping and silk-worm rearing.

Bee-keeping was early most developed in Trans-Danubia, in the Tisza district and in the South country, where 30,000 quintals of honey and 1500—2500 quintals of bees-wax were produced yearly. After the disintegration of Hungary, there remains altogether 32% of the former stock of bee-hives; it is, however, probable that in consequence of the sudden increase in prices

during the war, bee-keeping has made great progress, and although important bee-keeping districts have been lost, the production of the remaining territory can be greatly increased. It is true that the cost of installation



Stock of Animals, relative to 100 of population.

is now very great, but in the course of time, enterprise in this direction will bear good fruit.

The silk-worm rearing districts were in the South part of the country, and therefore are in great part now

lost, 22—24% of the silk-rearing as it was before the war, remaining within the new Hungarian boundaries. However, as many counties on the remaining territory are very suitable for silk-worm rearing, especially the Northern and Western counties of the Trans-Danubian region, there are great possibilities of development in the culture if the requisite organisation is promoted.

These data, regarded as a whole, show that in consequence of the dismemberment, Hungary has suffered an enormous loss of agricultural products, and, having to maintain a relatively denser population, can produce incomparably less for export.

And yet there are possibilities of agricultural development, and especially would it be possible to increase the average crop-yields by a system of careful, intensive culture.

This increased intensiveness of culture is, however, principally a question of capital, which the country has not at its disposal.

With the question of the development of agriculture are connected various other problems which will be treated of in detail in the following chapters of this work.

Nevertheless, the conclusion of the whole matter is, that Hungary, if aided by the necessary capital, could best seek her continued prosperity in the field of agricultural production, if she were not weakened to such a degree, and if those districts inhabited by people of pure Magyar race had not been torn away from her.

CHAPTER IX.

MINES.

Mining occupied only a small fraction of the population of Hungary, and, as can be seen from the following Table, since the disintegration of the country the greater proportion of the mining population remains beyond the new frontiers.

Territory	Number of population engaged in mining	Percentage of total population
Czech occupation	42,095	1,2
per cent	20,0	
Roumanian occupation	79,237	1,5
per cent	37,7	
South-Slav occupation	197	0,0
per cent	0,1	
Austrian occupation	3,424	0,9
per cent	1,6	
Fiume	18	0,0
Total occupations	124,971	1,2
per cent	59,4	
Dismembered Hungary	85,438	1,1
per cent	40,6	
Hungary entire	210,409	1,2

The mining population on the remaining central territory constitutes a smaller proportion than that on the territory which has devolved to the Roumanians and Czechs; on the other hand, the number on the part occupied by the South-Slavs, and in the district designed for Austria, is less considerable.

On the territory remaining to Hungary, the mining population is massed principally in four centres: the Tata and Esztergom district coal-mines give employment to 23,036 men, the Pécs district coal-mines in Baranya and Tolna maintain 13,405 miners, the Nograd coal basin in Salgótarján and the neighbourhood, 18,177, and in the Borsod iron and coal-district there are collected 16,195 miners.

There were in Hungary in 1910, 133 mines, each of which occupied more than 100 workmen; of these only 41 remain within the borders of truncated Hungary.

The value of Hungarian mining-products in 1915 was 203 million crowns; of this, 41,1%, nearly 83,5 millions of value, remains within the new frontiers. Somewhat greater, viz, 84,25 millions, is the value of the production on the territory occupied by the Roumanians; the Czechs have deprived the country of 34,27 millions worth of mining-products, and the South-Slavs, 1,2 millions.

We have not included in the calculation, the lost mineral-waters and medicinal springs, nor yet the Transylvanian earth-gas, which might well have been exploited before the war, and should constitute one of our most important auxiliaries in the future work of regeneration. There is not included the production of the lost stone-quarries, although we have approximate data relating to these. In Hungary before the war, the greater stone-quarries in private hands produced nearly 2,5 million cubic metres of stone, and the State quarries, 287,500 cub. m. In dismembered Hungary the producing capacity of the State quarries can be estimated at 71,000, that of the private quarries 1,5 million cub. m.; in 1920, however, on account of the difficult economic and traffic conditions, the actual production scarcely exceeded 210,000 cub. m.

Among the lost mining-products, those first call for our attention which remain entirely outside the new frontiers of the country.

Hungary has entirely lost her salt-production, of 2,5 million quintals; the Czech state has acquired 620,000 quintals of our annual salt-production, and the Roumanians, 1,9 million quintals. The Sáros salt-panning and the small salt-mines of Transylvania are insignificant in comparison with the widely-extended and carefully worked salt-mines of Máramaros: of the total salt-production, 90% in value and 87% in quantity comes from the Máramaros mines.

The following data show the average state of the salt-production and salt-trade in the years 1911—1915:

	1911—15 yearly average in quintals
Salt produced	2,534,234
Salt imported	98,173
Salt exported	174,864
Export excess	76,691

The sea-coast districts of the country, on account of the cheap transport, covered their demands principally with pan-salt and sea-salt, imported from the North-African ports, and to a smaller extent from Italy. The import of quarried-salt was rare and in insignificant quantities; on the other hand, especially in peacetime there remained a surplus of mined-salt of a quarter of a million quintals for export, which found a market principally on the Balkans, but to a less extent also in Russia.

During the years 1911—1915, in Hungary the average consumption of salt per head was 13.3 kilos. Multiplying this average with the number of the population on the remaining central territory of Hungary,

we find that 997,000 quintals per annum must be provided to cover the demand for salt. Averages, however, always contain concealed within themselves a number of noteworthy details. It is necessary to reckon with the circumstance that the population will be denser than the figures for 1910 disclose, and further, that the requirements of salt for industrial purposes on the central territory will be considerable. If we reflect also that the advancement of cattle-rearing is a very important factor in our future prosperity, and this again adds to the demand for salt, the yearly deficit in salt will at all events exceed a million quintals, and this will have to be imported by Hungary in its present disrupted condition.

Roumania's surplus of salt will probably gravitate towards the Balkans; accordingly we can scarcely expect an import of salt from anywhere except from the North and West, which indeed may perhaps be more economic, because we hope to sell our most valuable export-articles in the markets of the North and West. The greatest part of our salt supplies in 1920 came from Germany.

But unfortunately, salt is only the first of a series of important mining-products of which the country has been entirely robbed by the new determination of frontiers.

The petroleum production was very small, but in a fair way of development; it amounted to somewhat more than 65,000 quintals, and now falls entirely outside the new boundaries.

The following data supply information relating to the petroleum trade and petroleum refining in Hungary during the year preceding the war.

Fourteen petroleum refineries remain to us, and these in peace-time gave employment to 860 workmen; on the occupied territory there are 17 refineries, with nearly 1500 workmen. The latter worked up 1,6 million quintals

of raw-oil, the refineries on the central territory, 1,5 million quintals.

Bauxite, an aluminium material which is constantly increasing in importance, has only recently begun to play a rôle in mining-production. In 1915 the amount produced was already 590,670 quintals, and mining was developing rapidly. In 1916 and in 1917, the product was exported to the amount of one and a half million quintals. With the excision of the Eastern half of County Bihar, Hungary has also lost this valuable mining-product.

Oil Products	Import	Export	Surplus of import (-) or export (+)
	in 1000 quintals		
Raw mineral-oil	2888	—	— 2888
Light mineral-oil, refined or half refined, below 770° density	117	55	— 62
Light mineral-oil, refined or half-refined, 770°—880° density; lamp-petroleum	341	193	— 148
Heavy mineral-oil, above 88° density	100	127	+ 27
Mineral lubricating oil	227	114	— 113
Residues from mineral-oil	2	7	+ 5

But she has also lost the beds of her rivers containing gold, and her mountains with their veins of silver and gold, gold and silver ores. Copper and lead ores mixed with silver and gold, were produced yearly to the amount of over 3 million quintals, 2,52 millions of which came from the districts now occupied by the Roumanians, and nearly half a million from the ancient Hungarian mines now occupied by the Czechs. Hungary produced annually 3500 kilos of pure gold, on an average, and 12,000 kilos of silver.

The copper-ores, produced annually to the amount of 105.000 quintals, are also entirely lost. Not quite one-tenth of this quantity is produced in the territory occupied by the Roumanians, the remainder is on Czech territory.

The zinc-ores, produced annually to the amount of 1330 quintals, are lost to us by the Roumanian occupation, and the antimony-ore districts, which produced 114.000 quintals of ore yearly, have fallen mainly to the Czechs, although the ore is produced also in the strip of County Vas adjudged to Austria, and small quantities are found on the territory occupied by the Roumanians. Our greatest antimony district which produces 55% of the total out-put of antimony ore, was the Magyar-language district of Gömör Country, now occupied by the Czechs.

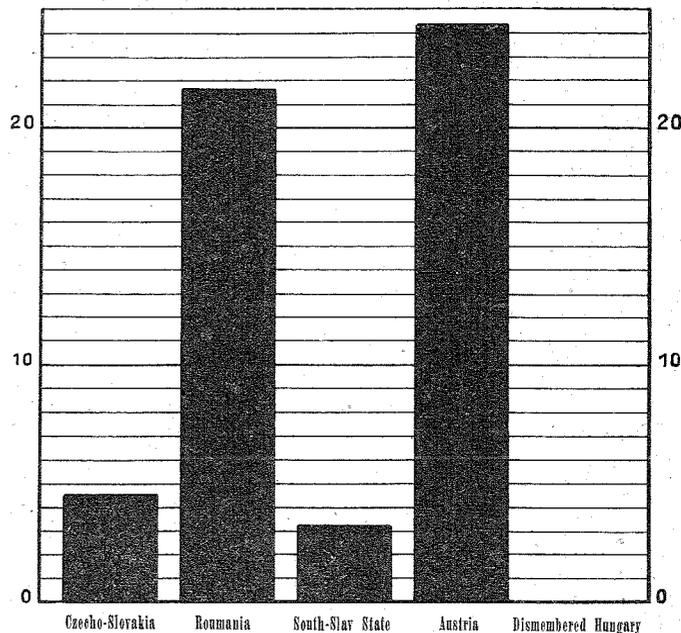
Of the iron-pyrites production, which amounted to more than a million quintals yearly, 55% is also on the newly-occupied Czech territory; the other mines are occupied by the Roumanians, and include the important Zalatna district, and the North-Eastern mines, which were formerly small, but grew considerably in productive capacity during the war.

No manganese ore remains within the new and narrow boundaries of Hungary; of the 117.000 quintals annually produced, nearly 55% came from the Czech occupied-districts, and the remainder from the territory now held by the Roumanians.

Coming now to the consideration of iron-ores, we begin to see the terrifying deficiency of dismembered Hungary in iron, the most important of industrial materials.

The iron-ore production within the new borders amounts to more than 2 million quintals, thanks to the mines of Borsod County, which, however, produce ore

of weak quality and it appears likely they will be exhausted within no distant date. We have to endure a loss of more than 10 million quintals. The Czechs have acquired iron-mines of 7.25 million quintals productive



Production of Salt, in kilograms, per head of population in the new Danubian States.

capacity, (and among these, 2.34 million are on Magyar-language territory), and the production on the Roumanian occupied-territory, almost exclusively in the Counties of Hunyad and Krassó-Szörény, exceeds 3 million quintals.

Of the 3.9 million quintals of iron which the country

produced, 1.2 million comes from the smelting-works on the territory remaining to Hungary, the remainder falls to the above-mentioned districts on the new Czech and Roumanian territory. Those iron-works, however, which remain to us, for the most part obtained their iron-ore from the region which has now fallen under Czech jurisdiction.

The production of iron and of the different kinds of iron-ores does not suffice to show us entirely the extent of the iron deficit in the balance; we must add to it that, in the last peace-year, there was an import of 950,000 quintals of iron-ore, and an export of 5.76 millions; of the import, one quarter came into the central remaining territory, and from there was sent out nearly two-fifths of the total export. The import was principally from Bosnia, and the export to Austria, to the part now included in the Czech state.

The import of pig-iron was 1.58 million quintals, the export 150,000 quintals. The central territory of the country worked up 1.2 million quintals of pig-iron.

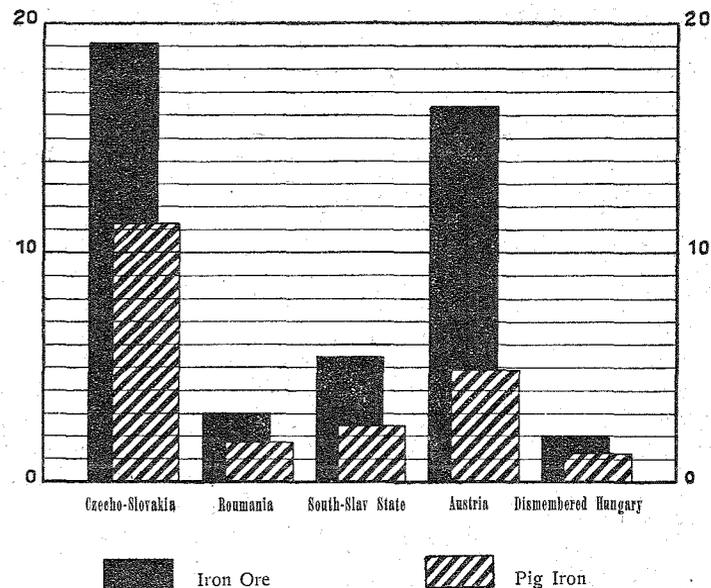
Hungary therefore delivered iron-ores abroad and so covered her requirements of foreign worked-up iron goods, this being in part the nature of the economic connection maintained between the Czech and the Hungarian iron-works.

The situation in the future will be all the more aggravated because there will be a great deficiency in the coke and coal required in iron-production, and the unity of the economic territory is destroyed.

The country remains a consumer of iron, but her ore-mines have been annexed by another consumer.

To what extent this lack of iron ruins a flourishing industry and how it deprives crowds of workmen of their bread, will be considered later; here, however, it may be pointed out that the iron-mines of Magyar-

language districts, have passed over precisely to that state, to Bohemia, which had an abundance of iron. The offence against the nationality principle therefore is accompanied here by a grievous economic offence; they have deprived Hungary of her small stocks of



Production of Iron, in million quintals, of the new Danubian State.

iron, in order that Bohemia, already rich in iron, may be made still richer.

The question of the coal-supply is another heavy problem. According to the data of production for the year 1915, Hungary will retain scarcely 8 million quintals of her 10,97 million quintals of black coal, that is

72,8% of the total production. This production, however, falls exclusively to the Pécs coal-mining district. Pécs and the neighbouring districts of Baranya yield the bulk of the coal, but in Tolna County there are also dug out nearly half a million quintals. The Roumanian occupation has robbed the country of 3 million quintals of pit-coal.

The country produced 79,7 million quintals of brown coal, and of this, 70,4%, about 56 million quintals remain. A good quarter of the country's mines of brown coal have fallen into the possession of the Roumanians. The most important of these are the Petrozsény district mines, with an output of over 19 million quintals; smaller coal-mines are in Bihar, in the Szekler-land and in the district on this side the Maros. The Czechs have deprived the country of 2,39 million quintals of brown coal; the greatest part of this is produced in the mines of County Nyitra. Finally, more than 600.000 quintals of brown coal come from the Sopron district mines.

These data dealing with production give us no information relative to the wealth of the different mines. It is probable that in this respect also, dismembered Hungary remains the poorer; in the Zsil Valley and Nyitrabánya coal-basins, the possibility of accumulation is much greater than in the mining districts of the central territory.

The data for the coal-trade before the war were as follows:

Coal Products	Import	Export	Excess of Import
	in 1000 quintals		
Brown coal	3.106	2.571	535
Pit-coal	38.429	457	37.972
Coke	6.868	84	6.784
Brickets	49	12	37
Total	48.452	3.124	45.328

The principal source of the brown coal imported was Austria, the mines which are now under South-Slav sovereignty; then, Bosnia and Serbia. The export was directed almost exclusively to the neighbouring parts of Austria. By far the greater part of the imported pit-coal came from Germany (25 million quintals), afterwards follow the Austrian Silesian mines, and a small quantity came from England; the greatest part of the coal exported constituted the supplies required for the shipping on the Lower Danube.

According to the above, Hungary even in peacetime was compelled to import coal. It is difficult to determine the amount of the coal deficit in the remaining central territory, because precisely on account of the lack of coal, the country's economic forces are far from working to an extent which would render it possible to calculate the requirements in the longed-for normal times. Railway traffic has shrunk to a small fraction of its former dimensions in consequence of the dearth of fuel, the factories have ceased work to a great extent, partly for want of coal and partly for want of raw material, and not only private households, but also the public institutions (schools, offices etc) even during the last mild winter, had to struggle with a very acute crisis in the matter of fuel.

The quantity of coal at present imported cannot therefore, even remotely, serve as a measure of Hungary's requirements. The fact that Hungarian industry is for the most part concentrated in Budapest and the neighbourhood, far from the coal-producing centres, and the fact that the remaining railways, being central lines, have a greater train-traffic and therefore a greater consumption of coal than the lost railways — these facts in themselves are sufficient to prove that the remaining territory is in need of a stronger supply of coal.

Nor must we forget that the country has lost principally those of its territories which are rich in wood, where wood is not only the staple fuel for household purposes but is largely used in industry instead of coal (especially in industries engaged in working up wood); also we must note the fact that the greater water-forces suitable for developing energy are, for the most part, beyond the new demarcation-line.

A rough calculation would perhaps give 70—80 million quintals as the amount of import-coal required by truncated Hungary. This quantity could be somewhat diminished by the new and scanty surface coal-layers, which, however, it is difficult to start at present in consequence of the dearth of capital, but which might slowly become a notable factor of production. Unfortunately, the same must be said with regard to the exploitation of the water-forces which would likewise demand a large capital-outlay, or with regard to the centralisation of energies, the undoubted economy of which would only begin to appear after heavy material sacrifices.

As, however, only the most irresistible constraint can compel us to proceed niggardly in the use of coal or of working-energy, and the only possibility of economic development lies in the accomplishment of more work by using more force-producing material, we must, on account of the insufficiency of the coal-producing territory, reckon with greater material sacrifices for acquiring the necessary coal or other source of energy in order to promote economic life.

In this respect, the loss of water-power is a serious obstacle. The water-power stations greater than 500 kilowatt, constructed or planned within the new demarcation line can be estimated at a total of only 130 million kilowatt, the smaller and not yet planned water-

forces at 150 million, while on the severed territory we may reckon for the greater plants 5370 million, for the smaller 7350 million, a total of 12,720 million kilowatt. In the central territory of our country there is scarcely such a fall or abundance of water as would justify us in contemplating a greater development of energy. It would, however, be possible to obtain much more water power by devoting very large investments to the construction of larger turbines on the Danube and the Balaton, or to the construction of an artificial waterfall at the projected Sio canal.

A more complete exploitation of the small sources of energy, and if possible their unification, could likewise afford some relief to the dearth of coal, if we systematically directed our attention to the development of those branches of industry for which raw-material is easily obtainable, organisation simple, and the need of energy not very great.

What relatively great losses in small water-power plants have been imposed on Hungary by the disintegration of the country, can be seen from the following Table, the data for which were compiled in 1906. (See page 138.)

The deficiency in the coal-supply induces us to turn our attention to the peat-deposits of Hungary, the exploitation of which could, at least in their immediate neighbourhood, more or less satisfy the demands for fuel, and for energy in milling and in agriculture. The peat-deposits of Hungary extended over an area of 966 square kilometres, with a volume of 1235 million cubic metres; with respect to their calorific value, the most important peat-layers are at Hanyság, Nagyberék, and in the Counties of Zala and Somogy.

Among the peat-bog districts, the Ecsed bog and in part also the Hanyság are outside the new boundary;

the Szernye swamp, the Transylvanian, Árva County and some smaller deposits in Upper Hungary are entirely lost to the country.

Territory	Turbines	Upper waters-wheels	Lower waters-wheels	Wind-mills
	Total Horse-Power			
Czech occupation	2.974	13.008	6.641	4
per cent	35,6	31,0	22,1	0,0
Roumanian occupation	2.695	20.590	12.524	64
per cent	32,3	49,1	41,6	1,8
South-Slav occupation	254	36	875	1.519
per cent	3,0	0,0	2,9	41,9
Austrian occupation	349	655	1,187	65
per cent	4,2	1,6	4,0	1,8
Fiume	—	—	22	—
Total occupations	6.272	34.289	21.249	1.652
per cent	75,1	81,7	70,6	45,5
Dismembered Hungary	2.073	7.647	8.827	1.975
per cent	24,9	18,3	29,4	54,5
Hungary entire	8.345	41.936	30,076	3.627

It is probable that the womb of the Hungarian land bears many other natural treasures, and not only in the extension of the coal-fields may we hope for progress, but also in the opening-up of earth-gas and petroleum sources. The impoverished country, however, in its present situation can scarcely cover its momentary deficit, and cannot for the present entertain the hope of being more abundantly supplied in the future, and the hope of attaining the realisation of this through her own strength alone.

CHAPTER X.

INDUSTRY.

During the last few decades the industrial class in Hungary has steadily increased in number. The proportion of the workers engaged in industry compared with the whole wage-earning population during the last three decades was as follows: 1890, 12,3⁰/₀; 1900, 13,8⁰/₀; 1910, 17,4⁰/₀. This industrial progress has proceeded in every part of the country, although not at the same uniform rate. The central territories, with Budapest at the head, have taken the lead in industrial development: from the year 1890 to 1910, the industrial population between the Danube and the Tisza, grew from 18,2⁰/₀ to 26,9⁰/₀. In the North-West districts, on the left bank of the Danube, 13,1⁰/₀ of the work-people in 1890 earned their livelihood from industry, and in 1910 the proportion had increased to 18,2⁰/₀. In the North-East (on the right shore of the Tisza) during these twenty years, the industrial population grew from 11,9⁰/₀ to 16,2⁰/₀, and in Transylvania from 8,2⁰/₀ to 11,8⁰/₀.

The year 1910 found Hungary, in general, favourably situated in the matter of industry, and the development continued satisfactorily for nearly two years still; only towards the end of 1912, at the time when the Balkan war broke out, development ceased, and afterwards there was somewhat of a decline. Thus we may accept the data for 1910 as characteristic, on the whole, for the time when the world-war broke out. The data for the

industrial population of Hungary in its present ruptured condition are contained in the following Table:

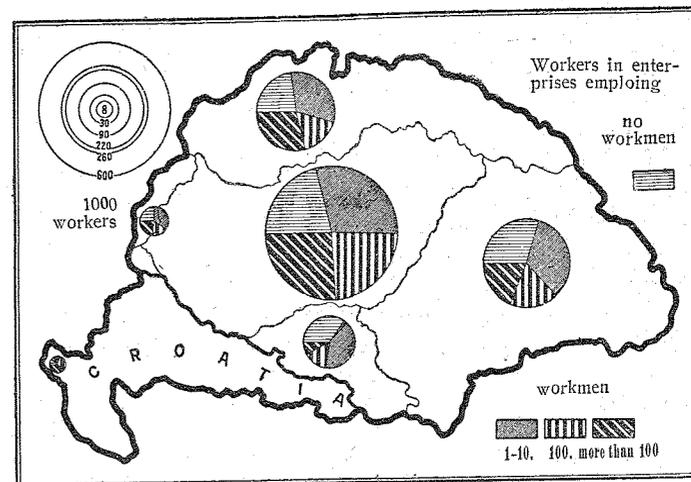
Distribution of population engaged in industry

Territory	Independent	Officials	Other employees	Total	Number employed in industrial undertakings working with more than 20 employees
Czech occupation...	68.559	4.304	157.255	230.118	80.057
per cent ...	17,2	13,2	18,2	17,7	20,4
Roumanian occupat.	95.827	4.902	166.365	267.092	67.827
per cent ...	24,0	15,0	19,2	20,6	17,3
South-Slav occupat.	40.524	947	50.147	91.618	8.968
per cent ...	10,1	2,9	5,8	7,0	2,2
Austrian occupation	9.755	361	28.533	38.649	8.279
per cent ...	2,4	1,1	3,3	3,0	2,1
Fiume ...	1.497	517	7.830	9.844	5.881
per cent ...	0,4	1,6	0,9	0,8	1,5
Total occupations...	216.162	11.051	410.128	637.321	171.012
per cent ...	54,1	33,8	47,4	49,1	43,5
Dismembered					
Hungary ...	183.138	21.655	454.972	659.765	221.927
per cent ...	45,9	66,2	52,6	50,9	56,5
Hungary entire ...	399.300	32.686	865.100	1,297.086	392.939

It appears therefore, that industry is concentrated to a greater extent on the central territories of the country. The proportion of industrial workers is considerably higher here than it is for the whole country: the number of independent workers, however, does not much exceed the proportion for the whole population, and this clearly indicates that the people engaged in small industries are more sparsely represented on this territory. The employed artisans constitute a great majority, especially those who work in establishments employing more than 20 work-

men, that is, in undertakings which can be characterized as factories.

This latter proportion, and finally, the fact that two-thirds of the industrial officials belong to this ter-



ritory, show the higher degree of concentration of factory-work in this part of the country.

Those large industrial concerns which employ more than 100 workmen, are by far the most important on the territory remaining to Hungary; their proportion compared with the data for the whole country is 54.3%,

and the number of workmen employed in this class of factories is 56.1% of the whole number of industrial workers, although many of the large concerns are situated on the peripheries in the vicinity of the sources of their raw material or at points favourable for commerce; on the other hand, the counties which are poor in industry and of a pronounced agrarian character are likewise almost all joined to the central territory.

The greatest industrial concentration was naturally found in Budapest, where 44.1% of the people are employed in industry, and 77.1% of these are dependent employees. Of these dependent workmen 76.4% are employed in factory undertakings, 51.3% being in factories which have more than 100 persons on their workmen's list. But there is also no lack of small industrial workshops in Budapest, and of these 51.1% are without dependent workmen, 36.2% employ at most 5, and only 3.5% of these small undertakings employ more than 20 workmen. After Budapest, the most considerable industrial settlements are found in the County of Pest, in the new suburbs which have sprung up around Budapest, and in some other towns of the province.

Outside the central territory, the most valuable industrial district is that which is occupied by the Czechs. 17.7% of the whole country's population engaged in industry are in this district, 18.2% of the workmen, and 20.4% of the factory employees. The proportion of dependent workmen compared with independent artisans is higher also on this territory than the average for the whole country; after the central territory, industrial concerns employing more than 100 persons are here the most numerous, and after the undertakings in the country remaining to Hungary, these concerns have here the greatest average.

However, in this district also, it is principally the Magyar parts which are occupied with industry. Among the Magyars of the Western part, we find a well-developed and evenly-distributed industrial population, working in the different classes of industry, in small, middle-sized and great concerns; the Magyars of the Eastern part follow with an active industry, the middle-sized class of concerns playing here a more important rôle. In the valley of the Garam the great factories play a leading part, and the industry of the Vág Valley and Szepes County also deserves mention.

It is true that a greater proportion (20.6%) of our industrial population falls to the district occupied by the Roumanians, but it is not so important when we compare it with the great area of the territory occupied; in fact, we find here the smallest part (12.7%) of the whole population engaged in industry. The industry here is carried on principally by concerns operating on a small scale; of the independent artisans, 24.0% live in this district, of the workmen 19.2%, and 17.3% are in workshops employing more than 20 workers. For every 100 independent artisans there are only 173 employed workmen, among the industrial enterprises nearly two thirds are without employees, and nearly two-fifths employ one assistant workman. There are of course some larger factories also in this district, but these also on the average employ a relatively small number of workmen.

On the territory occupied by the Roumanians, the Saxons are the people most engaged in industry, but they are closely followed by the Magyars (including the Szeklers), and among these the proportion of artisans is considerably higher than in the mixed-language districts and among the Roumanians.

In comparison with the extent of its population, West-

Hungary has a great share in industrial production. It resembles the central territory of the country in that here also small undertakings working without hired help play a very small rôle, (for 100, independent artisans there are 296 dependent employees) and the more highly developed classes of factories are better represented than the small industries; these factories, however, have not attained the same degree of concentration as in the centre of the country.

