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**LEAGUE OF NATIONS**

**SETTLEMENT OF BULGARIAN REFUGEES.**

**Sixteenth Report of the Commissioner of the League of Nations in Bulgaria.**

*Period from May 15th to August 15th, 1930.*

**A. Settlement of Bulgarian Refugees.**

**I. 1926 REFUGEE SETTLEMENT 7% LOAN.**

Appendix I to the present report shows the position of the 1926 Refugee Settlement 7% Loan at July 31st, 1930, including the accrued interest on the deposits in London and New York. The amount still available in foreign monies on deposit in London is £391,246.

**II. YIELD OF REVENUES ASSIGNED AS SECURITY FOR THE LOAN.**

The amounts paid into the account for revenues assigned as security for the 1926 7% Loan in May, June and July 1930 are shown below in leva:

Chapter of the Budget	Receipts			Monthly average of budget estimates
	May	June	July	
<i>Chapter 15</i> (Excise duty on alcohol, etc.) . . . . .	5,599,121	7,587,733	6,461,841	5,416,666
<i>Chapter 16</i> (Excise duty on salt, etc.) . . . . .	26,121,231	31,575,979	26,372,493	27,500,000
<i>Chapter 21</i> (Sale of matches) . . . . .	9,090,000	8,676,000	9,873,000	9,583,333
<b>Total . . . . .</b>	<b>40,810,352</b>	<b>47,839,712</b>	<b>42,707,334</b>	<b>42,499,999</b>

For the quarter under review, these receipts slightly exceed the budget estimates for the current year; this is noteworthy, as we shall see further on that the general receipts of the Treasury have considerably decreased since the beginning of the current financial year (April 1st, 1930) as compared with the budget estimates, and also with the corresponding period last year. The assigned revenues, which mainly consist of excise duties on foodstuffs, such as sugar, salt and rice, undergo seasonal fluctuations which recur regularly every year, but are less influenced by such general economic factors as those which caused the present fall in the total receipts of the Treasury.

During the quarter closed at the end of last July, the assigned revenues amounted to 131,357,398 leva as against 137,241,300 leva during the corresponding quarter last year.

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<p align="center"><b>Series of League of Nations Publications</b></p> <p align="center"><b>II. ECONOMIC AND FINANCIAL</b></p> <p align="center"><b>1930. II. 35.</b></p>
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Payments by refugees as interest and for the repayment of expenditure incurred in settling them were (in leva) as follows during the quarter under review:

	May	June	July	Previous payments	Total payments up to the end of July 1930
Interest . . . . .	83,058	68,078	39,431	1,059,116	1,249,683
Amortisation . . . . .	360,473	304,770	184,534	9,778,446	10,628,223
Total . . . . .	443,531	372,848	223,965	10,837,562	11,877,906

While appreciating the full significance—from the point of view of the success and “productiveness” of the work of refugee settlement—of the increasing payments made by the refugees for the repayment of their debts, we should be cautious in our conclusions. As we have explained before, most of the items prior to those of the present quarter represent repayments made before they were due, and for this reason therefore, in spite of the small number of them, point to a satisfactory state of affairs. However, the exemption enjoyed during the first two years after settlement has now lapsed and the first contracts, concluded about May 1927, and relating particularly to deliveries of seeds have now become enforceable. Now we see from the above table that, for each month of the quarter, the amounts paid into the account have decreased, the debts falling due during the quarter have not all been settled. When, however, it is realised how impoverished are the peasants in Bulgaria, and still more our refugees, since the indifferent harvests of the last few years and the fall in the yield of the soil, this should cause little astonishment. Generally speaking, debts falling due during the agricultural season are not collected until the beginning of the autumn, when the peasant is in possession of his crop: this applies in particular to the Agricultural Bank, which administers the contracts concluded with the refugees. This year's harvest has on the whole been very good. Towards the end of the year, when we are in a position to compare the sums owed in 1930 and the sums paid, we shall have more to go upon in forming our conclusions.

### III. EXECUTION OF THE SETTLEMENT PLAN.

In a few days from now, it will be just four years since the Bulgarian Government received the first funds from the Loan for the settlement of refugees on its territory. After a year of preparation and the adoption of legislative and other measures—about the middle of the summer of 1927—the executive organs had been set up and the general work was begun. At first, public opinion was sometimes very critical of the methods adopted, being naturally impatient for as rapid a solution as possible of a problem which had burdened the country for so long and was every day becoming more and more of a danger. With the Loan subscribed and its yield made available, people seemed to expect to see thousands of new dwellings spring up as if by magic and abundant crops yielded by previously uncultivated land. No one realised the difficulties to be surmounted, although the failure of previous experiments in land settlement—not, indeed, with adequate financial resources—might have served as an indication. The General Directorate for the Settlement of Refugees, which the Government was wise enough to set up as an autonomous body and to entrust to a first-class administrator with wide powers, proceeded with its programme and soon proved its use. The principal thing was to make the settlements as stable as possible. It was desired at all costs to prevent the rights of a refugee who had been installed on his piece of land or in his house ever being contested by anyone. Now, in Bulgaria, there have always been disputes in connection with land between the Government, the communes and certain other public bodies and private individuals: the survey of the country is incomplete and also the land registers. The first thing to be done, therefore, before anything else could be accomplished, was to survey the land used for the settlement of refugees. There were numerous incidents in connection with this work, which our surveyors had at times to perform under police protection, in view of the hostility of sometimes a whole village. As for the building of the houses, the best illustration we can give of the difficulties to be overcome is that the houses built or in course of construction are scattered over more than 630 localities, sometimes only one house in any particular locality. In certain parts of the country where communications are particularly bad, the material has to be transported in carts drawn by buffaloes, or on the backs of animals, over long distances.

Now, at the end of the fourth year, we can take stock of the position and congratulate ourselves on what has been accomplished. The settlement of refugees, which aroused such controversies and threatened to become a dangerous political question, is well on its way towards completion. The traveller in Bulgaria can see nearly everywhere, both in the plains and in the mountainous districts, the little white houses built by the General Directorate. At first they look like new toys but they soon become part of their surroundings. The refugees themselves add the yard enclosure and gradually acquired all the conveniences of a small farm. The produce of the harvest is stored in the barns and the new life begins.

