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LEAGUE OF NATIONS

SETTLEMENT OF BULGARIAN REFUGEES.

Twenty-Third Report

of the Commissioner of the League of Nations in Bulgaria.

Quarter from February 15th to May 15th, 1932.

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I. INTRODUCTION.

The quarter covered by the present report was characterised in Bulgaria by a considerable slackening—partly seasonal—of economic life and by an aggravation of budgetary difficulties. On the other hand, substantial alleviations, although not yet accepted by the creditors, were granted in the service of the external public debt, while every effort was made to ease, by friendly agreement, the pressure for the settlement of the commercial and banking debts under which the country is labouring.

The impossibility of obtaining short-term credits and the almost complete absence of revenue from invisible exports make it impossible for the National Bank to procure the foreign exchange required for the service of the external debt except by means of an export surplus. The progressive strangulation of international trade is gradually exhausting this source, which is also affected by the restrictions placed upon transfers in most of the countries where markets still exist.

In the circumstances, the prospects of a solution of the transfer problems and budgetary equilibrium are not hopeful.

As regards the first point, the National Bank, which has recently acquired a Governor whose appointment must be regarded as a particularly happy event, has set on foot a series of palliatives which can only be in the nature of provisional measures pending an improvement of the world economic situation.

As regards the second, the Government has hitherto confined itself to disconnected efforts taking the form rather of an empirical reduction of expenditure than of the methodical application of a scheme of administrative and fiscal reform.

Nevertheless, the Finance Minister seems determined to embark upon this latter course. It is to be hoped that he will be understood and supported. The budget for the financial year 1931-32 will close with a large deficit; the 1932-33 budget, now under discussion, gives as yet no adequate guarantee of equilibrium. What appears to be necessary is an amount of taxation which, in spite of the impoverishment of the taxpayers, should not be beyond their powers. It is to be hoped that this will be provided in time to prevent the aggravation of an already serious situation.

II. STATE BUDGET.

(a) Results to April 30th, 1932, of the Execution of the 1931-32 Budget.

The provisional revenue and expenditure figures for 1931-32 (April 1st, 1931, to March 31st, 1932), supplemented by those for April, the first month of the additional quarter of that year, are now available. These figures relate to the State budget and that of the railways and harbours:

	(Millions of leva.)
Sums actually expended	6,629.8
Orders for payment held over	504.2
	7,134.0
Sums actually received	6,453.3
	680.7

The sums actually expended are less than the corresponding amounts for the preceding year by 959.6 millions. On the other hand, the total of orders for payment held over is 249 millions more than that for the same date in 1931. The volume of expenditure has therefore decreased in all by only 710 millions.

As compared with the estimates of the monthly budgets, this volume shows an excess of 918 millions, which is reduced, taking sums actually expended only, to 414.2 millions. The excess can be assigned almost exclusively to the item Public Debt, only part of the requirements of which have so far been met by monthly authorisations, the remaining expenditure being incurred automatically. A reform has recently been instituted in regard to this practice, but, none the less, the system of monthly budgets appears to act as an insufficient brake when it has not been possible to make the indispensable reductions in the budget as voted or to secure the resources hoped for.

Receipts remain at too low a level: the most marked falling-off is still in direct taxation, the collection of which it is hoped to improve as a result of a law on abatement and liquidation (see Appendix *a*). Miscellaneous receipts, which apparently show a surplus over the estimates and over the results for the previous year, actually include 264 millions from the confiscation of available capital belonging to certain "funds", which therefore constitutes merely extraordinary and non-recurrent receipts.

The railway and harbour receipts have improved slightly as compared with the previous year, but have fallen below the estimates.

In the circumstances, the provisional results of the execution of the 1931-32 budget are as follows:

	(Millions of leva.)
Expenditure	7,134.-
Receipts	6,453.3
	<hr/>
Deficit	680.7

This figure compares favourably with the deficit of 1,075 millions at the corresponding date in the year 1930-31.

(b) *Treasury Situation* (see Appendix *b*).

As regards the Treasury, it should be remembered that the first receipts for 1931-32 contributed, to the extent of 410 millions, to cover the deficit for the preceding year. On the other hand, on April 30th, 1932, the provisional surpluses for 1932-33 had been utilised, to the extent of 169.5 millions, on Treasury account for 1931-32. Finally, the Treasury drew on the balance available from profits on seigniorage—namely, 417 millions.

The Treasury situation on April 30th, 1932, may be summarised as follows:

<i>Credit.</i>	(In millions of leva.)	<i>Debit.</i>	
Receipts for 1931-32	6,453.3	Sums actually expended for 1931-32	6,629.8
Calls on profits from seigniorage . .	417.-	Sums actually expended for 1930-31	410.-
Calls on provisional surpluses for			
1932-33	169.5		
	<hr/>		
	7,039.8		<hr/>
			7,039.8

Taking into account the deficit for 1930-31, amounting to 1,284 millions, the total deficit at April 30th, 1932, amounts to 1,964.7 millions.

(c) *Probable Results at the Close of the Year 1931-32.*

The present deficit of align="right">— 680.7
seems likely to change approximately as follows:

Final receipts	+ 100	
Final expenditure	— 300	
Cancellation of orders for payment issued between public administrations	+ 100	
	<hr/>	— 100.-
		<hr/>
		— 780.7

The final deficit for 1931-32 would thus amount to about 800 million leva.

(d) *Draft Budget for 1932-33.*

Appendix *a* gives the details of these estimates which may be summarised as follows (inclusive of railways and harbours):

	(Millions of leva.)
Revenue	7,393
Expenditure	7,300

A comparison of the details of the new revenue estimates with the results obtained, and henceforth liable to slight variations only, for 1931-32, makes the former appear too optimistic. Only the estimates for postal, telegraph and telephone charges are based on new measures already in force and incorporated in the Finance Act. The revenue from direct taxation, estimated at 800 millions, is calculated on the basis of a Bill which probably cannot be introduced before October or November next. The same applies to the yield from indirect taxation, which is estimated at 1,466 millions as compared with 1,253.8 millions obtained in 1931-32. This estimate is unlikely of fulfilment unless the excise reform now under consideration can be voted as soon as the budget comes into force. But this Bill also cannot be considered until the end of the year. The estimated Customs receipts take into account the increased taxation, already voted, on national industry, but do not appear to reckon sufficiently with the falling-off in the quantity of taxable goods which will inevitably result from the difficulties of transport, and which the National Bank is trying to bring up to 50 per cent of the 1931 imports. There is no justification for the anticipated increase in railway receipts (150 millions), either in the returns for 1931-32 or in the economic outlook.

Expenditure is estimated at a figure (7,300 millions) in the neighbourhood of the total actually expended in 1931-32. There has been no systematic reform to reduce its level. For instance, it might have been supposed that the revision of the pension system was imminent, but it seems likely that it will have to be deferred. It is said that the Finance Minister intends to cut down pensions provisionally by 20 per cent, but no formal decision has so far been taken.

On the whole, this draft budget appears perhaps to show an effort, but we are afraid that it will be sadly belied in the event; revenue, unless indispensable new legislation is passed, is likely to prove very disappointing, and expenditure, as at present provided for, does not seem to allow of any reductions sufficient to restore the balance.

(e) *Directorate for the Purchase and Export of Cereals.*

The Government continues to state its intention to abolish this organisation on June 30th, 1932.