Among the severed territories, the one least engaged in industry is that which is occupied by the South-Slavs, where 14,7% of the population are artisans. Of the entire industrial population of Hungary, 7% live on this territory, of the independent artisans 10,1%, of hired workers 5,8%, and of factory workers only 2,2%. From these data it appears that we have here again a people of the type of small artisans. The proportion of hired workmen is smaller here than in any other part of the country; for every 100 independent artisans, there are 124 employees.

If we examine the possibilities for future industrial development, they are less striking in the small industries. When the great pathways of commerce are barricaded, local trade and traffic have to contend with fewer obstacles. Investments play a smaller rôle in the creation of small industries, and likewise the questions of material and the state of the market; the individual's working-capacity is of greater importance, as also are the direct orders which are little affected by the new demarcation lines.

More worthy of consideration is the crisis in the great industries, occasioned by the lack of raw-material and the economic disintegration.

The following data for the year preceding the war give an idea of the state of Hungarian factories, that is,

of those enterprises which by reason of the number of workmen employed, or the quantity of their motor-power, or their mass-production of articles, are distinguished from the type of small industries:

Territory	Factories, number	Motorforce HP	Maximum list of workmen	Wages in 1000 crowns	Market value ¹⁾ of products in 1000 cr.
Czech occupation ...	817	173.815	98.238	66.525	618.979
per cent. ...	19,3	21,7	22,0	18,1	18,2
Roumanian occupat.	927	153.667	92.650	61.930	614.895
per cent. ...	21,9	19,3	20,8	16,8	18,1
South-Slav occupation	301	39.862	15.378	8.449	148.043
per cent. ...	7,1	5,0	3,5	2,3	4,4
Austrian occupation...	132	12.773	11.303	7.232	52.007
per cent. ...	3,1	1,6	2,5	2,0	1,5
Fiume ...	35	19.003	8.498	12.237	74.237
per cent. ...	0,8	2,4	1,9	3,3	2,2
Total occupations ...	2,212	399.120	226.067	156.373	1,508.161
per cent. ...	52,2	50,0	50,7	42,5	44,4
Dismembered					
Hungary ...	2,029	398.929	219.725	211.381	1,887.930
per cent. ...	47,8	50,0	49,3	57,5	55,6
Hungary entire ...	4.241	798.049	445.792	367.754	3,396.091

Of the 4241 factories, 2029 remain within the new boundaries, that is, 47,8%. Here, the 5958 engines employed, with a total of 399.000 HP, the 220.000 workmen, working more than 53 million days for 211 million crowns in wages, and the produce of 1888 million crowns market price, show that the factories remaining are the most efficient and valuable. The number

¹⁾ The market-value can at most be regarded as strictly exact when estimated in detail for the different branches of trade, for in the sum total of industrial production there are numerous goods which require further finishing processes, and the market-value is calculated separately after the first, second, etc process.

of factories on the central territory is only 47,8% of the whole, but the Horse-Power 50,0%, the workmen 49,3% the working-days 51,8%, the value of products 55,6%, and the wages 57,5%. In relation to their number therefore, they were capable of developing great power, and their workmen were generally fully occupied.

We must here mention in advance (returning later to a fuller consideration of the question) that the factory-industry remaining within the new frontiers was founded on the economic unity existing between the centre of the country and the territories now amputated from it. Therefore, the figures which we quote show the capacity of our factories in peace-time, and not what it would be at the present day. We must further remark that during the Roumanian occupation of 1919/1920, the factories were not only robbed of their raw-material and stores, but also of large quantities of their most valuable machine-plant.

The Budapest factories produced goods to the value of nearly one milliard crowns (987 millions).

If not in the number of its factories and the value of products, yet in the matter of motor-power, number of workmen and total sum of wages, that territory comes next after the central territory which is now occupied by the Czechs. More than 98.000 workmen produce in these factories, goods to the value of 619 million crowns. Also, the most valuable industrial work is performed by the Magyar population on the territory occupied by the occupation: more than 36.000 workmen produce goods of at least a quarter of a milliard crowns value, chiefly in the Western parts.

On the territory occupied by the Roumanians, there are more factories, but the motor-force employed is smaller, the workmen fewer in number and less fully occupied, and consequently their earnings are propor-

tionately lower, and the value of the products less. Of the 615 million crowns worth of products, 316 millions fall to the share of the Magyar districts.

The industrial concerns newly acquired by the South-Slavs have, on the average, a smaller supply of force and a much smaller work of production performed by workmen less systematically employed and less well-paid.

The loss of Fiume from the standpoint of industrial production is also painfully felt; in the Hungarian part, factories with 8500 workmen produced goods to the value of more than 74 million crowns. The factories of Western Hungary, employing 11.300 workmen, produce goods only to the value of 52 million crowns.

We shall proceed with the discussion of our industrial situation, analyse in detail the general data given above, and examine in main groups what of our industries remain and what seem to be lost. On this point we derive information from the following Table, compiled from the data for the year 1913. (See page 148.)

According to these data nearly the half of Hungary's industrial production, valued at 1650 million crowns, was devoted to the *manufacture of articles of food and consumption*. As a consequence of the country's dismemberment, Hungary has lost 42,7% of her production in this branch of industry.

The factories on the territory now occupied by the Roumanians, produced goods of this kind to the value of 283,8 million crowns; the greater part of this, 151,2 million crowns worth, came from the Magyar districts in the South, and nearly 50 million crowns worth from the Magyar districts in the North. We must still take into account 18,7 millions from the Székler-land and 28 millions produced in the Mezőség and Szamos territory, in order to see to what extent this group of industry preponderated among the Magyars, and how

Territory	in 1000 s of crowns of market-value											
	Iron and metals	Machines	Stone, porce- lain, etc.	Wood and Bone	Leather, bristles etc.	Spinning and Weaving	Clothing	Paper	Food, etc.	Chemicals	Printing industry	Total
Czech occupation	185,194	12,362	26,697	45,213	25,082	70,190	1,965	35,193	280,174	48,089	950	618,979
per cent	26.9	4.1	22.1	24.3	32.0	86.4	6.1	56.9	14.0	18.7	2.0	18.2
Roumanian occup.	111,181	25,531	15,946	89,805	7,088	24,759	4,689	7,640	288,776	41,112	8,368	614,895
per cent	22.2	8.3	13.2	48.2	9.0	12.8	14.4	15.4	17.2	17.8	7.0	18.1
South-Slav occup.	735	2,330	4,578	7,486	353	6,639	1,539	—	116,524	7,202	357	148,043
per cent	0.1	0.8	3.8	4.0	0.4	3.5	4.8	—	7.0	8.1	0.8	4.4
Austrian occup.	2,385	1,185	2,276	1,534	781	12,271	—	839	28,985	2,995	627	52,007
per cent	0.5	0.4	1.9	1.0	0.8	6.4	—	1.8	1.6	1.3	1.2	1.5
Fiume	—	13,098	—	515	130	346	—	2,150	47,518	10,187	293	74,257
per cent	—	4.3	—	0.3	0.2	0.1	—	4.3	2.9	4.4	0.6	2.2
Total occupations	249,575	54,766	49,466	144,573	38,164	114,365	8,193	38,852	704,977	104,585	5,535	1,508,161
per cent	49.7	17.9	41.0	77.8	42.4	89.2	25.3	79.4	42.7	45.8	11.6	44.4
Dismembered	—	—	—	—	—	—	—	—	—	—	—	—
Hungary	252,888	250,650	71,164	41,265	44,975	78,712	24,157	10,690	945,306	126,029	42,564	1,887,980
per cent	50.3	82.1	59.0	22.2	57.6	40.8	74.7	21.6	57.8	54.7	88.4	55.6
Hungary entire	501,763	305,446	120,630	186,268	78,139	192,977	32,350	49,542	1,650,283	230,564	48,159	3,306,051

Factory products of different branches of industry.

insignificant it was on the peripheries. On those territories occupied by the Roumanians, there are only three branches of industry which employ more than a thousand factory-workers: the tobacco manufacture (3644) which was artificially established near the frontiers in order to provide employment for the poor people; the milling industry (2513) chiefly carried on in the Magyar districts, and the sugar refining industry (1574).

On the territory occupied by the Czechs, 14% of the products of the food industry are manufactured, exceeding 230 million crowns in value. Of this, however, nearly 134 million crowns worth comes from purely Magyar districts. Sugar-refining on the Czech occupied-territory was highly developed, and occupied 7890 workmen; the manufacture of tobacco gave a livelihood to 4948 workmen, 1335 were occupied in milling, and 1214 in the manufacture of sweets, chocolate etc.

The South-Slavs have seized the territories of greatest agricultural importance, so that here also the industry in food-products is noteworthy, the products exceeding in value 116 million crowns (the value of all other large factory products in these parts is not more than 32 million crowns). Here, however, only sugar-refining plays a more important rôle, with 2366 workmen, and the milling industry, with 1571 employees: all other branches of food industry are confined to much narrower limits. There should be mentioned also the sugar industry on the territory claimed by the Austrians, which employs 1394 workmen; scarcely any other articles of food are manufactured in this part of the country.

On the territory remaining to Hungary, the industry in articles of food and consumption takes the lead in all its branches. From the standpoint of the number of workmen employed, the greatest branch is sugar-refining, and next to it the manufacture of tobacco, each of these

branches employing more than 10,000 people. According to the census taken in the Autumn of 1917, there were 7122 workmen employed in the milling industry, for the production of flour was at that time in part transferred from the great commercial mills to the small mills working in return for a percentage of the produce. At that time 3583 workmen were employed in beer-brewing, 1000—2000 in manufacturing sweets, pastry, sausages and spirits, and nearly 1000 in the manufacture of milk-products, etc. Budapest took the lead in the working-up of articles of food; the factories in the capital produced such articles to the value of more than 503 million crowns.

Bearing in mind what we have said above with regard to the present crisis in Hungarian agriculture, and the undoubted development in agriculture when the necessary investments have been made, we can regard the future of the food industry not only as sufficiently assured, but as one of the most important factors in the further development of industry on the remaining territory of the dismembered country. It is true that here also the question of fuel occasions anxiety, but, in the course of later development, materials for this branch of industry can be provided to an extent considerably in excess of the present supply, so that our agricultural products, worked up and preserved industrially, can be placed on the market to a greatly increased value.

In addition to the milling-industry, which is already highly developed, the manufacture of pastry and preserves, wine-products and the meat-industry are susceptible of development to a much higher degree. Especially can the manufacture of fruit-preserves be developed, for in consequence of the high rate of wages and the expenses of transport the exploitation of the fruit-crops has been in general unsatisfactory. The manufacture of tobacco and also

numerous branches of the food industry might well be decentralised, and thus the lack of working-power diminished.

The iron-and metal-industry was hitherto the branch of Hungarian industry which stood second in point of value of its products, amounting to nearly 502 million crowns, next to it coming the machine industry with a production valued at more than 305 millions, the two together therefore scarcely half the value of the products of the food industry. The foreign annexations have not equally affected these two groups of industry, for of the iron and metal-industry works only 50,3% remain within the new frontiers, whereas 82,1% of the machine production falls to the central territories. Still we must consider the two branches together, for their future fate depends in what measure they can obtain raw-iron, and coke and coal, of which they consumed hitherto on the territory remaining to Hungary approximately 16—17 million quintals per annum (coke, nearly two and a half million quintals).

The iron and metal-industry on the territory occupied by the Czechs produces goods to the value of 135 million crowns, and the machinery manufactured here is valued at 12 millions. The greater part of the machinery was manufactured on the Magyar territory (8,4 million crowns) but in the iron-and metal-industry the lead was taken by the Garam Valley (66,9 million crowns).

On the territory occupied by the Roumanians the iron-and metal-industry likewise held the first place with a production valued at 111,2 million crowns, the machinery produced being valued at not quite 26 million crowns. This latter industry is most developed in the Southern part of the Magyar territory.

The iron-and metal-industry in West-Hungary and on the territory occupied by the South-Slavs is much more insignificant.

The iron- and metal-*industry* on the central territory of dismembered Hungary had a production valued at 252,4 million crowns, and the machine *industry* a production of 250,7 millions. Four-fifths of the machinery (199,7 million crowns in value) was manufactured in Budapest, and as 72,5 million crowns worth of goods were also produced in Budapest by the iron- and metal-*industry*, the metropolis is most directly interested in the future lot of these two kindred branches.

From the number of factory-workers also we can see the great importance of these branches of *industry* on the central remaining territory of Hungary. Of the 68.134 workmen in the great iron- and metal-works, 43.478, that is, nearly two-thirds, are employed here, and of the 49.105 in the machine factories, 42,201, that is, 85,90%. About 30.000 men are occupied in the boiler, machine waggon- and ship-building works, about 16,000 in the iron- and steel-works, 6000 are engaged in the manufacture of electro-technical goods, 3500 in lock-smith's work, and 2400 in the manufacture of iron-mongery and tools etc.

When we consider the productive capacity of the great factories, we see that the iron-ore and iron supplies of the country are now far below the requirements of both the great and the small *industries*. The following data show the distribution according to the new boundaries:

Material	Dismem- bered Hungary	Czech Occupation	Roumanian Occupation	South-Slav Occupation	Austrian Claim
	in 1000 quintals				
Iron-ore	4,024	4,462	5,017	—	—
Pig-iron and old iron	4,583	2,303	1,597	6	6
Half-finished products of iron and steel	4,056	2,001	1,661	17	178

If we compare these figures with the data relating to the iron-trade contained in the preceding chapter, we see that the territory remaining to Hungary is altogether inadequately supplied with raw-material.

But, the capital invested in the iron-works and machine-factories is so great and the workmen employed in these branches constitute so valuable an element of industrial labour, that the enterprises can be allowed to rest at most for a brief period. At the present time, work proceeds according to the amount of iron procurable, the products being partly for the export-trade. Some work is done by the factories on the hire-system, and some for the State, especially railway reconstruction work, and orders for the last-mentioned kind of work have been received from the South-Slavs and the Roumanians. Repairing work also provides some temporary occupation; without calling for any considerable outlay of material. The removal of the duty-barriers towards the North would probably contribute to the further nourishment of the iron- and machine-industries, especially in supplying iron from the mines which have been appropriated from Hungary. However, it is scarcely to be expected that Hungary, in her present dismembered state, will be capable of much greater development in the so-called heavy *industry*.

With respect to the value of goods produced, the *chemical industry* comes next with a pre-war production of 230,6 millions, of which 54,70% came from the territory remaining to Hungary. Among the severed territories, the parts occupied by the Czechs and Roumanians participate to a greater extent (43 and 41,1 millions respectively), then follows Fiume with a production valued at over 10 millions (principally refined petroleum) then the territory acquired by the South-Slavs, with 7,2 millions, and finally West-Hungary with something less than 3 millions.

On the territory occupied by the Czechs, the Magyar districts manufactured chemicals to the value of about 23 million crowns; and then should be mentioned the production of the Ruthenian conclave, 7 millions, and the Upper Vág Valley, 6 millions. Here the most notable branches are the working-up of distilled wood-products, with 2840 workmen, and the manufacture of explosives, with 1117 workmen.

On the territory occupied by the Roumanians, the chemical industry in the Magyar districts produced articles to the value of over 16 million crowns. Here also the preparation of distilled wood-products is the most important branch, with 2612 workmen, and afterwards comes the asphalt and tar-production, with 1000 workmen.

On the central territory remaining to Hungary, the manufactures of candles and soap, vegetable oils, medicaments, asphalt, tar, matches, glue, colours, artificial manures, starch and refined petroleum are of considerable importance. The distillation of wood-products industry does not at all exist in dismembered Hungary, and the manufacture of soda is also of small importance.

The Hungarian chemical industry is deprived of two very important raw-materials, viz, wood and mineral-oil, although it is probable that the factories which produced half-finished articles from these raw-materials in the newly occupied parts of the country, will, in spite of the present economic separation, find a way for their products to the central territory where are the factories fitted up for their completion.

However, in several branches of the chemical industry, although at present considerable capital is required for machinery and the question of fuel exercises a retarding influence, we may confidently expect an improvement in the near future, in spite of the new political frontiers. This is especially the case with those branches of the

industry which produce articles of greater value out of material which can be easily obtained, and for which there is constantly a great demand. Among these it is sufficient to mention vegetable oils, matches, candles, soap, starch, asphalt, tar, colours, varnish and medicaments. The manufacture of artificial manure has likewise a great future, although for the present intensive agriculture cannot increase. The re-commencement of phosphate deliveries from over-seas, the acquisition of nitrogen from the air, and the introduction of other achievements of chemical industry important for the development of agriculture, may be all looked forward to with certainty.

In general, with the increase of agricultural production, more raw-material will be provided for the chemical industry, and this again can dispose of its increased production to the agriculturists.

The *Spinning and Weaving Industry* in Hungary produced goods to the value of nearly 193 million crowns, but of this only 40,8% remains within the new frontiers. The territory occupied by the Czechs is relatively best provided with spinning and weaving-mills; in these there were manufactured more than 70 million crowns worth of goods, and on the territory occupied by the Roumanians the yearly production was about 25 millions. In West Hungary the products are valued at over 12 million crowns and by the South-Slav occupation the country has lost factories producing goods to the value of 6,7 millions.

On the territory occupied by the Czechs there are two large factories on the Upper Vág, and these have raised the production of this district up to 40,8 million crowns; the textiles manufactured in the Western part of the Magyar territory are valued at 18,5 millions, and those of the Eastern part at 3,8 millions. Here the

largest branch of the industry is wool-spinning which employs 5500 workmen; cotton-spinning occupies more than 4000 employees, 2600 workmen are engaged in the flax-and-hemp industry, and 1500 are employed in further finishing-work on the textile products.

On the Magyar districts under Roumanian occupation textiles are manufactured to the value of 14 million crowns. More than a thousand workmen are here employed in the wool and cotton industries, in the preparation of flax and hemp, and in the knitting and weaving industry. In West-Hungary, the jute-industry plays the most important part.

Of the production of the spinning and weaving industry, on the territory remaining to Hungary, 25 million crowns worth falls to Budapest, and to the County of Pest, 21 millions.

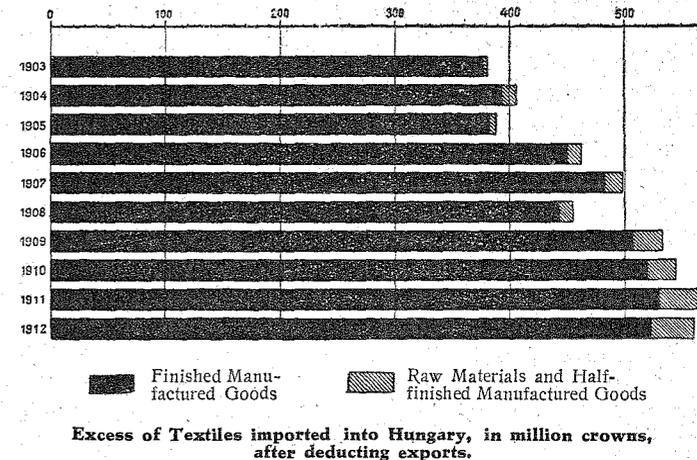
The central territory participated to the least extent in the woollen industry, for here are only 600 out of the total number of 8500 employed in this industry throughout the whole country. Here the cotton industry occupied 2600 workmen, the linen-industry 2400, the jute-industry nearly 2000, and a part of the silk-industry also falls to the share of the central territory. In the further working-up of textile-products, the dismembered territory of the country also plays a leading rôle, especially in knitting and weaving.

The Hungarian textile industry could never cover more than a small fraction of the requirements, and the import in textile goods was always high, as appears from the following data. The imported surplus of textiles, in 1000 s of crowns, was:

1901—1905 average	---	---	---	327.654
1906—1910	»	---	---	420.904
1911	»	---	---	450.295
1912	»	---	---	440.737

The supplying of our own requirements in this branch seems therefore to afford unlimited scope for further development.

The products of the spinning and weaving industry have hitherto bound the export values of Hungary to such a degree, that the diminution of this item of import, as far as possible, is a most important aim of



economic policy. It is favourable for the development of the industry that much of the raw-material can be produced in the country itself, and further, that this industry demands a relatively small motor-force, and is therefore less affected by the coal-crisis; and finally there is no lack of women-workers who can well be employed in this branch. For the great mass of textile materials and articles, however, the country will always have to depend on import; but it is probable that,

with the restoration of free conditions of competition, it will be able to cover its requirements from those quarters where it receives corresponding economic advantages. Most recent experiences show also that there has been everywhere a very rapid accumulation of surplus stocks of over-production in the textile-trade.

The *Clothing industry* is in great part carried on in small work-shops, but clothing is also manufactured in factories to the value of over 32,3 million crowns. In the clothing industry, in consequence of the great production in Budapest, the central territory remaining to Hungary took the lead, the market-value of the production here being 74,7% of that for the entire country. The territory under Roumanian occupation — thanks to the large Magyar towns in these parts — participated to the extent of 14,4%, the territory falling to the Czechs participated only with a little more than 6%, and the parts occupied by the South-Slavs with nearly 5%. In West Hungary there is practically no factory-production at all in the clothing industry.

On the central territory of Hungary, every more important branch of the clothing industry is represented by factories of considerable importance. The largest branch is tailoring, which employs more than 3000 factory-workers, then follow the branches for boots and shoes, under-wear, cloth and straw hats, gloves, umbrellas and parasols, artificial flowers and feathers etc, each branch employing a larger or smaller number of factory-workers. Of the factory-products valued at 24 million crowns, Budapest manufactured 17 millions.

The present unnatural separation of the country into various parts will surely for a time adversely affect employment in the clothing industry, and to this can also be added the fact that the hard conditions of life limit the purchasing-capacity of the public.

Under critical economic conditions, in the case of many articles of the clothing industry—where individual tastes, fashions, and the inclination to luxury play a greater rôle—further development appears to be uncertain; reconstruction, however, is not excluded in the case of more important articles suitable for the masses, for the parts now severed from the country were always accustomed to regard Budapest as the leading producer in this branch. What we have said relating to the spinning- and weaving-industry, viz, that it requires a relatively small motor-power, is still more applicable to the clothing industry, and the easy possibilities offered for female-labour still further favour the development of the industry.

The *Wood industry* in Hungary occupied factories which produced articles to the value of 186,3 million crowns, but only 22,2% of this fell to the share of the central territory. Nearly half the production, 48,2%, falls to the territory under Roumanian occupation, the parts occupied by the Czechs have 24,3%, and the South and West have scarcely any weight in the wood industry.

In all parts of the territory occupied by the Roumanians there is an active wood industry; but the lead is taken by the Szekler-land where the yearly production is estimated at 28 million crowns. On this, now Roumanian, territory are saw-mills occupying nearly 39.000 workmen.

The Czechs, in the Upper Vág Valley, have acquired the most valuable branch of this industry, yielding 13 million crowns worth of produce yearly. Here also saw-mills predominate, and employ 10.000 workmen; the other branches, however, are also well represented, especially the manufacture of bent-wood furniture and other kinds of furniture and carpentry-work.

On the territory occupied by the South-Slavs there are

not quite 1000 workmen employed in saw-mills, and in addition, the manufacture of furniture and the working-up of celluloid, reeds and straw are carried on in factories.

In West Hungary there are some small saw-mills, and some small wooden articles are manufactured in factories.

On the central territory of the country, with the exception of the manufacture of bent-wood furniture, every branch of the wood industry is represented. most strongly furniture-making and carpentry, afterwards the working-up of reeds and straw, the manufacture of carriages, agricultural implements, flooring, barrels, sticks, frames, etc. These many different articles, however, are produced in greatest quantities in Budapest, where the production of the wood industry and its kindred branches is valued at 20,6 million crowns.

The dearth of wood occasioned by the dismemberment of the country is one of our most grievous economic misfortunes, especially in this hard period of transition when political, currency and transport obstacles separate us from the wood supplies which are necessary for our inland work of reconstruction, or make the work excessively expensive. The loss of the forests disturbs the commercial balance to an extraordinary degree, for in our present situation it is scarcely possible to make up for the loss of the export of wood by means of any other export-article, Independently, however, of the general economic significance of the lack of wood, industry in general will severely suffer from the dearth of wood as an article of fuel, and also from the scarcity of charcoal, The Hungarian industries which use wood are passing through a serious crisis for want of the material; and it is questionable if the highly developed industry of bent-wood furniture will be able to main-

tain its hitherto pre-eminent position. The barrel industry will also suffer, and wood industry for the building-trade, although this latter will probably preserve its connections through the help of its two powerful auxiliaries, the Vág and the Danube, which have hitherto forwarded the timber on rafts, a cheap method of transport with which other undertakings will scarcely be able to compete. At most there seems to be a prospect of maintaining in their integrity, and perhaps of developing, those branches of smaller importance which are engaged in working up reeds, straw, millet-straw, willows etc, and on the other hand, of developing those branches engaged in the more artistic preparation and cutting of wood. The extension of the manufacture of artistic furniture in place of the simpler joinery work, will to some extent enable the importer of wood to bear the heavy expenses, and indeed with the organisation of industrial-art work, it would be possible under more favourable political conditions not only to regain our former markets in the East, but to make the Hungarian goods desirable for the markets of the West. Hungary, in her programme of industrial instruction, has been accustomed to assign great importance to training in the wood industry, and her industrial-art products of this kind have always been most highly appreciated at the various international exhibitions.

The *Stone-Clay- and Glass-industry* is carried on to a much greater extent on the central territory, principally through the manufacture of bricks — an industry which at the present moment is unfortunately condemned to inactivity. Of the production valued at 120,6 million crowns, 59% is derived from the territory remaining to Hungary, 22,1% is on the territory occupied by the Czechs, and 13,2% in the district occupied by the Roumanians. On the territory occupied by the South-

Slavs the industry is carried on to a much smaller extent, the production being 3,8% of the whole, and in West-Hungary this industry is quite insignificant.

The Czechs have acquired in the Magyar district more than 10 millions crowns value of products of this industry. The glass factories have passed mostly into the hands of the Czechs, with nearly 2800 workmen.

With the territory they have occupied, the Roumanians have acquired in the Magyar districts undertakings engaged in the stone- and clay-industry which are capable of a production valued at 3 million crowns. The Roumanians have also acquired a special branch of the industry, the manufacture of gypsum.

On the territory occupied by the South-Slavs, and in West-Hungary, there is a small industry in cement and stone, but the manufacture of bricks plays the most important rôle.

This is also the most notable branch of the industry on the central remaining territory where it gives employment to nearly 19.000 workmen; then follows the stone industry with more than 4000 workmen, and the cement manufacture with 3500, and afterwards, the manufactures of lime, glass, glass-polishing, different earthen-ware, artificial stones, etc. From the nature of these branches of industry it follows that they are attached to the site of the raw-material, and thus the concentration is not very noticeable; of the 71,2 million crowns worth of goods produced on the central territory, only 18,8 millions fall to the share of the metropolis.

The dismemberment of the country's territory undoubtedly attacks the life-interests of this industry also, but the loss here is relatively less. The glass factories which remain to us contend with the scarcity of material and principally with the want of coal, and the industry which was never much developed has now shrunk to

very small dimensions. The central territory is poorly supplied with stone, and accordingly the stone-industry was limited: the want of lime-stone will be greatly felt in the building-trade. What appears to remain to us, the brick-industry, is now at a stand-still owing to the lack of fuel.

The universal crisis in the building-trade which is due not only to the disintegration of the country, but to the lost war and the ruined finances, will be for a time an obstacle to new development; but the brick-plants are ready for the expected improvement, and after seven years of inactivity, there will be abundant opportunities in the building-trade.

Of *Leather-industry* products — which represented in Hungary a market-value of 78,1 million crowns — 57,6% falls to the share of the central territory. A relatively high share, 32%, falls to the districts occupied by the Czechs; the territory occupied by the Roumanians remains far behind, with 9% of the production.

The leather-industry has also at present to struggle against special difficulties, against the want of tanning-material and salt; but as the country only recently had a considerable export in raw-hides, it may be supposed that with the better-regulated functioning of economic traffic, the industry will recover its productive capacity unimpaired, and, in view of the great demand for leather-ware, can also develop very considerably. There are possibilities of growth in the finer branches of the leather-industry, just as there are in the manufacture of more artistic furniture, and here also a number of carefully trained expert workers await the opportunity for applying their art.