The work of settlement has in certain respects gone beyond what was at first anticipated. These houses which are built of durable materials and are hygienic and comfortable have, simple

as they are, served as models which have not infrequently been adopted by the local peasants. The same applies to certain other aspects of the work, such as deep ploughing. The dyke at Karaboas, which is a remarkable piece of work, has aroused considerable interest as an example of work carefully prepared and methodically executed under the system peculiar to Bulgaria known as "compulsory labour". In the field of hygiene, where there still remains so much to be done, our doctors, whose special task it is to combat malaria, have made their influence felt in many directions: cleanliness of the houses and wells and the healthy upbringing of children, all of which is as much in the general interest as in that of the refugees themselves. The following chapters will, as usual, show the results achieved at August 15th, 1930, in the various sections of the programme of settlement.

(a) *Various Supplies.*

These supplies are delivered by degrees, as and when the refugee settles on his plot of land. A great deal of progress has been made with this part of our programme. The following table summarises the position with regard to the allotment of various supplies since the beginning and their value as at August 15th, 1930:

<i>Seed:</i>	Leva
10,170,577 kilogrammes at a value of . . . . .	65,189,112
 <i>Live-stock:</i>	
Horses and mules: 5,943 " " "	53,352,887
Oxen and cows: 12,183 " " "	71,763,110
Buffaloes: 2,520 " " "	15,445,551
 <i>Implements:</i>	
Ploughs: 7,698 " " "	10,363,413
Harrows: 2,533 " " "	1,658,578
Handcarts: 8,951 " " "	43,662,858
 <i>Fishing Tackle:</i>	
Nets: 27 } Boats: 64 } Motor-boats: 3 }	6,160,610
Total . . .	267,596,119

(b) *Houses.*

	Houses		Sheds		Byres	
	Finished	Contracted for	Finished	Contracted for	Finished	Contracted for
Built by private enterprise . . .	3,642	3,587	2,755	2,338	3,172	2,576
Built on a monopoly basis by the General Directorate for the Settlement of Refugees. . . .	599	371	490	328	548	360
Built by the refugees themselves .	224	324	138	224	188	257
Total . . . .	4,465	4,282	3,383	2,890	3,908	3,193
Figures at the end of the previous quarter. . . . .	3,878	3,779	2,954	2,656	3,351	2,936

Up to the present, the number of applications for houses received is . . . . .	9,769
Number of houses ready . . . . .	4,465
Number of houses now being built . . . . .	4,282
	8,747
Number of houses still to be built . . . . .	1,022

Most of the houses of this last batch are to form part of the new villages to be constructed on the drained land of the plain of Karaboas, along the Danube. The progress made with the

construction of the dyke has been so rapid that it has already been possible to place a contract for 250 houses in this district. These houses are intended for refugees coming from the frontier zones, where there is no adequate provision for them at present and little possibility of improvement. We expect to be able to carry out the first of these transfers by the beginning of the autumn. The reports of the fertility of the drained land, which is composed of rich alluvial soil, spread rapidly throughout the country, and it is of some interest to note that the General Directorate is at present receiving more applications for transfers than it is able to grant, in respect of the area at present available.

The position with regard to the work in hand is, perhaps for the first time, definitely favourable. In previous years, the buildings constructed by private enterprise were very numerous, consisting chiefly of co-operative premises, and public institutions also carried out a considerable programme of work. After 1928, the work of repairing the ruins caused by the earthquake swallowed up a good deal of the available funds. The completion of this work and the consequences of the economic crisis, which have considerably reduced the expenditure of private persons and public bodies, have this year made available an abundance of labour and materials. Furthermore, our contractors have acquired more experience, and applications for the extension of the time-limits allowed are now less frequent, and there are fewer unexecuted contracts to be dealt with.

(c) *Land.*

The position at August 15th, 1930, is shown in the following table:

Department	Land surveyed (decares)	Land allotted (decares)	Number of families	Average area allotted (decares)
Burgas . . . . .	549,393	486,586	11,767	41.35
Varna . . . . .	68,625	61,098	1,555	39.29
Vidin . . . . .	8,929	8,929	282	31.66
Petritch . . . . .	120,663	111,023	4,962	22.37
Vratcha . . . . .	22,621	21,872	639	34.17
Plovdiv . . . . .	24,505	23,971	1,290	18.58
Plevna . . . . .	18,761	17,201	517	33.27
Rustchuk . . . . .	49,108	32,449	860	37.73
Stara Zagora . . . . .	14,051	12,886	395	32.62
Tirnovο . . . . .	17,111	17,012	455	37.39
Haskovo . . . . .	156,876	131,729	3,012	43.73
Schumen . . . . .	41,364	39,360	1,136	34.65
Mastanla . . . . .	82,356	52,579	1,472	35.72
Total . . . . .	1,174,363	1,016,695	28,342	35.87
Figures at May 15th, 1930 . . .	1,171,320	1,012,996	28,260	35.84

Owing to the absence of some of its members, the Land Valuation Committee has made little progress during the quarter under review. In the meantime, the General Directorate has continued to draw up plans of each plot to be attached to the deeds of ownership handed to the refugees; these plans now number 28,000.

The survey work still to be accomplished is mainly in connection with the part of the drained land in the plain of Karaboas which is to be used for the settlement of refugees under the arrangements concluded with the Government. This area is about 80,000 decares, and the surveyors are at present engaged on the work.

The following amounts had been spent on the land at August 15th, 1930:

	Expenditure in Leva
Clearing work: 46,225 decares . . . . .	34,895,847
Ploughing: 57,410 decares . . . . .	12,889,174

(d) *Means of Communication.*

The work on the Rakovsky-Mastanla Railway and on the 25 to 30 kilometres of roads, which forms part of the programme for the settlement of refugees, is proceeding satisfactorily. The work on the railway, which was so greatly delayed in 1929 and 1930 as a result of various causes beyond human control but also—and principally—by the incessant disputes with the contractors, has now been placed in the hands of the Railway Administration, in pursuance of our decision not to exceed the sum of 300,000,000 leva from the 1926 Refugee Settlement 7% Loan provided for in the programme for the construction of this line. This sum has now been used up to within 15,000,000 or so, and we shall henceforth only be responsible for the execution of those contracts concluded by the General Directorate which are still in course of execution and for sums

not exceeding the said maximum. At August 15th, 1930, the position with regard to this line was as follows:

	Kilometres
Total length . . . . .	100
Length of line laid down . . . . .	53
Length open for traffic . . . . .	50

The most important pieces of engineering work:

- A tunnel of 1,120 metres.
- A tunnel of 310 metres.
- A 180-metre bridge over the River Arda.
- A 100-metre bridge over the River Suntletika.

