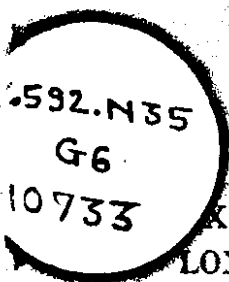


THE BALKAN STATES

I. ECONOMIC

A REVIEW OF THE ECONOMIC
AND FINANCIAL DEVELOPMENT
OF ALBANIA, BULGARIA, GREECE
ROUMANIA AND YUGOSLAVIA
SINCE 1919

*Specially prepared for, and with the
assistance of, the Information Department
of the Royal Institute of International
Affairs*



1936

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The Institute wishes to acknowledge its indebtedness to all those who have assisted with their advice in the preparation of this Memorandum.

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PREFACE

THE object of this work is to provide a review, concise but within its limits comprehensive, of the economic structure and development of the five States which with certain exceptions—once formed part of the Ottoman Empire—that is to say Albania, Bulgaria, Greece, Roumania, and Yugoslavia. The grouping is admittedly an artificial one, for the five States in no sense form an economic unit. In many ways Roumania and Yugoslavia belong to the Danubian and Central European region, while Albania by force of circumstance belongs to the Italian sphere, and the economic structure of Greece differs radically from that of the other countries. The five States, nevertheless, share certain characteristics, and an examination under one cover of their essential structure and development, and their commercial and financial relations with other States will, it is hoped, prove useful, especially in view of the dearth of such assembled material.

As in the case of China and the States of South America, the Balkan States should provide scope for development as soon as favourable circumstances are present. The development of these countries is considerably behind that of Central Europe, and their lack of capital has been a serious obstacle to progress. The barriers of nature are considerable; communications are few and far between; agriculture, which is largely the basis of their existence, is hampered by methods which are often antiquated. In these present conditions the standard of living and of education is inevitably low, though the younger generation is active in its desire for learning. The past of these countries has been chequered; their present sadly influenced by the repercussions of the world economic depression which bore upon them with particular severity as producers of primary commodities. Nevertheless, in spite of the dislocation of the Balkan Wars and the War of 1914–18 they achieved, with the help of foreign capital, a considerable degree of reconstruction and consolidation up to the breaking of the economic crisis.

Given a period of stability in the future in which confidence can be restored, their natural resources may be developed and their potentialities once more attract attention. With a population which is rapidly expanding, an increase in purchasing power would create new markets. Failing this, the growth in population may have unfortunate repercussions in countries to whom migration outlets and exports markets for their primary products are now largely denied. Unable to export sufficient goods to purchase the industrial goods they require, and harassed by exchange difficulties, they tend more and more to regard industrialization as a possible solution to some of their economic difficulties. Though still on a comparatively

small scale this movement is progressing rapidly and may have far-reaching effects on foreign trade relationships.

But if this process is to be carried out on a large scale, capital is required, and it remains to be seen from where it is to be obtained. The experience of foreign creditors, faced with moratoria and defaults, has been unhappy, nor has the record of the Governments or their financial administration always been above criticism. In the circumstances the resumption of foreign lending, if indeed it is resumed, is likely to be delayed.

It is in this connexion that the progress of the German policy of clearing and compensation agreements at present in process of evolution has a marked significance. During the past two years Germany has succeeded not only in taking payment in primary products for the merchandize debts owed to her, but also in running up large bills for very considerable amounts in Bulgaria, Roumania, Yugoslavia, and Greece. As under the clearing agreements these accounts can be settled only in goods, the creditors are forced to choose between forgoing payment indefinitely with the risk of the value of the Reichsmark being changed to their disadvantage, and increasing their imports from Germany. In their present financial difficulties they appear to have no choice but to adopt the latter alternative. As the goods taken in settlement are largely capital goods the process of industrialization is thus being carried a stage farther. France, Italy, the United States, and particularly Great Britain have considerable investments in the countries concerned, the future of which may well be affected by these new economic developments.

The present review, which aims at furnishing the essential background to these developments, is divided into two main parts, the first dealing with the structure and development of the various States up to the incidence of the crisis in 1931, the second describing the effects of that crisis upon their economy and their attempt to combat its repercussions. As far as possible the examination has been taken down to the end of 1935, subject to one important qualification. The imposition of sanctions upon Italy in October and November 1935 introduced a new factor the ultimate effects of which cannot yet be fully estimated. This must be borne in mind in forming any judgement based on the facts and figures set out in the following pages.

May 9, 1936.

Note. Except where otherwise stated all figures in the statistical tables are taken from the League of Nations *Annual Statistical Year Books* or *Monthly Bulletins of Statistics*.

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APPENDICES

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 - (1) GENERAL.
 - (2) RAILWAYS.
 - (3) ROADS.
 - (4) SHIPPING.
 - (5) RIVER NAVIGATION.
 - (6) AVIATION.
 - (7) ELECTRIFICATION.

APPENDIX I

POPULATION

(1) Population, area, and density

	Roumania	Yugoslavia	Greece	Bulgaria	Albania
Population 1920*	15,495,000	12,017,000	5,017,000	4,847,000	817,000
" 1933†	18,800,000	14,730,000	6,630,000	6,090,000	1,050,000
Area (square miles)	122,282	96,010	50,257‡	39,814	10,620
Density 1920 (inhab. per sq. mile)	127	125	100	121	77
1933	154	153	133	152	99

* Roumania, 1919; Yugoslavia, 1921; Albania, 1923.

† Yugoslavia and Bulgaria, 1934.

‡ Including the Islands.

(2) Vital statistics

	Annual birth-rate per 1,000 inhab.	Annual death-rate per 1,000 inhab.	Annual excess of births per 1,000 inhab.
Roumania 1921-5 avgo.	37.9	23.0	14.9
1933	32.0	18.7	13.3
Yugoslavia 1921-5 "	35.0	20.2	14.8
1933	31.3	16.9	14.4
Greece 1921-5 "	23.0	16.5	6.5
1933	28.8	16.9	11.9
Bulgaria 1921-5 "	39.0	20.8	18.2
1933	29.0	15.4	13.6
Poland 1933	26.5	14.2	12.3
Holland "	20.8	8.8	12.0
Portugal "	29.0	17.2	11.8
Spain "	27.6	16.8	10.8
Italy "	23.7	13.7	10.0

(3) Occupations

Numbers employed in various occupations expressed as a percentage of those gainfully occupied.

	Roumania (1913)	Yugoslavia (1921)	Greece (1928)	Bulgaria (1926)
Agriculture and fishing	79.5	82.0	53.7	81.0
Industry and mining	8.0	8.0	15.9	9.2
Commerce	2.7	2.7	7.6	2.8
Transport	1.8	1.2	3.9	1.3
Public service	3.3	3.9	1.7	2.2
Liberal professions	1.3		3.1	1.9
Other	3.4	2.2	14.1	1.6
	100.0	100.0	100.0	100.0

Yugoslavia: excluding Dalmatia.

(4) Emigration

Excess of emigrants leaving for (-) or returning from (+) the United States.

	Roumania*	Yugoslavia	Greece*	Bulgaria*
1901-10†	-53,008	?	-167,519	?
1910-14	-10,520	?	-61,504	-4,307
1915-19	-360	?	-30,790	+3,637
1920-4	-24,220	+11,809	-603	+5,645
1925-9	-922	+4,454	+10,435	-296

* 1901-19: old territory.

† Emigrants leaving for the United States only.

Note: It must be remembered that, from the last few decades of the nineteenth century up to the end of the Great War, there was a constant flow of emigrants from Greece to other countries than the United States, particularly to Egypt and the Levant.

