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Geneva, December 30th, 1930.

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SETTLEMENT OF BULGARIAN REFUGEES

Seventeenth Report  
of the Commissioner of the League of Nations in Bulgaria.

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

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 October 31st, 1930, including the accrued interest on the deposits in London and New York. The amount still available in foreign monies on deposit in the Bank of England at October 31st was £396,070.

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 August, September and October 1930 are shown below in leva:

Chapter of the budget	Receipts			Monthly budget estimates
	August	September	October	
<i>Chapter 15</i> (Excise duty on alcohol, etc.) . . . . .	6,050,483	6,145,333	2,356,449	5,416,666
<i>Chapter 16</i> (Excise duty on salt, etc.) . . . . .	25,351,703	31,724,881	33,774,627	27,500,000
<i>Chapter 21</i> (Sale of matches) . . . . .	9,729,000	10,305,000	9,900,000	9,583,333
Total . . . . .	41,131,186	48,175,214	46,031,076	42,499,999

The results of the first seven months of the current financial year are most satisfactory, despite the present crisis, which, as will be seen later under the chapter on the "Budget", has involved a marked falling off in the total Treasury receipts. From April to the end of October the pledged revenue collected amounted to 305,678,885 leva, for budgetary estimates totalling 297,499,993 leva. The service of the loan was well covered, only one-third approximately of the total revenue (98 millions of leva) being employed for this purpose.

For the corresponding periods of the previous two years, the pledged revenues were as follows: in 1928-29, 287,398,457 leva, and, in 1929-30, 332,797,440 leva. The reduction this year, as compared with the previous year, was thus only approximately 11 per cent, whereas the discrepancy for the budget as a whole is much greater.

The experience of the last few months confirms the regularity of the yield of pledged revenues, already noted. Since the opening of the account, four years ago, the revenue each year has exhibited remarkable stability and, up to last year, a steady increase. The crisis affecting the general activities of the country simply denoted a pause, as the figures quoted above show the receipts for the first seven months to be higher than those for the same period of 1928-29. Our last report explained the steadiness of the pledged revenues, the reason being the actual character of those revenues, consisting, as they do, primarily of excise duties on foodstuffs, the consumption of which hardly, varies, even at times of depression.

The Bulgarian Government has forwarded the text of the draft law on the manufacture and taxing of brandy. This question has frequently been referred to in our quarterly reports and has been examined on various occasions by the Financial Committee. We would simply mention here that included among the receipts under Chapter 15 of pledged revenues is the excise duty on industrial alcohol, the yield of which is far lower than it should be, for the following reasons: persons allowed to prepare alcohol for their own use (*bouilleurs de cru*)<sup>1</sup> escape taxation to a large extent and also take advantage of the imperfections of the present law in order to obtain, by redistillation, brandy from high content alcohols which compete with the products of distilleries to such an extent that the latter, with one exception, have had to close down. This explains why the excise duty on industrial alcohol, which in 1924-25 had produced 77 millions of leva, brought in only 10 millions in 1929-30. The new law, which provides for strict control—by means of a meter on every alambic—over the manufacture of brandy, will make fraud very difficult. Taxation is to be modified and the alcohol obtained by redistillation will be assimilated, above a certain content, to industrial alcohol, the proceeds of the excise duty levied being paid to Chapter 15. We may count, then, on a fairly rapid increase in the revenue under this chapter directly the new law comes into force.

We have examined the effects of the new regulations for brandy only in relation to pledged revenues. The provisions in question will, of course, considerably increase the yield of the excise duty on brandy: the Treasury will thus benefit by increased revenues, though even an approximate estimate would be unsafe. Comparing the present situation with the position prior to 1914, however, we may conclude, that the advantages to be expected are such that the Bulgarian Government ought not to neglect any measures to render the proposed reform really effective.

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

	August	September	October	Previous payments	Total payments up to the end of October 1930
Interest . . . . .	22,646	37,415	36,997	1,249,683	1,346,741
Amortisation . . . . .	83,466	161,949	104,638	10,628,223	10,978,276
Total . . . . .	106,112	199,364	141,635	11,877,906	12,325,017

The sums paid on account of amortisation were regularly transferred, in conformity with the "General Obligation" of the Loan to the accounts of the Trustees, to be employed by the latter for purposes of supplementary amortisation.

The payments per financial period since November 1st, 1929, were as follows:

November 1929 to January 1930 . . . . .	1,518,001
February to April . . . . .	1,588,993
May to July . . . . .	1,040,344
August to October . . . . .	437,111

There was thus a rapid falling off during the last six months, whereas the debts due kept on increasing. True, the law for the settlement of the refugees, in application of the Protocol, furnishes the State with effective means for enforcing the execution of unfulfilled agreements. It would have been disastrous, however, to employ them, as the State has not yet taken measures to recover the large arrears of the 1929 land tax or set about the recovery of the 1930 land tax, while the Agricultural Bank has decided, in principle, to hold over the repayment of debts maturing during the last few months. We accordingly agreed with the General Directorate that the latter should instruct the Agricultural Bank responsible for the administration of refugee agreements to adopt towards the refugees the indulgent policy which it follows for its own debtors.

<sup>1</sup> The excise duty on this alcohol is payable under a special Chapter of the budget: "Excise duty on material for the manufacture of brandy".

### III. EXECUTION OF THE SETTLEMENT PLAN.

#### (a) Various Supplies.

The following table shows the allotment of various supplies since the beginning, and their value at the date of forwarding the report.

	Leva
<i>Seed:</i>	
10,241,069 kilogrammes at a value of . . . . .	65,440,956
<i>Live-stock:</i>	
20,646 animals . . . . .	147,184,359 <sup>1</sup>
as follows: 5,943 horses and mules . . . . .	53,352,887
12,183 oxen and cows . . . . .	71,763,110
2,520 buffaloes . . . . .	15,545,553
<i>Implements:</i>	
7,698 ploughs . . . . .	10,363,414
2,533 harrows . . . . .	1,658,578
8,959 carts . . . . .	43,698,458
	55,720,450
<i>Fishing tackle:</i>	
28 nets . . . . .	} 6,702,655
66 boats . . . . .	
3 motor-boats . . . . .	
<i>Sulphate of copper.</i> . . . . .	77,119
Total . . . . .	275,125,539

#### (b) Houses.

The following figures summarise the position at the date of the report:

	Houses		Sheds		Byres	
	Finished	Contracted for	Finished	Contracted for	Finished	Contracted for
Built by private enterprise . . . . .	5,376	2,310	3,786	1,615	4,719	1,533
Built on a monopoly basis by the General Directorate for the Settlement of Refugees . . . . .	924	246	774	242	772	44
Built by the refugees themselves	342	275	222	190	289	235
Total . . . . .	6,642	2,831	4,782	2,047	5,780	1,812
Figures at the end of the previous quarter . . . . .	4,465	4,282	3,383	2,890	3,908	3,193

Up to the present, the number of applications for houses received is 10,090

Number of houses ready . . . . . 6,642

Number of houses now being built . . . . . 2,831

9,473

Number of houses still to be built . . . . . 617

This number may be further increased, as fresh applications are received from day to day. The competent services are at present studying the allocation of the Loan funds to the requirements still outstanding, including the building of houses.

<sup>1</sup> Including the first year's insurance premium on live-stock—namely, 6,522,809 leva.

(c) *Land.*

The position, as at the date of the report, is as follows:

Department	Land surveyed (decares)	Land allotted (decares)	Number of families	Average area allotted (decares)
Burgas . . . . .	549,393	486,586	11,767	41.35
Varna . . . . .	69,180	61,612	1,583	38.92
Vidin . . . . .	8,929	8,929	282	31.66
Petritch . . . . .	120,663	111,023	4,062	22.37
Vratcha . . . . .	22,621	21,872	639	34.17
Plovdiv . . . . .	26,043	25,657	1,370	18.72
Plevna . . . . .	19,562	17,845	509	35.05
Rustchuk . . . . .	49,130	32,471	860	37.72
Stara Zagora . . . . .	14,899	14,264	448	31.84
Tirnovο . . . . .	17,132	17,033	455	37.40
Haskovo . . . . .	156,876	131,729	3,012	43.73
Schumen . . . . .	43,547	41,082	1,187	34.61
Mastanla . . . . .	82,711	52,903	1,483	35.67
Total . . . . .	1,180,686	1,023,006	28,557	35.82
Figures at August 15th, 1930 .	1,174,363	1,016,695	28,342	35.87

The land still available represents an area of 128,000 decares—namely:

	Decares
Land recovered after the draining of the marshes . . . . .	107,000
Land which still forms the subject of disputes in process of settlement . . . . .	3,000
Plots reserved at the time of the previous allotment . . . . .	18,000
	128,000

permitting of the settlement of approximately 4,250 families.

The Land Valuation Committee has continued its work and has now completed the valuation of the land of 23,517 families. The Directorate, further, has executed up to date 29,000 plans of plots to go with the property deeds handed over to refugees.

The land work has involved, up to the date of the report, a total expenditure of 51,154,318 leva:

	Decares	Expenditure
Clearing work . . . . .	53,759	36,914,698
Mechanical ploughing . . . . .	60,230	14,239,620

According to the Directorate-General's estimate, there are 36,000 decares still to be cleared and 23,000 decares (at Karaboas, in particular) to be ploughed, the total cost being approximately 120,00,000 leva.

(d) *Supply of Drinking Water.*

At the date of the report, the Directorate-General had received a total of 212 applications for the installation of drinking water in villages with refugee settlements.

Ninety-two estimates have been finally approved for work in villages in which close on 9,000 refugee families are established, representing an expenditure of 25,348,868 leva, of which 7,975,080 leva have actually been expended up to date on work and material. The work includes the sinking of wells, the catchment of springs, the building of reservoirs and the laying of pipes.

The estimates still under examination for the remaining 120 villages are for a provisional total of 16,896,132 leva.

The total estimated expenditure on waterworks may thus be 42,245,000 leva.

(e) *Draining.*

1. *Lower Karaboas Plain.*

The Directorate of Compulsory Labour completed, by the agreed date, the 23.670 kilometres of dyke and the accessory works entrusted to it for execution by the special law of February 2nd, 1929.

The dyke totals 30.670 kilometres, in three portions, as follows, from east to west:

- (a) The recently completed 23.020 kilometres portion (total cost, 36,500,000 leva);
- (b) The 3.650 kilometres portion undertaken by the State in 1925. This was completed by means of the 1927 Loan to the amount of 2,839,999 leva;
- (c) The 4 kilometres portion built by the State in 1909.



Parts of the dyke (*b* and *c*) built before the expert enquiry carried out by M. Fornari, the engineer appointed in 1927 to study the drainage scheme, have proved inadequate and will have to be reinforced for a distance of 7,500 kilometres. The work will be carried out, under the Loan, at the beginning of 1931, by the Directorate of Compulsory Labour with which a contract has just been concluded for 5,644,000 leva.

This brings the loan contribution toward protective works in the lower Karaboas plain up to 44,983,999 leva.

The work which has just been completed constitutes a remarkable example of really productive effort in such matters. First should be noted the results achieved by the Compulsory Labour Organisation, which has proved itself competent to undertake large-scale enterprises requiring method and initiative in addition to large resources. Its yield has been such that—the full financial expenditure being incurred without State aid—it has been able to carry out its contract on better terms than private enterprise. The technical conduct of the work was entirely satisfactory and the Commission taking over the work accepted it without comment.

As regards the results to be expected from what has just been done, experience in previous harvests, as the progress of the dyke permitted the utilisation of fresh land for cultivation, is conclusive. The 165,000 decares now protected from flood (the total is 170,000 decares, but 5,000 are still flooded by overflow) are remarkably fertile and two crops will generally be possible. The revenue from the 165,000 decares at Karaboas will undoubtedly be considerable, in view of the smallness of the capital invested.

## 2. *The Stralja Marsh.*

The first undertaking having been settled, the execution of the work was entrusted, as stated in the last report, to the Directorate of Compulsory Labour. Thanks to the efforts during the past quarter, one-half of the work is now completed.<sup>1</sup>

## 3. *The Messemvria Marsh.*

Although the work has not progressed hitherto as quickly as it should have done, we hope that the undertaking may be completed, within the time-limits fixed, in November 1931. One-half of the earthworks have now been completed. Of the six bridges contemplated, only one is completed, the remainder being at more or less advanced stages of completion.

## 4. *The Mandra Marsh.*

Under the contract concluded on September 20th, 1929, the work should be completed within two years—*i.e.*, by September 20th, 1931. On November 1st last the earth works actually completed represented only 15 per cent of the total, and very little progress has been made during the period under review. For the draining to be finished within the contractual period, the contractor would have to employ mechanical means next year, reducing labour to a minimum, as the workers' output has suffered this summer owing to malaria, which is very virulent throughout the district.

### (f) *Means of Communication.*

#### 1. *The Rakovski-Mastanla Railway.*

During the last three months, thanks to the favourable weather, the work has proceeded actively throughout the sector under construction.

The big tunnel (1,120 metres) will be open to traffic early next year, and the line will reach the big bridge over the Arda by the time of its completion, which should be in August 1931. South of the Arda bridge, as far as the Mastanla terminus, the formation level is ready except for the bridge over the Suntlika, which will no doubt be completed by next autumn. The stations and other buildings are ready all along the line.

Of the Loan credit of 300 million leva to which must be added 5 millions from the roads and bridges budget towards the building of the double bridge over the Arda (rail and road)—making a total of 305 millions—the sum of 295,440,209 leva (including advances) had been expended up to October 31st. Expenditure exceeding the total credit of 305 millions will have to be borne by the budget of the Railways Administration which is solely responsible for the continuation of the work.

#### 2. *Roads.*

Work was continued under satisfactory conditions during the period under review. The road-building programme under the Loan will be completed some time next year: of the total 48 kilometres, 32 kilometres are now complete. Up to October 31st, the total expenditure, including advances, was 10,555,622 leva.

<sup>1</sup> *Erratum:* Sixteenth Report, page 5, (e) *Draining. The Stralja Marsh*, read: "December 31st, 1931", not "December 31st, 1930".

(g) *Health.*

In October, Professor Jessner, delegate of the League of Nations Health Organisation, made a tour extending over several days in the Department of Burgas, to inspect the progress of the health organisation which he had set up during the summer. He declared himself well satisfied with the results on the whole. Some of his observations agree with those already made by Professor Swellengrebel in the latter's report to the Health Organisation on his inspection of the health service in the Department of Burgas.

The Financial Committee and the Council of the League of Nations, at the last session, considered the measures to be taken, in conformity with the conclusions of Professor Swellengrebel's report, to ensure the efficacy of the health institutions set up in Bulgaria with the assistance of the Health Organisation.

We understand that the Bulgarian Government, as stated before the Council in September by its representative, the Bulgarian Minister of Finance, will take the necessary financial and administrative measures to ensure the adequate functioning, after next spring, of the health service in the Department of Burgas and in the Sveti-Vratch centre (Department of Petritch).

**B. 7½ % Stabilisation Loan of 1928.**

**I. POSITION OF THE LOAN.**

The position of the 7½% 1928 loan at October 31st, 1930, is shown in Appendix II of this report. The available amount on deposit in London and Paris in foreign exchange was about £371,000 at that date.

**II. YIELD FROM THE ASSIGNED REVENUES.**

During August, September and October 1930, the sums received by way of revenues assigned as security for the 7½% 1928 loan (Customs revenues) were (in leva) as follows:

August	September	October	Monthly budget estimates
67,475,821	85,109,532	93,364,814	108,333,333

The receipts for the last three months, 244,950,167 leva, show a big increase as compared with the preceding quarter (177,572,465 leva), while still below the budget estimates for the quarter (324,999,999 leva).

The service of the loan for the three months absorbed 84,405,741 leva, or about 35 per cent of the available funds.

The Customs revenues improved steadily during the last six months, owing partly to the gradual increase in imports and the raising of Customs duties as from June 4th, 1929; but they are still far below the figures for the same period last year, owing to the considerable discrepancy between the 1929 and 1930 imports, as shown by the trade balance figures, to be found under "Statistics".

Since the beginning of the financial year—that is, from April 1st to October 31st, 1930—the Customs revenues amounted to 482,125,281 leva, compared with 1,007,098,282 leva for the corresponding period of 1929, a decrease of 52 per cent.

**III. EMPLOYMENT OF THE LOAN.**

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

**(a) Railways and Harbours.**

The following figures sum up the position, at the date of the report, of the expenditure in application of the Regnoul programme, set off against the total credit of 672,300,000 leva allotted to railways and harbours.

	Leva	Figures at the end of the previous quarter Leva
Expenditure already authorised . . . . .	667,000,000	660,000,000
Contracts concluded . . . . .	520,526,351	515,254,000
Value of work undertaken on a monopoly basis . . . . .	76,075,248	56,285,764
Sums actually expended . . . . .	442,180,075	357,787,049

(b) *Roads.*

The following figures summarise the position at October 31st, 1930, with regard to the employment of the total credit of 176,266,179 leva.

	Expenditure approved	Commitments on contracts (In leva)	Sums actually expended
(a) <i>By contracts:</i>			
Roads . . . . .	69,910,000	58,401,000	28,663,357
Bridges . . . . .	63,800,000	55,649,500	22,280,222
(b) <i>By the Directorate of Compulsory Labour .</i>	36,200,000	30,770,000	15,000,000 <sup>1</sup>
(c) <i>Purchase of material:</i>			
Motor tanks . . . . .	1,000,000	450,000	450,000
Total . . . . .	170,910,000	145,270,000	66,393,579
Figures at July 31st, 1930 . . . . .	165,000,000	129,002,800	37,297,147

We have in previous reports repeatedly expressed the opinion that the repair of the roads was not being carried out as rapidly as was desirable or in conformity with the technical instructions recommended in M. Regnoul's report. In view of the impossibility of speeding up the road programme, we have confined ourselves to improving the execution of the work itself. A recent inspection confirmed the view that the method followed hitherto had not produced satisfactory results, and we decided accordingly to defer all expenditure on roads until we were in receipt of a general survey from the Administration of Bridges and Highways suggesting remedies for the defects noted. We are happy to state that we have approved the measures proposed by the Administration, which appear to us entirely satisfactory. We are convinced that, if they are properly applied, the work next year will leave nothing to be desired.

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

The following figures summarise the position of expenditure at October 31st, 1930:

	Expenditure approved	Commitments on contracts (In leva)	Sums actually expended
Public buildings . . . . .	282,549,100	250,660,616	229,282,247
Roads and bridges . . . . .	50,207,000	43,578,020	33,857,840
Railways . . . . .	7,375,000	6,342,850	5,993,395
Water conduits . . . . .	10,421,000	9,694,262	5,559,569
Regulation of rivers . . . . .	12,700,000	13,345,000	10,842,232
Overhead and various expenditure . . . . .	9,000,000	6,000,000	6,097,832
Total . . . . .	372,252,100 <sup>2</sup>	329,620,748	291,633,115
Figures at July 31st, 1930 . . . . .	369,287,100	312,374,446	238,334,285

According to recent information, the work of repairing the destruction caused by the earthquake is nearing completion. The work accomplished by the Bulgarian services responsible for the restoration of the devastated areas is most noteworthy. The first expenditure met from the proceeds of the loan dates back to March 1929; and, of the 358 heads of expenditure authorised by us, 355 have been or will shortly be settled. Only three undertakings will remain to be carried out next year, and the total works still outstanding represent an expenditure of only 8 millions out of a total credit of 336 millions of leva, the equivalent of the £500,000 block.

IV. BUDGET.

Below are shown the figures supplied by the Ministry of Finance for the execution of the 1930-31 budget during the first seven months of the financial year—*i.e.*, up to October 31st, 1930.

<sup>1</sup> Advance on account for the work carried out.  
<sup>2</sup> The proceeds in leva of the block earmarked for the reconstruction of the devastated areas amounts to 336,000,000 leva. The expenditure authorised seems to exceed this sum; but, owing to the economies realised when the contracts were given, the commitments are still within the £500,000 limit.

RECEIPTS.

	Receipts from April 1st to October 31st, 1930	Comparison with the first seven months of the previous financial year	Comparison with budget estimates
	(In leva)		
Direct taxes . . . . .	336,058,206	— 32,548,476	— 213,441,794
Indirect taxes . . . . .	1,298,624,936	— 598,929,676	— 294,458,397
Duties . . . . .	395,612,290	— 94,061,633	— 47,137,710
Fines and confiscations . . . . .	38,168,562	— 10,765,726	— 13,748,104
Posts, telegraphs, telephones . . . . .	181,059,135	— 9,455,902	+ 12,559,135
State domain and capital . . . . .	231,267,715	+ 1,847,329	— 77,898,951
Contributions of the communes towards teachers' salaries . . . . .	233,707,087	— 46,278,876	— 49,209,579
Miscellaneous revenue <sup>1</sup> . . . . .	261,102,527	— 36,944,114	— 209,081,639
Revenue from closed financial years . . . . .	214,099,584	— 42,147,353	+ 82,266,251
<b>Total . . . . .</b>	<b>3,189,700,042</b>	<b>— 872,979,085</b>	<b>— 820,150,788</b>
Revenue from railways and harbours (special budget) . . . . .	729,193,723	— 82,862,962	— 149,983,499
<b>Total . . . . .</b>	<b>3,918,893,765</b>	<b>— 955,842,047</b>	<b>— 970,134,287</b>

The yield from revenues shows a marked decrease, the general index being less than 20 per cent of the budget estimates. The biggest falling-off is in direct taxes (39 per cent). It should be noted that the most important of the taxes in question—the tax on non-building property—which was estimated at over 37 per cent of the total proceeds under this head, has not yet actually been recovered. A draft law now before Parliament, on the purchase and export of cereals, provides for a special organ to purchase from producers up to June 30th, 1931—at prices higher than the world rates—payment being partly in kind and partly written off. This system is regarded as likely to result in the wiping-off of a large number of arrears.

The other decreases in returns chiefly affect indirect taxes (—18 per cent), the proceeds of fines and confiscations (—16 per cent), the revenue from domain and capital (—25 per cent), miscellaneous revenue, including revenue from funds included in the general budget (—44 per cent). The total receipts from railways and harbours show a falling-off of only 17 per cent.

The above results reflect the economic crisis which still weighs on the country, but are due also to specific gaps or imperfections admittedly calling for administrative and fiscal reforms. To mention only urgent examples, there is imperative need for the settlement of questions concerning the establishment of the land register, the reform of the excise duty on alcohol, and the reform of the public accounts system.

EXPENDITURE.

	Settled from April 1st to October 31st, 1930	Comparison with the first seven months of the previous financial year
	(In leva)	
Under ordinary budget and budget for railways and harbours . . . . .	3,216,205,300	— 536,427,000
Under extraordinary budgets for the financial years 1927-28 and 1928-29 . . . . .	3,889,882	
Under supplementary credits voted during the war Orders not yet entered . . . . .	77,696,429	
Miscellaneous payments under provisional receipts . . . . .	609,298,556	
	438,598,670	
<b>Total . . . . .</b>	<b>4,345,688,837</b>	
Which, set off against the total receipts . . . . .	3,918,893,765	
Shows a deficit of . . . . .	426,795,072	

<sup>1</sup> Including revenue from funds included in the ordinary budget.

	Settled from April 1st to October 31st, 1930	Comparison with the first seven months of the previous financial year
	(In leva)	
This deficit was covered:		
By balances from previous financial years to the amount of . . . . .	195,797,000	
By the issue, as from June 27th, of Treasury Bonds to the amount of . . . . .	367,800,000	
	<u>563,597,000</u>	
Producing a surplus of . . . . .	136,801,928	
Which corresponds exactly to the credit balance of the Public Treasury account at the National Bank at October 31st, 1930, but against which must be set off supplementary liabilities of . . . . .	456,951,000	
The total approximate amount of the orders in respect of the financial year not yet settled		
Producing an actual deficit of . . . . .	320,149,072	
To which add the total of Treasury Bonds . . . . .	367,800,000	
	<u>687,949,072</u>	
Leaving total liabilities to the amount of . . . . .		

This deficit remains, despite the successful reduction of public expenditure by about 14 per cent compared with budget estimates during the seven months under review and the strict enforcement of the "monthly budgets" system and previous authorisation by the Ministry of Finance for all commitments exceeding 20,000 leva.

From June 27th on, therefore, despite the Treasury surpluses from previous financial years, receipts ceased to cover expenditure, and the Government was obliged to issue 367,800,000 Treasury Bonds, including 300 millions subscribed on account of certain non-budgetary funds. Of this amount, 100 millions were rediscounted by the National Bank.

The Treasury position at October 31st, 1930, was thus as follows:

TREASURY POSITION AT OCTOBER 31st, 1930

(In thousands of leva.)

<i>Assets.</i>		<i>Liabilities.</i>	
Surplus for 1929-30 and previous financial years at June 30th, 1930 . . . . .	195,797	Expenditure under the ordinary budget 1930-31 . . . . .	2,855,965
Receipts of the ordinary budget 1930-31 . . . . .	3,189,700	Expenditure under the budget for railways and harbours . . . . .	360,241
Receipts of the budget for railways and harbours . . . . .	729,194	Expenditure on account of previous years . . . . .	81,586
Proceeds of Treasury Bond issues . . . . .	367,800	Total orders not yet entered . . . . .	609,299
		Miscellaneous expenditure on provisional receipts. . . . .	438,598
		Credit balance of the Treasury account at the National Bank . . . . .	136,802
Total . . . . .	<u>4,482,491</u>	Total . . . . .	<u>4,482,491</u>

The actual position is thus as follows:

(In thousands of leva).

Credit balance of the Treasury account . . . . .	136,802	Orders held over . . . . .	456,951
Present actual deficit . . . . .	687,949	Treasury Bond debts. . . . .	367,800
Total . . . . .	<u>824,751</u>	Total . . . . .	<u>824,751</u>

## V. NATIONAL BANK.

Annex III to the present report shows the position of the National Bank at the end of each of the last three months (August, September and October).

During that period the trade balances shows an increasing credit balance, the result of the drop in imports, which chiefly affects raw materials and semi-manufactured products (material for the timber industry, paper, hides and skins, wool, cotton, instruments, machinery and spare parts (*vide* below "Statistics").

Summing up the situation for the first ten months of 1930, the value of imports shows a fall of close on 50 per cent compared with the corresponding period for 1929, and the value of exports remains virtually unchanged—though the total weight was doubled—this being the result of the fall in prices of agricultural products and tobacco.

There was thus a marked improvement in the balance of accounts, and the foreign currency holdings at the National Bank, amounting at July 31st, to 777,331,300 leva, totalled 987,882,151 leva at October 31st.

The metal gold reserve also increased at the average rate of 1,700,000 leva per week (about £2,500). It alone amounted, at October 31st, to close on 29 per cent. of the note circulation plus sight commitments. Together with the net balance of foreign exchange, convertible into gold, it continues to maintain the statutory cover above the minimum allowed—36.80 per cent at the end of October.<sup>1</sup>

The decrease in the Bank's commercial bills holding became more marked—from 515 million leva at the end of July to 462 millions at the end of August, 419 millions at the end of September and 389 millions at the end of October, compared with 880 millions at the beginning of the year.

This tightening of credit is, to a certain extent, due to the drop in prices (statistics annexed hereto—index of wholesale prices). It reflects the business stagnation, also evidenced by the increase in the funds of private banks with the National Bank—471 million leva at the end of July and 679 millions at November 23rd. It shows, lastly, that the Bank, having adopted a policy of strict selection and accepted for discount only sound obligations, is now in a position greatly to facilitate any normal resumption of economic activity, when the time comes.

The following table is an analysis of the bill holdings at October 31st:

	Millions of leva	Per cent
Banks . . . . .	293	75.32
Commerce . . . . .	47	12.08
Industry . . . . .	48	12.35
Miscellaneous . . . . .	1	0.25

The Bank rediscount percentage exhibits a slight decrease in favour of the discount rate for commerce and industry.

The official discount rate remained at 10 per cent; private interest rates have not appreciably changed, in spite of the present abundance of liquid assets in the banks.

## VI. STATISTICS.

(Supplied by the National Bank.)

### A. Foreign Trade for the First Nine Months.

	(In thousands of leva)		
	1928	1929	1930
Exports . . . . .	4,625,140	4,330,582	4,320,561
Imports . . . . .	5,258,868	6,234,171	3,311,205
	— 633,728	— 1,903,589	+ 1,009,356

The big decrease in imports, with the value of exports remaining practically constant, resulted in a favourable movement of foreign trade. The experience of the first nine months warrants the hope, therefore, that the 1930 trade balance will be well on the credit side.

An examination of the figures for the period under review shows that the stocks of raw materials or manufactured products following on the mass importation last year have not yet been disposed of owing to the depression which, despite certain encouraging signs, still weighs on the general activities of the country. The power of consumption of the rural population is still very low: agricultural products are disposed of only with difficulty, at prices which leave very little profit. A comparison of the weights exported during the first nine months reveals a large increase from year to year, while the respective values are practically equal (184,932,000 tons in 1929, compared with 350,856,000 tons in 1930).

An analysis of the detailed foreign trade statistics for the first nine months of 1929 and 1930 shows the following figures:

<sup>1</sup> This despite the disappearance on October 7th of the item "Silver reserve", representing 169 millions of leva transferred to the State for the minting of currency.

(a) *Imports.*

Principal commodities showing a decrease.

	1929	1930
	(Thousands of leva)	
Cereals . . . . .	150,940	39,501
Dye products, paints, varnishes . . . . .	147,593	75,580
Vegetable oils . . . . .	88,990	157,861
Metals and derivatives . . . . .	948,066	625,049
Timber and joinery . . . . .	119,930	314,396
Hides and skins . . . . .	99,657	325,273
Textiles . . . . .	2,068,267	894,472
Instruments, machinery . . . . .	903,229	521,179

(b) *Exports.*

All the principal commodities show an increase, with the exception of tobacco and attar of roses.

The value of tobacco exports has remained practically stationary, though the quantity was higher, as shown by the following figures:

	1929	1930
	(First nine months)	
Value of tobacco exported in thousands of leva . . . . .	2,064,434	1,921,157
Weight in tons . . . . .	14,416	16,376

*Attar of roses* shows a reduction of 63 millions—*i.e.*, 126,882,000 leva in 1930 (1,386 kilogrammes) as compared with 190,222,482 leva in 1929 (2,281 kilogrammes).

Of the commodities which show an increase, the chief are grain, followed by poultry, eggs, oil-cake and raw hides and skins.

The figures for *cereals* are as follows:

	1929	1930
	(First nine months)	
Value of cereals exported in thousands of leva . . . . .	402,231	603,227
Weight in tons . . . . .	68,918	207,227

B. *Information concerning the 1930 Harvest.*

We published in the previous report provisional figures for the harvest yield. The final figures broadly confirm this provisional information. Below are given, by way of indication, the approximate estimates of the quantities of grain for export.

I. *Quantities of exportable grain.*

	Yield (less seeds), including home consumption	Exports at November 1st, 1930 (Tons)	Balance for export (approximate figures)
Wheat . . . . .	1,355,936	37,870	250,000
Rye . . . . .	305,673	22,247	100,000
Barley . . . . .	371,595	36,947	50,000
Maize . . . . .	842,207	63,000	250,000
Oats . . . . .	120,579	36	—

These figures prove that the export campaign has hitherto achieved very little and large surplus amounts still remain to be disposed of. In assessing the surplus for export, account has been taken of the increase in home consumption resulting from the extension of stockbreeding, particularly of poultry, which has been very considerable this last year.

2. *Average Prices of the Principal Cereals on the Burgas Market.*

	(In leva per kilogramme)			
	1929		1930	
	May	November	May	November
Wheat . . . . .	7.78	6.23	5.46	2.68
Maize . . . . .	5.49	3.71	2.79	1.92
Rye . . . . .	5.70	4.20	3.50	1.65
Barley . . . . .	5.61	3.73	2.24	1.72

C. Wholesale Price-Index Numbers.

	(1914 = 100)			
	1928	1929	1930	
January . . . . .	3,008	3,211	3,107	
February . . . . .	2,999	3,267	2,990	
March . . . . .	3,021	3,290	2,732	
April . . . . .	3,074	3,318	2,721	
May . . . . .	3,134	3,338	2,637	
June . . . . .	3,078	3,245	2,514	
July . . . . .	2,987	3,200	2,467	
August . . . . .	2,961	3,141	2,503	
September . . . . .	3,061	3,111	2,395	
October . . . . .	3,129	3,174	2,373	
Average index number for the year . . . . .	3,072	3,205		

	1927		1928	
	Number	Leva	Number	Leva
January . . . . .	16,151	132,723,082	15,337	111,819,097
February . . . . .	13,113	109,789,733	14,556	105,712,456
March . . . . .	15,399	135,415,905	14,643	100,975,598
April . . . . .	14,726	127,020,034	13,793	91,814,860
May . . . . .	17,931	141,884,086	15,768	104,133,666
June . . . . .	13,591	114,901,892	13,369	93,751,200
July . . . . .	14,693	109,951,230	17,187	120,740,468
August . . . . .	20,640	151,581,452	21,594	147,817,253
September . . . . .	19,963	136,706,513	22,572	143,495,746
Total . . . . .	146,207	1,159,973,927	148,819	1,020,260,344

	1929		1930	
	Number	Leva	Number	Leva
January . . . . .	13,719	113,192,033	27,159	298,291,560
February . . . . .	11,239	90,167,775	23,730	266,386,266
March . . . . .	12,641	99,433,785	29,648	296,295,032
April . . . . .	14,861	106,500,813	32,509	298,499,075
May . . . . .	19,061	140,342,206	32,375	286,994,789
June . . . . .	15,331	125,199,218	20,549	181,697,662
July . . . . .	21,920	152,871,240	25,003	206,305,910
August . . . . .	23,554	158,830,065	30,005	212,352,860
September . . . . .	29,152	199,743,521	47,301	296,804,926
Total . . . . .	161,478	1,186,280,656	268,279	2,343,628,080



Appendix I.

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

	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 1913 Treasury	£	s.	d.
Bonds . . . . .	625,889	11	6
Half year's reserve . . . . .	90,000	0	0
Miscellaneous expenses: stamps, printing of bonds, etc..	49,474	4	1
	765,363	15	7
		\$	168,750.— <sup>1</sup>
(d) <i>Add:</i>	£1,346,636	4	5
Interest . . . . .	115,992	9	10
	1,462,628	14	3
(e) <i>Subtract:</i> <sup>2</sup>			\$4,066,357.50
Amounts released . . . . .	£1,069,558	4	1
			\$4,066,357.50
(f) <i>Equivalent in leva of half-year's reserve</i> . . . . .			83,851,875 <sup>1</sup>
(g) <i>Proceeds in leva of amounts released</i> . . . . .			1,266,534,702 <sup>2</sup>
			1,350,386,577
Placed at the disposal of:			
(1) The Directorate for the Settlement of Refugees . . . . .	Leva 1,268,824,302		
(2) The Government for the reconstruction of the devastated areas . . . . .	45,000,000		
	Leva. . . . . 1,313,824,302		1,313,824,302
Surplus available . . . . .	£393,070	10	2
	(Deposited with the Bank of England)		Leva 36,562,275
			(Deposited with the National Bank of Bulgaria)

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

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

Appendix II.

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

	Sterling block		Dollar block	French franc block
	£	s. d.	\$	Fr.
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
Leva				
Equivalent in leva . . . . .			3,365,031,577	
Add . . . . .			5,000,000 <sup>1</sup>	
Utilised up to October 31st . . . . .			3,370,031,577	
			2,999,427,028	
Surplus available on that date . . . . .				Leva 370,604,549 <sup>2</sup>

<sup>1</sup> The equivalent of interest collected by the Bulgarian Government on sums deposited abroad and paid into the loan account to make up the sum earmarked for road improvement (see twelfth report, page 9, "(b) Roads").

<sup>2</sup> This figure represents:

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

52,199,615 leva at the National Bank of Bulgaria;  
6,311,483.30 francs at the Bank of France;  
£370,213 13s. at the Bank of England.

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

36,000,000 leva at the National Bank of Bulgaria.

Appendix III.

POSITION OF THE NATIONAL BANK OF BULGARIA.

	As at August 31st, 1930 (in leva)	As at September 30th, 1930 (in leva)	As at October 31st, 1930 (in leva)
<i>Assets.</i>			
1. Gold coin and bullion . . . . .	1,427,761,275	1,433,748,487	1,440,083,251
2. Silver . . . . .	169,962,190	169,962,190	—
3. Foreign gold exchange . . . . .	379,475,689	410,811,432	471,380,649
4. Other foreign exchange . . . . .	775,968,807	753,005,822	585,218,771
5. Bulgarian small coinage . . . . .	80,634,388	68,173,096	125,367,102
6. Bills of exchange and promissory notes:			
Commercial Bills . . . . .	462,168,071	419,390,286	389,236,857
Treasury Bills. . . . .	—	—	—
7. Advances:			
To the Government . . . . .	20,000,000	70,000,000	70,000,000
Other advances . . . . .	306,220,142	293,014,420	273,484,634
8. State debts . . . . .	3,279,302,000	3,279,302,000	3,210,302,000
9. Investments . . . . .	327,518,540	325,751,826	323,216,758
10. Buildings and equipment . . . . .	27,066,615	27,505,259	28,211,797
11. Other assets . . . . .	348,786,421	354,742,100	490,447,238
<b>Total assets. . . . .</b>	<b>7,604,864,138</b>	<b>7,605,406,918</b>	<b>7,406,949,057</b>
<i>Liabilities.</i>			
12. Capital paid up . . . . .	500,000,000	500,000,000	500,000,000
13. Reserve funds . . . . .	1,254,091,465	1,253,638,439	1,211,922,265
14. Notes in circulation . . . . .	3,682,823,340	3,660,474,360	3,655,734,237
15. Other sight liabilities in leva . . . . .	1,371,591,298	1,375,479,621	1,349,484,840
16. Deposits, in leva, at notice . . . . .	284,331,490	283,044,404	279,913,966
17. Foreign exchange liabilities . . . . .	156,460,613	177,330,569	69,249,137
18. Other liabilities . . . . .	355,565,933	355,439,528	340,644,612
<b>Total liabilities . . . . .</b>	<b>7,604,864,138</b>	<b>7,605,406,918</b>	<b>7,406,949,057</b>
<i>Cover.</i>			
(Proportion of gold and silver, plus net amount of foreign gold exchange to banknotes in circulation, plus sight liabilities). . . . .	36.02%	36.48%	36.80%
Discount rate . . . . .	10 %	10 %	10 %

Geneva, January 14th, 1931.

LEAGUE OF NATIONS

G R E E C E

2

**Report on the Liquidation of the Refugee Settlement  
Commission.**

During the negotiations which extended over the latter half of the year 1929, the question of the liquidation of the Commission was the subject of frequent and serious consideration. Reference will be found thereto on pages 4 to 6 of the twenty-second quarterly report, on page 13 of the twenty-third quarterly report and on pages 10 and 11 of the twenty-fourth quarterly report, submitted by the Commission to the League of Nations.

In the month of October 1929, a draft Convention was prepared. Negotiations with the representatives of the Hellenic Government, on the basis of this draft, were carried on during the months of November and December 1929, and on January 24th, 1930, a Convention between the Hellenic Government and the Refugee Settlement Commission was signed at Geneva, which laid down in detail the procedure to be followed and the action necessary to be taken for the liquidation of the Commission. The text of this Convention will be found printed as document C.107.M.31.1930.II of the League of Nations. The Convention was sanctioned by decree of the Ministerial Council, dated June 20th, 1930, published in No. 220, Volume I, dated June 27th, 1930, of the *Government Gazette*. A translation of the said decree is annexed hereto, marked Appendix A. Such decree was issued in accordance with Law No. 4592, dated April 30th, 1930, and published in No. 137, Volume I, dated May 2nd, 1930, of the *Government Gazette*. A translation of the said law is annexed hereto, marked Appendix B. Even before the beginning of 1930, action had been taken towards this liquidation. Certain services in Macedonia had been suppressed, four bureaux of colonisation had been closed, and a number of agronomes had been dismissed. Before the date of the signature of the Convention, also, the whole of the agricultural services, properly so-called, and all the personnel employed by the Commission in stallion and model stations, in nurseries and model farms and in experimental plots, as also the dispensaries and medical services, had been transferred to the Greek Government, as from January 1st, 1930. At its maximum, in the year 1928, the personnel employed by the Refugee Settlement Commission amounted in number to 2,042. On dissolution, the Commission was employing 623, who were transferred to the Government and the Agricultural Bank.

*Article 1* of the Convention of January 24th, 1930, provided for the formal transfer of the property of the Commission of every kind to the Hellenic Government, subject to the terms and conditions stated in the subsequent articles of the Convention.

The property has been duly transferred; immovable property and all rights and claims of every sort by an Act of Transfer, dated December 24th, 1930, a translation of which is attached to this report, marked Appendix C; securities, cash and amounts remaining to the credit of the Commission (except proceeds of collections of refugee debts from October 1st, 1930, which have been transferred to the Agricultural Bank, which has duly signed a receipt therefor) in various banks by transfer thereof to the Bank of Greece, which has duly signed a receipt therefor; furniture, office equipment and other property of the same sort by delivery thereof to a representative of the Government, who has duly signed a receipt therefor.

Such transfer was duly authorised to be made by Law No. 4857, dated December 18th, 1930, published in Volume I, No. 396, of December 18th, 1930 of the *Government Gazette*. A translation of this law is annexed, marked Appendix D.

It is not possible to specify the exact amount of cash and securities delivered to the Bank of Greece. The cash and securities in the possession of the Commission on November 30th, 1930, are shown by a balance-sheet of that date, a copy of which is annexed hereto marked Appendix E. Transfer of the furniture, office equipment, archives and other property of the same sort was specially authorised by Ministerial decision dated December 21st, 1930. Copies of this decision and of the order of the Minister of Agriculture issued thereunder are annexed hereto, marked Appendices F and G.

*Article 2* laid down as an essential condition of transfer that the Hellenic Government should assume and undertake to discharge all obligations of every kind whatsoever binding upon the

Commission. This obligation of the Hellenic Government has been rendered binding by the law above referred to passed on May 2nd, 1930, which confirms the Convention of Liquidation.

*Article 3.* — It was incumbent on the Refugee Settlement Commission to hand over to the Government lists of all the claims which the Commission had against third parties other than agricultural and urban refugees, and also to make over to the Government lists of all obligations undertaken by the Commission, the discharge of which will be incumbent upon the Hellenic Government. These lists have been prepared and delivered to the Government.

Under the same article, the Commission recorded the opinion that it would be able to leave sufficient funds to complete the cadastre. A sum of £100,000 for this purpose, included in the cash handed over to the Government, has been transferred to the Government for the continuation of this work. It is thought that this sum will prove sufficient to complete the cadastre of the cultivable areas and the measurement and preparation of maps for the pastures.

Under the same article, again, the Commission undertook to leave sufficient funds to cover any unpaid balance due under the contract for the construction of the Drama-Ossenitza road, and expressed the hope that it would be in a position to leave sufficient funds to cover any unpaid balance due under the contract for the construction of the Zirnovο-Borovo road. These roads are still in course of construction and were transferred to the Government on November 15th, 1930. The balance of the sum estimated in the contracts for their construction was also transferred, in addition to a further sum of 3,237,000 drachmæ for the Drama-Ossenitza road, and 7,000,000 drachmæ for the Zirnovο-Borovo road, as the amount of the contract proved to be insufficient to complete the roads, and these further sums had been provided in the budget of the Refugee Settlement Commission for the continuation of these roads. In making this division of the available balance, the Commission considered that the additional sum allotted for the Zirnovο-Borovo road would, in fact, be sufficient for its completion; that allotted for the Drama-Ossenitza road would ensure its completion as far as the Papaskeui Bridge over the Nestos River. The latter road is of peculiar importance, as it eventually leads to the Karadere post on the Bulgarian frontier. The road has, therefore, more than local importance, and is certain to be completed by the Government from its own budget as a work of national importance. This would not be so in the case of the Zirnovο-Borovo road, and it was on this consideration that the available balance was divided in the manner described. In this connection it is interesting to note that the Papaskeui Bridge, work on which had been suspended for two years, has actually been completed during the year 1930.

Under *Article 3* it was stated that the Commission anticipated that all minor obligations would be covered by the funds which it would place at the disposal of the Hellenic Government. This anticipation has proved correct, and the balance handed over to the Government is sufficient to cover all those minor obligations.

*Article 4* of the Convention dealt with certain urban questions, in addition to the question of the agricultural and medical services which had already been transferred. The Government has now taken over all the urban services referred to in that article, and the Commission has ceded all the land in the urban settlements used for public roads, all bridges, drains, water-pumping machinery, pipes for the supply of water, etc., and the equipment used for the purpose of public utility services for the settlements. It has also transferred to the Government such maps of the urban areas as are already completed, and the technical service which is now engaged on the preparation of maps for urban areas where the survey has not been completed. Schools, hospitals and dispensary buildings, and in addition, churches, open spaces and markets, have been handed over to the Hellenic Government, except in those cases where such buildings and lands had already been disposed of.

