

[Translation.]

Geneva, July 7th, 1931.

LEAGUE OF NATIONS

SETTLEMENT OF BULGARIAN REFUGEES

Nineteenth Report

of the Commissioner of the League of Nations in Bulgaria.

Quarter from February 15th, 1931, to May 15th, 1931.

A. Establishment 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 April 30th, 1931, including the credit interest on the deposits in London and New York. The amount still available in foreign moneys on deposit in the Bank of England at April 30th, 1931, was £170,137.

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 February, March and April 1931 are shown below in leva.

Chapter of the budget	Receipts			Monthly budget estimates	
	February	March	April	1930-31	1931-32
<i>Chapter 15</i> (Excise duty on alcohol)	1,522,514	2,043,876	3,192,550	5,416,666	5,000,000
<i>Chapter 16</i> (Excise duty on salt, etc.)	26,434,034	26,443,299	28,914,092	27,500,000	29,166,666
<i>Chapter 21</i> (Sale of matches)	5,782,579	6,597,000	7,308,000	9,583,333	9,583,333
Total	33,739,127	35,084,175	39,414,642	42,499,999	43,749,999

The receipts during the period amount to 108,237,944 leva, as against 100,966,698 leva, and 105,574,963 leva for the corresponding periods in 1930 and 1929. The yield of the assigned revenues is, therefore, on the whole comparable with that of the previous periods and is less affected than the general Treasury receipts by the present depression. During the last three months, the service of the loan absorbed 41,062,962 leva—*i.e.*, only about 38 per cent of the sum available.

The results for the fiscal year 1930-31, as compared with the estimates for the current year, are given in the table below.

Chapter of the budget	Receipts	Estimates	Difference
	1930-31	1931-32	
<i>Chapter 15</i> (Excise duty on alcohol) . . .	46,498,473	60,000,000	—13,501,527
<i>Chapter 16</i> (Excise duty on salt)	341,545,898	350,000,000	— 8,454,112
<i>Chapter 21</i> (Sale of matches)	102,792,454	115,000,000	—12,207,546
Total	490,836,625	525,000,000	—34,163,175

In the year 1929-30, receipts amounted to 515,009,911 leva.

As was stated in the last report, there is every reason for thinking that the results for the year 1931-32 will confirm the Finance Ministry's estimates. The receipts under Chapters 15 and 16 include the excise duties on certain imported products, which duties were increased on June 4th, 1930, simultaneously with, and on the same terms as, the Customs duties.¹ This measure will take full effect during the present year and will certainly bring about an appreciable improvement in receipts.

The 1931-32 Finance Law contains certain clauses affecting the receipts under Chapter 15. Under Article 47, the Finance Minister is entitled, on the decision of the Council of Ministers, to require by Decree that importers of motor fuel shall mix absolute alcohol of Bulgarian manufacture with motor spirit, in a ratio of 25 to 30 per cent, and with heavy oil (gazoil) in a ratio of 3 to 5 per cent, the absolute alcohol used for this purpose being subject to an excise duty equal to that on motor spirit or gazoil, respectively.

The Finance Minister has recently requested the distilleries to instal plant for the manufacture of absolute alcohol, and is intending to bring Article 47 of the Finance Law into force in the autumn. No very important results may be expected from this measure as regards the assigned revenues, although the Finance Ministry estimates that the total annual output of the distilleries should rise from about a million litres to over four millions. The excise duty on pure alcohol, normally 45 leva per litre, will be reduced in the case of the 2,500,000 litres mixed with motor spirit to 1 lev, this being the duty on motor spirit; alcohol for mixing with gazoil will not be taxed, as there is no excise on the latter. In the long run, the enforcement of Article 47 will bring an addition of not more than 2,500,000 leva to the receipts under Chapter 15.

Payments by refugees for the repayment of expenditure incurred in settling them were (in leva) as follows during the quarter under review.

	February	March	April	Previous payments	Total payments up to April 30th, 1931
Interest	73,019	118,721	67,931	1,542,529	1,802,200
Amortisation	303,500	381,951	190,962	11,642,078	12,518,491
Total	376,519	500,672	258,893	13,184,607	14,320,691

Although the payments for the last three months show an appreciable improvement as compared with the previous quarter—1,136,084 leva against 859,059 leva—they are still, owing to the consequences of the agricultural depression, below the amount of the duties due.

III. EXECUTION OF THE SETTLEMENT PLAN.

During the first three months of the year, the General Directorate for the Settlement of Refugees made a searching enquiry into the position in the various settlement centres. Taking this enquiry as a basis, the Directorate has drawn up the programme of what has still to be done to finish the work. It was found that certain work which had not been contemplated at the outset, when the general settlement plan was framed, was indispensable to the success of the new settlements. Again, certain estimates of expenditure in the original plan have been exceeded, partly owing to the constant rise in the cost of material and labour between 1927 and 1930 and partly because circumstances necessitated the extension of certain work. The final programme recently drawn up by the General Directorate will involve a total expenditure amounting to 68 millions more than the sums available from the yield of the loan as at April 30th, 1931. At this