The balance-sheet at April 30th, 1932, of the operations in connection with the 1931 harvest stands provisionally as follows:

	(Millions of leva.)	
Purchases and other outlay	1,888	
Payment for which was made:		
In tax bonds	566	
	<hr/>	
In cash	1,322	
Export bounty on maize	45	
Disbursed in cash	<hr/>	1,367
Sales on foreign markets	702	
Sales on home market	492	
Yield of tax on stocks	25	
Estimated value of stocks as at April 30th, 1932 . .	250	
Receipts	<hr/>	1,469
		<hr/>
Cash profit (covering 18 per cent of the bonds issued)		102

At the date indicated, the total for tax bonds issued by the Directorate since its inception amounted to approximately 1,050 millions. Of this sum, 770 millions had been returned to the Treasury, leaving a balance of about 280 millions, of which the Agricultural Bank provisionally acquired about 105 millions. At the same date, that institution had advanced 121 millions to the Directorate.

III. PUBLIC DEBT.

(a) *Decision taken on April 20th, 1932, by the Bulgarian Government.*

In its report submitted to the Council at the close of its forty-fifth session (document C.328.1932), the Financial Committee made recommendations to the Bulgarian Government for a partial and provisional suspension of the transfers required for its public debt. When the question was examined by the Council, the Bulgarian Government agreed to conform to some extent to these proposals. On April 20th, 1932, pending the necessary agreement with its various creditors, it took a decision the text of which is annexed (Appendix c).

(b) *Application of the Decision.*

This decision, which came into force as from April 1st, 1932, was applied as follows:

1. The 1926 7% Loan and the 1928 7½% Loan. — Fifty per cent of the monthly payments due on April 15th, 1932, for the two loans, was transferred, and the respective balances paid in leva to the new account: "Adviser to the National Bank of Bulgaria: Account of Non-transferred Service of the External Debt of the State and of the External Debt guaranteed by the State", paragraph A, "External Loans of the State: 1926 7% Loan and 1928 7½% Loan".

As regards the 1928 7½% Loan, this default would have immediately affected the payment of the half-yearly coupon falling due on May 15th, 1932. In order to avoid cancelling this coupon,

the Bulgarian Government made, on April 28th, 1932, a supplementary transfer of £1,286 *rs. od.*, \$9,266.66, and 92,675.25 French francs. It stipulated, however, that these payments should be deducted from the transfers provided for on May 15th, 1932, in respect of the sum falling due from that loan on November 15th, 1932.

Subject to the above deduction, 50 per cent of the two monthly payments falling due on May 15th, 1932, was transferred, and the leva balance of the total amount of each monthly payment, exclusive of the sum deducted, was credited to the account "Adviser . . .", paragraph A.

It was not possible to obtain the consent of the respective Trustees for the two loans to these provisions.

2. Secured loans: 1902 5%; 1904 5%; and 1907 4½%. — The negotiations with the holders of these loans for the suspension of 50 per cent of the transfers had not reached any conclusion at the date at which this report closes. The Bulgarian Government nevertheless on its own responsibility applied the 50 per cent reduction to the transfers made since April 1st, 1932, and paid the leva balance into the account "Adviser . . .", paragraph B.

3. Unsecured pre-war external loans of the State. — Fifty per cent of the sums falling due from April 1st, 1932, onwards were met either in full or in instalments under the same conditions as above.

4. Various external loans guaranteed by the State. — Same procedure as above.

No sums have so far been released from the amounts credited to the account "Adviser . . .", the balance of which accordingly amounted on May 16th to 56,682,759 leva.

IV. NATIONAL BANK OF BULGARIA.

(a) *Extract from Statements.*

(Millions of leva.)

Date	Gold	Net stock of foreign exchange	Bill holdings	Advances		State debt	Investments
				to State: Treasury Bonds	Others		
December 31st, 1930	1,455	793	362	157	270	3,162	316
December 31st, 1931	1,511	257	342	279	237	2,995	317
January 31st, 1932	1,512	164	255	279	166	2,965	317
February 29th, 1932	1,512	150	259	279	170	2,965	312
March 31st, 1932	1,513	207	281	279	167	2,965	309
April 30th, 1932.	1,513	154	298	279	170	2,965	308

Date	Notes in circulation	Other sight liabilities	Cover %	Discount-rate %
December 31st, 1930	3,296	1,547	36.48	10
December 31st, 1931	2,919	1,397	37.69	9½
January 31st, 1932	2,730	1,514	37.28	9½
February 29th, 1932	2,672	1,596	35.25	9½
March 31st, 1932	2,797	1,552	35.73	9½
April 30th, 1932	2,827	1,419	36.80	9½

From January 31st to April 30th, 1932, there were only slight variations in the Bank's position; the new restrictions on deliveries of foreign exchange leave the items concerned practically unaltered. The stock of gold is increasing at an extremely slow rate; net reserves of foreign currencies, after deduction of liabilities, have fallen from 164 to 154 millions; commercial bill holdings show a slight increase, but remain at a rather low level; advances and investments are unchanged, and the same applies to the total volume of notes in circulation and sight liabilities. The cover is still considerably above the legal minimum.

(b) *Partial Suspension of Transfers and Control of Operations in Foreign Exchange.*

The Cabinet decision to reduce the transfers required for the public debts had been preceded, for private transfers, by a series of laws and regulations enacted at the instance of the National Bank, which are being supplemented as occasion demands. Appendix *d* gives a summary of these various measures as they now stand.

In virtue of these enactments, the National Bank distributes the foreign exchange at its disposal each week after constituting a reserve for the Public Debt. The allotment of quotas is based on the utility of the goods imported, the volume of the corresponding imports during the

same period of the previous year, and the present reserve stocks. Each category of goods receives a variable proportion of the sums required for settlement. A balance is reserved, as far as possible, for the settlement of arrears of debt, for unavoidable repayments of bank credits, and for miscellaneous purposes.

In the circumstances, the volume of outstanding commercial claims, represented by invoices and bills that have matured, has increased rapidly, and amounted to about 545 million leva on May 20th. It should be stated that the postponement of the settlement of invoices (440 millions) began on October 20th, 1931, whereas the pressure brought to bear on foreign holders of bills to consent to renewals (105 millions) dates only from March 20th, 1932. These postponements and renewals have so far been arranged amicably, but are progressively causing the Governments or private persons concerned to suggest the adoption of a clearing system as a solution to these difficulties.

Appendix *d* describes the sales and purchases of foreign exchange effected by the National Bank during the first four months of 1932. During that period, the average percentage of foreign exchange derived from exports remained at the high level of 78 per cent of the exports registered; the percentage of foreign exchange supplied for imports amounted to 68 per cent, a lower rate than that for 1931, due to a considerable falling-off in imports from January to April.

V. ECONOMIC SITUATION.

(a) *General.*

The main new feature of these first four months of 1932 is the decline in the balance of foreign trade, which, after being amply favourable in 1930 and 1931, fell to a position of equilibrium during the period under review. The explanation of this decline is to be found in the following facts:

The volume of exports shows an increase of 13 per cent as compared with the same period for 1931, while their value shows a decrease of 41 per cent. The fall in the tobacco sales (— 54 per cent by weight and — 67 per cent by value) is an essential factor in this decline. All hope is not yet lost, however, of seeing, in connection with the 1931 crop, the rise in foreign sales, which generally begins in November and December.

The falling-off in imports (— 10 per cent by weight and — 17 per cent by value) is considerably less marked. This relative maintenance of imports is to be ascribed in part to the anxiety of importers to make sure of a certain stock before the enactment of the restrictions that the National Bank would be obliged to impose. As these restrictions have been progressively put into effect since the beginning of the year, it may be hoped that their effects will contribute to improve the balance of trade during the coming months.