In accordance with *Article 6*, the Commission has handed over to the Agricultural Bank its service for the collection of debts, and to the Government all the other services existing at the time of liquidation.

M. Anastasios Domestichos has taken charge of all records of a public character on behalf of the Government. Confidential records have been dispatched to the League of Nations at Geneva.

*Article 8* of the Convention provided for the constitution of a mortgage in favour of the International Financial Commission on all immovable properties transferred by the Commission to the Government. The law of December 18th, 1930, above referred to, provided for the imposition of a first charge in favour of the International Financial Commission on all immovable properties transferred by the Refugee Settlement Commission to the Government on which refugees have been established.

The settlement of the debts of agricultural refugees was regulated by *Article 9* of the Convention. In order to settle these debts, it was necessary to fix the price of land and the compensation of agricultural refugees. The price of the cultivable land has been fixed in accordance with an informal agreement arrived at with the Government at a conference held on March 27th, 1930. The contents of this informal agreement were embodied in a formal agreement dated November 28th, 1930, a copy of which is annexed hereto marked Appendix H. It was agreed that the average price of cultivable agricultural land on which refugees from Turkey were settled should be 400 drachmæ a stremma. In order to arrive at this sum, the market value of the land in all the refugee settlements of the Commission was calculated, and a proportionate reduction made in every case, so that the average price should be 400 drachmæ a stremma.

The price of the land has been entered in all the accounts of the refugees in Macedonia and Thrace, and is in course of entry in those of Old Greece and the islands.

The above agreement did not cover the lands on which immigrants from Bulgaria have been established. In their case, the actual market value will be charged, as they have been paid compensation in full for the lands they left in Bulgaria, at the market value as estimated by the Greco-Bulgar Mixed Commission. There is thus no reason why they should be granted their holdings in Greece at a reduced rate. The case of the agricultural refugees from Turkey is different. They have been granted as compensation a small percentage only of the value of the property which they left there.

Under Clause III (*b*), the compensation payable to agricultural refugees from Turkey was to be entered on the credit side of their accounts with the Refugee Settlement Commission. There were 120,000 applications for this compensation. At the date of the liquidation of the Commission, 80,000 of these claims had been settled, and orders for the amount of compensation adjudged payable had been issued and entered in the accounts of the refugees concerned. This work will continue until all of the claims have been calculated and entered in the accounts. The accounts of the refugees will then be complete.

Under Clause V (*Article 9*), the Refugee Settlement Commission has transferred the bonds in its possessions to the Hellenic Government, and under Clause VI it has credited these bonds to the accounts of the individuals concerned at the nominal value of the bonds. Such bonds are included among those referred to as transferred in accordance with Article I of the Convention.

With regard to Article 10, the amount to be applied to the compensation of the agricultural refugees is estimated not to exceed £8,500,000.

In both Article 9 (ii) (*a*) and Article 11 (ii) (*a*) the amount at debit of each refugee's account consisted of the amount or value of all advances in cash or in kind and of the house, if any, which he has received from the Refugee Settlement Commission, *subject to such deductions as the Commission may have authorised by general or special order.*

After negotiations with the Government in the case of both the urban and agricultural refugees, it was decided that no charge should be made to the refugees for general expenses or for works of public utility, except that in certain cases charges have been maintained to agricultural refugees for water supply, for irrigation services and for schools where those have been provided. In the case of water supply and of irrigation, this charge has been limited to a maximum of 500 drachmæ a family. The accounts have, therefore, been amended, or are in course of amendment, in accordance with this decision.

The settlement of the accounts of the refugees has proceeded much more rapidly than was expected. A certain amount still remains to be done in order that the accounts may be finally settled. In the case of the agricultural refugees, there remain about 40,000 cases of compensation to be entered; the price of the land in Old Greece and the islands has in many cases still to be debited. In the case of the urban refugees, there remains to be deducted from the amount at their debit the charge for general expenses and works of public utility with which originally they had been debited. The back of the work has, however, been broken, and there will be no difficulty in completing these accounts.

After consultation with the Government, the Commission decided that no interest should be charged on debts due to it up to December 31st, 1930, that amounts already paid as interest shall be credited towards the payment of the capital debt, and that, after that date, interest should be charged at 3 per cent per annum, except in the case of failure of the refugees to pay their instalments, in which case a penal interest at the rate of 8 per cent per annum would be charged on arrears. This decision is included in the Agreement with the Government providing for the fixation of the price of the land which is attached as Appendix H to this report. It will entail, as a consequence, the credit of all payments of interest hitherto made as payments in reduction of the capital debt.

*Articles 14 and 15* provide for the collection of urban and rural debts. A slight modification has been made in the Convention with reference to this point, the change being included in a supplementary Convention signed by the representatives of the Greek Government and the Refugee Settlement Commission on December 4th, 1930, and attached to this report as Appendix I.

It has been arranged that all collections, whether of agricultural or of urban debts, shall be made by the Agricultural Bank, and that the Bank shall be responsible for the six-monthly payment of £30,000 to the International Financial Commission for extraordinary amortisation of the Loan of 1924. These remarks also apply to *Articles 16 and 17* of the Convention. A copy of the agreement between the Government and the Refugee Settlement Commission concerning the collection of refugee debts is attached hereto marked Appendix J.

Under Article 18 of the Convention, the Hellenic Government has conveyed to the International Financial Commission an irrevocable mandate, dated August 6th, 1930, to the effect that, if the sums of £30,000 due every six months for extraordinary amortisation are not paid in full on the due dates by the Agricultural Bank or by the Hellenic Government, then the International Financial Commission is authorised and required to pay any deficit from the proceeds of the pledged revenues. A copy of the mandate is annexed hereto, marked Appendix K. The International Financial Commission has informed the Refugee Settlement Commission officially that this mandate has been received and accepted. A copy of the letter of acceptance, dated August 25th, 1930, is annexed hereto marked Appendix L.

Under *Article 21*, legislation was required to secure for the Refugee Settlement Commission, and eventually for the refugees established by it, a clear and indisputable title to the lands on which these refugees have been established.

*Article 22* provided for legalisation of the cadastre by legislative enactment. Both of these obligations, together with the constitution of the mortgage provided for under *Article 8* of the Convention, have been met by the passage of the law, dated December 18th, 1930, already referred to.

During the last three months of the life of the Commission, while arrangements for liquidation were being made, and serious and intricate legal questions required consideration and decision, the Commission had the great advantage of the services of Dr. Theotokas as its special legal adviser. Dr. Theotokas had already been employed in this capacity by numerous foreign bankers and firms in their dealings with the Greek Government. Notably, he was so employed by Speyer and Company of New York. Dr. Theotokas has assured the Commission that all the requirements of the Convention of January 24th, 1930, have been fully carried out. His certificate to this effect is attached as Appendix M.

December 31st, 1930.

(Signed) Charles B. EDDY.

[Translation.]

#### APPENDIX A.

### DECREE CONCERNING THE SANCTIONING OF THE CONVENTION FOR THE LIQUIDATION OF THE REFUGEE SETTLEMENT COMMISSION.

HELLENIC REPUBLIC.

In consideration of the sole article of Law 4592 regarding the sanctioning of the Convention for the liquidation of the Refugee Settlement Commission, and the settlement of questions arising out of this Convention, at the proposal of our Minister of Agriculture, and following a decision of the Ministerial Council and the expressed opinion of the Conseil d'Etat, we decided and now order:

#### *Sole Article.*

We sanction the Convention signed at Geneva on January 24th, 1930, between the Hellenic Government and the Refugee Settlement Commission concerning the liquidation of the aforesaid Commission, which was approved by the Council of the League of Nations on May 14th, 1930, and the text of which was published in No. 137 (Volume A) of May 2nd, 1930, of the Government *Gazette*.

Our Minister of Agriculture is hereby entrusted with the publication of the present Decree.  
Athens, June 20th, 1930.

[Translation.]

#### APPENDIX B.

### LAW 4592 CONCERNING THE SANCTIONING OF THE CONVENTION FOR THE LIQUIDATION OF THE REFUGEE SETTLEMENT COMMISSION AND THE SETTLEMENT OF QUESTIONS ARISING OUT OF THIS CONVENTION.

HELLENIC REPUBLIC.

In consideration of *Article 75* of the Constitution, we issue the following Law, which has been voted by the Parliament and the Senate.

#### *Sole Article.*

1. Is permitted to the Government to sanction by decree, to be issued following a decision of the Ministerial Council, the Convention signed at Geneva on January 24th, 1930, between the Hellenic Government and the Refugee Settlement Commission concerning the liquidation of the aforesaid Commission after its approval by the Council of the League of Nations.

2. Is also permitted to the Government to regulate, by decrees, issued in the same way as above, all questions arising out of the aforesaid Convention—*e.g.*, (a) the lawful first charge on immovable property of the Refugee Settlement Commission in favour of the International Financial Commission, referred to in *Article 8* of the Convention; (b) the agreements foreseen by *Articles 6, 14 and 15* between the Banks and the Refugee Settlement Commission concerning the transfer of the present Debt Collecting Service; (c) the obligation towards the International Financial Commission referred to in *Article 18*; (d) the securing, as in *Article 21*, of an absolute ownership of both the Refugee Settlement Commission and the refugees established by it on land referred to in that article. The likely establishment of a special service necessary for the execution of the above Convention, the continuation of outstanding works and the settlement of accounts, and (e) all other questions, in general, arising out of the above Convention and calling for settlement.

3. The application of the provisions of the present Law is entrusted to the Minister of Agriculture.

The present Law having been voted by the Parliament and the Senate, and issued by us to-day, is to be published in the Government *Gazette* and executed as a Law of the State.

Athens, April 30th, 1930.

APPENDIX C.

AGREEMENT.

No. 48956.

In Athens, to-day, Wednesday, the 24th of December, 1930, at the premises of the Ministry of Agriculture situated in Philhellènes Street, where I, notary public, on being invited, went, before me, notary public and inhabitant of Athens Constantine Demetrius Ioannou, in the presence of the undermentioned witnesses, Greek citizens of full age, known to me and not exempted by law, of the one part Monsieur Apostolos George Alexandris, known to me and not exempted by law, landowner and Minister of Agriculture, inhabitant of Athens, representing in the present case in the latter capacity the Hellenic State, and of the other part Mr. Charles James Eddy, known to me and not exempted by law, barrister-at-law, Chairman of the Refugee Settlement Commission, inhabitant of Athens, representing in that capacity the Refugee Settlement Commission, an autonomous organisation established in Greece with headquarters in Athens, who, not knowing Greek but English, took as an interpreter of his confidence M. Michel George Theotokas, barrister-at-law and inhabitant of Athens and Greek citizen of full age, known to me and not exempted by law and knowing both Greek and English, and whom I, the notary public, in the presence of all, put to oath, in accordance with the law, on the Holy Gospel, in order to make a true translation of the contents of the present instrument to Charles James Eddy, and of his will and reply to the other contracting party, the witnesses and to me, notary public, and agreed as follows:

By virtue of the Convention signed at Geneva on January 24th, 1930, between the Hellenic Government and the Refugee Settlement Commission, which was published in No. 137 (Volume I), dated May 2nd, 1930, of the Government *Gazette* and sanctioned by decree dated June 20th, 1930, which was published in No. 220 (Volume I), dated June 27th, 1930, of the Government *Gazette*, the liquidation of this Refugee Settlement Commission and the transfer of all the property of this Commission to the Hellenic Government were decided.

By Law No. 4857, published in No. 396, dated December 18th, 1930, of the Government *Gazette*, it was laid down that, in contravention of the provisions of Law Ty of October 20th, 1836, concerning the transcription of ownership of immovable properties and of other real rights thereon, and of Law dated August 11th/23rd, 1836, concerning mortgages, there shall be valid as from the date of their publication in the Government *Gazette* the notarial acts to be concluded between the Minister of Agriculture and the Refugee Settlement Commission concerning the transfer to the State of the immovable property belonging to the Refugee Settlement Commission, and the establishment thereon of a first mortgage in favour of the International Financial Commission, which was charged with the service of the Refugee Loan of 1924, the relevant provisions of laws in force concerning transcription of immovable property and inscription of mortgages having no application to these deeds, no other formality for the validity of the right of first mortgage in favour of the International Financial Commission being required.

In consequence of what is set out above it is agreed between the above contracting parties as follows:

*Article 1.*

In execution of Article 1 of the Convention signed at Geneva on January 24th, 1930, between the Hellenic Government and the Refugee Settlement Commission, the Refugee Settlement Commission, by its representative Mr. Eddy, its Chairman, being here present, makes over and transfers in full ownership to the Hellenic State, together with all its personal and real rights, the possession and occupation and in full proprietary right: (A) The landed properties lying anywhere in Greece which were transferred to it and came into its possession by virtue of Articles 1, 2, 3, 4, 5 and 12 of the Legislative Decree dated May 15th/22nd, 1926, sanctioned by Law 4303, dated August 6th, 1929, that is to say:

(a) The agricultural estates and other immovable property of exchanged Mussulman physical or legal bodies, no matter where situated in Greece, among which estates are comprised, in accordance with Article 22 of the aforesaid Legislative Decree of 15th/22nd May, 1926, all the buildings which are used for agriculture, arboriculture, market gardening, stock-breeding, and other exploitation of these estates, as, for instance, used as dwellings for the cultivators, storehouses, barns, cellars, water-mills, windmills, oil-presses, and other small agricultural industrial or mechanical installations situated on these estates or belonging to these estates as long as by their nature and economic purpose they are intended for agricultural exploitation.

(b) The dwellings of exchangeable Moslems referred to and stipulated in Article 3 of the said Legislative Decree.

(c) The estates referred to and described in Article 4 of the said Legislative Decree which have come into the possession of the State either through compulsory expropriation or by purchase, or otherwise, and on which the Refugee Settlement Commission has established refugees, or on which it has built houses for the settlement of refugees, or on which the Refugee Settlement Commission has proceeded to the full or partial settlement of refugees by advancing

- to them equipment or loans in money.

(d) The estates referred to and stipulated in Article 12 of the said Legislative Decree which have been abandoned by the Bulgarians and on which it established refugees.

(B) All estates which, after the said Legislative Decree, have come to and belong to it by any other legislative measure, decree, deed or agreement.



(C) All the school and hospital buildings and dispensaries constructed by the Refugee Settlement Commission in urban quarters, including the stocks of medicines and medical instruments found therein, also all lands in the Commission's urban settlements used for public roads and all other as specifically defined in Article 4 of the said Convention of Geneva of January 24th, 1930.

*Article 2.*

In execution of Article 8 of the said Convention, signed at Geneva on January 24th, 1930, between the Hellenic Government and the Refugee Settlement Commission, the Hellenic State, by its representative, Monsieur Apostolos G. Alexandris, Minister of Agriculture, establishes by virtue of the present instrument in favour of the International Financial Commission which was charged with the service of the Refugee Loan of 1924, which was contracted by the Hellenic Government a first mortgage on all estates which came into its possession in full ownership through the present instrument and which are situated in Greece, and which are stipulated in Clauses (A) and (B) of the preceding article. The first mortgage thus established is established for an amount equal to the total value entered in the books of the Refugee Settlement Commission of agricultural lots and of buildings in general, urban and agricultural, and will remain in force as a floating charge until full repayment of the Refugee Loan 1924, which was contracted on the security of the above immovable property. Provided always, however, that, when a refugee has paid his debt in full, he will be entitled to receive, and shall be given, a title deed to his land and house, which title deed shall recite that the land and house are free from any mortgage charge on the part of the Refugee Settlement Commission, or of the International Financial Commission, or of the Hellenic Government; and the title deed shall state that his debt has been repaid in full.

*Article 3.*

The Refugee Settlement Commission allocates and transfers to the Hellenic State the use and possession which the latter had allotted by virtue of Article 5 of the said Legislative decree of May 15th/22nd, 1926, of estates belonging in full ownership to the State, or requisitioned or occupied by the Hellenic State, and on which the Refugee Settlement Commission established refugees or built houses for the settlement of refugees or natives.

*Article 4.*

The Refugee Settlement Commission concedes its claims against third parties, comprised in special tables handed to the Hellenic Government, together with all real and contracted rights appurtenant thereto to the Hellenic State, which is bound to fulfil every obligation of any kind to third parties, binding on the Refugee Settlement Commission, and which acquires, *ipso jure*, all the rights and privileges which the Refugee Settlement Commission enjoyed by virtue of the existing laws, deeds and agreements. The above having been set out and agreed upon by the contracting parties, the present instrument was read clearly and aloud in their hearing, the interpreter having translated truly and exactly the contents of the present instrument to Mr. Charles B. Eddy, who stated through him that it is all right and in agreement with his will and of the two witnesses, M. Achilles Constantine Papadatos, Under-Secretary of State, and of M. Anastasios George Domestichos, private employee, inhabitant of Athens, and, having been certified, it was signed by all of them and by me in Greek, excepting Mr. C. Eddy, who signed in English.

The witnesses:

(Signed) A. K. PAPADATOS.  
A. G. DOMESTICHOS.

The Contracting Parties:

(Signed) (signature in English) C. EDDY.  
A. G. ALEXANDRIS.

The interpreter:

(Signed) M. G. THEOTOKAS.

The Notary Public of Athens:

(Signed) K. D. IOANNOU.

Certified true copy:  
The Notary Public of Athens:

(Signed) K. D. IOANNOU.

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APPENDIX D.

[Translation.]

LAW

RE THE TRANSFER OF THE IMMOVABLE AND MOVABLE PROPERTY OF THE REFUGEE SETTLEMENT COMMISSION TO THE HELLENIC STATE AND RE ESTABLISHMENT OF A MORTGAGE THEREON IN FAVOUR OF THE INTERNATIONAL FINANCIAL COMMISSION (AS AMENDED DURING THE DISCUSSION AT THE SOLE HEARING).

*Article 1.*

In contravention of the provisions of the Law dated October 20th, 1856, concerning the transfer of the ownership of immovable property and of other real rights on it and of the Law

of August 11th/23rd, 1836, concerning Mortgages, *shall be valid*, as from the date of their publication in the Government *Gazette*, the notarial deeds between the State, represented by the Minister of Agriculture, and the Refugee Settlement Commission concerning transfer to the State of the immovable property belonging to the Refugee Settlement Commission, and concerning the establishment of a first charge thereon in favour of the International Financial Commission, which is charged with the service of the Refugee Loan of 1924, the relevant provisions of existing laws concerning the transcription of immovable property and the establishment of mortgages or any other formality not being required for the validity of the right of first charge in favour of the International Financial Commission.

The property thus transferred and mortgaged comprises:

(a) The landed properties transferred to the Refugee Settlement Commission in virtue of Articles 1, 2, 3, 4, 5 and 12 of the Legislative Decree of May 15th/22nd, 1926, sanctioned by Law 4303 of August 6th, 1929, and

(b) All landed properties allocated to the Refugee Settlement Commission in virtue of any other legislative measure, decree, act or agreement.

#### Article 2.

In contravention of the provisions of August 11th/23rd, 1836, concerning mortgages, is established by virtue of the present law, a first charge, without the necessity of entry in the appropriate registers of mortgages, in favour of the International Financial Commission which is charged with the service of the Refugee Loan 1924, on all landed properties on which the Refugee Settlement Commission has established refugees, or on which it has built houses for the establishment of refugees or of natives, and which belong to the State in full ownership.

The right of mortgage established by virtue of the present law in favour of the International Financial Commission is acquired in its favour, upon publication of the present law in the Government *Gazette*, no other formality being required for the validity of the right of mortgage.

#### Article 3.

The first mortgages in favour of the International Financial Commission mentioned in the preceding articles are considered as having been established for an amount equal to the total values of the agricultural holdings and of the buildings entered in the registers of the Refugee Settlement Commission and shall remain in force as a floating charge until full repayment of the Refugee Loan 1924 which was issued on the security of the above immovable property.

The above mortgage shall *ipso jure* be considered as extinguished even prior to the full repayment according to the preceding clause in the case of estates of which the price has been paid in full to the State by the refugee or native holders of lots to whom they have been or are in process of being allocated; as soon as this payment of the price in full has taken place, these holders of lots shall obtain a definite title of ownership to those lots.

In this definite title, it shall be declared that the landed property is exempt from all mortgages in favour of the Refugee Settlement Commission, or the International Financial Commission, or of the State, and that its price has been paid in full.

The definite title of ownership shall be transcribed free of stamp duty in the appropriate Registers of Transcription in the name of the refugee or native holder, or of his heirs, and from the date of the transcription, full ownership shall be transferred to him.

The pre-contracts of sale and the relevant deeds of allocation concluded between the State and the refugees shall also be exempted from stamp duty.

#### Article 4.

In contravention of the provisions of Law of October 20th, 1856, concerning the transcription of ownership of immovable properties and of the real rights thereon, shall be valid, upon their publication in the Government *Gazette*, all deeds of transfer to the State concluded between the State, represented by the competent Minister, and the Refugee Settlement Commission of all school and hospital buildings and dispensaries in urban quarters constructed by the Refugee Settlement Commission and the stocks of medicines and instruments.

#### Article 5.

(1) All the landed properties which have been requisitioned or occupied by the State and handed over by it to the Refugee Settlement Commission and on which the latter has established refugees or natives shall be declared by virtue of the present law as compulsory expropriated by reason of public utility as from the date of their occupation even if no expropriation decision of the Competent administrative authority has been published or if a flaw has occurred in that decision.

The entry of these landed properties in the cadastre of the Refugee Settlement Commission constitutes indefeasible evidence of the fact of such compulsory expropriation without any right to dispute the boundaries thereof.

(2) In cases in which the Expropriation Commission provided for by the Agricultural Law is called upon to pronounce as to the extent of the expropriation made according to Article 19 of the Constitution and according to the Agricultural Law and as to the parts which should be exempted from such an expropriation, it shall, at the same time, decide that these latter parts are included in the expropriation, Article 19 of the Constitution being applied to these parts, so long as the terms of the present law are observed. In the case of landed properties already

adjudged, the aforesaid Commission will again meet and will express its opinion with regard to these properties.

(3) In the case of the aforesaid properties, no law suits shall be permitted for provisional measures, and the compulsory execution of decisions adjudging possession, ownership or any other real right and of all summary sanctioning report shall be suspended until payment of the indemnity to be fixed provisionally or definitely; this payment shall not be delayed for more than six months from the date of communication of the final decision fixing the definitive compensation. This compensation shall be paid, in the case of landed property on which refugees have been established by the Agricultural Bank, from the item of collection of debts from agricultural refugees and, in the case of landed properties on which landless natives have been established, by the National Bank of Greece from the account of exchangeable properties.

(4) During the time-limit between the occupation up to the expiration of the above suspensions, shall *ipso jure* be due interest at the rate of 6 per cent per annum on the compensation to be fixed.

(5) Every real suit on the part of a third party to such landed properties shall be excluded after two years from the date of publication of the present law, and every right of a third party on the said properties after the expiration of the above time-limit for exclusion, shall be converted into a claim for compensation.

#### Article 6.

From the date of publication in the Government *Gazette* of the deed to be concluded between the State, represented by the Minister of Agriculture, and the Refugee Settlement Commission conceding to the State the claims of the Commission, together with the real and contractual rights appurtenant thereto, the Hellenic State undertakes to fulfil any obligation of any kind binding upon the Refugee Settlement Commission towards third parties, and *ipso jure* acquires all rights and privileges which the Refugee Settlement Commission enjoyed by virtue of existing laws, deeds and agreements. For the lawful exercise of the above rights and obligations, either on the part of the State or against it on the part of third parties, no special legislative deed or act shall be required, and the outstanding law suit to which the Refugee Settlement Commission is a party shall be continued without any interruption whatever, in the name of the Hellenic State, which has replaced the Refugee Settlement Commission, a summons for the continuation of the law suit being simply communicated.

#### Article 7.

The cadastre prepared by the Refugee Settlement Commission the completion of which shall be continued by the Government as regards the lands made over to the Refugee Settlement Commission and shown on it, shall be declared definitive. The distribution to individual refugees or natives made on the basis of the cadastre shall be declared valid and obligatory for the Government.

#### Article 8.

The Minister of Agriculture shall be authorised, after concurrent opinion of the Ministerial Council, to conclude a lease of at least twenty-five years' duration, beginning from the expiration of the existing lease, of the monastery lands in the Chalcidique on which the Refugee Settlement Commission has established refugees.

#### Article 9.

The Bank of Issue of Greece shall be authorised, as special mandatory of the Hellenic Government, to take over from the Refugee Settlement Commission its property in cash and in securities and to sign in the name of the Hellenic Government the relevant receipt of delivery, stating that this property is delivered by the Refugee Settlement Commission and taken over by the Hellenic Government on condition that it will be used by orders of the Hellenic Government exclusively for the execution of the provisions of the Convention signed in Geneva on January 24th, 1930, between the Hellenic Government and the Refugee Settlement Commission, and, in particular, of Article 3 of that Convention.

#### Article 10.

Are sanctioned, (a) the supplementary Convention between the Hellenic Government and the Refugee Settlement Commission dated November 20th, 1930, concerning the modification of Articles 15 and 17 of the aforesaid Convention of Geneva dated January 24th, 1930, (b) the Convention between the Hellenic Government, the Refugee Settlement Commission and the Agricultural Bank of Greece, dated November 29th, 1930, which was concluded in accordance with Articles 14 and 15 of the said Convention of January 24th, 1930, and (c) the Agreement dated December 4th, 1930, between the Hellenic State and the Refugee Settlement Commission with reference to fixation of the price of the agricultural holdings and of the rate of interest payable by agricultural and urban refugees.

#### Article 11.

All the jurisdiction and competence of the Refugee Settlement Commission shall be transferred as from January 1st, 1931, to the Minister of Agriculture, who shall provisionally continue the work of the aforesaid Commission and, in particular, the execution of the works mentioned in Article 3 of the Convention signed at Geneva between the Hellenic Government and the Refugee Settlement Commission.

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APPENDIX E.

REFUGEE SETTLEMENT COMMISSION.

GENERAL BALANCE-SHEET AS ON NOVEMBER 30TH, 1930, IN POUNDS STERLING AT THE MEAN RATE OF 354.36195.

		ASSETS.					
<i>Liquid Assets.</i>		£	s.	d.	£	s.	d.
(a)	With the Bank of England . . . . .	65,650	0	0			
(b)	With the National Bank of Greece . . . . .	297,982	1	3½			
(c)	Cash in hand . . . . .	387	3	1			
(d)	With the Agricultural Bank of Greece . . . . .	141,098	13	5			
		<hr/>			505,117	17	9½
<i>Holdings.</i>							
	Bonds of the 8% 1926 and 1928 and 6% 1928 Loans for exchangeable refugees . . . . .	204,287	10	0			
	Bonds of the 6% 1923 Loan for emigrants from Bulgaria . . . . .	198,502	10	0			
	Bonds of the 8% 1927 Loan for Greek nationals . . . . .	6,066	5	0			
		<hr/>			408,856	5	0
<i>Recoverable Advances.</i>							
	Temporary advances and accounts . . . . .				5,689	4	8½
<i>Expenses.</i>							
(a)	Urban settlement . . . . .	2,254,040	2	8½			
(b)	Agricultural settlement . . . . .	10,477,426	3	5			
(c)	Arts and crafts . . . . .	17,290	7	1½			
(d)	Carpet industry . . . . .	100,000	0	0			
(e)	Central administration . . . . .	257,554	4	6			
(f)	Cost of establishment . . . . .	19,527	9	2			
(g)	Cost of service for the compensation of agricultural refugees. . . . .	16,642	10	0			
		<hr/>			13,142,480	16	11
<i>Special Increase of the Sinking Fund of the 7% Loan 1924.</i>							
	Sums paid over to the International Financial Commission. . . . .				162,157	8	2½
<i>Sums applied to the Ordinary Service of the 7% Loan 1924.</i>							
	Sums paid over to the International Financial Commission. . . . .				216,659	10	7½
<i>Per Contra Accounts.</i>							
	Value of buildings ceded by the Government . . . . .	279,053	2	11			
	Sums due from the sale of allotments to refugees and non-refugees . . . . .	83,915	2	11			
	State debtors . . . . .	84	15	11			
	Sundry caution money . . . . .	7,402	0	8			
		<hr/>			370,455	2	5
Total . . . . .					£14,811,416	5	8
		LIABILITIES.					
Proceeds of the 7% Loan 1924 . . . . .					9,970,016	6	9
Proceeds of the 6% Loan 1928 . . . . .					499,759	17	0
Proceeds of the 4% Loan 1929 (\$12,167,000) . . . . .					2,503,278	16	1
<i>Bonds given by Refugees as Security of Debts.</i>							
(a)	Urban refugees . . . . .	134,453	15	0			
(b)	Agricultural refugees . . . . .	274,402	10	0			
		<hr/>			408,856	5	0

	£	s.	d.	£	s.	d.
<i>Receipts.</i>						
Interest . . . . .	377,321	10	5½			
Caution money forfeited . . . . .	10,037	13	10			
Sundry receipts . . . . .	142,686	11	2½			
Share of the Refugee Settlement Commission in payments made by refugees . . . . .	133,160	1	2½			
Tithe paid by agricultural refugees settled on the land of the Refugee Settlement Commission. . . . .	216,659	10	7½			
				879,865	7	4
<i>Commitments.</i>						
Share of the International Financial Commission in the payments made by refugees . . . . .	162,157	8	2½			
Recoverable rents . . . . .	3,105	9	3			
Caution money deposited and creditors . . . . .	13,921	13	7½			
				179,184	11	1
<i>Per Contra Accounts.</i>						
Urban quarters ceded by the State . . . . .	279,053	2	11			
Sale of land . . . . .	83,915	2	11			
Sums due to the State out of the debts of refugees . . . . .	84	15	11			
Sundry caution money . . . . .	7,402	0	8			
				370,455	2	5
Total . . . . .				£14,811,416	5	8

Athens, November 30th, 1930.

(Signed) Spiros BAROUTSIS,  
Chief of the General Accounts Section.

APPENDIX F.

EXTRACT FROM THE PROCEEDINGS OF THE COUNCIL OF MINISTERS OF THE  
HELLENIC REPUBLIC.

[Translation.]

HELLENIC REPUBLIC,  
OFFICE OF COUNCIL OF MINISTERS.  
No. B 924.

Athens, December 21st, 1930.

M. Papadatos brought up the decision of the Prime Minister which the latter had communicated to the Chairman of the Refugee Settlement Commission, by his letter dated October 24th, 1930, after a long discussion with him on the future work of the Refugee Settlement Commission and on the transfer of its services to the State. By his letter, the Prime Minister informed the Chairman of the Refugee Settlement Commission that the Government had decided to place this service temporarily under M. Domestichos, who was authorised to take over, before December 31st, 1930, the service from the Commission, together with its furniture, archives, etc., and to give a receipt thereon to the Chairman of the Refugee Settlement Commission.

At the same time, M. Papadatos suggests that those of the Refugee Settlement Commission officials who have received from the Commission advances in cash for the continuation of the works entrusted to them, be authorised to continue these works as heretofore, subject to rendering an account of the expenditure incurred.

The Ministerial Council approved the proposals of the Under-Secretary.

APPENDIX G.

LETTER FROM THE MINISTER OF AGRICULTURE OF THE HELLENIC REPUBLIC  
TO THE REFUGEE SETTLEMENT COMMISSION.

[Translation.]

MINISTRY OF AGRICULTURE,  
ATHENS.  
No. 186515.

Athens, December 23rd, 1930.

I have the honour to inform you that, in accordance with a decision taken by the Council of Ministers under date of December 21st, 1930, of which I attach a copy (see Appendix F), we have entrusted your Director-General, M. Anastasios Domestichos, and the services under him which will remain in function after December 31st, with the continuation of the duties hitherto performed by them with your Commission, and, at the same time, we have appointed M. Domestichos as our representative to take over from you all the archives, furniture, stationery and other material now in the possession of your services, which, under the terms of the Convention of January 24th, 1930, are becoming the property of the State, and to sign a receipt on behalf of the Hellenic Government.

By this receipt, all the imovable property of your Commission consisting of advances, archives, furniture, stationery, etc., is considered as taken over by the State.

In consequence of our taking such delivery of the above stated imovable property of the Refugee Settlement Commission, we consider by the present letter that your obligations deriving from the Convention signed at Geneva on January 24th, 1930, have fully been carried out and we therefore release you from all responsibility.

(Signed) A. G. ALEXANDRIS.

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APPENDIX H.

SPECIAL AGREEMENT CONCLUDED AT ATHENS BETWEEN THE HELLENIC  
GOVERNMENT AND THE REFUGEE SETTLEMENT COMMISSION ON  
NOVEMBER 28th, 1930.

Pursuant to Article 9, clause (ii), sub-clause (b), and to Article 13 of the Convention concluded at Geneva between the Hellenic Government and the Refugee Settlement Commission, ratified by Decree dated June 20th, 1930, and published in the *Official Journal*, No. 220, of June 27th, 1930, the Refugee Settlement Commission has carried out, after consultation with the Government, a valuation of the lands, situated in various districts, on which the agricultural refugees, exchanged in accordance with the terms of the Convention of Lausanne for the Exchange of Populations, have been established.

The Hellenic Government and the Refugee Settlement Commission agree as follows:

*Article 1.*

The average price per stremma for cultivable lands on which the said refugees are settled has been fixed at 400 drachmæ, an amount less than the average market price of the said lands and not less than the value as fixed in accordance with the Agrarian Law, published in the *Official Journal*, No. 247, dated October 3rd, 1924. The said sum of 400 drachmæ has been reached by a deduction of 27 per cent from the market value in the case of cultivable lands not planted with trees, and by a deduction varying from 27 per cent to 50 per cent from the market value in the case of plantation lands.

*Article 2.*

In accordance with the above-mentioned valuation, the value of the agricultural lot to be entered on the debit side of each agricultural refugee's account for the cultivable lands planted or not planted with trees on which they have been established shall be fixed at the rates specified in schedules (1) and (2) attached to this agreement.<sup>1</sup>

*Article 3.*

The rate of interest to be charged upon the debts from the urban and from the agricultural refugees to the Refugee Settlement Commission is fixed at 3 per cent from January 1st, 1931, and at 8 per cent on the arrears in case of default of payment of instalments. Payments made on account of interest before January 1st, 1931, shall be credited in the accounts of the refugees concerned as payments of capital.

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<sup>1</sup> Not reproduced.

This agreement has been executed in two originals and in both the Greek language and the English language.

In witness whereof this agreement has been signed in duplicate in English and Greek.

Athens, November 28th, 1930.

For and on behalf of the Greek  
Government:

(Signed) A. G. ALEXANDRIS,  
*Minister of Agriculture.*

For and on behalf of the Refugee  
Settlement Commission:

(Signed) Charles B. EDDY,  
*Chairman.*

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#### APPENDIX I.

SUPPLEMENTAL CONTRACT MADE AND ENTERED INTO THIS 20TH DAY OF NOVEMBER, 1930, BY AND BETWEEN THE HELLENIC GOVERNMENT REPRESENTED BY M. A. PAPADATOS AND THE REFUGEE SETTLEMENT COMMISSION REPRESENTED BY Mr. CHARLES B. EDDY, CHAIRMAN.

Whereas the parties heretofore on January 24th, 1930, at Geneva entered into a Convention which provided in Article fifteen that the debts due by the urban refugees to the Refugee Settlement Commission would be collected by the National Bank of Greece or the Bank of Greece and in Article sixteen that the debts due by the agricultural refugees to the Refugee Settlement Commission would be collected by the Agricultural Bank:

Now in order that the Collection of debts due both by urban and by agricultural refugees may be collected by one Bank.

It is hereby agreed as follows:

“ Articles fifteen and seventeen of the said Convention of January 24th, 1930, are amended by the addition of the words ‘ or the Agricultural Bank ’ after the words ‘ Bank of Greece ’ ”.

In witness whereof this contract has been signed in a single copy which shall be deposited with the Secretariat of the League of Nations.

For and on behalf  
of the Hellenic Government:

(Signed) A. C. PAPADATOS.

For and on behalf  
of the Refugee Settlement Commission:

(Signed) Charles B. EDDY.

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#### APPENDIX J.

AGREEMENT BETWEEN THE HELLENIC GOVERNMENT, THE REFUGEE SETTLEMENT COMMISSION AND THE AGRICULTURAL BANK OF GREECE REGARDING THE ENTRUSTING OF THE BANK WITH THE COLLECTION OF DEBTS DUE TO THE REFUGEE SETTLEMENT COMMISSION.

In execution of Law 4592 sanctioning the Convention concluded at Geneva on January 24th, 1930, as amended by the Supplemental Contract, dated November 20th, 1930, and in conformity to Article 36 of the Statutes of the Agricultural Bank of Greece, sanctioned by Law 4332, the following agreement is made between the Hellenic Government represented by the Ministers of Finance and Agriculture, the Refugee Settlement Commission represented by its Chairman, and the Agricultural Bank of Greece represented by its Governor.

##### *Article 1.*

The Agricultural Bank of Greece undertakes, as from date of sanction of the present agreement, the collection of debts of all nature due to the Refugee Settlement Commission, as laid down in the aforesaid Law 4592.

##### *Article 2.*

From the balance of collections made by the Agricultural Bank of Greece, after deduction of the expenses of collection and of the commission of the Bank, the Agricultural Bank of Greece shall pay every six months, commencing on April 20th, 1931, to the International Financial Commission the sum of £30,000. This sum shall be applied in accordance with Article 20 of the aforesaid Convention, concluded at Geneva on January 24th, 1930, for payment of extraordinary

amortisation of the Refugee Loan of 1924. There shall, in no case, arise an obligation for the Agricultural Bank of Greece to pay, from its own funds, any amount whatever for the execution of the present Agreement.

*Article 3.*

I. All collections of any nature made by the Refugee Settlement Commission after October 1st, 1930, and until such time as the Debt Collecting Service is transferred to the Agricultural Bank of Greece shall be transferred to the Bank and shall be used in accordance with the provisions of Article 2 of the present Agreement.

II. In addition to the above, the Refugee Settlement Commission balances in cash and in government securities at the moment of the liquidation of the Refugee Settlement Commission shall be deposited with the Bank of Greece as mandatory of the Government. The withdrawal of these funds shall be made by order of the Ministers of Finance and of Agriculture, until a further Agreement fixing the details of the continuation of the work of the Refugee Settlement Commission is signed.

*Article 4.*

A special Agreement between the Hellenic Government and the Agricultural Bank of Greece to be sanctioned by Decree shall define the details of the execution of the present Agreement.

In witness whereof the present Agreement was signed in triplicate in Greek and in English.

Athens, December 4th, 1930.

For and on behalf  
of the Hellenic Government:

(Signed) MARIS  
Minister of Finance;

(Signed) A. G. ALEXANDRIS,  
Minister of Agriculture.

For and on behalf  
of the Agricultural Bank:

(Signed) GONTIKAS  
Governor.

For and on behalf  
of the  
Refugee Settlement Commission:

(Signed) Charles B. EDDY,  
Chairman.

APPENDIX K.

LETTER FROM THE GREEK MINISTER OF FINANCE TO THE CHAIRMAN OF THE  
INTERNATIONAL FINANCIAL COMMISSION.

GREEK MINISTRY OF FINANCE,  
STATE ACCOUNTING DIRECTORATE.

Athens, August 6th, 1930.

On January 24th, 1930, a Convention between the Greek Government and the Refugee Settlement Commission, for the winding-up of the Commission and the settlement of the questions arising therefrom, was signed at Geneva.

As the execution of the Convention was conditional upon its ratification by the Legislature, the Greek Government introduced for that purpose Law No. 4592 and the Decree of June 20th, 1930 (copies of which are enclosed), which were published in Nos. 137 and 220 respectively of the Government *Official Journal*.

Certain of the provisions of the Convention which affect the International Financial Commission relate to the extraordinary amortisation of the 1924 7% (Refugee) Loan, which, as you are aware, has so far been provided for by payments by the Refugee Settlement Commission to the International Financial Commission.

According to these provisions, the National Bank of Greece and the Agricultural Bank, which are to undertake by agreement to collect the debts due by urban and agricultural refugees respectively, undertake to pay the International Financial Commission, every six months as from April 20th, 1931, £4,000 and £26,000 respectively, making in all £30,000 per half-year, which sum is to be applied by you to the redemption of bonds of the "A" Loan (Refugees) by drawings at par.

Should the sums payable by those banks fail to reach this total of £30,000, the Greek Government undertakes to make up the difference.

It is, in point of fact, to meet this contingency that I have the honour to inform you that, in accordance with Article 18 of this Convention, the Greek Government gives the International Financial Commission a definitive and irrevocable mandate—in case the sums payable by the banks under Articles 16 and 17 of the Convention should not be paid in full—to draw from the



surplus of the pledged revenues the amount necessary to make up the total of £30,000, which, together with the amount paid by the banks, will be applied to the extraordinary redemption of the 1924 7% Loan.

Awaiting your acceptance of the mandate,

(Signed) G. MARIS,  
Minister of Finance.

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APPENDIX L.

LETTER FROM THE CHAIRMAN OF THE INTERNATIONAL FINANCIAL COMMISSION  
TO THE GREEK MINISTER OF FINANCE.

Athens, August 25th, 1930.

In letter No. 110794, dated August 6th last, Your Excellency was good enough to send us copies of Law No. 4592 and the Decree of June 20th, 1930, relating to a Convention signed at Geneva on January 24th, 1930, with a view to the winding-up of the Refugee Settlement Commission and the settlement of the questions arising therefrom.

Among the provisions of this Convention which affect the International Financial Commission, you draw our attention to those relating to the extraordinary amortisation of the 1924 7% (Refugee) Loan, which has so far been provided for by payments by the Refugee Settlement Commission to the International Financial Commission.

Under the Convention, the National Bank of Greece and the Agricultural Bank undertake to pay the International Financial Commission, every six months as from April 20th, 1931, £4,000 and £26,000 respectively, making £30,000 in all.

The Greek Government then goes on to ask the International Financial Commission to accept a definitive and irrevocable mandate from the Greek Government—in case the sums payable by the banks should not be paid in full—to draw from the surplus of the pledged revenues the amount necessary to make up the total of £30,000, which, together with the amount paid by the banks, will be applied to the extraordinary redemption of the 1924 7% Loan.

I have the honour to inform Your Excellency that the International Financial Commission has decided to accept the mandate above specified.

(Signed)

Chairman of the International Financial  
Commission.

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APPENDIX M.

LETTER FROM DR. M. G. THEOTOKAS, ADVOCATE, TO THE REFUGEE  
SETTLEMENT COMMISSION.

12, Rue Valaoritou, Athens.  
January 5th, 1931.

I have examined the Convention concluded at Geneva between the Hellenic Government and the Refugee Settlement Commission on January 24th, 1930, and also the subsequent proceedings regarding the execution of the said Convention—*i.e.*, the Law 4857 of December 19th, 1930, the Agreements between the Hellenic Government, the Commission and the Agricultural Bank, ratified by this law, the deed of transfer and mortgage of the immovable property of the Commission, the receipts concerning its movable property and the irrevocable mandate of the Hellenic Government to the International Financial Commission.

I am of the opinion that said proceedings have been duly taken according to the Greek law and that the said mortgage is valid.

I am not an officer of or otherwise connected with the Hellenic Government.

(Signed) M. G. THEOTOKAS.

N<sup>o</sup> officiel: **F. 866 (1).**  
[F./C.A./I.]

Genève, le 27 janvier 1931.

SOCIÉTÉ DES NATIONS

3

# LE CREDIT AGRICOLE

DANS CERTAINS PAYS DE

# L'EUROPE CENTRALE ET ORIENTALE

Série de Publications de la Société des Nations

II. QUESTIONS ÉCONOMIQUES  
ET FINANCIÈRES ✓  
1931. II. A. 4.

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<sup>1</sup> Ces appendices peuvent être consultés au Secrétariat.

## Introduction.

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Le mémorandum sur le crédit agricole à moyen terme, établi par la Conférence de Varsovie, en novembre 1930 (document deuxième Conf./A.E.C./11) comportait, *in fine*, un questionnaire sur la situation du crédit agricole dans les pays ayant participé à la Conférence.

Ce questionnaire, ainsi que les réponses des Gouvernements bulgare, estonien, hongrois, letton, polonais, roumain et yougoslave ont été communiqués à la Société des Nations et sont reproduits dans le présent volume.

Genève, le 27 janvier 1931.

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## Questionnaire établi par la Conférence de Varsovie.