APPENDIX II

FOREIGN TRADE, 1928-30, 1932, AND 1934

(1) EXPORTS (in million Swiss francs)

132

	Albania			Bulgaria			Greece			Roumania			Yugoslavia		
	1928-30 (avge.)	1932	1934	1928-30 (avge.)	1932	1934	1928-30 (avge.)	1932	1934	1928-30 (avge.)	1932	1934	1928-30 (avge.)	1932	1934
Foodstuffs:															
Grain	0.2	..	0.2	28.0	81.4	9.7	..	..	..	255.3	163.3	58.7	98.5	20.3	50.8
Live-stock and poultry	1.5	0.1	0.5	8.6	2.2	3.6	..	..	..	52.7	17.5	13.9	81.2	39.5	30.9
Eggs	1.6	0.5	0.5	27.3	23.4	12.3	..	..	..	..	..	..	43.6	15.5	7.1
Currants, raisins . . . . .	..	..	..	..	2.0	5.0	70.5	56.0	39.7	..	..	..	..	..	..
Other fruit . . . . .	..	..	..	..	..	4.2	6.9	4.8	4.2	..	..	..	5.9	25.0	18.6
Beans	0.1	..	0.2	3.8	2.8	1.6	..	..	..	18.1	10.6	8.8	8.4	2.6	4.0
Cheese, butter	2.4	1.3	0.5	2.1	1.4	1.3	..	..	..	..	..	..	..	..	..
Meat . . . . .	..	..	..	..	3.0	8.1	..	..	..	..	..	..	22.9	14.4	11.1
Olives, olive-oil	2.3	0.4	0.2	..	..	..	20.8	26.1	13.1	..	..	..	..	..	..
Fish . . . . .	..	0.5	0.4	..	..	..	..	..	..	..	..	..	..	..	..
Wine . . . . .	..	..	..	..	..	..	29.8	7.5	5.5	..	..	..	..	..	..
Other agricultural products:															
Tobacco	0.1	..	0.1	97.3	40.4	35.3	236.4	79.0	57.1	..	..	..	..	..	..
Medicinal plants . . . . .	..	..	..	..	..	..	..	..	..	..	..	..	21.9	22.4	8.1
Blebs and skins	2.3	0.4	0.5	12.5	3.0	4.9	10.6	2.7	3.8	..	..	..	13.3	3.7	6.4
Essence of roses . . . . .	..	..	..	8.7	1.4	1.3	..	..	..	..	..	..	..	..	..
Wool	1.1	0.3	0.3	..	..	..	..	..	..	..	..	..	..	..	..
Other exports:															
Timber	1.1	0.4	0.1	..	0.6	0.4	5.8	3.2	5.3	124.1	31.0	45.6	151.4	43.7	56.6
Chemicals . . . . .	..	..	..	..	..	..	..	..	..	..	2.1	2.1	28.6	15.8	8.1
Silk cocoons . . . . .	..	..	..	6.6	0.4	..	..	..	..	..	..	..	..	..	..
Ores, metals	0.5	0.3	0.4	..	..	..	9.4	3.1	5.8	..	..	..	49.3†	30.4	37.7
Petroleum . . . . .	..	..	..	..	..	..	..	..	..	288.5	220.0	219.0	..	..	..
Unspecified exports	0.8	0.3	0.4	39.9	14.7	13.6	39.9	14.0	25.0	134.4	71.8	60.0	104.2	27.2	40.4
Total	14.0	4.5	4.3	234.8	126.7	92.1	480.1	197.8	159.0	873.1	516.3	414.0	643.3	259.9	272.3

(2) PERCENTAGES OF TOTAL EXPORTS

	Albania			Bulgaria			Greece			Roumania			Yugoslavia		
	1928-30 (avg.)	1932	1934	1928-30 (avg.)	1932	1934	1928-30 (avg.)	1932	1934	1928-30 (avg.)	1932	1934	1928-30 (avg.)	1932	1934
<i>Foodstuffs:</i>															
Grain	1.5	..	5.8	11.9	24.7	10.0	..	..	..	29.2	31.9	19.9	14.5	10.2	18.8
Live-stock and poultry	10.4	2.6	18.2	8.7	1.7	8.9	..	..	..	6.0	3.4	3.3	12.6	15.2	11.4
Eggs	11.5	10.8	11.5	11.6	18.4	13.5	..	..	..	..	..	..	6.8	6.0	2.6
Currants, raisins	..	..	..	..	1.6	5.5	16.4	27.3	25.9	..	..	..	..	..	..
Other fruit	..	..	..	..	..	..	1.6	2.4	2.7	..	..	..	1.4	3.9	7.1
Beans	1.0	..	4.2	1.6	2.2	1.8	..	..	..	2.1	2.0	2.1	1.3	1.0	1.5
Cheese, butter	17.0	28.7	10.7	0.9	1.2	1.4	..	..	..	..	..	..	..	..	..
Meat	..	..	..	..	2.4	3.4	..	..	..	..	..	..	..	..	..
Olives and olive-oil	16.4	9.8	3.0	..	..	..	4.8	12.7	8.7	..	..	..	3.6	5.5	4.1
Fish	..	11.4	10.0	..	..	..	..	..	..	..	..	..	..	..	..
Wine	..	..	..	..	..	..	6.9	3.7	3.7	..	..	..	..	..	..
<i>Other agricultural products:</i>															
Tobacco	1.2	..	1.5	41.5	31.9	38.7	55.0	38.5	37.3	..	..	..	..	..	..
Medicinal plants	..	..	..	..	..	..	..	..	..	..	..	..	3.4	8.6	3.0
Hides and skins	16.2	8.5	14.4	5.3	2.4	5.4	2.5	1.3	2.6	..	..	..	2.1	1.4	2.4
Essence of roses	..	..	..	3.7	1.1	1.4	..	..	..	..	..	..	..	..	..
Wool	7.7	6.5	7.3	..	..	..	..	..	..	..	..	..	..	..	..
<i>Other exports:</i>															
Timber	7.7	8.7	3.6	..	0.5	0.4	1.4	1.6	3.4	14.3	6.0	10.8	23.5	16.8	20.9
Chemicals	..	..	..	..	..	..	..	..	..	..	0.6	0.6	4.4	6.1	3.0
Silk cocoons	..	..	..	2.8	0.4	..	..	..	..	..	..	..	..	..	..
Ores, metals	3.3	6.5	8.6	..	..	..	2.2	1.5	3.6	..	..	..	7.7	11.7	13.9
Petroleum	..	..	..	..	..	..	..	..	..	33.0	42.4	51.9	..	..	..
Unspecified exports	6.1	6.5	6.2	17.0	11.5	14.0	9.2	11.0	12.3	15.4	13.7	16.1	16.2	10.4	14.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(3) IMPORTS (in million Swiss francs)