¹ On June 4th, 1929, the Finance Minister passed a Decree raising the rate of conversion for the Customs duties to the gold basis. Previously, the Customs duties expressed in gold had been calculated in leva at the rate of 15 to 20 leva to 1 gold lev. The new coefficient for conversion is 27, which is approximately equivalent to par, except in the case of certain articles (products of prime necessity), for which the coefficient remains as before.

date, the amount in question represented, in leva (exclusive of interest accruing later on the still unexpended balance of the loan), 1,630 millions in round figures. From this amount, a sum of 45 millions was withdrawn in 1928 in the following circumstances. To help the Bulgarian Government in the reconstruction of the districts devastated by the earthquakes in April 1928, the Commissioner, with the Financial Committee's assent, placed at the Bulgarian Government's disposal the amount of the interest accruing as at March 31st, 1928, from the unexpended balance of the loan on deposit abroad—viz., 45 million leva—on condition, however, that this sum was to be refunded, if required for the execution of the settlement plan.

Thus, taking account of this sum of 45 millions, the proceeds of the loan amounted, on May 15th last, to 1,585 million leva, 1,409 millions of which had already been expended. The amount available was thus 176 millions, whereas the programme of work still to be done represented an outlay of 244 millions. In order to finish its task, therefore, the Directorate must have an additional grant of 68 millions, 45 millions of which really represent a reimbursement in execution of an undertaking given by the Bulgarian Government.

By Decree of April 18th, 1931, the Council of Ministers agreed, in principle, to the 68 millions required being paid into the loan account. Owing to Treasury difficulties, however, the negotiations between the Finance Minister and the General Directorate, regarding the application of the ministerial decree, had not been successful by the date of the report, though it is to be hoped, that a satisfactory solution will be found in the near future.

Attached is a table showing the expenditure effected as at May 15th, 1931, and that remaining to be effected at that date (Appendix II).

The General Directorate has taken all necessary steps with a view to the completion this year of the Bulgarian Refugee Settlement Plan and, unless anything unforeseen occurs, the whole amount of the loan will be expended before 1932. There was reason to fear that, owing to the spring rains, it would—like last year—be impossible to commence the work in time. Fortunately, however, the weather conditions throughout the territory were, on the whole, favourable. The building yards were opened at the beginning of April, and by May 15th a good deal had already been accomplished.

To judge by the following figures, however, the position seems to be much the same as during the last quarter. The data contained in the quarterly reports on the position with regard to the work of settlement are taken from the books of the General Directorate, and fairly long periods elapse between the time when the work is accepted by the supervisory agents of the General Directorate and the date when all the work of verification has been done and the corresponding expenditure has been finally entered. In fact, the progress made is much greater than would appear from a perusal of the following information.

(a) *Various Supplies.*

The following is a summary of the supplies allotted since the beginning of the work and entered as at April 30th, 1931:

	Leva
Seed: 11,931,421 kilogrammes	73,935,797
Live-stock: 21,820 head	155,732,708
Implements: 8,551 ploughs	63,431,817
2,809 harrows	
10,319 carts	
Fishing tackle	6,702,655
Copper sulphate	77,119
Total	299,880,096

The supplies allotted and entered as at January 31st amounted in all to 283,473,528 leva.

(b) *Houses.*

The following figures show the position as at April 30th, 1931:

	Houses		Barns		Stables	
	Finished	Contracted for	Finished	Contracted for	Finished	Contracted for
Built by private enterprise . .	6,031	2,342	4,145	1,881	5,278	1,676
Built on a monopoly basis by the General Directorate for the Settlement of Refugees . . .	1,006	228	837	224	832	53
Built by the refugees themselves.	479	172	325	115	399	139
Total	7,516	2,742	5,307	2,220	6,509	1,868
Figures as at January 31st, 1931	7,258	2,410	5,170	1,763	6,334	1,409

The construction of 2,742 houses represents the most important part of the programme of work to be done this year. Happily, the contracts recently concluded have been carried out under favourable circumstances. The activity in the building industry is very much less this year on account both of the depression and of the completion of the work of reconstructing the areas devastated by the earthquakes of 1928. Consequently, the prices of material and labour, which had steadily increased from 1927 until last year, have now fallen considerably. Moreover, as the tenders solicited have been far more numerous than in the past, the prices obtained are particularly advantageous. Thus, the average price of a complete house has fallen from 67,500 leva (£100 sterling) in 1930 to 54,000 leva (£80 sterling) this year. Finally, thanks to the number of offers, the General Directorate has been able to make use of the experience it has gained and to treat with contractors whose reputation offers every guarantee as to the efficient execution of the work and the observance of the dates fixed for its termination.

(c) *Distribution of Land.*

The position at April 30th with regard both to the distribution and the preparation of the land has, according to the books of the General Directorate, remained unchanged since January 31st, 1931.

It should be remembered that, at that date, 1,032,270 decares had been distributed to 28,787 families, and that land work (clearing and ploughing) had involved an expenditure of 52,246,749 leva.

(d) *Supply of Drinking-Water.*

The execution of this part of the settlement plan is proceeding normally. The pipes needed for bringing the water to the villages in the neighbourhood of Bourgas are now ready and the work of laying them is proceeding.