The *Paper and Paper-goods industry* in Hungary has for the moment much more comfortable prospects. In

a yearly production of nearly 50 millions (which was, however, far from sufficient to cover the demand) the territory remaining to Hungary participates only to the extent of 21,6⁰/₁₀₀, to the territory now occupied by the Czechs there falls 56,9⁰/₁₀₀, to the district occupied by the Roumanians 15,4⁰/₁₀₀, to Fiume 4,3⁰/₁₀₀, and to West Hungary only 1,8⁰/₁₀₀.

Within the newly-created narrow frontiers the manufacture of paper is quite insignificant in consequence of the lack of the necessary raw-material, employing as it does scarcely 140 workmen; the manufacture of paper-goods, however, is somewhat greater, and gives employment to 2500. The production is for the most part concentrated in Budapest, and in comparison with the production here, valued at 9,7 million crowns, the output in the provinces is quite insignificant.

The loss of the forest-lands for the moment excludes the possibility of the paper-manufacture in dismembered Hungary from carrying on an active existence. Only if technical developments make it possible and profitable to manufacture paper out of other plants instead of wood, can there be a question of the paper-industry finding some relief from its present straitened circumstances. We must not, however, forget that the manufacture of paper is not only a question of industry, not only an item in the commercial balance; it stands in close connection with the progress of culture.

The *Printing-industry*, however, is the direct instrument for the spread of culture, and therefore it can readily be understood that the central territory held the greatest share in this industry, with 88,4⁰/₁₀₀ of the total production for the whole country; the production of Budapest alone, valued at over 39 million crowns, is equal to 81⁰/₁₀₀ of the whole. It is therefore only natural that on the territories now under foreign occupation,

the printing industry played a more important part in those places open to the warm and pure influences of Magyar culture. Thus we must mention, on the territory occupied by the Czechs, the cultural superiority of the towns of Pozsony and Kassa where the printing-industry was most active, and on the districts occupied by the Roumanians, the great cultural and printing work accomplished by the Magyars in Nagyvárad, Arad, Temesvár, and Kolozsvár, to which must be added the work of the Germans in Nagyszeben. The printing industry on the territory, acquired by the South-Slavs is unimportant.

All that we have said above as to the different branches of industry and their hopes for the future, has naturally only a relative value.

Industrial production throughout the world has suffered great disturbances also since the cessation of the war. Although it is obvious that the consumer would gladly purchase industrial articles to restore his depleted stocks, in many countries, and at present unfortunately also in Hungary, the willingness to buy is not commensurate with the capacity, on account of the depreciated currency.

Hungary, in her present state of isolation contends at all events with more difficulties than other countries.

There are the inexorable barriers established against our traffic, barriers which are impenetrable to our view. We cannot judge how industry which now struggles with difficulties both within and beyond these barriers will find later a means of calculation for the marketing of its products. It is not necessary to regard every industrial centre which is cut off politically as a lost economic connection, for in spite of artificial restrictions, the goods will sooner or later find their way to the most favourable market. Nor may we regard all our

former markets as permanently open to us, for the highly-developed industry of the West, which has long ago paid off its capital investments, can conquer from Magyar productions those territories of consumption which we have hitherto counted on as indisputably our own.

On the other hand, the diminution of the country, and the weakened financial forces of the State, the greatest patron of industry, have robbed us of many opportunities here at home, and have jeopardised the situation of the industrial working-classes.

There appear to be two general guiding principles which may be strong enough to direct us in these times of political and economic estrangements. The one is, that the great dearth of goods assures industrial production and its development, for a long period, in those branches which are not rendered quite impossible by some disturbing factor; therefore, to seek further possibilities in industry, without shrinking in fear from the bad effect of temporary conjunctures, is the policy which serves the welfare of the country and will know how to acquire the necessary raw-material with the surplus products of industry. The other principle is, that concentration to an unnecessary extent has made living difficult for the industrial worker, and has also diminished his opportunities of earning. In order to assure a better and more permanent source of livelihood and at the same time exercise the necessary economy of energy, it would be an important task to industrialise the provincial districts in such a manner that the new factors would be nearer to the source of their supplies of raw-material.

These principles might well be adopted in the development of Hungarian industry for inland requirements.

For the present we refrain from discussing the situation of Hungarian industry with regard to other States,

The great victorious States will surely very soon perceive that greater freedom of trade will save their own industry from repeated crises.

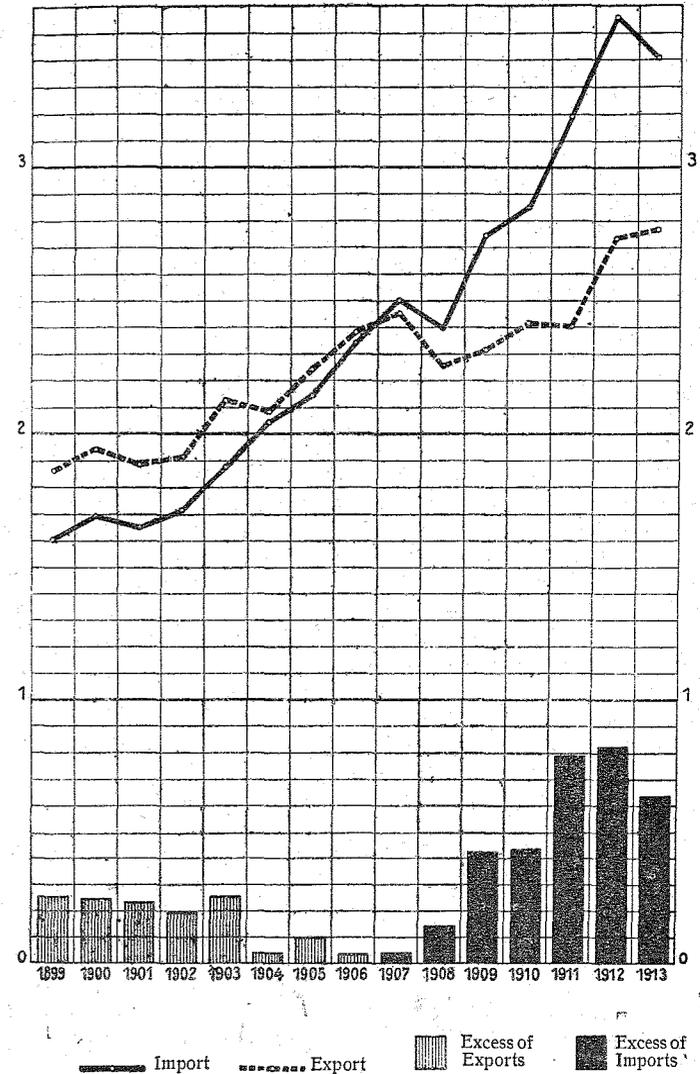
Hungary is a factor of but small significance in the world-market, but when greater freedom of trade prevails, it will not be the source of goods but their quality which will enable them to compete in those markets on which the geographical situation of the country makes it dependent.

CHAPTER XI.
COMMERCE.

It is commerce which smooths the path, sometimes long, sometimes short, traversed by goods from birth to death, from the producer to the consumer. That commerce in Hungary, although occupying but a small proportion of the population, was continually on the increase in the last few decades appears from the following data: in 1890 the proportion of the population engaged in commerce was 2,7%, in 1900, 2,8%, and in 1910, it amounted to 3,6%, in numbers, 278.104. This number is already higher than necessary. The exchange of merchandise did not increase at the same rate as the number of merchants.

Budapest was the centre of Hungarian commerce, even at periods when for political reasons an attempt was made to force the town into the back-ground, as, for instance, in the middle of the XIX century. In 1910 the proportion of trading population on the central territory now remaining to Hungary was 4,6%, while on the territories now separated it was 3,1%, and indeed, on the territory annexed by Roumania it was as low as 2,6%. As the districts inhabited chiefly by Roumanians and Slovaks lie more remote from the paths of commerce, the proportion of traders naturally sinks here to the lowest degree.

We have no precise information as to the course of inland trade in the different parts of the country, but we have data enough to show how great was the rôle



Hungary's foreign trade, in milliards of crowns.

played in the collection and distribution of goods by the central territory, and how its connection with the now-severed territories was organised.

To a certain extent, however, this appears from the course of the foreign-trade, although in earlier times the data for foreign-trade was only considered in the form of single totals, without regard to such territorial details as would correspond to the new frontiers, and, on the other hand, we regarded those countries with which our exchange of good was most active, especially Austria, as a single geographical unit, not anticipating that this unit would later be cut up into so many parts.

The foreign-trade balance of Hungary before the war was not unfavourable, and although the figures recently have shown a surplus of imports, this was not in a bad direction: the exports consisted almost exclusively of the surplus of agricultural products, but among the imports, in addition to the supplementary supply of necessities, were many articles of investment, such as machines and other plant of a nature to promote a further increase of production. The data for the balance of foreign-trade before the war, in millions of crowns, are given in the following Table:

Years	Import	Export	Surplus of	
			Import	Export
in Million crown				
1901—1905 average	1.242,7	1.338,9	—	96,2
1906—1910 »	1.685,7	1.625,6	60,1	—
1911	2.082,2	1.830,5	251,7	—
1912	2.212,1	1.962,8	249,5	—
1913	2.075,3	1.904,8	170,5	—

In consequence of the disintegration, the Hungarian foreign-trade will, in many respects, be forced to take

entirely new directions; what the consumer hitherto obtained on the same economic territory, he will eventually have to seek henceforth elsewhere, in places where the means of intercourse and questions of compensation, etc. occasion fewer difficulties. The export-trade in particular must be entirely re-organised in consequence of the country's dismemberment. The path of the agricultural products led to the West, and so the Western parts of the country served the greater part of the export-trade, for they found compensation in the surplus products of the districts in the centre and the South nearer to them, though further from the frontier. Within one and the same economic territory this process of substitution could proceed easily; but now that the unity of the country is destroyed, this system of exchange of goods also comes to an end.

Accordingly, all the data which we adduce here, can enlighten us as to the state of foreign trade with respect to the severed parts and to the remaining central territory only so far as we bear in mind the above reservations; nor do they enable us to venture on drawing conclusions with regard to future developments, except in some smaller details.

The main source of Hungarian exports was hitherto agricultural production, notably *animals* and the immediate *products of the soil*.

Of the products of *animal-breeding* we must mention in the first instance the export of *horned cattle* which in 1913 amounted to 347,318 head. The principal consumer, which took over almost the entire quantity, was Austria, the greatest part being taken by Austria as at present constituted, and a smaller part by the territories which have fallen under the rule of the Czechs and Italians. The number of horned cattle exported from the central remaining territory was 132,000, but the

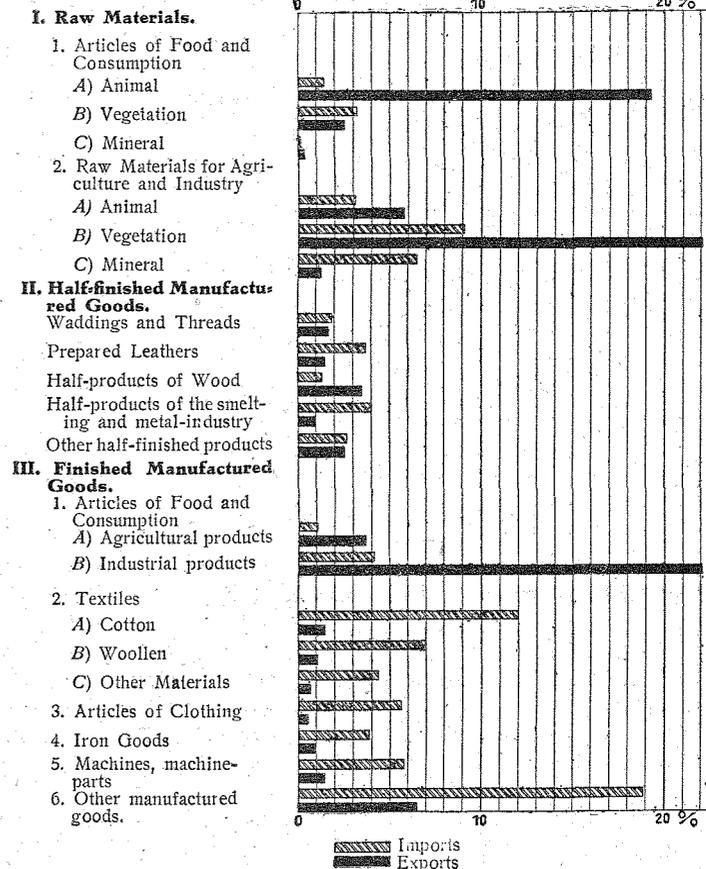
numbers exported from the territories under Czech and Roumanian occupation were also considerable. Consignments were delivered to the different parts of old Austria from the territories of Hungary lying nearest. The few horned cattle imported, 11,400 in number, came from Austria and Bosnia, with the exception of a few for breeding purposes from Switzerland and Holland.

The *swine* exported to the number of 893,192 were taken over almost exclusively by Austria, principally the part which is now called Austria, and to a small extent by the part now under Czech rule. About half the animals exported were delivered by the territory remaining to Hungary, where swine-fattening was carried on systematically, although the pigs and the maize for the purpose came from the districts now under Serb occupation; in the other half of the export Croatia and the districts of Hungary now occupied by the Roumanians had the greatest share.

Of the *horses* exported, 46,567 in number, more than half were purchased by present-day Austria, but some thousands were purchased also by the Czech and Polish districts, and some went to Rumania, Germany and Italy. The territory remaining to Hungary exported nearly 27,000 horses, and the horse-breeding districts on the different occupied territories exported each 4—5000.

Of the products of *poultry-breeding*, 6,3 million of live poultry were exported, two-thirds to Austria (the Austria of the present day, and the Czech part) and nearly one-third to Germany, small quantities being also bought by Switzerland and Italy. Nearly 4 million were sent from the remaining central territory, although this was not only a producing, but also a collecting centre.

Of dead poultry about 140,000 quintals were exported



Foreign Trade of Hungary. Average of the years 1911—1913 in percentage values of total imports and exports.

ted, in the first place to Austria of the present day, afterwards to Germany, England and the Austrian provinces now under Czech and Italian rule. Two-thirds of the export was from the central territory; worthy of mention also is the direct export from the districts now under South-Slav occupation.

The export of eggs amounted to 354.000 quintals, in which the central territory participated to the extent of 30%; the remainder was exported chiefly by the territories now under South-Slav and Roumanian rule. Half of the export was to Austria (principally to Austria of the present day), and one-third to Germany, and smaller quantities to Switzerland and Great Britain.

Lard and bacon were exported to the amount of 225.000 quintals, the greatest part to Austria, the German and Czech parts. The exported goods were despatched from the central territory for the most part, but principally from deliveries received from the territory now under South-Slav occupation.

Fresh meat was exported to the amount of 134.000 quintals, the greatest part to what is now Austria. Half of the export was from the central territory, but the severed parts all participated directly in the export.

Accordingly, the balance of animal-breeding products shows that, in most cases, the central territory of the country played the chief rôle as a collecting centre. Although our principal customer was Vienna, and the present territory of Austria, Bohemia also took a considerable share of our exports.

Of the grown *products* of the soil exported, we must mention in the first place *cereals*, of which Hungary supplied to foreign countries 13,5 million quintals. In addition to Germany, Bosnia and Great Britain, many other European states were among our customers, but 12,4 million quintals of these products went to Austria,

to the present territory of Austria, and in addition small consignments, varying in quantity, to the parts now under Czech, Polish and South-Slav rule. Of the corn-export, the most considerable item in value and quantity was the export of *wheat*, amounting to: 5 million quintals; then comes *barley*, 2,8 million quintals, *rye* 2,6 millions, *maize* 1,8 millions, and *oats* 1,3 million quintals.

The export in *flour*, exceeding 8 million quintals, supplied most markets of the world with small quantities, but 7,2 million quintals were exported to Austria, principally to Austria of the present (2,6 millions), and then to the districts now under Czech and Polish rule (2,2 and 1,4 millions respectively). The bulk of the export (5,1 million quintals) was from the central territory, the territories under Czech, Roumanian and South-Slav occupation, each distributed an export of more than half a million quintals among the Czech, Polish and German parts of Austria.

Pulse to the amount of 522,000 quintals was exported to various countries: to Austria (principally to the Italian and German parts) 153,000 and to Germany 106,000 quintals: of the export 162,000 quintals fell to the share of the central territory, and a smaller share to the districts now under Czech and South-Slav rule; these last delivered considerable quantities to the Italian parts of Austria.

The export of *fresh fruit*, which varies greatly from year to year, amounted in 1913 to 376,000 quintals, of which two-thirds went to Austria and one-third to Germany.

Of *fresh vegetables* the export was nearly 800,000 quintals (nearly half, onions) to a number of European states, notably to Germany, nearly 136,000, and to Austria 547,000 quintals. The imports, amounting to

132,000 quintals, come from Austria (chiefly from the South provinces) Italy, Holland and Egypt.

Sugar was the most important export product of Hungarian agricultural industry, and of this, before the war, there were exported 2,4 million quintals of refined and 1,7 million quintals of raw-sugar, to every part of the world, principally to British India, the Levante, and England, and practically none to Austria. The import of sugar was 278,000 quintals, mostly from the Czech districts of Austria.

The *beer-industry* had an export-trade of 85.000 quintals, chiefly from the central territory and from Croatia-Slavonia. Half the export went to Austria, and Bosnia purchased most of the Croat production. Of the beer imported, amounting to 575.000 quintals, the greatest part came from what is now Austria, and one-fifth part from Bohemia.

Spirits were exported to the amount of 155.000 quintals, smaller quantities to Serbia, but more to Austria, principally to the German, and, to a smaller extent, to the Czech and Polish parts. The greater part of the export was from the central territory, and this supplied the greater part of the Serb and German-Austrian requirements.

The *wine* exported to the amount of more than 1 million quintals, was bought almost exclusively by Austria, chiefly by the Austria of to-day, and in smaller measure by the Czech parts. More than half the export was from the central territory, and then followed the territories now under South-Slav and Roumanian occupation, with a considerable share.

Of the plant products we have still to mention *oil-seeds*, of which there were exported 120.000 quintals, principally from the central territory and almost exclusively to Austria, to the German, South-Slav and Czech

parts. The import of 360.000 quintals consists for the most part of over-seas products, among the European states only Roumania, Russia and Bulgaria supplying us with small quantities.

Clover-seeds were exported by Hungary to the amount of 56.000 quintals, in addition to Germany principally to the Czech, and then to the Polish and German parts of Austria. Half the export was from the central territory. The import of 29.000 quintals is of Italian, Austrian and French origin.

Raw-hides are a considerable item of trade, with an export of 145.000 and an import of 155.000 quintals. The export was principally to Germany and Austria, greater quantities to the German parts and smaller to the Czech parts of Austria. After the central territory, the districts now under Czech occupation were most engaged in the export of hides, the latter supplying the neighbouring German and Czech markets. The imported hides came from various countries, but more than the half from Austria, from the Polish, Italian and German parts.

Disregarding other details in the trade of agricultural products, we have still to mention here one other noteworthy group of data. The Peace of Trianon destined a part of West Hungary for Austria, for the purpose of relieving the critical state of the food-supply in that country. But the foreign-trade statistics bear evidence that West Hungary exports to Austria only a very insignificant proportion of important articles of food. Only milk, which cannot be transported any considerable distance, is delivered to Austria to the extent of nearly 12% from the counties of Sopron, Moson and Vas. Among the other agricultural products of West-Hungary exported to Austria are, oats 1,8%, wheat 3,6%, barley 2,6%, rye 7,8%, flour 0,2%, horned cattle 6,1%, swine

1,0⁰/₀, and potatoes 1,2⁰/₀, and a part of these (especially live animals) are due to the transit trade of Sopron; there is no export trade at all in lard and bacon from this part of Hungary. Austria therefore did not draw its food-supplies from these parts but from the trade of the central territory collecting the surplus of goods from the South districts which are rich in food-products.

There now follows a long series of articles in which Hungary was always restricted to import or in which the former export has ceased in consequence of the country's dismemberment.

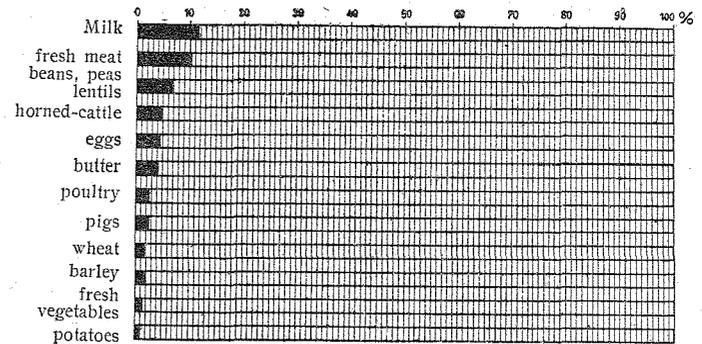
Wood belongs to this series. The export of timber for building-purposes and of wood for various trades, amounted to 2,9 million quintals, and this was exported not only to almost all European states but also overseas. The principal customer was Austria, especially the Czech parts, and then followed Germany. More than half of the export was from the territory now occupied by the Czechs, and went to the Czech provinces of Austria; Germany was the principal purchaser of Slavonian wood, and the timber of the Eastern forests found its way through Roumania. Also of the 2.4 million quintals of imported wood, nearly the half was supplied from the Roumanian forests which delivered timber to the Hungarian saw-mills on the frontier by means of a number of cable-lines.

Of piece wood there was an export of 1 million quintals and an import of 870,000. The export was to all parts of the world, but the principal customers were in France and Italy, and in the German and Czech parts of Austria. The import was almost exclusively from Austria, in the first place from the German, and then from the South-Slav and Polish districts; the sales were for the most part effected by the central territory.

The export surplus consisted for the most part of

sawn timber, and of this there was an export of 5,2 millions as against an import of 2 million quintals. The main part of the exported timber came from the Eastern districts and went to various countries, the principal purchasers being Italy and Austria, especially the German parts of Austria.

With regard to the great mass of *textile material and goods* imported, it is chiefly of interest to know to



Chief items of food-stuffs exported from West Hungary to Austria, compared with the total exports from Hungary to Austria.

what extent the remaining central territory of Hungary acted as a trading centre.

Cotton-yarn was imported to the amount of 98,000 quintals, almost exclusively from Austria, two-thirds from the German and one-third from the Czech parts; of this the greatest part was taken over by the central territory, then came the Eastern parts, Croatia and the districts now under Czech rule.

Woven cotton-cloths were imported to the amount of 460,000 quintals — in point of value one of the

greatest items in the Hungarian commercial balance — almost exclusively from Austria, three-quarters from the German and one-quarter from the Czech parts. Vienna played a conspicuous rôle in the development of this trade. The central territory of the country bought more than 300,000 quintals, the severed territories smaller quantities. The export amounting to 56,000 quintals went chiefly to the Balkans and the Levante, and among European states, with the exception of a few smaller parcels, principally to Austria, especially to the German parts of Austria.

Cotton knitted goods (export, 7000 quintals) were imported to the amount of 52,000 quintals, almost exclusively from Austria, and principally from the German parts; in addition to the great quantities purchased by the central territory, we must mention the participation of Upper Hungary, which also maintained a direct connection with the Czech traders.

In *flax* there was scarcely any foreign-trade of importance, but the import of *linen-yarns* amounted to 30,000 quintals, principally from the Czech provinces of Austria, and delivered in the first place to the districts now under Czech occupation, the central territory remaining to Hungary participating only in the second rank.

The *hemp-export* amounted to 137,000 quintals, of which nearly the half was bought by Germany, chiefly from the districts now under South-Slav occupation; and a third was bought by Austria. However, the export of hemp from the central territory was also considerable, and supplied other markets in addition to those above-mentioned. The 39,000 quintals of hemp imported, came chiefly from Italy and Russia. Hemp-yarn was imported, but only in small quantities. More important, however, are the linen and hempen cloths, of

which nearly 30,000 quintals arrived from the German and Czech districts of Austria. Of these last-mentioned goods, a small part went to Upper Hungary, but the greatest import was to the central territory.

The *jute* imported came entirely from countries beyond the seas, and was directed to the factories on the central territory and in West Hungary. Of jute cloth and jute sacks there was an import of 134,000 quintals, a tenth of which came from England, and the remainder from Austria.

The export of *wool and wool-waste*, 65,000 quintals, amounted to about double of the import. The material exported went for the most part to the Czech parts of Austria, and was despatched in the first place from the central territory, a considerable rôle in the export being played also by Upper Hungary. Of the woollen yarns imported to the amount of about 20,000 quintals, half comes from the Czech territory and is delivered mainly to the central territory, only a small proportion going to Upper Hungary.

The import of *woollen cloths* exceeded 130,000 quintals; apart from small German and English consignments, nearly half of this came from the German parts, and half from the Czech parts of Austria. The greatest share was bought by the central territory, among the severed territories Upper Hungary alone having any considerable import.

In *silks and silk-yarns*, as against a small export, there was an import of silk-cloth and half-finished silk-cloths of nearly 9000 quintals, almost exclusively from Austria.

Of *men's clothing* the import of 27,000 quintals came principally from Austria of to-day and from the Czech provinces, and was directed for the most part towards the central territory; whence also there was a small export; the trade in women's clothing took the same

course, but naturally the import of finished articles of clothing for women was much smaller.

Among *articles of dress*, hats are deserving of mention, as we carry on an import and export-trade in these articles with several countries, but derive our large import surplus chiefly from Austria; also under-wear which comes from the same country, and contributes in the first place to the increase of trade on the central territory.

Paper constituted an important item in our foreign-trade, and was imported to the amount of over 630,000 quintals, almost exclusively from present-day Austria, the bulk of it for the central territory: on the other hand, the quantity exported 168,000 quintals, came principally from the factories now acquired by the Czechs.

The import of *leather* amounted to 132,000, the export to 57,000 quintals. The imports came principally from the German parts of Austria to the central territory of Hungary; in the export, besides the central territory, the North country and Croatia-Slavonia participated, and although small quantities were delivered to many European states, the bulk of the export was to German-Austria. In *leatherware* there was an import of 58,000 quintals as against an export of 12,000; in both export and import the centre of the country played the chief rôle, but while the import was principally from Austria, the goods exported found their market in Germany and in the Balkan states.

Glass-ware was imported almost exclusively from Austria, cut-glass chiefly from the Czech provinces, and plate-glass from there and also from the German parts; the work of distribution was performed by the merchants of the central territory.

Among *iron-goods*, there should be mentioned tin-plated ware of which the import came principally from the German and Czech parts of Austria to the central terri-

tory, and the export to the same amount (54,000 quintals), went from the factories on the territory now occupied by the Czechs. Tools, screws and nails (the last to the greatest weight) were imported chiefly from the German parts of Austria for the most part to the central territory. However, the territories now under Czech and Roumanian occupation had a very considerable export in tools; the export of nails and screws was almost exclusively from the central territory, to Austria and the Balkan states.

Among the products of the *machine-industry*, the import of stable steam-engines is the most interesting; these were imported to the amount of 28,100 quintals, principally from the Czech districts to the central territory. In the import of other motor-engines, 54,000 quintals in weight, in addition to German and American firms, chiefly Austrian goods were represented, more especially from the German part of Austria, and these also gravitated towards the centre of the country.

Agricultural machines were imported largely, 236,000 quintals being bought chiefly by the central territory and the district now occupied by the Czechs. In the import Germany and England participated to a smaller, America to a larger extent, but the German and Czech parts of Austria again took the lead. The export in these machines was principally to Austria, Roumania and Russia, for the most part from the central territory.

Machines for the textile industry were delivered by Austria, Germany and England. The import of sewing-machines, amounting to 39,000 quintals, was in the first place from Austria, and then from Germany and England, principally for the benefit of trade on the central territory; the export was also from this territory, to Austria and Bosnia.

We must mention still some *products of the chemical*

industry, for instance, starch, the export of which exceeded 200.000 quintals, as against an insignificant import.