- I. *Types de crédit agricole existant dans les divers pays ;*
    1. *Crédit à court terme ?*
    2. *Crédit à terme moyen ?*
    3. *Crédit à long terme ?*
  - II. *Sécurités en usage pour garantir les crédits agricoles :*
    1. *Crédit personnel ?*
    2. *Crédit avec garantie coopérative ?*
    3. *Crédit hypothécaire ?*
    4. *Crédit contre gage (hypothèque) institué sur biens-meubles ?*
    5. *Autres formes de garantie en usage ?*
  - III. *Quelle est la situation juridique et fiscale dans votre pays en ce qui concerne l'établissement d'hypothèques rurales ?*
  - IV. *Quelle est la situation dans votre pays en ce qui concerne l'institution d'un gage sur biens-meubles ?*
  - V. *Informations sur l'endettement des agriculteurs.*

(Donner dans la mesure du possible des informations sur la nature du créancier et des estimations sur le montant de l'endettement à terme long, court ou moyen.)
  - VI. *Quels sont les taux d'intérêts exigés des agriculteurs de votre pays pour les divers types de crédit agricole ?*
  - VII. *Quels sont les principaux Instituts de crédit agricole de votre pays ? Comment sont-ils organisés ? Quelles formes de crédit agricole constituent leur spécialité ?*
  - VIII. *Ces institutions ont-elles déjà placé des lettres de gage à l'étranger ? Pour quelles sommes et à quel taux d'intérêt ? Quelles ont été les garanties données ? Quel était le cours moyen, le cours le plus bas et le cours le plus haut de ces titres pendant le premier semestre de 1930 sur les différents marchés financiers ?*
  - IX. *Quelles sont les formes d'assurances des bâtiments, du cheptel mort, du cheptel vivant qui existent dans votre pays ? Les assurances sont-elles obligatoires ? Peuvent-elles être facilement appliquées par rapport aux objets susceptibles de servir de gage dans votre pays ? Quelles sont les dispositions légales pour l'attribution de l'indemnité en cas de sinistre frappant l'objet gagé ?*
-

## RÉPONSE DU GOUVERNEMENT BULGARE

### Question I.

*Le Crédit agricole en Bulgarie* est concentré principalement à la *Banque agricole de Bulgarie* dont le but est d'aider l'agriculture bulgare avec une tendance à la rationalisation, ainsi que de satisfaire les besoins quotidiens qui se manifestent chaque année en premier plan dans l'activité rurale.

Conformément à l'article 9 de sa loi, la Banque agricole aide de son crédit la population rurale directement ou par l'intermédiaire des Sociétés coopératives agricoles.

Directement, la Banque agricole consent des crédits aux propriétaires ruraux sous les trois formes suivantes : *Crédit personnel*, *Crédit Warrant* (sur gage) et *Crédit Hypothécaire*.

Les deux premières formes de crédit, personnel et warrant, se caractérisent comme crédit à court terme, conformément à la disposition de l'article 10, lettre B, de la loi de la Banque ; les crédits personnel et warrant sont alloués contre des billets à ordre ou des gages, avec ou sans garants, pour des délais de un à douze mois. La dernière forme de crédit, hypothécaire et amélioratif, est en réalité à long terme et se caractérise comme tel.

Le rôle économique du crédit de la Banque agricole est conforme aux buts suivants : a) rationalisation des propriétés rurales ; b) affranchissement de la population agricole de l'empire des usuriers ; c) possibilité donnée aux agriculteurs d'utiliser un crédit facile dans des buts productifs, fournitures de cheptel mort et de cheptel vif, etc. ; d) développement parmi le peuple de l'initiative personnelle afin de le rendre plus apte à son pénible travail et à la lutte contre les difficultés économiques qu'il rencontre ; e) aménagement des propriétés agricoles par l'érection de nouvelles constructions et pour l'accomplissement de toutes sortes d'améliorations et d'amendements.

#### I. CRÉDIT A COURT TERME.

a) *Prêts contre billets à ordre*. — Ces prêts sont personnels et à *court terme* étant donné qu'ils sont destinés à satisfaire des besoins temporaires ; si les débiteurs sont dépourvus de moyens à l'époque de recouvrement, on attend qu'ils aient des ressources suffisantes par le produit, soit des petits revenus de l'économie rurale, soit de la récolte prochaine. Parmi de tels besoins on peut citer : l'extinction des petites dettes, l'entretien temporaire de la famille, les fonds nécessaires pour la moisson, l'achat de semences, d'outils, etc.

Conformément à l'article 12 de la loi de la Banque agricole de Bulgarie ses succursales allouent aux chefs de familles sur billets à ordre, sans garants, des crédits atteignant jusqu'à 5.000 leva et, avec des garants, jusqu'à 20.000 leva. Le délai de recouvrement de ces prêts est de un à douze mois.

L'allocation de ces prêts se fait en se basant exclusivement sur la capacité de crédit du débiteur et de ses garants ainsi que sur ses qualités morales. Les qualités morales du débiteur et de ses garants sous cette forme de crédit ont une importance primordiale, sinon égale au but dans lequel a été souscrit l'emprunt.

b) *Crédits warrants*. — Par leur nature, ces crédits sont à *moyen terme* bien que la Banque les classe parmi les crédits à court terme. D'après leur caractère, ces prêts sont remboursables dans un délai de un, deux ou trois ans, et leur allocation se fait dans des buts qui nécessitent de plus grandes sommes que les ressources de l'économie rurale ne suffisent pas à couvrir dans un bref délai, comme c'est le cas des emprunts sur des billets à ordre mentionnés ci-dessus.

Les crédits warrants sont consentis pour les achats plus importants de machines et des instruments aratoires tels que semoirs, trieurs, moissonneuses, faucheuses, bétail de trait et de reproduction, achat de semences et de fourrage en plus grande quantité, etc.

Cette sorte de prêts est allouée par les succursales de la Banque agricole, conformément à l'article 12 de la loi de la Banque agricole, jusqu'à une somme de 20.000 leva, avec ou sans garants. Cette limite, suivant le but dans lequel l'emprunt est demandé et d'après la situation du débiteur — comme propriétaire de biens meubles et immeubles — et la valeur des marchandises et cheptel gagés, peut être étendue et atteindre 50, 100, 200, 300.000 leva et plus.

Les crédits warrants sont alloués ordinairement contre le gage de tous les biens meubles du propriétaire rural, comme bétail, plantation, outils aratoires et machines agricoles, produits agricoles et stocks, de sorte que le montant des avances atteigne au plus 80% de la valeur des biens gagés (article 11 de la loi de la Banque agricole de Bulgarie).

L'estimation des biens meubles à gager est déterminée par une commission composée du maire, du percepteur et de deux experts choisis en dehors du personnel de la Banque.

Pour consentir cette sorte de prêts, on tient compte des qualités morales du demandeur, du but pour lequel il désire un emprunt, de la situation financière du débiteur et principalement des revenus de ses propriétés. L'amortissement des crédits warrants a lieu, comme nous avons dit plus haut, dans un délai de un, deux ou trois ans, suivant les besoins pour lesquels ils sont alloués, les revenus de l'agriculteur et le montant du prêt ; à chaque règlement partiel, l'effet n'est pas renouvelé par le débiteur.

Les crédits warrants, à cause de leur facilité d'émission (souvent alloués sans garants) sont largement octroyés par notre Banque.

## 2. CRÉDIT A LONG TERME.

Les crédits hypothécaires sont, d'après leur nature, des crédits à long terme, et ils sont destinés à des entreprises agricoles plus coûteuses et plus durables dont les revenus contribuent en grande partie à la stabilisation de l'économie rurale, mais qui ne sont cependant pas suffisants pour couvrir les frais d'achat dans une période de un, deux, trois ans, mais dans une période plus longue, d'après l'importance des frais, la nature des revenus de l'entreprise réalisée.

Ces emprunts sont consentis ordinairement pour des achats de terres, constructions agricoles, entreprises d'améliorations, conversion des emprunts contractés hors de la Banque.

En vertu de la disposition de l'article 11 de la loi de la Banque agricole de Bulgarie, les crédits hypothécaires se font seulement en *première hypothèque*, et leur montant ne peut pas excéder la moitié de la valeur d'estimation de l'immeuble gagé ; mais, en outre, d'après l'article 10, lettre e), de la même loi, le délai de l'hypothèque sur l'immeuble ou les travaux d'amélioration est de deux à cinquante ans.

Les succursales de la Banque allouent des emprunts sur hypothèques et sur travaux d'amélioration agricole directement, sans approbation du Conseil de la Banque jusqu'à 30.000 leva. Pour les sommes dépassant ce chiffre, il est nécessaire d'obtenir l'approbation du Conseil d'administration.

La Banque consent des emprunts sous deux formes :

a) *Hypothèque ordinaire* dans laquelle la valeur du prêt consenti est versée immédiatement au débiteur le jour même de l'établissement du contrat et le montant de la dette et les intérêts qu'il comporte s'éteignent par annuités égales déterminées d'après le nombre des années pour lesquelles a été alloué le prêt.

b) *Compte-courant sur hypothèque* ouvert pour un plus long délai.

Outre ces crédits, notre Banque consent des avances sur *nantissement de papiers de valeur* sous la forme de comptes courants.

En dehors des crédits mentionnés que la Banque accorde directement aux cultivateurs propriétaires, elle vient à l'aide à la population agricole *par l'intermédiaire des coopératives agricoles* ayant leurs sièges dans les villages.

*Le crédit coopératif* marche parallèlement à celui de la Banque ; bien plus, la Banque a pour but de transférer entièrement avec le temps le crédit à court terme aux sociétés coopératives qui peuvent le distribuer aussi rationnellement qu'elle-même.

Le crédit coopératif, outre l'importance économique qu'il a pour les membres, a une grande importance morale. Il incite les membres à l'épargne, à la régularité et sert comme un promoteur puissant vers la modernisation de la propriété rurale. Pour cette raison, la Banque agricole crédite toutes les sociétés coopératives agricoles, de production, de travail, ainsi que leurs unions ; elle crédite aussi des syndicats hydrauliques.

La Banque ouvre les crédits suivants aux coopératives agricoles : 1) soit personnel à découvert ; 2) soit contre dépôt de portefeuille ; 3) soit sur gage de bétail, de machines agricoles, instruments aratoires, produits agricoles bruts ou travaillés, marchandises inaltérables, etc. ; 4) soit sur hypothèque.

Les sociétés coopératives utilisent les crédits consentis sous forme de comptes courants contre contrats et billet à ordre.

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## Question II.

### I. CRÉDIT PERSONNEL.

Le crédit personnel, comme nous l'avons dit plus haut, est accordé contre billets à ordre, avec ou sans garants.

Les succursales de la Banque allouent des *crédits personnels sans garants* jusqu'à la somme de 5.000 leva. Les garanties exigées pour ces prêts sont personnelles et seulement pour l'emprunteur.

Pour créditer un tel débiteur, on tient compte de sa situation pécuniaire en tant que propriétaire d'immeubles, dont la valeur est toujours appréciée d'après le cours moyen du marché pour une période de temps déterminée.

Le débiteur d'un prêt personnel (contre billet à ordre) envers la Banque agricole de Bulgarie garantit sa dette avec tous ses immeubles, conformément à l'article 19 de la loi de la Banque ; il ne peut ni les vendre, ni les hypothéquer, ni les donner en gage, et, en général, il ne peut pas transformer ses propriétés sans le consentement de la Banque.

Toutes les opérations, publiques et privées, énumérées ci-dessus, consommées sans le consentement des succursales correspondantes de la Banque, sont considérées comme nulles et non avenues. Les notaires exécutent les opérations mentionnées plus haut, après avoir reçu un certificat de banque, en ce sens que la succursale respective est d'accord pour l'accomplissement des actes en question.

Grâce à cet article 19 de la loi de la Banque, ses intérêts sont toujours sauvegardés et, pour le consentement d'un crédit contre billet, on tient compte des biens et des qualités morales de l'emprunteur : assiduité, probité, régularité, sobriété, etc., qui sont une garantie que la somme prêtée sera rendue à l'échéance de la dette.

Quant aux *billets à ordre avec garants*, à la garantie que constituent les biens du débiteur et ses qualités morales, s'ajoutent celles des garants. De plus, par une nouvelle annotation annexée à l'article 10 de la loi de la Banque, on prévoit encore un privilège en sa faveur : les garants des prêts contre billets à ordre (personnels et warrants) sont responsables jusqu'à la complète extinction des sommes dues, même au cas où le délai du paiement est prolongé.

Conformément à l'article 979 b) du droit civil, tous les immeubles du débiteur et de ses garants peuvent être expropriés pour couvrir les dettes envers la Banque.

## 2. CRÉDIT AVEC GARANTIE COOPÉRATIVE.

*Garantie sur crédit personnel* (à découvert). — Comme garantie à un tel crédit est engagée la responsabilité juridique des membres et les parts qu'ils ont versées.

La limite du *crédit personnel* des associations à responsabilité illimitée ne peut pas dépasser le montant du capital (parts apportées), les fonds constitués et au plus 20% de la valeur des biens meubles et immeubles des membres. De la somme ainsi obtenue, on déduit les dettes envers : la Banque agricole de Bulgarie, la Société coopérative et les personnes privées. On exclut en outre la valeur de l'inventaire des menus objets.

Aux sociétés à responsabilité limitée, le *crédit personnel* ne peut pas dépasser le total du capital, des fonds et au plus 50% de la somme par laquelle les membres sont tenus à répondre d'après les statuts pour les dettes de la société ; il suffit que la somme soit couverte par la valeur des biens des membres de la Société.

Les unions de différentes sortes de sociétés ont droit à un crédit égal au capital et aux fonds plus 80% de la responsabilité de ses membres.

De cette façon, le crédit personnel des sociétés coopératives est garanti par les biens de la société elle-même, par son capital et ses fonds et par tous les biens meubles et immeubles de ses membres, étant donné que les sociétés créditées par la Banque sont pour la plus grande part (90%) à responsabilité illimitée.

Comme garantie des crédits warrants des sociétés coopératives, on prend les biens meubles suivants, appartenant à la société elle-même : bétail, outils aratoires et machines, produits agricoles bruts et manufacturés et des stocks comme : toutes espèces de céréales, produits lactés, fromage, kachkaval, huiles végétales, essence de rose, cocons de vers à soie, coton, etc., marchandises inaltérables placées dans des granges, magasins, silos, élévateurs et autres bâtiments qui appartiennent à la Banque ou sont sous son contrôle. Enfin, les objets gagés peuvent être gardés aux coopératives agricoles, syndicats et autres débiteurs.

Tous ces biens meubles, avant d'être sous warrants, doivent être assurés auprès d'une compagnie d'assurance de premier ordre du pays.

Le crédit ouvert sur gages peut atteindre au plus 80% du montant de leur valeur.

Lorsque le crédit ouvert ne dépasse pas 150.000 leva, le gage peut être gardé par la société elle-même ; pour un crédit plus grand, le Conseil d'administration de la Banque détermine la manière de garde du gage.

Pour le *crédit hypothécaire coopératif*, on accepte comme garantie (hypothèque) tous les immeubles appartenant en propre à la société :

- a) *découverts* : champs, prairies, domaines modernes, forêts, pâturages, etc. ;
- b) *couverts* : bâtiments, constructions industrielles, ateliers, etc.

Le crédit accordé ne peut pas dépasser 50% de la valeur des biens gagés.

Les crédits hypothécaires sont alloués seulement aux coopératives de production, aux sociétés régionales et aux fédérations qui s'adonnent à l'industrie agricole.

Les biens gagés sont acceptés seulement en première hypothèque et si la propriété est sans conteste.

## 3. CRÉDIT HYPOTHÉCAIRE.

Conformément à l'article 11 de la loi de la Banque agricole, les prêts sur hypothèques sont alloués seulement en première hypothèque. Pour l'hypothèque on accepte : champs, prairies, jardins, vignes, forêts, futaies, pâturages, fouleries, vergers, maisons d'habitation et autres bâtiments.

L'étendue du crédit est conforme à la valeur de la propriété ; elle est au plus 50% de la valeur estimative. Contre vignes, roseraies, forêts, futaies et pâturages, on accorde 20% de leurs valeurs. Les maisons villageoises rentrent dans l'hypothèque, mais pour la détermination et l'allocation du crédit, leur valeur n'entre pas en considération, mais seulement celle de l'emplacement.

On consent aussi des crédits hypothécaires sur gages de vignes américaines. L'étendue du crédit dépend de la valeur estimative de la vigne, mais, en aucun cas, elle ne peut dépasser 50% de cette valeur. La durée de ce crédit ne peut pas dépasser dix ans.

Pour l'hypothèque, on accepte seulement les propriétés prouvées par des certificats d'authenticité qui sont vérifiés par une commission spéciale composée de deux représentants



de la succursale correspondante de la Banque, notamment deux employés de ladite succursale dont l'un doit être membre du conseil et deux autres personnes, choisies parmi les propriétaires ruraux, qui doivent être probes et honnêtes et parfaitement au courant de la situation des habitants du village, de leurs biens et de leurs revenus.

#### 4. CRÉDIT CONTRE GAGE (HYPOTHÈQUE) DE BIENS MEUBLES.

La Banque donne des crédits (warrants) contre gage de bétail, semences, instruments aratoires, produits agricoles bruts et manufacturés, déposés dans des docks, magasins généraux et autres ou confiés à la garde de l'emprunteur lui-même (article 5 de la loi de la Banque).

Les prêts sont consentis sur garantie des objets suivants :

a) Gros bétail à corne : buffles jusqu'à 15 ans, bœufs jusqu'à 12 ans, vaches et chevaux jusqu'à 10 ans, mulets et ânes jusqu'à 8 ans, moutons et chèvres jusqu'à 5 ans et porcs jusqu'à 3 ans. Le montant du crédit ne peut pas dépasser 40% de la valeur de l'estimation ou 80% si les animaux sont assurés ;

b) Produits lactés : fromage, kachkaval, jusqu'à 40% de leur valeur ;

c) Produits agricoles en grains : blé, orge, seigle, millet, maïs, riz, sésame, etc., jusqu'à 40% de leur valeur marchande. Le tabac mis à la pente (« nisa ») jusqu'à 30% et en manques jusqu'à 40% de sa valeur marchande ;

d) Cultures sur pied : blé, orge, seigle, maïs, haricots, pois chiches, anis, sésame, tabac, millet, etc., quatre mois après l'ensemencement s'il s'agit de semences d'automne et deux mois après s'il s'agit de semences de printemps ; la limite du prêt ne peut pas dépasser 20% de la valeur moyenne de la production qu'on récolte par décare à l'endroit donné ; elle peut atteindre jusqu'à 30%, après la formation des fruits et des graines ; les plantations doivent être assurées ;

e) Vignes : quand les rejets atteignent un développement de 20 cm., il est alloué jusqu'à 15% et, après formation des raisins jusqu'à 25% de sa valeur, calculée d'après la production moyenne au décare et le prix moyen des 100 kg. de raisin ;

f) Vin : pas avant le 1<sup>er</sup> novembre et dans un délai de six mois au plus ; après le 1<sup>er</sup> août et pour de plus grands délais, on donne jusqu'à 40% de la valeur marchande, suivant la qualité ;

g) Contre les produits des vergers : pruneaux, noix, etc., jusqu'à 40% de leur valeur marchande ;

h) Contre les produits maraîchers pas avant le 1<sup>er</sup> mai et jusqu'à 20% et du 15 juin au 15 septembre jusqu'à 30% de leur valeur marchande ;

i) Contre bois de construction jusqu'à 40% ;

j) Contre instruments aratoires : charrues, moissonneuses, tracteurs, trieurs, etc., avant de gager les machines en warrants, il faut les assurer ;

k) Contre l'essence de roses, les cocons de vers à soie, etc., jusqu'à 60% de leur valeur marchande.

Bétail, plantations sur pied, outils et machines aratoires, produits agricoles et stocks gagés à la Banque agricole ne peuvent être sans son consentement ni gagés à d'autres personnes, ni séquestrés, ni vendus à l'amiable ou en public jusqu'à liquidation complète de la dette envers la Banque et du montant des intérêts et des frais.

La Banque, avec l'aide des pouvoirs administratifs, prend les objets aux tierces personnes qui les ont acquises, de quelque manière que ce soit et les vend elle-même, sans décision juridique, pour satisfaire ses créances.

Quand on gage du gros bétail (chevaux, bœufs, vaches, ânes et mulets) on dépose à la Banque les certificats de possession et d'origine des animaux gagés, sans lesquels le bétail ne peut pas être vendu.

Le gage entre en activité envers la Banque agricole de la date de la conclusion du contrat entre la Banque et l'emprunteur et envers les tierces personnes ; les droits de la Banque commencent du jour où le gage est inscrit à la mairie et pour le bétail, les semences et les machines agricoles achetées avec de l'argent avancé par la Banque, du jour de leur acquisition.

#### 5. AUTRES FORMES DE GARANTIES USITÉES.

La Banque avance des sommes contre dépôt d'obligations ou de bons émis ou garantis par l'Etat, ainsi que sur consignation de certificats de dépôts à échéance fixe délivrés par la Banque elle-même ou autres papiers de valeur.

Le montant du prêt ne peut pas dépasser 60% de la valeur en bourse des papiers de valeur gagés et pour les certificats à terme 80% de leur valeur nominale.

Pendant les temps de crises dans le domaine rural, dues aux ravages causés par les intempéries ou par d'autres causes, la Banque accorde aux sinistrés des crédits, de préférence à court terme, sous la garantie de l'Etat. Si, pour une cause quelconque, ou par suite de l'insolvabilité du débiteur, des prêts ainsi émis ne peuvent être recouverts, ils sont remboursés par l'Etat.

### Question III.

Deux instituts pratiquent le crédit agricole hypothécaire dans le pays : la Banque agricole de Bulgarie et la Banque hypothécaire bulgare. Et ces deux instituts, également, prennent les garanties pour la défense du crédit hypothécaire dans les normes de la loi sur les privilèges et hypothèques, actuellement en vigueur dans le pays, garanties encore renforcées par le contenu des lois spéciales de chacune d'eux : loi de la Banque agricole de Bulgarie, loi pour l'organisation du crédit hypothécaire et la loi de fondation de la Banque hypothécaire bulgare.

La caractéristique juridique de l'hypothèque, d'après la loi bulgare, ne diffère pas de la caractéristique générale donnée par les législations qui suivent le système du Code civil, système adopté chez nous à cause du manque de cadastre.

L'hypothèque, conformément à l'article 23 de la loi des privilèges et hypothèques, est un droit réel, qui est établi sur les biens immobiliers du débiteur ou d'une tierce personne ; elle est indivisible, elle s'étend à tous les biens, en tout et partie, et poursuit son action dans quelques mains qu'ils soient, et exerce son effet envers de tierces personnes, du moment de son enregistrement dans un livre spécial soit par le notaire, soit par le juge de paix qui remplit le service du notaire.

*Le caractère particulier de la Banque agricole de Bulgarie*, comme institut de crédit, qui consiste à donner un crédit facile et rapide aux agriculteurs, a obligé le législateur à l'entourer d'un ensemble de privilèges et d'avantages, mentionnés dans sa loi spéciale et qui peuvent être partagés en deux groupes : juridiques et fiscaux.

#### AVANTAGES ET PRIVILÈGES JURIDIQUES.

1. Aucune vente, donation, hypothèque, cautionnement, et, en somme, toute transmission de propriété et droit d'usage d'un immeuble, ne peut être consommée sans prendre le consentement de la Banque agricole. La sanction qui suit toute infraction à ce privilège consiste dans l'inefficacité de l'affaire conclue, pour la banque (article 19).

2. L'enregistrement de l'hypothèque n'est pas forcément renouvelé tous les quinze ans, comme cela a lieu pour un crédit hypothécaire ordinaire. L'hypothèque garde sa validité jusqu'à extinction complète de la dette.

3. Les organes autorisés pour exécuter des ventes publiques avertissent la Banque agricole de Bulgarie à chaque vente (article 18).

4. La Banque agricole de Bulgarie peut se faire délivrer la feuille d'exécution avant même l'expiration de l'échéance de la créance au cas où les biens meubles ou immeubles d'un de ses débiteurs sont mis en vente aux enchères publiques. Les tribunaux sont tenus de délivrer la feuille d'exécution dans le délai de trois jours (article 17).

5. Les prêts hypothécaires non réglés à leur échéance paient, à titre d'amende indépendamment de l'intérêt prévu, pendant les trois premiers mois après l'échéance, un intérêt supplémentaire de 1%. Après ce délai, l'amende est portée à 2%.

6. Tous les documents, lettres et procurations émanant de la Banque, ne sont pas soumis aux formalités des actes notariés.

7. Les tribunaux délivrent des feuilles d'exécution au nom de la Banque sur la foi des copies dûment visées par cette dernière des pièces établissant les dettes.

#### AVANTAGES ET PRIVILÈGES FISCAUX.

1. Tous les papiers nécessaires pour conclure un emprunt hypothécaire et les pièces délivrées par les institutions publiques et communales sont exemptes de tout timbre fiscal et de tous autres droits et frais.

Un autre institut, qui pratique aussi le crédit agricole, mais pour des crédits de pas moins de 5.000 francs suisses, est la Banque hypothécaire bulgare, créée par la loi de l'Organisation du crédit hypothécaire et la loi de fondation de la Banque hypothécaire bulgare, en 1927.

#### SES PRIVILÈGES PEUVENT ETRE PARTAGÉS.

##### I. Avantages juridiques, renforçant la solidité des prêts :

1. Réglementation *légal*e de la situation des emprunteurs sur hypothèques ou sur gage de recettes communales, etc., notamment, de leur obligation à l'égard de la Banque hypothécaire bulgare, et sanction *légal*e pour les manquements à ces obligations (articles 26-30 de la loi sur l'organisation du crédit hypothécaire).

2. Remboursement des prêts à long terme au moyen d'annuités égales, contenant l'intérêt et l'amortissement du capital (article 31 de la loi sur l'organisation du crédit hypothécaire) avec, en cas de non paiement à l'échéance d'une ou plusieurs annuités, cours de plein droit d'intérêt de retard majoré sur l'intégralité de l'annuité (intérêt et amortissement) et sur tous les frais et débours (article 34). D'autres sociétés ont essayé d'appliquer le système d'annuités, mais la jurisprudence bulgare s'est montrée réfractaire pour leur allouer des intérêts de retard sur les semestrialités impayées, à cause de la prohibition de la capitalisation des intérêts (article 137 de la loi sur les contrats et obligations).

3. Possibilités de stipuler une indemnité de remboursement (1%) en cas de remboursement anticipé du capital et de refuser les remboursements de moins de 1/20 (article 36 de la loi sur l'organisation du crédit hypothécaire). En droit commun (article 574 de la loi sur les obligations et contrats), le débiteur a toujours le droit, nonobstant toute stipulation contraire, de se libérer avant le terme.

4. Nombreux privilèges en cas de poursuites judiciaires contre les emprunteurs défailants : pas de délai de grâce, exécution parée sur les revenus, facilités dans l'exécution sur les biens, droit de se substituer aux autres créanciers poursuivants ; la faillite de l'emprunteur n'arrête pas les poursuites de la Banque hypothécaire bulgare, etc. (articles 40-74 de la loi sur l'organisation du crédit hypothécaire).

5. Les inscriptions hypothécaires de la Banque hypothécaire bulgare ne sont pas sujettes à renouvellement tous les quinze ans (article 55, loi privilèges et hypothèques) ; leur efficacité est infinie, jusqu'à l'acquittement complet de la créance (art. 17, loi constitutive).

6. Les livres de la section hypothécaire de la Banque hypothécaire bulgare, ainsi que les extraits de ces livres, ont force d'actes authentiques (article 18 de la loi constitutive).

7. L'hypothèque établie au profit de la Banque hypothécaire bulgare ne peut être primée par un privilège fiscal quelconque de l'Etat, des districts, des communes et des chambres de commerce, sur la valeur de l'immeuble hypothéqué, à l'exception des impôts réels dont est grevé cet immeuble (article 19 de la loi constitutive, et articles 37, 38 et 39 de la loi sur l'organisation du crédit hypothécaire).

## II. Exemptions fiscales :

1. La Banque hypothécaire bulgare est dispensée de la taxe judiciaire d'enregistrement des statuts sur son capital. Elle est exemptée de l'impôt sur les sociétés (article 16, alinéa 1<sup>er</sup>, loi constitutive).

2. Les actions et dividendes de la Banque hypothécaire bulgare sont exempts de l'impôt cédulaire sur le revenu et de tous impôts, taxes et droits quelconques, sur le revenu et sur le capital en Bulgarie, présents ou futurs (article 16, alinéa 2, de la loi constitutive).

3. Les actions, les obligations et les bons émis par la Banque hypothécaire bulgare jouissent de tous les droits et privilèges des titres d'état (article 6, alinéa 1<sup>er</sup> et article 13, 4<sup>o</sup> de la loi constitutive) ; ils sont notamment exempts du timbre (loi sur le timbre, modifiée en mars 1930, article 47, groupe IX, 4<sup>o</sup>). En droit commun c'est 1%.

4. Les coupons, lots et primes de remboursement, ainsi que le capital des bons et obligations, sont exempts de tous impôts, taxes et droits quelconques sur le revenu et sur le capital en Bulgarie, présents ou futurs (article 13, 4<sup>o</sup>, alinéa 2, de la loi constitutive). Présentement l'impôt sur le coupon est de 10%, majoré d'un dixième.

5. Les contrats, conventions et arrangements d'emprunts conclus par la Banque hypothécaire bulgare, avec d'autres établissements, sont exempts du timbre (loi sur le timbre, article 47, groupe IX, N<sup>o</sup> 6, complétée par la loi du 22 mars 1930). En droit commun, le timbre eût été de 1%.

## Question IV.

Le gage, considéré comme moyen pour assurer les créances du créateur, est réglé chez nous d'après les statuts de la loi des obligations qui suit le système du Code civil et par le Code de commerce, emprunté du Code hongrois.

*D'après la loi des obligations*, le gage donne droit au créateur d'une satisfaction privilégiée de l'objet gagé, seulement quand il y a un acte notarié ou privé, avec une date enregistrée, qui doit indiquer la somme due, l'espèce et la nature des objets gagés.

L'objet du contrat peut consister en biens meubles, ainsi qu'en créances, mais, dans le dernier cas, pour la réalisation du privilège en faveur du créateur, il est nécessaire d'avertir le débiteur. Pour les biens meubles, comme pour les créances, le privilège existe si le gage a été livré et laissé au pouvoir du créateur ou d'une tierce personne.

Le créateur ne peut pas disposer du gage dans le cas de non-paiement ; mais il a le droit d'exiger de la justice de décider de lui laisser le gage pour le recouvrement jusqu'à concurrence du montant de la dette ou de le vendre aux enchères publiques. Toutes conditions contraires sont inexistantes ou inefficaces.

D'après la législation bulgare, existe aussi le gage tacite.

## GAGE COMMERCIAL.

Le gage commercial ne comporte pas toutes les formalités imposées au gage de droit civil. Pour le constituer, un contrat verbal suffit. Une autre différence avec le gage de droit civil réside dans ce fait que pour la réalisation du droit du créateur pour le gage commercial, il faut en référer à la section du commerce du tribunal qui se constitue en séance pratique sans la présence des contractants. Les conditions pour donner cette approbation sont : que le gage soit donné par écrit, que la créance soit garantie par une affaire commerciale et que la dette soit liquidable.

Le créancier peut réaliser le gage sans l'intervention du tribunal, si en dehors des conditions mentionnées plus haut dans le contrat, figure une clause spéciale pour cela. Dans ce cas, la vente du gage se fait avec un avertissement du débiteur.

Conformément à l'article 414 de la loi commerciale bulgare, on admet dans certaines conditions l'ouverture de magasins publics qui émettent des certificats pour les marchandises qui y sont entreposées. Ces quittances représentent la partie d'une souche du livre du magasin qui se compose de deux parties : cédules et warrants. Le transfert de ces deux parties donne le droit de possession de la marchandise, mais le transfert donne le droit de gage. On admet un renouvellement du gage de la part de son possesseur, mais on doit inscrire cette opération dans le carnet à souches.

Le reprise de la marchandise de ces entrepôts peut se faire seulement contre la présentation de la cédule et du billet de gage (warrant), ou bien, au lieu de ce dernier, on présente un certificat de la Banque nationale, certifiant qu'on lui a versé le montant de la somme et des frais mentionnés sur le billet de gage.

*Pour garantir plus sûrement le crédit pratiqué par la Banque agricole de Bulgarie contre gage de biens meubles*, le législateur a accordé à cet institut une série de droits spéciaux mentionnés dans sa loi.

Ainsi, pour l'établissement du gage, d'après cette loi, il est nécessaire d'établir un acte écrit dans lequel sont mentionnées les conditions générales.

L'entrée en activité du gage envers la Banque se compte à partir de la date de la conclusion du contrat et envers les tierces personnes à partir de la date d'enregistrement du gage à la mairie respective dans des registres spéciaux pour ce but, que chaque commune est obligée de tenir.

La réalité des gages proposés à la Banque par les emprunteurs est certifiée par les mairies ou par leurs adjoints, et ceux d'entre eux qui donnent des attestations pour emprunts contre des objets fictifs, en tout ou en partie, ou qui cachent, au moment de la constitution du prêt, le séquestre ou toute autre poursuite contre les objets gagés, ou qui donnent des permis de vente, d'expropriation ou de transmission de la propriété des objets gagés auprès de la Banque, sont considérés comme complices du débiteur et sont condamnés à l'emprisonnement.

Quand ils cachent le séquestre ou les contestations juridiques, le débiteur, ainsi que le maire ou son remplaçant, sont condamnés à un an de prison.

Quand le gage, à cause de la nature des objets gagés, ne reste pas à la Banque, on en confie la garde à une personne responsable, qui est tenue de conserver et de retenir les objets gagés. Dans le cas où cette personne gaspille, exproprie ou cède en tout ou en partie le gage, on la condamne à deux ans de prison ; indépendamment des poursuites civiles, elle perd le droit de délai, et la Banque a le droit de prendre immédiatement une feuille d'exécution. La même condamnation est appliquée, à titre de complice, aux maires ou à leurs adjoints qui donnent des certificats sur gage fictifs, en tout ou en partie, ou qui délivrent des permis de vente, d'expropriation ou transfert des propriétés ou des objets gagés à la Banque.

Les objets gagés sont constamment soumis à la surveillance de la mairie qui, dans aucun cas, sans le consentement de la Banque, ne peut pas permettre la vente, la donation ou le remplacement du gage.

Contrairement au gage de droit civil et du gage commercial, pour la réalisation du droit de gage pour la Banque, il n'est pas nécessaire d'obtenir ni une décision judiciaire, ni approbation du tribunal. La Banque elle-même, sans décision judiciaire, peut vendre les objets gagés et, si le montant de la vente ne peut pas satisfaire sa créance, pour le reste elle se munit d'une feuille d'exécution jusqu'à satisfaction complète.

En faveur de la Banque est donné un droit exclusif qui lui donne la possibilité, avec l'aide du pouvoir administratif, de prendre les objets qui lui sont gagés de la possession des tiers, même si ces derniers les ont acquis légalement. A ce privilège exclusif s'ajoute encore le droit suivant : jusqu'à satisfaction complète de la Banque, les objets gagés ne peuvent être ni séquestrés, ni gagés, ni vendus, à l'amiable ou aux enchères publiques, sans son consentement.

## Question V.

### I. ENVERS LA BANQUE AGRICOLE DE BULGARIE.

	Leva
a) Contre billets à ordre . . . . .	803.104.163
b) Contre warrants. . . . .	1.430.699.382
c) Par les coopératives de crédit . . . . .	631.891.526
d) Par les coopératives de production . . . . .	504.690.051
e) Sur hypothèque. . . . .	<u>379.974.964</u>
Total . . . . .	3.750.360.086

### 2. ENVERS LES SOCIÉTÉS COOPÉRATIVES.

• Les membres des sociétés coopératives agricoles de crédit sont débiteurs envers elles pour une somme de 631.891.526 leva (moyens accordés de la Banque agricole de Bulgarie) et de 494.986.241 leva (moyens propres aux coopératives de crédit). Ces dettes des membres envers les sociétés coopératives sont à court terme, étant donné que les sociétés coopératives,

à cause du manque de moyens suffisants et d'expérience, ne pratiquent pas d'autre forme de crédit.

Les coopératives de production ont crédité leurs membres de 504.690.051 leva, laquelle somme est presque entièrement octroyée par la Banque agricole de Bulgarie.

### 3. ENVERS DES PERSONNES PRIVÉES ET DES BANQUES.

C'est une chose difficile, pour ne pas dire impossible, d'illustrer à l'aide de chiffres les dettes des propriétaires ruraux envers les personnes et les banques privées. Les crédits alloués par la plupart des personnes privées appartiennent au domaine de l'usure ; ils ne sont pas organisés et il est impossible d'obtenir des renseignements officiels ; les crédits alloués par les banques privées sont également difficiles à établir, étant donné qu'ils ne sont pas classés d'après la profession des débiteurs, mais accordés indifféremment aux commerçants, aux artisans, aux agriculteurs, etc. Cependant, pour se renseigner, la Banque a réuni, par l'intermédiaire de ses succursales, des données très approximatives.

D'après les données reçues de nos succursales respectives, les propriétaires ruraux doivent aux personnes et aux banques privées une somme d'environ 1.500.000.000 de leva, dettes qui sont, pour la plus grande part, à court terme. Nous ne pouvons pas donner une juste appréciation de ces crédits quant à leur caractère à cause des raisons mentionnées ci-dessus. En général, on peut dire qu'environ 80% de ces crédits sont à court et moyen terme.

Soit, au total, les 754.000 (?) de propriétés agricoles doivent :

	Leva
a) Directement envers la Banque agricole . . . . .	2.613.781.509
b) Par les coopératives, envers la Banque agricole . .	1.136.581.577
c) Directement envers les coopératives de leurs propres moyens . . . . .	494.986.241
d) Envers les personnes et banques privées environ . .	<u>1.500.000.000</u>
Total . . . . .	5.745.349.327

soit une moyenne de 7.619 leva par propriété rurale ou environ 1.511 leva par hectare de terre cultivée.

### Question VI.

#### I. ENVERS LA BANQUE AGRICOLE DE BULGARIE.

a) Pour les prêts personnels contre billets à ordre	10	%	par an
b) Pour les prêts sur gages (warrants) . . . . .	10	%	» »
c) Pour les prêts sur hypothèque . . . . .	12	%	» »
d) Pour les prêts sur améliorations . . . . .	10	%	» »
e) Comptes courants sur gages (warrant). . . . .	10	%	» »
f) Comptes courants sur gages de titres . . . . .	10,5	%	» »

#### 2. LES SOCIÉTÉS COOPÉRATIVES

payent à la Banque agricole pour leur crédit les intérêts suivants :

a) Pour les comptes courants et prêts sur gages de biens immeubles et meubles (hypothèque et warrant) . .	10	%	par an ;
b) Pour les comptes courants à découverts (crédit personnel). . . . .	10	%	» »

Ces sociétés coopératives distribuent des crédits à leurs membres — les propriétaires ruraux — à un taux de 12 à 13%.

#### 3. ENVERS LES BANQUES PARTICULIÈRES

les agriculteurs payent ordinairement un taux de 15 à 16%, et envers les personnes privées, de 16 à 20%, et dans bien des cas, plus de 20%.

### Question VII.

Le principal institut agricole de crédit, sous toutes ses formes, est la *Banque agricole de Bulgarie*.

Dans une certaine mesure, le crédit agricole hypothécaire est exercé par la Banque hypothécaire bulgare.

Les coopératives agricoles de crédit pratiquent seulement le crédit à court terme, à découvert sur billets à ordre.

## BANQUE AGRICOLE DE BULGARIE.

La Banque agricole de Bulgarie est une institution d'Etat de crédit agricole, fondé par la loi du 31 décembre 1903. Le siège central de la Banque est à Sofia ; dans toutes les villes et dans les plus grands centres économiques, la Banque a *des succursales* et, dans les villages les plus importants, *des agences*. Actuellement la Banque a 100 succursales et 56 agences.

### CAPITAUX.

Le capital de fondation de la Banque agricole de Bulgarie est illimité et augmenté chaque année de 85% du bénéfice net de la Banque. Au 1<sup>er</sup> janvier 1930, le capital de la Banque a atteint 562.707.198 leva ; le capital de réserves 27.615.591 leva et les fonds pour couverture des pertes reconnus irrécouvrables de la Banque 26.818.618 leva ; il a atteint la somme totale de 617.141.407 leva (139 leva pour un dollar).

### ADMINISTRATION.

L'administration de la Banque agricole de Bulgarie est confiée au gouverneur de la Banque, assisté de quatre administrateurs en qualité de conseillers. Le gouverneur et les administrateurs constituent *le Conseil d'administration de la Banque*. Ils sont tous nommés par décret royal, sur la proposition du ministre de l'Agriculture et des Domaines, et ne peuvent être relevés de leurs fonctions qu'en vertu d'un vote de la Chambre.

L'administration des succursales est confiée à un directeur qui a pour conseiller le caissier, le comptable et le juriconsulte. Ensemble, ils constituent le conseil de la succursale, qui a une compétence délimitée par son service (article 12 de la loi de la Banque agricole de Bulgarie).

Les agences sont gérées par un agent.

### OPÉRATIONS.

La Banque agricole de Bulgarie exerce toutes les sortes de crédit agricole mentionnées dans la réponse à la deuxième question, à savoir :

- 1<sup>o</sup> Crédit personnel ;
- 2<sup>o</sup> Crédit avec garantie coopérative ;
- 3<sup>o</sup> Crédit contre gage sur biens meubles ;
- 4<sup>o</sup> Crédit hypothécaire ;
- 5<sup>o</sup> Crédit sur gage des papiers de valeur.

En outre, la Banque agricole de Bulgarie consent des avances à l'Etat sous forme de comptes courants productifs d'intérêts. Elle participe aux émissions des emprunts d'Etat. Elle accorde des avances de fonds aux communes et conseils départementaux, contre sérieuse garantie.

La Banque achète, sur ordre et pour le compte des agriculteurs, des machines, des instruments aratoires, du bétail et des semences. Elle construit des élévateurs, silos, magasins et autres aménagements indispensables au règlement rationnel du commerce de céréales et du crédit warrant.

Elle entreprend et exécute des entreprises propres de nature à contribuer au développement de l'agriculture et de ses branches. Cette opération ne peut être ordonnée qu'en vertu d'une décision du Conseil administratif de la Banque, approuvée par le ministre de l'Agriculture et des Domaines.

Par la force de sa loi, la Banque agricole de Bulgarie guide, contrôle et satisfait des crédits, les besoins de toutes les formes de coopératives agricoles. Avec ces dernières, la Banque effectue les opérations suivantes :

1. Elle leur ouvre des crédits personnels, contre contrats, qui ont pour base leurs capitaux, la responsabilité limitée ou illimitée de leurs membres ; ces crédits sont utilisés sous forme de comptes courants à intérêts.

2. Elle accorde des prêts et avance ou ouvre des comptes courants contre gage de portefeuille, bétail, instruments aratoires et machines agricoles, produits agricoles bruts et manufacturés, marchandises de nature à ne pas être exposées à des altérations, déposées dans des entrepôts, magasins, silos, élévateurs et autres endroits semblables, appartenant à la Banque, placés sous son contrôle ou prêtés en usage ; ou bien encore, les objets gagés peuvent être gardés par les sociétés coopératives agricoles elles-mêmes, les syndicats ou autres débiteurs.

Outre ces sortes de crédits, les coopératives agricoles de production profitent également du crédit hypothécaire de la Banque.

La Banque procède aux opérations énumérées ci-dessus directement avec les Sociétés coopératives agricoles et non par l'intermédiaire de leurs centrales.

• Les sociétés coopératives agricoles créditées par la Banque ne peuvent modifier leurs statuts sans son consentement. Le tribunal compétent inscrit ces modifications dans le registre commercial, seulement après avoir établi que la Banque y a donné son adhésion. Il en est de même pour la fondation et l'inscription des statuts de toutes les sociétés coopératives agricoles

nouvelles qui se forment. Les sociétés coopératives agricoles qui compromettent l'œuvre coopérative peuvent être dissoutes par le tribunal compétent sur la demande de la Banque agricole de Bulgarie.

Les sociétés coopératives agricoles, syndicats et fédérations financés par la Banque agricole de Bulgarie ne peuvent pas avoir recours à d'autres personnes ou établissements pour obtenir du crédit, de même qu'ils ne sauraient confier leurs excédents pour les faire fructifier en dehors de la Banque agricole, sauf dans le cas où cette dernière donnerait son consentement.

La Banque agricole de Bulgarie peut refuser à tout moment les crédits aux sociétés coopératives agricoles en défaut, après leur avoir adressé un avis préalable dans ce sens. Dans ce cas, elle a le droit d'exiger immédiatement le remboursement des sommes prêtées ou une garantie sérieuse en assurant le paiement.

#### PRIVILÈGES CONTENUS DANS LA LOI DE LA BANQUE AGRICOLE DE BULGARIE.

1. Pour les créances de la Banque agricole de Bulgarie sur prêts, comptes courants, garantie, etc., ainsi que celles sur billets à ordre des associations coopératives qui sont créditées par elle, le tribunal délivre des feuilles d'exécution par la procédure la plus rapide, en séances pratiques, sans la présence des parties. Les tribunaux délivrent des feuilles d'exécution au nom de la Banque sur la foi des copies dûment visées par cette dernière des pièces établissant les dettes.