The line is open to traffic up to the big tunnel; about 65 per cent of the work on this tunnel is now completed.

(e) *Draining.*

1. *The Dyke at Karaboas.*

The work is proceeding very satisfactorily. More than 4,000 men are regularly employed, and 70 to 75 per cent of the work has been completed—a remarkable achievement. The harvests yielded by the reclaimed land have been magnificent, and it is not surprising that this settlement zone is much coveted by our refugees.

2. *The Stralja Marsh.*

The negotiations mentioned in our previous report have been brought to a satisfactory conclusion. The draining of this marsh has been entrusted to the Directorate of Compulsory Labour, which is carrying out the work at Karaboas. Five hundred men are at present at work upon it. In view of the excellent results obtained at Karaboas, there can be no doubt that the Directorate will carry out this new work extremely efficiently. The contract concluded with the Directorate provides for the completion of the work by December 31st, 1930.

The marshy soil to be drained covers an area of about 19,900 decares, and the constructional work consists of canals 39 kilometres in length. Several villages situated round this marsh include some hundreds of refugees' families who will directly benefit, owing to the enhanced value of their land, from the work in course of execution. The village of Atholovo, for instance, which was constructed in 1925-26 for 100 refugees' families by a British charitable organisation is situated there.

3. *The Messemvria and Mandra Marshes.*

One is to the north and the other to the south of Burgas, which is on the coast. The work is progressing, although less satisfactorily than the previously mentioned undertakings.

(f) *Health.*

1. *Anti-malaria Campaign.*

The anti-malaria services in the Department of Burgas have been transferred to the Public Health Department, subject to the conditions mentioned in our previous reports.

The numerous colonies set up in the malarial districts of the Department of Burgas can only develop and prosper if they are effectively protected against malaria, as they have been up to the present, thanks to the organisation established under Professor Swellengrebel's plan. This organisation included a fairly numerous medical staff, and was backed by ample resources. For financial reasons, the anti-malaria services of the Public Health Department have a smaller staff and less resources at their disposal. Indeed, we have been concerned to know whether it will be possible for them, if not to make improvements, at least to consolidate the work already done. We have, therefore, once more appealed to Professor Swellengrebel for his valuable assistance. During his two weeks' stay, Professor Swellengrebel has visited the anti-malaria services of the Department of Burgas, and those in the District of Sveti-Vratch (Department of Petritch) for the maintenance of which we are responsible until April 1st, 1931, when it will be taken over by the Public Health Department.

We are not yet in possession of Professor Swellengrebel's report, but we have reason to believe that its findings will be favourable. The professor is of opinion that the steps taken by the Public Health Department are, on the whole, satisfactory and such as to promise well for the efficient prosecution of the anti-malaria campaign.

2. *Extension of the Health Services.*

The programme for an extension of the health services in the Department of Burgas worked out by Professor Jessner and approved by the Health Organisation of the League has been put into application.

This programme chiefly consists in the following up and treating of patients by doctors attached to the health service of the Department, who have followed a special course under Professor Jessner. Besides supplying sanitary material and medicaments, we have also had to arrange for the construction and equipment of the necessary premises: three out-patient clinics (two at Burgas and one at Vassiliko).

Professor Jessner, whose visit to Bulgaria is now drawing to a close, desired to supervise the inauguration of his plan, and proposes to return later when the service is working normally so as to be able to judge of the results.

We would remind you that this extension of our health services was undertaken in accordance with a request for collaboration received from the Bulgarian Government by the Health Organisation of the League of Nations and approved by the Council.

### B. 7 ½ % Stabilisation Loan of 1928.

The position of the 7 ½ % 1928 Loan at July 31st, 1930, is shown in Appendix II of this report. The available amount on deposit at London and Paris in foreign exchange is about £521,000.

#### I. YIELD FROM THE ASSIGNED REVENUES.

During May, June and July 1930, the sums received by way of revenues assigned as security for the loan were (in leva) as follows:

May	June	July	Monthly average of budget estimates
55,976,911	54,735,346	66,860,208	108,333,333

The total receipts for the quarter amounted to 177,572,465 leva, or about the same as the preceding quarter (177,649,830 leva). The service of the Loan for the three months absorbed 72,531,362 leva, or about 40 per cent of the available sum.

The receipts for the corresponding quarter of last year amounted to 438,366,887 leva. The appreciable divergence between the present yield and that for the preceding financial year is due to the considerable reduction in imports, as shown by the figures for the trade balance which will be found below under "Statistics".

There was, however, a slight improvement in July, although the volume of imports was constant as compared with previous months. This is a consequence of the revalorisation of the Customs duties undertaken by the Minister of Finances on June 4th, 1930. Before that date, Customs duties, expressed in terms of gold, were calculated in leva at a rate varying, according to the category, from 15 to 20 leva = 1 gold leva. The new coefficient of conversion in force is 27, which roughly corresponds to par, except for certain articles (foodstuffs or raw materials), in the case of which the previous coefficient has been retained.

#### II. EMPLOYMENT OF THE LOAN.

##### I. £1,250,000 Sterling Block for Means of Communication (Article VI of the Protocol).

###### (a) Railways.

The programme of capital outlay was carried out without any special difficulty in accordance with the Regnoul plan. On the date of the present report, most of the block allotted to the railways is earmarked. The following was the position at August 15th, 1930:

	Leva
Value of the block allotted to the railways and harbours . . . . .	672,300,000
Expenditure already authorised . . . . .	660,000,000
Contracts concluded . . . . .	515,254,000
Value of work undertaken on a monopoly basis . . . . .	56,285,764
Sums actually expended at August 15th . . . . .	357,787,049

The execution of the whole of this programme was, it will be remembered, made conditional upon the adoption of reforms by the Railway Administration with a view to securing for it a certain measure of autonomy. These reforms were sanctioned by a Law passed about a year ago, the text of which is appended to our Reports Nos. 12 and 14.