	Albania			Bulgaria			Greece			Roumania			Yugoslavia		
	1928-30 (avgs.)	1932	1934	1928-30 (avgs.)	1932	1934	1928-30 (avgs.)	1932	1934	1928-30 (avgs.)	1932	1933	1928-30 (avgs.)	1932	1934
1. Articles mainly manu- factured:															
Textiles:															
Cotton yarns and tissues	7.3	3.7	3.4	39.4	24.3	9.9	52.4	21.1	17.5	208.6	93.3	90.4	114.5	35.2	42.3
Woolen yarns and tissues	1.5	0.9	0.6	10.3	6.7	3.8	36.6	13.8	14.7	57.6	14.4	21.3	45.4	15.8	18.0
Other textiles	0.9	0.4	0.1	19.6	6.6	2.6	35.4	11.3	13.3	54.4	25.9	23.4	46.9	18.4	20.0
Metal and metal manufactures	2.3	1.3	1.0	36.9	20.2	13.9	57.3	30.7	20.1	133.7	66.7	47.5	99.3	35.9	36.7
Machinery (& autos.)	2.7	1.5	0.5	43.1	17.1	9.4	51.8	15.1	13.8	147.6	39.1	40.5	79.4	25.0	20.1
Chemicals, dyes, paints	0.9	0.7	0.5	12.2	11.1	7.4	32.3	19.4	17.5	21.0	24.5	26.6	32.3	13.8	15.8
Paper	0.7	0.6	0.4	2.4	..	1.8	16.0	9.4	7.4	15.6	8.2	9.9	18.0	8.6	9.0
Glass, stone, pottery	0.8	0.4	0.3	4.8	3.3	1.7	9.1	3.5	2.9	25.4	11.5	11.3	15.7	6.7	4.7
Rubber manufac- tures	0.7	0.6	0.4	3.7	2.0	1.1	..	..	..	22.4	12.7	6.0	..	..	..
2. Mainly raw materials:															
(a) Foodstuffs:															
Grain	4.4	5.1	0.4	5.2	0.2	..	190.0	80.0	25.3	10.7	4.5	5.7	19.1	6.8	4.2
Coffee, sugar, and colonial goods	3.3	2.0	1.0	4.0	2.1	1.2	34.4	16.1	12.6	9.6	9.6	7.1	21.2	8.2	5.3
Cattle and live- stock . . . . .	..	..	..	..	..	..	31.0	10.6	12.6	..	..	..	31.5	9.2	15.2
Other specified foodstuffs	0.7	0.5	0.3	6.4	1.8	1.1	50.7	8.2	10.7	32.8	20.0	17.4	34.3	11.3	10.3
(b) Other raw materials:															
Coal	2.5	1.6	1.3	10.2	4.1	3.8	47.2	14.8	10.5	..	0.9	..	21.2	9.1	6.0
Mineral oil . . . . .	..	..	..	5.0	4.4	7.1	7.5	6.9	5.9	..	4.9	6.4	..	..	..
Cotton . . . . .	..	..	..	6.7	6.4	4.0	..	..	..	..	..	..	..	..	..
Wool	1.3	0.8	0.5	7.0	2.0	0.8	29.9	14.5	10.5	11.1	2.7	2.5	..	3.6	4.5
Timber	1.1	0.5	0.5	10.5	3.7	2.2	17.9	5.7	7.4	32.4	9.4	7.8	15.1	3.8	3.3
Hides and leather	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
Unspecified imports	3.1	2.2	1.1	21.6	14.0	9.4	93.4	42.0	12.2	96.3	19.4	33.3	68.5	23.7	23.4
Total	34.7	22.8	12.3	249.0	130.0	81.0	819.0	338.5	255.4	967.0	370.5	359.9	681.2	243.8	251.0

(4) PERCENTAGES OF TOTAL IMPORTS

	Albania			Bulgaria			Greece			Roumania*			Yugoslavia		
	1928-30 (avgs.)	1932	1934	1928-30 (avgs.)	1932	1934	1928-30 (avgs.)	1932	1934	1928-30 (avgs.)	1932	1933	1928-30 (avgs.)	1932	1934
1. Articles mainly manufactured:															
Textiles:															
Cotton yarns and tissues	20.9	16.4	27.8	15.8	18.7	12.3	6.4	6.2	7.1	21.6	25.2	25.5	16.8	14.5	16.9
Woolen yarns and tissues	4.3	3.9	5.3	4.1	5.2	4.7	4.5	4.1	6.0	6.0	3.9	6.0	6.7	6.5	7.2
Other textiles	2.7	1.9	1.5	7.9	5.1	3.8	4.3	3.3	5.4	8.7	7.0	6.6	6.9	7.5	8.0
Metal and metal manufactures	8.1	5.9	7.8	14.8	15.6	17.4	7.0	9.1	11.8	19.0	18.0	13.4	14.6	14.8	14.7
Machinery, including automobiles	7.8	6.4	4.0	17.3	13.2	11.7	6.3	4.4	5.6	15.3	10.6	11.3	11.6	10.3	8.2
Chemicals, dyes, paints	2.7	3.2	4.2	4.9	8.5	9.2	3.9	5.7	7.1	2.2	6.6	7.5	4.7	5.6	6.3
Paper	2.2	2.6	3.5	1.0	..	2.2	2.0	2.8	3.0	1.6	2.2	2.8	2.6	3.6	3.6
Glass, stone, pottery	2.1	1.7	2.3	1.9	2.6	2.1	1.1	1.0	1.2	2.5	3.0	3.2	2.3	2.7	1.9
Rubber and manufactures	1.9	2.8	3.2	1.5	1.5	1.4	..	..	..	2.3	3.4	1.7	..	..	..
Total manufactured articles	52.8	44.8	59.1	69.2	70.4	64.3	35.5	36.6	47.2	79.2	79.9	78.0	66.2	65.4	66.8
2. Mainly raw materials:															
(a) Foodstuffs:															
Grain	12.6	22.3	3.1	2.1	0.1	..	23.2	23.6	10.3	1.1	1.2	1.6	2.3	2.3	1.7
Coffee, sugar, and colonial goods	9.5	8.8	8.0	1.6	1.8	1.5	4.2	4.7	5.1	1.0	2.6	2.0	3.2	3.3	2.1
Cattle and live-stock . . . . .	..	..	..	..	..	..	3.8	3.1	5.1	..	..	..	4.6	3.8	6.1
Other specified foodstuffs	2.0	2.3	2.4	2.6	1.3	1.4	6.2	2.4	4.3	3.4	5.4	4.9	5.0	4.7	4.1
(b) Other raw materials:															
Coal . . . . .	..	..	..	..	..	..	3.2	4.5	4.7	0.8	0.8	0.5	2.3	3.4	2.9
Mineral oil	7.2	7.0	10.8	4.1	3.2	4.8	5.8	4.4	4.3	..	0.2	..	3.1	3.7	2.4
Cotton . . . . .	..	..	..	2.0	3.4	3.9	0.9	2.0	2.4	..	1.3	1.8	..	..	..
Wool . . . . .	..	..	..	2.7	4.9	5.0	..	..	..	..	..	..	..	..	..
Timber	3.9	3.5	3.8	2.3	1.6	1.0	3.7	4.3	4.3	1.1	0.7	0.7	..	1.5	1.3
Hides and leather	3.2	2.0	3.8	4.2	2.9	2.7	2.2	1.6	3.0	3.4	2.6	2.2	2.2	1.6	1.3
Unspecified imports	8.3	9.3	9.0	8.7	10.4	10.4	11.3	12.3	9.3	10.0	5.3	8.3	10.1	9.8	10.8
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

* Figures for 1934 not yet available.

† Raw cotton and wool are included in 'textiles'.

APPENDIX III

DISTRIBUTION OF FOREIGN TRADE, 1930, 1932, 1934 AND 1935

(For explanation see p. 141)

(1) EXPORTS

(Percentages of total value)