2. La Banque agricole de Bulgarie peut se faire délivrer la feuille d'exécution avant même l'expiration de l'échéance de la créance au cas où les biens meubles et immeubles d'un de ses débiteurs sont mis en vente aux enchères publiques. Dans ce cas, les tribunaux sont tenus de délivrer la feuille d'exécution dans un délai de trois jours.

3. Les huissiers de justice et les percepteurs chargés de l'exécution forcée adressent à la Banque agricole un exemplaire des avis concernant les ventes publiques des biens meubles et immeubles annoncés.

4. La vente, la donation, l'hypothèque, la mise en nantissement et, en général, le transfert des droits de propriété ou des droits de jouissance d'un immeuble ne peut avoir lieu que si son propriétaire ou son détenteur présente en même temps que les documents prévus par la loi sur les notaires et juge de paix pour les actes notariés, un certificat de la Banque agricole autorisant l'exécution de l'opération projetée. Les ventes et les achats d'immeubles faits sous seing privé sont soumis aux mêmes conditions.

Les opérations de ventes et d'achats publiques ou sous seing privé, mentionnées ci-dessus, sont considérées comme nulles et non avenues pour la succursale respective de la Banque agricole de Bulgarie, si elles ont été effectuées sans son consentement (article 19 de la loi de la Banque agricole de Bulgarie).

5. Le bétail, les récoltes sur pied, les machines agricoles, les produits agricoles et les marchandises mis en gage contre prêts accordés par la Banque agricole ne sauraient être aliénés, mis en vente publique aux enchères ou donnés en gage en faveur de tiers, ni saisis judiciairement sans son consentement avant le remboursement intégral de la somme due à la Banque en capital, intérêts et frais (article 20 de la loi de la Banque agricole de Bulgarie).

Les droits de la Banque vis-à-vis de tiers acquièrent force obligatoire à partir de la date de l'inscription du gage à l'administration communale et si le gage est constitué pour une avance accordée pour achat de bétail, semences ou instruments aratoires, ces droits commencent à courir du moment de l'achat (article 22 de la loi de la Banque agricole de Bulgarie).

L'administration de chaque commune doit tenir un registre spécial dans lequel sont inscrits les prêts sur gage accordés par la Banque agricole de Bulgarie et dans lequel on doit mentionner le nom de l'emprunteur, le montant du prêt, l'échéance et la nature du gage et du lieu où il se trouve déposé (article 23 de la loi de la Banque agricole de Bulgarie).

6. La Banque, pour rentrer dans ses débours, peut vendre elle-même, sans décision judiciaire, les objets gagés ; si la somme obtenue ne suffit pas à couvrir la dette, pour le reste on procède conformément aux dispositions mentionnées ci-dessus dans le paragraphe 1.

Le débiteur qui aura aliéné, gaspillé ou dissimulé en totalité ou en partie le gage est passible de deux années d'emprisonnement. Le débiteur qui, sciemment, aura dissimulé à la Banque, au moment de la conclusion du prêt, l'existence d'une saisie sur les objets gagés ou un litige judiciaire est passible d'une année d'emprisonnement.

7. Dans le cas où la Banque agricole de Bulgarie doit acquérir la propriété d'immeubles appartenant à des débiteurs insolvables, elle peut les céder à ces derniers en vertu d'un contrat qui échelonne à diverses échéances pour une période de quinze années le remboursement de la dette, non seulement jusqu'à concurrence de la somme qui serait obtenue par la vente publique de l'immeuble, mais y compris les intérêts et les frais de procédure, et cela sous la garantie de deux garants solvables. Si le débiteur ne signe pas un contrat dans ce sens dans un délai de six mois à partir de la date à laquelle il aura été invité par la Banque à le faire, il s'aliène tout droit au rachat et la Banque est libre de procéder à la vente de l'immeuble. On a droit de racheter de la Banque les ascendants et parents des débiteurs jusqu'à la quatrième lignée et les époux ; la préférence est accordée aux ascendants du sexe masculin, conformément à l'ordre établi par la loi sur la succession (article 27 de la loi de la Banque agricole de Bulgarie).

8. Les certificats et les actes délivrés par les institutions publiques et les autorités communales, ainsi que toutes pièces nécessaires pour contracter et régler des emprunts auprès de la Banque agricole de Bulgarie, sont exempts de tout timbre fiscal et tous autres droits et frais (article 28 de la loi de la Banque agricole de Bulgarie).

Tous les lettres, documents, procurations, etc., émanant de la Banque agricole de Bulgarie, de ses succursales et agences ne sont pas soumis aux formalités des actes notariés.

9. Le Conseil d'administration de la Banque peut procéder, après accord avec les intéressés, à la liquidation des créances qui n'ont pu être couvertes pendant au moins dix années et qui sont définitivement reconnues irrécouvrables (article 3 de la loi de la Banque agricole de Bulgarie).

10. Dans le cas où la Banque agricole de Bulgarie recourrait, pour augmenter ses ressources, à gager son portefeuille ou ses warrants, elle a le droit, pour garantir ces emprunts, de transmettre à ses créiteurs tous les droits et privilèges dont elle jouit en vertu de sa propre loi concernant les gages et hypothèques.

11. Les garants des prêts sur billets à ordre, comme ceux sur gage de bétail, récolte sur pied, instruments aratoires et machines, produits bruts et manufacturés, sont aussi responsables jusqu'à l'acquittement total des sommes dues, dans les cas de prorogation des prêts.

12. Les prêts sur hypothèque consentis par les anciennes caisses agricoles et par la Banque agricole de Bulgarie et ceux à consentir à l'avenir par cette dernière ne sont pas soumis à la novation. L'inscription de ces hypothèques effectuées à la date où le prêt a été consenti les rend valables jusqu'au moment de leur extinction (article 10 de la Banque agricole de Bulgarie).

13. (Loi du 18 avril 1927.) Les créances de la Banque sur billets à ordre ou sur gage, avec ou sans garants et jusqu'à concurrence de 20.000 leva, jouissent du privilège de recouvrement venant immédiatement après les créances privilégiées de l'Etat (article 12 de la loi de la Banque agricole de Bulgarie).

14. La Banque agricole de Bulgarie n'est pas tenue de faire protester les prêts échus pour que ceux-ci continuent de porter intérêt (article 14 de la loi de la Banque agricole de Bulgarie).

15. Les prêts non réglés à leur échéances, soit par remboursement, soit par renouvellement, paient, à titre d'amende pendant les trois premiers mois après l'échéance, un intérêt supplémentaire de 1%. Après ce délai, le supplément d'intérêt est porté à 2% à partir de l'échéance (article 15 de la loi de la Banque agricole de Bulgarie).

#### CONTRÔLE SUPÉRIEUR.

Le budget de la Banque agricole de Bulgarie est établi par le Conseil d'administration de la Banque et approuvé par le ministre de l'Agriculture et des Domaines. Ce dernier surveille et vérifie tous les actes de l'administration centrale de la Banque et veille à la stricte observation de la loi et des statuts de la Banque par l'intermédiaire de deux délégués, dont l'un conseiller à la Haute Cour des Comptes et l'autre fonctionnaire au Ministère de l'Agriculture et des Domaines.

Le compte rendu annuel et le bilan de la Banque sont remis par le Conseil d'administration au ministre de l'Agriculture et des Domaines. Celui-ci les transmet à une commission spéciale pour les vérifier. Cette commission rend compte au ministre de l'Agriculture et des Domaines de ses vérifications et constatations.

#### RESSOURCES.

Outre son capital, la Banque trouve des moyens pour l'activité de son crédit dans les opérations suivantes :

<i>1<sup>o</sup> Reçoit des dépôts, à savoir :</i>	Leva
a) Dépôts des orphelins qui, au 31 octobre 1930, montent à . . .	271.660.903
b) Dépôts à terme qui, au 31 octobre 1930, montent à . . . . .	1.508.922.823
c) Dépôts d'épargne qui, au 31 octobre 1930, montent à . . . . .	579.373.151
d) Comptes courants créiteurs qui, au 31 octobre 1930, montent à . . . . .	1.361.043.336
e) Comptes courants sans intérêts qui, au 31 octobre 1930, montent à . . . . .	286.712.574
Total . . . . .	4.007.712.787

2<sup>o</sup> Par décision du Conseil d'administration de la Banque agricole de Bulgarie, elle peut : a) escompter ou constituer en gage son portefeuille, ses warrants et titres, ainsi, que de reconstituer en gage les hypothèques, les warrants et titres qui lui sont nantis ; b) tirer ou accepter des traites négociables sur des marchés étrangers et c) ouvrir des comptes courants à ses correspondants étrangers, soit à découvert, soit contre gage.

Elle peut, avec l'autorisation de la Chambre : a) conclure des emprunts par l'émission d'obligations garanties par l'Etat, ainsi que par les capitaux, les biens et les créances de la Banque ; b) émettre des obligations de gage qui auront pour garantie, en dehors de son capital, son portefeuille hypothécaire et d'améliorations.



BANQUE HYPOTHÉCAIRE BULGARE.

Par la loi du 30 décembre 1927, publiée dans le N° 223 du *Journal Officiel*, s'est constitué dans le pays une société pour le crédit hypothécaire, dénommée « Banque hypothécaire bulgare ». La Banque hypothécaire bulgare est une société par actions avec siège à Sofia, subordonnée aux lois concernant les sociétés, tant qu'elles ne contredisent pas l'organisation du crédit hypothécaire en Bulgarie.

La Banque est créée pour un délai indéfini, avec un capital de 10.000.000 de francs suisses.

Les actionnaires de la société sont : l'Etat bulgare, la Banque agricole de Bulgarie, la Banque centrale coopérative bulgare, les sociétés d'assurances du pays, Blair & Co, Foreign Corporation, New York, et Lazard Brothers & Co, Limited, Londres.

Le capital de la société est distribué en 20.000 actions de 500 francs suisses chacune. De ces 20.000 actions, 2.000 sont réservées à l'Etat bulgare, 2.000 à la Banque agricole de Bulgarie, 2.000 à la Banque centrale coopérative bulgare, 2.000 aux sociétés d'assurances qui ont leur siège en Bulgarie.

La société alloue des crédits à long terme aux propriétaires d'immeubles des villes et des villages, aux communes, aux départements et aux institutions publiques.

La Banque hypothécaire bulgare peut créer des succursales, mais, pour le moment, elle emprunte les services des succursales et des agences de la Banque nationale et de la Banque agricole de Bulgarie.

La Banque hypothécaire bulgare pratique actuellement une seule forme de crédit — hypothécaire — et pour des sommes au moins égales à 5.000 francs suisses.

Actuellement, la Banque hypothécaire n'accepte pour l'hypothèque que les terrains des propriétés agricoles bien organisées disposant d'un plan d'exploitation bien défini, d'une étendue d'au moins 30 hectares et, si possible, d'une seule pièce ou tout au moins en parcelles assez grandes.

A cause de ces conditions spéciales et la conclusion des hypothèques en monnaie étrangère (francs suisses), il y a eu seulement dans cette banque, jusqu'au 1<sup>er</sup> décembre 1929, 23 propriétaires qui ont contracté des emprunts pour la somme de 258.000 francs suisses, avec 11,5 % d'intérêt. De sorte que le crédit agricole reste concentré uniquement dans la Banque agricole de Bulgarie et dans les sociétés coopératives agricoles qu'elle crédite.

SOCIÉTÉS COOPÉRATIVES AGRICOLES DE CRÉDIT.

Les sociétés coopératives agricoles de crédit en Bulgarie sont du type de Reiffeisen, améliorées par les principes de Haas.

On considère comme telles les sociétés coopératives dont 75 % de leurs membres sont des agriculteurs. Il y a des sociétés coopératives agricoles de crédit à responsabilité limitée et illimitée.

Au 1<sup>er</sup> janvier 1930, 1.346 sociétés coopératives agricoles de crédit ont distribué des crédits à court terme. Vers la date mentionnée, ces associations se sont vu allouer par la Banque agricole de Bulgarie une somme de 872.259.043 leva, dont elles ont utilisé 631.891.526 leva.

Les sociétés coopératives agricoles de crédit, créditées par la Banque agricole de Bulgarie, comprenaient à la même date 146.274 membres qui représentent presque autant de propriétés agricoles.

Ces mêmes sociétés coopératives agricoles de crédit ont disposé vers le 1<sup>er</sup> janvier 1930 avec leur propres moyens de :

	Leva
a) Capital social. . . . .	217.004.218
b) Fonds . . . . .	262.385.354
c) Dépôts. . . . .	346.381.742
Total, moyens propres . . . . .	825.771.314
d) Crédits de la Banque agricole de Bulgarie. . . . .	631.891.526
ou en tout, moyens disponibles. . . . .	1.457.662.840

De cette somme globale, les coopératives ont distribué des prêts à 146.234 propriétaires ruraux : 1.126.877.767 leva.

Le reste est placé dans des marchandises, pour leurs magasins de vente, dont le montant, à la date susmentionnée, est de 112.847.467 leva, et le reste de 217.937.606 leva est placé dans des immeubles, etc.

Question VIII.

La Banque agricole de Bulgarie n'a pas placé à l'étranger ni à l'intérieur des lettres de gage. Cependant, pour augmenter ses ressources, pendant l'année 1896, au nom de la Principauté bulgare, elle a conclu un emprunt en obligations avec la Banque de Paris et des Pays-Bas, la Banque internationale de Paris et Ländler Bank, de Vienne, d'un montant de 30.000.000 de francs-or désigné sous le nom de Emprunt bulgare à 5 % année 1896.

Les obligations sont au nombre de 60.000, d'une valeur nominale de 500 francs-or ; l'intérêt, 12,50 francs-or, est payé tous les six mois, du 1<sup>er</sup> au 14 janvier et du 1<sup>er</sup> au 14 juin de chaque année. Cet emprunt s'amortira en cinquante ans par des tirages, ayant lieu tous les six mois, d'un certain nombre d'obligations déterminé par un plan d'amortissement. Actuellement, l'emprunt s'élève à 21.720.000 francs-or.

Conformément à la Convention du 11 décembre 1926, établie entre le Gouvernement bulgare et le Comité des porteurs de titres de cet emprunt, les tirages jusqu'au 1<sup>er</sup> avril 1933 sont suspendus et les intérêts seront payés comme suit :

Du 1 <sup>er</sup> avril 1930 jusqu'au 1 <sup>er</sup> avril 1933	avec 43%	de leur valeur
Du 1 <sup>er</sup> avril 1933 jusqu'au 1 <sup>er</sup> avril 1936	avec 48%	de leur valeur
Du 1 <sup>er</sup> avril 1936 jusqu'au 1 <sup>er</sup> avril 1939	avec 53%	de leur valeur
Du 1 <sup>er</sup> avril 1939 jusqu'au 1 <sup>er</sup> avril 1942	avec 59%	de leur valeur
Du 1 <sup>er</sup> avril 1942 jusqu'au 1 <sup>er</sup> avril 1945	avec 64%	de leur valeur
Du 1 <sup>er</sup> avril 1945 jusqu'au 1 <sup>er</sup> avril 1948	avec 69%	de leur valeur
Du 1 <sup>er</sup> avril 1948 jusqu'au 1 <sup>er</sup> avril 1951	avec 76,5%	de leur valeur
Du 1 <sup>er</sup> avril 1951 . . . . .	avec 100	de leur valeur.

Cet emprunt est coté seulement à la bourse de Paris. Pendant le premier semestre de 1930, le cours le plus bas de ces obligations était de 601 francs français ; le cours moyen de 618 francs français et le cours le plus élevé de 635 francs français.

De même, pour renforcer les moyens de la Banque agricole, le Gouvernement bulgare, de l'emprunt conclu en 1928 par la Société des Nations et nommé emprunt de stabilisation de 1928 à 7,50%, de 1.800.000 livres sterling 13.000.000 de dollars et 130.000.000 de francs français, a laissé à sa disposition, aux mêmes conditions de l'emprunt, une somme de 500.000 livres sterling.

La Banque hypothécaire bulgare ainsi que les Coopératives agricoles qui servent en partie les agriculteurs par des crédits n'ont pas émis d'obligations et de lettres de gages.

#### Question IX.

a) Pour l'assurance des bâtiments et des différentes constructions en Bulgarie, il existe des sociétés par actions privées qui agissent en appliquant les mêmes conditions. Dans la convention conclue entre les sociétés actionnaires d'assurances rentre la Société coopérative d'épargne, qui fait l'assurance contre l'incendie sur le même système que les sociétés privées, mais sur la base de mutualité. En Bulgarie, il n'existe pas d'autres sociétés d'assurances mutuelles que la société d'épargne des employés, la Société coopérative d'assurances « Zadruga » et la société « Sobstvenoste » ; cette dernière société pratique seulement la branche incendie.

b) Pour l'assurance du bétail, il existe, en vertu de la loi de l'assurance du bétail, à la section des assurances de la Banque centrale coopérative bulgare, une branche d'assurance du bétail contre les dommages et les pertes causés par la mortalité ou les accidents. L'assurance est libre et basée sur le principe coopératif. Cette assurance se fait seulement collectivement et les sociétés formées sont membres de la division d'assurance du bétail à la Banque centrale coopérative bulgare.

Les sociétés d'assurances peuvent fonctionner si elles comprennent au moins sept membres.

Ces sociétés se constituent pour une ou plusieurs communes voisines ou seulement pour un village ou une ville.

Pour les grandes municipalités citadines, avec le consentement de la division d'assurances auprès de la Banque centrale coopérative bulgare, on admet la fondation de plusieurs sociétés pour l'assurance d'une même espèce de bétail, mais avec des rayons séparés et bien déterminés.

La division d'assurance du bétail contrôle le fonctionnement des sociétés locales ; elle a le droit de vérifier leurs comptes et de veiller à ce qu'elles remplissent les arrangements de la loi et les statuts-types sur lesquelles elles sont fondées.

Pour l'assurance des bisulques, on paie annuellement, par tête de gros bétail à cornes, les tarifs suivants :

A. Pour une estimation jusqu'à 5.000 leva, 1,50% pour une estimation au-dessus de 5.000 leva, la prime est augmentée de 0,5% à chaque fraction de 2.000 leva au-dessus des 5.000 leva susdits, comptés sur toute la somme.

B. Les estimations au-dessus de 10.000 leva sont acceptées avec le consentement préalable de la division d'assurances et supportent un tarif de 3,5% de la valeur assurée.

C. Pour les taureaux au-dessus de deux ans, on paie une prime de 1% en plus.

Pour l'assurance des solipèdes, chevaux, mulets et ânes, on paie par tête les tarifs suivants :

A. Première catégorie, animaux de reproduction et tels qui sont utilisés seulement par leurs propriétaires exclusivement pour des travaux agricoles, 2%.

Deuxième catégorie, bêtes de louage, de somme et de trait pour carosses et phaétons, 3,5%.

Troisième catégorie, bêtes de trait pour le transport des lourds matériaux de construction et autres, 4,5%.

B. Pour les solipèdes estimés plus de 5.000 leva, la prime est augmentée pour chaque fraction de 2.000 leva au-dessus de 5.000 de 0,5% compté sur toute la somme.

C. Pour les estimations au-dessus de 12.000 leva, il est nécessaire d'avoir le consentement préalable de la division d'assurance, à des conditions spéciales.

D. Pour les étalons au-dessus de 3 ans, on paie une prime de 1% en plus.

E. Pour l'assurance des chèvres de Suisse et maltaises et les bêtes de reproduction :

Pour les pur-sang 5% de la valeur d'estimation ;

Pour les métis 4% de la valeur d'estimation.

On n'accepte pas d'estimation supérieure à 3.000 leva.

A chaque membre qui, pendant une période continue de cinq ans, a entretenu son bétail, assuré sain, et auquel on n'a payé aucune indemnité, on paie pour la sixième année suivante la moitié de la prime.

Les indemnités sur les valeurs assurées se paient :

a) 70% pour les animaux morts ;

b) 80% pour les animaux tués par nécessité, si la valeur marchande des restes, y compris la peau, atteint en moyenne 25% de l'estimation ; dans le cas contraire, 70%.

Pour le bétail assuré pendant le deuxième semestre de l'année de l'assurance, l'indemnité dans les deux cas est payée avec une diminution de 10%.

Si le bétail meurt ou doit être tué par suite d'une maladie infectieuse, pour lequel l'Etat, conformément à la loi du service et de la police sanitaire-vétérinaire, paie une indemnité, la société paie le complément jusqu'à concurrence de 70%.

De l'indemnité brute, on déduit la valeur des restes du bétail perdu.

L'indemnité ne peut être saisie pour dettes.

C. *Assurance du cheptel mort.* — Il n'existe pas de telle assurance coopérative d'Etat ; elle est organisée par les sociétés actionnaires d'assurances privées. Il est caractéristique qu'en Bulgarie, il n'existe pas de section spéciale pour l'assurance du cheptel mort, séparément des bâtiments et constructions, mais on l'assure ordinairement avec ces derniers.

Mais lorsque l'on veut assurer uniquement le cheptel mort, indépendamment des bâtiments où il est abrité, les sociétés d'assurances le font à des conditions spéciales.

D. *Assurance des produits agricoles.* — Contre la grêle et d'autres ravages causés par les intempéries, elle se pratique en vertu d'une loi spéciale de la Banque centrale coopérative bulgare. Cette assurance est basée sur les principes de la mutualité. Cette assurance n'est pas obligatoire.

D'après les cultures, on distingue dix catégories d'assurances.

De la valeur de la récolte, d'après le rendement au décare et la parcelle ensemencée, on détermine le montant de la somme à assurer.

Dans le montant de l'assurance on distingue :

a) Pour les céréales, 80% pour les grains et 20% pour la paille ;

b) Pour le maïs, 90% pour les grains et 10% pour les tiges ;

c) Pour les plantes fourragères et textiles, 70% pour les grains et 30% pour la paille et les fibres.

La prime est calculée d'après l'espèce de culture, le risque local de la grêle et le montant de l'assurance.

Les localités sont classées d'après les risques de grêle et de gel, et les cultures sont divisées en groupes d'après leur sensibilité envers ces phénomènes météorologiques. Les tarifs des primes pour les différentes localités et cultures sont envoyés chaque année dans les mairies pour être annoncés publiquement.

La prime moyenne sur toutes les cultures est d'environ 3,4% de la valeur assurée.

Les assurances au-dessus de 200.000 leva sont acceptées avec un tarif spécial.

Les habitants des communes, dans lesquelles il y a plus de la moitié des agriculteurs assurés, bénéficient d'une réduction de tarif de 10% du montant de la prime.

Les propriétaires qui sont assurés durant cinq années consécutives et qui n'ont pas été indemnisés pendant ce temps paient, pour la sixième année, la moitié de la prime prévue.

*Contrôle des assurances.* — L'Etat exerce un contrôle sur toutes les sociétés d'assurances privées, qui consiste à reviser leur activité et leur stabilité financière et à vérifier jusqu'à quel point les sociétés peuvent répondre aux risques qu'elles courent avec les revenus des primes et des fonds de réserves.

Quant au contrôle de l'Etat sur les rapports entre les sociétés et les assurés, il se borne à vérifier si les primes perçues sont suffisantes pour les risques qu'elles courent et si les polices d'assurances ne contiennent des clauses contraires aux lois et aux intérêts des assurés.

LES ASSURANCES SONT-ELLES OBLIGATOIRES OU FACULTATIVES ?

Il n'y a pas de loi en Bulgarie qui rende les assurances obligatoires. Elles ont lieu d'après la bonne volonté des personnes, c'est-à-dire qu'elles sont facultatives.

Quand on consent des crédits warrants contre inventaire agricole ou produits agricoles, ainsi que lorsqu'on hypothèque des biens, la Banque agricole de Bulgarie exige de l'emprunteur que les gages soient assurés, et, dans l'avenir, la Banque se soucie elle-même de l'entretien de l'assurance.

La Banque agricole de Bulgarie, d'une part, pour encourager et, d'autre part, pour mieux garantir ses créances, exige du débiteur qu'il assure ses biens gagés, et, dans ce but, elle lui alloue des emprunts qui atteignent jusqu'à 80% du montant de l'assurance.

EST-IL POSSIBLE QUE LES ASSURANCES SOIENT FACILEMENT APPLICABLES PAR RAPPORT AUX DIFFÉRENTS OBJETS SERVANT COMME GAGE DANS LE PAYS ?

En général, les assurances peuvent s'appliquer à tous les objets qui servent comme gages. Pour la plupart des produits agricoles, du cheptel mort et du cheptel vif, des bâtiments et constructions, les assurances se pratiquent depuis longtemps et avec une grande facilité.

Cependant, il est caractéristique que les cultures sur pied peuvent être assurées seulement contre la grêle et le gel et non contre l'incendie.

QUELS SONT LES ARRANGEMENTS LÉGAUX POUR RECEVOIR L'INDEMNITÉ, EN CAS DE SINISTRE, DES OBJETS GAGÉS ?

Il n'y a pas d'arrangements légaux pour recevoir une indemnité, en cas de sinistre des objets gagés, en Bulgarie (d'après les renseignements du contrôle d'Etat, il n'existe pas non plus de tels arrangements dans les autres pays).

L'indemnité est réglée d'après les contrats entre assureur et assuré, ainsi qu'entre l'assuré et le créancier.

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## RÉPONSE DU GOUVERNEMENT ESTONIEN

### Question I.

L'Estonie pratique le crédit à court terme, à terme moyen et à long terme.

### Question II.

Au point de vue de la garantie, on distingue le crédit personnel, le crédit avec garantie coopérative, le crédit hypothécaire et le crédit accordé contre nantissement des biens meubles.

### Question III.

L'hypothèque est publique par suite de l'inscription sur le registre de transcription. L'inscription est effectuée par le tribunal dans le ressort duquel est situé l'immeuble. Les frais de l'établissement d'une hypothèque sont :

Les taxes perçues au bénéfice de l'Etat, environ 1,12%, et

Les frais de notaire qui sont de 0,02 à 0,8% du montant total de l'obligation (ces frais dépendent du montant de l'obligation).

Ces frais acquittés, l'obligation est susceptible de transmission.  
Cette dernière ne comporte pas de frais supplémentaires.

### Question IV.

Dans les cas de mise en gage des biens meubles, il est nécessaire que les objets mis en gage soient remis au créancier. On ne saurait déroger à la règle générale que dans le cas prévu par les statuts de la Banque de crédit à long terme, d'après lesquels les biens mis en gage peuvent être laissés en la possession du débiteur, en dépôt chez lui ou à son usufruit. Une telle mise en gage doit être rendue publique par un avis approprié à insérer dans le *Riigi Teataja*.

### Question V.

Au cours de l'année 1930, les capitaux empruntés placés dans l'agriculture s'élevaient à 85 millions de couronnes environ, ce qui constitue le 8,4% du total des capitaux investis dans l'agriculture et le 10,4% de la valeur des immeubles agricoles.

Les capitaux empruntés constituent le 11,8% de la valeur immobilière des fermes grevées de dettes.

Le total des capitaux empruntés investis dans l'agriculture se répartit suivant les créanciers comme suit (en chiffres approximatifs) :

	Millions de couronnes
Dettes envers l'Etat (y compris les dettes contractées lors de l'achat des fermes)	51
Emprunts privés . . . . .	19
Dettes succession . . . . .	7
Dettes privées des entreprises d'industrie agricole . . . . .	8
Total . . . . .	85

Le montant total du capital agricole est, d'après le recensement de 1929, de 1.013 millions de couronnes, dont 822 millions couronnes constituent la valeur des immeubles.

En ce qui concerne le terme du crédit, il existe des données détaillées au sujet des dettes contractées envers l'Etat :

Le terme des dettes est le suivant (pourcentage de la somme totale des dettes) :

	Dettes contractées envers l'Etat	Emprunts privés
A court terme (1 année au plus) . . . . .	9%	100%
A terme moyen (de 1 à 5 ans) . . . . .	5%	
A long terme (de 5 à 55 ans) . . . . .	86%	
Total . . . . .	100%	100%

**Question VI.**

Les taux d'intérêt pour les différentes catégories de crédits sont :

1. Pour le crédit à long terme, de 2 à 6% par an pour la plus grande partie des dettes, de 9% par an pour quelques dettes (crédits accordés à l'industrie agricole) ;
2. Pour le crédit à terme moyen, de 2 à 13% par an, et
3. Pour le crédit à court terme, de 2 à 13%.

Des crédits consentis par l'Etat sont accordés au taux de

12%	soit environ	3%	} du montant total de ces crédits.
9%	»	3,6%	
7%	»	4,1%	
6%	»	12,4%	
4%	»	17,1%	
2%	»	58,8%	

Le taux d'intérêt maximum pour le crédit privé est de 13%.

Le taux d'intérêt moyen des crédits accordés par l'Etat est de 3,6% par an.

Le taux d'intérêt sur les crédits privés est de 12% pour la plus grande partie et de 6 à 8% pour les dettes de succession.

**Question VII.**

En Estonie, des crédits agricoles sont accordés par la Banque de crédit à long terme, la Banque agraire et les banques coopératives. La Banque de crédit à long terme et la Banque agraire ont été instituées en vertu de lois spéciales, tandis que les banques coopératives sont fondées dans l'ordre d'enregistrement sur la base de la loi sur la coopération.

La Banque de crédit à long terme accorde aux entreprises et industries agricoles des crédits à court terme, à terme moyen et à long terme. La Banque agraire accorde des crédits hypothécaires à long terme. Les banques coopératives sont, pour la plupart, situées à la campagne. Dans les villes aussi bien qu'à la campagne, environ 60% de leurs membres sont des agriculteurs. Elles accordent des crédits à court terme et à terme moyen aux agriculteurs contre garanties de différente espèce.

*Appendice:* Statuts de la Banque de crédit à long terme <sup>1</sup>.

**Question VIII.**

Les institutions énumérées au paragraphe VII n'ont point placé leurs lettres de gage à l'étranger.

**Question IX.**

Pour les bâtiments, les biens meubles et les immeubles, il est fait usage de l'assurance privée. L'assurance est volontaire. Lorsque la Banque accorde un emprunt, elle exige, en sa qualité de créancier, l'assurance des biens et la cession de la police à son nom.

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<sup>1</sup> Cet appendice (en texte anglais) peut être consulté au Secrétariat.

## RÉPONSE DU GOUVERNEMENT HONGROIS

### Question I.

*Ad 1<sup>o</sup>.* — Les emprunts à court terme consentis par les établissements financiers sont liquidés, la plupart du temps, sur la base de lettres de change ayant généralement une échéance de trois mois, exceptionnellement de six mois.

*Ad 2<sup>o</sup>.* — Le type de crédit à terme moyen, qui, dès avant la guerre, a joué un rôle important à certains égards, trouve une application de plus en plus large. Dans la majorité des cas, ces crédits ne constituent toutefois pas des emprunts d'amortissement, mais des emprunts accordés sur la base d'obligations ou d'acceptations, couverts surtout par des hypothèques d'après lesquelles l'établissement créancier s'engage à maintenir le rapport de crédit pour la durée d'un ou de deux ans, et, concernant certains types, pour une durée de cinq ans.

Les emprunts de ce genre, contractés dans les années qui ont suivi la guerre, ont été, pour une large part, alimentés par des capitaux d'origine étrangère et placés par la Société centrale de Crédit mutuel de Hongrie. La société précitée est l'institution centrale des coopératives de crédit fonctionnant sur le territoire du pays, et, à l'exception de quelques grandes institutions privilégiées, elles sont tenues de s'y affilier. Ces emprunts sont donc, dans la pratique, généralement accordés à l'agriculteur par l'une des coopératives locales de crédit, tandis que le capital nécessaire, ainsi que le crédit de réescompte, sont mis à la disposition des coopératives locales de crédit par la Société centrale de Crédit mutuel de Hongrie.

Notons aussi que les crédits mentionnés sont actuellement consentis aux agriculteurs au taux de 7 à 8% annuel.

En ce qui concerne les mêmes crédits, la tendance à contrôler l'emploi de l'emprunt est déjà sensible. Le contrôle est, en première ligne, la tâche des instituts locaux qui ont directement consenti le crédit aux agriculteurs, mais les agents de l'administration publique et les inspectorats agricoles organisés, dans les comitats ou départements, prennent aussi part à ce contrôle.

*Ad 3<sup>o</sup>.* — Voici l'énumération des différents types d'emprunts d'amortissement à long terme :

a) Le plus souvent, la propriété qui fait l'objet de l'exploitation agricole est constituée en gage de l'emprunt reposant sur des obligations foncières. Pour ce type, la charge hypothécaire ne peut, d'après les dispositions légales, se monter qu'à 50% au plus de la valeur estimative de l'hypothèque et à seulement un tiers de la valeur indiquée, si l'hypothèque était une forêt ou un vignoble (lois XXXVI de 1876 et VII de 1928).

b) Des dispositions légales spéciales existent à l'égard des emprunts d'amortissement à long terme qu'il y a lieu d'accorder aux associations syndicales de travaux d'eau ou d'amélioration du sol. L'importance des emprunts qui pourront être consentis à de telles sociétés est réglée par la loi de telle sorte que la charge hypothécaire ne puisse qu'exceptionnellement atteindre le 50% de la valeur estimative des immeubles compris dans la sphère d'action de la société qui a bénéficié de l'emprunt. La part de l'emprunt revenant proportionnellement à chaque immeuble en question représente la charge hypothécaire dudit immeuble et les charges accessoires grevant l'immeuble sont assimilées, quant à la perception, aux impôts publics. Les emprunts du type que nous venons d'exposer constituent la base de l'émission des lettres de gage ayant pour but la régularisation des cours d'eau ou l'amélioration du sol (loi XXX de 1889).

c) On pratique, en outre, les emprunts basés sur des obligations destinés à favoriser et à financer des colonisations, des lotissements, des travaux afférents à la régularisation des cours d'eau et à l'amélioration du sol. Ces emprunts peuvent s'élever jusqu'à 75% de la valeur estimative des immeubles constitués en gage et, pour les lotissements, jusqu'aux deux tiers de la même valeur (lois XXXII de 1897 et VII de 1928).

La durée d'amortissement des emprunts mentionnés aux paragraphes a), b) et c) était en général, avant la guerre mondiale, de cinquante ans.

Il y avait toutefois aussi des types à terme plus court et plus long. En ce qui concerne les emprunts décrits aux paragraphes a) et c), l'amortissement s'opère, d'après la règle, en trente-cinq ans. Nous avons cependant aussi des types de quarante-cinq ans. Après la guerre, aucun emprunt du type décrit au paragraphe b) n'a toutefois été liquidé. On a pourvu à ces besoins de crédit d'autre façon, au moyen de fonds d'Etat.

Il paraît nécessaire de souligner à ce propos que l'émission ou la délivrance des lettres de gage et des obligations foncières relatives aux emprunts précités ne peut, d'après le droit hongrois, être effectuée que lorsque l'emprunt formant la base de l'émission est inscrit dans le registre foncier afférent à l'immeuble constitué en gage, ou, pour ce qui est des types décrits sous la lettre b), lorsque l'emprunt servant de base à l'émission est effectivement liquidé.

d) La Société centrale de Crédit mutuel de Hongrie, dont nous avons parlé au paragraphe 2, possède un type spécial d'emprunt, amortissable en dix ans, qu'elle est autorisée à liquider sur couverture hypothécaire régulière. Seuls les intérêts de ces emprunts doivent être servis pendant les cinq premières années. Leur amortissement ne commence qu'à partir de la sixième.

e) Bien qu'au point de vue de la production agricole aucune importance ne s'attache à l'emprunt dit industriel basé sur des lettres de gage, nous devons tout de même mentionner ce type, car il peut figurer comme moyen de s'assurer un emprunt à long terme dans l'intérêt de la transformation industrielle des produits agricoles. Le privilège de consentir des emprunts industriels reposant sur des lettres de gage, ainsi que d'émettre de telles lettres de gage, n'est accordé qu'à un seul établissement financier, à savoir l'Institut national hongrois pour le Crédit hypothécaire industriel S.A. Ce dernier n'est, en revanche, pas autorisé à s'occuper d'autres genres d'affaires. Aux termes de la loi spéciale y relative, l'emprunt servant de base à l'émission des lettres de gage industrielles grève dans sa totalité le patrimoine de l'établissement industriel, c'est-à-dire, à part l'immeuble, les effets mobiliers et les droits. L'hypothèque s'étend aussi automatiquement, du chef de l'inscription dans le registre foncier de l'immeuble, au patrimoine entier de l'établissement. Seuls les établissements industriels fonctionnant sous la forme d'entreprises astreintes à des comptes publics sont à même de se faire consentir un tel emprunt, pourvu que leur patrimoine soit porté dans le registre spécial des établissements industriels. La liquidation de l'emprunt n'est faite que contre garantie de première hypothèque et ne peut atteindre que le tiers de la valeur estimative du patrimoine constitué en gage. Les emprunts industriels susvisés représentent aujourd'hui un type à 7% d'intérêt et sont amortissables en vingt ans (loi XXI de 1928).

f) Nous devons enfin rappeler la liquidation financière de la réforme agraire. Le capital nécessaire à cette dernière a été fourni par le trust suédois des allumettes, dans le cadre du monopole des allumettes. L'emprunt obtenu du trust des allumettes a été conclu à 5½% pour une valeur nominale de 36 millions de dollars. La liquidation en a été confiée à un organe financier expressément créé à cette fin sous la forme de société coopérative. Nous allons maintenant exposer comment le financement de la réforme agraire a été assuré.

Le principe est que les propriétaires expropriés, à savoir ceux dont l'immeuble a été exproprié, obtiennent une indemnité complète. Le montant de l'indemnité est établi soit par jugement, soit par calcul de l'autorité administrative, en conformité des modalités fixées dans les règles de droit y relatives. Dans ce dernier cas, ce qui est déterminant pour la fixation de l'indemnité, c'est le revenu net indiqué par le cadastre servant de base à l'assiette de l'impôt foncier, de sorte que, pour chaque pengö du revenu net cadastral à prendre en considération, une indemnité de 60 pengö est due. En ce qui concerne l'acquittement de l'indemnité, il y a le choix entre plusieurs modes. La faculté de choisir entre les divers modes pouvant trouver application dans un cas concret a été laissée au titulaire du droit à l'indemnité.

Les personnes qui se sont vu attribuer une terre amortissent en cinquante-deux ans l'indemnité, ou prix de rachat, à verser pour cet immeuble. Elles peuvent s'acquitter du reliquat n'importe quand, sans être tenues de verser une ristourne. L'annuité d'amortissement comporte, y compris les frais d'administration, 5,4% du prix de rachat. L'annuité d'amortissement est payable en quatre fractions annuelles égales. Elles est, en cas de retard, assimilée, quant à la perception, aux impôts publics. Mais comme, d'après la réglementation, la personne qui a bénéficié d'une terre ne se trouve pas en rapport juridique avec l'exproprié, tandis que tous les deux sont entrés en rapport juridique avec l'établissement financier chargé de la liquidation, le prix de rachat se transforme, pour les personnes qui ont obtenu une terre, en un emprunt. Celui-là constitue la charge hypothécaire de l'immeuble attribué au cours de la réforme agraire. Cette charge est aussi garantie par l'inscription dans le registre foncier. D'autre part, ces hypothèques sont destinées à garantir l'emprunt obtenu du trust suédois des allumettes.

## Question II.

Ad 1<sup>o</sup>. — Le crédit personnel ne trouve application qu'en ce qui concerne les emprunts sur effets à court terme (trois à six mois). Ceux-ci sont consentis plutôt par les établissements financiers de moindre importance de la province, et surtout par les coopératives locales de crédit appartenant au réseau de la Société centrale de Crédit mutuel de Hongrie. Ils portent ordinairement la signature de deux ou trois donneurs d'aval.

Ad 2<sup>o</sup>. — Toutes les fois qu'une coopérative de crédit quelconque appartenant au réseau de la Société centrale de Crédit mutuel de Hongrie présente à ladite société un effet pour le réescompte, la dette basée sur la lettre de change devra aussi être garantie par l'établissement membre qui s'est prévalu du crédit de réescompte. Notons qu'il arrive toutefois dans certains cas que la Société centrale de Crédit mutuel de Hongrie accorde aussi un crédit aux membres d'une coopérative de production (lait, beurre, vin) sur garantie assumée par la coopérative de production intéressée.

Ad 3<sup>o</sup>. — Comme il ressort déjà de la réponse sous a) et c) donnée au paragraphe I, 3<sup>o</sup>, la garantie hypothécaire est obligatoire pour tout emprunt à long terme qui forme la base d'une émission de lettres de gage ou d'obligations. La loi établit aussi la limite supérieure de la charge hypothécaire, en ce sens qu'au cas d'une charge plus importante, l'établissement créancier ne pourra utiliser l'emprunt comme base d'une émission.



En outre, aussi bien pour les emprunts à court terme que pour les emprunts à terme moyen, les créanciers ne manquent ordinairement pas de stipuler aussi une garantie hypothécaire.

Aussi faut-il faire observer à ce propos que la loi récemment entrée en vigueur, qui règle dans son ensemble et dans les détails le droit hypothécaire, permet au débiteur de fournir une garantie couverte par le droit hypothécaire sans que l'emprunt soit effectivement inscrit dans le registre foncier. Il peut notamment être mentionné en marge de l'inscription hypothécaire que le propriétaire se propose d'hypothéquer l'immeuble, dans six mois, jusqu'à concurrence d'un montant fixé. A défaut d'inscription dans le registre foncier, la mention précitée perd sa valeur, sans que l'introduction d'une requête spéciale soit nécessaire à cet effet.

Cette nouvelle institution hypothécaire est donc très appropriée au but poursuivi, puisqu'elle permet aux crédits à court terme de jouir d'une garantie hypothécaire convenable, et cela sans inscription dans le registre foncier. Dans le cas où, pour une raison quelconque, l'inscription dans le registre foncier deviendrait quand même nécessaire, dans les six mois en question, l'inscription effective obtiendra l'ordre afférent à la mention en marge de l'inscription hypothécaire.

La nouvelle loi a, en outre, institué un type spécial de droit hypothécaire, à savoir la « dette grevant seulement l'immeuble ». L'essence en est que le droit hypothécaire ainsi créé greève l'immeuble constitué en gage sans créance personnelle. C'est dire que le titulaire ne dispose que du droit hypothécaire pour se faire rembourser sa créance.

La loi a aussi créé l'institution de « l'obligation hypothécaire » et de « l'obligation de la dette grevant seulement l'immeuble ». L'établissement financier, soumis à la surveillance énergique et directe de l'autorité gouvernementale, et en sa qualité de membre d'un tel institut, est d'après cette loi, autorisé à réaliser une créance hypothécaire déterminée ou une créance acquise comme « dette grevant seulement l'immeuble » par la délivrance d'une « obligation hypothécaire » ou d'une « obligation grevant seulement l'immeuble ». Le droit hypothécaire qui sert de garantie à la créance formant la base de l'émission d'une telle valeur passe au possesseur de la valeur, lequel, au cas où l'établissement financier, émetteur de la valeur, n'exécuterait pas l'engagement pris pour le paiement des intérêts, pour l'amortissement du principal, ou pour le remboursement, acquiert la faculté de faire directement valoir le droit hypothécaire. Les modalités que nous venons d'exposer n'ont, au moins jusqu'à présent, aucune importance pratique (loi XXXV de 1927).

*Ad 4°.* — En Hongrie, seul le blé (froment, seigle, méteil, orge) peut être affecté à l'hypothèque mobilière, et cela exclusivement à l'effet de garantir les crédits agricoles à court terme.

*Ad 5°.* — En dehors des garanties énumérées aux paragraphes 1° à 4°, les emprunts accordés sur d'autres garanties, telles que gages manuels, ne sont pas usuels. Cependant, en vertu des dispositions légales, la Société centrale de Crédit mutuel de Hongrie ou les coopératives de crédit appartenant à son réseau jouissent, à l'égard des emprunts consentis par elles, de garanties tout à fait privilégiées. La Société centrale de Crédit mutuel de Hongrie a, en cas d'exécution ou de faillite, le privilège de se faire rembourser la créance jusqu'à concurrence de sa propre créance vis-à-vis de la coopérative appartenant à son réseau, sur tout le patrimoine de ladite coopérative. Les coopératives ont, jusqu'à concurrence de leur créance vis-à-vis des membres, le droit sur tous les meubles de ceux-ci.

### Question III.

La constitution d'une hypothèque sur un immeuble est exclusivement effectuée par voie d'inscription dans le registre foncier. L'inscription ne peut toutefois être ordonnée que sur la base d'un acte public original ou d'un acte sous seing privé. L'acte doit comprendre le montant de la créance, ainsi que l'indication exacte de la feuille du registre foncier et du numéro topographique des immeubles constitués en gage.