(e) *Draining of Marshes.*

Lower Karaboas Plain. — The work of laying the pipes is being proceeded with and will be finished in the near future; four bridges and supervisors' houses are being built. The work of strengthening the 7½ kilometres portion of the dyke built by the Bulgarian Government before the expert enquiry carried out by the engineer, M. Fornani, the execution of which was entrusted to the Directorate of Compulsory Labour, will be completed by the end of June (see seventeenth report, page 5).

The Stralsja Marsh. — The first concern having been liquidated, the work is being carried on very satisfactorily by the Directorate of Compulsory Labour, and will be finished during the course of the summer.

The Messemvria Marsh. — The work had progressed slowly until the autumn, but the results achieved since the beginning of the season are satisfactory and, unless floods interrupt the work, the draining of the Messemvria marsh will be finished by the autumn, within the period laid down (end of October 1931).

The Mandra Marsh. — The first contractor has, owing to lack of funds and with the consent of the General Directorate, transferred his contract to a new contractor. The work has proceeded actively since the building yards were opened. If circumstances continue to be favourable, it may be possible to finish the work before the winter.

(f) *Means of Communication.*

The work is proceeding normally, and the roads will be finished shortly. As regards the Rakowsky-Mastanla line, the construction of which is being borne by the budget of the railways (see seventeenth report, page 5), the line will in all probability be completely laid this autumn.

B. 7 ½ % Stabilisation Loan of 1928.

I. POSITION OF THE LOAN.

The position of the 7½ % 1928 Loan at April 30th, 1931, is shown in Appendix III to this report. The foreign exchange available on that date amounted to £ 245,173.

II. YIELD OF THE ASSIGNED REVENUES.

The sums received by way of revenues assigned for the service of the 7 ½ % 1928 Loan (Customs revenues) came, during February, March and April, 1931, to the following amounts (in leva):

February	Monthly budget estimates		February-March	April
	1930-31 March	April		
62,303,559	84,437,655	81,067,316	108,333,333	82,500,000

The receipts for the three months amount to 227,808,530 leva. There was little change as compared with the preceding quarter, when they amounted to 224,090,661. The service of the loan for the three months absorbed approximately 74 million leva, or about one-third of the available funds.

A comparison of the Customs revenues for the year 1930-31 with the estimates for the present year gives the following results:

Chapter of the budget	Receipts for the year 1930-31	Budget estimates for the year 1931-32	Difference
<i>Chapter 11.</i> — Import duties	780,289,166	900,000,000	—119,710,834
<i>Chapter 12.</i> — Export duties	9,172,101	10,000,000	— 827,899
<i>Chapter 13.</i> — Warehousing and statistical dues, etc.	63,495,890	65,000,000	— 1,504,110
Total.	852,957,157	975,000,000	—122,042,843

The estimated Customs revenues for the present year are thus greater than for the preceding year. It is expected that the yield of Customs revenues will benefit during the coming months from the gradual increase in imports due to the exhaustion of the 1929 stocks, which continued to be disposed of during 1930. The increase in Customs duties in June 1930 will also involve an appreciable improvement in the receipts of Chapter 11 (see above: Yield of the Revenues assigned as Security for the 7% 1926 Loan).

III. EMPLOYMENT OF THE LOAN.

I. £1,250,000 Sterling Block for Means of Communication.

(Article VII of the Protocol.)

(a) Railways and Harbours.

The following figures sum up the position at April 30th, 1931, of the expenditure for the application of the Regnoul programme, to be met from the credit of 672,300,000 leva attached to railways and harbours:

		Figures at January 31st, 1931 (In leva)
Expenditure already authorised	670,000,000	667,000,000
Contracts concluded	535,759,342	530,000,000
Value of work undertaken on a monopoly basis	103,000,000	100,000,000
Sums actually expended	539,476,727	479,042,400

The Regnoul programme is not difficult of execution and will be applied this year with the exception of certain work which cannot, for technical reasons, be completed until 1932.

(b) Roads.

The following figures summarise the position at April 30th, 1931, with regard to the expenditure for the improvement of the road system in execution of the Regnoul programme, to be met from the credit of 176,966,179 leva earmarked for the purpose.

		Figures at January 31st, 1931 (In leva)
Expenditure already authorised	189,639,300	174,610,000
Contracts concluded	128,723,358	114,500,000
Work undertaken by the Directorate of Compulsory Labour	30,770,000	30,770,000
Sums actually expended	93,398,593	82,639,162

The expenditure already authorised, which has been calculated on the basis of the estimates in the conditions of contract, seems to exceed the credit of 176,966,179 leva; but, owing to the economies effected when the contracts were awarded, the expenditure does not, in fact, exceed the credit.

The Ministry of Public Works is endeavouring to speed up the work which, as we have shown in previous reports, has suffered from delays which have affected its efficient execution. It is to be hoped that all arrangements will be made for completing the work of repairing the roads this year.