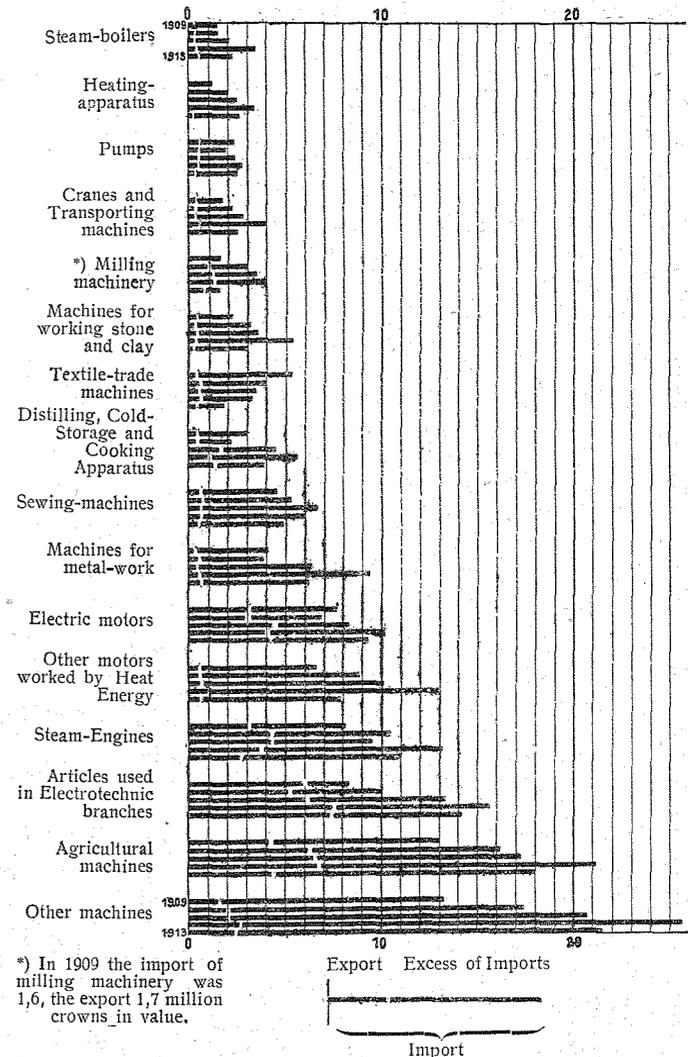
On the other hand, there was a stronger import, 28.000 quintals, of colouring materials as against a very small export, a small part imported from Germany, more from Austria, chiefly from the German part, mostly for the account of the central territory.

The small export-trade in soap was directed to Austria and Bosnia, from the central territory and West Hungary; but the import, amounting to 150.000 quintals, was ten times the export, the imported soap being for the most part of German-Austrian origin.

Matches were imported to the amount of 19.000 quintals, principally from the German parts of Austria to the central territory of Hungary; the export of 35.000 quintals, however, was derived in great part from Upper Hungary and went to the Polish, Czech and German parts of Austria.

The data for the trade in *coal* and *petroleum* have already been given; and as important articles of commerce we should still mention, imports of *rice*, *coffee*, *tobacco* and *phosphates*, and our exports of various agricultural products in addition to those enumerated above.

In this brief summary of foreign-trade, apart from the German, English, American, Italian and French products, and the Balkan and other markets further East, Austria has appeared in nearly all branches as the main source of our imports, and likewise as the chief purchaser of our exports. This was a natural consequence of the economic bond (the common duty territory established by Treaty) which connected Hungary with Austria, and can also be explained by the propinquity of these countries. Austria, however, played still a great rôle as the commercial go-between, especially in the case of goods imported by us. With the cessation of the direct economic



Import and Export of Machinery in the years 1909—1913, in millions of crowns.

connection, this will no longer be necessary, and the products of Western industry can be taken over directly by Hungarian merchants, as soon as there is an amelioration in the currency. The agricultural products which Hungary has for export can find other markets further West, in addition to the Austrian market, and with regard to the small export of Hungarian industrial products, their natural route is towards the East which has hitherto been the market for these wares.

The commercial connection between the central and the severed territory — to the very great detriment of both — was for a long time almost entirely interrupted from motives of a political nature, but recently there has been some renewal of trade, showing the growth of a better comprehension of the fact that the violent rupture of organised commercial connections is a bad political weapon.

Since the time of the rupture, we can cite the data of Hungarian foreign-trade for the year 1920, although after the stormy events of the first half of the year 1919, foreign-trade, taken in the strictly economic sense, showed very primitive forms, and this naturally affected the results for the whole year.

With regard to colonial wares, groceries and South fruits, the rôle as importer hitherto played by Austria has been taken over by Italy. Instead of its former great export of sugar, the country has been compelled to import, but requirements were covered in part by supplies from the Magyar districts now under Czech occupation. The former great trade in corn and flour has shrunk to very small dimensions; both export and import were below 200,000 quintals, the import somewhat exceeding the export. The bulk of the export was taken over by Austria, but some portions went to the severed territories, to Germany and to Switzerland

and the greater part of the import was from North and South-America.

Of the exports of fruit and other food-stuffs, seeds and fodder, amounting to 900,000 quintals, 85% went to Austria, but a share went also to Germany, Italy Switzerland and the severed Magyar territories especially to the districts under Czech occupation.

There was a small export in animals for slaughtering and draft purposes, and in poultry, exclusively to Austria, and no import in these products worthy of mention. The trade in other animal products, which was formerly so considerable, became also very limited; three-quarters of the 75,000 quintals exported consisted of raw-hides, and the export of eggs ceased entirely. The export was principally to Austria and Germany, and to the Magyar districts now occupied by the Czechs; the import in these articles was insignificant.

The country, however, had to import lard in large quantities, more than 100,000 quintals, and more than half of this was of American origin; the country was compelled, especially in the first half of the year, to import considerable quantities of other food-stuffs, partly in the form of preserves.

This unusual import of food-stuffs by Hungary, which finds its explanation in the revolutions of the preceding years, was paid for chiefly with wine; of this there were exported nearly 1 million quintals, and of beverages in general more than 1 million quintals, the bulk of which was taken over by the Austrian transport trade.

The trade in wood was considerable, although the supplies imported, chiefly from the Magyar districts now under Czech rule, were far from sufficient to satisfy the demand. The import of petroleum was principally from Roumania and Poland.

Textiles, formerly the greatest item in the list of Hun-

garian imports, arrived, in 1920, in very small quantities; in addition to consignments from Austria and Bohemia, the import of textile goods from Italy is worthy of mention.

Paper and paper-goods were imported to the amount of over 300,000 quintals; two-thirds of these came from Austria, but large quantities also came from the country of the Czechs, especially from the Magyar districts under Czech occupation, and from Germany and Sweden. Of the leather-ware imported to the amount of 36,000 quintals, the greatest part was delivered by Austrian merchants, but the consignments from Italy also deserve mention. Of the glass-ware (131,000 quintals) the greater part was sent by the Czechs (in part from the occupied Magyar districts), and afterwards by Austria to nearly the same amount; in the import of earthen-ware (95,000 quintals) the rôle of the two is reversed, Czech goods being ahead of Austrian. In addition to these two countries, Germany also sent a certain quantity.

The foreign-trade in iron and iron-goods was more active. Of the 420,000 quintals imported, more than the half came from Austria, one-fifth from Germany and one-fifth was delivered by the Czechs, principally from the Magyar districts under Czech occupation. Of the 110,000 quintals exported, half went to Italy, and the remainder was distributed to Austria, Czechoslovakia and other countries.

The machines imported to the amount of 180,000 quintals, consisting principally of railway locomotives and cars, and agricultural machinery, were for the most part of German origin, the supplies from Austria being equal to half the German supplies; the export was directed chiefly to the Magyar territories now under foreign occupation.

Thus the foreign-trade of Hungary, as she remains after the war, ravaged and dismembered, shows also

an import of goods which she formerly supplied to other countries, and a small, reviving export of goods which she formerly delivered in abundance across the frontiers.

Still it is good to observe at least, that a direct commercial connection is commencing with countries from which Hungary was for a long time cut off, and with which we formerly only had intercourse to a great extent by way of agencies in other countries.

Nor must we forget that 1920 was the first year Hungary could begin to work again in peace. In consequence of the dismemberment she cannot indeed develop her foreign-trade to the same degree as formerly but from year to year she will have an increasing surplus of products which will enable her to purchase continually more of the goods she so greatly needs. Italy and Germany have already become more actively interested in Hungarian trade than heretofore; other States will follow the example, and, as we have seen especially in the case of the Czechs, the trade of the severed Hungarian territories will take the course to which it is accustomed in virtue of the geographical and economic factors.

Hungarian-Croat sea-coast, we have to lament the loss of Fiume, our most important sea-port. Leaving out of discussion the other sacrifices which the Hungarian State has devoted to the development of this town, let it

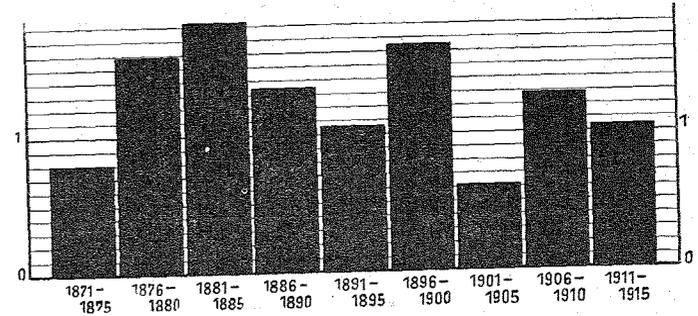
CHAPTER XII.

MEANS OF TRAFFIC.

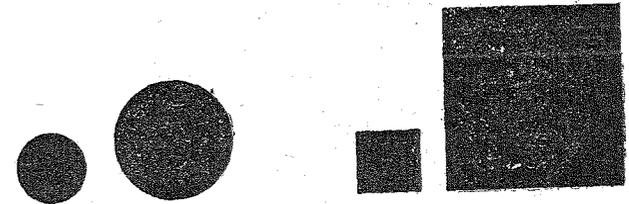
Among the factors of economic life in Hungary during the last fifty years, the system of communication is the one which has been of most rapid development. There was always a man on the spot with a swift and bold hand, ready to grasp and introduce innovations — more rapidly and energetically than in other departments of economic progress — and not only did the favourable geographical situation of the country assist in strengthening these new institutions, but also the abundance of agricultural produce and the rapidly increasing spirit of enterprise among the people.

In 1910 there lived in Hungary more than half a million people (586,227) who earned their livelihood with transport-work; 51,8% of these were on the central territory where the great lines of traffic converge; 20,4% of the population engaged in traffic have now fallen under the sovereignty of Roumania, and on the territory occupied by the Czechs there live 18,7%. The proportion of the population engaged in traffic for the entire country was 3,2%; the proportion for dismembered Hungary has risen to 4,1%, and on the parts severed by the Peace Treaty it amounts to only 2,6%.

In consequence of the war there was eliminated from the network of means of communication, the most important, the most free and independent factor of all — the ocean. Not to mention the less important places on the



During this period developed:
 A) the town's population from 17.884 to 49.806
 B) the port's trade from 1.7 to 15.1 millions of quintals



Expenditure of the Hungarian State for building the Port of Fiume, in millions of crowns, 5 years' averages from 1871 to 1915.

suffice to mention that for the improvement of the port itself, the State has incurred since 1871—1914 an expenditure of 53 million crowns. The fate of Fiume since it lapsed from the jurisdiction of Hungary, has been constantly up to the present day a subject of dispute

for the Powers interested. Into whatever hands it may eventually fall, it loses that nutritive source of sea traffic which it possessed in abundance from the agricultural and industrial products of Hungary, for all the other productive territories in the neighbourhood have their own accustomed route to the sea in another direction.

To-day it would be premature to discuss the question as to where Hungarian sea-traffic will revive in case Hungary recovers her economic strength. The economic life of every country seeks the way to freedom of traffic, to the sea, and this also will be found sooner or later by dismembered Hungary. As it is the interest of the Hungarian economic territory to find the cheapest, shortest and most friendly route to the sea, so it will be the interest not of one port only to secure a suitable economic hinterland which shall nourish its traffic.

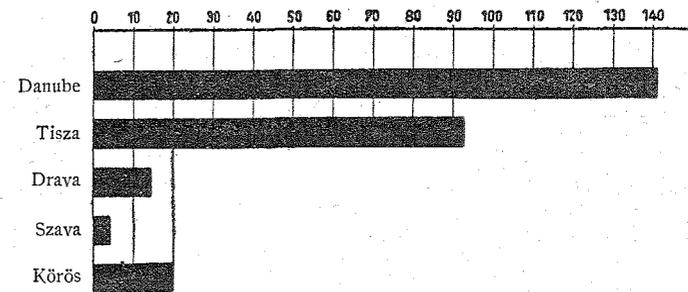
By way of conclusion to this theme, we must note that the Hungarian shipping engaged in ocean-going trade at the time of the outbreak of the world-war in 1914 consisted of 549 vessels, of which 412 were sailing-vessels of 1837 tonnage, and 137 steamers, of 147,906 tonnage.

The possibilities for inland navigation have likewise shrunk to very small proportions. Formerly Hungary possessed navigable water-ways 6011 kilometres in length, of which 2511 kilometres were navigable by steam-ships. Now that the Danube becomes a frontier river at a distance 70 kilometres from Budapest, there remain only 2128 kilometres of navigable water-ways, of which at most 1063 km. are suitable for steam-navigation.

Of the navigable waters, only the following fragments remain to us:

a) Ways open for steam-ship navigation the greater part of the year;

1. The Danube from the confluence of the Ipoly as far as the boundary of the South-Slav State (here are included also the Győr and Szentendre branches) ... 343 km
 2. The Tisza from Szeged to Szolnok ... 192 »
 3. The Körös as far as Szarvas ... 30 »
 4. The Balaton Lake ... 121 »
- b) Ways which are partly navigable:
1. The Tisza from Szolnok to Vásárosnamény 352 »
 2. The Maros up to Makó ... 25 »



Expenditure of the Hungarian State in regulating the principal rivers from 1871 to 1915, in millions of crowns.

In addition to these we have as boundary navigable rivers, the Danube (right shore) from the Czech upper boundary to the Ipoly, 159 km, and the Drava (left shore) from Podgajci to Barcs, 78 km.

Perhaps it is not entirely unworthy of mention that in addition to regulating the Danube and other rivers (Szava, Kulpa etc.) on the territory now annexed by the neighbouring States, Hungary completed the work of regulating the Lower Danube and constructed the navigable canal at the Iron Gate, at a cost of 45 million crowns.

The Francis Canal which was built at great expense to connect the Tisza with the Danube, has fallen entirely out of the power of Hungary.

Some decades ago a new canal was projected to connect the Tisza and the Danube — a canal which should commence near Budapest and provide an easy means of conveying the products of the Tisza Valley towards the West; the canal would not only contribute to the better regulation of traffic in agricultural produce, but would also be a much desired relief for the railway, and would serve in the irrigation of the Great Lowland, promoting in a great measure the increase of the crops.

The construction of this canal has now become a more urgent problem than ever for the economic life of Hungary, but the lack of capital to invest in the enterprise is likely to delay the accomplishment of this highly important work.

It is possible, however, in various other ways to develop the connection between inland navigation and the railways, by constructing intermediate warehouses, and railway sidings leading to the shipping stations, and by improving the traffic on waterways which are not suited for steamship navigation if deliveries can be made with a certain regularity and in direct connection with further forwarding by rail.

The following data contain information relating to the length of the railway net and the regulated roads as they exist now after the dismemberment of the country. (See page 195.)

The length of the Hungarian railway lines was not much below 20,000 kilometres, and of this length dismembered Hungary contains scarcely more than 8000 kilometres, the proportion of railways retained being somewhat above that for the population. The territory occupied by the Czechs and Roumanians, as a conse-

quence of the nature of its surface, is less well-provided with railways in proportion to its population, the territory now taken under South-Slav rule and the frontier strip of West Hungary are much better provided than dismembered Hungary, where, compared with the dense population, especially in the growing towns, the length of railway remaining seems to be small.

Territory	Length of Railways in kilometres	State	Local authorities	State and Local authorities
		Length of Road in kilometres		
Czech occupation ...	3,833	2,548	6,931	9,479
per cent... ..	19,5	23,1	21,2	21,7
Roumanian occupation ..	5,263	4,552	7,946	12,498
per cent... ..	26,6	41,3	24,5	28,6
South-Slav occupation ...	1,834	490	2,510	3,000
per cent... ..	9,3	4,4	7,7	6,9
Austrian occupation... ..	468	272	995	1,267
per cent... ..	2,4	2,5	3,0	2,9
Fiume	5	3	85	88
per cent... ..	0,0	0,0	0,3	0,2
Total occupations	11,403	7,865	18,467	26,332
per cent... ..	57,8	71,3	56,7	60,3
Dismembered Hungary	8,320	3,163	14,134	17,297
per cent... ..	42,2	28,7	43,3	39,7
Hungary entire	19,723	11,028	32,601	43,629

It is difficult to find the formula of comparison which would show the railway conditions corresponding to the central part of the country, with its dense population and great economic traffic. The length of railway lines is scarcely a criterion for this; the data of train-traffic in general cannot be calculated with such nicety as would make it possible to determine what falls to the benefit of dismembered Hungary, and what to the parts now cut off. The economic connection was indeed so strong that the centre and the periphery afforded each other mutual

help and nourishment, and the long series of trains running into Budapest served the interests of both alike.

The great loss in railways becomes clearer when we consider that, from the capital resources of the richer central districts, often at the cost of very serious economic sacrifices in critical years of the Hungarian State's finances, the extremely expensive mountain railways were built for the benefit of districts where the traffic is small, in order that these districts might be brought into connection with the more active economic life of the whole country. The State had to incur heavy expenses above and beyond the revenue derived from the lines of great traffic which could be more cheaply constructed on the flat territory remaining to Hungary, in order to build less profitable railways on very difficult territory — railways of which the economic advantages are now enjoyed by foreign states.

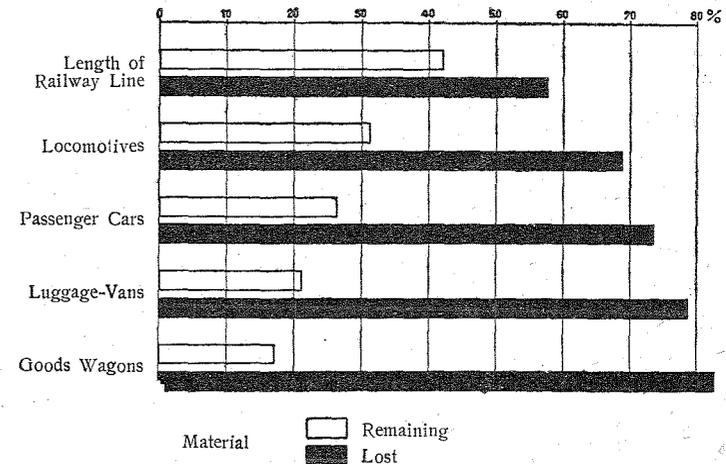
And they enjoy also that equipment of the Hungarian railways which was to a much greater degree necessary to cope with the traffic on the central territories than with that on the severed parts.

The rolling-stock of the Hungarian railways in November 1913, comprised 4949 locomotives, 8718 passenger-cars, 3537 luggage-vans and 105,837 freight-cars, whereas in 1920 the Hungarian railways had at their disposal altogether 1549 locomotives, 2284 passenger-cars, 749 luggage-vans and 18,010 freight-cars, a material quite inadequate to deal with the traffic and an insignificantly small fraction in proportion to the length of the railway lines.

While the country has lost 57,8% of its railway-lines, they have taken from us 68,7% of our locomotives, 73,8% of our passenger-cars, 78,8 of our luggage-vans and 83% of our freight-cars, although in consideration of the greater density of our population and the

more intensive nature of our traffic it might well have been expected that they would have left us a greater proportion of the means of transport.

Especially fatal for the rolling-stock of the Hungarian railways was the Roumanian occupation which



Hungary's Loss of Railways and Railway rolling-stock under the Treaty of Trianon, expressed in percentages of the figures prior to the Treaty.

lasted from August 1919 till April 1920, during which period the greatest part of the usable waggons and locomotives were removed from the country. The estimation of the damages — inflicted in spite of the Peace Treaty — is now proceeding with the co-operation of a commission appointed by the Entente Powers; but the damage caused to the economic interests of the country by the paralysation of its railways, is quite incalculable.

Apart from all this, the Treaty of Trianon has most fatally destroyed the unity of the Hungarian system of

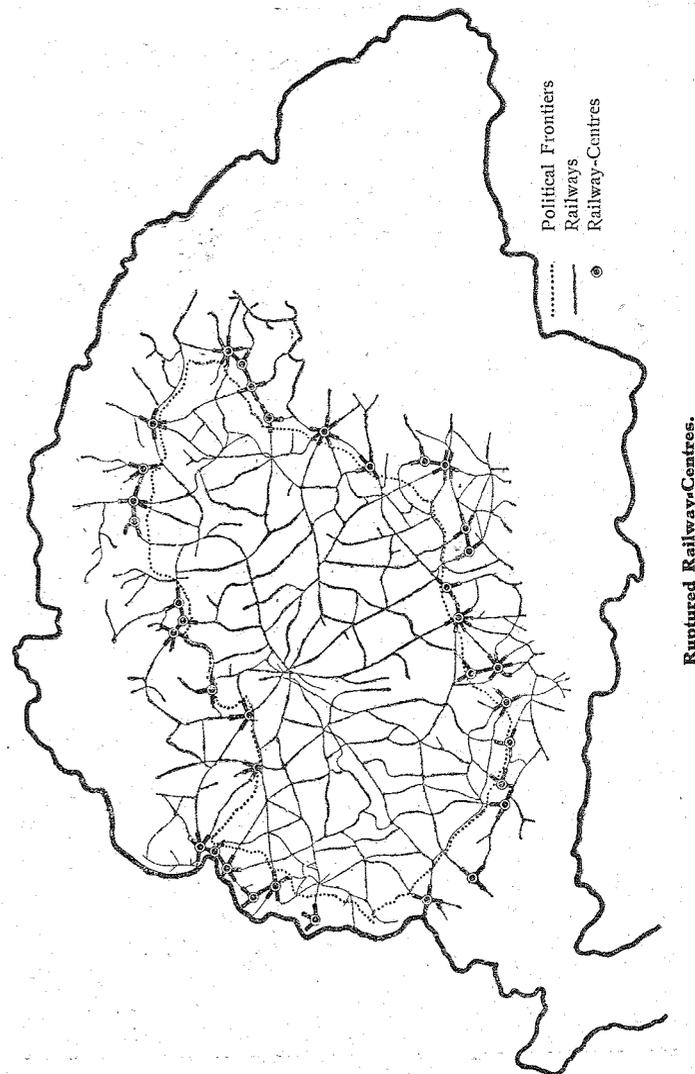
communication in that, as a consequence of the new determination of frontiers, the centres of traffic have been given to the new States, so that districts dependent on each other can no longer communicate, and the railway lines advance aimlessly in a crippled condition towards artificial boundaries.

If the conditions for crossing the frontiers remain as they are now, without very material alleviation, Hungary will be compelled to construct a circuit of railway lines within her new frontiers in order to connect the broken lines and so bind together the amputated limbs.

It is true that the developed railway-centres beyond the new frontiers will also diminish greatly in importance, and it is true that with this severance of arteries performed by the new determination of frontiers, economic life suffers a serious loss both in dismembered Hungary and also in the neighbouring States, especially in those districts which are directly interested and are exclusively inhabited by Magyars; but from this the chronicle of later times will be able to draw its lessons.

The proportions between the railways and roads, territory and population may be seen from the following data:

Territory	Length of Railways in km.		Length of high-roads in km.	
	per 100 sq. km. of territory	per 100,000 of population	per 100 sq. km. of territory	per 100,000 of population
Czech occupation ---	6	107	15	265
Roumanian occupation	5	100	12	237
South-Slav occupation	9	122	14	200
Austrian occupation ---	9	119	25	323
Fiume ---	24	10	419	177
Total occupations ---	6	106	14	244
Dismembered Hungary	9	111	19	231
Hungary entire ---	7	108	15	239



In the flat districts suitable for the building of railway tracks, the railway network is everywhere of about the same density (so on the central territory of Hungary, on the district which has passed under South Slav rule, and in West Hungary), and less dense in the less populous districts which are only accessible by way of the river-valleys, and therefore the districts under Czech and Roumanian occupation.

The rupture in the railway-net and the destruction of the connection between railway and water-way traffic is of all the more serious effect because — not to mention the special obstacle now caused by the dearth of coal — the economic life of Hungary is such as to impose very great tasks on the system of transport in certain months of the year, and every small disturbance can then cause serious material damage; and in the other part of the year the railroads are not used to their full carrying capacity.

The transport of corn and flour is followed so rapidly by the transports of maize, sugar-beet and potatoes, while in the meantime the distribution of fuel becomes imperatively necessary, and likewise the conveyance of stone necessary for repairing the high-roads, that the railways, even in their former state of efficiency were frequently congested with overdue deliveries.

The more widely branching lines of the system of communication, the high-roads have lapsed in still greater measure from under the Hungarian rule. Of the roads built by the State and the public authorities, 43,629 kilometres in length, only 39,7% remain on the territory of dismembered Hungary; of the State system of roads, 28,7%, and of the roads administered by local authorities, 43,3%.

The great disproportion between the two kinds of roads finds its explanation in the fact that the State

undertook the charge of the roads more difficult of construction, on the more important lines of communication — in short, it may be said, the more expensive — leaving the easier roads, and the less important to the care of the local authorities. Moreover, those roads were qualified as State roads which were such that they could not be maintained by the inadequate means at the disposal of the local authorities. Thus it happens that the network of roads on the periphery again at the expense of the central territory consists for the most part of well-built state roads, and precisely those sections were constructed with special care which traversed the mountain-slopes and passes leading into the neighbouring countries. The central districts of the country remained with a scantier network of roads, and these for the most part under the care of the local authorities.

This is again an illustration as to how the Hungarian State neglected the immediate interests of the Magyar districts by supposing it was in the interests of the country to favour the non-Magyar districts.

Having lost the greater part of the stone-material required for the building of roads, it is not possible for the present to imagine that the State can improve those parts of the system not yet mentioned — the parish roads and the public roads traversing ploughed districts. The crops of the Great Lowland, however, come through these to the greater lines of traffic, and our stock of draft-animals, not only diminished in number but also weakened in efficiency, now struggles against much greater difficulties in delivering goods than in former times, although the consumer is in more urgent need of those goods than he was formerly.

A systematic arrangement of supplementary forces for the purposes of transport on the public roads, perhaps

by means of automobiles, as in some countries abroad, may perhaps at a later date afford some relief to the hardships of traffic arising from the disintegration of the country, so that the work of transport with waggons and draft-animals may proceed more easily and quickly on ways where other methods of conveyance cannot be employed on account of the irregularity of the supplies to be delivered and the primitive character of the track. In some foreign countries carriers working with motor-vehicles on the public roads have begun to compete with the railway enterprises. In Hungary there can be no thought of competition, but of co-operation in facilitating transport, and mutual support. If it would be possible to make an organisation of traffic on the high-roads, working according to a certain time-table, suitable for forming a connecting link between different stations on railway-lines running parallel, or for connecting more distant points on lines radiating from one centre, this would also be to the advantage of delivery of goods by rail, for the goods would reach the railway more regularly, and speedily, the waggon-accommodation would be more effectively exploited, and the draft-animals, few in number as they are and overburdened with work, could be used for their real work, the transport of crops and material on the smaller roads of the farm-lands.

In general, the means of communication in Hungary, starting from that lowest point reached under the pillaging campaign of the Roumanians and struggling against the great dearth of coal and iron, are gradually improving. The equable and rapid distribution of the limited food-supplies frequently held up the delivery of other goods in the beginning; but the improvement is continuous, in spite of the struggle due to the great scarcity of rolling-stock.

The situation of the means of transport is closely dependent on the development of other factors of economic life. Everywhere there are slumbering forces which will awaken to new life, as soon as some relief is found from the pressure of the economic burdens artificially imposed on the country.

CHAPTER XIII.

THE ORGANISATION OF CAPITAL.