Si l'emprunt hypothécaire est liquidé sur une obligation, le droit hypothécaire est généralement fondé sur l'acte même établissant les conditions de l'emprunt. Aucune prescription obligatoire n'existe cependant à cet égard. La constitution peut être aussi faite indépendamment, dans un acte dressé séparément en vue de la constitution de l'hypothèque.

Pour les emprunts sur lettre de change ou sur compte courant garantis par un droit hypothécaire, la couverture hypothécaire est aussi fournie, de la part du débiteur, jusqu'à concurrence du cadre de crédit fixé en chiffres dans l'acte relatif à la constitution du droit hypothécaire.

Les droits dus sont les suivants :

A. En ce qui concerne l'emprunt hypothécaire régulier, amortissable ou venant à l'échéance à une époque déterminée : 1° 0,5% pour l'obligation ; 2° 1% pour l'inscription dans le registre foncier ; 3° 0,5% pour le reçu relatif au remboursement des intérêts et du principal ; 4° 0,5% pour l'acte autorisant la radiation du droit hypothécaire. Si, dans ce dernier cas, un reçu spécial a été donné lors du remboursement du capital, pour lequel le droit de 0,5% indiqué sous 3° a déjà été perçu, il n'y a à verser qu'un droit fixe de 2 pengö.

B. Pour les emprunts sur lettres de gage, ce sont également les droits énumérés sous A (1<sup>o</sup> à 4<sup>o</sup>) dont on a à s'acquitter, avec la différence, toutefois, que le droit relatif à l'inscription dans le registre foncier ne comporte, dans ce cas, que 0,5%.

C. Pour les emprunts contractés dans le cadre d'un crédit accordé sur traite :

1<sup>o</sup> Un droit fixe de 2 pengö est à verser pour l'acte autorisant l'inscription dans le registre foncier ; 2<sup>o</sup> ce droit s'établira à 1% pour l'inscription dans le registre foncier ; 3<sup>o</sup> au cas où la lettre de change est délivrée en relation avec l'emprunt liquidé dans le cadre du crédit : a) à 0,5%, s'il s'agit d'une traite sans date ni échéance, b) et à 0,1% lors de l'établissement de la traite et chaque fois qu'elle sera renouvelée, s'il est question d'une traite à échéance de six mois au maximum, à renouveler de temps en temps ; 4<sup>o</sup> à un droit fixe s'élevant à 2 pengö pour l'acte autorisant la radiation du droit hypothécaire relatif à la garantie du cadre.

Pour les emprunts hypothécaires accordés par certains instituts constitués en forme de coopératives privilégiées, déployant dans le domaine du crédit agricole une activité d'intérêt public, pour ceux qui sont liquidés par une coopérative de crédit appartenant au réseau de la Société centrale de Crédit mutuel de Hongrie, et, enfin, pour les emprunts consentis par l'Institut national hongrois pour le Crédit hypothécaire industriel S.A. et basés sur des lettres de gage, la loi confère une exemption complète des droits énumérés aux paragraphes A et B.

#### Question IV.

Il y a deux ou trois ans, une proposition de loi a été élaborée au sujet du règlement général du droit hypothécaire basé sur des meubles et au sujet des questions qui s'y rapportent. Ce projet de loi n'a cependant pas encore été soumis au Parlement, parce que, dans les milieux d'experts juridiques et économiques, les avis sont encore divergents quant à la nécessité et à l'utilité pratique de l'hypothèque mobilière. En effet, en Hongrie, le système juridique est complètement achevé relativement au registre foncier et, partant, les crédits accordés sur les immeubles peuvent être aussi facilement réalisés.

Dans l'intérêt de l'ouverture de crédits à l'agriculture, ladite institution de droit a néanmoins été créée, en particulier à l'égard du blé. Aux termes de la loi entrée en vigueur il y a quelques mois, il y a lieu de fonder un droit hypothécaire sur le blé (à savoir froment, seigle, méteil et orge) placé dans le grenier à céréales des producteurs ou dans les silos des entreprises de magasinage, pour servir de couverture aux emprunts à court terme. La loi limite assez sensiblement le cercle des créanciers en faveur desquels un tel « droit hypothécaire sur le blé » peut exister. Le droit hypothécaire sur le blé ne peut être constitué sous forme d'acte juridique que moyennant un acte public ou un acte sous seing privé digne de toute foi et doit être porté sur le registre spécial tenu à la mairie. Si la constitution de ce droit hypothécaire a été communiquée à l'assureur, il s'étend aussi aux montants que ce dernier aura à verser en cas de sinistre. Si le débiteur est en retard, le créancier peut faire valoir ses droits par une action judiciaire ; le débiteur de mauvaise foi est en outre frappé de sanctions pénales très rigoureuses (articles 15 à 34 de la loi XXII de 1930).

#### Question V.

Abstraction faite des crédits en marchandises, les créanciers se recrutent, en majeure partie, parmi les établissements de crédit, qui comprennent dans leur nombre les coopératives de crédit.

En conformité du tableau dressé par l'Institut central des Sociétés financières, la dette totale de l'agriculture s'établissait au 31 décembre 1929 à 1.400 millions de pengö. Les emprunts d'amortissement à long terme intervenaient dans ce montant pour 332 millions de pengö et les prêts sur lettre de change pour 600 millions de pengö environ, tandis que le reste revenait aux emprunts non amortissables consentis aux propriétaires fonciers pour une durée plus ou moins longue.

Aussi faut-il noter que, sur le total des placements opérés par les établissements financiers, 57,2% sont actuellement absorbés par les placements de caractère agricole.

Pour compléter, il convient encore de mentionner que, sur la dette de l'agriculture hongroise qui existait à la fin de 1913, il revenait au territoire actuel de la Hongrie, converti en pengö, un montant correspondant à 3.000 millions de pengö environ, dont près de deux tiers étaient des dettes à long terme et un tiers des dettes à court terme.

#### Question VI.

Parmi les emprunts à long terme basés sur des obligations foncières, les types habituels sont de 7% et de 7½%.

Quant aux crédits à terme moyen, les agriculteurs versent aujourd'hui des intérêts annuels au taux de 7 à 8%.

Le taux de l'intérêt annuel des emprunts à court terme est, à l'heure actuelle, de 7 à 12%.

#### Question VII.

Il y a quatre grandes institutions constituées en coopératives qui s'occupent surtout de crédit agricole : la Société centrale de Crédit mutuel de Hongrie, le Crédit foncier de Hongrie, l'Institut de Crédit foncier des petits propriétaires et l'Association des Instituts hongrois de Crédit foncier. Ces établissements sont soumis au contrôle rigoureux et direct du gouvernement.

Comme leur activité est d'intérêt public, le trésor a plus ou moins contribué à la constitution de leur capital. Aussi ont-ils bénéficié d'une large exemption d'impôts et de droits (voir aussi la réponse donnée à l'article III). Le principal genre d'affaires que traitent ces établissements est la négociation d'emprunts agricoles amortissables à long terme, et, sur cette base, l'émission de lettres de gage ou d'obligations.

A part les quatre instituts que nous venons de citer, revêtent aussi une certaine importance, du point de vue du crédit agricole, les établissements financiers qui fonctionnent sur la base de sociétés anonymes disposant de capitaux suffisants, dont l'activité s'étend aussi à l'émission de lettres de gage, ainsi qu'à la liquidation d'emprunts hypothécaires amortissables à long terme, servent de base à l'émission de ces lettres de gage. Ce sont les suivants : la Banque générale de Crédit hongrois, la Banque commerciale hongroise de Pest, la Première Union de Caisses d'épargne postales, la Banque hongroise d'Escompte et de Change, la Banque britannique hongroise S.A., la Banque hongroise-italienne S.A., la Caisse générale d'Epargne hongroise S.A., la Caisse d'Epargne centrale de Hongrie, la Caisse d'Epargne de la Cité.

En dehors des instituts énumérés, les autres établissements financiers du pays s'appliquent également à satisfaire aux besoins de crédit des agriculteurs. Ces derniers n'ouvrent, toutefois, guère que des crédits à court terme.

### Question VIII.

Les données les plus importantes relatives aux établissements émetteurs de lettres de gage de ce genre se trouvent consignées dans le tableau ci-annexé. Les données ne se rapportent cependant qu'aux émissions ayant eu lieu depuis la stabilisation de la monnaie hongroise opérée après la guerre (en 1924). On a négligé de communiquer les données ayant trait à l'époque précédente, car les émissions antérieures sont, pour la plupart, déjà amorties par voie de tirage au sort.

Aux fins d'éclaircir les données du tableau, il convient de faire observer tout d'abord que la Société centrale de Crédit mutuel de Hongrie n'y figure pas, parce qu'elle n'émet pas de lettres de gage, mais seulement des obligations. Il y a lieu de mentionner aussi que la Caisse d'Epargne communale de la Ville de Budapest S.A. n'accorde, au moins pour l'instant, des emprunts hypothécaires que sur des terrains à bâtir et sur des maisons, de sorte qu'elle ne figure qu'afin que le tableau soit aussi complet que possible. Il est à noter, enfin, que les établissements qui figurent sur le tableau ont placé à l'étranger la plus grande partie de leurs lettres de gages (surtout aux Etats-Unis d'Amérique et en Grande-Bretagne).

Voici maintenant les garanties dont jouissent ces lettres de gage :

- 1<sup>o</sup> L'établissement émetteur répond des lettres de gage avec tout son patrimoine.
- 2<sup>o</sup> Toutes les créances d'emprunt couvertes par des hypothèques sur la base desquelles l'émission des lettres de gage a été faite constituent en faveur des porteurs de lettre de gage une masse spéciale de couverture, de laquelle des tiers ne peuvent se prévaloir. Il convient de souligner, une fois de plus, que la liquidation des emprunts basés sur l'émission de lettres de gage ne peut, en vertu des dispositions légales, s'étendre qu'à 50% de la valeur estimative de l'hypothèque engagée.
- 3<sup>o</sup> Chaque institution qui émet des lettres de gage est, dans l'intérêt d'une plus ample garantie, tenu de créer un fonds de sécurité spécial. L'importance de ce fonds est fixé à 5% de la valeur nominale des lettres de gage de l'établissement en circulation et doit s'élever à 1.000.000 de pengö au minimum.

Il faut rappeler, en outre, que les deux coopératives relevées sous les numéros d'ordre 14 et 15 du tableau sont constituées comme association occasionnelle d'un certain nombre de sociétés anonymes qui s'occupent d'émission de lettres de gage, pour le règlement exclusif de certaines affaires afférentes à l'émission de lettres de gage. Ces deux coopératives n'ont pas directement liquidé des emprunts, mais se sont fait céder, par les institutions ayant participé à l'association, les emprunts hypothécaires utilisés par elles à l'émission de lettres de gage. En ce qui concerne ces deux coopératives, les garanties des lettres de gage émises s'écartent en partie des règles générales exposées précédemment, et cela en vertu d'une disposition spéciale législative. Ces deux coopératives ne sont, en particulier, pas obligées de créer le fonds spécial de sécurité cité au paragraphe 3<sup>o</sup>. Cette garantie est remplacée par la responsabilité que les établissements cessionnaires ont assumée à l'égard des créances hypothécaires cédées, puis par le fait que les emprunts employés pour l'émission des lettres de gage sont, par surcroît, aussi contrôlés séparément par le commissaire délégué pour exercer la surveillance gouvernementale (article premier de la loi XV de 1925).

### Question IX.

Les bâtiments agricoles, ainsi que le cheptel vif et mort, sont susceptibles d'être assurés en conformité du plan commercial approuvé par l'autorité de surveillance des sociétés privées d'assurance, soit séparément en leur qualité d'objets, soit dans le cadre d'une assurance agricole à forfait. La loi n'exige pas l'assurance des objets cités, mais pour la liquidation des

emprunts à long terme, les établissements financiers créditeurs stipulent, d'habitude, que le débiteur est tenu d'assurer les objets mentionnés contre certains sinistres.

Compte tenu des exigences de la loi et de la pratique des sociétés d'assurance, rien n'empêche que les assurances puissent être aussi contractées à l'égard d'objets servant de garantie ou de gage. L'assurance peut être contractée soit par le possesseur de l'objet, soit par le créancier gagiste. Ce dernier ne pourra toutefois contracter une assurance que jusqu'à concurrence de ses intérêts engagés. A cet égard, il paraît nécessaire de faire observer que les compagnies d'assurance qui fonctionnent en Hongrie déploient en général une très large propagande, dans l'intérêt des affaires.

Pour l'indemnité à verser, des dispositions spéciales prévoient le cas où l'objet ayant subi le dommage serait assujéti à l'hypothèque et au droit hypothécaire sur le blé aussi. Si la créance garantie par le droit hypothécaire (ou par le droit hypothécaire sur le blé) a été communiquée à l'assureur avant le versement de l'indemnité, l'effet du droit hypothécaire s'étend aussi à la créance exigible contre l'assureur (article 31 de la loi XXXV de 1927 et article 23 de la loi XXII de 1930).

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APPENDICE I.

TABLEAU RELATIF AUX LETTRES DE GAGE ÉMISES PAR LES ÉTABLISSEMENTS FINANCIERS DE BUDAPEST.

		Valeur nominale des lettres de gage en circulation	Emprunts hypothécaires liquidés			Propriété foncière servant de base à l'emprunt hypothécaire en arpents cadastraux	Monnaie de l'émission	Taux de l'intérêt	Cours de l'émission	Minimum et maximum du cours en 1930
			sur propriété foncière	sur terrain à bâtir et maisons	Total					
			En millions de pengö							
1.	Banque britannique-hongroise S.A. ....	11.276	5.766	6.898	12.664	24.451	\$	7½	98.75	93 à 96.50
2.	Caisse d'Épargne de la Cité.....	27.279	7.342	23.646	30.988	28.605	£	7½	97.50	
3.	Caisse d'Épargne communale de la Ville de Budapest S.A. ....	13.931	—	16.590	16.590	—	£	7½	96.50	
4.	Institut de Crédit foncier des petits propriétaires.....	24.905	30.149	2.911	33.060	84.179	\$	7	—	
5.	Banque générale de Crédit hongrois.....	18.191	39.429	4.871	44.300	171.000	\$	7½	—	
6.	Caisse générale d'Épargne hongroise S.A. .	21.832	9.543	33.597	43.140	37.468	£	7½	97.50 93 à 97.668	
7.	Crédit foncier de Hongrie .....	107.184	107.184	—	107.184	724.098	£	7½	95 à 100	
8.	Association des Instituts hongrois de Crédit foncier.....	6.545	18.485	—	18.485	41.389	\$	7½	92 à 94	
9.	Banque hongroise d'Escompte et de Change	14.757	15.357	22.624	37.981	62.651	\$	7	95.50	
10.	Banque hongroise-italienne S.A. ....	22.469	32.450	13.521	45.971	107.049	\$	7½	98.75	
11.	Caisse d'Épargne centrale de Hongrie.....	16.885	5.976	20.944	26.920	25.785	\$	7½	100	
12.	Première Union des Caisses d'Épargne de Pest.....	42.801	37.833	25.395	63.228	246.371	\$	7½	—	
13.	Banque hongroise commerciale de Pest ....	12.973	22.010	36.141	58.151	157.933	Fr. s.	7	—	
	Total.....	342.135	332.061	207.709	539.770	1.714.514				
14.	Société coopérative des Instituts hypothécaires hongrois.....	73.515	20.228	53.455	73.683	86.158	\$	7	96 à 97.50	
15.	Société coopérative des Instituts financiers hongrois pour l'Émission de Lettres de gage.....	35.514	35.220	—	35.220	316.641	£	7½	96 à 100	
	Total.....	109.029	55.448	53.455	108.903	402.799				

Budapest, le 25 novembre 1930.

## RÉPONSE DU GOUVERNEMENT LETTON

### Question I.

La Lettonie possède les trois formes du crédit :

1. Les coopératives rurales de crédit et les sociétés de crédit mutuel accordent le crédit à court terme pour un délai de trois à neuf mois, à l'aide de leurs propres ressources ou des ressources provenant de la Banque de Lettonie<sup>1</sup>. Le crédit à court terme est toujours personnel, quoique la garantie pour les obligations personnelles consiste souvent en gage hypothécaire ou en gage de biens meubles. Cette forme de crédit est utilisée assez fréquemment par les agriculteurs pour les besoins saisonniers et pour les besoins courants, parce que la majorité des exploitations rurales vivent des produits du sol et qu'il n'est possible de toucher des revenus importants qu'à certaines saisons (en automne ou en hiver). La Banque foncière d'Etat<sup>2</sup> accorde également des crédits à court terme pour les animaux producteurs de lait, pour la nourriture, pour les engrais, non aux agriculteurs directement, mais par l'intermédiaire des organisations agricoles industrielles (les laiteries coopératives), si la garantie est présentée par la caution solidaire des destinataires ou par hypothèque sur les biens des agriculteurs.

2. La Banque foncière d'Etat accorde des crédits à terme moyen pour trois ans pour les animaux de sang ou pour les animaux de race améliorée, sans prolongation des termes de paiement. En outre, la Banque foncière accorde des prêts sous d'autres formes pour deux ou trois ans pour tous les besoins agricoles, mais le but définitif est la transformation de ces prêts en crédit à long terme.

Quelquefois les crédits ne sont accordés pour trois ans que formellement (aux sociétés des laitiers pour l'installation de laiteries), parce qu'une transaction sans garantie hypothécaire pour un terme plus long présente des inconvénients juridiques. En réalité, les emprunts sont amortis graduellement en treize à dix-huit ans en prolongeant tous les trois ans les termes d'amortissement des versements à effectuer.

Les crédits à terme moyen sont garantis par hypothèque ou par une caution solidaire des membres des organisations économiques commerciales ou par des particuliers.

3. La Banque foncière d'Etat n'accorde aux agriculteurs pour différents besoins des crédits à long terme (treize à quarante et un ans) que contre garantie hypothécaire. Les prêts sont accordés pour des buts définis et la Banque en contrôle l'application. La Banque de Lettonie a transformé une certaine quantité des prêts accordés d'abord par les coopératives de crédit, en prêts amortissables graduellement dans un délai de dix à vingt ans, à l'effet de venir en aide aux agriculteurs qui souffrent d'une crise prolongée.

### Question II.

1. La garantie du crédit existant seulement sous forme de lettres de change n'est pas pratique pour les agriculteurs. La forme des lettres de change avec cautions (sans endossement) est un peu plus pratique.

2. Les garanties des coopératives n'existent que sous une forme : les coopératives de crédit agricoles réescomptent ou mettent en gage à la Banque de Lettonie les lettres de change des agriculteurs avec endossement.

Les membres des organisations rurales donnent leurs cautions à la Banque foncière pour le prêt accordé à leurs organisations. Il faut noter que la Banque foncière n'accorde de prêts qu'aux organisations d'agriculteurs productives commerciales (à l'exception des sociétés d'amélioration des terres), par exemple aux sociétés de laitiers ; mais les organisations agricoles ne peuvent obtenir de prêts que contre une garantie hypothécaire.

3. La Banque foncière n'accorde de prêts contre garantie hypothécaire que si le prêt ne dépasse pas les trois quarts de la valeur des biens taxés.

4. L'hypothèque des biens meubles est admise seulement comme garantie complémentaire dans le cas où le gage se compose d'une partie économiquement inséparable des biens immeubles. Toutefois, une telle forme de garantie est difficile à appliquer, parce qu'il est impossible aux créanciers de surveiller des biens hypothéqués et de sauvegarder leurs intérêts, au cas où serait perdue la lettre de gage, seule garantie de la responsabilité du débiteur.

Dans des cas exceptionnels, la Banque foncière accepte comme gage des obligations sur des biens immeubles de tierces personnes.

<sup>1</sup> Les Statuts de la Banque de Lettonie peuvent être consultés au Secrétariat.

<sup>2</sup> Les Statuts de la Banque foncière d'Etat peuvent être consultés au Secrétariat.

**Question III.**

Les biens immeubles ruraux, aussi bien, d'ailleurs, que tous les autres, ne sont considérés comme propriété légale d'une certaine personne que s'ils ont été inscrits dans le cadastre sous le nom de la personne en question. Les sections de cadastre sont des institutions judiciaires ; toutes les inscriptions y sont effectuées en vertu d'un accord mutuel dûment conclu, ou en vertu d'une décision du tribunal compétent, sur la demande des personnes intéressées ou sur l'ordre du tribunal. Les registres de cadastre sont publics ; les inscriptions sont formellement obligatoires, c'est-à-dire que l'immeuble en question garantit tous les engagements contractés vis-à-vis de tiers, pourvu qu'il n'ait pas été prouvé que ces tiers ont agi *mala fide*. En vue de garantir une hypothèque quelconque sur un immeuble, le document concernant l'hypothèque en question doit être inscrit dans le cadastre sous le numéro que porte l'immeuble, une distinction devant être faite entre les charges et les restrictions. Est considérée comme restriction, soit une limitation de la liberté d'action assumée par le propriétaire lors de l'acquisition de l'immeuble (par exemple en cas d'héritage ou de donation), soit une restriction sans valeur matérielle déterminée ou nettement exprimée. Est considérée comme charge la responsabilité de l'immeuble pour un engagement matériel de caractère formel (obligation) en faveur d'une personne physique ou juridique. Les charges sont enregistrées dans l'ordre chronologique, les obligations inscrites ultérieurement ne pouvant être satisfaites qu'après l'amortissement de toutes les obligations précédentes, y compris les intérêts pour trois ans. Les obligations peuvent être cédées à une autre personne ou au porteur (*in blanco*), mais la Banque agraire de l'Etat ne fait point, en principe, usage de cette faculté. Avec l'assentiment des détenteurs des obligations antérieurement inscrites, le droit de priorité peut être conféré à une obligation ultérieure.

En vue de garantir un emprunt sur immeuble, il convient de dresser un acte de nantissement notarié, grevé d'un droit de timbre d'un pour cent du montant total, la rémunération notariale devant être de 1/10%, avec un supplément de 2 à 4 lats, selon le montant. Pour l'inscription de l'acte de nantissement dans le cadastre, ainsi que pour la délivrance d'un extrait du cadastre, le droit de 9 lats est prélevé indépendamment du montant de l'obligation.

La possibilité existe de garantir l'obligation par une remarque portée sur le cadastre, ce qui n'exige qu'un droit de timbre de 80 centimes. Une remarque de ce genre est admise par la législation à titre de garantie préalable, car il n'y a pas de dispositions prévoyant que cette remarque peut, dans des circonstances quelconques, perdre son caractère d'engagement hypothécaire.

**Question IV.**

La mise en gage des biens meubles est, au point de vue formel, un engagement libre et volontaire, c'est-à-dire qu'aucune disposition spéciale n'existe à cet effet : l'engagement peut être contracté aussi bien devant un notaire que d'une manière privée. Lors de la mise en gage des biens meubles, la question principale de savoir s'ils sont cédés au créancier et administrés par lui ou si le débiteur les conserve, peut être réglée à la discrétion des intéressés. Aucun obstacle n'existe à cet effet dans la législation en vigueur.

**Question V.**

Les dettes des agriculteurs sont les suivantes :

	Millions de lats
Dans le Banque agraire de l'Etat . . . . .	159
	32
	1,7
Dans la Banque de Lettonie . . . . .	30
Dans les établissements ruraux de crédit.	12
Dans les maisons de commerce et chez les particuliers . . . . .	20

**Question VI.**

La Banque agraire de l'Etat compte actuellement pour les crédits à long terme et à moyen terme 6 et 4 pour cent par an ; il y faut ajouter 1/2% (auparavant 1%) pour les frais d'administration. En raison de la situation des paysans, difficile à l'heure actuelle, on a abaissé de 6 et 4 à 4 et 2% par an le taux des intérêts, d'où une diminution correspondante du profit réalisé par la Banque agraire de l'Etat et versé par cette institution au Trésor. Des prêts au taux inférieur<sup>1</sup> sont alloués aux fermes dévastées par la guerre (25% des unités agricoles ont été

<sup>1</sup> 4%, temporairement 2%.

dévastées pendant la guerre) et aux fermes nouvellement établies sur le domaine foncier de l'Etat, ainsi qu'aux petites propriétés individuelles (en modifiant dans une partie de la Lettonie le système des villages, on a créé de petites propriétés individuelles). En outre, des prêts à taux très réduits sont accordés aux agriculteurs particuliers pour les travaux d'amélioration. Les autres prêts sont effectués au taux le plus élevé<sup>1</sup>. Dans le cas des crédits à long terme, l'amortissement du capital s'effectue en même temps que le paiement de l'intérêt. Cet amortissement doit prendre fin, selon les conditions, dans un délai allant de treize ans et demi à quarante et un ans, avec des paiements annuels de 5% à 0,6%.

La Banque de Lettonie prélève pour les prêts accordés directement par elle-même de 5½ à 8% par an.

Les établissements ruraux de crédit qui profitent du réescompte de la Banque de Lettonie prennent, pour les crédits de cette nature qui sont accordés aux agriculteurs, 5% par an. Les crédits alloués à l'aide des capitaux propres de ces établissements payent un intérêt de 10 à 12% par an ; les maisons de commerce et les particuliers exigent les mêmes taux d'intérêt. (En Lettonie le taux légal le plus élevé est de 12% par an.)

#### Question VII.

Les principaux établissements de crédit agricole sont la Banque agraire de l'Etat, la Banque de Lettonie et les coopératives rurales de crédit. Ces dernières sont organisées pour la plupart d'après le système de Schultze-Delitsch. La Banque agraire de l'Etat avec ses succursales est surtout un établissement de crédit hypothécaire à long terme, mais elle effectue également les opérations du crédit à terme moyen et à courte échéance. Les prêts ne sont accordés que pour des buts préalablement déterminés (constructions, amélioration, mobilier, moyens de production agricole, acquisition de terre, paiement des parts d'héritage, industrie rurale).

Pour s'assurer que l'utilisation des prêts est faite conformément aux buts pour lesquels ils ont été accordés, la Banque agraire de l'Etat prend les garanties suivantes :

1. On accorde le prêt en plusieurs termes, les dernières tranches ne pouvant être accordées que si les sommes antérieures ont été utilisées d'une manière rationnelle ;
2. On accorde le prêt directement à une entreprise commerciale ou à une personne qui fournissent les accessoires du mobilier ou les moyens de production ;
3. On soumet à la surveillance directe de la Banque l'emploi du crédit ; deux spécialistes des questions d'amélioration et dix agents sont engagés à cet effet.

Les crédits à long terme sont alloués sous forme d'obligations, qui sont réalisées par la banque elle-même, tandis que les crédits à terme moyen et à courte échéance sont accordés au comptant.

En tant qu'établissement de crédit agricole, la Banque de Lettonie ne diffère pas des institutions ordinaires de crédit.

#### Question VIII.

Aucune obligation n'a été vendue à l'étranger.

#### Question IX.

L'assurance des bâtiments agricoles est obligatoire. Elle est pour la plus grande partie effectuée par les sociétés locales d'assurance mutuelle, de même que par les établissements commerciaux d'assurance. Les établissements commerciaux peuvent assurer l'inventaire, mais cette assurance est peu pratiquée. Pour l'assurance du cheptel, il existe un établissement d'assurance facultatif auprès de la Société centrale des Agriculteurs lettons (seulement pour les animaux reproducteurs). L'Etat verse pour les animaux victimes d'épizootie une indemnité représentant le 60 à 80% de leur valeur.

L'assurance peut être considérée comme une garantie dans la mesure où les établissements d'assurance s'engagent par contrat spécial à effectuer le remboursement aux créanciers.

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<sup>1</sup> 6%, temporairement 4%.



## RÉPONSE DU GOUVERNEMENT POLONAIS

### Question I.

La législation et la pratique polonaises connaissent depuis longtemps des formes diverses de crédit agricole, surtout de crédit à long et à court terme. Il est nécessaire de souligner que, dès 1825, la Société de Crédit foncier fut fondée à Varsovie dans le but d'accorder des prêts à long terme en lettres de gage basées sur l'hypothèque des biens fonciers.

#### TYPES DE CRÉDIT A COURT TERME.

*A. Crédit en numéraire.* — Du point de vue de la forme d'organisation juridique et économique, il faut diviser ce genre de crédit comme suit :

1<sup>o</sup> Crédit accordé par les banques publiques (Banque agraire d'Etat, Banque de l'Economie nationale, Banque de Pologne).

2<sup>o</sup> Crédit accordé par les banques privées, travaillant dans l'agriculture, de même que dans le commerce et l'industrie agricoles.

3<sup>o</sup> Crédit accordé par les sociétés coopératives de crédit agricole, celles du type « Raiffeisen » et mixtes du type « Schulze-Delitsch » et par leur bureau central.

4<sup>o</sup> Crédit accordé par les caisses communales de district et des communes.

La Banque de Pologne, la Banque de l'Economie nationale, ainsi que les banques privées, ne desservent presque exclusivement que les grandes propriétés, tandis que la Banque agraire d'Etat, les sociétés coopératives de crédit, ainsi que les caisses communales, ne desservent que les exploitations rurales petites et moyennes.

*B. Le crédit en marchandises,* principalement sous forme d'engrais chimiques, de machines agricoles, de semences sélectionnées, etc., est accordé par :

1. Les sociétés coopératives de commerce agricole et leur bureau principal ;
2. La Banque agraire d'Etat ;
3. Les producteurs et le commerce privé.

Etant donné le manque de capitaux dont se ressent la Pologne, les institutions publiques tendant à obtenir par leur activité l'effet maximum aux points de vue économique et social, au moyen d'une répartition aussi rationnelle que possible des ressources qu'elles possèdent, organisent une action spéciale dont le but est de subvenir aux besoins particulièrement urgents et importants des exploitations agricoles, ou d'augmenter les ressources de celles des branches de production qui font preuve de conditions particulièrement favorables de développement. Au point de vue des tendances de la politique financière des banques publiques, il faut discerner deux types principaux de crédit :

1. Le crédit général de roulement, qui n'est pas différencié quant à son but ;
2. Le crédit spécial possédant une destination spécialement définie.

Aux crédits spéciaux de la Banque agraire d'Etat appartiennent les crédits pour l'achat d'engrais chimiques, de semences sélectionnées, de fourrage concentré, les crédits pour favoriser l'élevage, la laiterie, la culture des semences, du houblon, du lin, etc.

Quant à la technique bancaire, les trois types principaux de crédit à court terme trouvent leur application en Pologne :

1. Le crédit d'escompte ;
2. Le crédit à terme fixe ;
3. Le crédit à découvert.

#### CRÉDIT A TERME MOYEN.

Le crédit à terme moyen (de un à cinq ans) n'est pas organisé sur une vaste échelle en Pologne. C'est ainsi que les banques polonaises n'ont pas encore élaboré jusqu'à présent un type de crédit à terme moyen. Les types peu nombreux qui existent de ce crédit sont organisés au point de vue de la forme et de la technique, d'après les principes du crédit à court terme, soit d'après ceux du crédit à long terme.

Le crédit à terme moyen est accordé sur une plus vaste échelle par :

1. La Banque agraire d'Etat, tant de ses propres fonds que des placements du Trésor, pour des buts spéciaux, favorisés conformément à la politique agraire de l'Etat, notamment : pour l'industrie laitière, pour l'élevage, l'horticulture et l'établissement des pépinières, pour l'achat des machines agricoles et pour des impenses agricoles de moindre importance. A la fin de 1930, le total de ces crédits fut d'environ 50 millions de zloty.

En dehors de la Banque agraire d'Etat le crédit à terme moyen est accordé aux agriculteurs par :

2. Les fournisseurs, sous forme de crédit en marchandises.

### TYPES DE CRÉDIT A LONG TERME.

A. *Le crédit en numéraire* qui est accordé presque exclusivement par les banques de l'Etat, notamment par :

1. La Banque agraire d'Etat, à des conditions de faveur, des ressources budgétaires de l'Etat et pour des buts spéciaux, à savoir : pour la colonisation intérieure, le remembrement, la reconstruction d'après guerre, etc ;
2. La Banque de l'Economie nationale, en majorité également des fonds de l'Etat et pour des buts spéciaux, à savoir la transformation des produits et le commerce agricole.

B. *Le crédit en lettres de gage* se trouve organisé par les institutions suivantes :

1. Les banques de l'Etat (la Banque agraire d'Etat, la Banque de l'Economie nationale) ;
2. Les sociétés de crédit foncier (à Varsovie, Lwów, Wilno et Poznan) ;
3. Les banques hypothécaires privées (à Wilno et Lwów).

La Banque agraire d'Etat dessert principalement les propriétaires petits et moyens, et les autres institutions s'occupent des grands propriétaires. Les crédits en lettres de gage de la Banque agraire d'Etat sont accordées pour :

- a) Des impenses agricoles ;
- b) L'achat de terres ;
- c) Solder des dettes onéreuses ;
- d) Des améliorations, ainsi que pour d'autres buts.

C. *Le crédit en obligations d'amélioration* est accordé par la Banque agraire d'Etat tant aux petits qu'aux grands propriétaires, réunis pour la plupart en sociétés d'irrigation et exclusivement pour des améliorations agricoles.

### Question II.

#### CRÉDIT PERSONNEL.

Les genres suivants de sécurité sont en usage en Pologne, pour le crédit personnel :

1. Les effets à terme fixe ;
2. Les effets de cautionnement ;
3. Les reconnaissances de dettes.

Dans certains cas, on fait application de la garantie des institutions publiques, en tant que sécurité additionnelle.

#### CRÉDIT BASÉ SUR UNE GARANTIE COLLECTIVE.

Ce crédit est accordé par la Banque agraire d'Etat pour l'achat d'engrais chimiques et de machines agricoles. Ce crédit est accordé à des groupes plus importants d'agriculteurs réunis en sociétés de droit civil, sans personne morale, basées sur une garantie solidaire de leurs membres. Les autorités administratives légales certifient de l'établissement d'une société de ce genre. Le crédit collectif est accordé sur la base des reconnaissances de dettes ou des effets.

#### CRÉDIT HYPOTHÉCAIRE.

1. *En lettres de gage.* — Il est garanti de règle dans toutes les institutions par une hypothèque de premier rang, à concurrence maximum de la moitié, soit des deux tiers de l'évaluation basée sur des prescriptions spéciales qui exigent une forme législative.

2. *En numéraire.* — Il est accordé par les banques de l'Etat en tant que crédit de faveur ayant trait le plus souvent à des opérations agraires. Il est garanti le plus souvent par une hypothèque de premier rang. Le crédit en numéraire à long terme accordé par des particuliers se trouve garanti de règle par une hypothèque,

Il faut faire mention des cautionnements hypothécaires comme d'un genre de sécurité spéciale. On fait usage dans certains cas, comme d'une garantie additionnelle des crédits en numéraire.

CRÉDIT CONTRE NANTISSEMENT.

On fait usage en Pologne de deux genres de sécurité pour nantissement :

1. Le nantissement des titres, de l'or, de l'argent et des bijoux ;
2. Le gage agricole enregistrable constitué par des céréales, basé sur le décret du Président de la République, en date du 22 mars 1928, relatif au gage agricole enregistrable (*Journal des Lois*, N° 38, section 360).

FORMES SPÉCIALES DE SÉCURITÉ DES CRÉDITS.

La sécurité des crédits d'amélioration accordés aux sociétés d'irrigation par des établissements publics de crédit est basée sur les articles 154 et 160 du Régime des Eaux, en date du 19 septembre 1922, prévoyant la priorité pour ce genre de créance avant tous autres droits réels et directement après les impôts de l'Etat et autres contributions publiques.

Question III.

1. Les trois régimes hypothécaires suivants sont en vigueur en Pologne :

- a) Le régime hypothécaire allemand, en vigueur dans la partie occidentale de la Pologne (voïvodies de Poznan, Poméranie et la partie haut-silésienne de la Silésie) ;
- b) Le régime hypothécaire autrichien, en vigueur dans la partie méridionale de la Pologne (voïvodies de Cracovie, Lwów, Tarnopol et dans la province de Cieszyn de la Silésie) ;
- c) Le régime hypothécaire polonais, en vigueur dans les autres voïvodies polonaises quant auquel il y a lieu d'observer qu'il en existe deux catégories, à savoir : la loi hypothécaire de 1818 avec l'annexe visant les privilèges de 1826 et la loi hypothécaire de 1919 mise en vigueur pendant la même année pour les voïvodies orientales, complétée par voie d'un décret du Président de la République de Pologne, datant de 1928.

2. Le régime hypothécaire allemand est institué par les prescriptions du Code civil allemand, livre III, chapitres II et III, titre 2, chapitres V, VII et VIII, ainsi que par la loi sur les registres fonciers perpétuels, en date du 24 mars 1897, dans sa teneur promulguée le 20 mai 1898. Suivant les lois hypothécaires allemandes, il n'existe aucune différence entre les hypothèques établies sur les immeubles urbains et celles qui sont établies sur les biens-fonds ruraux, de même que sur les grands et les petits biens-fonds. Un seul régime est en vigueur pour tous ces biens-fonds quant à l'établissement des droits réels. Ce dernier peut être établi soit de plein gré, soit obligatoirement. L'obligation, autrement dite exécution, est appliquée en vertu d'un titre exécutoire établi par un jugement, soit par un acte légal de plein gré dressé devant un tribunal ou un notaire, stipulant l'exécution conformément aux paragraphes 794 et 800 de la procédure civile.

Afin de garantir le crédit, le bien-fonds se trouve grevé par voie de l'établissement et de l'inscription de l'hypothèque. La législation hypothécaire allemande distingue deux genres d'hypothèques, notamment : l'hypothèque ordinaire, c'est-à-dire celle qui sert à garantir une créance dont le montant et le terme d'échéance ont été fixés et dont l'inscription a lieu avec ou sans délivrance d'un certificat et l'hypothèque de cautionnement qui garantit au créancier la réalisation de sa créance à un rang de l'hypothèque qui aura été stipulé, sans que toutefois le montant de cette somme et la date d'échéance soient fixés au moment de l'inscription et dans les limites de l'hypothèque enregistrée, c'est-à-dire jusqu'à concurrence de son montant maximum.

Le crédit se sert de deux espèces d'hypothèques. Le crédit en numéraire dont l'échéance est fixée d'avance, de même que tout crédit à long terme se servent de l'hypothèque ordinaire établie par des reconnaissances dressées sous forme d'actes notariés. Le crédit à court terme, sous forme d'effets, fait plutôt usage de l'hypothèque de cautionnement, c'est-à-dire que ce crédit est garanti par l'hypothèque jusqu'à sa réalisation par voie de protêt des effets.

En principe, il n'y a pas de biens-fonds sur ce territoire qui ne possèdent pas d'hypothèque établie et ne soient pas inscrits aux registres fonciers perpétuels.

Bien qu'il ait été mentionné que l'inscription de plein gré peut avoir lieu également en vertu d'un engagement déclaré au tribunal, en pratique cependant, on fait uniquement application de l'engagement sous forme d'acte notarié dressé par un notaire. Les frais d'un tel acte sont de trois sortes :

1<sup>o</sup> Les honoraires du notaire calculés d'après le tarif notarial contenu dans l'arrêté du ministre de la Justice, en date du 14 avril 1930, *Journal des Lois de la République de Pologne*, N° 29, section 259, c'est-à-dire au moins 30 zloty, à concurrence d'une somme de 2.000 zloty majorés de 0,5% pour une somme supérieure, jusqu'à concurrence de 10.000 zloty ; au-dessus de cette somme, les honoraires augmentent respectivement ;

2<sup>o</sup> Les droits de timbre, s'élevant à 0,5% du montant de la créance ;

3<sup>o</sup> Les taxes judiciaires perçues sur l'inscription dont le montant est fixé par des prescriptions spéciales de la loi prussienne sur les frais judiciaires arrêtant les taxes pour inscription d'après la somme hypothéquée comme il suit : à concurrence de 50 zloty, 2 zloty ; de 200 zloty, 4 zloty ; de 20.000 zloty, 52 zloty ; de 100.000 zloty, 160 zloty.

3. Le régime hypothécaire autrichien, proprement dit des lois autrichiennes, de la Galicie et de la Silésie qui comprend : la loi générale relative aux registres fonciers, en date du 25 juillet 1871, *Bulletin autrichien des lois*, N° 95, et la loi de Galicie, en date du 20 mars 1874, ainsi que la loi silésienne, en date du 2 juin 1874, N° 98 du *Bulletin des Lois*, institue l'obligation générale de dresser et de tenir des registres fonciers pour tous les biens-fonds. En principe, par conséquent, tous les biens-fonds sont inscrits aux registres fonciers. Le crédit hypothécaire se trouve garanti par l'inscription du droit d'hypothèque dans les relevés des charges hypothécaires grevant le bien-fonds. L'inscription est uniforme pour tous les biens-fonds. Il n'y a de différence qu'en ce qui concerne la compétence des tribunaux, car pour les grandes propriétés faisant autrefois partie de vastes domaines, les registres fonciers dits tabulaires sont tenus par les tribunaux d'arrondissement, tandis que les registres fonciers de tous les autres biens-fonds sont tenus par les tribunaux de district.

L'inscription du droit d'hypothèque a lieu par voie de transcription du titre hypothécaire qui peut être fait soit en vertu d'un accord à l'amiable, ou d'un jugement. Une inscription de plein gré nécessite l'assentiment des parties intéressées, tandis qu'une inscription basée sur la décision d'un tribunal peut être obtenue par voie obligatoire, c'est-à-dire par voie d'exécution. La législation hypothécaire autrichienne discerne aussi deux espèces d'hypothèques dont l'une constitue un droit hypothécaire garantissant une créance d'un montant et terme de remboursement fixés, et l'autre un droit hypothécaire de cautionnement par rapport à une créance dont le montant maximum aura été défini, sans fixer le montant effectif de cette dernière. La première de ces sommes pourra être réalisée en vertu d'un document déposé à l'hypothèque et la seconde en vertu de titres obtenus en dehors de l'hypothèque, la sommation de paiement d'un effet, par exemple. On se sert du premier type d'hypothèque pour le crédit à long terme et pour ceux dont le montant, les conditions et le terme de remboursement auront été fixés d'avance. Le droit d'hypothèque de plein gré sous forme d'acte notarié, peut stipuler l'exécution conformément à l'article 3 de la loi notariale en vertu de l'acte lui-même. Ladite exécution permet de récupérer la créance sur la base de l'acte de même que pour le régime législatif allemand. L'hypothèque de cautionnement, par contre, ne possède pas de clause d'exécution, étant donné que le montant de la créance n'est pas mentionné à l'hypothèque, et la réalisation n'a lieu qu'en vertu d'autres titres, ainsi qu'il a été mentionné plus haut. Contrairement au régime législatif allemand, ces deux genres d'hypothèques peuvent être constitués en vertu d'engagements dressés sous seing privé dont les signatures seules devront être légalisées par un notaire ou par le tribunal. Il est évident que des documents de ce genre sont moins coûteux, mais ils ne peuvent contenir la clause d'exécution mentionnée précédemment.

En ce qui concerne les frais afférents à la préparation des actes, il y a lieu de discerner les actes notariés et les actes sous seing privé. Les droits de timbre et les taxes judiciaires sont les mêmes pour ces deux catégories de documents. Les droits de timbre s'élèvent à 0,5% du montant de la créance. Les taxes judiciaires afférentes aux demandes d'inscription s'élèvent de 1 à 5 zloty, ce qui dépend du montant de la créance faisant l'objet de l'inscription. Il est perçu 1 zloty pour une somme de 100 zloty et 5 zloty pour une somme de 1.000 zloty, ce qui fait une moyenne de 1 zloty pour chaque somme de 100 zloty et de 5 zloty pour chaque somme de 1.000 zloty (pour la première feuille). Les honoraires des notaires pour les actes notariés sont fixés par la loi du 23 mars 1929, *Journal des Lois de la République de Pologne*, N° 27, section 275. Le montant de ces honoraires est le même que dans le régime législatif allemand, notamment d'au moins 30 zloty et de 1.175 zloty, si la créance est de 300.000 zloty avec majoration de 0,2% jusqu'à 600.000 zloty.

Les actes sous seing privé ne sont pas grevés de frais de notaire, mais uniquement de ceux de légalisation des signatures, qui sont de 5 zloty au moins et pour des sommes plus importantes ils s'élèvent à un cinquième des honoraires dus pour un acte notarié. Si la légalisation a lieu devant un tribunal, ces frais ne comprennent que les droits de timbre qui sont de 1 à 3 zloty pour chaque signature.

Les frais d'inscription s'élèvent en outre à 0,5% de la somme de la créance avec une majoration de 50%. Ces frais sont afférents à toutes les inscriptions indifféremment, que ces dernières soient basées sur des actes notariés ou sous seing privé, ou sur des décisions des tribunaux.

De même que dans le régime législatif allemand, tous les documents ayant trait à l'inscription sont faits en dehors de l'Office des registres et soumis aux tribunaux sous forme de demandes.