(c) *Application of the Regnoul Programme.*

The following table shows the position at April 30th, 1931, as regards the application of the Regnoul programme:

	Estimates	Expenditure incurred
	(In leva)	
<i>(a) Railways and harbours:</i>		
1. Upkeep of railways and engineering works, reconditioning of rolling-stock	239,233,000	203,135,180
2. Improvements, enlargements, purchases of rolling-stock, supplies, etc.	329,255,000	241,693,154
3. Construction of new lines	72,312,000	72,283,521
Total for railways.	640,800,000	517,111,855
4. Essential supplies, enlargements and improvements for harbours	31,500,000	22,364,872
Total for railways and harbours	672,300,000	539,476,727
<i>(b) Roads and bridges:</i>		
1. Road construction	55,000,000	24,278,505
2. Road repairs	49,966,179	31,354,791
3. Construction and repair of bridges	72,000,000	36,695,297
4. Material (expenditure not included in the Regnoul programme)	—	1,070,000
Total for roads	176,966,179	93,398,593
General total	842,266,179	632,875,320

The sums actually expended as at January 31st, 1931, amounted to 561,688,562 leva in all. The credit allotted to roads was, according to the Regnoul programme, fixed at 172,700,000 leva. In order to meet requirements, this credit was increased to 176,966,179 leva by transferring the available balance from the block of £1,100,000 (reimbursement of budget arrears). This supplementary credit has been allocated to road repairs.

2. *£500,000 Sterling Block for the Reconstruction of Devastated Areas.*

(Article VII A of the Protocol.)

The following table summarises the position as regards expenditure at April 30th, 1931:

(In leva)

	Expenditure already authorised	Expenditure incurred in respect of contracts concluded	Sums actually expended
Government buildings	282,249,100	250,360,616	256,903,694
Roads and bridges	50,207,000	43,578,020	45,629,875
Railways	7,375,000	6,342,850	6,065,842
Water supply	10,421,000	9,694,262	6,385,036
Correction of river beds	12,700,000	12,345,000	12,660,088
Overhead expenses and unforeseen expenditure	9,000,000	6,000,000	6,000,000
Total	371,952,100	328,320,748	333,644,535

The expenditure authorised exceeds the value in leva of the £500,000 sterling block (336 millions) for the reason given above in connection with the expenditure on roads. As for the sums actually expended, these exceed the commitments in certain cases, owing to the execution of additional work not contemplated when the conditions of contract were fixed.

The work of reconstructing the devastated areas is almost finished. The 2,335,468 leva still available will shortly be expended on the completion of certain work which still remains to be done.

IV. BUDGET.

In accordance with the legislation in force, the financial year 1930-31 was closed on March 31st, 1931, and a supplementary period of three months was allowed for the collection of the receipts for the year and the settlement of commitments prior to March 31st, 1931. The financial year 1931-32 commenced on April 1st, 1931, with a budget voted in good time, the particulars of which

are given in our eighteenth report. Below are shown the figures supplied by the Ministry of Finance for the execution of the two budgets, from the respective dates of their commencement until April 30th, 1931.

RECEIPTS.
1930-31.
(In leva)

	Receipts from April 1st, 1930, to April 30th, 1931	Comparison with the corresponding thirteen months of the previous financial year	Comparison with budget estimates	%
Direct taxes	576,890,162	— 15,964,570	— 365,109,838	— 39
Indirect taxes	2,175,734,044	— 631,682,716	— 555,265,956	— 25
Duties	655,966,320	— 147,264,492	— 103,033,680	— 13
Fines and confiscations	69,302,698	— 16,644,210	— 19,697,302	— 22
Posts, telegraphs and telephones	283,567,329	— 10,431,271	— 22,432,671	— 8
State domain and capital	388,316,909	+ 26,282,938	— 141,683,091	— 27
Contributions of the communes towards teachers' salaries	435,710,293	— 79,493,294	— 49,289,707	— 10
Miscellaneous revenue	488,587,638	+ 24,154,772	— 317,442,362	— 39
Revenue from closed financial years	365,318,991	— 50,625,331	+ 139,318,991	+ 61
Revenue from railways and harbours	5,439,394,384	— 901,668,174	— 1,434,635,616	— 22
	1,160,266,207	— 97,759,666	— 331,906,343	— 22
Total	6,599,660,591	— 999,427,840	— 1,766,541,959	

1931-32.
(In leva)

	Receipts from April 1st to 30th, 1931	Comparison with the corresponding month of the financial year	Comparison with budget estimates (1/12th of the estimates for the financial year)	%
Direct taxes	11,433,569	— 4,949,327	— 63,066,431	— 85
Indirect taxes	183,675,063	+ 18,488,463	— 21,324,931	— 10
Duties	50,767,305	— 6,826,495	— 11,316,028	— 18
Fines and confiscations	4,444,805	— 1,675,217	— 2,638,528	— 37
Posts, telegraphs and telephones	50,466,257	+ 3,519,122	+ 25,216,257	+ 100
State domain and capital	33,967,894	+ 3,224,425	— 10,198,772	— 23
Contributions of the communes towards teachers' salaries	30,000,000	—	— 4,333,333	— 12
Miscellaneous revenue	15,947,125	+ 1,486,964	— 34,552,875	— 68
Revenue from closed financial years	13,735,201	— 1,665,832	— 6,264,799	— 31
Revenue from railways and harbours	394,437,219	+ 11,602,103	— 128,479,440	— 24
	102,195,701	+ 11,588,623	— 27,806,049	— 21
Total	496,632,920	+ 23,190,726	— 156,285,489	

Thus, compared with the budget estimates for the financial year 1930-31, which amounted to 8,366 millions, there has, up to the present, been a total deficit of about 1.8 milliard leva, and the results obtained are less by one milliard than those for the corresponding period of the financial year 1929-30.