One of the most important stipulations of this Law provided for the appointment of the Director-General for a fixed number of years. This appointment has just been made for a period of five years. It was the intention of the Financial Committee of the League of Nations, which originally made the suggestion, thus to secure for the Management of the railways continuity in technical direction, which is particularly needed during the period of reorganisation inaugurated by the new Law, which is only a first stage on the way towards more far-reaching reforms.

There are other important reforms which are being carried through slowly. The opening balance-sheet, which should have been drafted on April 1st, 1929—that is to say at the beginning of the last budget year—is not yet ready, the system of accountancy has therefore not yet been entirely transformed in accordance with the provisions of Articles 47 to 52 of the Law. The Management hopes to be able to publish this very important document in the near future.

(b) *Roads.*<sup>1</sup>

The following figures summarise the position at July 31st with regard to the employment of the total credit of 176,266,179 leva.

	Expenditure approved	Commitments on contracts (In leva)	Sums actually expended
(a) <i>By contracts:</i>			
Roads . . . . .	66,160,000	52,074,300	18,159,193
Bridges . . . . .	62,300,000	46,269,500	9,137,954
(b) <i>By the Directorate of "Compulsory Labour":</i>			
Roads . . . . .	35,540,000	30,209,000	10,000,000 <sup>2</sup>
(c) <i>Purchase of material.</i>			
Motor tanks . . . . .	1,000,000	450,000	—
For purposes of comparison see the corresponding figures at April 30th, 1930 . . . . .	165,000,000	129,002,800	37,297,147
	149,100,000	119,209,300	21,310,758

In view of the very moderate progress made, as shown by this comparison, we would refer to the comments on the same question contained in the fourteenth report, page 7, and the fifteenth report page 7. We are not in a position to appreciate the considerations which have guided the Administration of Bridges and Highways, but we are convinced that, as far as the execution of the present programme is concerned, the attitude of this Administration has in fact caused considerable loss to the Government. We have done all in our power to hasten the procedure for placing the contracts and have answered by concrete suggestions the objections raised: lack of technical staff, material and means of transport. Although the competent authorities have been good enough to approve these suggestions, they have, for reasons which we cannot explain, failed to act upon them.

The season for building work will be over in two or three months, and the work done between now and then will be but a part of the programme the completion of which will thus be delayed until the autumn of 1931, whereas it would have been highly desirable, in view of the dilapidation of the railways and of the fact that the part of the loan allotted to roads is only a fraction of what is needed, to put this sum to immediate use in order to lay it out to the best advantage.

2. *£500,000 Sterling Block for Reconstruction of the Devastated Areas (Article VII A of the Protocol).*

With very few exceptions, the work of repairing the ruins caused by the earthquake, to be carried out with funds derived from this block of the Loan, will be completed this year. The following was the position at July 31st, 1930:

	Expenditure approved	Commitments on contracts (In leva)	Sums actually expended
Public buildings . . . . .	280,544,100	241,259,114	190,187,566
Roads and bridges . . . . .	49,247,000	42,733,220	23,457,610
Railways . . . . .	7,375,000	6,342,850	5,933,072
Water conduits . . . . .	10,421,000	9,694,262	5,247,909
Regulation of rivers . . . . .	12,700,000	12,345,000	8,956,432
Overhead and various expenditure	9,000,000	—	4,551,696
Total . . . . .	369,287,100 <sup>3</sup>	312,374,446	238,334,285

III. BUDGET.

In our fifteenth report, we published the budget results for the year 1929-30 as at the end of the financial year—*i.e.* March 31st, 1930. The regulations in force allow of commitments being contracted on account of the financial year ended on that date, during the following three months. The following are the results of the preceding budget year, closed at the end of this additional period of three months—*i.e.*, June 30th, 1930:

<sup>1</sup> Erratum, fifteenth report, page 7, "*(b) Roads*", fifth line: for £10,000,000, read 10,000,000 leva.

<sup>2</sup> Advance on account for the work to be carried out.

<sup>3</sup> The proceeds in leva of the block earmarked for the reconstruction of the devastated areas amounts to 336,000,000 leva. The expenditure authorised seems to exceed this sum but, owing to the economies realised when the contracts were given, the commitments are still within the £500,000 limit.

Results for the year 1929-30 at June 30th, 1930.

(Ordinary and supplementary expenditure.)

(In thousands of leva.)

EXPENDITURE				
Chapters of expenditure	Estimates for 1929-30	Results 1929-30		Difference between columns 3 and 4
1	2	3	4	5
Under ordinary and supplementary budgets . . . . .	7,545,189	6,735,807	5,948,965	+ 786,842
Budget for railways and harbours . . . . .	1,280,771	1,150,174	693,842	+ 456,332
"Funds": Railways and harbours . . . . .	241,798	173,173	188,954	— 15,781
Other . . . . .	—	—	275,598	— 275,598
	9,067,758	8,059,154	7,107,359	+ 951,795

RECEIPTS				
Chapters of receipts	Estimates for 1929-30	Results 1929-30	Results 1928-29	Difference between columns 3 and 4
1	2	3	4	5
Under ordinary and supplementary budgets . . . . .	6,740,150	6,416,820	6,224,604	+ 192,216
Budget for railways and harbours . . . . .	1,193,300	1,258,026	1,225,262	+ 32,764
"Funds": Railways and harbours . . . . .	243,946	284,040	276,502	+ 7,538
Other . . . . .	—	282,000	—	+ 282,000
	8,177,396	8,240,886	7,726,368	+ 514,518

In accordance with the Protocol, the "special funds" budget is, as from 1929-30, no longer to be separate from the ordinary budget—except in the case of the railways—but incorporated with it.

According to the following table, the book surplus for the year 1929-30 was as follows:

	Leva
Receipts . . . . .	8,240,886,000
Expenditure . . . . .	8,059,154,000
Surplus . . . . .	181,732,000

Taking into account the fact that part of the receipts for this financial year was used to cover expenditure incurred on account of previous years (142,765,000 leva) the actual Treasury position for 1929-30 was as follows:

	Leva
Book surplus for 1929-30 . . . . .	181,732,000
Deducted: expenditure on account of previous years covered out of receipts of 1929-30 budget . . . . .	142,765,000
	38,967,000

This last amount is also arrived at by the following calculation of the Treasury position at June 30th, 1930.