Having considered what resources remain to Hungarian economic life we have still to show how the organisation of capital renders these resources productive and fruitful, and to what extent the sensitive system of capital circulation has been ruinously affected by the country's disintegration. This part of our work, however, can only be fragmentary. Hungarian capital, as a result of the above-mentioned fatal circumstances — the wanton waste of forces in previous centuries — could not accumulate sufficiently to be a constant source of nourishment to our economic life; foreign capital became mingled with our system of credit, principally capital of Austrian origin, and it is impossible to distinguish to what extent. We have no numerical data as to the rôle played by private capital in our economic enterprises; we can only furnish some details of an illustrative nature relative to the sale of Hungarian land, the main source of the country's wealth. Capital is best of all organised in the credit-institutes, the banks, the savings-banks and co-operative societies; further, commercial and industrial companies have collected considerable amounts of capital, but partly with the help of the banking-system, the two being interwoven to an indeterminate degree. In the last two or three decades, both in credit-institutes and productive limited companies, groups of nationality capitalists have been formed in the country to work

against the interests of the State and further the tendencies of disruption. We must attempt to account for these various phenomena, and if the picture we present may not be complete and easy to grasp, it will contain nothing ambiguous or open to misconstruction.

The following data supply us with information as to the number and capital-resources of Hungarian credit-institutes:

Territory	Credit-Institutes		
	Number	Own capital	Foreign capital
		in millions of crowns	
Czech occupation --- ---	723	172,1	772,7
per cent --- --- ---	15,1	7,0	6,0
Roumanian occupation	1.651	428,0	1.488,5
per cent --- --- ---	34,5	17,5	11,6
South-Slav occupation	443	105,3	375,4
per cent --- --- ---	9,3	4,3	2,9
Austrian occupation ---	102	17,0	110,1
per cent --- --- ---	2,1	0,7	0,9
Fiume --- --- --- ---	9	14,3	57,5
per cent --- --- ---	0,3	0,6	0,4
Total occupations --- ---	2.928	736,7	2.804,2
per cent --- --- ---	61,3	30,1	21,8
Dismembered Hungary	1.852	1.708,0	10.056,1
per cent --- --- ---	38,7	69,9	78,2
Hungary entire --- --- ---	4.780	2.444,7	12.840,3

Thus it appears that, of the 2.4 milliard of own capital belonging to the credit-organisation of Hungary, nearly 70% falls to the share of the institutes on the central territory remaining to Hungary. These institutes have also attracted a greater share of foreign capital; more than 10 milliards of such capital have been entrusted to their care, and this is equivalent to 78,2% of the capital absorbed by all the credit-institutes in the

country. Next to those of the central remaining territory, the strongest credit-institutes are in the country occupied by the Roumanians, where are not only the banks of the large Magyar towns of Nagyvárad, Arad and Temesvár which support the thrift of the great Lowland Plain, but also the capital-organisations of Transylvania in the Magyar towns of Kolozsvár and Marosvásárhely, together with the banks of the thrifty Saxons, with their well-developed system of credit: and here also the Roumanian national organisation of credit began slowly to extend its branches in all directions.

The public trading-companies and the co-operative societies — two main groups of credit-organisation — are so well distinguished the one from the other, that instead of combining the data of these two types, it seems more desirable to keep them separate, as we have done in what follows. Between the banks and savings-banks in Hungary there is so little difference that we may safely take them together, and include with them also the data relating to the few land-mortgage banks existing in the country. The number of institutes of this class and the amount of their capital can be seen from the following Table.

The greater power of collecting capital possessed by the territory remaining to Hungary, in virtue of its central position, is more strikingly apparent here than in the case of the data relating to the credit-institutes as a whole. The greater proportion of business in mortgage-bonds is that which most of all distinguishes the banks of the central territory from those on the severed parts of the country. The territory annexed by the South Slavs and the boundary strip of West Hungary disclose extremely small independence in the matter of credit; their economic connection with the centre of the country was hitherto very intimate.

Half of the capital of credit-institutes cut off by the Csech occupation was accumulated in the towns in the Magyar districts, and in addition we see a greater concentration in the valley of the Upper Vág.

Territory	Banks and Savings-Banks				
	Number	Own Capital	Foreign Capital		
			Total	Deposits	Mortgages
in millions of crowns					
Czech occupation... ..	286	152,2	717,2	631,8	—
per cent	16,0	7,0	5,9	11,2	—
Roumanian occupation	603	390,2	1.356,8	843,6	265,7
per cent	33,7	18,0	11,2	15,0	7,0
South-Slav occupation	188	85,0	308,8	259,7	—
per cent	10,5	3,9	2,6	4,6	—
Austrian occupation —	32	9,7	94,3	88,9	—
per cent	1,8	0,5	0,8	1,6	—
Fiume	6	11,7	56,8	28,6	—
per cent	0,3	0,5	0,5	0,5	—
Total occupations... ..	1.115	648,8	2.533,9	1.852,6	265,7
per cent	62,3	29,9	21,0	32,9	7,0
Dismembered Hungary	673	1.515,6	9.552,6	3.782,2	3.516,5
per cent	37,7	70,1	79,0	67,1	93,0
Hungary entire	1.788	2.164,4	12.086,5	5.634,8	3.782,2

The Magyar organisation of capital was still more powerful on the territory occupied by the Roumanians. The banks on this territory possess 390,2 million crowns as their own capital, and of this only 6,7 millions belong to the Roumanians of Máramaros and Beszterce and 17,9 millions to the Roumanians dwelling to the North of the Maros. In the part below the Maros there is also much Magyar capital; the Saxons are by far the strongest financially in their own district, and on the other territory the requirements of credit are almost exclusively served by Magyar institutes.

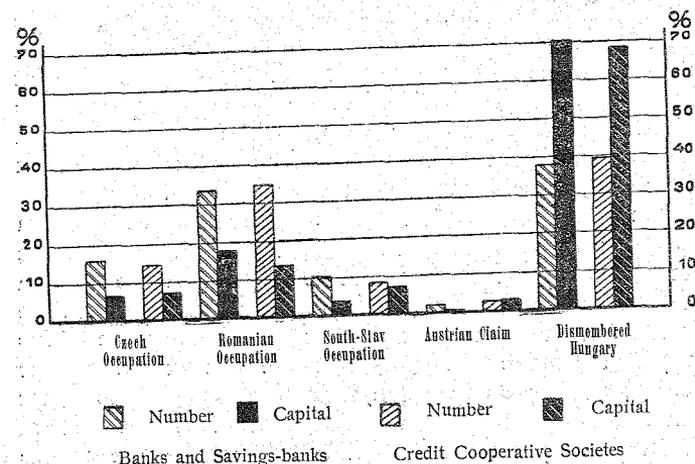
On the central territory remaining to Hungary it is natural that Budapest should play the chief rôle, and of the 1,5 milliards of own capital on this territory the Budapest institutes have 1,1 milliard crowns, and of the 9,5 milliards of foreign capital, 8 milliard crowns. It is probable, however, that the provincial organisations of capital have developed in recent years, for with the development of the provinces, confidence in local institutes has also increased.

The active business of the banks and savings-banks may be seen from the following Table:

Territory	Property of Banks and Savings-Banks				
	Total	Bills of Exchange	Mortgages	Stocks and Shares	Bank and Savings-banks
in millions of crowns					
Czech occupation	883,4	290,7	222,4	99,2	14,0
per cent	6,1	9,7	4,8	5,5	7,5
Roumanian occupation	1,773,0	631,3	449,7	209,3	26,1
per cent	12,3	21,1	9,9	11,6	14,0
South-Slav occupation	401,9	186,6	51,8	94,4	8,0
per cent	2,8	6,2	1,1	2,7	4,3
Austrian occupation	105,3	12,9	52,7	18,2	1,3
per cent	0,7	0,5	1,1	1,0	0,7
Fiume	69,9	3,4	13,8	13,8	1,4
per cent	0,5	0,1	0,3	0,8	0,7
Total occupations	3,233,5	1,124,9	790,4	389,9	50,8
per cent	22,4	37,6	17,2	21,6	27,2
Dismembered Hungary	11,204,8	1,863,4	3,801,5	1,421,2	136,5
per cent	77,6	62,4	82,8	78,4	72,8
Hungary entire	14,438,3	2,988,3	4,591,9	1,811,1	187,3

Of the total amount of bank property, exceeding 14,4 milliard crowns, the territory remaining to Hungary possessed 11,2 milliards, that is, 77,6%. The rôle

played by the bill-of-exchange portfolio was smallest in the interior of the country. On the other hand, mortgage loans bound the greatest amount of capital in the centre of the country; we find the mortgage business most weakly represented on the territory occupied by the South Slavs and in West Hungary, from the above



Distribution of Credit Institutes and Capital, in percentage of the old relations.

mentioned reason that these two districts were in more direct connection with the credit-institutes of the central territory.

If we remark further that in the balance-sheets of the institutes the profit is the lowest in those of the central territory, we obtain the following general picture of the conditions: the institutes on the central territory possess a certain superiority in point of stability, work with smaller profits, have more long-period credit business,

more power of attracting capital, and, because the mortgage-bond business is more developed, work with less exaggerated demands.

On the territory of the entire country, consisting as it did, a complete economic unit, this state of things was natural and satisfactory: the smaller institutes nearer the frontiers were the out-posts and collectors of the great central organisations. The out-posts had to preserve their own mobility, to derive their profits from small businesses quickly concluded, and leave more difficult businesses, which required greater investments and promised benefit at a later date, to the strong financial centres. If, however, the bond of credit in the network is broken, this is detrimental to all parties.

The great Hungarian banks have hastened to open up their connection with foreign capital, to meet the great scarcity of money and to cope with the burden of debt aggravated by the depreciated currency, and the danger involved in their loss of business by the disintegration of the country; but the fate of the smaller institutes lying beyond the new frontiers causes great anxiety, for having lost connection with the central institutes they are confronted with a most acute economic crisis.

The credit co-operative societies, although connected with the country's general network of credit, are employed chiefly in the service of local demands for capital, and receive scarcely any support from foreign capital, so that they are in reality the exponents of the financial strength of local and neighbouring interests. The dismemberment of the country will perhaps have less influence on the future fate of these societies; their strength will be less diminished by the bleeding operation, just as the small artisans and merchants suffer less from the rupture of great connections. And yet the

change will affect the co-operative societies, and especially the less wealthy classes of the population in the central basin of the country where the system of agriculture is more highly developed, and accordingly has greater need of capital.

As can be seen from the following Table, the territory remaining to Hungary has the advantage as far as the number of co-operative societies is concerned: 39,4% of the credit co-operative societies remain to central Hungary, and only 27,5% of the parishes.

Territory	Credit Co-operative Societies			
	Number	Own Capital	Foreign Capital	
			Total	Deposits etc.
in millions of crowns				
Czech occupation ...	437	19,9	55,5	38,0
per cent ...	14,6	7,1	7,3	14,5
Roumanian occupation	1.048	37,9	151,6	73,4
per cent ...	35,0	13,6	17,6	28,0
South-Slav ...	255	20,2	66,6	33,9
per cent ...	8,5	7,2	8,8	12,9
Austrian occupation ...	70	7,3	15,8	14,1
per cent ...	2,4	2,6	2,1	5,3
Fiume ...	3	2,6	0,8	0,6
per cent ...	0,1	0,9	0,1	0,2
Total occupations ...	1.813	87,9	270,3	160,0
per cent ...	60,6	31,4	35,9	60,9
Dismembered Hungary	1.179	192,3	483,5	102,9
per cent ...	39,4	68,6	64,1	39,1
Hungary entire ...	2.992	280,2	753,8	262,9

The balance of the credit co-operative societies shows most conspicuously the superior strength of the co-operative movement on the remaining central territory of Hungary. Of the 1051,7 million crowns worth of property owned by the cooperative societies, it appears

from the following Table that, in 1915, 687,9 millions fell within the narrow limits of the new frontiers where most of the societies also had their centres, and only 363,8 millions fell to the share of the parts now severed from Hungary.

Territory	Property of cooperative societies				Profits of cooperative societies, in millions of crowns
	Total	bills of Exchange	mortgages	stocks and shares	
Czech occupation ...	76,5	13,4	8,1	4,0	1,1
per cent ...	7,5	8,5	6,4	7,9	6,1
Roumanian occupation	171,7	40,0	22,8	10,1	2,2
per cent ...	16,4	25,4	18,1	20,0	12,5
South-Slav occupation...	88,6	19,8	21,3	4,4	1,8
per cent ...	8,4	12,6	17,0	8,8	10,1
Austrian occupation ...	23,6	2,9	8,3	2,2	0,5
per cent ...	2,2	1,9	6,6	4,4	2,7
Fiume... ..	3,4	0,7	—	0,1	0,06
per cent ...	0,3	0,4	—	0,3	0,4
Total occupations ...	363,8	76,8	60,5	20,8	5,6
per cent ...	34,6	48,8	48,1	41,4	31,6
Dismembered Hungary	687,9	80,5	65,4	29,5	12,0
per cent ...	65,4	51,2	51,9	58,6	68,4
Hungary entire... ..	1.051,7	157,3	125,9	50,3	17,6

Although, as is well-known, the Saxons beyond the Királyhágó have carefully developed co-operative societies (they are the only people on Hungarian soil who cling to the more modest Raiffeisen type of society), and there has been a rapid growth of Roumanian co-operative societies in the last two or three decades to serve the aims of Roumanian nationalism, and there has been furthermore a concentrated movement of Slovak banks in the valley of the Upper Vág, still, on the territories condemned to separation, it is principally the

Magyar districts which support the largest and most active credit co-operative societies.

On the territory assigned to the Czech State, the credit co-operative societies own property to the amount of 76 million crowns, and more than 36 millions of this fall to the purely Magyar districts; of the 172 millions of such property on the territory occupied by the Roumanians, 90 millions are the savings of the Magyar villagers; and on the territory annexed by the South Slavs about 55 million crowns is invested in co-operative societies in the Magyar districts.

For the co-operative societies the collection of deposits is a branch of business of small importance, but this is conspicuously larger on the severed peripheries than on the central territory remaining to the Hungarian State, where a whole network of other credit-institutes has absorbed all superfluous capital.

Among the active businesses of the co-operative societies — and this holds good especially for the severed parts in the North and East, and for the credit co-operative societies of dismembered Hungary — the bill-of-exchange business is the most important, although of the total amount, 157 millions, the 80 millions remaining within the new frontiers is by no means a very large proportion. Mortgage loans play a smaller rôle; of the 126 millions, 65 millions remain to the central territory.

The amount of stocks and shares held by the co-operative societies is everywhere small, not exceeding 50 million crowns, but in this the Magyar districts participate relatively to a much greater extent than the others.

The co-operative societies have a yearly profit of 17,6 million crowns, of which 12 millions, that is, 68,4%, are on the parts within the new frontiers. As the total property of co-operative societies remaining to dismembered Hungary is 65,4% of the whole, the business

year was not much better here than in the other parts of the country.

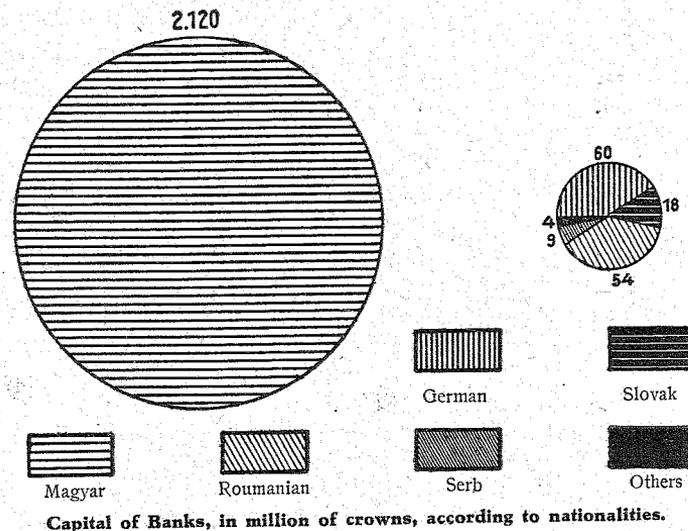
It is important to complete this sketch of the credit co-operative societies by giving an account of the banks of the nationalities, which only in the last two or three decades have developed such activity as to attract public attention.

Among the 1789 Hungarian banks and saving-banks existing at the end of the year 1915, 1468 were Magyar, 95 German, 36 Slovak, 156 Roumanian, 30 Serb, 3 Italian and 1 Czech. With regard to average capital, the Magyar institutes were far ahead, and afterwards came the Italian; the former had an average capital of 1,4, the latter, of 1,2 million crowns. The average for the German institutes was 630, for the Slovak 500, for the Roumanian 350, and for the Serb 285 thousand crowns. The character of the extension, however, is shown by the periods of foundation. Before 1900 there were established 12 Slovak banks, and since that date, 24; of the Roumanian institutes, 57 were created before 1900, and 99 after; of the Serb banks, 6 existed at the end of the last century, and 24 have been established during the present century.

With regard to credit co-operative societies, the nationalities began to increase their institutes in a greater measure already in 1890; the course of development, however, is sufficiently instructive, if, as above we take 1900 as the dividing line. Among the Slovak co-operative societies, 14 existed at the end of last century, and 10 have been created since 1900, but of the Serb societies only 5 are of older origin, 7 having arisen since 1900, and among the Roumanian co-operative societies, 17 are older creations as against 84 new ones.

On account of the smallness of their capital, the banks and co-operative societies of the nationalities possessed

no very wide field of action. It is a matter of common observation that they were not founded to satisfy the credit requirements of the non-Magyar masses (this was sufficiently cared for by other credit-institutes, existing much earlier and not at all interested in distinctions of nationality), but for the purpose of promoting a



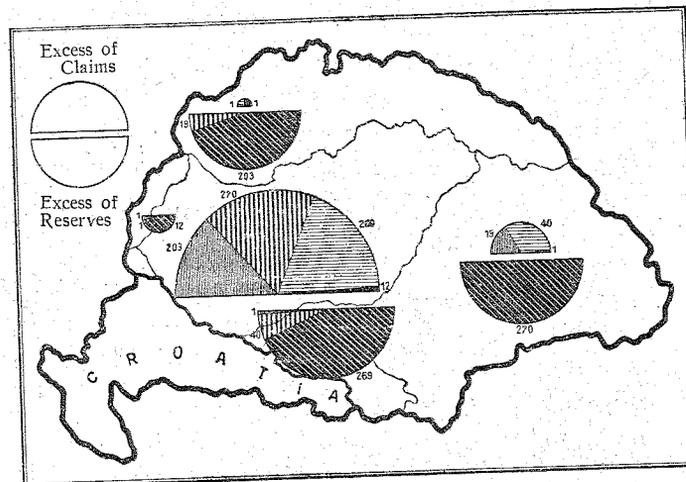
non-Magyar middle-class opposed to the Magyar State: these credit-institutes gave a means of livelihood to bank-managers, to lawyers, and to newspaper editors who improved their finances by carrying on propaganda against the State. Examples could be adduced from almost every European State — in which the language is not entirely homogeneous — to prove that no such movement would have been tolerated so liberally and silently as in Hungary — a State stigmatised as an oppressor.

It is deserving of notice also, how the mortgage loans, one of the most important achievements of the country's capital-organisation, are distributed with regard to the new frontiers. At the end of the year 1915, the total of mortgage claims held by all the home credit-institutes on Hungarian territory, was 3,6 milliard crowns; to this must be added the mortgage claims of the Austro-Hungarian bank amounting to 237 millions, so that nearly 4 milliards of loans were advanced by these banks on inland real property as security. Of the claims of the credit-institutes 56,2% and of the loans of the note-bank 61,5% are burdens on the central remaining territory; the wide territories occupied by the Roumanians bear mortgages to the amount of more than 700 millions, the district occupied by the Czechs 460 millions, the county annexed by the South-Slavs 414 millions, and on the boundary strip of West-Hungary there are 75 millions in mortgages. Foreign banks, home undertakings not compelled to publish accounts and the claims of private creditors are naturally not contained in these data.

The following interesting figures show where are situated the banks advancing the mortgage-loans and the property mortgaged:

Territory where mortgaged property is situated	Percentage of Mortgages issued by banks on					
	Czech occupation	Roumanian occupation	South-Slav occupation	Austrian occupation	Total occupations	Dismembered Hungary
Czech occupation	44,3	4,8	—	—	49,1	50,9
Roumanian occupation	0,2	49,9	1,5	0,0	51,6	48,4
South-Slav »	0,4	12,8	9,1	0,1	22,4	77,6
Austrian »	1,5	1,0	—	32,1	34,6	65,4
Total »	12,4	26,0	2,9	1,5	42,8	57,2
Dismembered Hungary	0,8	2,8	1,8	1,7	7,1	92,9

The great capitalist groups on the central territory of the country therefore give 57,2% of the mortgage loans for the occupied territories, but of the mortgages on the central territory only 7,1% are financed by the banks



The upper sectors show the excess of claims, the lower sectors show the excess of reserves; with regard to territory under

Magyar Czech Roumanian South-Slav Austrian rule Dismembered Hungary

Balance of Mortgage-Loans, in million of crowns, in the different parts of the disintegrated country.

on the occupied territories. In the district occupied by the Czechs 50,9% of the mortgage loans come from the central credit-institutes, on the territory occupied by the Roumanians the proportion sinks to 48,4%, the loans granted by the institutes on this territory exceeding the

others by a relatively small amount. This high proportion of local loans is due to the occupied Magyar towns and the business of the Saxon districts. In these data the fact that on the territory occupied by the South-Slavs the local institutes do not hold the second place after the central institutes, but yield this position to the institutes under the Roumanian occupation — although at a considerable distance — is due again in the first place to the great rôle played by Temesvár, also a Magyar town occupied by the Roumanians.

Within the narrowed borders of Hungary it is natural that we should find mortgages supplied from sources on the occupied territories, in most cases from some neighbouring great town, unexpectedly cut off by the new determination of frontiers, but frequently from a more remote district, a circumstance which proves how intimate was the economic intercourse between the different parts of this economic unit. A characteristic example of this is the County of Pest where real-property owners, although in the immediate vicinity of the most abundant source of capital, received mortgage loans from the territory occupied by the Czechs to the amount of 2,2 million crowns, and from the parts annexed by the Roumanians to the amount of 5,1 millions. In addition to the central institutes, not only did the neighbouring institutes now on South-Slav territory find it worth while to give credit on the security of land in County Somogy, as well as institutes on the part adjudged to Austria, but banks far away on the territory occupied by the Roumanians supplied the land-owners of this County with mortgage loans of more than 1 million crowns.

However, the total amount owed by the central territory to the districts under foreign occupation, is not great; sources of credit which have come under Czech

rule provided 17 million crowns, the territory occupied by the Roumanians 56,5 millions, the credit institutes of towns occupied by the South-Slavs 36 millions and the strip of land claimed by Austria 35 millions.

According to these data therefore, the peripheries are more dependent on the central territory, but also to this latter territory a thin-current of economic force flowed from the out-lying districts.

We obtain the same impression if we examine the other factors in the organisation of capital, the industrial and commercial companies, and those other types of co-operative societies not yet discussed.

The following Table shows the amount and origin of the capital of limited companies engaged in industry, in million of crowns:

Territory	Paid up Ordinary and Preference Shares	Amount of Ordinary and Preferred Shares placed in		
		Hungary	Austria	Germany
		in millions of crowns		
Czech occupation ---	100,7	61,9	22,0	2,2
per cent ---	9,5	7,9	11,6	9,3
Roumanian occupation	85,0	66,6	11,5	2,0
per cent ---	8,0	8,6	6,1	8,3
South-Slav occupation	16,1	13,4	2,8	0,0
per cent ---	1,5	1,7	1,6	0,0
Austrian occupation	13,3	6,2	6,8	0,3
per cent ---	1,3	0,8	3,6	1,2
Fiume ---	15,7	9,1	1,6	1,3
per cent ---	1,5	1,2	0,8	5,2
Total occupations...	230,8	157,2	44,7	5,8
per cent ---	21,8	20,2	23,7	24,0
Dismembered Hungary	828,5	621,6	144,3	18,3
per cent ---	78,2	79,8	76,3	76,0
Hungary entire ---	1.059,3	778,8	189,0	24,1

Therefore, of the paid-up capital somewhat exceeding one milliard crowns, 78,2% falls to the shares of the companies formed within the narrowed boundaries of the country, and the North country, the other part most engaged in industry, participates only to the extent of 9,5%. We have also data with regard to the participation of foreign capital; 189 millions of the ordinary and preference shares were placed in Austria, 24 millions in Germany, and 67 millions in other foreign States, chiefly in the Western States.

Among the industrial companies remaining on the central territory of dismembered Hungary, those of Budapest are of greatest interest to foreign capital; of their capital of 688 million crowns, 124 millions is of Austrian origin and 16 German.

With regard to the balance of property of the limited companies, we are most of all interested in the real estate, although the seat of the companies and their factories in many cases are far from each other. The following figures give the principal data of the balance, in millions of crowns. (See page 221.)

In the total property of 3,3 milliards, therefore, the central territory participates to a greater extent than in the paid-up shares-capital; correspondingly greater is its rôle in the value of factories and buildings, and in machinery and fittings, on the other hand, smaller with regard to materials and goods in stock. The businesses working with a profit have a smaller profit; those working with a loss are burdened with a heavier loss. Thus it seems that, as in the case of the credit-institutes, the situation of the industrial concerns in the more developed economic life of the central territory is more rational in that they are less prone to hunt after huge profits. The greater proportion of factories working at a loss is also comprehensible; in the more acute econo-

mic competition, more frequently the weaker party succumbs, but frequently also those undertakings which aim at the perfection of their plant and hope for greater profit at a later date.

Territory	Total	Property					Loss
		Factories and buildings	Machinery and Fixtures	Material in stock	Goods in stock	Profit	
Czech occupation ---	329,6	61,2	76,1	28,7	33,8	18,7	3,1
per cent... ---	9,9	8,7	10,1	10,4	11,1	13,1	6,2
Roumanian occupat.	228,7	49,8	50,8	29,0	31,9	8,7	3,3
per cent... ---	6,8	7,1	6,8	10,6	10,5	6,1	6,7
South-Slav occupation	43,0	10,1	11,8	3,0	6,5	2,3	0,4
per cent... ---	1,3	1,4	1,6	1,1	2,1	1,6	0,8
Austrian occupation...	36,3	9,4	6,4	2,6	4,7	2,6	0,2
per cent... ---	1,1	1,3	0,9	0,9	1,5	1,8	0,5
Fiume... ---	50,9	10,7	7,2	3,7	4,6	1,1	1,9
per cent... ---	1,5	1,6	0,9	1,4	1,5	0,8	3,8
Total occupations ---	688,5	141,2	152,3	67,0	81,5	33,4	8,9
per cent... ---	20,6	20,1	20,3	24,4	26,7	23,4	18,0
Dismembered Hungary	2.648,4	561,1	597,7	208,3	224,0	109,5	40,8
per cent... ---	79,4	79,9	79,7	75,6	73,3	76,6	82,0
Hungary entire ---	3.336,9	702,3	750,0	275,3	305,5	142,9	49,7

On the territory under Czech occupation, the industrial concerns of the Upper Vág Valley are not only distinguished for the relatively great amount of their property, but also for their valuable factory plant, their great stores of raw-material and the considerable profits which they earn: the companies in the Magyar district, in comparison with the amount of their paid-up capital, show a more modest balance. On the territory occupied by the Roumanians, the companies in the Magyar districts also show smaller profits, and here the proportion

of values of real estate and fixtures is not so great; more pronounced, however, is the rôle played by materials and goods in stock.

In consequence of the disintegration of Hungary, the industrial companies have undoubtedly suffered, for factories which belong to companies having their headquarters on the central territory must now become naturalised in a neighbouring State. This is a painful consequence of the dismemberment, detrimental alike to the mother-institute and to the factories which are left without support. It is as if the spirit of war was still at work to tear asunder what was economically sound and strong, and naturally united. It is the accumulation of ruins, to be re-built by the thrift of future generations.

Among those types of co-operative societies which are not occupied only with credit businesses but use their capital for producing articles, for buying and selling goods, we must first mention the co-operative societies for stores of articles of consumption, which form a thick network throughout the country, and grouped around the Hangya co-operative society as a centre, have developed an ever-increasing trade.