The chapters most seriously affected are those on Direct Taxes—the land tax was only recovered to the extent of 26 per cent and the tax on buildings to 45 per cent—and Indirect Taxes (due to reduced consumption). The railway receipts are 22 per cent below the estimates.

During the same period, there was no fall in expenditure; indeed, there seems to have been an increase as compared with the preceding year. Up to the final closing of the budget year, it had not been possible to apportion the payments not yet entered for 1930-31 and 1931-32 respectively. The following table shows the general position with regard to expenditure for the two financial years up to April 30th, 1931.

EXPENDITURE.

1930-31 and 1931-32.

	1930-31	(In leva) 1931-32	Total
Ordinary budget and ordinary budget for railways and harbours	6,133,950,651	3,727,381	
Extraordinary budgets for the previous financial years	8,667,066		
Supplementary credits voted during the war	142,043,785		
Miscellaneous payments under provisional receipts	36,651,985	5,362,851	
Public debt, current account, loans and repairs service	1,037,425,414	315,821,593	
	<hr/>	<hr/>	
Payments not yet entered	7,358,738,901	324,911,825	7,683,650,726 91,014,450
			<hr/>
Total			7,774,665,176
The total receipts			7,096,293,511
set off against expenditure			7,774,665,176
			<hr/>
show a budget deficit of			678,371,665
which was covered as follows:			
By issue of Treasury Bonds to a net total of		596,500,000	
By calls on profits and seigniorage		128,000,000	
		<hr/>	724,500,000
			<hr/>
producing a surplus of			46,128,335
which corresponds exactly to the credit balance of the Public Treasury account at the National Bank at April 30th, 1931, but against which must be set off supplementary liabilities of			262,704,000
			<hr/>
total amount of the orders in respect of the financial year not yet settled, producing an actual deficit of			216,575,665
To which add the gross total of Treasury Bonds			600,000,000
and that of the calls upon profits from seigniorage			128,000,000
			<hr/>
leaving a total deficit to the amount of			944,575,665

The Treasury position at April 30th 1931, was thus as follows:

<i>Assets:</i>		<i>Liabilities:</i>	
(In thousands of leva)			
Total receipts	7,096,293	Total expenditure	7,774,665
Net proceeds of Treasury Bonds issued	596,500	Credit balance of the Treasury account at the National Bank	46,128
Calls on profits from seigniorage	128,000		
	<hr/>		<hr/>
	7,820,793		7,820,793

The actual position is thus as follows:

(In thousands of leva)			
Credit balance of the Treasury account	46,128	Orders held over	262,704
Present actual deficit	944,576	Treasury Bond debt	600,000
	<hr/>	Seigniorage debt	128,000
	990,704		<hr/>
			990,704

In order to obtain more accurate provisional results for the financial year 1930-31 properly speaking, the year might be debited with 61 millions in respect of payments not yet entered for the two financial years. We thus obtain the following result in thousands of leva:

	(In leva)
Receipts	6,600,000
Expenditure	7,420,000
Difference	<hr/> 820,000
Orders for payment held over for the financial year	254,500
Deficit	<hr/> 1,074,500

Certain receipts collected at the end of the financial year will slightly modify this figure, but can scarcely be less than 900 millions.

Thus, the financial year now being closed will have exhausted the whole of the Treasury funds. The issues of Treasury bonds have reached the legal maximum. The profits derived from the striking of copper-nickel coins allotted in virtue of the Protocol to the amortisation of the State debt to the National Bank have, by special permission, been made available for the Government up to June 30th, 1932, and the same will apply to the profits expected from the striking of silver divisional coins. Finally, the surplus receipts for the first month of the financial year 1931-32 has also helped to finance the expenditure for the financial year which has just expired.

A comparison between the results of the first thirteen months of the financial years 1929-30 and 1930-31 gives the following approximate figures:

	(In thousands of leva)	
	1929-30	1930-31
Receipts	7,599,096	6,599,660
Expenditure	7,416,000	7,420,000
Orders for payment held over at April 30th . .	160,000	254,500
Total expenditure settled or to be settled . . .	7,576,000	7,674,500

As a matter of fact, many items of expenditure incurred in the financial year 1929-30 had not been paid at April 30th, 1930, owing to lack of available assets, as the budget for the following year had not been voted in time. It is therefore to be expected that the payments at the end of the financial year will be less in June 1931 than they were in June 1930, and that the expenditure for 1930-31 will be equal to, or slightly less than, that for 1929-30, though there will be no appreciable falling off.