(b) *Trade.*

Appendix *e* gives the figures for the foreign trade of Bulgaria in 1930, 1931, and the first four months of 1932, together with details of the decline noted during the latter period.

Revenue from railway, maritime and river transport has been as follows:

		<i>Goods.</i>	
		(Millions of leva.)	
		1932	
1930	Monthly average	65	
1931	Monthly average	63	
1931	January	36	41
	February	44	46
	March	63	50

		<i>Passengers.</i>	
		(Millions of leva.)	
1930	Monthly average	35	
1931	Monthly average	33	
1931	January	28	27
	February	25	25
	March	28	25

An analysis of the bills protested, bankruptcies declared, and moratoria granted, gives the following results:

	Protested bills		Bankruptcies	Moratoria
	Number	Value (in millions of leva)	Number	Number
1931	229,000	1,639		
1931 Monthly average	19,000	136		
1932 January	13,000	109		
February	12,000	100		
March	15,000	108		

These statistics show on the whole a decrease in cases of insolvency. It should be noted that the restrictions placed on settlements abroad have not so far led to any increase in the amount of paper protested. This moderation is due to the patience of creditors and the fact that no practical purpose would be served by prosecuting.

It is not possible to supply indices for the movements of consumption, because the immense majority of the population is self-supporting. Those of two widely-consumed commodities may, however, be followed by reference to the yield of the taxes placed upon them.

	Quantity of tobacco delivered for internal consumption Tons	Yield of salt tax In millions of leva
1930	4,492	332
1931	3,888	329
1931 Monthly average	324	27
1932 January	218	27
February	252	26
March	255	41

(c) *Production.*

The following figures show Bulgaria's output of agricultural produce for the year 1931, which was an exceptional year. The first information received for 1932 gives cause to fear a decrease of something like 20 per cent in the grain harvest.

Crops.
(In millions of quintals.)

	Average 1925 to 1929	1930	1931
Wheat	11	15.6	16.7
Rye	1.9	3.2	3.0
Barley	2.7	4.3	3.6
Maize	6.7	7.8	10.0

The area under grain crops slightly decreased from 1930 to 1931 (—4 per cent).

The extraction and sale of coal (Pernik mine) showed the following fluctuations (in thousands of tons).

	Extraction	Sale ¹
1931	1,233	1,065
1931 Monthly average	103	88
1932 January	121	97
February	128	102
March	121	98

(d) *Labour Market.*

The number of workers employed in industrial concerns has been as follows:

	1931	1932
Monthly average	72,680	—
January	50,641	58,014
February	51,520	53,382
March	57,405	56,792

The study of the distribution of labour over the various branches of production shows a certain falling-off, as already noted, in the tobacco industry, a marked development in the textile industry, and, above all, in the building trade. The present boom in the building trade is connected with apprehensions as to the stability of the currency.

(e) *Prices.*

The index of wholesale prices, like that of retail prices, continues to fall (1914 = 100):

	Wholesale prices	Retail prices
1929	3,205	2,994
1930	2,585	2,601
1931	2,042	2,121
1932 January	1,905	1,895
February	1,867	1,864
March	1,866	—

¹ About 97 per cent being for internal consumption.

(f) *Private Banks.*

The six principal banks have published their balance-sheets and reports for 1931. These show a total of 586 million leva in capital and reserves, nearly 3 milliards of deposits, and net profits amounting to 40 millions. Only the two banks whose capital is Bulgarian or mainly Bulgarian appear to have decided to pass their dividends. This is, however, a wise policy, for it is probable that a number of claims appearing as assets in the balance-sheets relate to business affected by the falling-off in tobacco exports, or are liable to be barred by the new laws protecting debtors.

These laws, of which there are two, are analysed in Appendix e. The object of one is to protect debtors in general, and of the other, to protect the agricultural debtor. They both proclaim exceptional measures, the influence of which is only just beginning to be felt, but which seem likely to have a serious effect upon the operation of the credit system of the country.

(g) *Savings Banks.*

The Bulgarian bank law describes as "savings deposits" deposit accounts opened to non-traders. An examination of the movement of these deposits in the various establishments and institutions accepting them gives an indication, if not a complete picture, of the movement of savings in the country.

Balances of Savings-Bank deposit accounts	December 31st, 1930	September 30th, 1931	December 31st, 1931	March 31st, 1932
	(In millions of leva.)			
Post Office	874	1,122	1,198	1,325
Agricultural Bank	643	772	849	898
Central Co-operative Bank	157	193	178	191
200 people's banks	351	421	471	—
11 large private banks	—	1,517	1,412	1,339
119 small private banks	—	479	451	418

It appears that the months of April and May saw a falling-off in savings deposits. This impression is confirmed by the abnormal activity in the building industry, both in Sofia and in the provinces.

(h) *Money Market.*

Few variations have been noted during the quarter under consideration. Towards the end of May, however, there was a decline in the rate of interest, which the National Bank encouraged by getting the Post Office Savings Bank to reduce its rate of interest on credit balances from 7 to 6 per cent, as from June 1st. Moreover, the official rate of discount was reduced to 8 per cent, as from May 25th, 1932.

(i) *Commercial Policy: Clearing Arrangements with Other Countries.*

The National Bank of Bulgaria has concluded, contemplated, or agreed to certain clearing arrangements with foreign countries, simple in form and limited in scope.

1. *Austria.* — An agreement concluded between the Bank and the Austrian Tobacco Monopoly in November 1931 is concerned with the purchases by the latter in Bulgaria provided for up to December 31st, 1932, to a maximum value of 200 million leva. Settlements are effected in leva supplied by the National Bank of Bulgaria, the equivalent in dollars being credited to a blocked account opened in its name by the National Bank of Austria. The account can only be debited by conversion into schillings to be applied exclusively to settlements for past, present, or future Austrian exports to Bulgaria.

The general movement of trade between the two countries is as follows:

	1929	1930	1931	First 3 months of 1932
	(In millions of leva.)			
Bulgarian exports to Austria	803	478	993	118
Austrian exports to Bulgaria	635	311	335	85
Balance in favour of Bulgaria	+ 168	+ 167	+ 658	+ 33

Clearing operations, which began on December 7th, 1931, affected the following figures, established at May 12th, 1932.

	Dollars	=	Leva
Sums credited to the blocked account at the National Bank of Austria	490,000	=	67,620,000
Converted into schillings.	218,546	=	30,159,348
Balance	271,454	=	37,460,562

The size of this balance is explained by the difficulties met with in the application of the system, which are so great that the National Bank is considering its abandonments. There is a tendency to make Austrian exports to Bulgaria payable in appreciated currencies, the corresponding bills being domiciled abroad.

2. *Italy*. — An agreement of March 1932 between the National Bank of Bulgaria and the Italian Tobacco Monopoly provides for the purchase by the latter of tobacco to the value of about 10 million lire, settlement for which is to be effected in blocked lire at the Banca Commerciale Italiana in the name of the National Bank of Bulgaria, these lire being exclusively allowed to Bulgarian payments of all kinds in Italy.

The balance of trade between the two countries is against Bulgaria:

	1929	1930 (In millions of leva.)	1931
Bulgarian exports to Italy	670	514	344
Italian exports to Bulgaria	888	623	637
Balance against Bulgaria	— 218	— 109	— 293

The following are the figures for clearing operations (March 31st to May 12th, 1932):

	Lire		Leva
Sums credited to the blocked account at the Banca Commerciale	3,800,000	=	27,037,000
Bulgarian settlements in Italy	1,105,460	=	7,865,348
Balance	2,694,540	=	19,171,652

3. *Czechoslovakia*. — By a decision of February 15th, 1932, the National Bank of Czechoslovakia blocked the proceeds of certain sales of tobacco by Bulgarian exporters to the Czech monopoly. The sums blocked were used for the settlement of Czech claims on Bulgaria and for certain transfers abroad.