	Albania			Bulgaria				Greece				Roumania				Yugoslavia			
	1930	1932	1934	1930	1932	1934	1935	1930	1932	1934	1935	1930	1932	1934	1935	1930	1932	1934	1935
Germany . . . . .	..*	..*	..*	26.2	26.0	42.8	48.0	23.5	14.5	22.5	29.0	18.8	12.3	16.6	16.6	11.7	11.3	15.4	18.7
United Kingdom	0.4	0.2	0.8	2.1	2.5	2.1	4.3	12.5	23.4	17.4	12.8	11.3	14.0	10.0	8.8	1.5	2.1	4.7	5.3
Italy	59.7	62.7	68.5	8.3	12.5	8.2	8.7	14.1	16.5	9.8	6.0	12.9	10.6	7.8†	16.2	28.3	33.0	20.6	16.7
France	0.1	0.1	0.1	5.9	2.7	2.1	..	6.8	5.0	2.7	2.7	6.9	13.0	9.7	4.0	4.2	2.7	1.5	1.6
Belgium . . . . .	..	..	..*	7.9	9.8	3.5	..	2.6	1.7	1.6	..	8.2	3.6	2.6	0.8	1.2	2.6	4.3	3.4
Switzerland . . . . .	..	..	..*	7.2	5.5	4.8	3.0	..*	..*	0.6	..	0.2	0.3	1.5	3.5	2.6	2.2	3.6	2.4
Austria . . . . .	..*	..*	..*	7.7	15.0	5.3	4.5	2.8	4.2	2.1	..	9.1	6.4	9.0	12.3	17.7	22.1	16.4	14.3
Hungary . . . . .	..*	..*	..*	8.8	0.7	0.4	2.5	..*	..*	..*	..	7.5	5.4	5.4	8.0	7.2	4.1	3.5	5.0
Czechoslovakia . . . . .	..*	..*	..*	6.4	3.1	3.6	6.8	4.4	1.6	1.9	4.1	7.0	7.0	5.4	6.0	8.2	13.2	11.7	13.4
Albania . . . . .	..*	..*	..*	..*	..*	..*	..*	..*	..*	..*	..*	..*	..*	..*	..*	0.3	0.5	0.2	0.2
Bulgaria*	..*	..*	..*	..*	..*	..*	..*	..*	..*	..*	..*	..*	..*	..*	..*	..*	..*	..*
Greece	18.8	18.1	20.5	4.4	0.4	0.7	..	0.4	0.8	..*	..	1.3	0.8	0.7	0.6	0.3	0.1	0.8	0.1
Yugoslavia	3.6	1.2	4.9	0.5	0.3	0.2	..	0.4	0.7	2.8	2.6	1.8	1.4	1.1	1.1	..	..	..	..
Roumania . . . . .	..*	..*	..*	0.4	0.2	0.7	..	1.2	1.2	2.5	3.3	..	..	..	..	3.0	0.4	1.1	0.4
U.S.A.	17.1	22.1	9.6	11.0	0.8	0.6	..	14.4	10.1	14.7	17.1	0.3	0.3	0.1	0.2	0.9	1.0	4.1	5.6
Egypt . . . . .	..*	0.5	0.1	2.7	2.4	3.9	3.3	4.7	4.2	4.5	3.0	4.2	3.9	5.1	3.5	0.7	0.5	0.7	0.8
Holland . . . . .	..	..	..	3.3	4.2	1.3	..	5.9	10.4	5.2	3.9	4.8	5.8	4.8	1.7	0.9	0.4	0.9	0.4
Poland . . . . .	..	..	..*	10.2	5.2	1.6	..	1.3	1.0	0.3	..	1.0	1.5	1.5	0.9	0.7	1.9	1.3	1.7
Spain . . . . .	..	..	..*	..*	0.3	3.2	..	..*	..*	..*	..*	0.8	1.7	2.2	..	1.0	1.2	..*	..*
Other countries	0.8	0.1	0.2	8.0	8.3	14.0	15.1	5.0	5.2	11.4	15.5	5.9	7.5	12.8	11.2	3.5	6.4	5.7	6.9
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Whereof to clearing countries . . . . .	..	..	..	..	75.3	75.1	76.6	..	28.9	26.7	41.7	..	51.3	47.3	64.5	..	59.8	61.4	60.8

* Negligible.

† See note to table, p. 141.

(2) IMPORTS

(Percentages of total value)

	Albania			Bulgaria			Greece				Roumania			Yugoslavia					
	1930	1932	1934	1930	1932	1934	1930	1932	1934	1935	1930	1932	1934	1935	1930	1932	1934	1935	
Germany	5.4	4.0	5.2	23.2	25.9	40.4	53.5	10.1	9.7	14.7	18.7	25.1	23.7	15.5	24.4	17.6	17.7	13.9	16.2
United Kingdom	7.4	6.8	0.2	8.2	10.3	6.4	4.6	12.7	18.6	10.7	15.5	8.1	10.8	16.2	10.6	5.9	0.7	0.3	10.1
Italy	50.2	39.1	34.2	13.0	15.6	7.9	3.1	6.1	5.7	4.9	3.7	7.9	11.0	7.3	7.8	11.2	12.7	15.5	16.0
France	2.0	1.0	2.0	0.8	6.5	3.0	1.2	7.2	5.0	6.7	..	7.4	14.1	11.2	7.2	3.9	4.5	5.0	4.4
Belgium	2.1	1.7	..†	2.4	2.9	7.5	..	4.3	4.3	2.3	..	1.8	2.1	5.2	2.6	1.0	1.5	2.0	1.9
Switzerland	0.5	0.3	..†	2.8	4.9	5.9	5.3	..*	..*	2.8	..	2.7	2.9	3.3	3.3	1.6	2.9	2.6	2.4
Austria	3.4	2.0	3.5	6.3	6.0	4.8	6.4	1.2	2.2	1.8	..	11.6	4.0	10.0	11.9	10.8	18.4	12.4	11.0
Hungary	0.0	1.1	..*	1.9	1.3	1.0	..	..*	..*	..*	..	3.9	2.1	4.0	6.9	5.8	5.0	2.9	2.9
Czechoslovakia	7.3	7.8	5.5	0.4	5.4	3.8	9.3	3.8	3.4	4.7	3.9	14.6	12.2	9.9	10.3	17.6	15.8	11.7	14.0
Albania . . . . .	..	..	..†	..*	..*	..*	..	..*	..*	..*	..	..*	..*	..*	..*	..*	..*	0.1	0.1
Bulgaria . . . . .	..	3.8	..†	..	..	..	..	1.5	0.1	..*	..	0.1	0.1	0.1	0.1	0.2	0.2	0.1	0.3
Greece	3.6	2.8	5.0	1.0	0.9	1.0	..	..	..	..	..	0.0	1.2	1.3	2.4	0.8	0.9	1.1	1.3
Yugoslavia	7.7	9.1	6.7	1.3	0.4	0.3	..	5.7	4.5	4.7	3.8	0.3	0.4	0.7	0.6	..	..	..	..
Roumania	0.1	4.5	..†	8.0	8.4	4.3	3.2	5.6	9.0	5.1	7.5	..	..	..	..	3.2	3.0	1.0	1.3
U.S.A.	7.2	9.7	5.7	1.9	1.9	2.3	..	15.3	13.8	0.3	6.2	5.4	8.4	4.2	3.1	4.1	4.4	6.4	6.2
Egypt	0.3	0.2	0.7	0.2	0.4	0.6	..	1.2	1.4	1.6	..	..*	0.7	0.7	3.0	..*	0.2	0.4	1.1
Poland . . . . .	..*	..*	..*	1.2	3.0	2.1	..	..*	0.9	0.9	..	4.3	4.6	3.2	1.7	1.6	1.9	1.9	1.7
Holland	0.2	0.2	..*	3.0	2.1	1.2	..	1.7	2.7	2.8	..	..*	2.2	3.3	1.3	1.2	1.2	1.9	1.7
Russia . . . . .	..*	..*	..*	0.5	0.3	0.4	..	3.4	10.1	5.0	4.6	..*	..*	..*	..*	..*	..*	..*	..*
Spain . . . . .	..*	..*	..*	0.2	0.3	2.3	1.9	..*	..*	..*	..*	..*	0.2	0.0	..	..*	0.1	..*	..*
Argentina . . . . .	..*	..*	..*	..*	..*	..*	..*	..*	7.4	5.5	9.0	..*	..*	..*	..*	..*	1.0	1.8	1.6
Other countries	0.8	3.2	21.4	5.0	5.5	4.7	11.5	20.2	6.2	15.5	26.2	15.0	3.4	3.0	3.9	7.5	4.1	3.6	9.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Whereof total from 'clearing countries' . . . . .	..	..	..	..	70.9	77.2	80.7	..	38.1	40.8	37.6	..	67.2	53.7	39.9	53.9	55.0	52.4	52.8

* Negligible.

† The Anglo-Roumanian Payments Agreement did not come into force until 1935.

‡ Figures not yet available.

§ Incomplete.

|| Whereof 11.7 from Japan.

Notes to Appendix III

1. The italicized figures indicate that an official clearing agreement was in existence between the two countries concerned in the year indicated.

2. In addition to the official clearing agreements shown in the table, Turkey has concluded agreements with Roumania, Yugoslavia, Greece, and Bulgaria; Greece with Finland, Latvia, and Sweden; Bulgaria with Spain; and Roumania with the U.S.S.R. In all these cases, however, the percentage of imports and exports is very small.