Dans les deux régimes législatifs, allemand et autrichien, les documents entraînant le moins de frais sont ceux qui servent de base à l'établissement d'une hypothèque de cautionnement. D'après le régime hypothécaire autrichien, un document de ce genre peut être dressé sous forme d'acte sous seing privé légalisé, et d'après le régime législatif allemand, il doit être dressé au tribunal ou par un notaire. Les frais de timbre d'un document de ce genre sont fixés à 3 zloty pour garantir un crédit par effets. Le droit de timbre pour les effets s'élève en moyenne à 0,3%.

4. Le régime législatif polonais est basé sur la loi initiale concernant l'établissement du titre de propriété des biens-fonds, ainsi que les privilèges et hypothèques, promulguée le 14 avril 1818, *Bulletin législatif*, V. 295, ainsi que sur la loi relative aux privilèges et hypothèques promulguée le 6 août 1826, *Bulletin législatif*, IX, 355. Ces lois sont en vigueur dans l'ancien Royaume de Pologne, c'est-à-dire dans les voivodies centrales, celle de Varsovie, Kielce, Lublin et Lodz.

Dans les voïvodies orientales, c'est-à-dire celles de Wilno, Nowogródek, Polésie, Volhynie et Bialystok, les prescriptions hypothécaires publiées par l'arrêté du ministre de la Justice, en date du 25 avril 1928, *Journal des lois de la République de Pologne*, N° 53, section 510, sont en vigueur, contenant le texte unifié des prescriptions antérieures de l'arrêté du Commissaire général des Terres orientales, en date du 31 août 1919 avec son amendement ultérieur.

La loi initiale de 1818 n'a introduit l'obligation hypothécaire que pour la grande propriété foncière, pour laquelle des hypothèques furent établies sur toute l'étendue des voïvodies précitées. La loi de 1826 a institué, par contre, l'application du même droit hypothécaire aux immeubles urbains et aux biens-fonds ruraux, avec cette différence seulement qu'au lieu d'être obligatoire, l'établissement des hypothèques est facultatif pour les propriétaires de ces biens-fonds. Il en résulte que dans les villes, la plupart des immeubles possèdent des hypothèques établies, tandis qu'un grand nombre de biens-fonds ruraux de petites exploitations n'en possèdent qu'à titre d'exception. Etant donné la situation actuelle des grandes propriétés foncières qui disparaissent au fur et à mesure de la réforme systématique du régime foncier, les exploitations rurales petites et moyennes, qui sont créées en vertu du morcellement des grands biens fonciers ont toutes des hypothèques établies et se servent des registres fonciers en usage avant le morcellement du bien-fonds initial. Cet état de choses est de règle pour le territoire où les lois de 1818 et 1826 sont en vigueur. Il en est autrement pour ceux où le droit hypothécaire a été introduit en vertu de l'arrêté du Commissaire général des Terres orientales, en date de 1919.

Sur ce territoire, l'établissement des hypothèques ne fait que de lents progrès, et les prescriptions en vigueur y ont introduit l'obligation relative d'établir des hypothèques pour tous les biens-fonds qui, depuis la mise en vigueur de ladite loi, sont l'objet d'actes juridiques exigeant l'inscription aux registres fonciers.

Sous le rapport de la sécurité du crédit, l'hypothèque est reconnue par ce régime législatif comme « un droit réel constitué sur des biens-fonds, auquel est attaché le paiement des obligations enregistrées ou privilégiées. L'hypothèque est indivisible, elle est maintenue dans son entier sur tous les biens-fonds qui en sont grevés, sur chacun d'entre eux et sur chacune de leurs parties. Elle y demeure toujours attachée, en quelque main qu'ils se trouvent. »

Une telle sécurité ne peut être obtenue que par l'inscription de l'hypothèque au registre hypothécaire.

On distingue dans ce régime les hypothèques ordinaires, c'est-à-dire celles qui garantissent des créances dont le montant, l'échéance et d'autres conditions secondaires auront été déterminés et les hypothèques de cautionnement, ne stipulant que le maximum de la créance qui, étant donné son rang ou priorité hypothécaire, pourra être réalisée sur un bien-fonds donné.

La loi distingue trois espèces d'hypothèques sous le rapport de leur origine : l'hypothèque légale instituée en vertu d'un privilège spécial de la loi qui pourra être inscrite même contre la volonté du débiteur et ne nécessitant aucun verdict judiciaire, comme pour les impôts de l'Etat ou communaux, l'hypothèque judiciaire qui est une hypothèque établie par voie obligatoire en vertu de la décision du tribunal, et enfin l'hypothèque dite conventionnelle, établie en vertu d'un accord à l'amiable.

Ce dernier genre d'hypothèque sera à discuter comme uniquement applicable pour servir de garantie aux crédits accordés, dont les versements et échéances sont librement déterminés. D'après ce système, les contrats qui doivent servir de base à l'enregistrement hypothécaire sont conclus normalement par actes notariés transcrits aux registres hypothécaires. C'est pourquoi chaque relevé possède une rubrique spéciale qui n'est destinée qu'à la transcription d'actes juridiques relatifs à l'immeuble faisant l'objet du relevé. Quoiqu'il soit également possible de transcrire dans le registre hypothécaire des actes notariés faits en dehors de ce registre, la transcription d'un tel acte exige cependant de nombreuses formalités qui consistent à obtenir au préalable la confirmation dudit acte par le juge compétent, à dresser un procès-verbal en présence du conservateur des hypothèques tenant les registres hypothécaires et à payer des frais spéciaux. En dressant un acte en dehors du registre hypothécaire, on est en outre menacé de perdre la priorité hypothécaire que les parties désiraient s'assurer, car pendant qu'un tel acte est dressé, un tiers peut faire transcrire dans le registre ses droits à l'insu des parties. Par conséquent, le crédit auquel il importe d'assurer une certaine priorité ne fait usage que des documents transcrits au registre hypothécaire.

Les frais afférents à la préparation de ces documents sont de trois sortes. Le droit de timbre est le même que celui qui a été mentionné précédemment. Il est basé sur la loi polonaise du 1<sup>er</sup> juillet 1926 concernant le droit de timbre. Celui-ci s'élève pour les reconnaissances à 0,5% du montant de la créance. Il y a en outre les honoraires du notaire, fixés par la loi sur les taxes notariales, en date du 23 mars 1929, *Journal des Lois*, N° 27, section 275, de la manière suivante : à concurrence de la somme de 10.000 zloty représentant le montant de la créance, le notaire perçoit 30 zloty jusqu'à concurrence de 2.000 zloty et 0,5% de la créance pour le reste. Pour des sommes plus importantes, à concurrence de 40.000 zloty, 55 zloty pour les premiers 10.000 zloty et 0,375% pour chaque somme de 10.000 zloty en sus. Si la somme augmente, les honoraires augmentent aussi dans une certaine progression. Enfin, les honoraires des conservateurs des hypothèques, c'est-à-dire des personnes officielles qui tiennent les registres hypothécaires sont fixés par l'arrêté du Conseil des ministres en date du 10 mars 1924, *Journal des Lois*, N° 26, section 264, de la manière suivante : l'enregistrement d'un titre de créance, à concurrence de 20.000 zloty, est soumis à une taxe de 1% du montant de la somme enregistrée, et de 1/5% pour une somme en excès, mais ladite taxe ne peut être inférieure à 6 zloty. Les frais relatifs à la radiation de l'hypothèque s'élèvent à la moitié des frais men-

tionnés précédemment. Les frais d'enregistrement des actes notariés transcrits aux registres hypothécaires sont sensiblement inférieurs.

5. *Remarques comparatives* : Contrairement au régime polonais, les régimes législatifs autrichien et allemand reconnaissent des hypothèques appartenant aux propriétaires des biens-fonds. Ce sont des hypothèques qui auront été purgées de leurs créances et dont l'extinction n'a pas lieu au moment de l'épuration. Les hypothèques en question restent à la disposition de leur propriétaire. La loi polonaise n'admet pas qu'une hypothèque puisse exister sans la créance qu'elle garantit et elle exige son extinction à l'épuration. Bien que ce dernier système soit plus facile et plus commode pour les crédits garantis par une hypothèque de deuxième rang ou de rang plus éloigné, le régime législatif allemand reconnaissant que des hypothèques de ce genre sont des dettes foncières a été également adopté en 1914 par la législation autrichienne.

6. *Réalisation des hypothèques* : Afin de compléter l'exposé des systèmes hypothécaires, il est nécessaire de décrire en abrégé les divers systèmes de réalisation des hypothèques. La réalisation a lieu par voie de vente obligatoire et de la répartition du produit de la vente parmi les créanciers. Bien qu'il existe un autre moyen de procéder à l'exécution, c'est-à-dire de récupérer la créance, et qui consiste à établir une gestion obligatoire du bien-fonds, ce moyen n'assure cependant que le remboursement partiel de la créance ; c'est pourquoi il est inutile de l'analyser ici.

D'après le régime législatif allemand, la procédure de la vente par voie obligatoire est réglée par la loi du 24 mars 1897, concernant la vente et la gestion obligatoire de l'immeuble publiée à la page 713 du *Reichsgesetzblatt*, dans son numéro du 20 mai 1898. Toute vente obligatoire est soumise à la compétence du tribunal de district tenant les registres hypothécaires. L'autorisation pour la vente obligatoire est délivrée en vertu d'un titre exécutoire que peut représenter, ainsi qu'il a été mentionné, un acte notarié. La mise en vente ne peut avoir lieu que six mois après que l'autorisation aura été obtenue. Le prix minimum de vente est fixé par le juge d'après le montant des créances ayant droit de priorité sur la dette du créancier procédant à l'exécution. Après conclusion et validation du marché, c'est-à-dire après conclusion valide de la vente, le prix d'achat doit être versé et réparti à une audience spéciale par le juge parmi les créanciers, à condition cependant qu'il n'y ait ni opposition ni litige. Ce système, conjointement au régime législatif allemand, qui admet de nombreuses créances exceptionnellement privilégiées et qui distingue des dettes hypothécaires et charges réelles figurant au chapitre II du registre hypothécaire, présente diverses difficultés et constitue un danger pour le propriétaire car, en cas de vente pour récupérer une créance basée sur une hypothèque de premier rang, le prix minimum égale le montant de la créance récupérée qui peut s'élever également à un cinquième de la valeur du bien-fonds.

Le régime législatif autrichien règle la procédure de la vente obligatoire par la loi sur le régime exécutif en date du 27 mai 1896, *Bulletin législatif*, N° 79. Cette procédure peut être entamée également uniquement en vertu d'un titre exécutoire, que peut représenter un acte notarié. Le prix est réglé par le juge sur la base de l'évaluation effectuée pour chaque mise en vente, en particulier. Les deux tiers du montant de l'évaluation représentent le prix minimum pour les biens-fonds ruraux. Ce prix est de la moitié du montant d'évaluation pour les immeubles urbains. Les enchères n'ont pas lieu si ce prix n'est pas atteint. La date des enchères est fixée dans le courant de trois mois après que l'autorisation aura été obtenue. Après que le prix d'achat aura été versé, le juge tient une audience de liquidation et fixe, en vertu de cette dernière, la répartition du prix d'achat parmi les créanciers par voie d'une décision spéciale, remise à chacun des intéressés. Après validation de cette décision, le paiement du prix d'achat a lieu, cette somme étant placée au préalable en dépôt judiciaire et portant intérêt. Cette procédure, basée sur le système hypothécaire le plus simple est relativement la plus facile et la moins coûteuse ; elle est également accessible aux créanciers et moins dangereuse pour le débiteur.

Le régime législatif polonais fait application de la procédure civile de 1864 pour la réalisation des hypothèques. La procédure de la vente obligatoire est réglée au livre II, titre V, chapitres V, VI et VII et au livre V, chapitre III, alinéa XIV. Cette procédure est relativement plus longue que celle des régimes précédents. C'est l'huissier judiciaire qui en est chargé. Il doit d'abord sommer le débiteur d'acquitter sa dette en lui accordant un sursis de deux mois faisant enregistrer un avertissement à l'hypothèque. L'huissier doit faire ensuite l'évaluation de l'immeuble qui doit être entravée par le débiteur au moyen de plaintes et de procès. La date de la mise aux enchères n'est fixée que deux fois par an en vertu d'un arrêté ministériel. D'entre les systèmes analysés, le dernier est le moins avantageux pour le créancier, car la procédure est la plus longue, la plus coûteuse et ne donne aucune certitude de récupérer les frais d'exécution. C'est pourquoi certaines institutions de crédit telles que les sociétés de crédit foncier et immobilier jouissent du privilège d'une procédure spéciale pour la vente obligatoire, qui leur assure des résultats plus avantageux.

#### Question IV.

Quatre régimes législatifs civils sont en vigueur en Pologne. Le régime législatif allemand à l'ouest, le régime législatif autrichien au sud, le Code Napoléon ainsi que le premier livre du Code du Royaume polonais sur le territoire de l'ancienne Principauté de Varsovie, c'est-à-dire des quatre voïvodies centrales, enfin la législation russe dans les voïvodies orientales (dixième volume).

Tous ces régimes exigent qu'un gage sous forme de bien meuble soit remis en nantissement au créancier. Afin d'assurer une sécurité au crédit sur les produits agricoles, et particulièrement sur les produits de l'agriculture et de l'industrie agricole, au cas, où ceux-ci ne constitueraient pas cependant d'appartenance à un immeuble, la loi sur le gage agricole mise en vigueur par le décret du Président de la République, en date du 22 mars 1928, *Journal des Lois*, N° 38, section 360, institue un droit de gage sans remise des objets en nantissement au créancier. Le contrat de gage est conclu sur la base d'un contrat fait par écrit sous forme d'acte notarié ou d'un contrat où la signature de l'emprunteur aura été légalisée par un notaire ou un tribunal. L'objet remis en gage, ainsi que la somme à laquelle il sert de garantie, seront clairement spécifiés dans le contrat. Le gage acquiert des droits d'exécution à l'égard de tiers par l'inscription qui en est faite au registre des gages. Ledit registre est tenu par le tribunal du district dont relève la localité où le gage se trouve situé. Ce registre est public et il est tenu pour chaque exploitation agricole, ou entreprise d'industrie agricole à part. L'usage de ce genre de nantissement se trouve limité tant sous le rapport de l'objet que des institutions en faveur desquelles il pourra être établi. La loi admet, en tant qu'autorisées à obtenir ce genre d'enregistrement les institutions financières de l'Etat, les caisses régionales et communales d'épargne, les sociétés coopératives de crédit et toutes les institutions qui y seront autorisées par le ministre des Finances. L'objet mis en nantissement devra être décrit dans le contrat et le registre devra être muni en outre, d'une marque solide et évidente. Ledit objet doit se trouver constamment dans le bien-fonds, soit appartenant à l'emprunteur, soit affermé par ce dernier.

La remise de l'objet en possession d'un tiers en tant que détenteur au nom du créancier représente une autre forme de nantissement. Ceci peut avoir lieu pour le blé ou pour le bois taillé sous une forme employée dans le commerce, placés dans l'entrepôt d'un tiers, mais on n'en fait pas usage pratiquement.

#### Question V.

La dette des agriculteurs polonais se présente comme suit :

1. <i>Crédit à court terme</i> accordé par :	En millions de zloty	En millions de dollars
a) Les Banques de l'Etat . . . . .	321,0	36,1
b) La Banque de Pologne (institution d'émission) . .	270,0	30,3
c) Les Sociétés coopératives de crédit et leur bureau central des fonds leur appartenant et des placements . .	240,1	27,0
d) les caisses régionales d'épargne (des districts et des communes) de leurs fonds et placements . . . . .	31,0	3,5
e) Les banques privées par actions de leurs fonds et des placements . . . . .	<u>74,5</u>	<u>8,4</u>
Total . .	936,6	105,2

*Remarque :* Le réseau des sociétés coopératives de crédit et des caisses régionales d'épargne sert en outre, dans une large mesure, à répartir les crédits des banques de l'Etat,

2. <i>Crédit à long terme :</i>	En millions de zloty	En millions de dollars
a) En lettres de gage et obligations des sociétés de crédit foncier et des banques hypothécaires . . . . .	555,3	62,4
b) En lettres de gage et obligations des banques de l'Etat	360,2	40,5
c) Crédit à long terme en numéraire des fonds de l'Etat dont les banques de l'Etat ont la gestion . . . . .	<u>384,2</u>	<u>43,2</u>
Total des crédit à long terme . . . . .	<u>1.299,7</u>	<u>146,0</u>
Dette totale des agriculteurs polonais . . . . .	2.236,3	251,2

La dette totale des agriculteurs polonais par hectare de terres cultivables s'élève par conséquent à 91,2 zloty soit 10,2 dollars. La dette en vertu des crédits à long terme par hectare de terres utilisables est de 53 zloty soit 5,9 dollars.

N'y sont pas compris :

- a) Les crédits accordés aux agriculteurs par des particuliers ;
- b) Les crédits en marchandises, accordés par les fournisseurs d'engrais chimiques ou de machines agricoles.

Le présent relevé ne se rapporte pas à la dette de l'industrie agricole.

### Question VI.

#### I. CRÉDIT A COURT TERME.

Le taux maximum du profit sur propriétés, admis par la loi, s'élève pour l'escompte d'effets, pour les prêts à terme fixe, pour les comptes débiteurs, pour le crédit à découvert et les prêts sur gages à 11%.

La Banque de Pologne (d'émission) fait usage du taux suivant au 1<sup>er</sup> décembre 1930 :

	%
Taux d'escompte. . . . .	7 1/2
Taux de nantissement . . . . .	8 1/2

Les banques par actions d'après les chiffres moyens pour le mois d'octobre 1930, font usage des taux suivants :

	%
Taux d'escompte. . . . .	10,75
Taux du crédit à découvert. . . . .	10,93
Taux des prêts à terme fixe. . . . .	10,03

La Banque agraire d'Etat fait application des taux suivants :

	Pour les sociétés coopératives (Bureau central)	Pour les sociétés coo- pératives et les cais- ses locales de prêts	Pour les agriculteurs directement
	%	%	%
Taux d'escompte. . . . .	8	8 1/2	10 1/2
Taux du crédit à découvert. . . . .	8 1/2	9	10 1/2

Le taux des crédits de faveur accordés des placements spéciaux du Trésor est variable, s'élevant à 3% et au-dessus, ce qui dépend de la destination du crédit.

#### *Sociétés coopératives de crédit :*

Conformément aux prescriptions légales en vigueur, le taux maximum perçu par les sociétés coopératives, tant sur les prêts accordés de leurs propres fonds et placements que des crédits de la Banque agraire d'Etat et des institutions financières, ne peut dépasser 11%.

#### *Crédit privé, en dehors des institutions :*

Le taux d'intérêt perçu pour les prêts privés est excessif et varie considérablement, ce qui dépend des *conditions locales*. Dans certaines localités, ce taux a un caractère usuraire.

#### 2. CRÉDIT A LONG TERME.

Pour le crédit à long terme en lettres de gage et obligations, on fait application des taux d'intérêt suivants :

	Taux des lettres de gage ou obligations	Supplément administratif perçu sur les prêts	Cours des lettres de gage ou obligations
	%	%	
<i>Banque agraire d'Etat :</i>			
Crédit en lettres de gage à 8% . . . . .	8	1/2 mi-annuellement	94
En lettres de gage à 7% . . . . .	7	1/2 »	83,25
En obligations d'amélioration à 7%. . . . .	7	1/2 »	83,25
<i>Banque de l'Economie nationale</i>			
Crédit en lettres de gage à 8% . . . . .	8	1/4 »	94
Crédit en lettres de gage à 7% . . . . .	7	1/4 »	83,25
<i>Sociétés de crédit foncier</i>			
Crédit en lettres de gage à 8% . . . . .	8	1/2 »	70,13

### Question VII.

Les principales institutions de crédit en Pologne sont :

#### I. LA BANQUE AGRAIRE D'ETAT.

La Banque agraire d'Etat est une institution gouvernementale, jouissant de la personnalité morale. Son capital social s'élève à 130 millions de zloty, et son fonds de réserve à 28,3 millions de zloty.



La Banque a pour objet de favoriser le développement de l'agriculture, l'industrie agricole et la reconstruction économique des villages, d'organiser le crédit agricole pour les propriétés rurales petites et moyennes, de favoriser et d'exécuter le morcellement, la colonisation, les améliorations et régularisations agricoles et d'administrer les fonds mis dans ce but à la disposition des organes gouvernementaux, d'après les principes établis par les autorités compétentes.

La Banque agraire d'Etat accorde aux agriculteurs des crédits tant à long qu'à court terme basés sur l'hypothèque de premier rang des biens-fonds, ainsi qu'en obligations d'amélioration. Le montant d'un prêt amortissable à long terme, accordé en lettres de gage de la Banque agraire d'Etat ne peut excéder la moitié de l'évaluation des biens-fonds, servant de base aux prêts accordés. Les prêts accordés en lettres de gage sont garantis par une hypothèque de premier rang.

Les prêts en obligations d'amélioration peuvent être accordés aux sociétés d'irrigation, aux communes rurales, de même qu'à toute personne physique ou morale. Les prêts accordés à cette dernière catégorie d'emprunteurs doivent posséder une garantie hypothécaire analogue à celle qui sert de garantie aux prêts en lettres de gage.

La manière dont sont garantis les crédits d'amélioration accordés aux sociétés d'irrigation a été exposée plus haut à la page 5.

L'émission des lettres de gage et des obligations de la Banque s'élevait au 1<sup>er</sup> novembre 1930 à un total de 304.624.790 zloty.

Dans le domaine d'autres opérations bancaires, particulièrement dans celui du crédit à long terme, la Banque agraire d'Etat est autorisée à effectuer toutes les opérations bancaires normales, spécialement à accorder des prêts en numéraire, sur la base des reconnaissances des dettes et d'effets, de faire l'acquisition d'effets et d'autres engagements, payables au cours de neuf mois, au plus tard, ainsi qu'à les escompter.

Le montant des prêts à court terme de la Banque était, au 1<sup>er</sup> novembre 1930, de 190.419.000 zloty.

## 2. BANQUE DE L'ECONOMIE NATIONALE.

La Banque de l'Economie nationale est une institution gouvernementale, jouissant de la personnalité morale.

Ladite Banque a pour objet d'accorder des prêts à long terme par voie d'émission de lettres de gage garanties par hypothèques, des obligations communales, ferroviaires et, pour les besoins de l'industrie et autres, des obligations bancaires, de soutenir les caisses d'épargne créées par les corps d'administration autonome, d'encourager le bâtiment et la reconstruction du pays, d'effectuer toutes opérations bancaires, en donnant toutefois la priorité aux besoins de l'Etat, des entreprises d'Etat et des corps d'administration autonome.

Le capital social de la Banque de l'Economie nationale s'élève à 150 millions de zloty.

En pratique, dans le domaine des crédits agricoles, la Banque en question accorde des crédits en lettres de gage sur les biens-fonds appartenant aux grands propriétaires. Elle leur accorde aussi des crédits à court terme, elle subventionne les entreprises d'industrie agricole de même que certaines institutions de commerce agricole s'élevant à la somme de 42,4 millions de zloty et des crédits à court terme s'élevant à 80,8 millions de zloty.

## 3. LA BANQUE DE POLOGNE.

La Banque de Pologne est une institution d'émission. Son activité, dans le domaine des crédits agricoles, est analogue à l'activité des autres institutions d'émission à l'étranger. Il faut mentionner que les statuts de la Banque, en déterminant que les effets et warrants acceptés à l'escompte seront payables au cours de trois mois au plus tard, prévoient également que les warrants garantis en entier par les produits agricoles, de même que les effets des agriculteurs pour semences acquises, pour engrais chimiques, pour outils agricoles, ainsi que pour le cheptel, ne peuvent excéder 20% du montant du portefeuille d'effets de la Banque. La Banque de Pologne, est en outre, autorisée à acquérir pour son propre compte les actions ou participations des entreprises ayant pour objet la construction et l'exploitation des élévateurs de blé. La participation de ladite Banque au capital social de toute entreprise ne peut excéder 25 millions de zloty.

L'activité financière de la Banque de Pologne, dans le domaine de l'agriculture, est représentée dans le relevé ayant trait au montant de la dette des agriculteurs. Elle y figure avec une somme de 270 millions de zloty de crédit à court terme.

## 4. LES SOCIÉTÉS DE CRÉDIT FONCIER.

Il y a en Pologne quatre sociétés de crédit foncier :

- La Société de crédit foncier de Varsovie ;
- La Société de crédit foncier de Poznan ;
- La Société de crédit foncier de Lwów ;
- La Société de crédit foncier de Wilno.

Ce sont des associations de propriétaires fonciers, ayant pour but d'accorder à leurs membres des prêts en lettres de gage, hypothécairement garantis sur leurs biens-fonds. Les membres sont responsables envers les sociétés de tous les engagements de ces dernières, non seulement par le bien-fonds grevé, mais encore par tout leur actif personnel.

Les droits des détenteurs des lettres de gage émises par la société sont garantis en premier lieu par les créances de la société.

Les prêts accordés par les sociétés ne peuvent excéder en principe le montant de la moitié de l'évaluation des biens-fonds.

La valeur nominale totale des lettres de gage mises en circulation ne peut excéder le montant total des prêts accordés par les sociétés et hypothécairement garantis sur les biens-fonds.

Le paiement à échéance des intérêts et du capital dus pour les lettres de gage (coupons échus) est assuré par :

- a) Les versements ou annuités des prêts ;
- b) Le fonds de réserve de chaque société et un fonds spécial de garantie ;
- d) La responsabilité générale de tous les biens-fonds grevés du prêt de la société.

L'activité financière des sociétés de crédit foncier s'exprime actuellement par le montant total des prêts accordés en lettres de gage, soit par la somme de 459,5 millions de zloty.

Outre les sociétés de crédit foncier, des banques hypothécaires foncières fonctionnent encore en Pologne, dont l'objet principal est de faciliter le remboursement des créances et l'établissement des inscriptions hypothécaires afin qu'il soit possible de contracter des emprunts aux sociétés de crédit foncier. Leur activité financière s'exprime par la somme de 95,8 millions de zloty de crédits à long terme.

## 5. INSTITUTIONS COOPÉRATIVES DE CRÉDIT.

Il y a en Pologne deux groupes coopératifs agricoles dans le domaine du crédit agricole. Ce sont :

a) L'Association des Unions des Sociétés coopératives agricoles de la République de Pologne, qui groupe autour d'elle les sociétés coopératives affiliées à l'idéologie de Raiffeisen. Leur institution financière centrale est représentée par la Caisse centrale des Sociétés agricoles à Varsovie ;

b) L'Union des Associations coopératives en Pologne, qui groupe les sociétés coopératives du système Schulze-Delitsch, dont la Banque de l'Union des Sociétés coopératives de Poznan est le centre financier.

La Caisse centrale des Sociétés agricoles comprend 2.590 sociétés coopératives de crédit des Caisses Stefczyk. Le nombre d'agriculteurs membres de ces sociétés coopératives est d'environ 530.000. Les fonds leur appartenant s'élèvent à environ 20 millions de zloty, les placements d'épargne à environ 25 millions de zloty, le total du bilan à environ 92 millions de zloty et le montant des prêts accordés à environ 73 millions de zloty.

Les placements d'épargne représentent une part infirme des fonds des sociétés faisant partie de l'Association en question, par rapport à leur montant total. Ceci dépend de la situation économique précaire dans laquelle les agriculteurs polonais se sont trouvés après la guerre mondiale et qui s'est encore aggravée par une pénible crise agricole. C'est pourquoi les sociétés coopératives de crédit faisant partie de l'Association continuent à travailler pour la plupart au moyen des capitaux empruntés aux banques de l'Etat.

L'Union des Associations coopératives en Pologne comprend 675 sociétés coopératives de crédit dont les membres sont au nombre de 492.000. Les agriculteurs y figurent par le chiffre de 60%. Les sociétés coopératives de crédit de l'Union, dites Banques populaires, possèdent plus de ressources financières leur appartenant que les autres sociétés de l'Union.

Les fonds appartenant aux sociétés coopératives de l'Union s'élèvent à 45 millions de zloty, les placements à environ 154 millions de zloty. Le montant des prêts accordés est de 260 millions de zloty. De même que les sociétés coopératives de l'Association, bien qu'à un degré inférieur, les sociétés coopératives de l'Union travaillent dans une certaine mesure au moyen des fonds empruntés aux banques de l'Etat.

## 6. LES CAISSES RÉGIONALES D'ÉPARGNE ET LES CAISSES COMMUNALES.

En vertu du décret du Président de la République, en date du 13 avril 1927, *Journal des Lois* N° 38, section 339, les associations régionales, de district et des voïvodies, peuvent organiser des Caisses régionales d'épargne en tant qu'établissements jouissant de la personnalité morale. Leur but est de faciliter l'accumulation des économies et de permettre à la population de profiter du crédit à bon marché.

L'Association régionale qui organise une caisse d'épargne est une association de garantie envers cette dernière et devient responsable, par conséquent, des engagements de la Caisse en vertu des placements d'épargne. Les Caisses régionales d'épargne sont statutairement autorisées à accorder des crédits à court terme et à long terme, mais leur activité se trouve limitée, dans la pratique, à l'allocation de crédits à court terme.

Il y a, en Pologne, 363 Caisses régionales actuellement. Le montant des économies accumulées dans ces caisses s'élève à environ 511 millions de zloty. Les agriculteurs n'ont recours à ces caisses que dans une mesure restreinte.

Sur la base du décret du Président de la République, en date du 30 décembre 1924, *Journal des Lois* N° 118, section 1069), les communes rurales peuvent fonder des caisses communales de prêts et d'épargne. De même que les Caisses régionales d'épargne, la caisse communale jouit de la personnalité morale. La commune qui fonde une caisse se porte garante des placements et autres engagements de ladite caisse, par tout son actif et revenu. Il n'existe que peu de caisses communales en Pologne. Elles sont au nombre de 831, et le total des placements qui y sont faits s'élève à environ 5 millions de zloty.

Le total des crédits agricoles à court terme répartis par les caisses régionales, ainsi que par les caisses communales, s'élève à environ 31 millions de zloty.

#### 7. BANQUES PRIVÉES PAR ACTIONS.

Indépendamment des institutions de crédit mentionnées plus haut, qui répartissent le crédit agricole, des banques privées existent en Pologne, sous forme de sociétés anonymes qui fournissent aux agriculteurs des crédits dans une mesure plus ou moins grande. Parmi les banques qui se trouvent le plus en contact avec les agriculteurs, il faut mentionner :

- a) Zjednoczony Bank Ziemianski (Banque foncière) à Varsovie ;
- b) Banque Kwilecki et Potocki à Poznan ;
- c) Poznanski Bank Ziemian (Banque des propriétaires fonciers) à Poznan ;
- d) Pomorski Bank Rolniczy (Banque agricole de Poméranie) à Torun ;
- e) Bank Cukrownictwa (Banque sucrière) à Poznan.

Les banques en question accordent aux agriculteurs des crédits ordinaires à court terme, contre effets principalement. L'aide financière qu'elles apportent aux agriculteurs, déduction faite du réescompte des institutions d'émission (Banque de Pologne) et des ressources provenant des banques de l'Etat, s'exprime par la somme d'environ 31 millions de zloty.

#### Question VIII.

Les lettres de gage émises par les sociétés de crédit foncier ne furent placées que pour des sommes peu importantes sur les marchés étrangers.

1. La Société de crédit foncier de Varsovie a placé des lettres de gage à l'étranger, comme il suit :

a) Les lettres de gage à 8% libellées en dollars, série 1924 (dollars des Etats-Unis de l'Amérique du Nord) furent placées sur les marchés américain et anglais, depuis la fin mai 1926 jusqu'à mai 1928 ;

b) Les lettres de gage à 6% libellées en francs, série 1929 (francs français, dont 1000 francs équivalent à  $39\frac{179}{1000}$  dollars des Etats-Unis), furent placées sur le marché français en janvier 1929.

Le montant nominal des lettres de gage à 8% en dollars, placées en Amérique, s'élevait à 1.250.000 dollars, le montant de celles placées en Angleterre à 600.000 dollars.

Le montant nominal des lettres de gage à 6% en francs, placées en France, s'élevait à 50.000.000 de francs français, la relation du franc étant de 1.000 francs pour  $39\frac{179}{1000}$  dollars.

Le ministre des Finances accorda une garantie de l'Etat pour le remboursement du capital et le paiement des intérêts des lettres de gage à 8% libellées en dollars, au taux annuel de 8% (Arrêté du ministre des Finances en date du 13 décembre 1924, *Journal des Lois* N° 108 de 1924).

Quant aux lettres de gage à 6% libellées en francs, la Société s'engagea, jusqu'à leur amortissement total, à n'apporter aucune modification à ses prescriptions qui puisse être préjudiciable aux conditions d'après lesquelles les lettres de gage sont émises pour des prêts hypothécaires à concurrence de 50% de l'évaluation des biens-fonds, fixée par la Société sur la base des prescriptions approuvées par le ministre des Finances, et que les prêts accordés par la société doivent être inscrits au premier rang de l'hypothèque, avant toute autre créance hypothécaire. La société garantit, en outre, le paiement à échéance du capital et des intérêts pour les lettres de gage sorties au tirage.

Les lettres de gage à 8% en dollars ne sont pas cotées officiellement aux bourses étrangères et il n'y a pas de données, par conséquent, quant au cours de ces lettres pendant le premier semestre 1930.

Les lettres de gage à 6% en francs sont cotées à la Bourse de Paris.

Il n'existe pas de relevé officiel de leur cours, mais il est possible d'établir, sur la base des factures d'achat des lettres de gage, pendant le premier semestre de 1930, que leurs cours moyen était, à cette époque, de 934 francs, leur cours minimum de 885 francs et leurs cours maximum de 950 francs pour 1.000 francs de valeur nominale, y compris le coupon à échoir.

2. La Société de crédit foncier de Poznan a placé, en 1927, des lettres de gage sur le marché américain chez Pain Weber & Co, à Boston, pour une somme de 2 millions de dollars, en lettres de gage non amortissables à 8%, libellées en dollars, de la Société de crédit foncier de Poznan, payables le 1<sup>er</sup> juillet 1933.

On n'accorda aucune garantie spéciale outre les garanties statutaires usuelles.

Ces lettres de gage ne sont pas cotées aux Bourses étrangères, car la Maison Pain Weber & Co, de Boston, ayant fait l'acquisition de ces lettres de gage en 1927, au cours de 94-98 1/2, les conserve dans son portefeuille.

3. Les lettres de gage de la Société de crédit foncier de Lwów furent placées sur les marchés autrichien, tchécoslovaque, hollandais et suisse pour une somme d'environ 3 millions de dollars.

Aucune garantie ne fut accordée outre la garantie statutaire usuelle. Au cours du premier semestre de 1930, le cours des lettres de gage à 8% en dollars, amortissables à l'échéance de 16 ans et demi, fut au minimum de 86, et au maximum de 91, pendant que le cours des lettres de gage à 8% amortissables à l'échéance de 33 ans fut de 74 (minimum) et de 82 (maximum).

4. La Banque agraire d'Etat ainsi que la Banque de l'Economie nationale n'ont pas placé de lettres de gage sur les marchés étrangers.

### Question IX.

L'assurance des bâtiments, du matériel, du cheptel et d'autres biens meubles est faite en Pologne par des institutions de droit public ainsi que par des établissements privés (sociétés anonymes et sociétés d'assurance mutuelle).

1. Il y a en Pologne 84 instituts d'assurance réelle, dont 73 polonais et 11 étrangers. Toutes les institutions étrangères d'assurance sont des sociétés anonymes. Du nombre total d'institutions polonaises, 8 institutions ont le caractère d'institutions de droit public, 47 sont des sociétés d'assurance mutuelle, dont les institutions importantes sont au nombre de 11, et les petites institutions au nombre de 36. Les institutions sous forme de sociétés anonymes sont au nombre de 18.

2. L'obligation d'assurance n'existe en Pologne que par rapport à l'assurance des bâtiments contre l'incendie, et ceci uniquement sur le territoire de l'ancienne occupation russe et autrichienne. Les bâtiments faisant partie des fabriques en sont exclus, à l'exception de ceux sis sur le territoire de la ville de Varsovie, où ils sont soumis à l'obligation d'assurance. Les droits et devoirs des parties dérivant de l'obligation d'assurer les bâtiments contre l'incendie sont réglés par des prescriptions spéciales et le rapport des assurés à l'institution à laquelle l'obligation d'assurer fut conférée a un caractère de droit public et non de droit civil. Aucune modification ne peut être faite aux prescriptions, par conséquent, même en vertu de l'assentiment des parties. Sur le territoire des voïvodies de Poznan et de Poméranie, il y a deux institutions publiques auxquelles l'obligation d'assurer n'a pas été conférée, mais qui sont statutairement obligées d'accepter l'assurance des bâtiments.

Sous le rapport des assurances contre l'incendie, du cheptel et du matériel ainsi que de la propriété agricole mobilière, de même que sous le rapport de l'assurance du bétail contre les épizooties, l'obligation d'assurer n'est pas stipulée dans les prescriptions en vigueur. Les Conseils de district peuvent cependant statuer, dans leur circonscription, sur l'obligation d'assurer les biens meubles des exploitations agricoles contre l'incendie et le cheptel contre les épizooties, et les Conseils d'arrondissement peuvent statuer sur l'obligation d'assurer les produits agricoles contre la grêle.

3. Il n'y a aucune difficulté juridique, soit technique ou pratique pour assurer des objets qui peuvent servir de gages.

4. Les prescriptions légales établissent la sauvegarde des droits des créanciers hypothécaires sur les immeubles assurés. Les prescriptions qui règlent l'obligation d'assurer les bâtiments contre l'incendie stipulent clairement qu'au cas où l'immeuble serait grevé de droits réels, l'indemnité pourra être payée à l'assuré directement, mais uniquement sur l'assentiment des créanciers hypothécaires. Au cas où la preuve du consentement des créanciers hypothécaires ne serait pas présentée par l'assuré, l'indemnité ne pourra être payée que pour la reconstruction et éventuellement, comme cela a lieu sur le territoire de la ville de Varsovie, au cas où l'immeuble ne pourrait être reconstruit, l'indemnité sera payée aux créanciers hypothécaires conformément au plan de classification dressé par le tribunal. Des prescriptions spéciales prévoient également qu'il y aura lieu d'examiner d'office, dans certains cas, s'il y a des dettes sur l'immeuble et, dans d'autres cas, c'est l'affaire des créanciers de déclarer leurs droits à l'institution d'assurance. Sur le territoire de l'ancienne occupation autrichienne et allemande, les lois relatives au contrat d'assurance garantissent suffisamment les intérêts des créanciers hypothécaires, sous le rapport de l'assurance des bâtiments contre l'incendie. Sur le territoire de l'ancienne occupation russe, toutes les institutions de crédit à long terme assurent la sauvegarde de ces droits par voie de contrats avec les institutions d'assurance et les assurés. Les prescriptions ne prévoient nulle part, cependant, la sécurité des intérêts du créancier quand ce n'est pas le bâtiment, mais un autre objet qui sert de gage. Etant donné, cependant, que les conditions auxquelles l'assurance est effectuée par les institutions sont approuvées par les

autorités gouvernementales chargées de leur contrôle et étant donné que les rapports des assurés et assureurs ont un caractère de droit civil, il n'y a aucun obstacle à ce que, par voie d'un accord entre l'assureur et l'institution qui accorde un crédit contre nantissement, les intérêts de ladite institution soient également garantis.

Ci-joint, les textes des lois polonaises relatives au gage agricole enregistrable et les statuts de la Banque agraire de l'Etat<sup>1</sup>.

## APPENDICE I.

DÉCRET DU PRÉSIDENT DE LA RÉPUBLIQUE SUR LE GAGE ENREGISTRABLE AGRICOLE,  
22 MARS 1928. *Journal des Lois* N° 38, TEXTE 360 (26 MARS 1928).

Vu l'article 44, alinéa 6 de la Constitution et vu la loi du 2 août 1926, autorisant le Président de la République à promulguer des décrets ayant force de loi (*Journal des Lois de la République de Pologne* N° 78, texte 443), il est ordonné ce qui suit :

*Article premier.* — Les produits de l'agriculture et de l'industrie agricole pourront être mis en gage conformément aux dispositions du présent décret (gage enregistrable agricole).

*Article 2.* — Seules les personnes physiques ou juridiques, gérant des exploitations agricoles ou des entreprises industrielles agricoles, peuvent constituer des gages.

Sont comprises comme entreprises industrielles agricoles, dans le sens du présent décret, toutes les entreprises occupées essentiellement à la transformation des produits de leur propre exploitation agricole.

*Article 3.* — Il ne peut être constitué de gages qu'au profit des institutions de crédit de l'Etat, des caisses communales d'épargne, des caisses communales de prêts et d'épargne, des coopératives de crédit, ainsi qu'au profit d'autres institutions de crédit, qui seront indiquées par le ministre des Finances.

*Article 4.* — Seuls les produits de l'agriculture et de l'industrie agricole, appartenant à l'emprunteur, peuvent être l'objet du gage enregistrable, sauf si ceux-ci ne sont pas des immeubles (dépendances d'immeubles) dans le sens des lois en vigueur, par nature, de par la loi ou par destination, et se trouvent dans l'immeuble qui appartient à l'emprunteur, ou dont celui-ci est fermier ou usager.

Lorsque l'objet du gage se trouve dans un immeuble pris en ferme, l'emprunteur doit obtenir le consentement du propriétaire de cet immeuble pour pouvoir constituer un gage sur cet objet. Le consentement doit être exprimé par écrit sous forme d'acte authentique ou sous seing privé, et la signature du propriétaire doit être légalisée par un notaire ou par le tribunal. Lorsque l'immeuble se trouve lié par subdivision (majorat ou fidéicommiss), le consentement du possesseur est suffisant.

*Article 5.* — Le gage agricole est constitué sur la base d'une convention des parties stipulée par écrit sous forme d'acte officiel ou privé, avec la signature de l'emprunteur attestée soit par un notaire, soit par le tribunal.

Le contrat de gage doit, de façon précise, indiquer l'objet du gage, ainsi que la somme, en garantie de laquelle le gage a été constitué.

*Article 6.* — Le gage agricole n'acquiert d'effets légaux (article 9) à l'égard des tiers que lorsque le droit de gage a été inscrit dans le registre des gages.

Cette inscription a lieu sur la demande du prêteur ou de l'emprunteur, sur la base du contrat d'engagement dont copie reste au tribunal d'enregistrement (article 7). Lorsque l'objet du gage se trouve dans un immeuble qui est tenu à ferme par l'emprunteur, l'avis doit être accompagné de la déclaration du consentement donné par le propriétaire de l'immeuble (article 4, alinéa 2). Le tribunal compétent certifiera l'exécution de l'inscription sur l'original du contrat de gage.

*Article 7.* — Le registre des gages agricoles est tenu par le tribunal de district (de paix) compétent du lieu où est située l'exploitation agricole ou l'industrie agricole où se trouve l'objet mis en gage. Ce registre est public.

Il sera tenu un registre spécial pour chaque exploitation agricole ou entreprise. La forme du registre, ainsi que le mode d'après lequel il sera tenu, seront fixés par un règlement d'administration publique.

*Article 8.* — L'objet mis en gage demeure en la possession de l'emprunteur, l'identité de l'objet gagé doit cependant être constatée à l'aide d'un signe durable et visible, ou de toute autre manière déterminée par un règlement d'administration publique.

L'emprunteur est tenu de permettre au prêteur, sur sa demande, d'examiner l'état de l'objet mis en gage, sous peine de répétition immédiate de la créance garantie par le droit de gage.

<sup>1</sup> Les statuts de la Banque agraire de l'Etat (en texte anglais et français) peuvent être consultés au Secrétariat.

*Article 9.* — Aussi longtemps que l'objet mis en gage demeure dans l'exploitation ou dans l'entreprise au registre de laquelle le gage agricole a été inscrit, le prêteur jouit des mêmes droits que ceux qui lui auraient été concédés d'après les lois en vigueur, dans le cas où l'objet lui aurait été donné en gage et ne se trouverait pas dans ladite exploitation ou ladite entreprise.

*Article 10.* — Dans le cas où une saisie de l'objet en gage aurait été provoquée par ordre d'un tiers, l'autorité d'exécution commise pour procéder à la saisie-exécution est tenue de transmettre immédiatement l'avis d'exécution à l'emprunteur.

La somme provenant de la vente doit être déposée au tribunal compétent aux fins de procéder au partage. Le prêteur doit être payé en premier lieu sur ladite somme, sauf dans le cas où la prétention en force de laquelle l'exécution a lieu a un droit de priorité à être acquittée avant le gage enregistrable agricole.

*Article 11.* — L'inscription au registre des gages agricoles d'un objet qui est déjà grevé d'un gage semblable est inadmissible.

*Article 12.* — Le droit de gage peut être transmis à une autre institution de crédit (article 2) par convention écrite ; l'original du contrat de gage sera remis à ladite institution (article 5 et article 6, alinéa 3).