In 1915 the number of co-operative stores societies was 1803. Of this number 721 were on the central territory of the country; in the North country occupied now by the Czechs, there were 555 such societies; the movement on the territory occupied by the Roumanians was less important and there only 457 such societies existed, while on the territory occupied by the South-Slavs it was still more primitive, with 27 societies; and we have data relating to 43 co-operative societies in West-Hungary. Interesting, and characteristic for the greater popularity of co-operative societies and their greater strength on the central remaining territory, is the number of business branches, and the turn-over in

goods, which classified in accord with the new frontiers, was as follows:

Territory	Business branches	Value of goods sold in 1000 s of crowns
Czech occupation --- --- ---	252.758	39.013
Roumanian occupation ---	121.840	20.896
South-Slav » ---	10.971	1.758
Austrian » ---	18.147	3.880
Dismembered Hungary ---	433.462	74.689
Hungary entire... --- --- ---	837.178	140.236

Territory	Hectolitres of Milk	Produce sold in 1000 crowns
Czech occupation --- --- ---	2.861	1.564
Roumanian occupation ---	2,812	1.694
South-Slav » ---	2.031	933
Austrian » ---	4.456	2.949
Dismembered Hungary ---	16.389	7.877
Hungary entire... --- --- ---	28.549	15.017

In 1915 the number of the other co-operative societies was 1008, with 202.036 business branches and a capital of 12,4 million crowns. Among these co-operative societies, 795 were agricultural, 163 industrial, 14 commercial and 38 belonging to other special trades. In the matter of capital and number of members, every type was hitherto best developed in the central basin of the country; in point of numbers, however the thickest network of agricultural co-operative societies is on the territories under Roumanian and Czech occupation.

These different forms of the co-operative movement, however, can at most play a rôle in the future organisation of capital when the idea of the division of labour and the union of forces has made more progress among the small cultivators of the soil.

The co-operative movement has further developed since the time of the country's dismemberment. From August 1, 1919 up to the end of 1920, the National Central Credit-Co-operative Society incorporated with itself 109 new societies on the territory of dismembered Hungary; the Industrials National Central Co-operative Society — itself a new creation as an amalgamating central organisation — established 26 societies, and the Hangya increased its circle of co-operative stores societies by 820. This development is in a satisfactory direction, for the union of small forces always promotes efficiency of labour.

On a still greater scale is the more recent process of capital-organisation, which since the above-mentioned period, has manifested itself in the growth of industrial and commercial companies and credit-institutes and in the increase of capital. A great number of new companies have been rapidly formed, not only in Budapest, but also in the provincial centres.

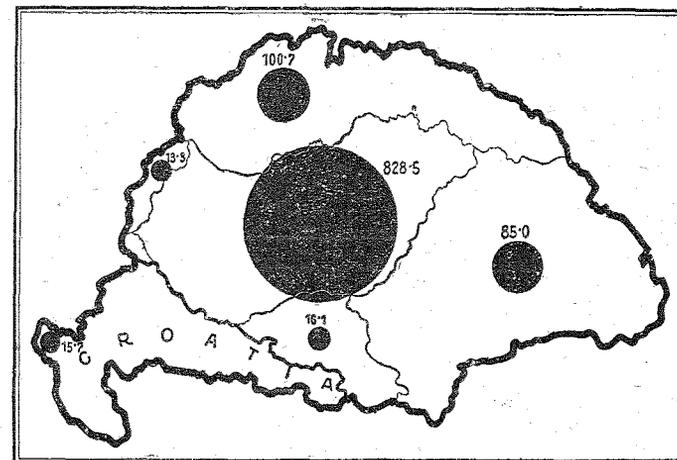
During the year 1919 there were created 267 limited companies, and in 1920, 370.

With regard to 415 companies, some old-established and some new, we have data to show how they have increased their foundation capital, as follows:

Previous	Foundation-capital	Increased capital
	in 1000 crowns	
Agricultural Companies Ltd.....	84.150	148.300
Industrial » »	966.970	2,008.988
Commercial » »	95.860	266.520
Transport » »	25.810	46.372
Mixed » »	189.593	351.630
Credit » »	1,095.585	1,898,901
Total	2,457,968	4,720,711

In addition to these, we know of 206 limited companies which, according to announcements published in the official gazette, have also increased their capital, but of which either the earlier capital or the amount of increase was not published.

It is obvious that the desire for restoration has impelled men to these foundations, and old-established firms



Capital of Industrial Companies. in millions of crowns.

are compelled to increase their capital by the growth of working-expenses.

In both cases, foreign capital has participated to some extent, especially English and Italian, and to a less degree also French.

At this period of greatest disparity in the currencies foreign capital could buy up Hungarian stock with a very small investment and very high profit and Hungary

in her desperate situation could not do otherwise than welcome this intervention. The financing of the import of goods for the pilfered country promised for the moment to be extraordinarily profitable.

Since the excess of desperation abated somewhat, Hungarian capital (with the exception of State demands of credit, to be mentioned later) has begun again to serve the purposes of production of goods and is no longer employed only for purchasing necessities. Hungarian industry above all has good prospects with the improvement in agriculture but it requires more capital than the country can place at its disposal; all savings have long been swallowed up by the war and the subsequent disasters.

The difference of currencies unfortunately is still so great that little foreign capital can find investment at a permanently high rate of interest in Hungary, even if invested in sound productive concerns.

After the stream of destruction which has traversed Europe, those departments of economic life will best prosper which first commence the restoration of their investments.

Naturally the seed on rocky ground brings forth less than the seed on fertile soil, but the capital accumulated in the West and in the neutral States will recognise, independently of the harsh provisions of the Peace Treaties, the countries where the ground appears to be rocky or fertile for their investments.

CHAPTER XIV.

THE STATE FINANCES.

The State budget of Hungary before the war was of modest dimensions, but it was founded on a tolerably safe basis. The war rapidly increased the burden of expenditure, and when the strenuous conflict came to a disastrous end, Hungary, reduced to a third of her former territory, had to undertake responsibility for the debts of the past and for the enormous war-debts, with the danger looming in the background that the dismembered country would have to pay its own burial expenses, under the title of reparation, out of its truncated remains.

There is perhaps good reason for the belief that the financial conditions in the Peace Treaty are so excessive and miscalculated that they are impossible of fulfilment; it is, however, but a pitiful solace for the country to know that she is reduced to such a state of destitution that there remains nothing of which she can still be deprived.

It is impossible to calculate accurately how much of its revenues the Magyar State loses in consequence of the new determination of frontiers, and what of its burdens should in justice be taken over by the conquering neighbours. The State financial authorities never paid much attention to the geographical distribution of financial results, and the peculiar curves of the new frontiers could not be foreseen by any mortal man. The

changing standard of value would also have made the sums spent at different times for purposes of investment and other expenses quite unsuitable for establishing comparisons.

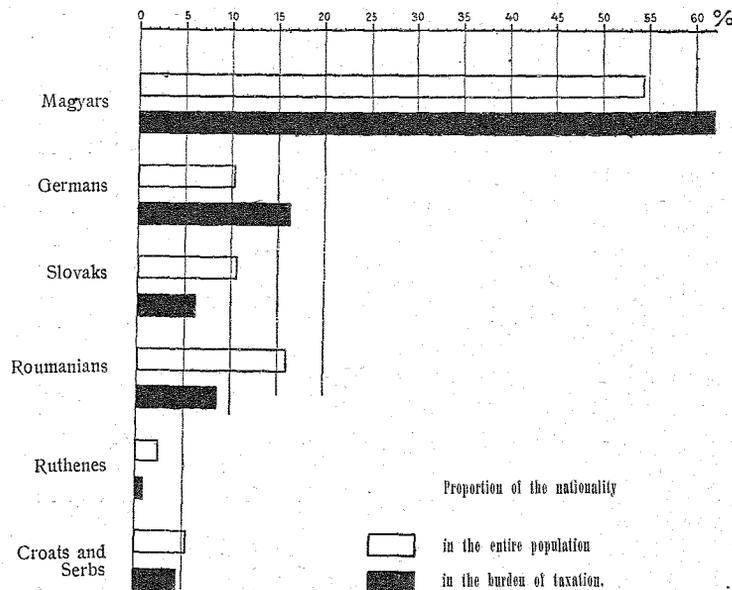
And yet we must give a few data relating to the gloomy state of the country's finances, in order to render more complete the picture of the country's condition as sketched in the other parts of this work.

That the Magyar population of the country always took the lead in economic development and enterprise is amply proved by the greater share of burdens they bore in comparison with the other nationalities, except the Germans. The following Table compiled in peace time (1904) shows the amount of direct taxation paid by men over 24 years of age:

Language	Direct Taxation of Individuals	
	in crowns	in percentage
Magyar	64,084.926	62,1
German	16,812.688	16,3
Slovak	6,383.932	6,2
Roumanian	9,010.580	8,7
Ruthene	848.676	0,8
Croat	898.715	0,9
Serb	3,611.519	3,5
Others	1,532.599	1,5
Total	103,183.635	100

From this higher burden of taxation borne by the Magyar population, however, it does not follow that the tax-bearing capacity of dismembered Hungary is relatively great and that of the severed territories very small. It is true that the greatest enterprises were concentrated in Budapest, and the taxes paid by them went to increase the effective capacity of the Magyar popu-

lation; but the greatest extremes of poverty were also found here in greatest number, and the greater number of poor day-labourers, in towns and villages, remain on the central territory of the disintegrated country.



Burden of Taxation in Hungary according to language in the year 1904.

The new neighbouring States have carved out their territories with such circumspection, that they have not only acquired Magyar population, but also Magyar property and capacity for bearing the burdens of taxation. For instance, the proportions of population in Transylvania are, Magyar 34,3%, German 8,7% and Roumanian 55%; on the other hand, the proportions of taxa-

tion paid by men over 24 years of age are, Magyar 41,2⁰/₀, German 17,4⁰/₀ and Roumanian 40,8⁰/₀. If we take into consideration the taxes paid by Magyar and German enterprises, the taxes paid by the Roumanians shrink to a still lower proportion, so that we may safely affirm that the Roumanian population of Transylvania, representing more than half of the total, and probably enjoying the State expenditure to the extent of one half, pay at most one-third of the taxes. The picture would be much the same if we had taken for example the territory now under Czech occupation.

An attempt is made in what follows to give an approximate estimate of the results of direct, consumption and income taxation according to the new determination of frontiers. The data are not uniform, for they are not all of the same year; and while the results of the two more elastic forms of taxation, the consumption and the income-tax are derived from more recent years nearer to each other, the smaller defect in the results of the direct taxation is that they are of older origin, for there has been no very considerable development in respect to these. Our data are as follows. (See page 231.)

This comparison shows that dismembered Hungary bears every kind of taxation to a greater extent than the severed parts. We refrain intentionally from mentioning here the capacity of bearing taxation, for the consumption taxes weigh heavier relatively on the poorer classes, especially on those who are compelled to provide themselves with the bare necessities of life in the cities; and the proportion of these poor people on the central territory remaining to Hungary is considerably greater than on the severed territories. Besides, we see still more clearly that the central territory is more heavily taxed, if we compare the totals of the different classes of taxation

enumerated above with the numbers of the population. In whole Hungary the burden of taxation falling to each person amounted to 26,90 crowns. For every inhabitant of the territory remaining to Hungary, the burden is 34,13 crowns, and this obligation precedes all others. The well-to-do people of West Hungary also pay only 32,32 crowns per head of the population, on the territory occupied by the Czechs, with the taxes of the townsfolk and the great industrial concerns, the taxation per head does not exceed 25,83 crowns, the inhabitants of the rich agricultural districts occupied by the South-Slavs pay taxes to the amount of 23,09 crowns per head, and in the Eastern parts of the country the taxation is as low as 17,54 crowns.

Territory	Results in 1000 crowns of taxation		
	direct	con- sumption	income
Czech occupation... ..	24.244,6	65.188,5	2.943,7
per cent	14,2	22,0	11,6
Roumanian occupation	32.792,2	56.950,0	2.606,8
per cent	19,3	19,3	10,5
South-Slav occupation	20.183,0	13.258,4	1.177,1
per cent	11,9	4,5	4,6
Austrian occupation	4.980,2	6.864,1	838,9
per cent	2,9	2,3	3,3
Fiume	739,6	2.566,5	312,6
per cent	0,4	0,9	1,2
Total occupations... ..	82.939,6	144.827,5	7.879,1
per cent	48,7	49,0	31,0
Dismembered Hungary	87.429,0	150.425,9	17.581,7
per cent	51,3	51,0	69,0
Hungary entire	170.368,6	295.253,4	25.460,8

It is still of interest to note the group of data relating to the total claims and debts of the Hungarian public administration with respect to other States, apart

from Austria. These data were collected in 1918, shortly before the war ended; they are incomplete, and especially are they defective in that they contain nothing in the balance to show how Austria was bound to Hungary in almost every branch of economy. It is probable that by this time a part of these burdens and claims have been settled, in the course of increases of capital obtained by Hungarian institutes from foreign sources, and other manipulations. Still we give here the principal sums, as an account which undoubtedly burdens Hungarian public economy, and which weighs most heavily when the country is compelled to seek credit without having capital wherewith to arrange its old obligations.

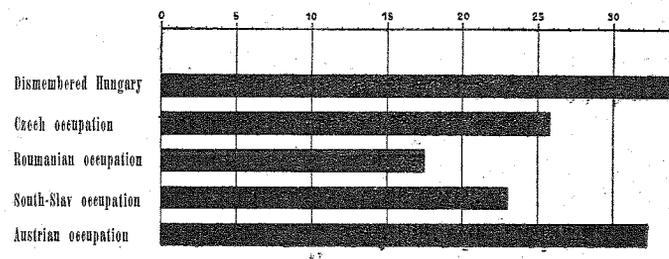
The total of foreign debts owed by Hungary amounted to 2101,4 million crowns, and the country's foreign claims amounted to only 620,3 millions crowns. The principal items in the debit account were 690,8 millions of inland bonds placed abroad, money owed to the amount of 642,0 million crowns and 478,8 million crowns of stocks and shares. More than half the credit account — 365,4 millions — consists of money claims, and in addition there should be mentioned, stocks and shares 72,6 millions, effects 69 millions, and goods 57 millions.

The principal data characteristic of the financial situation of the dismembered Hungarian State may be seen from the budget-estimates for the year 1921/22.

The State's indebtedness amounts to 61,9 milliard crowns, 1,5 milliard marks, 15,8 million Dutch guildens, 2 million dollars and 0,2 million pounds sterling, of which 8,3 milliard crowns dates from before the war, 30,8 milliard crowns, 1,5 milliard marks, and 15,8 million Dutch guildens are debts contracted during the war and 22,8 milliard crowns, 2 million dollars and 0,2 million pounds sterling have been added since the end of the war up to the end of December, 1920. This last item is a burden on dismem-

bered Hungary alone. The burden of debt which existed prior to the war should be shared proportionately by the new neighbouring States, but the just key to the ratio of distribution has not yet been established.

The loans raised after the outbreak of war were placed almost exclusively in Hungary, or taken up by the Austro-Hungarian Bank; to a small extent during the war and to a greater extent before the war, a rôle was played also by foreign loans, the total of which may be estimated at about 6—7 milliard crowns.



Taxation per head (direct tax, consumption tax, income tax), in crowns, on the different parts of disintegrated Hungary.

According to the report of the Hungarian Banknote Institute, there were in circulation on January 15, 1922, 25,4 milliard crowns of bank-notes. The dismembered country made its first budget for the financial year 1920/21, and applying the experiences of that year, attempts in the budget-estimates for 1921/22 — which reckon with the effect of a number of reforms in State Finance — to provide a clearer picture of the financial condition of the dismembered State. It is a gigantic task to restore the financial equilibrium of a State which has gone through such fearful crises, a State which indeed retains 32% of its territory and 41% of its population, but

which, in spite of the strictest economy, cannot lower its State expenditure to less than 60%. It is but a sad consolation to know that the surrounding States, in spite of their increase of strength, are all compelled to work with heavy deficits; the Hungarian State has no desire to sink into the morass of financial helplessness, but seeks a way to life and prosperity. Therefore we give no artificially bright picture of our situation, but disclose without disguise the heavy burdens which await the year 1921/22, and the following financial years, until after the stupendous exertions of to-day and to-morrow the dawn of hope may appear on the horizon.

The State-budget contains separate estimates for the expenditure subsequent to and consequent on the war, which for the current year are reckoned at 2,3 milliard crowns, and separate estimates for the customary affairs of the State, which reckon with an expenditure of 8,6 milliard crowns as against a revenue of 6,2 milliard crowns, so that, deducting the amount of 1,7 milliard crowns in the expenditure devoted to purposes of investment, the ordinary deficit is reduced to 855 million crowns; and finally estimates separately the budget of the State which it incurs as a corporation with moral responsibilities, whereby it appears that there would be a surplus of one milliard crowns between the ordinary expenditure and ordinary revenue, if the transitory items of expenditure in this part of the account did not burden the balance to the extent of more than 6 milliard crowns.

The balance for ordinary administrative purposes seems to show an improvement because the results anticipated from new taxes just introduced are included in their entirety in the budget-estimates; this naturally affords no remedy for the exceptional expenditure occasioned by the extraordinary nature of the situation, for the

capacity of bearing taxation has been stretched to its utmost limit.

Adding these sums together, and leaving aside the 2 milliard crowns for investments, an amount to be covered by a separate loan, the budget closes with a deficit of 4,5 milliard crowns; in this, however, is also included the item of 2 milliard crowns which is required for covering the expense of feeding the indigent population, and which may also be regarded as an expenditure consequent on the war. This does not take into account the losses due to the fluctuating rate-of-exchange which has so disastrously influenced the Hungarian crown, even as it has influenced the currencies of all the defeated States.

The introduction of the new taxes, as we have mentioned, is calculated to improve the ordinary balance; exceptions are the different kinds of property-taxes, not yet completed, which are intended to diminish the burden of State debt, but from which have already been carved out a part for the support of invalids, that is, for covering a post-war expenditure, and another part for beginning the payment of debts owed to France and England.

How will this budget-estimate turn out in reality, and how will dismembered Hungary cope with her overwhelming burdens?

This depends not only on the country itself whose finances are controlled by experienced men, but on the extent to which foreign countries are ready to see and appreciate the extraordinary efforts and self-sacrifice of Hungary and how this appreciation will find expression in the Hungarian crown which is at present far below its intrinsic value.

The catastrophe in the financial world most affects the small States, and so also Hungary; but if the sacri-

fices which have been made prove to be in vain, this will not only ruin Hungary, but will also damage the word's economy.

What dismembered Hungary is now achieving in the matter of State finance is done with a sincere and honest desire to gain the world's esteem. If this does not succeed, our ability to meet our obligations will be greatly diminished and payment greatly postponed, and Hungary will add one more to the number of States (of which we have an example in the immediate neighbourhood) which must be kept from collapsing by artificial methods.

CHAPTER XV.

CHURCHES AND SCHOOLS.

The old Hungarian ecclesiastical organisations, some of which date back nearly a thousand years and the others to the time of the Reformation, have been entirely split up by the new boundary-lines. Four of the bishoprics of the Roman Catholic Church have lost their entire territory; only three bishoprics remain intact. Six of the sees retain more than half of their parishes; of one, the most ancient See of Esztergom, only small fractions remain, and there are some bishoprics from which the residence of the bishop himself has been torn, together with the bulk of the parishes.

More than half of the parishes are lost; out of 3310, only 1419 remain within the new Hungarian frontiers.

The loss of the Reformed Church appears to be smaller, for the members of the Reformed Church live rather more massed together in the centre of the country, not so much distributed throughout the country as are the Catholics. One district of the Reformed Church, that of Transylvania (which was one of the greatest, and the richest in historical associations) is lost in its entirety; two have suffered considerable loss, but retain more than the half of their congregations; and two have been shorn to a much smaller extent. The loss of the Reformed Church in congregations is 1078, while 1008 remain on the territory of disrupted Hungary.

The Augustine Evangelics live in greater numbers

along the frontiers of the country and in the mountain districts, and accordingly their losses are more striking. Their Transylvanian bishopric, which was also the largest, is entirely lost. A small fraction remains of two other bishoprics, and again there are two which have suffered but little amputation. Of the Augustine Evangelic congregations, 913 in number, more than two-thirds, (627) have fallen under the yoke of the foreigner.

The little Unitarian Church among the mountains of Transylvania, with its 111 scattered congregations, seeks in vain a connection with the four remaining congregations which lie on the central territory of Hungary.

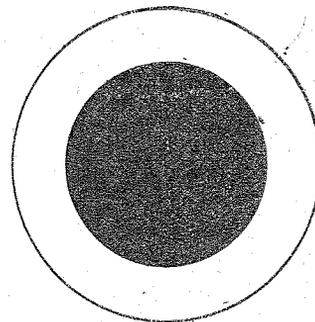
Of the two Greek Churches scarcely anything at all remains within the new frontiers. The residence of the Greek-Catholic Biskop of Hajdudorog and 83 of his parishes, remain under Hungarian jurisdiction, but 80 of his parishes lie beyond the new frontiers. Out of three bishoprics there remain but 24 parishes on the central territory of the country, while three other bishoprics are entirely severed.

One bishopric of the Orthodox Greek Church, the Greek Oriental See of Buda, which, moreover, was the smallest and consisted of 49 parishes scattered over the territory mainly inhabited by Magyars, retains 42 of its parishes. Of the others, 27 parishes in three bishoprics remain on the central territory, and three bishoprics are entirely outside the frontiers of disrupted Hungary.

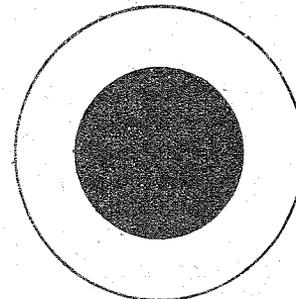
It is not yet determined how the Church governing authorities will be adapted to the separation caused by the new frontiers. However, as the most conservative sect in Hungary, the Roman Catholic, begins to unfold the standard of autonomy, it may at any rate be sup-

posed that the Magyars residing beyond the new frontiers will acquire such a small measure of autonomy that they will be permitted to use their own language

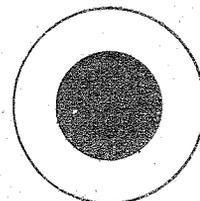
On territory under Czech Occupation, out of 506,709; 161,541



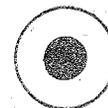
On territory under Roumanian Occupation out of 597,272; 249,032



On territory under South-Slav Occ. out of 219,609; 70,771



On territory under Austrian Occ. out of 56,127; 7,736



In Fiume out of 8,921; 1,397



Magyar students under foreign rule.

in their churches. We think first in this connection of the 8088 Greek-Orientals of Transylvania who speak no other language but Magyar and could not attain their long-cherished object of creating a Magyar Greek-

Oriental bishopric which should take them under its protection.

According to the terms of the Peace Treaty also, it may be possible to urge the establishment of such an autonomy, and this is all the more necessary as the rigidity of the Orthodox Church excludes all freedom of development.

If we have accompanied the changes in the Church with only a few words of complaint, all the more cause for lamentation have we in the matter of the schools. What the Magyars have lost in this respect is a sad reality, more completely adverse to the Treaties of Peace than could be perceived at the first moment of the foreign occupations. Those sacrifices in the interest of culture which the Magyars have made since the beginning of their life as a State, and which they have continued with special generosity during the last half century, have proved in great part to have been undertaken in vain. The edifices of almost palatial dimensions erected for the different kinds of schools along the frontiers, the great support accorded, under the title of advancement of civilisation, to education among the Greek religious sects, still in a rudimentary condition — all are used now against the Magyars, and there is already a long series of evidence to show the violent methods employed in depriving Magyar children of Magyar instruction.

The lowest branch of popular education is in the infant kinder-garten schools, carried on in three types of institute: the ordinary kinder-garten institutes, the permanent institutes operating throughout the year, and the institutes used as summer-resorts. The distribution of these, according to the territories of the disintegrated country, can be seen from the following Table, compiled for the last school-year before the war:

Territory		Kinder-garten schools	Permanent and summer Refuge Institutes	Total
Czech occupation	Institutes	498	74	572
	Nurse-governesses	523	19	542
	Magyar children	12,947	1,566	14,513
	Non-Magyar children	26,855	2,726	29,581
Roumanian occupation	Institutes	549	247	796
	Nurse-governesses	597	64	661
	Magyar infants	26,011	7,849	33,860
	Non-Magyar infants	21,762	9,189	30,951
South-Slav occupation	Institutes	284	25	309
	Nurse-governesses	296	9	305
	Magyar infants	9,825	365	10,190
	Non-Magyar infants	21,086	1,884	22,970
Austrian occupation	Institutes	58	5	63
	Nurse-governesses	71	1	72
	Magyar infants	589	21	610
	Non-Magyar infants	4,992	269	5,261
Dismembered Hungary	Institutes	828	378	1,206
	Nurse-governesses	993	101	1,094
	Magyar infants	73,039	28,844	101,883
	Non-Magyar infants	16,085	2,418	18,503
Hungary entire	Institutes	2,229	729	2,958
	Nurse-governesses	2,500	194	2,694
	Magyar infants	122,636	38,645	161,281
	Non-Magyar infants	92,085	16,486	108,571

Half of the lost institutes were maintained at the expense of the State, especially the ordinary kinder-garten schools which demand greater expenditure.

The following Table shows the manner in which are distributed the elementary schools — the most important of educational institutions:

Territory	Total number	State schools	Teachers	Magyar infants	Non-Magyar infants	Number of infants for one teacher
Czech occupation	4.280	953	7.143	119.652	300.837	59
Roumanian occupation	4.928	1.306	8.490	180.018	300.874	57
South-Slav occupation	897	266	2.671	50.346	113.959	61
Austrian occup.	402	51	867	4.619	41.765	53
Fiume	20	7	148	629	4.420	34
Total occupations	10.527	2.583	19.319	355.264	761.855	58
Dismembered						
Hungary	6.402	919	15.934	752.233	101.789	54
Hungary entire	16.929	3.502	35.253	1,107.497	863.644	56

Thus, of the elementary schools, numbering nearly 17,000, there remain 6,402; a quarter of the lost schools were State institutes. Elementary school teachers to the number of 19,319 remain beyond the narrowed boundaries, and the education of more than 350,000 Magyar children depends in future on the humour of foreign educational policy.

Although the Hungarian State continually granted increasing financial assistance to all classes of schools, it must be specially mentioned that the State help to the elementary schools amounted to a large sum. These schools are in great part either parish schools or confessional schools, and therefore under management which enjoys complete autonomy, many of them receiving State help, independently of what language of instruction they employ.

The amount of State help granted to elementary schools, where the language of instruction is non-Magyar, in the year 1913-14, and therefore when the war subsidies

had not increased the sum, can be seen from the following Table:

Language of Instruction	Non-Magyar Elementary Schools				
	Total	Number receiving State help	State help in 1913/14 in 1000 crowns for		
			Persons	Things	Total
German	448	182	282	16	298
Slovak	365	307	408	23	431
Roumanian	2,170	1,480	1,779	6	1,785
Ruthene	47	40	45	—	45
Serb	269	31	40	—	40
Wend	3	3	7	2	9
Italian	12	1	3	0,1	3
Czech	2	2	1	—	1
Others	4	2	3	0,1	3
Total	3,320	2,048	2,568	47	2,615

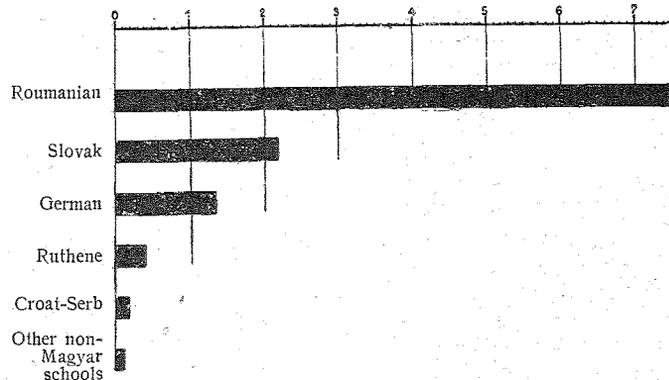
Ten years earlier, these schools participated in State aid to the amount of 678,000 crowns; before the war the amount had grown to 2,6 millions, and it was the Roumanian schools which chiefly derived advantage from the support. In the course of the war the State help increased enormously, up to the time of the disruption.