3. No indication can be given of the effect of 'private compensation' agreements, although these often account for an important proportion of foreign trade of these countries, e.g. that between Austria and Yugoslavia, and Hungary and Yugoslavia.

4. The figure given as the total percentage of trade with clearing countries relates to trade between countries with which official clearing agreements were in operation during that year.

5. The most remarkable movement shown in these tables is the increase in the proportion of exports to Germany, particularly since 1934, before which there was a tendency for the figure to decline owing to considerations already mentioned.¹ It is to be noted that these increases were not offset by corresponding rises in the proportion of imports from Germany, except in Bulgaria. Imports from Italy showed a marked tendency to decline in 1935, not so much because of sanctions as of the conversion of Italian industry to a war basis. For example, from the early part of 1935 many Italian textile factories were no longer able to take orders from the Balkans, and the trade has gone largely to other industrial countries, mainly to Czechoslovakia. Exports to Italy, also, have fallen in percentage, except, of course, the oil of Roumania. The proportion of imports from Great Britain tended to increase until 1935, partly owing to the depreciation of sterling, but the pressure of the clearing agreements reduced the percentage somewhat in 1935, and present indications are that the percentage will be still further reduced in 1936 for the same reason. Of the other changes perhaps the most remarkable is the fall in the percentage of Greek imports from the U.S.A., which is almost entirely due to the fall in Greek imports of grain. Mention should lastly be made of the rapid increase of Japanese exports to the Balkan States, though the absolute figures are so far of no great importance except in Albania. Here imports from Japan rose from thirteenth place in 1932 to second place (11.7 per cent. of Albania's imports by value) in 1934. The cheapness of Japanese manufactures is beginning to find them a ready market in these countries, where at the best of times purchasing-power is relatively very low.

¹ See p. 125.

APPENDIX IV

PRINCIPAL ISSUES OF LONG-TERM LOANS MADE ABROAD BY BALKAN GOVERNMENTS, 1920-31

	<i>Total nominal amount issued (in millions)</i>	<i>Nominal rate of interest, per cent.</i>	<i>Price of issue, per cent.</i>	<i>Flat rate of interest, per cent.</i>	<i>Place of issue</i>	<i>Amount outstanding Oct. 1935, and ultimate date of redemption (in brackets) (in millions)</i>	<i>Purpose</i>		
ALBANIA									
1. S.V.E.A. Loan of 1925.*	50.0 gold frs.	7½	71	10.6	(Italian banks)	50.0 gold frs.	Economic development.		
2. Italian Government Loan of 1931.	20.0 „	Nil	100	..	(Italian Govt.)	20.0 „	Economic development and provision for preceding two years' budget deficits.		
BULGARIA									
1. Refugee Settlement Loan of 1926-27, issued December 1926.†	\$4.5 £1.75 £0.25 £0.15 £0.25	7	92	7.61	New York	\$4.12 (1967)	Settlement of refugees, and repayment of short-term indebtedness.		
			92	7.61	London				
			93	7.53	Amsterdam				
			88.5	7.91	Milan				
			92	7.61	Zürich				
2. Stabilization Loan of 1928-29, issued November 1928.†	\$9.0 \$1.0 \$1.5 \$1.5 \$1.5 \$0.2 £0.1 130.0 Fr. frs.	7½	97	7.73	New York	\$12.85 (1968)	Stabilization of currency, working capital for Agricultural and Central Co-operative Banks, public works, and repayment of National Bank's advances to State.		
					97			7.73	Brussels
									Milan
									Zürich
									London
		96	7.81	7.64	Amsterdam	£1.78 (1968)			
					96		7.81	Prague	
					98.2		7.64	Paris	
GREECE									
1. Refugee Loan of 1924-24,† issued Dec. 1924.	\$7.5 £2.5 \$11.0	7	88	7.96	London	\$9.42 (1964)	Settlement of 1,500,000 Greek refugees from Turkey.		
			80½	8.14	Athens				
			88	7.96	New York				
2. Water-Works Loan of 1925-22, issued 1925.	\$11.0	8	85	9.41	New York	\$9.58 (1952)	Construction of dam at Marathon, aqueduct to Athens and Piraeus, and water distribution system in both cities.		

3. Railroad Loan of 1925:† (a) Tranche 'A', issued 1925 and 1927.	\$2-48	7	90	7-78	Brussels	\$2-48 (?)	Contracted with Société Commerciale de Belgique for railway improvements and construction.
(b) Tranche 'B', issued as required for payment for material.	\$2-78	8	04	8-51		\$2-78 (?)	
4. Swedish Match Co., Loan of 1926-54, issued 1928.†	£1-0	8½	94	9-04	(Swedish Match Co.)	£0-94 (1954)	General purposes.
5. Stabilization and Refugee Loan of 1928-68,† issued January 1928.	£3-87	} 0	} 01	6-50	London Milan Stockholm New York Zürich (American Govt.)	} £3-97 (1968)	£3 millions to stabilize the currency and create new bank of issue; £3 millions to repay floating debt; £3 millions to continue the work of the Refugee Settlement Commission.
	£0-40						
	£0-80						
	\$15-0						
	\$2-0	} 4	} ..½			} \$11-84 (?)	
\$12-17							
6. Public Works Loan of 1928-68, issued December 1928.	£3-8	} 6	} 80	6-74	London Stockholm	} £3-98 (1968)	For use of the Refugee Settlement Commission, Public works, and agricultural credits
	£0-2						
7. School Loan of 1930-54, issued 1930.	£1-0	0	85	7-06	Kreuger & Toll, Stockholm	£0-98 (1954)	Erection of school buildings.
8. One-year treasury notes,** issued 1930.	\$7-5	5½	99-78	5-52	Advanced by Spayer & Co., National City Co., and J. & W. Schligman of New York	\$7-5**	General purposes.
9. Public Works Loan of 1931-68, issued March 1931.	£2-0	} 6	} 87	6-90	London Stockholm Zürich Milan Amsterdam Athens	} £4-58 (1968)	Public works and other productive purposes.
	£0-5						
	£0-4						
	£0-4						
	£0-3						
	£1-0						
ROUMANIA							
1. External Loan of 1922: (a) Issue of April 1923.	£1-62	} 4	} 67	} 5-97	London	} £1-89 (1942)	Not stated in prospectus.
(b) Issue of April 1927.	£0-76							68	5-88

* Neither of these loans was publicly issued.

† Not publicly issued. Full details of this loan cannot be ascertained.

‡ This was an advance made by the American Government which, together with those of the other tranches issued, made up the total nominal amount of the Loan to the authorized amount of about £9 millions gold.

** Although originally a short-term advance this issue of bonds has in fact been renewed each year as it matured, and is still outstanding.

† Issued under the auspices of the League of Nations.

‡ Without 2 per cent. stamp.

APPENDIX IV (cont.)