La transmission du droit de gage à des tiers acquiert les effets légaux par l'inscription au registre des gages agricoles. Dans le cas de cession de la créance garantie par le gage à une personne ou à une institution non mentionnée à l'article 2, le droit de gage n'est plus valable pour ladite créance, et il peut être radié du registre des gages sur la seule demande de l'emprunteur.

*Article 13.* — Au cas où l'exécution serait provoquée par les créanciers du prêteur en ce qui concerne une créance garantie par un gage, il y a lieu d'en faire une mention appropriée au registre des gages.

Une exécution de ce genre est admissible, même dans le cas où le créancier n'est pas une institution mentionnée à l'article 2.

*Article 14.* — La radiation du droit de gage du registre des gages aura lieu sur proposition du créancier, ou sur celle du débiteur, après que ce dernier aura présenté la preuve de remboursement de la créance, garantie par le gage, ou celle par laquelle l'objet grevé aura été libéré du gage par le créancier.

*Article 15.* — Le droit de gage expire en vertu de la seule loi, trois ans après la date de l'enregistrement, ou dans le délai éventuellement plus court pour lequel le contrat a été conclu. Il est soumis à la radiation d'office par le tribunal, si le contrat n'a pas été renouvelé avant l'expiration de ce délai.

Cependant, l'expiration du délai ne provoque pas l'extinction du droit de gage si le prêteur dépose avant ledit délai au registre des gages la preuve qu'une action judiciaire, ou une exécution par voie administrative a été engagée contre l'emprunteur.

Une mention appropriée, constatant qu'une action judiciaire ou qu'une exécution par voie administrative, a été engagée, doit être apportée au registre des gages.

*Article 16.* — Dans le cas où l'objet constituant un gage agricole a été enlevé de l'exploitation agricole ou de l'entreprise d'industrie agricole, au registre de laquelle le droit de gage a été inscrit, les droits du prêteur ne restent en vigueur qu'à l'égard des tiers qui, en acquérant des droits réels sur ledit objet, auraient agi de mauvaise foi.

*Article 17.* — En cas de vente de l'immeuble dans lequel se trouve l'objet gagé, de même que dans le cas où le contrat de fermage ou d'usufruit expire et où l'emprunteur est fermier ou usufruitier de l'immeuble, la créance garantie par le gage devient immédiatement exigible et doit être remboursée par l'emprunteur dans les sept jours qui suivent la date où le prêteur lui aura demandé, par lettre recommandée, d'acquitter sa dette.

*Article 18.* — Dans le cas où l'objet gagé a été caché ou éloigné (article 16), le porteur du gage (le prêteur) peut sommer l'emprunteur, par lettre recommandée, de remettre les choses en leur état primitif dans un délai de sept jours à partir de la date de la sommation. Au cas où il ne serait pas donné satisfaction à ladite sommation, la créance garantie par le gage devient immédiatement exigible.

*Article 19.* — Dans le cas de destruction complète ou d'endommagement de l'objet mis en gage, le porteur du gage (le prêteur) peut sommer l'emprunteur, soit de rétablir l'objet gagé en son état primitif, dans un délai de sept jours, soit de le remplacer par un autre objet de valeur égale. Dans le cas où il n'est pas donné satisfaction à ladite sommation, la créance garantie par le droit de gage devient immédiatement exigible.

*Article 20.* — Le gage constitué sur un objet assuré contre les accidents s'étend aussi aux droits aux indemnités allouées par les établissements d'assurances.

Pour autant que la somme de l'assurance couvre la créance garantie par le gage, l'article 19 n'est pas applicable.

Les établissements d'assurance ne peuvent payer une indemnité à l'emprunteur qu'avec le consentement du porteur du gage, si ce dernier leur a fait connaître ses droits, avant que l'accident ait eu lieu.

*Article 21.* — Quiconque détruira avec préméditation, ou éloignera illégalement (article 16) l'objet mis en gage ou permettra qu'on l'emporte, ou bien aura mis en gage avec préméditation un objet qui ne lui appartient pas, sera puni pour ce délit d'une peine d'emprisonnement

pouvant aller jusqu'à une année et d'une amende jusqu'à concurrence de 10.000 zloty, ou de l'une desdites peines, si le délit ne comporte pas une peine plus grave en vertu d'autres dispositions. Sur le territoire dans lequel la loi pénale de l'année 1852 est en vigueur, c'est la peine de l'emprisonnement qui est prononcée.

*Article 22.* — L'exécution du présent décret est confiée aux ministres des Finances, de la Justice et de l'Agriculture.

*Article 23.* — Le présent décret entre en vigueur trois mois après le jour de sa promulgation et est obligatoire sur tout le territoire de la République de Pologne.

## APPENDICE II.

ARRÊTÉ DES MINISTRES DES FINANCES, DE LA JUSTICE ET DE L'AGRICULTURE SUR LE REGISTRE DES GAGES AGRICOLES ET LES SIGNES DES GAGES — 14 JUILLET 1928, *Journal des Lois* N° 72 (TEXTE 658), DU 24 JUILLET 1928.

Vu les articles 7, 8 et 22 du décret du Président de la République du 22 mars 1928, concernant les gages agricoles (*Journal des Lois* de la République polonaise, N° 38, page 360), il est ordonné ce qui suit :

§ 1. — Dans chaque tribunal civil de district (de paix) sera tenu, aux fins des gages agricoles un registre des gages pour tout l'arrondissement dont le territoire relève dudit tribunal.

§ 2. — Un registre spécial des gages agricoles sera tenu pour chaque exploitation agricole ou pour chaque entreprise d'industrie agricole.

Les droits de gage grevant les objets faisant partie d'une seule et même exploitation ou entreprise ne peuvent être inscrits que sur un seul registre.

§ 3. — Tout registre doit contenir les titres et sept compartiments (voir le modèle annexé au présent arrêté).

§ 4. — . . . . .

§ 5. — . . . . .

§ 6. — Le registre des gages agricoles est tenu par le secrétaire du tribunal sous la surveillance du juge.

§ 7. — Les inscriptions au registre ne peuvent avoir lieu que sur décision du tribunal.

§ 8. — Les inscriptions au registre des gages seront faites dans l'ordre dans lequel les demandes auront été présentées. Il ne sera pas possible, avant qu'une demande concernant un objet mis en gage soit complètement réglée, d'autoriser une inscription concernant le même objet, sur la base d'une demande postérieure.

§ 9. — . . . . .

§ 10. — Les demandes pour l'inscription au registre doivent être formulées par écrit. La demande doit contenir :

1° La désignation du tribunal par lequel le registre est tenu, auquel la demande d'inscription a été transmise (tribunal d'enregistrement) ;

2° Le prénom et le nom, la profession et le domicile du demandeur, ainsi que des personnes auxquelles la décision du tribunal doit être communiquée ;

3° L'indication que l'affaire concerne le registre des gages agricoles ;

4° Un exposé sommaire de la teneur de l'inscription qui doit figurer au registre.

La demande doit être accompagnée d'autant de copies qu'il y aura de personnes, auxquelles la disposition (décision) prise par le tribunal doit être communiquée.

§ 11. — . . . . .

§ 12. — Le contrat de gage doit contenir la définition exacte de l'objet mis en gage en énonçant minutieusement sa qualité et sa quantité, ainsi que le lieu où est situé (commune, village, numéro du rôle) l'immeuble dans lequel se trouve l'objet gagé.

Lesdites données doivent être de même énumérées dans la demande concernant l'enregistrement du droit de gage.

§ 13. — Lorsque la demande concerne le droit de gage constitué sur un objet appartenant à une exploitation ou à une entreprise pour laquelle un registre spécial a déjà été établi, elle doit citer le numéro du registre de ladite exploitation ou entreprise.

§ 14. — Lorsque la demande ne répond pas aux exigences des paragraphes 10 et 13 et qu'on ne peut conclure de sa teneur qu'elle doit être rejetée, le tribunal renverra la demande au demandeur, afin de la corriger et la compléter, en lui fixant un délai convenable.

Ce délai une fois écoulé, la demande doit être rejetée lorsque le demandeur n'a point satisfait à la demande du tribunal.

Dans le cas où il y a doute, si l'objet du contrat de gage répond aux dispositions de l'article 4 du décret du Président de la République sur les gages agricoles, le tribunal peut entendre les parties et les experts.

§ 15. — A l'exception des cas cités au paragraphe 17 du présent arrêté, ainsi qu'à l'article 15, alinéa I du décret du Président de la République sur les gages agricoles, le tribunal ne peut admettre que l'inscription sur la demande et dans les limites de celle-ci.

§ 16. — Le tribunal ne peut autoriser l'inscription que sur la base d'actes authentiques ou sous seings privés, munis de signatures certifiées par un notaire ou par le tribunal des personnes dont les droits se trouvent restreints par l'inscription.

Le tribunal peut permettre la transmission du droit de gage enregistrable en faveur d'une autre institution de crédit, sur la base d'un contrat conclu sous forme d'acte sous seing privé, sans que la signature de la personne cédant le droit de gage enregistré soit certifiée par un notaire ou par le tribunal, si, avec la demande concernant l'inscription de la transmission, l'original du contrat de gage est remis au tribunal.

§ 17. — Si l'objet mis en gage a été vendu par voie d'exécution judiciaire (vente forcée) ou administrative, l'autorité qui procède à la vente en informera l'autorité chargée de l'enregistrement, afin d'en faire mention dans le registre.

Dès que la décision approuvant ou tranchant la distribution du prix de vente aux enchères des objets vendus sera passée en force de chose jugée devenue valide, le tribunal qui a procédé à la distribution ordonnera la radiation des objets vendus du registre, et au cas où tous les objets qui font l'objet du gage auraient été vendus, la radiation du droit de gage correspondant.

§ 18. — Au cas où l'exécution serait dirigée sur une créance garantie par le droit de gage enregistrable, le tribunal d'enregistrement, soit sur la base d'une décision du tribunal compétent, soit sur la base d'une communication de l'huissier, ordonnera d'en faire la mention au septième compartiment du registre (modifications et radiations).

§ 19. — La teneur de la décision prise conformément à la demande et sans aucune restriction peut être énoncée sous la forme d'une note succincte en se référant à la teneur de la demande.

Les décisions portant refus de l'inscription, en tout ou en partie, doivent en contenir les motifs.

§ 20. — Les décisions doivent être notifiées au demandeur, ainsi qu'aux personnes dont les droits se trouvent touchés par les inscriptions consenties. La décision notifiée doit être accompagnée d'une copie de la demande d'inscription.

Le tribunal remettra l'original du contrat de gage muni de la certification de l'exécution de l'inscription, ainsi que les autres annexes déposées en leurs originaux, à la personne indiquée dans la demande et, à défaut de ladite indication, à celle qui a introduit la demande.

§ 21. — Il peut être fait recours contre les décisions du tribunal prononcées en matière d'enregistrement, en conformité des mêmes principes qu'en matière de registre de commerce.

§ 22. — Le registre des gages, le volume des annexes, ainsi que les documents concernant le registre pourront être examinés par les personnes intéressées, aux heures fixées par le tribunal, sous la surveillance du secrétaire.

Les copies et les extraits de tout genre, extraits sur le registre et les documents seront délivrés sur la demande des personnes intéressées.

§ 23. — Le ministre de la Justice donnera des instructions détaillées concernant la tenue du registre des gages, des actes judiciaires, ainsi que des registres auxiliaires en ce qui touche les affaires concernant les gages enregistrables agricoles.

§ 24. — Les produits de l'agriculture et de l'industrie agricole, qui ont été mis en gage doivent être marqués de signes, pour pouvoir être distingués du reste des biens meubles se trouvant en la possession de l'emprunteur.

Ces signes, qui contiennent la définition de l'objet du gage, sa qualité, sa quantité et des marques plus précises, nécessaires pour pouvoir constater l'identité de l'objet, doivent être placés dans le lieu où l'objet gagé demeure, d'une manière qui soit évidente à qui que ce soit et garantis contre toute atteinte. La personne du porteur du gage (le prêteur) doit être en premier lieu indiquée sur le signe du gage.

§ 25. — Dans le cas où l'objet gagé est transporté en vue ou en conséquence d'une exploitation rationnelle dans un autre lieu pour y être conservé, dans le périmètre de la même exploitation, que concerne ledit registre, le signe distinctif du gage doit être placé dans le nouveau lieu de la manière indiquée au paragraphe précédent.

§ 26. — Les signes de gages faits en matière durable seront délivrés par l'institution de crédit, simultanément à l'apposition des signatures sur le contrat d'engagement. L'institution de crédit qui accorde le prêt sur gage peut fixer en plus encore un autre moyen de garantir l'identité de l'objet gagé.

§ 27. — Le présent arrêté entre en vigueur le jour de sa promulgation.



ANNEXE.

(Voir paragraphe 3 du présent arrêté).

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- I. Registre des gages agricoles B N°
2. { Commune.  
Village.  
Numéro du rôle et nom.
1. Numéro courant de l'inscription.
2. Prénom, nom (raison sociale) de l'emprunteur, à quel titre il possède l'exploitation ou l'entreprise.
3. L'objet gagé (mis en gage).  
Quantité et poids. Dénomination de l'objet et signes spéciaux.
4. Somme garantie par le gage zl. gr.

*Page droite.*

3. Prénom et nom (raison sociale) du propriétaire de l'immeuble.
  5. Texte de l'inscription.
  6. Date de l'échéance des droits du gage.
  7. Modifications et radiations.
  - Au N°  
De l'inscription } Texte.
-

## RÉPONSE DU GOUVERNEMENT ROUMAIN

### Question I.

En Roumanie, on accorde actuellement des crédits agricoles, soit à long terme, soit à court terme. Les crédits agricoles à long terme, jusqu'à échéance de 50 ans, sont accordés par le Crédit foncier rural. Les crédits agricoles à court terme, n'excédant pas une année, sont consentis par les Banques populaires et leurs fédérations, par les Caisses d'emprunts sur gages, par les Caisses de crédit départementales, ainsi que par la Section bancaire du Crédit foncier rural.

Pour ce qui est des banques particulières, elles n'accordent plus aujourd'hui aux agriculteurs des emprunts à long terme, mais seulement des crédits sur lettres de change, pour un terme de trois mois, éventuellement avec droit de prolongation, ou encore des crédits en compte courant pour un terme d'une année, les banques se réservant le droit de dénoncer le compte à leur gré.

Les seuls crédits agricoles à terme moyen sont les emprunts nommés « à titre d'investissements », qui sont accordés par les Banques populaires et leurs fédérations aux petits cultivateurs pour l'acquisition de machines et autre outillage agricole. Ces crédits sont remboursables dans un délai de 1 à 5 années.

Durant l'année courante a été créé l'Institut de crédit hypothécaire transitoire. Il est destiné à faciliter aux débiteurs la conversion de leurs créances garanties par des hypothèques à court terme et à intérêt excessif, en crédits à long terme et à intérêt réduit. Cet Institut acquiert par cession les créances contractées pour un terme n'excédant pas cinq ans et dont les intérêts sont supérieurs à 12% ; il leur accorde un terme qui ne saurait dépasser 6 ans à partir de la date de cession.

L'Institut de crédit hypothécaire transitoire fait cession de ces créances à la Société du Crédit foncier rural, pour un terme de 10 à 30 ans.

### Question II.

Les institutions de crédit agricole en Roumanie exigent, pour les emprunts accordés par elles, les garanties suivantes :

#### 1. Le Crédit foncier rural :

a) Pour des crédits à long terme, par émission de lettres de gage, il exige invariablement une inscription d'hypothèque de premier rang.

b) Pour les virements effectués au Crédit rural et portant sur les emprunts accordés aux agriculteurs par les Banques particulières, il exige une hypothèque de premier rang, ou même de deuxième rang, si la propriété du débiteur est déjà grevée d'une hypothèque au Crédit foncier rural.

c) Pour les crédits à court terme, en numéraire, il demande, comme gage, les récoltes.

Depuis quelques années, on demande, outre ces gages, des garanties supplémentaires, telles que des hypothèques de tout rang, des avals, ainsi que des actions et des effets cotés en bourse.

2. Les Caisses départementales de Crédit des agriculteurs, instituées par le Crédit foncier rural, demandent, pour les emprunts qu'elles accordent en numéraire à court terme, des gages comprenant les récoltes, ainsi que des garanties supplémentaires, des hypothèques de tout rang, des avals, des effets et des actions en gage.

3. Caisses d'emprunt sur gages. — Les emprunts accordés par ces Caisses, en numéraire et à court terme, doivent être garantis par la récolte, par le cheptel mort ou vif et éventuellement par des hypothèques.

4. Les Banques populaires et leurs Fédérations demandent aux agriculteurs qui contractent des emprunts des gages sur leurs biens, meubles et immeubles. Le crédit avec garantie coopérative est pratiqué dans une mesure plus restreinte, sous forme d'allocation de crédits pour l'achat de terres et autres investissements productifs, aux coopératives ayant une responsabilité solidaire et illimitée (ou aux associations rurales d'achat coopérant avec les exploitations forestières).

5. Les Banques populaires accordent aux agriculteurs des emprunts à crédit personnel (sur lettres de change), des emprunts sur hypothèques, ou encore des emprunts gagés par des céréales emmagasinées, des terres ensemencées et des objets d'inventaire.

### Question III.

Il y a lieu de remarquer, tout d'abord, que l'institution du cadastre foncier organisé en Ardéal et en Bukovine n'a pas encore force de loi dans le vieux Royaume ; aussi le crédit hypothécaire s'avère-t-il en général inefficace dans cette partie du pays.

Pour que ce crédit trouve présentement son application dans le vieux Royaume, il est nécessaire de dresser un acte authentique spécifiant la situation de l'immeuble, qui est transcrit sur les registres spéciaux et déposé au greffe du tribunal. En Ardéal, cet acte authentique est transcrit sur les livres fonciers.

Cette formalité en usage dans le vieux Royaume demeure sans effet à l'égard du vrai propriétaire : en d'autres termes, une inscription d'hypothèque faite sur les registres au nom d'un usurpateur du bien et contre laquelle le propriétaire authentique ferait valoir son droit de propriété, ne peut être opposée au vrai propriétaire ; l'hypothèque demeure une créance chirographaire n'engageant que le seul emprunteur.

L'inscription hypothécaire établit le rang des diverses hypothèques ; elle est cependant primée par le privilège de l'Etat, qui jouit du droit de percevoir les impôts fonciers afférents à l'immeuble, au titre des trois dernières années, même si ce laps de temps n'est pas mentionné dans l'inscription hypothécaire. A ce sujet, une loi de 1929 a supprimé les dispositions antérieures qui permettaient à l'Etat d'étendre son privilège aux dettes fiscales de toute nature assumées par l'emprunteur.

Aucune restriction n'existe et n'a été apportée concernant les inscriptions d'hypothèques sur la grande propriété, à l'exception cependant du régime dotal prévu par le Code civil en vigueur dans le vieux Royaume. Les biens dotaux ne peuvent être hypothéqués, lors même qu'il s'agirait d'entreprendre des améliorations agricoles ou de mettre ces biens en valeur. Aussi, lorsque, par loi spéciale, on a organisé la mise en valeur des régions inondables, a-t-il été nécessaire d'y inscrire une clause dérogatoire catégorique, d'après laquelle les biens dotaux, eux aussi, étaient considérés comme entrant obligatoirement dans l'association des propriétaires intéressés et soumis également à l'inscription hypothécaire (voir la loi de 1925 pour la mise en valeur des terrains inondables et la loi de 1929 pour l'administration des pêcheries de l'Etat).

Pendant longtemps la petite propriété acquise par suite de l'application des réformes agraires, n'a pas pu être affectée en garantie d'emprunts hypothécaires. Ces terres, à commencer par celles qui furent réparties aux paysans par la loi de 1864, avaient été déclarées inaliénables par des dispositions constitutionnelles et ne pouvaient donc être grevées.

La disposition d'inaliénabilité, en vigueur de 1864 à 1916, a été limitée à une période de cinq années et inscrite avec cette restriction dans les lois instituant la réforme agraire. Postérieurement à ces lois, la loi de 1925, qui a trait à l'aliénation des terres acquises en application de la réforme agraire, et celle de 1929, concernant la libre circulation des biens, admettent, la première, que ces biens peuvent être hypothéqués auprès de certaines institutions financières autorisées par l'Etat, et la seconde que ces biens ne pourront être hypothéqués qu'auprès de Sociétés de crédit agricole. Or, jusqu'à aujourd'hui, ces sociétés n'ont pas été fondées.

En adoptant de nouvelles formes juridiques et en adaptant les formes anciennes aux nécessités présentes, la loi du 29 août 1929 est venue compléter l'organisation des institutions financières autorisées par l'Etat. On a voulu augmenter les garanties de sécurité entre les parties, tout en simplifiant les formalités et en réduisant les frais au minimum, tant dans l'intérêt de ceux qui désirent placer des fonds dans des opérations de crédit agricole que dans l'intérêt de ceux qui empruntent à ces institutions.

C'est ainsi que cette loi contient une disposition selon laquelle un emprunt peut être accordé à quiconque est en mesure de faire valoir ses titres de propriété ; le fait d'être inscrit aux rôles d'imposition équivaut à la possession de fait de l'immeuble. Pour l'entière sécurité de la Société de crédit, on est convenu du système suivant : le projet d'emprunt est affiché durant trente jours à la mairie de la situation de l'immeuble, et publié au *Moniteur officiel* ; si, dans un délai de 50 jours après l'affichage, aucune protestation ne s'est élevée, ou si une protestation s'est élevée mais n'a pas été transcrite, les tiers opposants qui pourraient se manifester dans la suite n'ont plus qualité pour attaquer efficacement le droit de propriété à l'égard de la Société de crédit agricole créancière.

Le propriétaire réel qui n'aurait établi son droit qu'après conclusion de l'emprunt conserve la propriété de l'immeuble grevé, mais il en assume l'hypothèque. Il est donc obligé de supporter les poursuites de la société créancière et de la dédommager du montant de la créance hypothécaire.

La même loi du 20 août 1929 a introduit, pour les sociétés de crédit agricole, l'institution de la cédule hypothécaire (Grundschuld), qui a une existence indépendante de toute créance personnelle, analogue à la lettre de gage (Briefhypotek).

Les Sociétés de crédit foncier et agricole jouissent de privilèges en matière de poursuites ; elles peuvent demander la mise en possession de l'immeuble grevé, aux frais et risques du débiteur en retard ; une sommation en paiement adressée au débiteur donne droit à la mise en vente du bien hypothécaire dans un délai d'un mois à dater de l'assignation, alors que, suivant le droit commun (selon la procédure civile en usage dans le vieux Royaume), les poursuites sont beaucoup plus lentes, les commandements, les citations et la mise en vente ne pouvant avoir lieu que trois mois après l'affichage.

**Question IV.**

En opposition avec les dispositions de l'article 480 du Code commercial et avec celles des articles 1685 et 1688 du Code civil — d'après lesquelles le créancier n'a le droit d'être dédommagé, en vertu du privilège qu'il détient sur l'objet gagé, que si cet objet se trouve effectivement en sa possession ou en celle d'une autre personne, garante des parties (avec une seule dérogation pour les produits du sol, que la récolte soit sur pied, engerbée ou cueillie) — la loi du 10 mars 1915, qui a institué les Caisses d'emprunt sur gages, stipule que le gage doit être considéré comme dûment constitué par le seul effet de la convention, sans qu'il soit besoin d'enlever le gage des mains du débiteur.

Cette loi autorise la mise en gage du bétail et des machines, qui seraient, par destination, des biens immobiliers.

L'acte de gage est enregistré à la mairie de la situation de l'immeuble et au greffe du tribunal ; le visa d'enregistrement confère à cet acte la valeur d'un acte authentique. Il devient exécutoire sans sommation préalable, car la procédure en matière de poursuite est identique aux dispositions de la loi pour le recouvrement des impôts.

Sur la base de l'acte d'emprunt sur gage, la Caisse d'emprunt délivre un « warrant », un bon d'emprunt ou mandat de paiement, négociable aux Caisses mentionnées sur ses titres.

Au cas où, à l'échéance ou avant l'échéance, le débiteur demande une prolongation du terme de paiement, ce délai peut lui être accordé si la Caisse est assurée de l'existence intégrale du gage, et si, d'autre part, elle estime que cette prolongation n'offre aucun risque ; il ne peut toutefois pas être accordé plus de deux prolongations du terme de paiement.

Les objets mis en gages doivent être marqués d'un signe extérieur.

La loi du Crédit rural de 1923 et celle du Crédit agricole de 1929, contiennent une réglementation plus complète des emprunts sur gages.

L'emprunt peut représenter le tiers de la valeur des objets gagés ; il est transmissible par endossement ; les droits de la Société quant aux gages constitués sont primés par ceux du fisc pour les impôts fonciers élémentaires représentant l'arriéré de trois années au plus ; ces droits sont également subordonnés aux privilèges des propriétaires sur le fermage annuel ; le contrat de gage est inscrit dans un registre spécial à la mairie ; le privilège du vendeur du bétail, des instruments et des machines gagés n'est maintenu que s'il a été transcrit antérieurement à l'acte de gage dans le même registre. De même, toutes saisies et poursuites qui pourraient s'exercer sur le bétail, les instruments et les machines servant à l'exploitation d'un fonds rural ne sauraient être opposées au gage si elles n'ont pas été antérieurement transcrites.

**Question V.**

Nous ne possédons de données précises sur les sommes qui grèvent l'agriculture en Roumanie que pour une partie de ces dettes, à savoir, pour celles qui ont été contractées auprès des institutions de crédit agricole contrôlées par l'Etat.

Les dettes envers les banques et envers les particuliers ne sont connues qu'approximativement ; de même, les sommes que les agriculteurs doivent à l'Etat pour le non-paiement des impôts ne sont pas établies.

La situation de la dette des agriculteurs envers les institutions de crédit contrôlées par l'Etat est la suivante :

1. La Banque nationale de Roumanie (compte arrêté au 30 septembre 1930) a avancé par l'intermédiaire	Lei
du Crédit foncier rural . . . . .	502.050.194
des Caisses de crédit départemental du crédit foncier rural . . . . .	428.519.000
des Caisses d'emprunt sur gages. . . . .	<u>261.472.201</u>
	1.192.041.395
2. Le Crédit foncier rural (compte arrêté au 1 <sup>er</sup> juillet 1930) a avancé par ses moyens propres :	Lei
Dettes en obligations . . . . .	1.368.777.700
Dettes en numéraire (capital et intérêts) . . . . .	<u>1.119.826.944</u>
	2.488.604.644
3. Les Caisses de crédit départemental du Crédit foncier rural (compte arrêté au 1 <sup>er</sup> juillet 1930) ont avancé par leurs moyens propres . . . . .	150.685.500
4. La Banque centrale coopérative, en tant qu'Institut de financement des Banques populaires et de leurs fédérations (compte arrêté au 30 novembre 1930), a avancé du 1 <sup>er</sup> avril 1930 au 30 novembre 1930. . . . .	402.227.604
Le solde débiteur de l'ancienne Centrale des Banques populaires. . . . .	2.761.273.057
Le solde débiteur de l'ancienne Centrale des coopératives. . . . .	785.622.105
Le solde débiteur de l'ancienne Centrale des Associations rurales. . . . .	<u>50.608.155</u>
	3.999.730.921

Le total des crédits jusqu'à présent accordés aux agriculteurs par les institutions de crédit agricole dépasse donc 7.830.000.000 de lei.

Les dettes, tant hypothécaires que chirographaires, contractées par les agriculteurs auprès des banques particulières se peuvent évaluer, sur la base de l'enquête menée par la section d'étude du Ministère de l'Agriculture, à la somme de 20 milliards de lei approximativement.

L'enquête faite a porté sur toutes les banques existant dans le pays, au nombre de plus d'un millier. Environ 50% de ces banques ont répondu. Elles ont indiqué, comme total des crédits accordés aux agriculteurs, la somme de 9.700.000.000 de lei.

Restent les dettes envers les particuliers. Comme on le sait, ces dernières s'élèvent à des sommes très importantes, mais il est extrêmement malaisé de les fixer exactement.

Au surplus, seules les enquêtes basées sur la méthode représentative peuvent aboutir à un résultat proche du chiffre réel. Ce genre d'enquête a été entrepris sur l'initiative particulière, dans les districts de Gorj et de Tutova, et dans toute l'étendue du pays par l'Institut de recherches agronomiques.

Cette dernière enquête a examiné 7.406 exploitations agricoles de grandeur différente, ayant une surface totale cultivée de 75.700 hectares. Les exploitations respectives étaient grevées, en 1930, de sommes s'élevant à 311.400.000 de lei, dont 174.405.000 de lei, ou 55%, étaient des dettes hypothécaires. Les dettes envers les particuliers représentent environ 25 à 30% de la dette globale. Chaque hectare est grevé en moyenne d'une dette approximative de 4.100 lei. Les résultats de cette enquête, entreprise sur une échelle et avec des moyens réduits, ne peuvent, bien entendu, être absolument probants pour la situation générale de l'endettement de notre agriculture ; en conséquence, le Ministère de l'Agriculture a pris l'initiative d'une nouvelle enquête comprenant un nombre d'exploitations agricoles beaucoup plus grand et dont les matériaux documentaires seront établis d'une manière scrupuleusement exacte. Cette enquête est en cours.

Sur la base des éléments dont nous disposons présentement et qui ont été exposés plus haut, l'ensemble des dettes des agriculteurs peut être évalué à la somme maximum de 40 milliards de lei, répartie ainsi qu'il suit : 7.800.000.000 à 10 milliards de dettes envers les institutions de crédit contrôlées par l'Etat ; 20 milliards envers les banques ; 8 à 10 milliards envers les particuliers.

Nous arrivons à un chiffre similaire en calculant la dette moyenne par hectare. Celle-ci s'élève probablement à 3.500 ou à 4.000 lei environ pour les 12.000.000 d'hectares qui représentent la surface totale cultivable du pays.

#### Question VI.

##### 1. *Le Crédit foncier rural* perçoit :

a) Pour les emprunts par émission de lettres de gage à long terme (jusqu'à 50 ans), un intérêt annuel de 5%.

b) Pour des emprunts par émission d'obligations en vue de travaux d'endiguement, à échéance de 15 ans, un intérêt annuel de 7%.

c) Pour les emprunts par virement émanant des banques particulières, à échéance de 10 ans, un intérêt annuel de 13%.

d) Pour les emprunts en numéraire, à court terme, gagés sur les récoltes, un intérêt annuel de 12½%.

2. *Les Caisses de Crédit départemental des agriculteurs*, créées par le Crédit foncier rural, exigent, pour les emprunts en numéraire à court terme, un intérêt annuel de 6 à 7%, outre l'escompte à la Banque nationale.

3. *Les Caisses d'emprunt sur gages* perçoivent, pour les emprunts en numéraire à court terme, un intérêt annuel de 8%, payable au moment du remboursement de l'emprunt.

4. *Les Banques populaires et leurs Fédérations* perçoivent, pour les emprunts accordés à court terme, et dans certains cas à moyen terme, un intérêt annuel maximum de 12%.

5. *L'Institut de Crédit hypothécaire transitoire* perçoit, pour les créances à court terme acquises et converties en créances à moyen terme, un intérêt annuel de 12%, ou de 3% en sus de l'intérêt des obligations qu'il émettra ; il perçoit, pour frais d'administration, une taxe unique de 1%.

6. *Les Banques particulières* perçoivent un intérêt annuel de 12 à 15%, plus une commission trimestrielle de 1 à 3%.

*Les dettes des agriculteurs envers la Banque agricole*, l'une des principales institutions de crédit en Roumanie, qui s'occupe spécialement de placements dans l'agriculture, ont été acquises par l'Etat sur la base d'une convention. Les débiteurs payent pour ces dettes un intérêt fixe de 12% par an.

7. *Les particuliers*. — L'intérêt annuel exigé par les particuliers pour les crédits accordés aux agriculteurs varie de 12 à 22%. Cependant, les cas d'intérêts usuraires dépassant 30% par an sont encore assez fréquents.

### Question VII.

Jusqu'à présent, les principales institutions de crédit agricole en Roumanie sont : le Crédit foncier rural, qui entre surtout en ligne de compte pour la propriété rurale grande et moyenne, et les Banques populaires, pour la propriété agricole paysanne.

1. *Le Crédit foncier rural* a été institué en 1873 par une loi basée sur le principe de l'association directe et de la garantie mutuelle des propriétaires ruraux.

Le Crédit se crée des ressources, en premier lieu, par l'émission d'obligations foncières. La valeur de ces émissions correspond au montant des emprunts hypothécaires accordés. Les obligations sont remises aux prêteurs qui peuvent les négocier sur le marché. Ces obligations produisent un intérêt fixe. Elles sont au porteur, transmissibles, payables à date fixe ou par tirage au sort, et solidairement garanties par la totalité des hypothèques.

Les obligations rurales bénéficient du privilège d'être acceptées comme garantie dans les Caisses de l'Etat et de servir pour le placement des fonds dotaux de mineurs, d'interdits, etc. Pour ces motifs, l'Etat s'est réservé le droit de contrôler l'émission des obligations par un commissaire du gouvernement.

L'administration du Crédit est composée de l'Assemblée générale des propriétaires débiteurs, d'un Conseil d'administration et d'un directeur général.

Indépendamment des émissions d'obligations, les ressources du Crédit se composent du capital réalisé par la souscription d'actions nominatives par les agriculteurs, par des retenues sur les emprunts accordés, et par d'autres opérations.

Les conditions de la propriété ayant été radicalement modifiées par l'expropriation de la grande propriété rurale, la loi de 1873 a dû être modifiée en 1923.

En conformité avec les dispositions de cette dernière loi, le Crédit foncier rural a réalisé un capital propre en numéraire par la transformation du capital social en actions. Seuls les propriétaires ruraux peuvent être actionnaires.

Toujours grâce à la loi de 1923, l'activité du Crédit foncier rural s'est étendue. Indépendamment de l'émission d'obligations foncières, cette institution finance des entreprises pour l'exploitation du sol et pour l'industrialisation de la production agricole, des entreprises de travaux techniques agricoles, des entrepôts et des magasins généraux pour les produits agricoles. Elle effectue des emprunts en numéraire en gageant les récoltes ainsi que le cheptel agricole, participe à des opérations de banque avec les membres de la société, contracte des assurances pour les agriculteurs, réescompte son portefeuille à la Banque nationale sur une seule signature et émet des obligations conformément au Code du commerce avec l'approbation de l'Assemblée générale.

Bien que les lois de 1873 et de 1923 prévoient la possibilité de créer plusieurs sociétés de crédit foncier, il n'existe jusqu'à présent en Roumanie que cette première Société civile de Crédit foncier rural.

Les opérations de cette Société ressortissent à deux sections : la Section financière et la Section bancaire.

a) La Section financière accorde des emprunts à long terme jusqu'à 50 ans, par émission d'obligations foncières au taux d'intérêt de 5%, et des emprunts pour des travaux d'endiguement, par émission d'obligations à échéance de 15 ans, au taux d'intérêt de 7%.

Le paiement de ces emprunts s'effectue au moyen d'annuités semestrielles.

La valeur totale des obligations foncières et des obligations en circulation s'élève, à la date du 1<sup>er</sup> janvier 1930, à 1.388.092.410 lei.

b) La Section bancaire accorde des emprunts en numéraire pour un terme d'une année au maximum en échange de gages sur les récoltes, renforcés par des garanties supplémentaires. Ces emprunts sont accordés pour l'achat de semences, de cheptel et pour le paiement de travaux agricoles, mais seulement aux propriétaires ruraux qui sont ou deviennent actionnaires du Crédit.

La Section bancaire a aussi accordé aux agriculteurs des emprunts sous forme de virements. Les virements effectués au Crédit foncier rural, qui proviennent des emprunts accordés aux agriculteurs par les Banques populaires, ont été passés au compte de l'Etat. On n'effectue plus de nouveaux virements et les engagements actuels se réduisent par l'acquittement progressif des annuités.

Le régime des Sociétés de Crédit foncier rural a subi de sérieuses modifications du fait de la nouvelle loi d'organisation du Crédit foncier rural et du Crédit agricole de 1929. Mais les prévisions de cette loi n'ont pas encore été réalisées, parce qu'on n'a pas créé les nouvelles Sociétés de Crédit foncier rural prévues, cependant que l'ancienne Société de Crédit foncier rural, dont nous avons parlé plus haut, ne s'est pas adaptée aux exigences de la nouvelle loi.

2. *Les Caisses de Crédit départemental des agriculteurs.* — Ces institutions sont des créations de la Société de Crédit foncier rural. On compte aujourd'hui 46 Caisses de crédit départemental, fondées de 1925 à 1929. Ce sont des sociétés anonymes, et leurs actionnaires sont exclusivement des agriculteurs. Le total de leurs actionnaires s'élève à 66.646 personnes, et le capital total versé en lei atteint 150.684.835.

Ces caisses sont financées par le Crédit foncier rural et par la Banque nationale, avec l'approbation et la garantie du Crédit rural. A chaque Caisse de crédit, la Société de Crédit foncier rural délègue un procureur pour gérer les effets qu'on introduit à la Banque nationale.

Les Caisses de crédit accordent des emprunts en numéraire pour un terme d'une année au plus jusqu'à concurrence de 2.000 lei par hectare ensemencé. Les débiteurs participent au capital des caisses avec une cote de 5 à 10% sur la valeur des emprunts.

3. *Les Caisses d'emprunt sur gages.* — Ces Caisses fonctionnent sur la base d'une loi spéciale de 1915. On compte en tout 59 caisses de ce genre dans tout le pays. Elles ont leur siège légal à l'Administration financière du district respectif, et les opérations s'exécutent à la filiale de la Banque nationale du chef-lieu de ce district.

Les Caisses d'emprunt sur gages dépendent du Ministère des Finances et sont dirigées par un Comité central de contrôle et par des Comités locaux composés d'un administrateur financier, du directeur de la filiale de la Banque nationale, du conseiller agricole et d'un délégué désigné par les agriculteurs. Ces Caisses accordent des emprunts en numéraire à court terme pour une durée d'un an au maximum.

Le fonds dont elles disposent atteint 300 millions de lei, répartis entre toutes les Caisses sous forme de crédits de 1 à 10 millions, ouverts à l'Agence locale de la Banque nationale.

4. *Les Banques populaires et leurs Fédérations* fonctionnent sur la base de la loi de 1929 pour l'organisation de la coopération.

Ces banques ne se peuvent constituer que là où s'associent 50 personnes pour le moins, si la responsabilité est limitée, et 20 personnes au moins, si la responsabilité est illimitée. La constitution de ces banques ne peut avoir lieu qu'avec l'approbation de l'Office national de la coopération.

Les Banques populaires sont administrées par un Conseil d'administration, un Comité de direction et l'Assemblée générale.

L'initiative et le contrôle de l'activité des Banques populaires reviennent à l'Office national de la coopération ; leur assistance financière est à la charge de la Banque centrale coopérative, qui a remplacé l'ancienne Centrale des Banques populaires et qui a acquis en 1929 tout son actif et son passif.

Le capital de la Banque centrale coopérative est de 500 millions de lei, qui doit être complété jusqu'à concurrence de un milliard de lei par les souscriptions des Banques populaires, des autres coopératives et de leurs Fédérations.

A la date du 31 décembre 1930, on comptait pour tout le pays 4.757 Banques populaires au capital social de 1.801.800.000 lei, ayant des fonds de réserve de 670.600.000 lei et des dépôts de 1.441.000.000 de lei portant intérêt.

Les Banques populaires et leurs fédérations accordent aux agriculteurs des emprunts à court terme jusqu'à un an, et, dans certains cas, à terme moyen, de 1 à 5 ans.

5. *L'Institut de crédit hypothécaire transitoire* a été fondé en 1930 par une loi spéciale du mois d'avril 1930.

Cet Institut est une société anonyme par actions au capital de 100 millions de lei.

L'Institut a pour but de faciliter aux débiteurs la conversion de leurs créances garanties par des hypothèques à court terme et à intérêt excessif, en créances à terme plus long et à intérêt réduit. Ne peuvent être convertis que les emprunts conclus avant le 1<sup>er</sup> janvier 1930.

Les hypothèques et les privilèges qui garantissent les créances destinées à être transmises à l'Institut peuvent être constitués tant sur les immeubles urbains que sur les immeubles ruraux, en sorte qu'il y a lieu de mentionner cette organisation parmi les institutions de crédit agricole.

L'Institut de crédit hypothécaire transmet les créances acquises au Crédit foncier rural pour un terme de 10 à 30 ans. Les créances hypothécaires cédées à l'Institut sont acquittées aux créanciers cessionnaires en numéraire.

L'Institut est autorisé, en dehors de son capital social, à émettre des obligations au porteur, pour une valeur de 600 millions de lei au maximum. Ces obligations produiront un intérêt de 9% au plus. Les obligations auront une durée de 3 ans et pourront être prolongées pour un nouveau terme de 3 ans. Le gouvernement est représenté dans cet Institut par un commissaire.

### Question VIII.

Parmi les institutions de Crédit agricole de Roumanie, seule la première Société de Crédit foncier rural a émis jusqu'à présent des lettres de gage. Les lettres de gage n'ont pas été placées directement à l'étranger par le Crédit rural. On n'a pas non plus émis à l'étranger de lettres de gage produisant intérêt avec garanties spéciales. Cependant, avant la guerre, un nombre relativement considérable de lettres de gage ont été achetées par l'étranger sur le marché roumain. Avant 1916, les lettres de gage du Crédit foncier rural étaient négociées dans les principales bourses d'Occident et étaient cotées au-dessus du pair. Depuis la guerre, elles ne sont plus cotées que sur les marchés intérieurs. Dans les bourses de Roumanie, le cours a varié durant les six premiers mois de l'année 1930 entre 49 et 45,25% de leur valeur nominale.

### Question IX.

#### ASSURANCE DES IMMEUBLES ET DU CHEPTEL MORT.

La forme conventionnelle de l'assurance existe en Roumanie, mais elle n'est pas obligatoire. L'assurance porte surtout sur les bâtiments et sur les récoltes, à un moindre degré sur les instruments ou les animaux de travail, et cela en raison des difficultés que présente une évaluation exacte de ces biens.

Dans le rapport présenté par M. le ministre Lugosiano à l'occasion du dernier Congrès de Varsovie, on a suggéré que l'Institut de crédit agricole, dont la création avait été projetée en Roumanie, soit à même de prévoir, au moment où l'emprunt est accordé, la signature obligatoire d'un contrat d'assurance, soit auprès de l'une des institutions d'assurance affiliées au Crédit, soit auprès d'une section spéciale de ce Crédit agricole.

La concentration dans une même institution de toutes les opérations ayant trait à l'agriculture, depuis le crédit de roulement, les investissements, les améliorations, etc., jusqu'à l'assurance de toute l'entreprise agricole, réaliserait un front unique grâce à la diminution des frais d'administration, les difficultés de tous genres de l'agriculteur se trouveraient considérablement atténuées.

Les articles 464 et 472 du Code commercial prévoient les règles relatives aux assurances.

La loi des Caisses d'emprunt sur gages, ainsi que le règlement pris en exécution de cette loi en 1915, prévoit (art. 8) l'assurance obligatoire du bien déposé en gage. Il est spécifié que les polices d'assurance seront transmises par cession à la Caisse d'emprunt, en sorte qu'en cas de sinistre le crédit gagiste encaissera, sans autres formalités et sans taxe aucune, la somme qui revient à l'assuré.

#### ASSURANCE DU CHEPTEL VIF.

Il existe en Roumanie deux genres d'assurance des animaux de ferme :

1. Les sociétés mutuelles locales, constituées sur la base de simple coopération, destinées à faire face aux dommages subis du fait de la mortalité des animaux assurés ; Ces mutuelles sont au nombre de vingt et fonctionnent dans les districts de Transylvanie.
2. Les sociétés d'assurance générale, qui ont aussi un service pour l'assurance des animaux, sont au nombre de quatre.
3. L'assurance des animaux à titre obligatoire n'a pas été appliqué en Roumanie.
4. Nous n'avons pas encore de dispositions légales pour l'assurance des animaux.

Le Ministère de l'Agriculture et des Domaines a élaboré un avant-projet de loi pour l'assurance des animaux fondé sur le principe de la mutualité intégrale : une partie des risques est supportée par la mutualité locale et une autre partie se répartit sur toutes les mutuelles. On a ainsi paré au cas où les pertes de l'une des mutuelles seraient excessives.

L'institution de ces sociétés mutuelles devient obligatoire dans la localité où la majorité de la population en fait la demande. L'Etat leur donne alors son assistance. Elles fonctionnent auprès des Banques populaires par mesure d'économie administrative.