Treasury Position at June 30th, 1930.

Assets	(In thousands of leva.)		Liabilities	
Surplus for 1928-1929 . . . . .	156,830		Expenditure under ordinary and supplementary budgets . . . . .	6,735,807
Receipts of the ordinary budget . . . . .	6,416,820		Expenditure under the budget for the railways and harbours . . . . .	1,150,174
Receipts of the budget for the railways and harbours . . . . .	1,258,026		Expenditure under the "special funds" budget . . . . .	173,173
Receipts of the "special funds" budget . . . . .	284,040		Expenditure on account of previous years covered by receipts of 1929-30 . . . . .	142,765
Sums paid by the Greek Government under the Molloff-Caphandais Convention . . . . .	282,000			
	8,397,716			8,201,919



Or a surplus at June 30th, 1930, in the account of the Treasury with the National	Leva
Bank of 8,397,716,000 minus 8,201,919,000 . . . . .	195,797,000
If we deduct from this amount the sum of . . . . .	156,830,000

representing the surplus for 1928-29, we obtain the actual surplus for 1929-30 . . . 38,967,000

The budget thus balanced, though only thanks to a saving of nearly one milliard on the estimates—although the allocations on 1929-30 exceeded, by an almost exactly equal sum, those of the preceding financial year—and thanks to a surplus of receipts, as compared both with the estimates and the results of the preceding year. All the chapters of receipts show increases, except direct taxes, which show a decrease of 154,183,000 leva as compared with the financial year 1928-29; this exception is the result of the decision of the Government to postpone the collection of the land tax until 1930, in view of the bad harvest of 1929.

Owing to the reorganisation and the reforms already carried through, which are based both on the Protocol and the conclusions of various discussions of the Financial Committee at Geneva, we may say that the administration of the finances of Bulgaria is now established on a sound basis, ensuring both order and clarity. Thanks to the centralisation of Treasury operations and the rigorous supervision of all expenditure by the Ministry of Finance, the competent bodies are now in a position closely to follow these operations from day to day. These results are worthy of mention, as they serve to show the success which has accompanied the efforts of the Bulgarian Government to re-establish the finances of the country on a sound footing and cannot but help to strengthen the credit of the country. Nevertheless there remains a great deal to be done. Apart from tax reforms, which appear to be necessary but will require much time and very careful preparation, there are certain measures of immediate importance which might be taken with advantage. One of these is the reform of the public services, necessary in order to secure greater efficiency in these services and less precarious living conditions for Government officials. The Protocol contains undertakings relating to this question, which has just been made the subject of a detailed study containing some interesting conclusions which it is to be hoped will be put into execution without delay. As regards the machinery of the budget itself, there are certain defects which might well be rectified, such as the overlapping of two financial years by three months, which is much too long; the meeting of expenditure incurred on account of previous financial years from current receipts, and the methods of accountancy employed, especially those of the audit office. A large number of these reforms is provided for in a bill with which Parliament was unable to deal at its last session owing to press of legislative work, but which should be voted before the beginning of the next financial year.

As regards the budget year 1930-31, the Ministry of Finance has communicated the following information relating to the first three months, which shows the grave economic depression from which the country is suffering.

	Results of the first three months of the year 1929-30	Results of the first three months of the year 1930-31	3/12ths of the estimates of the year 1930-31	Difference between columns 3 and 4
I	2	3	4	5
		(In thousands of leva.)		
Direct taxes . . . . .	145,871	143,165	235,500	— 92,335
Indirect taxes . . . . .	806,391	509,277	682,750	— 173,473
Duties . . . . .	216,009	174,182	189,750	— 15,568
Fines and confiscations . . . . .	22,666	17,839	22,250	— 4,411
Revenue from Railways and harbours	—	—	31,462	— 31,462
Posts, telegraphs, telephones . . . . .	102,554	94,229	76,500	+ 17,729
Revenue from State domain and capital . . . . .	107,118	127,356	132,500	— 5,144
Contributions of the communes towards teachers' salaries . . . . .	81,540	104,834	121,250	— 16,416
Miscellaneous revenue . . . . .	69,499	85,756	201,508	— 115,752
Revenue from closed budgets . . . . .	92,084	63,708	56,500	+ 7,208
Total . . . . .	1,643,732	1,320,346	1,749,970	— 429,624
Special budget for the railways and harbours . . . . .	287,577	274,301	465,548	— 191,247
Grand total . . . . .	1,931,309	1,594,647	2,215,518	— 620,871

The budget was voted late and was not applied until a month and a-half after the beginning of the financial year. In the meantime, expenditure was liquidated against receipts. Consequently, the Ministry of Finance is not yet in a position to furnish detailed information with regard to expenditure.

We may however say that, after the middle of June, even with the most rigorous economy, receipts were not sufficient to cover expenditure in spite of the Treasury balance of 195,797,000 leva from the year 1929-30. The Government was obliged to issue 327 millions of Treasury

bonds through the National Bank, subscribed on account of certain extra-budgetary funds. This operation was the first case of application of the law relating to the administration of public funds, the text of which is to be found in Appendix III<sup>1</sup> of the present report. One of these bonds was rediscounted at the National Bank and appears in its balance-sheet since July 7th.

#### IV. NATIONAL BANK.

Appendix VI to the present report shows the position of the National Bank at the end of each of the last three months.

During this period, the deficit of the balance of accounts for 1929 was considerably reduced and, especially during the last few weeks, the National Bank received nearly every day credits in foreign exchange, exclusive of the amounts released from the two loans. It was consequently able without difficulty to keep its percentage of cover considerably above the minimum fixed by its Statutes. In this connection, it should be mentioned that the foreign exchange forming part of the cover is that which the Bank holds in the form of credits with foreign banks of issue, in accordance with the provisions of the Statutes—that is to say, currency of a country whose money is legally and actually convertible at sight at a fixed price, in exportable gold or gold exchange. In order to meet its daily requirements, the National Bank also holds elsewhere than in the central banks of issue foreign exchange coming within the terms of this definition, which is consequently not included in the calculation of the cover. The total of these two categories of gold exchange has increased fairly considerably during the last three months. Apart from the fact that the large imports in 1929 must now be practically settled, export trade has yielded fairly satisfactory results, while imports are still very small this year, as will be seen later on. The metal gold reserve is increasing almost regularly by about one million leva each week (about £1,500) by means of purchases within the country; this has been going on for several years. The metal reserve alone at present constitutes more than 30 per cent of the fiduciary issue, plus sight commitments. This is a high percentage and cannot well be increased for long without entailing a heavy loss of interest for the Bank.