Negotiations are in progress for the establishment of a clearing system.

4. *Germany*. — Two clearing agreements are in preparation in regard to purchases by German firms of specified quantities of Bulgarian tobacco.

5. *France*. — Negotiations have been initiated by the French Ministry of Commerce with a view to a clearing agreement. They are still at the stage of preliminary conversations.

In general, the position taken up by the Bulgarian Government and the National Bank with regard to clearing agreements is one of extreme reserve. Bulgaria, who has considerable obligations in the way of non-commercial transfers and the settlement of old foreign commercial debts, cannot hope to procure the necessary foreign exchange otherwise than by an export surplus, as her imports continue to benefit by extended time-limits for payment. She does not consider that to make the clearing system general would be conducive to the maintenance of these conditions, and would prefer to confine herself to isolated and well-defined clearing operations.

VI. SETTLEMENT OF BULGARIAN REFUGEES.

(a) *Position of the Account of the 1926 7% Loan.*

Appendix *f* to this report shows the position of the 1926 7% Loan Account as at April 30th, 1932. The whole amount available in foreign monies has been converted into leva, and there remains a deposit of 33,471,847 leva at the National Bank of Bulgaria on the date in question.

(b) *Yield of Assigned Revenues.*

The amounts paid into the special account for revenues assigned as security for the service of the loan in February, March and April 1932 are shown below:

Chapter of the budget	Receipts			One-twelfth of the budget estimates
	February	March	April	
(In leva.)				
Chapter 15 (excise duty on alcohol, etc.)	860,864	1,545,141	3,507,864	5,000,000
Chapter 16 (excise duty on salt, etc.)	26,303,610	41,367,002	36,033,492	29,166,166
Chapter 21 (sale of matches)	5,373,000	5,769,000	7,101,040	9,583,333
Total	32,537,474	48,681,143	46,642,396	43,749,999

The receipts for the last three months have remained stable, and are on an average only 2.5 per cent lower than the budget estimates.

The following are the provisional figures for the total receipts for the year established as at March 31st, 1932:

Chapter of the budget	Receipts	Budget estimates	Difference
		In leva	
<i>Chapter 15</i> (excise duty on alcohol, etc.)	40,907,385	60,000,000	— 19,092,615
<i>Chapter 16</i> (excise duty on salt, etc.)	343,771,350	350,000,000	— 6,228,650
<i>Chapter 21</i> (sale of matches)	92,396,000	115,000,000	— 22,604,000
Total	477,074,735	525,000,000	— 47,925,265

The service of the loan in the course of the financial year called for 154 million leva in round figures. The yield of the assigned revenues, therefore, stands at 310 per cent of the sums required for that purpose.

The receipts estimated for the budget for 1932-33, but not yet voted, remain as indicated in our preceding report.

A Cabinet decision (see Appendix c) taken on April 20th, 1932, has amended the General Bond of the loan in one important point by removing the assigned revenues account from the control of the Commissioner of the League of Nations. Since April 20th, no more sums have been paid into the blocked account, and the receipts formerly paid into that account will henceforth be centralised in an (a) account, exclusively administered by the Directorate of the Public Debt.

In view of this absence of receipts, the Commissioner was bound to refuse to release any further sums for the benefit of the Treasury out of the amounts available in the blocked account. He was obliged to consent, however, to the debiting to this account in future, until its exhaustion, of the equivalent of the monthly 50 per cent transfers provided for in the above-mentioned decision of April 20th, 1932. On May 16th, after the first two 50 per cent transfers under the new regime had been made, the credit balance of the account amounted to 5,008,342 leva.

Payments by refugees, for the repayment of the expenditure incurred in settling them, were as follows:

	February	March	April	Previous Payments	Total payments up to April 30th, 1932
	(In leva)				
Interest	65,864	59,719	53,052	2,480,844	2,659,479
Amortisation	89,622	128,851	148,135	14,147,906	14,514,514
Total	155,486	188,570	201,187	16,628,750	17,173,993

The continuance of the crisis, which affect the agricultural enterprises of the refugees, is reflected here in the falling-off in repayments during the last three months. These were reduced to about 545,000 leva, as compared with 674,000 for the previous quarter.

To these payments is added the land-tax paid by the refugees during the three months in question, amounting to 145,885 leva, a figure which also shows an appreciable decrease as compared with the returns for the previous quarter (406,814 leva).

(c) *Execution of the Settlement Plan.*

As stated in our preceding report, the execution of the settlement plan is to be completed in the course of the present year, in principle by July 31st, 1932, as regards outdoor works. The necessary expenditure has been incurred, and the programme for the completion of the works stood as follows on May 1st, 1932

	Leva
Houses	9,245,528
Roads	880,450
Draining of marshes	17,133,027
Preparation of land	135,928
Agricultural material	700,000
Seed and livestock	11,859,662
Supply of drinking-water	2,457,972
Overhead expenses	6,147,642
Guarantees and miscellaneous	2,628,695
Total	51,188,904

The following figures show the resources available to meet these expenses:

	Leva
Balance of the loan account at the National Bank	33,471,847
Sums to be repaid by the Government	17,000,000
Total	50,471,847

The estimated expenditure thus for the moment exceeds the funds available by 717,057 leva, a very small excess which it should be easy to make good.

(d) *Establishment of Refugees' Individual Files.*

There are 31,000 files to be prepared, of which 10,963 are ready, but for the issue of the notarial deeds establishing the mortgages placed on the refugees' property as security for the repayment of settlement expenses.

VII. 1928 7½% STABILISATION LOAN.

(a) *Position of the Account of the Loan.*

See Appendix g. All the assets in foreign currencies were converted into leva. The balance of the account at the National Bank on April 30th, 1932, stood at 61,638,525 leva, and was derived exclusively from the block of £1,250,000 assigned to the improvement of means of communication (railways and harbours, roads).

(b) *Yield of Assigned Revenues.*

The sums received on account of the revenues assigned as security (Customs revenues) stood in February, March and April 1932 at the following figures:

February	March	April	One-twelfth of budget estimates
71,027,748	94,176,425	91,512,889	81,250,000

The Customs revenues for these three months show an increase due to seasonal activity and to the effects of the tax on imports for the purposes of national industry.

The following are the provisional figures in leva for the total receipts for the year, established at March 31st, 1932, as compared with the budget estimates for 1932-33.

Chapter of the Budget	Receipts	Budget estimates 1931-32	Difference	Estimates for 1932-33
	(In leva)			
<i>Chapter 11</i> (import duties)	903,052,860	900,000,000	+ 3,052,860	950,000,000
<i>Chapter 12</i> (export duties)	4,218,609	10,000,000	— 5,781,391	5,000,000
<i>Chapter 14</i> (subsidiary receipts)	52,328,530	65,000,000	— 12,671,470	60,000,000
Total	959,599,999	975,000,000	— 15,400,001	1,015,000,000

The service of the loan demanded 285 million leva in round figures in the course of the year. The yield of the assigned revenues therefore amounted to 336 per cent of the sums required for that purpose.

