

HUNGARIANS BALK OVER LOAN TERMS

**Apponyi Sees an Attempt by
Neighbor States to Make
Them Agriculturists Only.**

FEARS FOR EUROPEAN PEACE

**Dangers Are Greater Now Than Be-
fore the War, He Says—Domes-
tic Troubles Multiply.**

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By Wireless to THE NEW YORK TIMES.

BUDAPEST, Jan. 10.—Only one question occupies Hungary at present in Government, business, banking and private circles. That is the proposed League of Nations loan, which is discussed in all its aspects. Even the smallest householder realizes that his daily commodities will be affected by it.

Despite the present financial disorder, caused chiefly by speculation and unsteady currency, opinion as to the desirability of the loan is divergent. Some hold that the conditions imposed constitute too high a price to pay for the relatively trifling sum of \$50,000,000. In the meantime the financial chaos increases from day to day. While the foreign quotations on the Hungarian crown are comparatively steady, the interior value of the crown decreases daily, as shown by the tremendous increase in prices. The prices quoted on the official Hungarian Foreign Exchange Central differ largely from the exchange obtained at the banks, and even more from the exchange obtained privately.

The question of the State employes also is a very difficult one for Hungary, for besides a large surplus over pre-war State employes, there also are all the officials from Transylvania and other ceded territories, for whose care the Government is responsible.

Domestic Troubles Increasing.

There is little doubt that this thick bureaucratic crust will prove difficult for the Commissioner General appointed by the League to break through. For the Government, with all its domestic political strife, it is an almost impossible task to undertake single-handed.

Meantime, business is not improving. No less than 141 shops were obliged to close during December in Budapest alone, as they were unable to lay in stocks owing to the uncertain conditions and the many taxes imposed. Store prices are mostly made at the back of the shop, according to the aspect of the customer buying. It is becoming ever clearer that some control from the outside is needed to help clear up the general, financial and administrative difficulties which the Government, up to the present, has failed to solve.

The proposed loan is still in a very uncertain stage, depending on so many outside factors and on the final approval of the Reparation Commission, which has not yet endorsed the present scheme. One thing is certain, and that is that the final conditions of the loan will depend on the Little Entente, which, through France, can control the Reparation Commission. In any event, the loan cannot be used until May or June, so that Hungary must first raise an internal loan in order to keep things going until then.

Apponyi Sees Great Difficulties.

Count Apponyi, chief delegate to the Peace Conference, who recently returned from America, said to THE NEW YORK TIMES correspondent that the question of the Hungarian loan was so difficult that he had not yet made up his mind whether to vote for or against it. Every Hungarian, regardless of party, must wish for full success, he said, but he could not hide the fact that some clauses of the two protocols now published have caused considerable disappointment in many sections. Many people consider the sum offered hardly sufficient to prevent financial collapse, and that it certainly will afford no surplus for purposes of economic reconstruction, while, on the other hand, the conditions put upon Hungary seem harder even than those which Austria was obliged to accept for a loan more than twice as big as the one in prospect.

"What would be strongly objected to under the circumstances," Count Apponyi said, "would be any sort of interference by foreign factors with the economic policy of Hungary. Conditions must naturally be accepted, but Hungary must keep absolute independence as to the evolution of her economic life and as to the faculty of deciding what branches of industry are to be protected.

"What we cannot accept is the tendency to push us back into the state of a merely agricultural country after progress already has been achieved in several branches of industry. Such a retrogression to a more primitive state of economic life would involve cultural retrogression also, and we consider our cultural mission as one of our chief assets.

"We cannot agree that foreign experts shall dictate whether we shall be allowed to develop by means of temporary protection some branches of industry, such as textiles, because this is likely to be inspired by the interests of neighbor States, who want a free market for their goods."

Fears for European Peace.

Count Apponyi spoke of the alliance between France and Czechoslovakia, saying that, although it had no direct bearing on Hungary, it might affect the general situation of Europe. He said he saw in this alliance an attempt to prevent real or imaginary dangers, corroborating the statements he had made before United States audiences, namely, that the state of Europe resulting from the peace treaties offered less guaranty for permanent peace and safety than even the pre-war situation.

"It is all an artificial, unnatural, tumble-down situation, and can only subsist by actual or potential violence, as indeed is expressed in the one-sided militarism of some of the victor States," he said.

Count Apponyi spoke of his trip to America with great enthusiasm, saying that everywhere he met with the most cordial kindness and nowhere was made to feel that he belonged to an enemy State.