Industrial investments, which amounted to 844 millions on July 31st, steadily diminished during the three months under review; they amounted to 1,361 millions at the beginning of the year, while the lowest and highest points for the previous year were 1,303 and 1,718 millions respectively.

This tightening of credit shows that the Bank has managed to make its investments very flexible; in future these investments will exclude various operations which do not come within the normal functions of a bank of issue. Another cause is the stagnation of business; commerce and industry, after the experiences of last year, are showing great caution with regard to their commitments and credit is only granted subject to every kind of safeguard. The private banks are, generally speaking, adopting the same attitude, which has led to a considerable increase in their liquid assets. It is significant that the deposits of other banks with the National Bank increased during the last quarter from 300 millions on May 23rd to 509 millions on July 23rd.

The following table shows the distribution of the investments of the National Bank as at June 30th in each of the last three years, expressed as a percentage of the total investments:

	At June 30th		
	1928	1929	1930
	%	%	%
Commerce . . . . .	27	25	18
Industry . . . . .	35	26	26
Banks . . . . .	31	46	51
Miscellaneous . . . . .	7	3	5

An examination of the bills holding alone, not including advances, shows about 80 per cent for bank rediscounts.

The discount rate of the National Bank is still 10%. The Bank was of opinion that the present signs of improvement and especially the favourable turn taken by the movement of foreign exchange were not yet sufficiently stable to allow of its following the tendency prevailing abroad to reduce rates of interest; incidentally the private interest rates have not appreciably changed in spite of the present abundance of liquid assets in the banks. There is still considerable uncertainty with regard to the conditions of the marketing of the produce of this year's good harvest and the prospect of a consequent general improvement in business. As far as one can venture any statement, it may be said that considerable efforts have been made to place the finances of the country on a sounder basis and that Bulgaria is now in a position to derive full benefit from any resumption of business activity in the autumn. The exportable surplus of the various crops appears considerable—as will be seen later on in the chapter entitled "Statistics"—and likely to compensate in some measure for the fall in the prices of these products. The Agricultural Bank has this year granted credits for financing the harvest on conditions designed to avoid the accumulation of stocks and to favour exports. With this end in view, it has been carrying on active propaganda through its provincial Press organs, and the first results have already been felt.

The Law relating to the administration of the funds of the Savings Bank and various other public funds, which is, as it were, a law in application of Article 60 of the Statutes of the National Bank (see fourteenth report, page 10, last paragraph), came into force on June 5th, 1930. It has

<sup>1</sup> See fourteenth report, page 10, last two paragraphs.

already been applied in two cases: for the subscription of the Treasury bonds issued by the Government in July (see above under "Budget") and for an investment at three months with the Agricultural Bank, designed to enable it to grant seasonal credits at the period of the harvest. The text of this Law is given in Appendix III to the present report.

We also attach to the present report (Appendices IV and V), for information, the two following laws:

Law of March 15th, 1930, relating to changes in the alloy titration in silver coinage;

Law of April 28th, 1930, relating to tax exemptions accorded to credit institutions with a view to facilitating their amalgamation and the constitution of reserves.

V. STATISTICS.

(Supplied by the National Bank.)

A. Foreign Trade.

(In thousands of leva.)

	1927	1928	1929	1929	1930
	For 12 months			For 7 months	
Imports . . . . .	6,173,660	7,192,372	8,162,017	4,873,219	2,518,425
Exports . . . . .	6,684,201	6,379,413	6,097,356	3,500,449	3,304,656
Balance . . . . .	+510,541	-812,959	-2,064,661	-1,372,770	+786,231

Imports for the first seven months of 1930 are considerably below those for the same period of previous years. Although the quantities exported are larger, the value of exports has fallen by 200 million leva as compared with the previous year:

	Quantities exported during the first seven months of	
	1929	1930
Number . . . . .	343,336	815,577
Weight (tons) . . . . .	137,882	217,508

The greatest increase in quantity is shown by maize, millet and beans (total, above 80,000 tons approximately); leaf tobacco (853 tons), eggs (5,032 tons). In spite of an increase in the quantity exported, tobacco shows the greatest fall in value (216,000,000 leva).

The increase in the coefficient of conversion in leva of the Customs tariff fixed in gold, which was decreed by the Minister for Finance on June 4th last, led to protests from certain countries which export to Bulgaria. It remains to be seen how this measure will affect the markets for Bulgarian products. To take only the one case—the trade between Bulgaria and Greece: in 1929, the latter bought Bulgarian goods for 485 million, and exported goods to the value of only 94 million leva. In consequence of the increase in the Bulgarian tariff, Greece denounced the commercial treaty with Bulgaria.

B. Yield of the Harvest.

The following provisional figures are based on data collected during June and July; it is now known that in some cases the actual yield was 10 to 15 per cent below these estimates. Comparison with the yield of last year's harvest, however, reveals a fact worth noting: the exportable surplus of grain this year should be at least double that of the preceding year.

	Area in hectares	Yield (tons)	Yield of the preceding harvest (tons)	1930 as compared with 1929 (+ -)
Wheat . . . . .	11,103,977	1,563,437	901,937	+ 662,500
Rye . . . . .	2,331,879	310,091	195,867	+ 114,224
Meslin . . . . .	1,025,117	124,608	91,873	+ 32,735
Barley . . . . .	2,311,640	359,137	234,427	+ 124,710
Oats . . . . .	1,456,618	155,768	150,139	+ 5,629
Maize . . . . .	7,272,881	1,031,249	916,181	+ 115,068
Rape . . . . .	200,830	26,107	504	+ 25,603
Beans . . . . .	617,950	40,166	59,529	- 19,363
Tobacco . . . . .	283,490	25,000	32,592	- 8,592



C. Wholesale Price Index Number.

(1914 = 100.)