	Total nominal amount issued (in millions)	Nominal rate of interest, per cent.	Price of issue, per cent.	Flat rate of interest, per cent.	Place of issue	Amount outstanding Oct. 1935, and ultimate date of redemption (in brackets) (in millions)	Purpose										
ROUMANIA (cont.):																	
2. Monopolies Institute Stabilization and Development Loan of 1929-50, issued February 1929.	£2.0	7	88	7.00	London	£1.81 (1959)	£20,000,000 to create working funds for, and to discharge floating indebtedness of, State Treasury and State Railways; \$25,000,000 to strengthen position of National Bank by acquiring from it a portion of its portfolio; \$35,000,000 to improve State railways and equipment; balance to provide productive works.										
	561.04 (French francs)							100	7.00	Paris (Swedish Match Co.)	520.8 Fr. frs. (1959)						
	\$30.0		88	7.00	New York	\$02.0 (1959)											
	\$10.0											Milan					
	\$8.0												Berlin				
	\$5.0													Zürich			
	\$4.0														Brussels		
	\$3.0															Amsterdam	
	\$3.0																Stockholm
	\$2.0																	Prague
	\$1.0		Vienna														
	\$1.0			Bucharest													
\$2.0																	
450.0 Fr. frs.	7½	86½			8.67	Paris	1,313.4 Fr. frs. (1971)	200,000,000 francs for the creation of an Agricultural Mortgage Institute; 250,000,000 frs. for railways; 200,000,000 frs. for roads; 200,000,000 frs. for working capital for the Treasury, and the balance for agricultural and other productive investments.									
378.75 "									86½ (?)	8.67	Stockholm						
250.0 "		New York															
43.75 "					Berlin												
37.5 "						Amsterdam											
35.0 "			Prague														
25.0 "				Zürich													
17.5 "												Brussels					
12.5 "													Vienna				
75.0 "														Bucharest			
Total																	
1,325.0 "																	
YUGOSLAVIA																	
1. External Gold Loan of 1922-62 (series A), issued June 1922.	\$15.25	8			95½		8.38	New York	\$14.88 (1962)	Railways, ports, Government buildings, and general needs of the kingdom.							
2. External Gold Loan of 1922-62 (series B), issued April 1927.	\$30.0	7			92½	7.57	New York	\$28.8 (1962)	Construction of Belgrade-Adriatic Railway and appurtenant port; and general purposes.								

3. Secured External Gold Monopolies Loan of 1928-58, issued 1928.	\$22-0	6	(?)		(Swedish Match Co.)	\$22-0 (1958)	Reduction of floating debt.†
4. International Stabilization Loan of 1931-71, issued May 1931.*	675-0 Fr. frs.	} 7	} 87½	8-0	Paris Zürich Prague Belgrade Stockholm Amsterdam	} 1,014-8 Fr. frs. (1971)	Stabilization of currency and furthering of national economy.
	125-0 "						
	100-0 "						
	50-0 "						
	50-0 "						
	25-0 "						
Total	1,025-0 "						

* It is uncertain whether the non-French tranches were expressed in francs or not.

† See the *Economist*, October 27, 1928.

APPENDIX V

COMMUNICATIONS

(1) *General*

On the whole the Balkan States are poorly equipped with communications. One of the chief reasons for this is geographical. For example, the natural lines of communication, such as the Danube valley, run for the most part east and west instead of north and south. Thus the mountain formation of northern Greece and the Adriatic coast has placed a serious obstacle in the way of the exploitation by Serbia, and later by Yugoslavia, of the shortest routes to the sea. Again, the Rhodope range has cut Bulgaria off from the Aegean and left her only with a Black Sea littoral, which has substantially increased the nautical mileage between Bulgaria and western Europe.¹ The mountainous nature of much of the country also has rendered the construction of roads and railways in many cases expensive and difficult, if not impossible.

It might be supposed that these circumstances would have compelled the Balkan States to find a solution to the problem of communications by the development of their mercantile marine. But the seaboard of Bulgaria and Roumania is small; Yugoslavia, which possesses a considerable length of seaboard, has not been in existence long enough to have acquired a mercantile marine of any size. Moreover, the ports of the Adriatic are poorly connected with the hinterland, though to some extent this is offset by the development of traffic on the Danube. Only in the case of Greece, whose inhabitants have from classical times been driven to the sea for their existence, is the national fleet of international importance.

(2) *Railways*

The development of the railway system of the Balkan States was from the start delayed by the lack of capital; moreover, as has been seen, the relatively high cost of railway building in the Balkans owing to the unsuitable nature of a great deal of the country has throughout increased the reluctance of foreign capital to interest itself in enterprises of this kind. The first railways were not built until the early seventies of the last century, and were constructed and maintained almost exclusively by foreign capital—Austrian, German, or French in accordance with the political interests of these countries.² For strategic and economic considerations were on the whole the dominating factors in the construction of the railway systems of these States, and often prevented the construction of lines which, though economically justifiable, were politically undesirable, while encouraging the building of lines the importance of which was purely strategic. Thus the building of a railway across Serbia to link the Adriatic with the Aegean was successfully

¹ Even if Bulgaria had retained the Aegean port of Dedeagatch it is doubtful whether it could have competed with her Black Sea ports.

² For the foreign financing of railway-building in the Balkans during the period 1870-1914 see Herbert Feis, *Europe, the World's Banker* (Yale University Press, 1930), ch. xiii.

opposed throughout for political reasons; similarly the Porte refused permission for the union of the Greek railway system with the European by a line which would run through Turkish territory. Lastly, it was not merely the geographical difficulties and the heavy expense, but also the desire to prevent the access of Serbia to the sea, which is responsible for the fact that there is only one trunk line running north and south (Belgrade via Nish and Skoplje to Salonika) in the Balkans.

The result is that the creation of a rational railway system by the Balkan countries after the War has been extremely difficult. In addition to the above considerations, the problem was further complicated by the fact that those parts of Roumania and Yugoslavia which had formerly belonged to the Austro-Hungarian Empire were far better equipped with railways than the States to which they were ceded. Moreover, a large proportion of the mileage (in Greece nearly half) is not of standard gauge. Some progress has, however, been made since the War. As has been seen in Part I, Section IV. 1 (d),¹ a large part of the funds raised by foreign loans was allocated to the railways, and most of the main lines, with a few exceptions such as the Piræus-Athens-Peloponnes Railway Co.,² are now owned by the State. Yet the foreign capital raised after the War has not resulted in much new construction, for at any rate in Roumania, Yugoslavia, and Bulgaria large sums had to be spent on repairs of damage due to the War. Only in Yugoslavia, which was greatly assisted by reparations deliveries in kind, has fresh construction assumed considerable dimensions; and even here the real improvements have been few, many of the new lines being of strategic rather than economic significance. Of the more important achievements since the War are the completion of the line from Ogulin to Knin, which joins Zagreb and Fiume to Sibenik and Split, and that of the Kraljevo-Mitrovica railway.

It cannot, therefore, be said either that the railway system is extensive or even that it is sufficient for the economic requirements of these States. The position can be judged from the mileage of railways in operation (including narrow gauge) per square mile of the territory: for Yugoslavia (1931) 60·9 miles; for Roumania (1932) 55·3; for Bulgaria 46·4; and for Greece, whose deficiencies are, of course, offset by her large mercantile marine, 33·3 (1929); while Albania has no railways at all.³ The respective figure for Great Britain and Northern Ireland in 1932 was 236·5 miles. Moreover, not only is the total mileage small, but trains are infrequent and the speed even of the expresses is slow, largely owing to the difficulties of gradient, but also to the negligible amount of double-tracked lines. Thus the journey from Belgrade to Sofia, a distance of 251 miles, takes nine hours; from Nish to Salonika (278 miles) almost ten hours; and from Athens to Patras (144 miles) nearly nine hours.

Lastly, the crisis of 1931-2 resulted in a severe curtailment of programmes of railway development throughout the Balkans, and the post-

¹ See p. 42.

² Greece is an exception in this, for of the 2,500 km. of railways only 1,300 belong to the State. The State, however, owns the main lines which connect the Greek with the continental system.

³ For the main lines, see map.

ponement of replacements of old rolling stock and permanent way. Some progress has certainly been made since 1931: for example, the Pančevo bridge over the Danube, which will materially shorten the journey between Belgrade and Bucharest, has now been completed, the train ferry between Giurgiu and Rustchuk may shortly be in operation, while in Bulgaria large quantities of rolling stock have been obtained from abroad by means of compensation agreements.¹ But the ultimate completion of programmes of replacement, which is sooner or later inevitable, will place a further strain upon the national finances, which already have to bear heavy deficits on the working of the State railways, particularly in Yugoslavia and Roumania.²

(3) Roads

Here also the Balkan States are poorly equipped. This again is largely due to the mountainous nature of the country, which often renders the building of good roads extremely expensive. But even where roads exist they are rarely suitable for motor traffic, and still less frequently are they comparable with the highways of western Europe. The situation varies greatly from country to country. At the one extreme is Yugoslavia, which even before the War possessed some excellent roads, such as those built by Napoleon's marshals in Dalmatia or the famous road from Cattaro to Cetinje, the general position having been further improved by systematic building after the War with the help of foreign loans. At the other extreme is Bessarabia, where most of the roads are still mud tracks in spite of some fresh construction since the War, or Greece, where the roads are probably the worst in Europe. In all these countries a considerable proportion of the funds raised by recent foreign loans has been allocated to road-building and some progress has certainly been made. At the same time building has often been unsystematic, particularly in Greece. Here the work undertaken was often on unconnected stretches of road all over the country, which had not been completed when the financial crisis brought all fresh construction to an end; and the practical use of the roads built is therefore small. On the whole it is fair to say that with the exception of a few arterial roads (usually, however, with a very poor surface) it is only in the case of Yugoslavia that the road system supplements to any noteworthy extent the deficiencies of the railways.