The estimated receipts for the 1932-33 budget entail an increase of nearly 50 millions in the yield from import duties. The raising of the tax placed on imports of the protected national industries should bring in an additional sum of about 200 millions, assuming it to be assessed on an equivalent total value of goods. A great decrease in the total volume of imports may, however, be anticipated in the course of the new financial year, which would make the above estimates appear optimistic.

The Cabinet decision of April 20th, 1932, mentioned above in the chapter dealing with the settlement of refugees, has altered the provisions of the General Bond of the Stabilisation Loan, under identical conditions. Hence, no sums have been released for the benefit of the Treasury from the blocked account for assigned revenues since the new regime came into force. On May 16th, after the first two 50 per cent transfers on account of the monthly payments for April and May, the credit balance of the account amounted to 12,050,650 leva.

(c) *Employment of the Loan.*

1. *Railways and Harbours.* — Total credits assigned to

	Leva	Leva
Railways and harbours	672,300,000	
Expenditure incurred up to May 1st, 1932	666,298,944	
Amount remaining to be paid		26,605,737
Programme still to be established	6,001,056	= 6,001,056
Outstanding expenditure		32,606,793
Balance to be obtained from the proceeds of the loan		32,606,793

	Leva	Leva
2. <i>Roads and Bridges.</i> — Total credits assigned to the reconstruction of the road system	182,031,732	
Expenditure incurred up to May 1st, 1932	178,585,108	
Amount remaining to be paid		27,196,618
Programme for employment of balance		3,951,414
		<hr/>
Outstanding expenditure		31,148,032
The balance of resources required is made up as follows:		
Balance held by the Ministry for Public Works	1,571,418	
Balance to be obtained from the proceeds of the loan	29,031,732	
		<hr/>
		30,603,150

The completion of the programme will make it possible to effect the few reductions necessary for balancing the total receipts and expenditure.

Appendix a.

I. BUDGETARY RESULTS OF THE FINANCIAL YEAR 1931-32
AT APRIL 30TH, 1932.

REVENUE.

	First thirteen months of 1931-32	Comparison with corresponding results for the previous year	Comparison with the budget estimates	
	(In millions of leva.)			%
<i>I. Ordinary budget and incorporated funds.</i>				
Direct taxes	468.7	— 108.2	— 425.3	— 47
Indirect taxes	1,253.8	— 69.2	— 231.2	— 15
Customs duties	959.6	+ 106.6	— 15.4	— 1.5
Other duties	563.2	— 92.8	— 181.8	— 24
Fines and confiscations	57.8	— 11.5	— 27.2	— 32
Railways and harbours	103	— 22	— 22	—
Posts, Telegraphs and Telephones	293.7	+ 10.1	— 9.3	— 3
State domains and capital	279.6	— 108.7	— 250.4	— 47
Contributions of communes towards teachers' salaries	340.4	— 95.3	— 71.6	— 17
Miscellaneous revenue	654.7	+ 176.9	+ 48.7	+ 8
Revenue from closed financial years	202.5	— 162.8	— 37.5	— 15
Total	5,177	— 376.9	— 1,223	—
<i>II. Railways and harbours.</i>				
	1,238.5	+ 78.2	— 270.8	— 17
<i>III. Extra-budgetary receipts.</i>				
	37.8	+ 37.8	+ 37.8	—
Grand total	6,453.3	— 260.9	— 1,456	—

EXPENDITURE.

	First thirteen months of 1931-32	Comparison with figures for monthly budgets	Comparison with corresponding figures of previous year	
	(In millions of leva.)			%
<i>I. Expenditure actually paid.</i>				
I. Head of State	64.2	— 4.6	— 19.8	
II. Public Debt	2,057.7	+ 825.7	— 313.8	
III. Audit Office	21.5	— 2.9	+ 1.1	
IV. Foreign Affairs and Public Wor- ship	97.4	+ 6.9	+ 5.7	
V. Orthodox Church	44.5	+ 2.1	— 2.5	
VI. Interior	232.1	— 31.9	— 28.1	
VII. Public Health	99	— 29.5	— 8.8	
VIII. Education	785	— 82	— 86.5	
IX. Finance	159.8	— 20.2	— 9	
X. Justice	188.4	+ 20.9	— 34.6	
XI. War	884.4	— 196.6	— 112.6	
XII. Commerce	84.8	— 20.1	— 17.2	
XIII. Agriculture and domains . . .	212.6	— 59.4	— 79.9	
XIV. Public Works	109	— 59	— 87.9	
XV. Compulsory Labour	102.7	— 34.8	— 31.3	
XVI. Directorate of Railways and Harbours	42.1	— 4.5	— 7.1	
XVII. Posts, Telegraphs, Telephones .	185.6	— 21.4	— 19.1	
XVIII. Aviation	25.3	— 9.7	+ 0.2	
XIX. Bulgarian Reparation Commis- sion	27	— 2.5	— 6.4	
XX. Extraordinary budgets from previous financial years . .	11.8	+ 11.8	+ 3.1	
XXI. Supplementary war credits . .	155.4	+ 99.4	+ 10.4	
XXII. Expenditure on account of pre- vious financial years . . .	—	—	—	
Total	5,590.3	+ 387.7	— 844.1	— 13
XXIII. Railways and harbours . . .	1,039.5	+ 26.5	— 115.5	— 12
Total sums actually expended .	6,629.8	+ 414.2	— 959.6	—
<i>II. Orders for payment held over.</i>				
Orders for payment held over .	504.2	+ 504.2	+ 249.6	
Total expenditure (sums already expended or due to be expended)	7,134	+ 918.4	— 709.5	

2. DRAFT BUDGET FOR THE FINANCIAL YEAR 1932-33.

(a) EXPENDITURE.

Ordinary budget	Estimates for 1932-33	Budget voted for 1931-32	Budget for 1931-32 augmented by supplementary credits	Sums actually expended to April 30th, 1932, in respect of 1931-32 budget (13 months)
	(In millions of leva.)			
Head of State	65.8	69.8	70.2	64.2
Public Debt	2,018.9	2,150.4	2,412.4	2,057.7
Audit Office	20.2	24.4	24.4	21.5
Foreign Affairs and Bulgarian Reparations Commission	99.9	133.4	139.4	124.4
Public Worship	43.9	47.2	47.4	44.5
Interior	247.3	274.7	285.8	232.1
Public Health	149.1	162.8	162.8	99
Education	890	874.6	875	785
Finance	186.2	192.9	196	159.8
Justice	210.6	239.6	239.6	188.4
War	1,030.3	1,109.6	1,109.6	884.4
Commerce	103.6	111.3	118.6	84.8
Agriculture and domains	295	322	322	212.6
Public works and compulsory labour	337.1	371.4	371.4	211.7
General Directorate of Railways and Harbours	51.1	52	52	42.1
Posts, Telegraphs and Telephones	214.9	227.3	227.3	185.6
Aviation	36	36.4	36.4	25.3
Expenditure on extraordinary budget	—	—	—	11.8
Expenditure on supplementary war credits	—	—	—	155.4
	6,000	6,400	6,690.3	5,590.3
Separate budget for railways and harbours	1,300	1,509.3	1,509.3	1,039.5
	7,300	7,909.3	8,199.6	6,629.8

(b) REVENUE.