	1928	1929	1930
January . . . . .	3,008	3,211	3,107
February . . . . .	2,999	3,267	2,990
March . . . . .	3,021	3,290	2,732
April . . . . .	3,074	3,318	2,721
May . . . . .	3,134	3,338	2,637
June . . . . .	3,078	3,245	2,514
July . . . . .	2,987	3,200	2,467

D. Total of Protested Bills.

	1928		1929		1930	
	Number	Leva	Number	Leva	Number	Leva
January . . . . .	15,337	111,819,097	13,719	113,192,033	27,159	298,291,560
February . . . . .	14,556	105,712,456	11,239	90,167,775	23,730	266,386,266
March . . . . .	14,643	100,975,598	12,641	99,433,785	29,648	296,295,032
April . . . . .	13,793	91,814,860	14,861	106,500,813	32,509	298,499,075
May . . . . .	15,768	104,133,666	19,061	140,342,206	32,375	286,994,789
June . . . . .	13,369	93,751,200	15,331	125,199,218	20,563	181,745,418
	87,466	608,206,887	86,852	674,835,830	165,984	1,628,212,140

Appendix I.

STATEMENT OF THE SPECIAL ACCOUNT OF THE 7%  
REFUGEE SETTLEMENT LOAN OF 1926, AS AT JULY 31ST, 1930.

	Sterling Block		Dollar Block	Yield in leva
	£	s. d.	\$	
(a) <i>Nominal Amount:</i>				
£2,400,000				
\$4,500,000				
(b) <i>Net Amount.</i> . . . . .	2,112,000	0 0	3,915,000.—	
(c) <i>Deduct:</i>				
Redemption of 1912 to 1913 Treasury Bonds	625,889	11 6		
Half-year's reserve . . . . .	90,000	0 0 <sup>1</sup>	168,750.— <sup>1</sup>	
Miscellaneous expenses:				
Stamps, printing of bonds, etc. . . . .	49,474	4 1	.	
		765,363 15 7		
		£1,346,636 4 5	\$3,746,250.—	
(d) <i>Add:</i>				
Interest . . . . .	114,168	9 8	318,480.10	
		£1,460,804 14 1	\$4,064,730.10	
(e) <i>Subtract:</i>				
Amounts released . . . . .	1,069,558	4 1	4,064,730.10	

<sup>1</sup> The equivalent of the half-year's reserve was refunded by the Bulgarian Government out of the proceeds of the Stabilisation Loan in execution of paragraph 2 of Article VI of the Protocol of March 10th, 1928 (Item 6 of Annex III to that Protocol).

(f) Amounts released, in leva . . . . .		1,266,310,121 <sup>1</sup>
Placed at disposal of:		
(1) The Directorate for the Settlement of Refugees . . . . .	1,168,824,302	
(2) The Government (for the reconstruction of devastated areas) . . . . .	45,000,000	
	Leva. 1,213,824,302	1,213,824,302
(g) Equivalent of the half-year's reserve in leva . . . . .		52,485,819 83,851,875
Surplus available . . . . .	£391,246 10 0 (Deposited in London)	— Leva 136,337,694 (Deposited with the National Bank of Bulgaria)

**Appendix II.**

STATEMENT OF THE 7½% STABILISATION LOAN OF 1928 AS AT JULY 31ST, 1930.

	Sterling Block		Dollar Block	French Franc Block
	£	s.	\$	
Nominal Amount . . . . .	1,800,000	0	13,000,000	130,000,000
Net Amount . . . . .	1,656,000	0	11,960,000	121,550,000

*Deduct:*

Stamp duties and other expenses.	39,286	7	0	49,250	5,200,000
Total . . . . .	£1,616,713	13	0	\$11,910,750	Fr. 116,350,000
Equivalent in leva . . . . .				3,365,831,570	
Add . . . . .				5,000,000 <sup>2</sup>	
				Total . . . . .	
Utilised up to July 31st. . . . .				3,370,831,570	
				2,868,982,630	
Surplus available on that date . . . . .				501,848,940 <sup>3</sup>	

**Appendix III.**

LAW REGARDING THE INVESTMENT AND EMPLOYMENT OF PUBLIC FUNDS, FUNDS OF THE SAVINGS BANK AND OF STATE UNDERTAKINGS (SANCTIONED BY THE UKASE OF MAY 18TH, 1930, AND PUBLISHED IN THE "OFFICIAL JOURNAL", NO. 50, OF JUNE 5TH, 1930).

*Article 1.* — In accordance with Article 60 of the Law on the National Bank of Bulgaria, all public and State funds, Post Office Savings Bank funds and funds of State undertakings must be deposited at the National Bank of Bulgaria.

*Article 2.* — With a view to ensuring the better employment of sums belonging to all public and State funds at present in existence or to be constituted in future, to the Savings Bank and

<sup>1</sup> Not including a sum of £24,144 os. 1d., which was used direct to pay in sterling for material supplied for the Rakovsky-Mastanla Railway.

<sup>2</sup> The equivalent of interest collected by the Bulgarian Government on sums deposited abroad and paid into the loan account to make up the sum earmarked for road improvement (see twelfth report, page 9, "(b) Roads").

<sup>3</sup> This figure represents:

(1) The unexpended balance of the block of £1,250,000 earmarked for improvement of means of communication, namely:

65,594,013 leva at the National Bank of Bulgaria;  
6,311,483.30 francs at the Bank of France;  
£470,213 13s. od. at the Bank of England.

(2) The unexpended balance of the block of £500,000 earmarked for the reconstruction of areas devastated by the earthquake, namely:

86,000,000 leva at the National Bank of Bulgaria.

to public undertakings, at present deposited with the National Bank of Bulgaria, the Agricultural Bank of Bulgaria, the Central Co-operative Bank or elsewhere, as well as of sums which may in future be deposited or released, a special committee shall be set up, called "The Committee for Administration of Public Funds", composed of the Governor or one of the Deputy Governors of the National Bank of Bulgaria as President and one representative of the following institutions: the Ministry of Finance, the Agricultural Bank, the Central Co-operative Bank, the Public Debt Office, the Post Office Savings Bank and the particular fund for the purpose of which the Committee is convened.

This Committee shall meet at the Public Debt Office periodically as required—but, in any case, once a month—to decide upon the allocation of the sums available for investment and the method of their employment. The investments recommended must be consistent with the financial policy of the National Bank of Bulgaria and any investment which, in the opinion of the National Bank's representative on the Committee, would be incompatible with such policy must be rejected.