The position can be seen from the following table:

	<i>Roumania</i>	<i>Yugoslavia</i>	<i>Bulgaria</i>	<i>Greece</i>	<i>Albania</i>
Length of roads open (km.)	106,000 (1932)	40,000 (1931)	17,000 (1933)	14,000 (1931)	1,400 (1929)
Total number of motor-cars (including lorries) in use at end of 1934*	33,500	10,900	2,100	16,700	900

* Figures given by the American Automobile Chamber of Commerce, March 1935.

¹ It should also be mentioned that through railway connexion between Roumania and the U.S.S.R. was re-established for the first time since the War in October 1935 by the rebuilding of the Tighina-Tiraspol bridge over the Dniester. (*New York Herald*, October 20, 1935.) ² Cf. the reports of the French adviser to the Roumanian State Railways.

There are, however, many qualifications which must be made to this in addition to what has been said above. In Roumania, for example, the Department of Overseas Trade reports that of the total length of roads as stated here, 40,000 km. were 'natural tracks', and that few of the roads can be used for motor traffic throughout the year; moreover, there was in 1933 only one first-class road, viz. that from Bucharest to Brasov. Again, in Bulgaria the roads are very poorly macadamized and the average life is not more than three to four years; this probably applies to the rest of the Balkan States. The roads of Albania were mostly built during the period when Italian influence was strongest, and little has been done in the way of maintenance since 1930. It should also be observed that many of the cars and lorries included in the above totals are very old and that few have been purchased in the last four or five years. Further, many remain permanently in the vicinity of the large towns. For example, of the total number of cars in Greece, about half are concentrated in Athens and the Piraeus. It is only in Yugoslavia that the motor-bus system has been widely developed and efficiently maintained so as to serve the rural districts.

Finally, though large sums of foreign capital have in fact been spent on the roads, their development is not so dependent upon foreign borrowing as in the case of the railways. It is perhaps for this reason that the progress made since 1931 is by no means negligible. Considerable sums have been provided in the recent budgets of Yugoslavia, Roumania, and Bulgaria for road-building; and in Yugoslavia some headway has been made with a programme introduced in 1931 for the building of 450 miles of roads at a cost of 600 million dinars. A similar plan is under consideration in Bulgaria. It would seem that this is an instance where, in spite of the lack of capital, much can be done by the Balkan States without recourse to foreign borrowing.

(4) *Shipping*

The sea-going fleets of Roumania and Bulgaria are small and unimportant. That of Yugoslavia is larger, but even so it is not of any great size. However, in the first two cases the importance of river navigation is probably greater, while it is also of considerable importance in that of Yugoslavia. As has already been mentioned, it is in the case of Greece alone that the mercantile marine constitutes a fundamental part of the economic system. The position can be judged by the figures below:

Merchant fleets of the Balkan States¹

*Total gross tonnage (in thousands) as at June 30
(Vessels of 100 tons or more)*

	1913	1920	1925	1930	1931	1932	1933	1934
Greece .	723	530	898	1,391	1,398	1,470	1,417	1,507
Yugoslavia .	—	—	168	302	361	381	374	357
Roumania .	45	74	68	69	66	74	93	92

¹ The Bulgarian merchant fleet was of a total gross tonnage of 10,000 tons. There are no merchant ships of any size flying the Albanian flag.

The reason for the insignificance of the merchant fleets of Roumania and Bulgaria is partly the scarcity of good ports in this part of the Black Sea littoral. In Roumania the only good ports are Braila, Galatz, and perhaps Sulina; though much money has recently been spent on Constanza with a view to making it an oil port, it is still scarcely in the same class as the other three. Moreover, Constanza alone is ice-free during the winter. All these ports are served chiefly by Greek ships, with Italian occupying the second and British the third place. There is only one Roumanian line serving non-Roumanian ports (Roumania-Constantinople-Piraeus-Alexandria or Marseilles). The same applies also to Bulgaria: the only ports available to ocean-going shipping are Burgas and Varna, the latter alone being ice-free. There is practically no merchant shipping under the Bulgarian flag; there is only one Bulgarian company owning steamships at all, and this receives a subsidy from the State. In 1934 it owned about 10,000 tons.¹ The Bulgarian ports are chiefly served by Greek, Italian, and, to a very much smaller extent, by British lines.

The case of Yugoslavia is rather different. Under the Trumbiö-Bertolini agreement of 1921 Yugoslavia acquired some 100,000 tons of shipping formerly owned in the Austro-Hungarian Empire. Since that date the fleet has been greatly increased, but most of the ships even so are small, old, and suitable only for serving the ports of the Adriatic. Of these the most important are Sibenik, Metković, and especially Split (Spalato), the port of the timber trade, which has been much improved since the War. Gravosa (Ragusa) and Kotor (Cattaro) both possess very fine natural harbours. Zara is, of course, in Italian territory, as is the more important part of the harbour of Fiume (Susak). The latter in any case is badly served by the railways (a stricture which applies to most of the Dalmatian harbours) having been designed as the port of Hungary.

The Yugoslav Government has taken an active interest in shipping, at any rate up to 1931, and both by subsidies and legislation has helped the mercantile marine to combat the intensive competition for the Adriatic carrying trade and from the Italian lines, which are even more heavily (and more continuously) subsidized by their Government. To this end the Yugoslav Government encouraged the amalgamation of the six principal companies into one (the *Jadranska Plovidba*), with the result that this line has been able to extend its sailings considerably. There are now several services running to Egypt, the Levant, and even America.

Greek shipping is of considerable importance both nationally and internationally. Of the national importance, the best indication is given by the figures appearing in Greece's balance of payments. The table opposite will give some idea of its international importance.

But in considering these figures it must be remembered that a very large proportion of the Greek merchant fleet is extremely old. In 1930,

¹ In November 1935 the company bought a steamer of over 4,000 gross registered tons from the *Norddeutscher Lloyd*. The steamer is to serve the Levant and Alexandria. (*Frankfurter Zeitung*, November 24, 1935.)

for example, only 7 per cent. of the steamship fleet was under eleven years old, and as much as 70·8 per cent. was over twenty years old. Moreover, much of the recent increase in the tonnage of the Greek merchant fleet is represented by very old ships bought at little more than breaking-up prices.

Merchant fleets of the world

	<i>Total gross tonnage (thousands) 30.vi.1934</i>	<i>Total laid up (thousand tons) 30.vi.1934</i>	<i>per cent. laid up</i>
Great Britain	17,735	1,719	9·7
U.S.A.	12,966	2,904	22·4
Japan	4,073	59	1·4
Norway	3,981	390	9·8
Germany	3,691	266	7·2
France	3,298	717	21·7
Italy	2,928	304	10·4
Holland	2,618	303	11·6
Sweden	1,609	77	4·8
Greece	1,507	105	7·0

The Greek merchant fleet does not by any means depend upon providing communication between the Greek islands and the ports of the mainland, though this is, of course, its most important function. For it takes a considerable share in the international carrying trade, and it has recently¹ been estimated that not more than 40 per cent. of the cargo of the Greek fleet relates to the foreign trade of Greece herself. Greek shipping is active not only in the Levant (particularly Egypt and Palestine) but outside the Mediterranean also; and the Greeks have in recent years obtained an important share in the River Plate trade.² Gains such as this have been largely offset, however, by the gradual increase of the Russian mercantile marine side by side with the recent decrease in the foreign trade of Russia, particularly in grain shipments from Black Sea ports, for in this Greek shipping formerly played an important part. However, it is not unreasonable to suppose that an increase of grain exports from Russia, such as might ensue upon a re-adjustment of her internal distributive system, would materially improve the position of Greek shipping.