Ordinary budget	Estimates for 1931-32	Budget voted 1931-32	Revenue to April 30th, 1932, for the year 1931-32 (13 months)
	(In millions of leva.)		
Direct taxes	800	894	468.7
Indirect taxes	1,466	1,485	1,253.8
Customs duties	1,105	975	959.6
Other duties	655.2	745	563.2
Fines and confiscations	75	85	57.8
Railway annuity	125.1	125	103
Posts, Telegraphs and Telephones	391	303	293.7
State domains and capital	464.4	530	279.6
Contributions of communes towards teachers' salaries	380	412	340.4
Miscellaneous revenue	478.2	606	654.7
Revenue from closed financial years	150	240	202.5
	6,000	6,400	5,177
Separate budget for railways and harbours	1,393	1,560	1,238.5
	7,393	7,960	6,415.5

3. ANALYSIS OF THE LAW OF MAY 3RD, 1932, GRANTING ABATEMENTS TO TAXPAYERS.

A. TAXES IN ARREAR.

I. Principle: The taxpayer who voluntarily pays in cash, before June 25th, 1932 (farmers before October 25th, 1932), his arrears of taxes in respect of the period 1877 to 1924-25 inclusive, shall be granted an abatement of 30 per cent of the said arrears, subject to the following conditions:

(a) Taxes within the meaning of the law: direct taxes and surtaxes; taxes on raw materials employed in the manufacture of spirits and wine;

(b) Maximum amount of arrears liable to abatement: 50,000 leva.

(c) Obligation on the part of the taxpayer to settle at least 50 per cent of his arrears before May 15th, 1932 (or September 15th), failing which the said 50 per cent will be collected immediately by distraint. The same applies to the remaining 50 per cent in the event of non-payment by June 25th, 1932 (October 25th).

II. The same principle applies to the taxpayer who discharges his arrears for the period 1925-26 to 1929-30 inclusive, before the same dates. Abatement granted: 20 per cent.

Maximum amount of arrears liable to abatement: 40,000 leva.

III. The same principle applies to arrears of interest due for non-payment of taxes. Reduction of 50 per cent, if settled before the same dates.

IV. All arrears due by a taxpayer in respect of the period 1877 to 1924-25 inclusive are cancelled if their total does not exceed 2,000 leva.

The same applies to arrears in respect of the period 1925-26 to 1929-30 inclusive, not exceeding 1,000 leva, the conditions being the same.

The same applies to arrears in respect of the financial years 1928-29, 1929-30 and 1930-31 due by taxpayers affected by the earthquake of 1928, and not exceeding 10,000 leva, the conditions being the same.

V. Suspension of distraint proceedings against taxpayers who discharge their obligations under the above conditions.

B. TAXES DUE IN RESPECT OF THE FINANCIAL YEAR 1932-33.

VI. A taxpayer who, before June 25th, pays the first two-thirds of all his taxes in cash shall be granted 5 per cent discount; if he pays the remaining third before that date, he shall be granted 10 per cent discount on that fraction. (This is equivalent to a total discount of 10 per cent on the year.)

Appendix b.

TREASURY SITUATION.

	Half-year July- December 1931	January 1932	February 1932	March 1932	April 1932
	(In millions of leva.)				
Balance at the beginning of the month (or half-year) of the Treasury account with the National Bank.	0	91	33	23	61
RECEIPTS.					
General budget	4,115	370	356	387	{ 13 ¹ 415 ² — 81 ² —
Railways and Harbours	965	78	101	94	
Receipts from profits on seigniorage	273	90	14	40	
Total	5,353	629	504	544	544

¹ Financial year 1931-32, rectification.

² Financial year 1932-33.

TREASURY SITUATION (*continued*).

	Half-year July- December 1931	January 1932	February 1932	March 1932	April 1932					
(In millions of leva.)										
EXPENDITURE.										
Sums withdrawn for purposes of the preceding financial year	410	—	—	—	—					
General budget	4,081	525	403	436	<table style="border: none;"> <tr><td rowspan="3" style="font-size: 3em; vertical-align: middle;">}</td><td>146¹</td></tr> <tr><td>225²</td></tr> <tr><td>72¹</td></tr> <tr><td>—</td></tr> </table>	}	146 ¹	225 ²	72 ¹	—
}	146 ¹									
	225 ²									
	72 ¹									
—										
Railways and harbours	771	71	78	47						
Balance at the end of the month (or half-year) of the Treasury a/c with the National Bank	91	33	23	61	101					
Total	5,353	629	504	544	544					

Appendix c.

I. CABINET DECISION OF APRIL 20TH, 1932, FOR THE PARTIAL AND PROVISIONAL SUSPENSION OF TRANSFERS OF THE EXTERNAL PUBLIC DEBT.
(Translation of the approved French text.)

The Council of Ministers of the Kingdom of Bulgaria, considering:

(1) The request addressed by the Bulgarian Government to the Financial Committee of the League of Nations at its session of January 1932 for an examination of the financial and economic situation of Bulgaria and of any reliefs that might be granted in the external service of its public debt;

(2) The recommendations formulated by the Financial Committee in its report adopted at the close of its extraordinary session of March 1932;

(3) The examination by the Council of the League of Nations, at its meeting of April 15th, 1932, of the said report and of the declaration made by the Bulgarian Minister of Finance;

(4) The resolution adopted by the Council:

Decides as follows:

1. The transfers relating to the services of all the foreign debts of the State and those guaranteed by the State shall be effected during the period April 1st to September 30th, 1932, to the extent of 50 per cent only.

2. The remaining 50 per cent in leva shall be paid to a special account opened at the National Bank of Bulgaria in the name of the Adviser to that Bank under the heading "Adviser to the National Bank of Bulgaria—his Account for the Non-transferred Service of the External Debt of the State and the External Debt guaranteed by the State", this account to be subdivided into four paragraphs—A, B, C and D—as follows:

A. The 1926 7% and 1928 7½% external loans of the State;

B. The 1902 5%, 1904 5%, and 1907 4½% external loans of the State;

C. The 1892 6%, 1909 4½%, and 1923 6½% external loans of the State and debt to the Disconto-Gesellschaft, Berlin;

D. The following foreign loans guaranteed by the State: The 5% Loan of the Agricultural Bank of Bulgaria, 1896; 5% Loan of the City of Varna, 1907; 1909 4½% and 1923 7% Loan of the National Bank of Bulgaria; 4½% Loan of the City of Sofia, 1910; short-term bonds of the Bulgarian Mortgage Bank, and 1931 8% Loan of the same Bank.

The sums mentioned in these four paragraphs shall be utilised, with the consent of the Commissioner of the League of Nations, for the settlement of payments in arrear from the budgets of past financial years, including those of the financial year ending March 31st, 1932. In return for these sums, the State will hand over to the Adviser to the National Bank of Bulgaria non-interest-bearing, non-transferable and renewable registered Treasury bonds, maturing at three months, pending a final arrangement with the bondholders which would be applied retrospectively as from April 1st, 1932.

3. The transfers relating to the 1926 7% and 1928 7½% post-war loans shall be effected on the fifteenth of each month by drawing on the sums credited to the blocked accounts at the National Bank of Bulgaria—namely, account No. 29/6, "Assigned Revenues of the 1926 7%

¹ Financial year 1931-32, rectification.

² Financial year 1931-32.

Refugee Loan”, and Account No. 29/2, “Assigned Revenues of the 1928 7½% Stabilisation Loan”. These withdrawals shall continue until the balances of the said blocked accounts have been reduced to one-fourth (¼) of the sum representing one of the monthly transfers hitherto effected for the respective service of the two loans, the 1926 7% Loan and the 1928 7½% Loan. The non-transferred balances of 50 per cent shall be credited to the account “Adviser to the National Bank of Bulgaria”, paragraph A, by debiting the two new accounts mentioned below.