The Directorate for the purchase and export of cereals set up in virtue of the Law of December 26th, 1930, began to function at the beginning of February 1931. Our previous report summarised the provisions of this Law under Annex V, specifying, in particular, the conditions of purchase and sale, as also the methods of the payment in tax bonds of arrears of taxes.

A subsequent Law promulgated on April 27th, 1931, extended these methods of payment to the supplementary tax on land sown with tobacco and rice, the tax on spirits and the excise duty on wines. Further, the maximum periods allowed for the collection without penalty of all the taxes in question have been successively extended until June 25th, 1931. The number of persons benefiting from these exemptions and facilities has thus gradually increased.

The results of the work of the Directorate can, of course, only be defined and appreciated when it has been liquidated. Nevertheless, it is of interest to acquire an approximate idea of the present position with regard to this work, by means of a provisional closing of accounts—for instance, on May 31st, 1931.

At that date, purchases amounted to about 130,000 tons of wheat and 94,000 tons of other cereals, against payment of 305 million leva in cash and 436 millions in tax bonds.

The sales amounted to 93,000 tons of wheat (87,000 tons of which were exported) and 90,000 tons of other cereals (all of which was exported) and brought in 427 millions.

Taking into account the overhead expenses, the total purchase price was 384 millions, yielding a profit of 79 millions, to which was added the value of the stock (40,000 tons, including 37,000 tons of wheat)—or, at the rate obtaining at the time, about 98 millions.

This gives a total provisional profit, as at May 31st, of 177 millions, covering 436 millions of bonds—or a cover of 40.5 per cent.

These figures, which are essentially provisional, suffice to show the extent of the exemptions accorded—in principle to farmers, and, in fact, to other categories of tax-payers. It should, however, be borne in mind that, according to the particulars supplied by the Ministry of Finance, the payment of the arrears allowed to be collected in tax bonds amounted in all to 2,740,557,653. The exemptions, as resulting from the provisional closing of accounts on May 31st (259 millions), make less than 10 per cent of this amount.

The 1931-32 budget which has just come into operation thus inherits a large deficit which it seems ill-equipped to reabsorb. The estimated receipts, including those for the railways and harbours, but not including the "Funds" of the latter, amount to nearly 8 milliards, or 1.2 milliard more than the figure expected for the financial year which has just expired. The estimated expenditure, which is likewise in the neighbourhood of 8 milliards for the two budgets, is also 200 millions more than the actual figure for 1930-31. It will therefore be necessary in practice to reduce it, and this is the object of a Decree of the Council of Ministers of May 14th, 1931, which provides for a reduction of at least 25 per cent in the material expenditure of all the ministerial departments, including the Directorate for Railways and Harbours.

It would no doubt be unwise to go farther: the officials and temporary Government employees number less than 79,000, which marks an appreciable reduction as compared with previous years (for instance, 88,000 in 1926 and 82,000 in 1929). The expenditure for the Public Debt, fixed at 2,150 millions for 1931-32 or more than 33 per cent of the budget estimates, can hardly be cut down and will exceed this percentage owing to the reduction in the other items of expenditure. The Departments for War, Education and Agriculture effected in 1930-31 economies which it would be difficult to increase or even to maintain. The balancing of the new budget therefore calls for an effective fiscal policy calculated primarily to ensure the more efficient

collection of direct taxes, the recovery of at least part of the arrears and the realisation of the proposed reform in the matter of the excise duty on alcohol.

The Bulgarian Government has affirmed its intention of commencing its efforts in this direction without delay. We can only welcome this and hope for an improvement in the economic situation, which is the fundamental cause of the difficulties described.

V. NATIONAL BANK.

Appendix IV to the present report shows the position of the National Bank at the end of each of the three months under review. Although the business stagnation was almost as great as ever, there have been certain signs of seasonal economic revival during this period: foreign trade during the first five months of the year was considerably greater than during the corresponding period of 1930 and the commercial balance-sheet shows a distinctly larger surplus. The number of wagons loaded during the first four months was about the same as during the first quarter of last year. The rates for cereals were maintained, especially during April. Up to the present, the prospects for the grain and tobacco crop are excellent as regards production, though less so as regards marketing.

Until these favourable factors have time to work themselves out, the activities of the National Bank can show no appreciable improvement: the net stock of foreign exchange increased, it is true, from 568 millions at January 31st to 663 millions at April 30th; but it did not maintain this level and showed as from May 23rd the falling off characteristic of that period of the year. The Commercial bill holdings remained practically unchanged, at a very low figure. Advances (not including Treasury bonds taken up or discounted, which increased from 157,200,000 to 183,800,000) fell from 225 to 194 million leva. Advances against the pledging of goods are being gradually liquidated and have fallen from 114 to 96 millions. The following table shows the variations which affected the distribution of the bills held and advances from December 31st, 1929, to December 31st, 1930, and April 30th, 1931:

	31.XII.29 %	31.XII.30 %	30.IV.31 %
Banks	55.35	50.13	45.49
Commerce	19.44	19.74	23.34
Industry	21.19	23.68	22.80
Miscellaneous	4.02	6.45	8.37

The examination of the bill holdings, not including advances, shows a bank rediscount percentage of about 75 per cent on April 30th.