The assistance accorded by the Hungarian State to the Roumanian schools and churches reached the sum of 14 million crowns.

Contrasted with this is the policy of the new neighbouring states which aims at suppressing the Magyar — a policy which it is not within the scope of this little work to demonstrate by giving details.

With respect to the industrial and commercial apprentice schools of a type higher than the elementary schools, it is only in number that the loss appears to be great, for in consequence of the greater concentration of in-

dustry and commerce, the number of pupils is much higher on the central territory of the country. But nearly 22,000 Magyar students of this class fall under foreign care, and here the confessional character affords no help, as it does perhaps to some extent in the case of the elementary schools, for it is rare that the religious sects maintain schools of this kind. Most of the Magyar stu-



State grants, in million of crowns, to non-Magyar schools, in the school years, 1904/5-1913/14.

dents are on the territory occupied by the Roumanians, for Magyar towns engaged in industry are most frequently to be found on this territory.

A somewhat smaller number of pupils attend another important class of school, the so-called citizen school. These are middle-schools for boys, also for those preparing for higher courses of study, but the instruction of girls also remains to a great extent the task of the citizen-schools, in consequence of the very small number of higher girl-schools. For this reason the girls' citizen-schools were much more frequented than the boys'

schools of the same class, and with their loss more Magyar children have been removed from the care of the motherland. Taking the boys' and girls' citizen-schools together, the balance of loss is as follows:

Territory	Number of Pupils				
	Total number	Number of state schools	Number of teachers	Number of pupils	
				Magyar	non-Magyar
Czech occupation...	114	43	849	11,431	5,879
Roumanian occupation ...	120	52	979	15,624	6,130
South-Slav occupation ...	49	19	357	4,523	3,925
Austrian occupation ...	8	4	64	822	556
Fiume ...	4	2	58	284	775
Total occupations...	295	120	2,307	32,684	17,265
Dismembered Hungary ...	237	78	2,330	56,312	2,834
Hungary entire ...	532	198	4,637	88,996	20,099

Of the nine nurse-governess training-schools, only four remain within the narrowed frontiers, and among the 220 pupils of the five severed institutes, 178 were Magyars.

Of the training-colleges for men-teachers, we lose 33 (18 to the Roumanians, 11 to the Czechs), and only 17 remain to us; the number of teachers so lost is 342, and of the 3108 students falling outside the new frontiers, 2165 are Magyars.

The training-colleges for women-teachers lose 22 of their institutes (11 to the Roumanians, 6 to the Czechs), but 20 remain on the central territory, with a greater number of students than the lost institutes; in the latter there are 2688 pupils, and among them, 2232 Magyars.

Of the higher-commercial schools, the same number is lost as remains: 27-27. Those which remain, however, are the more developed, and are attended by 6895 stu-

dents, while in the commercial schools on the severed territories there are 4347 students, and of these 3145 are Magyars. It is characteristic of the Hungarian State's generosity, that of the 19 higher commercial schools maintained by the State, 14 are on the parts now severed from the country, half of them being on the territory occupied by the Czechs.

The loss of a greater number of the middle-schools is painfully felt, all the more as many of them can look back on a traditional career of several centuries, spent in the extension of Hungarian culture.

With regard to the middle-schools for boys, the following balance shows the loss in numbers:

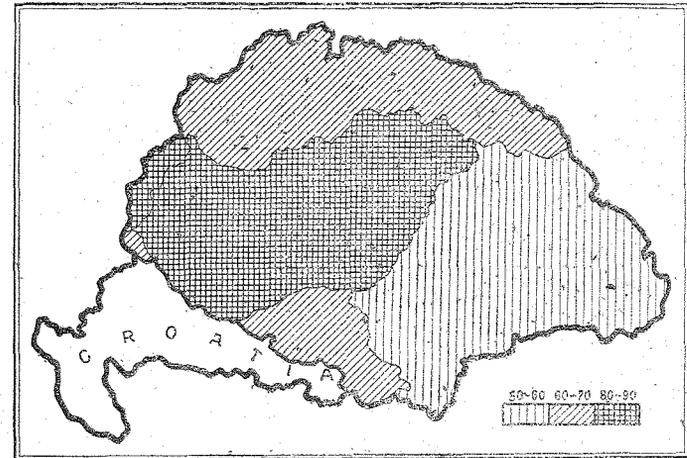
Territory	Gymnasial schools	Real schools	Total middle-schools	Of which are state schools	Teachers	Pupils	Magyar pupils
Czech occupation ...	36	7	43	13	655	12,702	10,112
Roumanian occup. ...	51	9	60	19	942	19,544	12,888
South-Slav » ...	10	1	11	5	191	3,823	1,900
Austrian » ...	4	1	5	1	75	1,296	1,038
Fiume ...	1	1	2	1	27	431	138
Total occupations ...	102	19	121	39	1,890	37,796	26,076
Dismemb. Hungary	85	15	100	38	1,664	38,535	36,760
Hungary entire ...	187	34	221	77	3,554	76,331	62,836

The number of lost middle-schools is 121, of which 39 were State institutes. The number of teachers lost is 1890, and of the 37,796 students remaining beyond the new boundaries, 26,076 are Magyars.

The number of middle-schools for girls was lower, and of the 43 institutes, 23 remain, but of the 21 State schools, only 7.

Among the pupils of the middle-schools, 82,6% were Magyar-speaking, although of the various nationalities

in the country, only the Slovaks had not their own middle-schools; the Germans maintained 9, the Roumanians 6, and the Serb 1, middle-schools in their own languages, all these schools being built and supported with State grants. It is, however, worthy of special note that the nationalities of the South country sent their sons in considerable numbers to the Magyar middle-



Number of persons who can read and write, in percentage of the whole population.

schools, even those who could have found schools in the country where the language of instruction was their own.

It is unnecessary to give figures for the educational institutes of higher grade than the middle-schools; the mere mention of their names is sufficient to show the magnitude of the loss. The valuable equipment of Kolozsvár University, collected during 45 years, the university

precincts and costly buildings now serve as a frame for Roumanian experiments; the University of Pozsony has become exiled, even before it had finished its work of installation; with the flight of the ancient Academy for Mining and Forestry from Selmecbánya, the old mining town is practically dead; the well-equipped Agricultural Colleges of Kassa and Kolozsvár have been compelled to leave their homes; three law-academies are entirely lost, and a fourth has sought a temporary asylum within the new frontiers of the dismembered country.

Still a few words as to the results of education, the degrees of scholastic attainment arrived at by the different classes of the population.

In the most elementary grade of education, in reading and writing, the German-speaking population, living more closely massed, has some advantage over the Magyars, many of whom live on scattered farms, which makes their attendance at school a matter of considerable difficulty. After the Magyars come the Slovaks, and then the Croats; the standard of education is very low among the Serbs, but lowest of all among the Roumanians and Ruthenes. Elementary education, as is well-known, was formerly almost entirely in the hands of the Churches, and the scanty appreciation of the Greek Sects for culture has left its mark on the low level of education among the people under their care. A knowledge of reading and writing has begun somewhat to spread among these races since the State undertook the supervision of education, and the State schools have helped in raising the people from the low standard of the Greek Churches' system. As it is, the standard among the Roumanians of Hungary is more favourable than that of the common people of Old Roumania, as appears not only from the knowledge of reading and writing among the children, but

also from the higher proportion among the soldiers, the greater number relatively of Roumanian schools on what was formerly Hungarian territory, etc.

These characteristic divergences do not appear striking when we examine the parts cut off from Hungary (they appear so only in the data relating to districts where the language is uniform) because each of the conquering countries tore to itself also a greater mass of better educated Magyars and Germans. The proportions, however, are not without interest. Among the population above 6 years of age the percentage of those who could read and write was, on the territory of:

Czech occupation	67,8%
Roumanian occupation	51,5%
South-Slav »	68,9%
Austrian »	86,1%
Dismembered Hungary	80,2%
Hungary entire	68,7%

The following Table shows the number of those who have completed at least four classes of the middle-school:

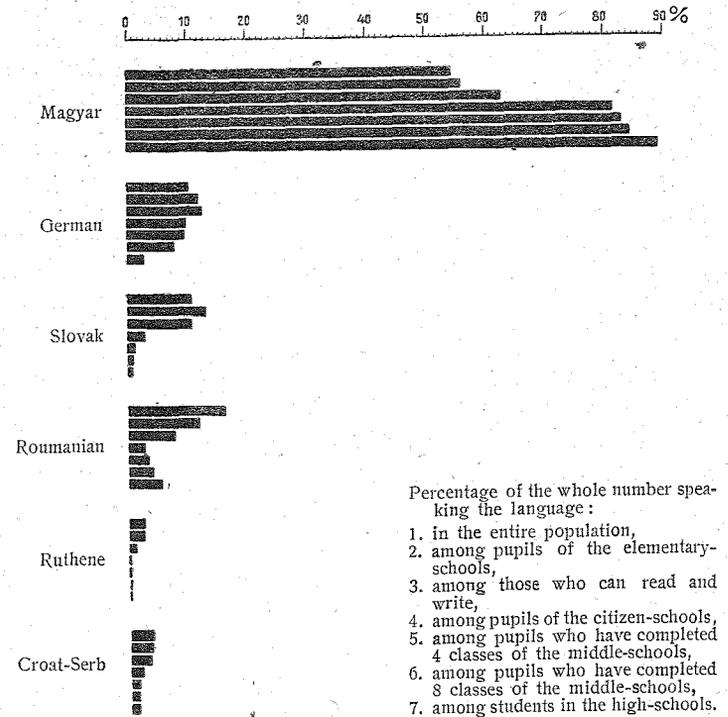
Territory	Number of students who completed 4 classes of the middle-school	Percentages							
		Magyar	German	Slovak	Roumanian	Ruthene	Croat	Serb	Others
Czech occupation	108.550	78,9	13,6	5,6	0,3	0,3	0,1	0,1	1,1
Roumanian occup.	145.681	69,2	15,2	0,1	13,9	0,0	0,1	0,9	0,6
South-Slav «	34.160	64,4	18,5	0,6	1,7	0,1	0,2	13,5	1,2
Austrian «	10.489	75,6	21,7	0,1	0,1	—	1,2	0,0	1,5
Fiume	5.599	24,6	12,2	0,0	0,5	0,0	12,6	0,5	49,8
Total occupations	304.479	71,4	15,1	2,1	7,0	0,2	0,4	2,0	1,8
Dismemb. Hungary	368.660	92,7	5,2	0,2	0,4	0,0	0,3	0,3	0,9
Hungary entire	673.139	83,1	9,7	1,1	3,4	0,1	0,3	1,0	1,3

Here the Magyars occupy the first place on the list. It is, however, striking that, whereas the Slovak race, which has a favourable position as far as elementary education is concerned, participates with a low proportion among those who have completed the four first classes of the middle-school also on that part of the Czech occupied-territory inhabited by Slovaks, the Roumanians on the territory occupied by the Roumanians, who have in general a lower standard of education, have a fairly high proportion of people who have completed the first four classes of the middle-school. The explanation of this may be found in the fact that the Slovaks in the matter of religion do not constitute a separate organism, whereas the Roumanians have the exclusive organism of the Greek Churches, educate their own teachers, and have a superfluous number of priests, and the crowd of these two categories raises very considerably the proportion of those who have finished the first four classes of the middle-school.

The following data show the conditions of the higher degree of education, where students complete all the classes of the middle-school.

Territory	Students completing middle-school	among which are							
		Magyar	German	Slovak	Roumanian	Ruthene	Croat	Serb	Others
		percentages							
Czech occupation	39,379	83,5	9,5	4,9	0,5	0,5	0,1	0,1	0,9
Roumanian occup.	53,141	68,6	13,0	0,1	16,7	0,0	0,1	0,9	0,6
South-Slav occup.	12,229	71,0	12,7	0,7	1,4	0,1	0,2	13,0	0,9
Austrian occupat.	4,083	79,8	17,4	0,1	0,1	—	1,5	0,0	1,1
Fiume	2,121	23,3	12,5	0,0	0,3	0,0	12,8	0,1	49,0
Total occupations	110,953	73,7	11,9	1,9	8,3	0,2	0,4	1,9	1,7
Dismemb. Hungary	140,581	93,1	4,6	0,2	0,6	0,0	0,3	0,3	0,9
Hungary entire	251,534	84,5	7,8	0,9	4,0	0,1	0,4	1,0	1,3

Again, the development supplies evidence that in the professions requiring a higher education, the Magyars are undoubtedly the first. This is seen not only from



Relations of Education in Hungary, according to language.

the figures for the country, but also from those for every severed territory except for that which is occupied by the Roumanians. In this district, although so

many large towns upheld the Magyar culture, the relative numbers of Magyars who finish half of the middle-school are smaller, and the proportion of Roumanians, although still only 16,7%, is on the increase. We must again refer to the above explanation, with this difference that in this category are included the 8 classes of the middle-schools and also institutes of equal rank, therefore also training-colleges for teachers. And the large number of Magyars and Saxons who are engaged in the agricultural or some other practical profession, and completed the citizen-schools in order to be better equipped for productive labour have all fallen out of this class; the Roumanian teachers and priests, however, all remain in it. The Roumanian culture therefore can be understood also from these figures to exhibit a certain unhealthy distribution: below, there is the thin sheet of persons who know how to read and write, above, a constantly increasing number of persons who obtain school-certificates leading to the profession of teacher or priest, but to no other.

Hence the Roumanian statesmen complain greatly that they cannot obtain enough men fit for the work of public administration and cannot find the necessary intellectual forces for directing the extensive territory which they have so unexpectedly acquired.

CHAPTER XVI.

ART AND SCIENCE IN HUNGARY.

To the factors of Hungarian cultural life which we have endeavoured to present to the reader in the preceding chapters in the form of collective phenomena with the help of statistics, we must add here a few words relative to the more noteworthy phenomena in Hungarian Science and Art.

Every nation whose language is spoken by but a few people is, in a certain measure, excluded from the privilege of having the development of its culture presented to the civilised world at its true value. The Magyar people belong to this list of unfortunate, companionless little nations; although outside the country itself, scattered throughout the world, especially in the United States of North-America, some millions exist who speak the Magyar tongue, still it could only become the language of daily intercourse in one small country and there adapt itself to the needs of civilisation and public life.

Accordingly, he who writes in the Magyar language must be content with a relatively small number of readers; he can only find a wider circle if his works are translated into some wide-spread world-language. On the other hand, it must be accounted one of the great achievements of Hungarian cultural life that, in addition to cultivating its own scientists, writers and intellectual celebrities, it always took a keen interest in the intellectual products of the world at large, and there is scarcely

any small nation in Europe which displayed so much alacrity in transferring into its own language the great mental creations of other nations. Not only are the recognised classics of the world-literature translated into Hungarian; the continuous stream of new writers also speedily finds interpreters.

However, as we have mentioned, the Hungarian language being employed only to a limited extent, the Hungarian book-market was small. But now a two-fold danger presents itself; not only has production diminished in consequent of the war and the succeeding enormous increase in the costs of printing (which indeed threatens to be of disastrous effect on mental production throughout the whole world), but it has been cut off from a part of its narrow public by the disintegration of Hungary. It is impossible to deliver Hungarian printed-matter on the occupied territories, where three and a half million Magyars thirst for the refreshing literature of their native language. And here no difference is made between political pamphlets and scientific journals; Hungarian literature is more or less forbidden to cross the frontier, whether it proclaims the Gospel of Love, or of Science or of Art. In spite of our endeavour in this book to remain perfectly objective and to abstain from complaining, we must still mention this fact, and especially the order of prohibition issued by the Czechs, as a characteristic instance of how it is possible to interpret in practice the rights of minorities emphasized so carefully in the Peace Treaties.

It is precisely in consequence of the fact that its language is so far from being wide-spread, that Magyar culture could exhibit to the great world relatively so few of the many treasures it contains.

Passing over the earliest literary productions, we must mention among the first distinguished humanists, the

Bishop of Pécs, Janus Pannonius, who lived at the Court of King Mátyás; in the XVI Century Hungarian culture gave to the world a reformer in the person of Francis Dávid, the founder of the Unitarian sect, (whose austere form of Protestantism has spread also in England and America) and also, in the person of Balint Balassa, an original representative of the lyric school of the Renaissance, equal to his French contemporaries. In the XVII Century Peter Pázmány was the most eminent prose-writer and Nicholas Zrinyi the most distinguished poet. The XVIII Century gave a new impulse to Hungarian culture not only in most branches of science — especially in the domain of History and Natural Science — but also in the field of pure literature, and towards the end of the Century, apart from the poetic works due to Western and classical influences, the literature of a purely national character developed rapidly.

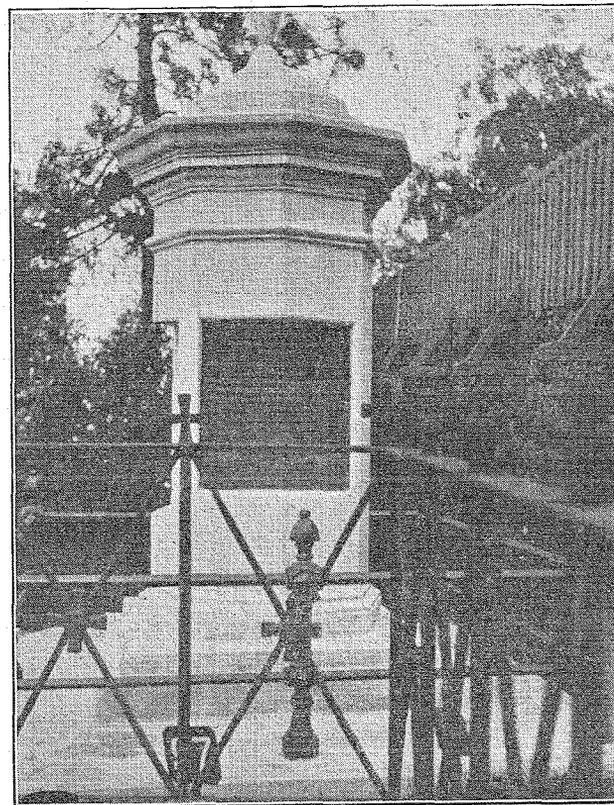
The Hungarian high-schools not only advanced with the times, but in many respects assumed the rôle of pioneers. In the XVIII Century was founded the Selmezbánya High-School of Mining and Forestry, and here for the first time students were trained in laboratory work — an example which was first followed by the French schools.

In 1825, nearly a century ago, was founded the Hungarian Academy of Science, an association of the nation's most cultured men, which as an institute promoted the development of the sciences, and had among its members many men of extraordinary talent who have contributed largely to international culture. Alexander Petőfi, the greatest Hungarian lyric poet, who lost his life in 1849, in combat against the Russian danger, the same danger which has so seriously threatened Hungary in our days is well-known in world-literature; the works of

Maurice Jókai, the novelist, are translated into most of the world-languages: the fame of John Arany, the poet, is spreading abroad, likewise that of Katona, the author of the classical tragedy »Bánk Bán«; the thrilling conception of Imre Madách, »The Tragedy of Man«, which is compared with Goethe's »Faust« although it irradiates quite a different philosophy, is beginning to find its place among the great literary works of all time. Nor do the exquisitely humorous novels and tales of Mikszáth, and the novels and dramas of Francis Herceg remain confined to the Magyar language and to the public within the narrow Hungarian frontiers. The works of the new generation of Hungarian dramatists, although they may not attain the highest summit of art, have likewise in many cases been warmly welcomed by the foreign public.

Among the savants, perhaps the least known to other nations are the writers on philology, the history of aesthetics and literature, jurisprudence and political science, and general world-history; but a whole series of distinguished Hungarian writers in these branches have found recognition abroad in the narrower circle of experts, though less known to the general public. We can cite some names which are more widely known, not only to scientists, but to the great public. Ignacius Semmelweis, the physician, whose name is connected with the discovery of the infectious nature of fever in obstetrics, a discovery which has saved millions of mothers from untimely death; Ladislaus Magyar, Csoma Alexander Körösi, Count Bela Szechenyi and Louis Lóczy, the explorers. The first-mentioned explored the interior of Africa and the islands near that Continent; Széchenyi and Lóczy devoted their energies to arduous travels in the interior of Asia and China; Csoma Alexander Körösi met his death in exploring Tibet, and a tomb

erected to his memory at the foot of the Himalayas by the Royal British Geographical Society, proclaims with expressions of gratitude, the services he rendered to the British Empire. In the field of mathematical science



Tomb of Csoma Alexander Körösi erected at the Himalayas by the Royal British Geographical Society.

not only are there to-day Hungarian capacities of world-wide reputation, but the two Bólyais a hundred years ago, the father Wolf Bólyai and his gifted son John, were pioneers of scientific research. The international Bólyai competition arranged from time to time by the Hungarian Academy of Sciences, was always an event in mathematical circles. Baron Roland Eötvös, the son of the poet, philosopher and statesman, Baron Joseph Eötvös, whose name is likewise well-known abroad, has contributed greatly to physical science by his determination of the laws of oscillation and his geo-physical experiments.

In the domain of Philology Géza Némethy is known abroad by his editions of Ovid, and in the field of Aesthetics, Eugène Peterffy, by his admirable essays.

If in the world of Art we look for the greatest, there also we meet with Hungarians. At the end of the last century, Michael Munkácsy, of tragic fate, became famous throughout the world with his dramatic pictures, especially with his trilogia of Christ. He was attached to the life of Paris; the great pianist and composer, Francis Liszt was more attracted by the life of Rome. Among the latest Hungarian musicians, Bela Bartók and Dohnányi have a world-wide reputation as performers and composers, and of the new painters the most famous is the impressionist, Paul Szinyey-Merse.

These names are taken from the ranks of those who are not only known to art-experts, but also to the widest classes of the public; but they are perhaps sufficient, for the purposes of this book, to prove that Hungarian intellectual life, in spite of the enforced seclusion of the companionless little nation, has always been able to produce, in one or the other of the fields of culture, results of the highest and most lasting value.

It is scarcely possible to say as much of the new

neighbouring States, which have now not only encroached on Magyar territory, but also crept into the old and comfortable haunts of Magyar culture.

That the small Magyar nation has given so many eminent men to international culture, and has produced so many scientists of highest repute who worthily hold their place at international gatherings among the chosen representatives of other States, is no fortuitous occurrence. Exceptional geniuses can spring up also on apparently barren soil; only there do we find soil suitable for the continuous advancement of culture where succeeding generations are systematically and conscientiously trained and prepared.

This course has been pursued regularly in the intellectual life of Hungary for more than a century; a complete network of scientific and cultural societies both in the capital and in the provinces have united their members in serious work, promoting education in the schools and among the public.

The diligent attendance of Hungarian students at foreign universities has continually maintained the connection between the intellectual life of this country and the West, and the number of Hungarians who have met with success in practical life abroad bears witness also to the fact that the nation always strove to preserve its average level of culture as far as possible at the same height as the culture of the Western States.

This disposition on the part of Hungary naturally underwent no diminution after the war, nor yet after the exacting peace. The country, however, sees with alarm how the distribution of its people among five different States damages its determined efforts for the advancement of culture.

In addition to the country's numerous economic troubles, still another heavy task is imposed on the country,

and that is, to maintain the level of culture among the Magyar population cut off from the mother-land. This it would undertake without motives of irredenta, if it had the opportunity: but at present jealousy presents to this policy an impassable obstacle.

Nevertheless, the work of peace will only result in genuine peace, if it will be the peace of understanding and respect for culture. In the higher regions of intellectual life it will be easier for the quondam enemies to extend the hand of friendship to each other. There also is the clearer insight which estimates things not according to their outward appearance but according to their actual contents.

CHAPTER XVII.

OFFICIALS AND WORKMEN.

In a previous chapter we referred to the heavy problem imposed on truncated Hungary in the matter of providing for her excess of officials and workmen.

Even before any danger threatened the political unity of Hungary, there existed in the country a certain tendency to over-production in the ranks of the learned professions. This had its social causes. The owners of middle-class estates in general proved themselves to be weak in coping with agrarian crises which occurred from time to time also in Hungary, and when excluded from their estates, they pressed into the public service, as the nature of their education had rendered them little inclined to engage in any other practical occupation. The children of the officials, however, sought to enter the same profession, and the same goal was aimed at by the new generation of more capable and instructed lower-class people, who had sufficient means to acquire the scholastic qualifications for the public service, but not sufficient capital to embark on any practical profession.

The economic development of the country, and especially the rapid impulse given to its commercial life, did in fact necessitate an increase in the number of official positions, but not to the extent to which this actually occurred.

The public service offered a modest but safe livelihood, until the continuous increase in the price of commodities

which began throughout the world in 1895 reduced the official's standard of living and made his calling one of the weakest of all from the material standpoint. But it was now too late to think of changing; the customary flow towards the public service continued its course.

The war subsequently created an unusually great bureaucracy, and although many of the regular officials went to the front, there was no lack of recruits for the public service, now from the ranks of the weaker elements of society.

The disastrous end of the war therefore, found the country with a greatly increased staff of officials, and at the same time complete stagnation in business life, and the country itself amputated out of all recognition.

And then onto the small remaining territory of dismembered Hungary there poured the flood of officials driven out of the occupied districts by the neighbouring States.

It can easily be understood that a conquering State should establish its own men in positions of trust, and thus it is not astonishing that some of the Hungarian officials could not count on employment under the new rule.

But the public administration contains so many offices of low rank and no political importance, that a complete change in the whole staff can only be effected by the conquering State, if it has the necessary number of trained and qualified substitutes for the purpose. Moreover, this change, on account of the difficulty of acquiring an acquaintance with the local circumstances, can only proceed in certain stages, if the State wishes to avoid damage to its own interests and the efficiency of the administration.

In Hungary during the decade which followed the

year 1848, the rôle of the Czechs, an intelligent race of men who came as official guests, ended in complete failure. It seemed therefore somewhat improbable that seventy years later, with a much more complicated administration, the new States would be able to change the official staff with such astonishing speed. This transformation not only painfully affects Hungary because the expelled officials arrive on the isolated remnant of the dismembered country after suffering all sorts of tribulation, but also because the proper administration of the severed territories, whether inhabited by Magyars or by non-Magyars, still remains a matter of deep interest for Hungary.

Since this sudden change we have read of complaints that are made from time to time, especially by Roumanian statesmen, to the effect that they are unable to find the necessary number of intelligent workers to provide for the sudden increase in the Country's administrative needs; these complaints therefore strengthen the supposition that they have undertaken a work in excess of their powers.

On the other hand, this enormous influx of refugees of the official class is a heavy burden for Hungary, involving most serious financial sacrifices.

Hence can be explained the numerous attempts aiming at a solution of the difficulty, at least in part. One of these is the institution of courses of instruction for qualifying officials for practical professions; this attempt can achieve but meagre results, for it is difficult for a man to change his accustomed field of labour, especially at a more advanced age. Another is the diminution of the future generation of official candidates, by limiting the number of students.

While thus attempting to diminish the danger, Hungary still humanely supports her officials, trusting that

in the course of time they will find other positions and thus relieve the congestion.

In addition to the financial sacrifices which this involves, the great loss of energy from forces lying wasted must also be considered.

The workman is less bound to the soil than the official, and if he has the opportunity can employ his strength relatively to better effect: but, in the present state of economic stagnation in the dismembered country, the workmen are most unevenly occupied, some enjoying high wages and prosperity, while others live in want and idleness.