4. Two new unblocked accounts shall be opened at the Treasury by the National Bank of Bulgaria, the first under the heading “Assigned Revenues of the 1926 7% Refugee Loan”, to which all revenues assigned as security for the 1926 7% Loan will be placed, and the second under the heading “Assigned Revenues of the 1928 7½% Stabilisation Loan”, in which all revenues assigned as security for the 1928 7½% Loan will be entered. The Directorate of the Public Debt shall immediately give the necessary instructions to the National Bank of Bulgaria.

5. When the respective balances of the blocked accounts, No. 29/6, “Assigned Revenues of the 1926 7% Refugee Loan”, and No. 29/2, “Assigned Revenues of the 1928 7½% Stabilisation Loan”, have been reduced to the level provided for in paragraph 3 above, the Directorate of the Public Debt shall request the National Bank of Bulgaria, on the fifteenth of each month, to credit each of the blocked accounts by debiting the new unblocked accounts “Assigned Revenues” with the total sums necessary for effecting the 50 per cent transfers, and to make the said transfers. Similarly, the Directorate of the Public Debt shall request the National Bank of Bulgaria simultaneously to credit the account “Adviser to the National Bank of Bulgaria”, paragraph A, with the non-transferred balances of 50 per cent in leva, by debiting the respective Treasury account “Assigned Revenues”, and to pay the balances of these accounts to the ordinary Treasury account.

6. The quarterly transfers for the supplementary amortisation of the 1926 7% Refugee Loan shall be effected to the extent of 50 per cent of the sums which should have been credited, during the three months preceding the due date for the transfer, to the blocked accounts at the National Bank of Bulgaria entitled “Repayment of Expenses of the Loan” and “Repayment of Land Advances”.

These sums, paid by the refugees as amortisation of the capital of their debts in respect of the allotment of land, building of houses, or other services, shall in future be credited to a new unblocked account, to be opened at the National Bank under the heading “Repayment of Expenses of the Loan, Unblocked Account”.

The quarterly 50 per cent transfers provided for above shall be effected by deductions from the balance of the blocked “Repayment” accounts. Simultaneously, the non-transferred balance of 50 per cent shall be transferred from the account “Repayment, Unblocked Account” to the account “Adviser to the National Bank”, paragraph A.

When the sums standing to the credit of the blocked accounts have been exhausted, the Directorate of the Public Debt shall request the National Bank to credit each quarter to the unblocked account “Repayment of Expenses of the Loan” the sums required for the 50 per cent transfer as defined above, by debiting the unblocked account, and simultaneously to credit the account “Adviser to the National Bank”, paragraph A, by the same debit operation.

7. The payment of the 1902 5% and the 1904 5% pre-war loans, the half-yearly service of which is derived from the purchase, by means of florin cheques for the amount due, of tobacco banderoles and fiscal stamps, and handed to the delegate of the bondholders of these loans, as and when such purchases are made, shall be effected, by means of cheques representing half the value of the banderoles and stamps bought, to the extent of 50 per cent of the amount of the current half-yearly payments falling due respectively on September 14th, 1932, and November 14th, 1932.

The two-monthly payments of the Bulgarian 1907 4½% Loan shall be transferred to the extent of 50 per cent.

The untransferred balances of 50 per cent shall be simultaneously credited to the account “Adviser to the National Bank”, paragraph B.

8. The service of the external loans guaranteed by the State shall be effected in full at the National Bank of Bulgaria for the account of the Directorate of the Public Debt. Fifty per cent of the said service shall be transferred by the National Bank at the request of the Directorate of the Public Debt; the remainder shall be simultaneously credited to the account “Adviser to the National Bank”, paragraph D.

9. The monthly reparation payments shall continue to be suspended.

Sofia, April 20th, 1932.

(Signed) STOYANOFF,
Director of the Public Debt.

2. POSITION OF THE PUBLIC DEBT AT APRIL 30TH, 1932.

<i>Funded Debt:</i>	(Millions of leva.)
Internal	5,410
External	16,389
Charges under the Peace Treaty	4,615
<i>Floating Debt:</i>	
Internal	808
External	—
Total debt	27,222

Appendix d.

I. SUMMARY OF LAWS AND REGULATIONS CONCERNING FOREIGN EXCHANGE DEALINGS.

The monopoly exercised by the National Bank in the foreign exchange business dates from 1923. It was somewhat impaired in 1929, but was reinforced by the law of November 8th, 1931, which further grants to the Bank the right to issue orders of application. The orders issued up to the present have:

- (1) Extended the obligation to hand over to the Bank foreign exchange obtained from exports to foreign exchanges from all sources;
- (2) Brought under control deposits in foreign currencies belonging to private persons;
- (3) Prescribed the obligatory redemption by the Bank of foreign assets belonging to private persons domiciled in the country;
- (4) Prohibited the delivery of foreign exchange in settlement of imports of certain goods or services, the conversion of the proceeds of sales of real estate, and settlements for goods imported "cash on delivery";
- (5) Prescribed a general census of all the external liabilities of the country;
- (6) Required importers to obtain authority from the Bank before signing bills in foreign currencies and to remind the Bank of these liabilities not later than the 20th of the month preceding that of maturity;
- (7) Regulated the export of foreign bank-notes by travellers;
- (8) Made the delivery of the foreign exchange applied for in order to settle for certain imports contingent on previous authorisation;
- (9) Announced that, in the course of 1932, the Bank will, in principle, deliver to each importer only sufficient foreign exchange to enable him to pay for a volume of imports limited to 50 per cent of the quantity imported in 1931.

2. FOREIGN EXCHANGE: SALES AND PURCHASES OF THE NATIONAL BANK FROM JANUARY 1ST TO APRIL 30TH, 1932.

	January	February	March	April
	(In millions of leva.)			
<i>Purchases:</i>				
(a) Foreign exchange obtained from exports (including credits to clearing accounts)	215.3 (11.7)	258.6	262.7 (42.8)	197 (30.6)
(b) Foreign exchange from assets purchased from foreigners (notes, coupons, etc.)	33.1	49.2	46.2	32.8
(c) Foreign exchange purchased as a result of compulsory declarations	—	—	56.3	5.2
(d) Foreign exchange purchased with the right of redemption	1.7	5.4	—	9.2
(e) Foreign exchange purchased from the State	47.5	4	18.5	0.9
(f) Revaluation of assets and miscellaneous	16.5	7.3	14.7	15.3
Total purchases	314.1	324.5	398.4	260.4
<i>Sales:</i>				
(a) Foreign exchange sold for imports (including debits to clearing accounts)	218.9 (5)	203.8 (5.1)	218.7 (5.1)	189.8 (23.1)
(b) Foreign exchange sold for students and travellers	8.5	9.1	10	9.9
(c) Foreign exchange sold for the service of the Public Debt	102.3	66	54.5	31.4
(d) Foreign exchange sold to the State (Legations, etc.)	6.5	9.6	8.5	13.8
(e) Interest on foreign credits and capital	2.6	7	9.1	3.9
(f) Withdrawals of foreign credits and capital	5	9	12.1	28.5
(g) Foreign exchange sold with the right of redemption	41.4	2.2	6.9	7.6
(h) Revaluation of assets and miscellaneous	22.5	31.2	21.2	29.1
Total sales	407.7	337.9	341	314
Monthly balances	—93.6	—13.5	+57.4	—53.6

Period	Exports according to statistics	Foreign exchange obtained from exports	%	Imports according to statistics	Foreign exchange supplied for imports	%
	(In millions of leva.)			(In millions of leva.)		
Year 1931	5,934	4,190	71	4,660	3,590	77
1932 January	307	215	71	246	219	89
February	286	259	90	258	204	79
March	270	263	97	343	219	63
April	320	197	62	335	190	56

Appendix e.