The reduction in the discount rate as from January 29th, 1931, decided upon by the National Bank has had the result hoped for: the Post Office Savings Bank, which contains nearly a milliard of deposits made up of small savings, has reduced the interest on its credit accounts from 7.5% to 7%, free of tax, as from April 1st, 1931; the private discount rate, which varied from 11% to 14% before January 29th, was between 10% and 12% in April, and the interest on sight deposits fell from 8-10% to 7-8%. The abundance of liquid assets in the private banks has not been reduced, since the total of their credit accounts with the Bank of Issue further increased from 903 millions on January 31st to 941 millions on April 30th, 1931.

The total order of 250 million leva of copper-nickel divisional coins has been handed over to the National Bank, and the final statement of the transaction was as follows:

	Leva
Nominal amount of the stocks	250,000,000
Cost of minting.	37,573,249
Profit	212,426,751

Of this profit, 84,339,716 was retained for the amortisation of the State Debt to the Bank and the surplus was made provisionally available for the Government.

VI. STATISTICS AND ECONOMIC DATA.

(Supplied by the National Bank.)

A. Foreign Trade for the First Five Months.

	(In tons and thousands of leva)		
	1929	1930	1931
Exports	105,271: 2,634	151,356: 2,576	306,343: 2,762
Imports	153,188: 3,290	122,532: 1,933	103,028: 1,937
Balance	— 656	+ 643	+ 825

The results of the period under review of the current year thus show a considerable improvement as compared with the corresponding five months of 1930, though this has involved a 100 per cent increase in the volume of exports as compared with an increase in value of only 7 per cent.

These figures show the extent of the fall in the rates of agricultural produce. The imports are still less than the preceding year, but showed an appreciable improvement in April and May owing to the stocks of certain raw materials and manufactured articles being exhausted.

B. Wholesale Price-Index Numbers.

	(1914 = 100)			1931
	1929	1930		
March	3,290	2,732	January	2,193
June	3,245	2,514	February	2,132
September	3,111	2,395	March	2,108
December	3,076	2,283	April	2,085

C. Protested Bills.

	1928		1929	
	Number	Leva	Number	Leva
January	15,337	111,819,097	27,159	298,291,560
February	14,556	105,712,466	11,239	90,167,775
March	14,643	100,975,598	12,641	99,433,785
April	13,793	91,814,860	14,861	106,500,813
May	15,768	104,133,666	19,061	140,342,206
June	13,369	93,751,200	15,331	125,199,218
July	17,187	120,740,468	21,920	152,871,240
August	21,594	147,817,253	23,554	158,630,065
September	22,572	143,495,746	29,152	199,743,521
October	21,271	151,537,079	30,299	289,989,065
November	15,158	139,428,506	26,993	305,809,887
December	14,351	120,668,902	28,758	341,535,527
Total	199,599	1,431,894,841	247,528	2,123,415,135

	1930		1931	
	Number	Leva	Number	Leva
January	27,159	298,291,560	17,776	142,594,226
February	23,730	266,386,266	14,808	117,195,528
March	29,648	296,295,032	16,805	158,598,004
April	32,509	298,299,075	17,195	116,091,112
May	32,375	286,994,789	—	—
June	20,549	181,697,662	—	—
July	25,003	206,305,900	—	—
August	30,005	212,352,860	—	—
September	47,301	296,804,926	—	—
October	37,535	252,506,114	—	—
November	25,795	237,729,941	—	—
December	22,576	174,645,492	—	—
Total	354,185	3,008,309,617		



Appendix I.

SETTLEMENT OF THE SPECIAL ACCOUNT OF THE 7% REFUGEE SETTLEMENT LOAN OF 1926
AS AT APRIL 30TH, 1931.

	Sterling block	Dollar block	Yield in leva
(a) <i>Nominal amount:</i>			
£2,400,000			
\$4,500,000			
	£	s.	d.
			\$
(b) <i>Net amount</i>	2,112,000	0	0
		3,915,000.—	
(c) <i>Deduct:</i>			
Redemption of 1912 to	£	s.	d.
1913 Treasury Bonds	625,889	11	6
Half-year's reserve	90,000	0	0
Miscellaneous expenses:			
stamps, printing of			
bonds, etc.	49,474	4	1
	<u>765,363</u>	<u>15</u>	<u>7</u>
	£1,346,636	4	5
		\$3,746,250.—	
(d) <i>Add:</i>			
Interest.	118,059	3	2
	<u>118,059</u>		<u>320,107.50</u>
	£1,464,695	7	7
		\$4,066,357.50	
(e) <i>Subtract</i> ² :			
Amounts released	£1,294,558	4	1
		\$4,066,357.50	
(f) <i>Equivalent in leva of half-year's reserve</i>			83,851,875 ¹
(g) <i>Proceeds in leva of amounts released</i>			1,416,817,620
			<u>1,500,669,495</u>
<i>Placed at the disposal of:</i>			
1. The Directorate for	Leva		
the Settlement of			
Refugees	1,418,824,302		
2. The Government for			
the reconstruction			
of the devastated			
areas	45,000,000		
	<u>1,463,824,302</u>		<u>1,463,824,302</u>
Surplus available	£170,137	3	6
	(Deposited with		— Leva
	the Bank of		36,845,993
	England)		(Deposited with
			the National
			Bank of
			Bulgaria)

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

² Not including a sum of £24,144 os. 1d., which was used direct to pay in sterling for material supplied for the Rakowsky-Mastanla Railway.

