

The link between criminal law and private law during the First World War: the price gouging

During the First World War a financial crisis and the economic recession occurred in Hungary, mainly in the agriculture therefore the amount of public needs permanently decreased. As a consequence the state intervened to the economic life in order to protect the national economic management and its main institutions, for example the price development. The first result of this intervention was the Act Nine of 1916 which regulated the the misdemeanour of price gouging.

After analysing the relevant Hungarian legal literature (e. g. works of Pál Angyal, Gyula Isaák) and the parliamentary debates from the Hungarian Parliamentary Collection, I draw the conclusion that the price gouging act was intended to stop the increase in the prices of convenience goods. The main form of price gouging was the stock hoarding, which meant that the perpetrator accumulated unreasonably large quantities of convenience goods so as to sold them in more expensive prices, taking advantage of the shortage of certain goods. In order to understand the statutory elements of misdemeanour of price gouging, I had to study commercial law works, because the Act codified such legal definitions which were used only in the field of commercial and civil law before the act entered into force. It can be reasonably said that the act criminalised certain contracts and forms of brokerage, this point of view is confirmed by one of the most outstanding legal scholar of the inter-war period, Elemér Balás P. In my presentation I am going to demonstrate the stock hoarding via practical examples from the case law of Royal Regional Court of Budapest.

In summary the penalization of price gouging was not only the sign of the increased state intervention in the economy, but the first root of the modern economic crimes in Hungary.