ECONOMIC SITUATION.

I. FOREIGN TRADE.

Value.

	Imports		Exports		Balance	
	1930	1931	1930	1931	1930	1931
	(Millions of leva.)					
Complete year	4,605	4,665	5,928	5,934	+1,323	+1,269
	1931	1932	1931	1932	1931	1932
January	296	246	390	307	+ 94	+ 61
February	309	258	347	286	+ 30	+ 28
March	374	343	582	270	+ 208	— 73
April	451	335	684	320	+ 233	— 15
Total for first four months . .	1,430	1,182	2,003	1,183	+ 573	— 1

Quantities imported and exported.

	Imports		Exports	
	1931	1932	1931	1932
	(Tons.)			
First four months	75,739	68,048	219,852	249,188

Movement of principal articles of export during the first four months of 1931 and 1932.

	Weight (tons)		Value (millions of leva)	
	1931	1932	1931	1932
Cereals and derivatives	183,611	206,761	478	499
Tobacco and cigarettes	9,706	4,548	1,034	340
Attar of roses	0.186	0.146	20	7
Cocoons	141	82	17	8
Nuts	147	12	7	0.5
Livestock (head)	10,610	1,557	34	5
Live poultry (head)	688,923	348,221	32	15
Dead poultry (weight)	934	1,160	48	44
Eggs	6,753	4,650	230	135
Hides	142	111	14	10

2. ANALYSIS OF THE LAW OF APRIL 16TH, 1932, GRANTING RELIEF TO DEBTORS.

I. Any debtor may demand stay of execution against himself provided that he pays 10 per cent of the total of the debts to which the proceedings relate and undertakes to pay 10 per cent a year after this first settlement and a further 10 per cent at the close of each half-year succeeding. The stay of execution shall be ordered by the judge in charge of the case.

These provisions apply to all debts existing on January 1st, 1931.

In the event of a public sale not yet sanctioned, the buyer is obliged to restore the property disposed of, the price paid being refunded.

II. In the event of public sales taking place after the law comes into force, the upset price is fixed, failing agreement between debtor and creditor, at the actual value of the property and not, as hitherto, at 80 per cent of that value. The lower price shall apply only if a second sale is held, the first having been unsuccessful.

III. The list of objects exempt from seizure as necessary for the debtor's subsistence is extended.

IV. A debtor whose liabilities do not exceed 200,000 leva and are in excess of his assets may obtain the sanction of the Court for a "composition" involving a reduction of the debt by not more than 30 per cent. The balance shall be paid within the time limit fixed by agreement with the creditors.

V. Settlements deferred under the present law are subject to interest at the reduced rate of 7 per cent.

3. ANALYSIS OF THE LAW OF APRIL 19TH, 1932, ON THE PROTECTION OF AGRICULTURAL HOLDERS.

I. *Beneficiaries under the Law.* — Agricultural holders owning not more than 25 hectares, in respect of their debts previous to January 1st, 1931, not exceeding 200,000 leva (plus any debts in respect of the purchase of implements, up to 25,000 leva).

II. *Principle of Protection.* — (a) Stay of execution up to December 1st, 1932, on all writs concerning beneficiaries and their sureties; stay of execution in regard to the authorisation of sales of real property for which the Court's sanction has not yet been obtained.

(b) Any debtor or surety and any creditor may, within six months of the coming into force of the law, ask the magistrate's sanction for the arrangement of a composition in respect of agricultural property.

III. *Conditions for Composition.* — After considering the various features of the debt, the judge shall fix the amount by which the debt is to be reduced, the time limits for payment, and the form of security.

The reduction may amount to 50 per cent, and may even attain a higher percentage with the consent of a majority of the creditors.

The time limits for payment shall be distributed over a period of from three to ten years, according to the amount of the debt. Payment shall be made by equal annual instalments, plus interest at 7 per cent.

Execution shall be stayed while the composition is being arranged.

IV. *Guarantee of the Agricultural Bank.* — The Bank guarantees to the creditors payment of the amount fixed in the composition, if the property of the debtor appears to offer sufficient security. In that case, it shall take out a mortgage on the real estate, to be substituted for all previous charges thereon, with the exception of those established for its own benefit.

The Bank may itself grant, in addition, time limits to its debtors and to those of the co-operative credit societies which it finances.

In the event of failure on the part of the debtor to carry out the terms of the composition, the Bank shall take his place and become his direct creditor.

V. *Compulsory Repurchase by the Agricultural Bank of Rural Property in respect of which Execution has been awarded.* — Such repurchase may be effected if the debtor has retained less than 5 hectares and to the extent necessary for the reconstitution of 5 hectares. It may, if necessary, overrule purchasers at second hand.

By repurchase the Bank becomes the owner of the property, which is restored to the debtor to whom relief is to be granted in return for an undertaking to complete payment in fifteen years.

The Bank shall settle this transaction in cash, unless the sum involved is over 10,000 leva. In the latter case it shall pay in cash 10,000 leva plus 50 per cent of the balance. The remainder shall be settled in specially issued bonds, redeemable in fifteen years.

VI. *Exemptions and Exceptions.* — The law exempts from all seizures or proceedings of execution aggregate property to a proportion representing the minimum necessary for the debtor's subsistence. Furthermore, its provisions cannot be enforced against certain classes of creditors — the Agricultural Bank, co-operative societies financed by the latter, the Central Co-operative Bank, the Mortgage Bank, workmen and artisans, so far as their wages are concerned, etc.

VII. The final provisions make any claims arising in favour of the Agricultural Bank out of the present law a first charge, and provide penalties for fraud or violation of the law.

Appendix f.

SETTLEMENT OF THE SPECIAL ACCOUNT OF THE 7% REFUGEE SETTLEMENT LOAN OF 1926 AS AT APRIL 30TH, 1932.

	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					
1912-13 Treasury	£	s.	d.		
Bonds	625,889	11	6		
Half-year's reserve	90,000	0	0	168,750.— ¹	
Miscellaneous ex-					
penses: stamps,					
printing of bonds,					
etc.	49,474	4	1		
	<u>765,363 15 7</u>				
	£1,346,636 4 5			\$3,746,250.—	
(d) <i>Add:</i>					
Interest	118,468	14	10	320,107.50	
	<u>£1,465,104 19 3</u>			\$4,066,357.50	
(e) <i>Deduct:</i> ²					
Amounts released	1,465,104	19	3	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>					<u>1,530,444,274²</u>
					1,614,296,149
<i>Of which was given to:</i>					
1. The Director-					
ate for the					
settlement of					
refugees	Leva				
	1,563,824,302				
2. The Government					
for the recons-					
truction of the					
devastated					
areas	17,000,000				
(45,000,000 —					
28,000,000)					
Leva	<u>1,580,824,302</u>				1,580,824,302
Surplus available.	£	—		\$	—
					Leva 33,471,847
					(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 g.

STATEMENT OF THE POSITION OF THE SPECIAL ACCOUNT OF THE 7½%
STABILISATION LOAN 1928 AS AT APRIL 30TH, 1932.

Net yield of the loan	£1,616,713 13s. 0d. \$11,910,750 French francs 116,350,000	
		Leva
Equivalent in leva		3,365,065,553
Interest payments.		5,000,000
		<hr/>
Total		3,370,065,553
Amount utilised up to April 30th, 1932		3,308,427,028
		<hr/>
Surplus available		61,638,525