Appendix II.

TABLE OF EXPENDITURE FOR THE EXECUTION OF THE SETTLEMENT PLAN.
POSITION AT MAY 15TH, 1931.

	Expenditure estimated according to the final programme drawn up by the General Directorate	Expenditure effected up to May 15th, 1931	Expenditure remaining
	(In leva)		
I. Preparation of land	81,650,330	75,448,545	6,201,785
II. Distribution of seed and live-stock	277,965,667	252,379,099	25,586,568
III. Distribution of agricultural ma- terials	84,472,606	75,688,929	8,783,677
IV. Houses	674,053,314	543,880,075	130,173,239
V. Draining of marshes	119,647,973	66,714,467	52,933,506
VI. Means of communication	314,657,741	312,701,879	1,955,862
VII. Health	18,844,378	17,765,121	1,079,257
VIII. Laying out of villages—supply of drinking-water	28,800,000	22,141,574	6,658,426
IX. Overhead expenses	51,021,947	42,397,544	8,624,403
X. Unforeseen expenditure—Reserve	2,872,406	99,000	2,773,406
	<u>1,653,486,362</u>	<u>1,409,216,233</u>	<u>244,770,129</u>

Credit Balance on May 15th, 1931.

Available assets derived from the yield of the Loan:	Leva
Deposited with the Bank of England £170,137 at 670.50	114,076,859
Deposited with the Bank of Bulgaria	1,845,193
In the account of the General Directorate	60,848,077
	<u>176,770,129</u>
To be received from the Bulgarian Government:	
Reimbursement of an advance for the reconstruction of areas devastated by the earthquakes	45,000,000
Additional grant	23,000,000
	<u>244,770,129</u>

Appendix III.

STATEMENT OF THE 7½% STABILISATION LOAN OF 1928 AS AT APRIL 30TH, 1931.

	Sterling block		Dollar block	French franc block
	£	s. d.	\$	French francs
Nominal amount	1,800,000	0 0	13,000,000	130,000,000
Net amount	1,656,000	0 0	11,960,000	121,550,000
<i>Deduct:</i>				
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			3,365,008,247	
Add			5,000,000 ¹	
			<u>Leva 3,370,008,247</u>	
Amount utilised up to April 30th, 1931			3,200,427,028	
Surplus available on that date			<u>Leva 169,581,219²</u>	

¹ Equivalent to 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).

² This figure represents the unexpended balance of the block of £1,250,000 earmarked for the improvement of means of communication—namely:

4,503,365 leva at the National Bank of Bulgaria;
6,311,483.30 French francs at the Bank of France;
£195,213 13s. 0d. at the Bank of England.

Appendix IV.

POSITION OF THE NATIONAL BANK OF BULGARIA.

(In leva)

	As at February 28th, 1931	As at March 31st, 1931	As at April 30th, 1931
<i>Assets.</i>			
1. Gold coin and bullion	1,462,407,548	1,471,062,421	1,482,659,754
2. Foreign gold exchange	390,006,785	304,155,605	313,372,864
3. Other foreign exchange	297,129,898	343,221,322	421,119,587
4. Bulgarian small coinage	166,725,135	230,460,862	227,525,137
5. Bills of exchange and promissory notes:			
Commercial bills	270,498,719	252,607,046	264,716,208
Treasury Bills	—	—	—
6. Advances:			
To the Government	162,200,000	162,200,000	183,800,000
Other advances	222,323,283	206,776,189	194,475,910
7. State debts	3,064,426,593	3,064,426,593	3,064,426,593
8. Investments	317,197,852	318,440,224	321,772,485
9. Buildings and equipment	22,864,612	22,950,620	23,142,495
10. Other assets	417,077,879	402,465,619	412,498,705
Total assets	6,792,858,304	6,778,766,501	6,909,509,738
<i>Liabilities:</i>			
11. Capital paid up	500,000,000	500,000,000	500,000,000
12. Reserve funds	1,183,395,426	1,183,267,778	1,181,929,716
13. Notes in circulation	3,028,592,575	3,128,804,365	3,211,656,082
14. Other sight liabilities, in leva	1,484,646,669	1,444,890,133	1,489,935,954
15. Deposits, in leva, at notice	267,053,219	265,594,593	264,120,910
16. Foreign exchange liabilities	159,170,765	48,896,259	71,607,400
17. Other liabilities	169,999,650	207,313,372	190,259,675
Total liabilities	6,792,858,304	6,778,766,501	6,909,509,738
<i>Cover:</i>			
(Proportion of gold and silver plus net amount of foreign gold exchange to banknotes in circulation, plus sight liabilities)	37.52 %	37.74 %	36.68 %