The reason why Greece has been able to obtain such a disproportionately large share in the world's carrying trade is chiefly to be found in the low level of Greek costs.³ A considerable proportion of her fleet was acquired very cheaply, as has been seen; moreover, the rate of

¹ *Frankfurter Zeitung*, June 28, 1935.

² The total of Greek shipping entering the River Plate during the first ten months of 1935 was higher than that of any other nation except Great Britain. (*Frankfurter Zeitung*, December 16, 1935.)

³ Unlike the merchant marines of some other countries, the Greek fleet receives little financial assistance from its Government. Government subsidies are in fact largely confined to the Greek coastal service.

wages paid is extremely low.¹ This is largely due to the widespread practice whereby the ship's captain, who in most cases owns his ship, selects his crew mainly from his own relations, who can afford to take low wages because they usually receive a small share of the profits. This factor has enabled the Greek fleet to resist the effects of the decrease in foreign trade since 1930 longer than almost any other shipping nation. In spite of this it will be noted that the proportion of shipping laid up in Greece is comparatively high. Yet it may be supposed that owing to its low operating costs the Greek fleet will be one of the first to benefit from a real improvement in world conditions.²

The chief ports are the Piraeus, Salonika, Kalamata (currants), Patras, and Kavalla (tobacco). In spite of the importance of shipping to the Greek national economy it should be observed that conditions in the principal ports, especially the Piraeus, are extremely poor; little has been done to improve the harbour, and steamers still have to moor end on and discharge into lighters.

(5) River navigation

As has already been mentioned, river navigation plays an important part in the communications of Roumania, Yugoslavia, and Bulgaria.³ Besides the Danube, the Pruth is navigable for quite large craft as far as Jassy, and the Sereth also is navigable for a considerable distance. In Yugoslavia the Drave, the Save, and the Tisza (Theiss) are also navigable.

The navigation of the Danube is of special importance to the Balkan States, for the river flows through Yugoslavia (passing Belgrade), follows the Bulgaro-Roumanian frontier for some distance, and flows through Roumania into the Black Sea, passing the ports of Braila and Galatz at its mouth. The river is navigable as far west as Ulm, and is used by all three of the riparian Balkan States for the export of their grain, in addition to the timber of Yugoslavia and the petroleum of Roumania; while the variety of imports into these States via the Danube is great.

The shipping which uses the Danube is, however, international in character. In addition to the Roumanian, Bulgarian, and Yugoslav flags, those of Germany, Czechoslovakia, Austria, Hungary, France, Greece, and Holland appear on the Danube; and British interests are involved through an investment in an Austro-Hungarian shipping company. Since 1898 the navigation of the Danube, from the sea to the end of the delta (Sulina-Braila), has been administered by an international commission, in which all the Great Powers are represented. The Treaty

¹ A law has recently been passed which provides for the 'rejuvenation' of the Greek fleet by attempting to purchase ships which are more than twenty years old. Whether this measure can prove effective is uncertain. (See *Frankfurter Zeitung*, June 28, 1935.)

² Efforts on the part of the individual owners to rationalize the Greek merchant fleet by the development of regular services (to some of the principal Mediterranean and Atlantic ports) were reported in the *Frankfurter Zeitung* of September 15, 1935.

³ Bulgaria, however, possesses no winter harbours on the Danube. The decision to construct two such harbours at Rustchuk and Lom was announced in the *Frankfurter Zeitung* of February 4, 1936.

of Versailles, moreover, provided that the rest of the navigable portion of the Danube should be administered by a second international commission in which each riparian State and Great Britain, Italy, and France are represented. Under this statute the Danube is open to flags of all nations. The commissions, which are independent bodies and administer their own finances, have been responsible for several important improvements, notably the deepening of the river below Braila.

(6) *Aviation*

The importance of civil aviation to the Balkan States is so far considerable. Most of the capital cities are served by international air lines; only Roumania, Yugoslavia, and Greece run regular services of their own, in each case the operating company being subsidized by the State. The deficiencies of the Balkans in this respect are not merely due to lack of capital, for the mountainous nature of the country is not suitable for aviation; moreover, it is impossible to run regular services during the winter, at any rate in Yugoslavia and Bulgaria.

The most important lines are that of a French company (Air France) which runs a regular service from Paris to Vienna, Budapest, Belgrade, Sofia, and Istanbul (Constantinople) or Bucharest; a Polish company (Lot) connecting Warsaw with Bucharest, Sofia, Salonika, and Athens, and a German company (Luft-Hansa) connecting Berlin with Vienna, Budapest, Belgrade, Sofia, Bucharest, and Istanbul. Greece, however, is in a different position, for, apart from the Hellenic Company of Air Communications (Salonika-Athens-Jannina), most of the international lines to the East stop at Athens, for example Imperial Airways, Luft-Hansa, Royal Dutch (K.L.M.), Air France; the Italian lines to Rhodes and Istanbul also stop at Athens. An Italian company connects Albania with Italy.

(7) *Electrification*

The resources of the Balkan States in the matter of water-power are by no means fully exploited. It has, for example, been estimated that those of Yugoslavia are in the region of 3½ million horse-power of which, in 1930, no more than 200,000 were being utilized. Moreover, as has been seen, most of these countries possess abundant supplies of brown coal or lignite. While it is unprofitable to transport coal of this nature for large distances owing to its low calorific value, it can be cheaply transformed into current at the point of extraction.

On the other hand the development of these resources often presents considerable difficulties. Not only are the funds required for the installation both of hydroelectric and of thermal power-stations large, but outside the very few large towns the range of potential consumers is narrow. Both these factors have stood in the way of electrification on a large scale, and the majority of the power-stations in the Balkans are very small in size and capacity. The small stations are left to be financed where possible by the local banking or co-operative systems.

Electrification began with the help of foreign capital before the War, but the period of greatest activity on the part of foreign concession-hunters was that from 1920 to 1929. Unfortunately no complete statistics are available which would show the more recent increase in the production of power, but the progress made in electrification was undoubtedly great. Of the more important schemes which were put into effect may be mentioned the 'Hydrofina' scheme for Bucharest and that of the 'Power and Traction' group for Athens. However, since 1930 no foreign capital has been forthcoming for the further development of electrification, except in a few cases where existing undertakings have been expanded. The case of electrification is in fact essentially one where further progress is difficult if not impossible without further borrowing abroad. The figures are as follows:

Production of Electricity

(In million kwh.)

	<i>Bulgaria</i>			<i>Greece</i>	<i>Roumania</i>			<i>Yugoslavia</i>		
	<i>Total</i>	<i>Thermal</i>	<i>Hydraulic</i>	<i>Total (Thermal only)</i>	<i>Total</i>	<i>Thermal</i>	<i>Hydraulic</i>	<i>Total</i>	<i>Thermal</i>	<i>Hydraulic</i>
1925	32	*	*	*	243	192	51	*	*	*
1926	36	*	*	*	390	327	63	*	*	*
1927	45	*	*	*	415	367	48	*	*	*
1928	65	30	35	*	514	463	51	*	*	*
1929	86	37	49	102	500	439	61	460	*	*
1930	95	31	64	130	559	488	71	*	*	*
1931	99	39	60	143	516	399	117	392	140	252
1932	121	53	68	140	544	*	*	503	*	*
1933	128	47	80	*	594	*	*	*	*	*
1934	137	44	89	*	*	*	*	*	*	*

* Figures not available.

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