*Article 3.* — The Committee referred to in the preceding article shall examine how the sums belonging to the various funds, the Savings Bank and State undertakings which are not at present administered by the National Bank, are invested and decide on the steps to be taken in accordance with the provisions of the present law.

*Article 4.* — By decision of the Committee taken on the basis of information previously obtained on the actual commitments as well as the future requirements of the funds in question or of the Savings Bank, the sums available, immediately or in the future, may be employed as follows:

(a) For purchasing bonds of, or guaranteed by, the State, and Bulgarian or foreign currency.

(b) For deposit, at or without notice, with the Agricultural Bank of Bulgaria or the Central Co-operative Bank for investment as previously approved by the Committee.

Any difference of opinion arising on this subject within the Committee shall be referred for decision to the Minister of Finance.

(c) For deposit, at or without notice, with the Savings Bank.

(d) The National Bank may purchase for account of the funds, and up to 40 per cent of their amount, commercial bills similar to those which under its Statutes, it is authorised to purchase for its own account.

In case of need the Bank may discount the above bills provided that this transaction, at the time when it is effected, is not compatible with its credit policy.

(e) Short-term loans on the Savings Bank, up to a maximum of 20 per cent of the latter's capital, may be granted to the Directorate-General of Railways and Ports for its requirements.

*Article 5.* — The provisions of all other laws inconsistent with the present law are abrogated.

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#### Appendix IV.

LAW AMENDING ARTICLE 3 OF THE LAW REGARDING THE STABILISATION OF THE LEVA AND CURRENCY CIRCULATION IN BULGARIA (SANCTIONED BY UKASE DATED FEBRUARY 26TH, 1930, AND PUBLISHED IN THE "OFFICIAL JOURNAL", No. 281, OF MARCH 15TH, 1930).

*Sole Article.* — In Article 3, paragraph 1, of the Law on the Stabilisation of the Leva and Currency Circulation in the Kingdom of Bulgaria, published in *Official Journal* No. 200, of December 3rd, 1928, the figure "680" should read "500" and at the end of Article 3, paragraph 3, after the word "alloy", should be added the following words: "calculated in both cases on the basis of 100 grammes for each kind of coin."

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#### Appendix V.

LAW CONCERNING THE FISCAL EXEMPTIONS GRANTED TO JOINT-STOCK OR LIMITED PARTNERSHIP BANKS AND TO CO-OPERATIVE CREDIT ASSOCIATIONS (SANCTIONED BY UKASE DATED APRIL 17TH, 1930, AND PUBLISHED IN THE "OFFICIAL JOURNAL", No. 20, OF APRIL 28TH, 1930).

*Article 1.* — Joint-stock and limited partnership banks and co-operative credit societies shall be exempt from the payment of surtaxes and supplementary charges on:

(a) Deductions from net profits placed to reserve funds, to whatever amount, up to 100 per cent of the capital;

(b) Staff pension funds and other reserve funds, with the exception of funds earmarked for guaranteeing regular dividends;

(c) Secret reserves, if any, as shown by valorisation of the balance sheet;

(d) Premiums charged on share issues for the increase of capital and paid into the reserve fund with the object of equating such issues with the real value of the existing shares and stock.

*Article 2.* — Any instrument, deed (notarial deeds and shares included) drawn up or issued on the amalgamation of joint-stock or limited partnership companies and co-operative societies with limited liability legally constituted and properly registered, shall be exempt from all taxation (including the tax on capital referred to in Article 94*b* of the Law on the 6/12 of the budget for the second half of the financial year 1919-20 and the 10 per cent surtax for the " Law Courts Fund "), dues, stamp duties, etc., if such amalgamation took place and was registered between April 1st, 1930, and December 31st, 1931.

The above exemption shall apply equally to amendments of statutes and increases of capital made on the amalgamation of the above-mentioned companies and associations.

Taxes, dues, contributions, etc., which have already been paid for amalgamations applied for before April 1st, 1930, shall not be refunded.

Appendix VI.

POSITION OF THE NATIONAL BANK OF BULGARIA.

	As at May 31st, 1930 (in leva)	As at June 30th, 1930 (in leva)	As at July 31st, 1930 (in leva)
<i>Assets.</i>			
1. Gold coin and bullion . . . . .	1,411,405,036	1,418,182,362	1,422,285,598
2. Silver . . . . .	169,962,221	169,962,221	169,962,190
3. Foreign gold exchange . . . . .	348,531,659	348,823,308	320,341,684
4. Other foreign exchange . . . . .	509,157,337	488,572,763	589,684,447
5. Bulgarian small coinage . . . . .	86,946,656	85,769,724	82,692,665
6. Bills of exchange and promissory notes: Commercial Bills . . . . .	635,931,839	557,874,318	514,541,339
Treasury Bills . . . . .	—	—	—
7. Advances: To the Government . . . . .	—	—	—
Other advances . . . . .	346,956,776	345,989,877	330,953,570
8. State debt . . . . .	3,339,302,000	3,279,302,000	3,279,302,000
9. Investments . . . . .	264,918,979	331,855,576	329,402,902
10. Buildings and equipment . . . . .	26,469,665	26,779,485	26,858,725
11. Other assets . . . . .	323,552,621	321,724,085	313,102,394
Total assets . . . . .	7,463,134,793	7,374,835,723	7,379,127,517
<i>Liabilities:</i>			
12. Capital paid up . . . . .	500,000,000	500,000,000	500,000,000
13. Reserve funds . . . . .	1,253,724,591	1,253,466,091	1,253,890,635
14. Notes in circulation . . . . .	3,364,122,882	3,396,249,205	3,435,193,857
15. Other sight liabilities in leva . . . . .	1,705,562,736	1,540,002,542	1,445,799,552
16. Deposits, in leva, at notice . . . . .	288,427,422	287,332,506	284,901,041
17. Foreign exchange liabilities . . . . .	84,432,377	113,127,576	133,227,335
18. Other liabilities . . . . .	266,864,782	284,657,801	326,115,059
Total liabilities . . . . .	7,463,134,793	7,374,835,723	7,379,127,517
<i>Cover:</i>			
(Proportion of gold and silver, plus net amount of foreign gold exchange, to bank- notes in circulation, plus sight liabilities)	36.40%	36.95%	36.45%
Discount rate . . . . .	10%	10%	10%