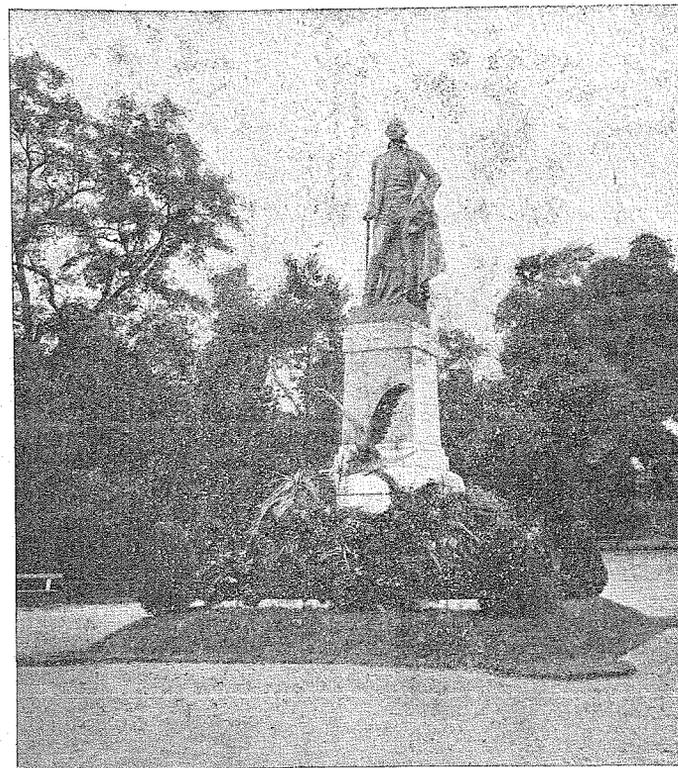
The situation of the agricultural labourer was also formerly uncertain, and the regular summer employment was followed by the long winter interruption of labour; the artisan did indeed feel the effect of the greater crises, but yet his opportunities of earning were more assured, until the scarcity of coal and raw-material compelled the factories in many cases to close down.

The feeling of self-consciousness which deters the skilled workman from undertaking work outside (or below) his trade, weakened the results, from the standpoint of social aid, of the relief-works organised by the State.

In reality, however, it happened in former times of industrial crisis — which were of a passing nature — that workmen belonging to different, but related, branches of trade mixed freely for the sake of work, every man seeking the place where, under the given conditions, he could employ his skill to the best-advantage. (A striking example of this occurred at the beginning of the century, when, during the industrial crisis, workmen wandered from one craft to another.) It is probable therefore, that in the case of workmen who are in serious need, self-consciousness will become less rigid, and they

will accept the work for which they are most suited, and which, if not accepted by them, would be grasped by a lower class of workmen.

Much more important than this question of self-consciousness is the fact that there are numbers of ex-



Statue of Washington, in Budapest.

pert, intelligent workmen at present unable to obtain suitable employment, and there are no prospects of an early change for the better.

Nevertheless, these trained workmen are the most valuable and indispensable element of national production, and if they are to share the country's misfortunes, steps must be taken to render their sufferings no more acute than those of the population in general.

The idea of temporary emigration — a method adopted with success in some countries — meets with little response from the Hungarian workman, and considering the mass of reconstruction work waiting to be done in the country, we should in truth be loath to be without our workmen although they have for the moment no opportunity of working.

Another idea which is more acceptable, is that those who cannot find work in industry should relieve the scarcity of labour in agriculture. For the last two or three decades the number of industrial workers has been constantly on the increase, the new workmen being almost exclusively recruited from the ranks of the agriculturists; in a time of temporary difficulty therefore, these workmen might not be averse to returning to their earlier occupation.

Moreover, when even the West of Europe is unsettled and sometimes the number of unemployed reaches a very high figure, the strict observer can regard this phenomenon as a phase of the post-war crises, for which there can be no more help at present than for the misfortunes of other classes of society.

But the labour-question in Hungary must also be regarded from another standpoint. Certain agitators, foreign alike to the workmen and the country, have widened the cleft between a section of the Hungarian working-class and other classes of society to a much

greater extent than this has happened in other countries. Whatever may have been the sentiments of the Hungarian workmen, a number of their leaders have always impelled them in a direction opposed to the public interests.

The most brutal deeds of the revolutionary epoch were perpetrated in the name of the labouring-class, and to this class still adhere those individuals who entertain extreme views and aim at a reversal of the social system.

Hungary therefore has to contend with this dilemma; while treasuring the working-class as the source of the nation's power of production, she endeavours to induce this class to assume the same position as was taken up by the English and French, and even the German workmen during the war and the subsequent period of confusion.

As soon as the policy of the workmen ceases to be diametrically opposed to the idea of order in the State, social peace will be immediately established; and this is not prevented by the mass of workmen who are an honest class — only over-credulous —, but by those of their leaders who, acting at a distance, seek to create disturbance in this class.

CHAPTER XVIII.

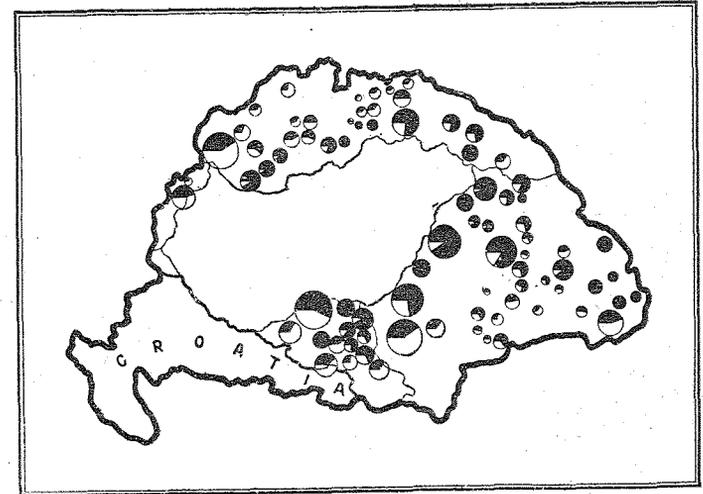
THE NEW NATIONALITY
QUESTION.

The credulous reader who peruses the finely-phrased paragraphs of the Peace Treaties relating to the nationality minorities, may perhaps believe that these provisions will for a long period remove the venom from the conflicts which before the war disturbed the peace of Europe under the title of nationality.

But what has happened in this respect since the end of the war and since the smaller allies of the Entente entered the new territories assigned to them, inspires the contrary belief: the attempt made in the Peace Treaties to solve the nationality question will only increase the conflict of races (here we do not refer to armed conflict) on the badly-drafted map of Eastern Europe; the conflict will absorb the forces which should be devoted to cultural and economic development, and the picture resulting from such badly chosen mixtures will be always full of disharmony.

Let us look at Switzerland, the State which is believed to be the ideal of mixed nationalities, where the different races from the point of view of territory are separated, one from the other, sharply and clearly enough, where each race enjoys a high standard of culture and none can feel that another race of greater strength is striving for power; even in this State before the war, there was clearly manifested — although under the mantle of

Swiss self-consciousness, common to all the races — the divergence of the different races and their gravitation towards that State which sharply and imperialistically expresses the unity of race, that is towards France, or Germany, or Italy. During the war at all events, in consequence of their pleasant neutral situation, the races



Magyar population in the Towns severed from Hungary.

of Switzerland abated their mutual antagonism, but it was not altogether suppressed.

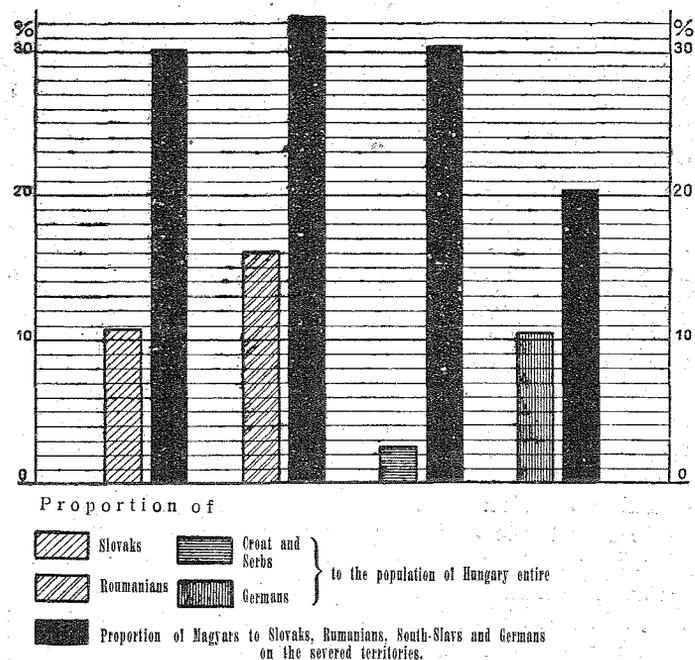
But consider the Eastern part of Europe. The people in these parts who have been pushed by the Peace Treaties from the chess-board of one State to that of another, so that there have been created in the place of some few States in a less degree polyglot, a greater number of countries inhabited by races mixed to the

highest possible degree of confusion, these people do not contemplate the change with the calm deliberation of the Swiss. It is sure that nations of a higher degree of culture have always treated the question of nationality with greater discrimination than those of lower culture. If we take into account no other measure for the degree of culture than what the States themselves have been accustomed to adopt, viz, the condition of the population in the matter of reading and writing, then it must be confessed that the partition of the map of Eastern Europe has been so unhappily arranged as to leave no hope of tranquillity, and the races of higher culture will constantly raise the complaint that their fate is subject to the dispositions of inferior elements.

Hungary in her present truncated condition constitutes in this respect an exception, for her population is almost entirely Magyar. In this respect the Peace Treaties have furnished the new neighbouring States with a much weaker organisation. With no real geographical frontiers, no cultural or racial advantages, it is not surprising that they have completely ignored the provisions of the Peace Treaties relating to minorities, and strive by violent measures so to encompass their power over those under their rule that the natural and regular development of later times may find itself, as far as possible, confronted with established facts.

In consequence of the unhappy determination of frontiers, the course of the irredenta has been fatally changed to the detriment of the new States; whereas they could hitherto assail from outside with united internal forces those formations which did not suit them but which nevertheless existed to their advantage — for in Hungary, for example, nobody could deny the development and expansion of the nationalities — the ulcers will henceforth break out in their own bodies. And these are all the more

dangerous because if they continue their opposition to the paragraphs of the Peace Treaties, they will have to answer for their excesses before the tribunal of the League of Nations; if they bow to the rules which



The proportion of Magyars on the severed parts, and the proportion of the principal nationalities in Hungary entire.

they also recognise as binding, they must grant a suitable share in the government of their countries to those great masses of more highly cultured nationalities who are subject to their power.

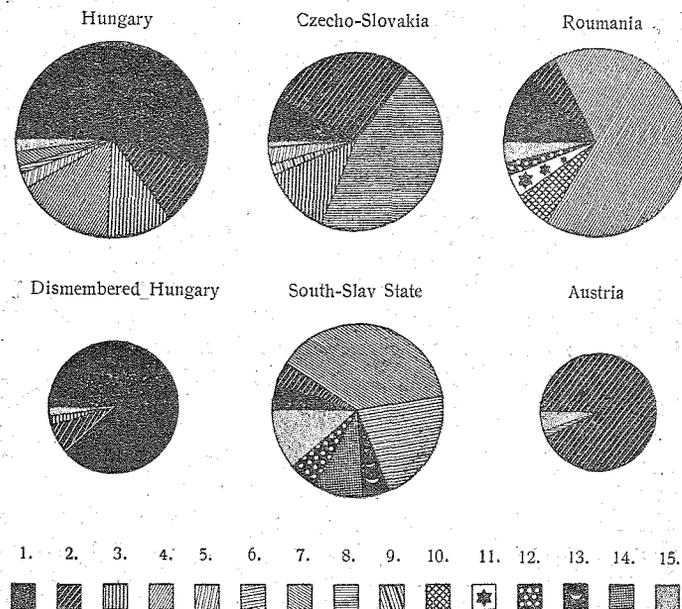
To judge from recent events, this is scarcely likely to happen, and a certain clandestine conflict will ensue, which, with the proclamation of a faithful maintenance of the Peace Treaty for the deception of the outside world, will yet only employ methods of oppression and violence within the countries themselves. But the power of resistance of a higher culture is necessarily more enduring, and the continuous internal conflict will exhaust the forces of the new States. Incomparably greater were the attributes of stability possessed by the old order of things which has been changed in the workshop of peace for this new apparatus, supposed to be lasting. With a wise compromise at the last moment it would have been possible, to the advantage of all parties, to modify the exorbitant policy of the new States, if the Supreme Council of the Allied Powers had not adopted in advance the attitude of infallibility, and accordingly, far removed from and ignorant of the facts of real life, believed that those States which know the East-European nationality question from half a century's experience, have demonstrated their miscomprehension of it through their defeat in the war.

This confusion in the nationality question is all the more regrettable as it may be an obstacle to the intercourse of States which are economically dependent one on the other. Roumania, the South-Slav State and Czecho-Slovakia have all alike only a profit from a closer economic connection with Hungary, which would, so to speak, restore the geographical unit disturbed by the new frontiers, render possible the exchange of goods between the territories dependent on each other, and the export of surplus supplies of raw material and manufactured goods.

The economic estrangement — as we have repeatedly remarked in the course of this work — is undoubtedly harmful to Hungary; but it is also harmful to the

neighbouring countries, which in themselves do not constitute independent units from the standpoint of production.

After so many years of disastrous warfare, no sane



1. Magyar, 2. German, 3. Slovak, 4. Roumanian, 5. Ruthene, 6. Croat, 7. Serb, 8. Czech, 9. Pole, 10. Ukrainian, 11. Jewish, 12. Bulgarian, 13. Bosnian, 14. Slovene, 15. Others.

Distribution of Languages in the new States and in Hungary before the Peace-Treaty.

person can think of attempting, in the near or more remote future, to rectify the mistaken provisions of the Peace Treaty by force of arms; but sane opinion also urges the removal of those thorns which disturb the

peaceful co-operation of nations which live in the neighbourhood of and are dependent on each other.

Such are the permanently disturbing moments connected with national minorities, artificially conjured up by the Peace Treaty which has evolved out of Hungary, a country of several languages, three other countries, such that in everyone of these three the nationality problem is more serious and confused than it was in the first.

The ardent desire of the new States to escape from this unhappy situation and free themselves from one part of the nationalities by expulsion and from the other part by suppression, is perhaps subjectively comprehensible, but bears in itself the germs of further ravages, of which the Supreme Council, in its entire ignorance of the question, could not have dreamed.

Hungary, although stripped of the bulk of her resources in people and wealth, is in one respect much stronger than the neighbouring States; in the old epoch of several languages, the nationality question was of less importance than it is now; but the question is now excluded from the list of internal problems, and there remains at most the task of collecting those data which can be submitted in support of complaints addressed to the League of Nations on behalf of the fate of the Magyars who are cut off from their country. This can also be done for the different races which hitherto lived happily in Hungary, or perhaps with some more or less discontent, and here not only the Slovaks, Ruthenes, Croats and Saxons come into consideration, but also the Roumanians of Transylvania whose complaints are continually increasing.

A most unfortunate provision in practice, although apparently one of the greatest achievements of the Peace Treaties, was this inept treatment of the East European nationality question, which has succeeded in directing

the current of the irredenta against the new States, the allies of the Entente, threatening to choke their incipient growth.

Whether the command of the League of Nations, or a wiser insight of the States themselves, will bring about a change in this respect, is to-day uncertain. The latter eventuality would be the more desirable, for an understanding in matters of economy would then be easier, and the parties dependent on each other would more quickly feel the effect of mutual help.

CHAPTER XIX.

THE POLITICAL AND ECONOMIC PROGRAMME OF DISMEMBERED HUNGARY.

Hitherto we have been unwilling to speak of politics in this little book, for the data which it contains and the explanations added thereto, appeared more valuable than political considerations of a more or less ephemeral nature.

However, a few words must be devoted to account for what has occurred in Hungary since Bolshevism, the darkest shade of revolution, came to its end, to indicate the course of the country's destiny and find out what is true of the »white terror« which the former leaders of Bolshevism persist in advertising as the characteristic of present-day Hungary.

After the collapse of Bolshevism on August 1, 1919, Hungary for many months could not direct her fate in accordance with her own views, for the territory which by the judgment of the Peace Treaty was to be left to her, was for the most part occupied by the Roumanians.

There was also at this time a responsible Government in Hungary, but after a year's work of destruction, in the outer parts whither its orders could not penetrate in consequence of the Roumanian censor, its provisions were not accepted with entire submission. At that time there did indeed occur among the people lawless acts of violence, condemned by all sober-minded men. It must, however, be borne in mind that such events have been

known in other countries in revolutionary epochs, and were elsewhere accompanied with much greater bloodshed.

The events which then occurred in Hungary have been reported abroad with astonishing exaggerations; there were some sporadic acts of violence, but these were by no means on a large scale. When, however, the Government could again take the different parts of the country under its imperium, it succeeded in reawakening the conviction, even in the minds of the extremists, that the Hungarian State can tolerate no lawlessness and disturbance of the peace.

The Government constituted after the fall of Bolshevism, (and the present Government is its direct continuation) was undoubtedly lawful and legitimate, accomplishing its work with the application of the Hungarian Laws which had been rejected by the revolutionary Governments as unsuited to their purposes.

The Hungarian King Charles, of the House of Habsburg, having retired in November, 1918, from the active exercise of his task of ruling, one of the factors of the Hungarian Legislature is for the present missing. In spite of this, Hungarian public opinion is practically undivided in favouring the institution of kingship but considers it would be premature to expose the country to the excitement of deciding the King question before other important matters of vital interest have been settled, and the attempts in the Spring and Autumn of 1921 did not disturb the calm, waiting attitude of the mass of the population.

With regard to the second factor of the Legislature, the National Assembly, there were already during the war conflicts of a most dangerous nature; the party which demanded a general and secret franchise with the least possible restrictions, was continually on the increase. The new Hungarian Government of the revo-

lutionary epoch supported this direction and gave the franchise provisionally to men above the age of 24 and to women above that age who can read and write, and the Government, having obtained through Sir George Clerk, the Entente Commissioner, in November, 1919, the approval of the Supreme Council to its temporary constitution, and being assured that a Government possessing the confidence of a National Assembly summoned under these conditions would also be recognised as lawfully representing Hungary and suitable for carrying on negotiations, issued writs for the elections to the National Assembly on this basis in January, 1920.

The elections resulted in a decisive majority for the governmental policy which the sobered majority of the people judged to be the only one adapted to its further cultural development. For the exercise of the functions of the Head of the State until such time as the nation should decide the question of the occupant of the Throne, the National Assembly, acting in accord with the old Hungarian laws and ancient precedents, elected a Governor.

The new Government which, with some changes of persons, has conducted the affairs of Hungary for the last two years, has been recognised by the Entente, which not only invited it to the Peace Conference and concluded with it the Peace so disastrous for Hungary, but by civil and military commissioners, and other methods of international intercourse, keeps constantly in close touch with it; and the Entente Powers, as well as the former neutral States, are in turn appointing their diplomatic emissaries to the Hungarian Government.

During this time, however, there was an increase of those serious economic evils, which, as we mentioned above, were senselessly aggravated by the revolutions following on the lost war. The prolonged Roumanian occupation, which in some parts of the country lasted

a whole year, despoiled the dismembered country of its economic resources. Field crops, stock, manufactured goods, machines, etc, were seized as booty by the army of occupation.

There was also the inevitable increase in the State's requirements; it was necessary to provide work and the means of livelihood to the factory-workers thrown out of employment by the temporary lack of fuel and raw material; it was necessary to provide not only that the officials with fixed salaries should be relieved somewhat from the burden of increasing prices, but also that the officials expelled from the territories occupied by the foreign States should not remain without bread. All this had to be done with the currency in an excessively ruinous condition, the consequence of several years of hopelessly frivolous policy.

In the situation of to-day, when production has not yet expanded to such a degree that it could cover the great requirements of re-constructive State work, and when on the other hand, the State's finances have likewise been so diminished by its numerous disasters that it could not greatly assist in the increase of production, a certain *circulus vitiosus* has supervened, stagnation existing in the soundest business enterprises, when a well-conceived assistance from abroad, bearing in mind the real aims of the country's policy, would eventually do much to improve the situation.

Is the political and economic situation of Hungary such as to encourage this assistance?

The foreign policy of Hungary can, of necessity, be no other than acquiescence in the determinations of the Peace Treaty. It is true that all are painfully affected by the loss of Hungarian territory; the great number of Magyars who have fallen under a foreign yoke in the neighbouring States naturally endeavour to give expres-

sion to their dissatisfaction, and in this they have hitherto been supported by several social factors in dismembered Hungary, not indeed with actual deeds, but with sentimental propaganda. The Hungarian State, however, has neither directly nor indirectly supported these irredenta movements, which occupy the minds of the Magyars who have come under the rule of the neighbouring States, and has in fact dissolved those societies which might form a cover for such movements.

The events attending the transfer of West Hungary to Austria are not at all due to the Government's initiative; the resistance of the population may be explained not only by their devotion to Hungary, but as a phenomenon similar to what has occurred in other cases where the determination of new frontiers was not completed immediately after the conclusion of peace, as, for instance, in Upper Silesia.

As far as the internal policy of the country is concerned, after the revolutionary phases the Hungarian Government has indeed re-established law and order, but we cannot refrain from remarking that its work is still rendered difficult by the events of world-politics. The circumstance that within the Supreme Council of the Entente itself there are frequently differences of opinion as to the policy to be pursued towards Russian Bolshevism, that the English workmen exercise an influence over the resolutions of the Supreme Council, that the Bolshevist agitators who have escaped from Hungary are free to continue their propaganda in the neighbouring States—all these circumstances are sources of impediment to the Hungarian Government.

The question as to whether Hungary with its present diminished territory is fit to continue an independent and prosperous economic life may surely find a sufficient answer in the data given in detail in the preceding chapters.

Before the war, Serbia and Bulgaria were considerably smaller than the present territory of Hungary, but in truth we may not compare Hungary with the primitive culture and limited scope of the Balkan States. Holland, Denmark and Switzerland are also not greater than Hungary of to-day; these States, however, were more developed at an earlier period. But there are not so many European States and their conditions are not so uniform as to make a comparison absolutely necessary; Hungary was always capable of making great economic efforts, even under conditions of »extensive« cultivation, but her neighbour, Austria, and the financial burdens involved in the endeavour to figure as a Great Power, swallowed up the fruits of her labour. The long war naturally depleted her stores; the disruption of her territory, the two revolutions of frivolous and criminal character, and finally the Roumanian occupation deprived her of the means of production. She would indeed know how to carry on a vegetating existence, but for the development of her forces requires investments which under the present circumstances she herself cannot obtain, investments for which she could pay the necessary interest when the initial difficulties are overcome and she can proceed to the exploitation of her resources.

The economic programme of Hungary for the immediate future consists in the increase of economic production by the people so that the State may be rendered more capable of bearing its burdens.

Among the most important instruments for effecting this increase is the land-reform of which we have given some details in a previous chapter.

As a consequence of the land-reform we may expect a considerable increase in the average crop of cereals, and there may also be expected a more intensive cultivation of plants used for industrial purposes. Especially

worthy of mention are the excellent Hungarian tobacco the sugar-beet, the flax and hemp, and in addition to these, principally seeds grown for the production of oil, the grapes and the medicinal plants. The production of meat is susceptible of a very considerable increase not only by the use of artificial foddere but also by the rational exploitation of by-products for fattening purposes.

There exists already a network of cooperative societies organised to supply the needs of the mass of new small land-holders; these societies not only advance credit and further the demands of consumers, but also promote production, and the purchase and sale of goods.

Great development may be expected in the Hungarian industries connected with agriculture, one of which, the milling-industry is already of the highest rank. Other industries capable of further development are the manufacture of sugar and preserves, the production of spirits, the manufacture of tobacco, etc. In the agricultural production of Hungary hitherto, so much land and so many possibilities of production have remained neglected and so much produce has been wasted for want of proper manipulation, that with a more modern system of economy on the diminished territory there are incalculable opportunities for increased production. The production of honey and silk branches which as yet have been scarcely exploited at all, will naturally expand with the increase of the number of small holdings.

One of the first tasks which confronts the Government is the restoration and further development of the railways, high-ways and water-ways; in respect to these the country, at the time of the withdrawal of the Roumanians eighteen months ago, was in a most desperate condition, but since that time there has been a striking improvement.

Other items of the economic programme, which in

the interest of greater production require in part the investment of foreign capital, are the better exploitation of water-power, the construction of artificial irrigation-works, the further development of the means of communication, and the creation of factories on a greater scale in all those branches in which Hungary is capable of profitably competing with the great industrial States of the West.

Connected with all this is the reform of the State finances now proceeding in such a manner that by protecting the poorer classes, especially the small farmers, the receipts from taxation will increase parallel with the economic growth of the population, this also with a social distribution of the burdens of taxation.

The success of this financial and economic policy depends in a great measure on the good-will and sympathy of foreign countries, but also to the extent the international money-market shows its appreciation of Hungary's serious work by raising the value of the Hungarian crown.

* * *

The Author desires to express his cordial thanks to Mr. C. Biddle B. A. for supervising the translation.

APPENDIX.

While this book was being prepared and in course of printing, the situation of Dismembered Hungary has to a certain extent undergone a change, in so far as a plebiscite, under the terms of the Convention of Venice concluded in the Autumn of 1921, has been held in the town of Sopron and the 8 neighbouring parish-unions — part of the territory assigned to Austria by the Treaty of Trianon — the result of which has been in favour of Hungary, and Hungary has actually taken possession of the said territory. This gain of territory necessitates a correction of the data given in this book, to the extent of diminishing the area of lost territory by 257 square kilometres and of lost population by 48,191. Of the population restored, 55,8⁰/₀ speak German as their mother-tongue, 38,1⁰/₀ Magyar, 4,8⁰/₀ Croat, and 1,3⁰/₀ have some other mother-tongue. In point of religion, the Roman Catholics predominate in this population, with 30,265; then follow the Augustine Evangelists with 15,050, Israelites with 2349, while there are 422 of the Reformed Protestant Church, and 105 of other persuasions.

Of this population 13,645 are engaged in agriculture, 12,174 in industry, 3966 are employed in the public service, 3136 in commerce, 3059 in traffic, 2198 in mining, 1023 as day-labourers in various branches, 1884 are domestic servants, and finally 7106 in various other trades and professions.

Among the industrial workers 1312 are independent artisans, 152 officials, 4078 assistant workers, and 2119 workmen are employed in industrial undertakings working with more than 20 assistant-workmen.

Among the mineral products of this territory, only lignite is noteworthy, with an annual output of 634,000 quintals.

The factory products in time of peace had a value of 12,7 million crowns, the principal components being, food-stuffs 5,8 millions, products of weaving and spinning 1,8 million, and iron and other metal industries, 1,7 million crowns.

The more important products of agriculture, taking the average crops for the years 1911—15, were as follows: wheat 20,429

quintals, rye 17,110 q, barley 28,742 q, oats 7904 q, maize 4,302 q, potatoes 70,545 q, sugar-beet 87,031 q, must 23,385 hectolitres.

The number of animals, according to the conscription of 1911, was as follows: horned cattle 7281, swine 7709, horses 574, sheep 2019.

On this territory there were 8 banking institutes, working with 5,1 million crowns of own capital and 21,6 millions of foreign capital. Among these should be mentioned one bank with 1,3 millions own capital and 15,2 millions of foreign capital; the other credit-institutes were co-operative societies.

The total amount of property belonging to industrial limited companies working on this territory was valued at 15 million crowns; the length of railway traversing the recovered territory, 43 kilometres.

25 elementary schools and, in view of the high state of culture in the town of Sopron, a larger number of middle-schools, provided the means of education on this territory: in the elementary schools were 5500 pupils, in the other schools 3400.

These small numbers make no great change in the percentual proportions which we have given in the tables of relations in the course of this work. By the restoration of Sopron and the neighbouring districts to Hungary, the part accruing to Austria is somewhat diminished in point of density of population (71,7), the density of population on the territory remaining to Hungary being raised to 82,4.

The rôle of Catholicism in Dismembered Hungary is somewhat increased, and that of the Augustine Evangelists and Israelites insignificantly.

In consequence of the paramount influence of the town of Sopron on the nature of the population's employment, the mining, industrial and commercial branches become somewhat more prominent, and agriculture becomes relatively much more prominent on the part assigned to Austria.

Compared with the great industrial population of the central territory, Sopron and its neighbourhood signifies no great change; on the other hand, several considerable industrial concerns are excluded from the territory awarded to Austria.

In the field of finance, the central position of Sopron has an effect in that one of the large enterprises falls to Hungary; on the other hand, the small banking institutes close to the Western frontier and in Vas Country, with its brisk trade, are still conspicuously important for the financial life of the part assigned to Austria.

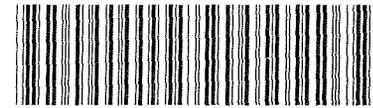
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