Les sociétés mutuelles d'un district possèdent une fédération départementale fonctionnant auprès de la fédération départementale des Banques populaires ; les fédérations départementales à leur tour sont réunies dans une fédération centrale de réassurance des associations mutuelles, ayant son siège à Bucarest et fonctionnant auprès de la Caisse centrale des Banques populaires. Cette fédération est dotée par l'Etat au moyen d'un fonds prélevé sur le Budget et constituant un fonds de réserve alimenté sur une base annuelle.

Lors de sa constitution, chaque mutuelle devra recevoir du fonds de réserve de la Fédération centrale, une somme de 25.000 lei, qui constituera son premier fonds social.

La prime d'assurance se compose de deux parties distinctes : il y a d'abord une partie uniforme pour toutes les mutuelles, proportionnelle à la moitié des dommages éprouvés par toutes les associations mutuelles au cours d'une année ; la deuxième partie, qui est variable, est proportionnelle à la moitié des dommages subis au cours de l'année par chaque mutuelle envisagée séparément.

L'assuré est obligé d'acquitter la prime d'assurance, qui ne saurait dépasser 2% de la valeur des animaux assurés, dont 1% dans les premiers 15 jours après l'assurance. Le reste doit être versé dans les premiers 14 jours du mois de janvier de l'année qui suit.

Cet avant-projet n'a pas été soumis aux débats du Parlement. Le gouvernement a en effet l'intention d'englober l'assurance du bétail dans une institution d'assurance agricole comprenant tous les risques de l'agriculture (mortalité du bétail, grêle, incendie).



## RÉPONSE DU GOUVERNEMENT YOUGOSLAVE

### Question I.

En Yougoslavie, il existe trois sortes de crédits agricoles, à court terme, à moyen terme et à long terme, dont l'emploi varie selon les régions et les localités.

Le crédit à court terme au sens de la théorie — c'est-à-dire celui dont la durée est de trois à six mois, qui a pour objet de servir à l'approvisionnement en matières de production et au paiement des frais généraux et qui est généralement accordé à condition d'être remboursé après la récolte, est encore rare dans la pratique existante. En fait, il arrive souvent que les cultivateurs contractent des emprunts qui, à première vue, ainsi que par la forme, ressemblent à des crédits à court terme. Ce sont surtout les prêts accordés sur lettres de change, à échéance trimestrielle. Mais, abstraction faite de leur caractère extérieur et de leur courte durée, ils ne sont en réalité point liquidés, une fois le terme arrivé, mais ils se prolongent par voie de remboursement d'une partie du capital emprunté. Ils perdent ainsi leur caractère initial et se transforment en crédit à moyen terme. Dans certaines provinces avancées au point de vue économique, on a, grâce aux coopératives agricoles, introduit une organisation financière plus souple intéressant de larges masses de producteurs. Il s'agit surtout de la Slovénie, dans une moindre mesure de la Croatie, de la Slavonie et de la Voïvodine, où ces prêts revêtent réellement le caractère d'emprunts de production, c'est-à-dire servent à l'élevage, à la culture, et sont remboursés aux créanciers une fois les travaux exécutés. Les coopératives agricoles qui consentent des emprunts de ce genre contrôlent leur emploi et exigent souvent la garantie qu'ils seront réellement utilisés pour des fins prévues.

Le crédit à court terme pratiqué dans les autres régions de l'Etat, en ce qui concerne notamment la Bosnie, le Monténégro et certaines provinces de la Serbie d'avant-guerre, est surtout entre les mains de particuliers, de rentiers et de commerçants. Dans ces pays, ce crédit revêt le caractère d'un crédit de consommation, qu'il s'agisse d'un prêt en argent ayant pour objet de procurer au débiteur les articles nécessaires à la consommation, ou d'un crédit accordé au consommateur par le commerçant en produits alimentaires.

Le crédit à moyen terme, si nous prenons la durée comme critère, est très répandu, mais, en raison de la forme qu'il revêt, il doit, comme nous l'avons déjà fait observer plus haut, être plutôt considéré comme un crédit à court terme. D'autre part, de nombreux crédits agricoles ont été accordés, sans que l'on ait examiné si de pareilles dépenses, d'après leur nature, exigeaient l'emploi du crédit à moyen terme. Enfin, vu qu'une grande partie du pays, notamment la Serbie et le Monténégro, a été dévastée pendant la guerre et que les autres provinces ont subi des dommages par suite de la longue durée du conflit, une demande considérable de crédit se manifesta aussitôt après la fin des hostilités, et il y fut généralement donné satisfaction au moyen du crédit à moyen terme. Les constructions d'immeubles, les réparations des bâtiments démolis, le renouvellement des vignobles, la régénération de l'élevage des troupeaux, l'approvisionnement en machines et en outillages agricoles, ainsi que la plupart des besoins connexes, exigèrent une quantité considérable de moyens financiers, surtout le crédit à long terme, puisque ces travaux ne peuvent être effectués ni remboursés en un an. Enfin, de nos jours, le retour des cultivateurs à l'élevage des troupeaux exige les mêmes moyens.

Cependant, malgré un emploi répandu du crédit à moyen terme, il n'a pas pris une forme spéciale, mais, dans la plupart des cas, il a été donné suite aux demandes de ce genre au moyen des avances à court terme, qui, en raison de leur durée de trois à cinq ans, se transformèrent en avances à moyen terme. Le développement du crédit à moyen terme, au sens strict de ce mot, fut pratiqué uniquement par les coopératives agricoles et fut adapté au besoin réel correspondant à son objet. Les coopératives qui ne possèdent pas un capital propre, mais se servent du crédit ouvert par les banques, ont dû adopter, dans la plupart des cas, la pratique de leurs créanciers et accorder ce crédit sur la base de traites à échéance trimestrielle, en les faisant réescompter par les institutions financières. Au contraire, les coopératives, qui possèdent des ressources suffisantes, offrent le crédit à moyen terme proprement dit, en prenant comme garantie des obligations à échéance de deux à trois années et plus, comme le font notamment les coopératives slovènes. Le crédit à moyen terme étant devenu de plus en plus indispensable aux petits cultivateurs, certaines expériences furent tentées à la fin de l'année 1927, et c'est pourquoi fut fondée la Direction des Crédits agraires, chargée de fonder un Bureau central, et de se placer à la tête de toutes les coopératives agricoles de crédit mutuel. D'autre part, cette institution a eu pour objet de satisfaire au besoin de crédit à termes court et moyen, par l'intervention financière de l'Etat. Au début, ces coopératives de crédit mutuel, disposant de moyens restreints, avaient tendance à placer leurs capitaux à court terme, sans les engager à des échéances plus longues ; le besoin irrésistible de crédit à moyen terme les obligea à céder dans la pratique, et une partie prépondérante de leurs capitaux fut placée à terme moyen.

En 1929, la Direction des Crédits agraires fut supprimée, et, à sa place, fut fondée la Banque agricole privilégiée, dont le but est non seulement d'accorder le crédit hypothécaire à long terme, mais aussi de satisfaire au besoin de crédit moyen du petit cultivateur. Toutes les

organisations coopératives dont dispose la Direction des Crédits agraires sont mises au service de la nouvelle Banque, qui, par l'intermédiaire de ces organisations, répond aux besoins de crédit à moyen terme en accordant ce crédit pour une durée de trois ans au maximum et à la condition qu'il soit procédé au remboursement partiel sur la base semestrielle. En qualité d'organes de la Banque, les coopératives agricoles sont tenues de contrôler l'emploi des prêts accordés, ainsi que le remboursement partiel du capital emprunté.

Le crédit à long terme était très développé dans la partie de l'Etat qui, avant la guerre, faisait partie de la Monarchie austro-hongroise. Par le fait de la dévalorisation monétaire, qui commença dès le début de la guerre et s'accentua dans les années postérieures, les cultivateurs, en raison des prix de vente très favorables, trouvèrent le moyen de se débarrasser sans aucune difficulté de leurs obligations hypothécaires. Au lendemain de la guerre, elles avaient complètement disparu dans ces provinces.

Peu de temps après la guerre, le besoin de crédit hypothécaire à long terme se fit sentir de nouveau ; le besoin était déterminé, d'un côté, par la nécessité de réparer les dommages causés, et, d'autre part, par la formation d'un nombre remarquable de nouvelles fermes, créées par suite du morcellement des grandes propriétés rurales dû à la réforme agraire et à la colonisation intérieure. A cette même époque apparut la tendance universelle à l'élargissement de la propriété rurale par voie d'achat. La soif de la terre et sa rentabilité causèrent une hausse sensible du prix de vente, si bien que, dans la plupart des cas, les moyens propres de l'acheteur ne suffirent plus au paiement du prix convenu et à l'achat de l'outillage indispensable pour la ferme agrandie. Comme les banques et autres institutions de crédit ne disposaient pas de moyens suffisants pour financer toutes ces transactions, et que, par suite de l'instabilité monétaire générale, elles ne pouvaient pas attirer les capitaux étrangers, le taux de l'intérêt subit une hausse. D'autre part, les capitaux bancaires trouvaient une rentabilité meilleure dans d'autres placements, surtout dans l'industrie nouvelle et dans le commerce. C'est pour parer à cette situation difficile que fut créée la Banque agricole privilégiée. Elle joue un rôle de première importance. C'est elle qui doit, soit par son capital propre, soit, le cas échéant, à l'aide des fonds acquis par l'émission d'obligations, réaliser petit à petit la conversion des dettes agricoles et régulariser le taux d'intérêt.

## Question II.

En ce qui concerne les garanties par lesquelles sont couverts les crédits agricoles, le rôle principal est joué par des cautions et par le nantissement hypothécaire.

Le crédit personnel apparaît sous deux formes : crédit sur traites et crédit à base d'obligations. Les banques, soit publiques, soit privées, se servent presque exclusivement de traites signées par deux cautions et par le débiteur. L'organisation entière de notre marché financier, où la Banque nationale et les autres institutions de crédit ont une situation prédominante, impose ce système de travail, puisque les engagements par traites sont rigoureusement garantis par le code de procédure civile. Grâce à cela, cette sorte de transaction est considérée comme un moyen des plus commodes pour la réalisation du crédit personnel. Les coopératives agricoles pratiquent assez souvent le système de crédit sur obligations munies de la signature de deux cautions. Ici, on doit distinguer les organisations coopératives indépendantes au point de vue financier, qui travaillent par des moyens propres ; celles-ci peuvent facilement pratiquer ce mode de crédit en gardant les obligations dans leurs portefeuilles. Au contraire, les coopératives agricoles, qui manquent de capitaux propres et dépendent des banques, sont tenues de suivre la pratique de leurs créanciers. Aussi, chez eux, la traite comme instrument de crédit est-elle un phénomène fréquent. Dans la Serbie d'avant-guerre et au Monténégro, les traites et les lettres de change étaient inconnues des paysans, qui ne jouissaient pas de la capacité juridique de souscrire pareilles obligations. La Banque nationale de Serbie, désirant consacrer une partie de ses moyens à l'agriculture, a introduit la pratique qui consiste à escompter les obligations des coopératives et à leur fournir le crédit qu'elle ne donne d'habitude que sur la base du réescompte. La nouvelle loi sur les lettres de change, dont l'application s'étend au territoire entier de l'Etat, a supprimé l'incapacité juridique du paysan relative à la lettre de change. On peut donc prévoir qu'à l'avenir elle deviendra un instrument permanent de crédit agricole.

La caution collective en tant que garantie de crédit agricole est, en principe, limitée aux affaires des fédérations de coopératives agricoles. Dans les milieux bancaires, on n'admettait jusqu'à présent pas ce mode de garantie, considérant que sa réalisation par voie judiciaire est lente et compliquée. La loi sur les faillites, qui était en vigueur dans les pays de l'ancienne Autriche-Hongrie (Dalmatie et Slovénie), prévoyait une procédure spéciale concernant les billets à ordre des créanciers en cas de déconfiture de l'association coopérative et son application était très commode. Il faut remarquer que, dans le nouveau projet de loi, qui sera applicable au territoire entier de l'Etat, on a introduit des institutions semblables. Il est, par conséquent, très probable que, dans l'avenir la caution collective jouera un rôle plus important en matière de crédit bancaire.

En raison de l'attitude défavorable adoptée par les institutions bancaires du pays envers le crédit à base de caution collective, on a plusieurs fois tenté de créer des banques coopératives sous forme de sociétés anonymes. En se servant du privilège qu'ont les sociétés anonymes de crédit d'attirer les capitaux d'épargne, ces banques avaient pour but de mettre leurs fonds à la disposition de l'agriculture. Malheureusement, toutes ces tentatives échouèrent, et le crédit coopératif a gardé sa forme primitive, c'est-à-dire qu'il n'a pas réussi à entrer en contact direct avec le marché financier général. Ainsi, ce crédit n'est accordé que par les coopératives, par la

Banque nationale yougoslave, qui s'est, à cet effet, écartée de sa pratique ordinaire, et par l'ancienne Direction des Crédits agraires, qui a été fondée comme institution spéciale pour le crédit coopératif, et enfin par la Banque agricole privilégiée. Cette dernière a déjà placé presque la moitié de ses moyens disponibles par voie de crédit à base de caution collective.

Le crédit à base de nantissement mobilier est peu développé en Yougoslavie. Bien que les différentes parties de l'Etat soient régies par des codes civils différents, tous ces codes reposent sur un principe uniforme d'après lequel le nantissement n'est constitué qu'après la remise de l'objet gagé entre les mains du créancier. Puisque, en agriculture, il n'est pas possible que le débiteur se prive de la possession des objets mobiliers qui lui sont indispensables pour la production, ce mode de sécurité réelle n'a pu être pratiqué. Quant aux produits agricoles, ils sont généralement, selon leur nature, et au point de vue théorique, considérés comme aptes à servir de gage, sans préjudice pour l'emprunteur. Mais, à défaut d'entrepôts de marchandises, — ceux-là manquent même dans les grands centres commerciaux —, cette forme de crédit n'a pas pu trouver le fondement nécessaire. Comme dérogation aux dispositions légales de droit commun, il faut citer une clause insérée dans la loi sur le crédit agricole, d'après laquelle une possibilité a été prévue de mobiliser les produits de l'inventaire agricole sans que le débiteur soit obligé de se priver de leur possession, et, d'autre part, sans que les garanties offertes au créancier soient diminuées par cet état de choses.

En pratique, on ne sait encore si ce mode de crédit serait possible, ni quels seraient ses avantages et ses défauts, vu que les coopératives basées sur la loi du crédit agricole n'ont fonctionné qu'une année. La Direction du crédit agricole a été supprimée avant d'avoir pu donner des résultats pratiques. Ces derniers temps, le Bureau central des coopératives agricoles serbes, dont la sphère d'action s'étend sur tout le territoire de l'ancienne Serbie, avait tenté de faire des opérations de crédit en laissant entre les mains des débiteurs les objets gagés. Le Bureau se basait sur les sanctions pénales contenues dans le code coopératif serbe, sur le contrôle des coopératives communales et, enfin, sur la confiance envers les débiteurs eux-mêmes. Les résultats de cette action sont, jusqu'à présent, très satisfaisants. Toutefois, il faut encore attendre un certain temps avant d'émettre une opinion définitive sur ce mode de crédit. L'avenir montrera s'il peut être pratiqué dans une plus large mesure.

Il y a chez nous un autre type de garantie, qui est sans doute en usage aussi ailleurs ; c'est le crédit par traite garanti hypothécairement. Cette sorte de crédit est encore assez peu connue dans l'ancienne Serbie et le Monténégro, tandis qu'elle est très développée dans les autres provinces. Elle est très employée par les banques privées, car, d'un côté, cette sorte de crédit offre une sécurité entière à cause de la garantie hypothécaire, de l'autre, elle a tous les avantages du crédit par traite au point de vue de la réalisation rapide et de la possibilité de réescompte. Pour le débiteur, cette forme de crédit est naturellement l'une des plus onéreuses, vu la double garantie qu'il doit donner.

### Question III.

Les conditions juridiques qui régissent la constitution de l'hypothèque sont assez variables d'une province à l'autre. Sur le territoire qui appartenait auparavant à l'Autriche-Hongrie, le cadastrage était déjà fait et les livres fonciers dressés, ce qui donnait une idée réelle des rapports juridiques en ce qui concerne les immeubles. A l'aide de ces livres fonciers, on se rendait compte de la superficie de l'emplacement, du revenu net cadastral de l'immeuble, du statut juridique, c'est-à-dire du nom du propriétaire, et de toutes les charges hypothécaires. Sur ce territoire, différentes lois sont en vigueur : En Dalmatie et en Slavonie, l'ancien code autrichien ; en Voïvodine, l'ancien code hongrois, en Croatie et en Slavonie, le même qu'avant la guerre, et, en Bosnie et en Herzégovine, la loi bosniaque. Mais toutes ces lois reposent sur les mêmes principes, puisqu'elles sont basées sur l'ancienne loi autrichienne. La constitution de l'hypothèque dans ces contrées se pratique d'après les principes du droit allemand : on procède à l'inscription de la charge dans les livres fonciers en suivant le principe de la publicité et de la spécialité. Dans l'ancienne Serbie et au Monténégro, les livres fonciers n'existent pas encore. Pour prouver son droit de possession foncière, le propriétaire se sert d'un document appelé « tapyá », qui est homologué par la Cour d'appel et lui est délivré par les organes administratifs.

Pour l'inscription des hypothèques, on se sert des registres hypothécaires tenus par les tribunaux et dans lesquels sont enregistrés tous les contrats afférents aux immeubles donnés en nantissement. Jusqu'à présent, il n'y avait pas de dépendance directe entre la « tapyá » en tant que titre de propriété et les livres hypothécaires où sont inscrites les hypothèques. En général, le système qui prévalait en Serbie et au Monténégro avait de graves défauts, de sorte que la sûreté juridique n'était pas grande en ce qui concerne la mutation et le grevage hypothécaire de l'immeuble. Cet état de fait a été, dans une certaine mesure, amélioré par la nouvelle loi sur la délivrance des « tapyas ». Cette nouvelle loi devait rendre plus facile la délivrance des « tapyas » et permettre ainsi aux propriétaires fonciers qui en étaient jusqu'à présent dépourvus — ce qui était le cas pour plus de la moitié — de se munir d'une « tapyá » valable.

D'autre part, cette loi ordonne de tenir un livre pour les « tapyas » délivrées et d'établir une certaine liaison entre le registre des « tapyas » délivrées et le registre hypothécaire. Depuis plusieurs années déjà, on procède au cadastrage dans les provinces qui n'étaient pas cadastrées.

De même, une nouvelle loi a été promulguée sur les livres fonciers. Elle est appliquée dans tout le pays. Cette loi comporte l'établissement graduel de livres fonciers en Serbie et au Monténégro dès que ces régions seront cadastrées. Pour la préparation de cette nouvelle loi sur les livres fonciers qui sera valable pour tout le pays, on s'est inspiré de l'ancienne loi

autrichienne, déjà appliquée dans les autres provinces. Il est donc inutile d'exposer ici en détail les principes de cette loi.

En ce qui concerne le crédit hypothécaire, il existe encore différentes restrictions dans certaines provinces.

Dans l'ancienne Serbie et le Monténégro, existe la restriction du paragraphe 471 du Code de procédure civile. D'après celui-ci, un cultivateur ne peut pas appeler une partie de sa terre « minimum protégé », ni l'hypothéquer, ni être poursuivi par voie exécutive pour récupération de créance. Cette restriction a constitué un grand obstacle au développement du crédit foncier, alors assez rudimentaire en Serbie, puisque une grande partie des petits cultivateurs n'était pas en état de contracter d'emprunt sur sa terre. En effet, la propriété entière était très souvent plus petite que le minimum protégé. On a beaucoup discuté cette question, mais, aujourd'hui encore, on ne peut pas prédire si le nouveau Code civil, qui est en cours d'élaboration pour tout le Royaume, étendra la protection du minimum à tout le territoire, ou si, tout au contraire, il supprimera cette institution.

En Croatie et en Slovénie, la protection du minimum de possession a été instituée auprès des « zadrougas » (communautés familiales) par la loi du 12 mai 1889. Aujourd'hui encore, dans tout le midi slave, il existe des vestiges de l'ancienne structure de la famille. La forme moderne de la famille, composée du père, de la mère et des enfants, n'était pas partout dominante ; dans certaines régions, on trouve encore des familles d'un caractère plus large, composées de tous les descendants d'une souche, formant tous ensemble une « zadrouga ».

Par conséquent, la propriété immobilière de cette communauté n'est plus divisée, mais elle représente la propriété commune de toute la « zadrouga », et elle est administrée d'une façon collective. L'évolution historique a montré que les « zadrougas » qui se sont divisées et qui ont partagé leurs terres étaient sujettes à une destruction continuelle. Aussi, une loi a-t-elle été promulguée en l'année 1889 pour les territoires de la Croatie et de la Slovénie, en vertu de laquelle les relations juridiques des « zadrougas » ont été réglementées ; le but principal de ladite loi était de protéger la communauté des « zadrougas » contre la division forcée qui serait le résultat des mesures exécutives.

C'est pour cette raison que la loi a apporté des restrictions permanentes relatives à la possibilité de l'endettement de la propriété collective ; il n'y a qu'un certain superflu au-dessus du minimum qui peut être librement hypothéqué, tandis que l'endettement du « minimum protégé » est limité par l'institution d'un maximum légal basé sur le taux du revenu cadastral. Dans ce dernier cas, on exige une permission de l'Administration. Par conséquent, les « zadrougas » ne jouissent que d'une capacité relative en matière de crédit. Il est toutefois démontré que, malgré ces restrictions, les « zadrougas » ont pu satisfaire à tous leurs besoins de crédit.

Des restrictions analogues existent encore en Bosnie et en Herzégovine, où, après la suppression de l'ancien régime féodal (knotstvo), les familles vivant sur les biens jadis féodaux sont devenues propriétaires des terres labourées par elles, mais cela avec la restriction qu'un certain minimum de terre de chaque famille ne peut être hypothéqué que moyennant une autorisation de l'Administration.

Enfin, la réforme agraire en Serbie méridionale et en Voïvodine a imposé des restrictions diverses à tous ceux qui ont reçu la terre comme colons ou comme anciens soldats volontaires. Ces terres, elles aussi, ne peuvent être hypothéquées qu'après autorisation préalable du pouvoir administratif.

Selon les lois actuelles sur les taxes, les frais de l'inscription hypothécaire sont les suivants : l'acte de *nantissement immobilier* est assujéti à une taxe de  $\frac{1}{2}\%$  de la somme prêtée. S'il s'agit de crédit sur lettre de change garantie par une hypothèque, la taxe sur l'acte est de 0,1%. Mais, dans ce dernier cas, on doit ajouter une taxe trimestrielle pour la lettre de change, qui est de 0,2% pour les petites sommes et de 0,15% pour les sommes plus considérables. En Croatie, Slavonie et Voïvodine, les signatures sur les actes, qui doivent être inscrites dans les livres fonciers, peuvent être certifiées seulement par deux témoins sachant lire et écrire, tandis que dans les autres régions du Royaume, on exige un certificat émanant des pouvoirs publics (notaires, magistrats, police), qui est sujet à une taxe de 20 dinars. La demande par laquelle on désire obtenir une inscription est soumise à une taxe de 1% de la valeur nominale du prêt. La purge hypothécaire doit être de  $\frac{1}{3}\%$  de la valeur des prêts hypothécaires et de 2 dinars pour les crédits à base de lettres de change, tandis que la demande ayant pour but de purger ces derniers est taxée de 50 dinars. Les signatures sur les actes hypothécaires de purge doivent être certifiées de la même façon que celles des actes de nantissement immobilier.

Ces prescriptions comportent de nombreuses exceptions. D'après la loi sur les coopératives agricoles pour l'ancien Royaume de Serbie, les actes de nantissement en vertu desquels les membres reçoivent les prêts de leurs coopératives, et ces dernières de leur bureau central, sont affranchis de toute taxe. Mais étant donné qu'en ancienne Serbie, les emprunts à base hypothécaire sont rares, cet affranchissement est en somme négligeable. Cependant, par l'article 262 de la Loi de finances pour l'année 1922-23, ledit affranchissement a été étendu au Royaume tout entier, ce qui lui a rendu une valeur pratique considérable, surtout pour la Slovénie, où les coopératives s'occupent beaucoup de crédits hypothécaires.

Suivant des lois spéciales (Loi sur le crédit agraire, du 12 juin 1925 et Loi sur la banque privilégiée, du 16 avril 1929, ainsi que la Loi supplémentaire et la Loi sur la banque agricole privilégiée, du 25 février 1930) les membres des coopératives locales et régionales pour le crédit agraire et les débiteurs de la Banque agricole privilégiée sont affranchis de toutes les taxes procédant des actes constitutifs ou abolitifs des droits hypothécaires.

Sur les territoires de l'ancienne Serbie et du Monténégro, où les livres fonciers n'existent pas encore, les hypothèques ne peuvent, selon la loi nouvelle sur l'émission des « tapya » (acte

authentique qui sert de titre de propriété des immeubles, à défaut de livres fonciers) en date du 14 décembre 1929, être inscrites dans les livres hypothécaires que si, en même temps que la demande d'inscription, la « tapyá » correspondante est présentée au magistrat. Comme un nombre considérable de propriétaires ne possède pas de « tapyá », la constitution de la première hypothèque cause indirectement les frais qu'exigent les formalités de l'émission d'une « tapyá ». Quoique tous les actes des pouvoirs publics relatifs à l'émission d'une « tapyá » soient gratuits, il faut compter avec ces frais-là qui ne sont, en somme, pas très considérables.

#### Question IV.

Sur le nantissement mobilier (droit de gage) il existe des prescriptions légales communes à savoir les différents codes civils qui sont toujours en vigueur dans les différentes régions. Tous ces codes sont, en principe, basés sur l'ancien Code civil autrichien, suivant lequel, pour l'acquisition d'un droit de gage, il faut avant tout que le créateur détienne l'objet du gage. Dans le chapitre II du présent exposé, il a déjà été expliqué pourquoi cette forme de crédit n'avait jamais pu s'acclimater chez nous. Cette forme a été jusqu'à présent si peu pratiquée qu'on n'avait même pas pu tenter de régler la question par une loi spéciale, à l'exception de la loi déjà mentionnée sur le crédit agraire. D'après cette loi, tous les biens que les débiteurs achètent au moyen des emprunts obtenus grâce à ladite loi, doivent être inscrits dans des registres coopératifs spéciaux, et dans des livres publics tenus par le magistrat. Les coopératives ont le privilège de pouvoir se faire payer sur ces biens avant tous les autres créanciers. A part cela, ces biens ne tombent pas, en ce qui concerne la coopérative créditrice, sous le coup du paragraphe 471 du Code de procédure civile serbe, qui interdit le nantissement et la vente exécutive, non seulement d'une part des immeubles, mais aussi d'une grande portion des biens agricoles mobiliers nécessaires à la production agraire. En dehors de cela, la même disposition prévoit une sanction pénale pour les débiteurs qui, avant le paiement de la dette, auraient vendu, aliéné ou anéanti en partie ou en totalité les biens ainsi gagés. Cette sanction pénale existe aussi dans le Code coopératif pour le Royaume de Serbie. D'après les prescriptions du droit commun, le débiteur est évidemment civilement responsable. Mais le créancier ne peut employer tous ces procédés que contre le débiteur, et il n'est point protégé contre les tiers qui ont acquis de bonne foi le bien meuble gagé.

#### Question V.

Dans notre pays, nous ne possédons pas de renseignements précis sur l'endettement des agriculteurs. Lorsque, en 1928, à la suite de difficultés toujours croissantes, le problème du crédit agricole s'est imposé dans toute son acuité à l'attention du Ministère du Commerce et de l'Industrie, une enquête sur cette question a été ouverte. Sur la base des renseignements reçus, les dettes paysannes atteignent une somme d'environ deux milliards et demi à trois milliards de dinars. Or, depuis cette époque, deux années se sont écoulées, deux années défavorables pour notre agriculture. Nous n'aurions donc pas tort d'élever cette somme à trois milliards et demi de dinars. Les données suivantes montreront que ces chiffres, quoique basés sur des renseignements qui n'ont pas été statistiquement contrôlés, n'est pas arbitraire.

Parmi les institutions de crédit public, la Banque nationale yougoslave, non plus que la Caisse postale d'Épargne, ne s'occupent de prêts directs aux agriculteurs. Dans ce cas, on ne peut prendre en considération que la Banque hypothécaire de l'État et la Banque agricole privilégiée. La Banque hypothécaire de l'État, primitivement destinée à devenir une institution de crédit agricole, s'est, au cours de son évolution, transformée en une institution de crédit éminemment urbain. Elle a placé jusqu'à aujourd'hui deux milliards de dinars dans des affaires hypothécaires. Sur cette somme, il ne revient au crédit hypothécaire qu'une fraction de 10%, c'est-à-dire environ deux cents millions de dinars. Les autres institutions de crédit d'un caractère public, telles que caisses d'épargne communales, cantonales et régionales, qui disposent de deux milliards de dinars en tout, n'ont pas investi une grande somme dans l'agriculture. La part la plus considérable de la somme mentionnée plus haut revient aux Caisses d'épargne urbaines qui ne s'occupent guère de crédit agricole. Si nous admettons qu'elles ont placé dans l'agriculture une somme de 100 millions de dinars, il est assez probable que nous serons au delà plutôt qu'en deçà de la vérité.

Le facteur le plus important en matière de crédit agricole nous paraît être les coopératives agricoles. Leur rôle est particulièrement important en Slovénie et en Serbie. Mais, en Croatie, en Slavonie, et en Voïvodine, leur participation est aussi remarquable. En matière de crédit agricole, la part de ces coopératives est évaluée à une somme approximative d'un milliard et demi de dinars. Cette évaluation est très plausible, car il est certain que la totalité des capitaux dont disposent lesdites coopératives se trouve entre les mains des agriculteurs, qui sont la seule classe à laquelle il a été permis de bénéficier de cette forme du crédit.

L'évaluation est plus difficile quand il s'agit de déterminer la participation des banques privées et des différentes sociétés anonymes au crédit agricole. A la fin de l'année 1929, ces institutions avaient placé environ 14 milliards et demi de dinars. On peut négliger les sommes désignées par les rubriques « débiteurs d'après les comptes courants » et « affaires des consortiums » (neuf milliards de dinars), car dans cette sorte d'affaires, la part des agriculteurs est d'une importance minime. Il ne reste donc que cinq milliards et demi de dinars pouvant être pris en considération pour le crédit agricole. Pour cette catégorie d'emprunts, les seules banques

qui entrent en ligne de compte sont celles qui possèdent un réseau développé de succursales et les banques locales, car ce sont les seules qui puissent entretenir des relations étroites avec le village. Nous estimons donc que, de cette somme de cinq milliards et demi de dinars, le 20% seulement est placé dans l'agriculture, c'est-à-dire un milliard en tout.

Dans certaines parties du Royaume où l'organisation du crédit est peu développée (Bosnie, Monténégro, une partie de la Serbie) on ne doit pas chiffrer trop haut la part qui revient aux individus et aux commerçants, qui satisfont à des besoins du crédit de consommation, et à court terme ; cette forme de crédit se trouve également, mais d'une façon sporadique, dans le reste du Royaume. Pour les chiffres donnés plus haut, la participation de ces créanciers n'est pas considérable, mais elle peut être évaluée à deux cents millions de dinars.

Si tous ces chiffres sont approximativement exacts, il s'ensuit que l'agriculture aurait bénéficié, sous toutes les formes de crédit, d'un total d'environ 3.800.000.000 de dinars, c'est-à-dire d'une somme un peu plus grande que l'on ne pouvait s'y attendre d'après les résultats de l'enquête de l'année 1928 et d'après les circonstances changées de ces deux dernières années.

Cependant, même en présence de cette somme, on ne peut point parler d'un endettement excessif du paysan, car, en regard des 12 millions d'hectares de terre labourée, la somme de 3.800.000.000 de dinars ne représente qu'une charge de 300 à 325 dinars par hectare, soit le 10% de la valeur du sol. Ce qui constitue le vrai problème, ce n'est guère le chiffre élevé des capitaux dus, mais les conditions de paiement ; c'est-à-dire le taux de l'intérêt, dans la forme des dettes et les moyens de liquider celles-ci.

Il est une question bien plus compliquée que le problème de l'endettement : c'est celle de la distribution des crédits en catégories d'après leur durée. Dans cet ordre d'idées, nous n'osons pas procéder à une division numérique. Nous nous contenterons de constater que la moindre part de ces crédits est à court terme, qu'une part plus grande revient au crédit à long terme, et que la portion la plus considérable (plus de la moitié de la somme totale) est absorbée par les prêts à moyen terme. Les emprunts qui entrent dans cette troisième catégorie ont été le plus souvent constitués comme crédit à court terme, pour se transformer ensuite par la force des circonstances en crédit à terme moyen.

#### Question VI.

Comme les conditions de crédit sont très différentes dans les diverses régions, il est naturel que le taux de l'intérêt ne soit pas le même sur tout le territoire. Nous pouvons distinguer à cet effet trois grandes régions principales : la Slovénie, où les conditions de crédit sont les plus favorables pour l'agriculteur ; la Croatie, la Slavonie et la Voïvodine, où les conditions de crédit sont relativement satisfaisantes, et enfin tout le reste du pays, où l'agriculture souffre d'un taux d'intérêt très élevé.

En Slovénie, les coopératives agricoles portées à un très haut degré de perfection, disposent de capitaux propres et suffisants pour satisfaire les besoins de crédit de toute la population. Elles deviennent pour cette région un véritable régulateur du taux d'intérêt. A cet égard, les coopératives ont trouvé un appui remarquable dans le travail des institutions bancaires communales, également très bien organisées. Les banques privées, pour autant qu'elles peuvent être prises en considération en matière de crédit agricole, doivent s'adapter au taux des coopératives. Grâce à cette circonstance, nous trouvons en Slovénie un taux d'intérêt moyen de 6% à 9%. Dans la même région, les prêts à court terme et à moyen terme sont d'un taux moins élevé que les crédits à long terme, car les coopératives y sont presque les seuls prêteurs.

En Croatie, en Slavonie et en Voïvodine, la coopération agricole ne joue pas un rôle si considérable qu'en Slovénie ; ici, le taux de l'intérêt est déterminé par les diverses sociétés par actions et par les autres institutions de crédit. Une organisation bancaire développée permet cependant aussi dans ces régions un crédit agricole à des conditions qui, dans des circonstances normales, ne peuvent être considérées comme dues à l'excès ; pour les crédits à court terme et à terme moyen, le taux s'élève, dans les grandes banques de 9% à 12%, tandis qu'il est, dans les institutions de province, de 14% en moyenne. Le même taux est pratiqué par les coopératives, surtout par celles d'entre elles qui, à défaut de capitaux propres, sont obligées de se servir des crédits qui leur sont ouverts par des banques. Dans les mêmes provinces, le taux des prêts à long terme est un peu moins élevé, entre 8% et 11%.

Dans les autres régions du Royaume les conditions sont bien moins favorables. Les causes en sont tout d'abord l'état économique arriéré qui est la caractéristique de ces régions, et ensuite, spécialement pour la Serbie et le Monténégro, l'organisation insuffisante du marché financier par rapport au crédit agricole. Il convient d'ajouter à cela que les livres fonciers faisaient défaut dans les territoires en question. Or, l'existence de pareils livres est la condition la plus importante d'une bonne organisation du crédit hypothécaire.

Là où le coopératisme est plus développé, comme en Serbie centrale et en Serbie du Nord, cette institution représentait un correctif contre un taux excessif d'intérêt, car les coopératives ouvraient des crédits à leurs membres moyennant un intérêt de 9% à 12%. Dans les régions de faible mouvement coopératiste, où les banques locales déterminaient le taux d'intérêt, celui-ci variait entre 14% et 20%. Le crédit usuraire n'est pas rare ici. Comme il se manifeste surtout sous la forme de crédit de consommation, il atteint quelquefois, avec toutes les dépenses accessoires, un taux de 50%. Dans les régions où les livres fonciers existent, le crédit hypothécaire n'est pas plus cher que dans les deux premiers groupes de régions, c'est-à-dire que le taux oscille entre 9% et 12%. En Serbie et au Monténégro, les seuls émetteurs de prêts hypothécaires sont les institutions publiques et surtout la Banque agricole privilégiée. Aussi, est-ce le taux d'intérêt de cette dernière qui fait la loi.



### Question VII.

Nos précédentes réponses ont déjà indiqué quelles sont, en Yougoslavie, les principales institutions de crédit agricole, et dans quel sens leur action se dirige. De toutes ces institutions publiques de crédit, c'est la Banque agricole privilégiée qui est toutefois la plus importante. Elle a été fondée en automne 1929, en vertu de la loi spéciale sur la P.A.B. du 16 avril 1929. C'est une société par action au capital de 700.000.000 de dinars, qui sera entièrement versé à la fin de l'année 1930. La Banque est destinée à prêter de l'argent exclusivement aux agriculteurs, et cela soit directement, soit par l'intermédiaire des organes coopératifs ; la Banque peut également s'occuper d'autres affaires, pour autant qu'elles sont nécessaires à la réalisation de son but principal.

En dehors de ses fonds propres, la Banque peut aussi placer dans l'agriculture les capitaux extérieurs provenant des sommes reçues à titres d'épargne ou figurant aux comptes courants ; elle peut, de plus, emprunter elle-même et émettre des obligations. La Banque jouit de privilèges. Elle est dispensée des taxes et impôts et jouit aussi d'une procédure simplifiée en ce qui concerne la récupération exécutive des créances. Elle s'occupe de toutes les formes du crédit hypothécaire : elle accorde des prêts hypothécaires pour un terme maximum de vingt-cinq ans et les prêts à terme moyen à trois ans au maximum. Aux membres des coopératives agricoles et par l'intermédiaire de ces coopératives, elle ouvre des crédits à court terme sur la base de lettres de change avec échéance à un an, au plus. De plus, la Banque fournit des moyens pécuniaires aux coopératives de production, elle ouvre des crédits à long terme aux coopératives d'amélioration et aux sociétés des eaux, tout en créditant les bureaux centraux des coopératives et les coopératives elles-mêmes à l'occasion de leurs actions multiples. Ce sont les crédits hypothécaires à long terme et les prêts aux coopératives à terme moyen qui jouent le rôle le plus important dans le travail actuel de la banque.

La participation de la Banque hypothécaire d'Etat au crédit agricole n'est pas très considérable. Cette institution a été fondée en ancienne Serbie, par la loi du 16 août 1862, comme organe d'administration des fonds ; elle a été ultérieurement transformée en Banque hypothécaire d'Etat et son champ d'action a été étendu à tout le territoire de la Yougoslavie. Le capital de la Banque se compose des fonds d'Etat et d'autres fonds et dépôts publics que la Banque reçoit en garde, ainsi que de l'épargne qui figure aux comptes courants et des obligations émises. Le but principal de la Banque est de prêter de l'argent sur la base des immeubles ; mais elle peut aussi s'occuper d'autres opérations de banque. Au début, il était prévu que la banque s'occuperait principalement du crédit agricole ; mais plus tard, comme nous l'avons vu, elle s'est consacrée presque exclusivement au crédit urbain, et une part minime est engagée dans le crédit agricole.

La Banque hypothécaire d'Etat jouit aussi de différents privilèges, surtout en ce qui concerne la récupération exécutive des créances.

Parmi les autres institutions publiques de crédit, il faut mentionner encore les caisses d'épargne communales (régionales et cantonales) et les caisses d'épargne réglementées par la loi. En Dalmatie et en Slovénie, ces dernières sont basées sur l'ancienne loi autrichienne de l'an 1844, qui a été modifiée à maintes reprises, tandis que, dans les autres régions du Royaume, il n'existe pas de prescriptions spéciales relatives aux caisses d'épargne ; elles se basent donc soit sur les prescriptions du Code de commerce, c'est-à-dire que, pour la plupart, elles prennent la forme de sociétés par actions, soit sur la loi de constitution des communes urbaines (loi du 21 juin 1895).

Le rôle des caisses d'épargne communales dans le crédit agricole n'est pas grand. Les plus puissantes sont les caisses d'épargne de certaines grandes villes qui s'occupent exclusivement des prêts aux propriétaires de bâtiments, aux entreprises de bâtiment et aux artisans ; même les capitaux des autres caisses d'épargne sont pour la plupart absorbés par ces trois classes et le crédit agricole y est fort peu en usage. Pour autant qu'il est pratiqué par ces institutions, ses trois formes principales — crédit à court terme, à terme moyen et à long terme — se trouvent représentées dans la même proportion que plus haut, *ad I.*

Les coopératives agricoles sont un facteur d'importance pour le crédit à court terme et à terme moyen. Dans notre pays, le coopératisme agricole n'est pas encore organisé d'une manière identique, mais il montre toujours les vestiges de son évolution historique. Sur le territoire de l'ancienne Serbie, la loi du 3 décembre 1898 est en vigueur. D'après cette loi, toutes les coopératives doivent faire partie du Bureau central, qui est à Belgrade. Sur le territoire de la Croatie, de la Slavonie, de la Voïvodine et de la Bosnie, les coopératives sont réglementées par les dispositions des Codes de commerce correspondants (Code croato-hongrois de l'année 1875, article XXXVII ; Code bosniaque du 24 juin 1883) ; en Slovénie et en Dalmatie, l'ancienne loi autrichienne du 9 avril 1873 est toujours en vigueur.

Après la guerre, on a promulgué certaines lois créant des types spéciaux de coopératives valables pour le territoire entier du Royaume : ainsi la loi du 20 mai 1925 sur les communautés agricoles et la loi sur le crédit agraire du 12 juin 1925. Le nouveau code coopératif est en cours d'élaboration ; il sera applicable sur tout le territoire, en sorte que même les deux lois précitées seront abolies et qu'à l'avenir, toutes les organisations trouveront en lui leur fondement unique.

Sur le total approximatif d'environ 6.500 coopératives existant aujourd'hui dans le Royaume, il en est 6.000 agricoles, dont 4.500 sont des coopératives de crédit. Les moyens propres de toutes les coopératives s'élevaient, à la fin de l'année 1929, à 42.000.000 de dinars de capital entièrement versé, 46.000.000 de fonds de réserve et 1.500.000.000 de fonds d'épargne.

Presque toute cette somme est placée dans l'agriculture et cela spécialement dans les prêts à court terme et à terme moyen, puisque les coopératives s'occupent très peu de placement à long terme. En tout cas, les coopératives sont l'un des principaux facteurs dans le domaine du crédit agricole, et, comme nous l'avons vu par exemple en Slovénie, elles dominent parfois le marché financier pour cette espèce de crédit.

Les prêteurs individuels ne sont d'une grande importance que là où ni les coopératives agricoles ni les institutions de crédit ne sont suffisamment développées ; leur champ d'action est du reste limité au seul crédit de consommation à court terme.

#### Question VIII.

En ce qui concerne le placement des obligations, la situation d'après-guerre a été très défavorable, en sorte qu'aucune de nos institutions n'a pu placer sur le marché une quantité plus considérable de ses papiers. Toutefois, la Banque hypothécaire d'Etat fait exception, mais les fonds obtenus de cette façon n'étant pas engagés dans le crédit agricole, ces émissions ne présentent pour nous aucun intérêt.

#### Question IX.

Différentes sociétés par actions et certaines institutions basées sur les principes de coopération s'occupent chez nous des assurances. La forme la plus usitée est l'assurance contre l'incendie. Aussi bien, les prêteurs sur immeubles exigent toujours que les bâtiments soient assurés. On assure cependant assez rarement l'inventaire mort et vivant contre l'incendie. L'assurance du bétail contre les épidémies est relativement peu usitée et l'assurance contre la grêle ne se trouve appliquée qu'aux plantes industrielles sensibles (chanvre, houblon) et aux vignobles. L'assurance obligatoire n'existe pas et les essais qui ont été faits jadis dans certaines régions n'ont pas donné de résultats satisfaisants. La pratique des assurances est la plus développée dans les parties occidentales de l'Etat (Slovénie). Dans les régions centrales du pays, on s'assure aussi volontiers, tandis que dans le Midi, les assurances ne font que commencer à entrer dans les mœurs. Si les biens assurés, soit meubles, soit immeubles, sont pris en gage ou hypothéqués, la police d'assurance est cédée au créancier. De la sorte, en cas de sinistre, le dédommagement est versé non pas au propriétaire, mais au créancier.

Sur le territoire anciennement soumis au droit autrichien, les assurances sont réglementées par la loi du 23 décembre 1917. Pour le reste du Royaume, elles sont basées sur les dispositions relatives au contrat d'assurance qui figurent dans les Codes de commerce correspondants.

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Geneva, January 27th, 1931.

LEAGUE OF NATIONS

**FINANCIAL COMMITTEE** 4

**REPORT TO THE COUNCIL ON THE WORK OF THE FORTIETH  
SESSION OF THE COMMITTEE**

(Geneva, January 15th to 20th, 1931)

and

**RESOLUTIONS ADOPTED BY THE COUNCIL AT ITS  
SIXTY-SECOND SESSION**

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## A. REPORT OF THE FINANCIAL COMMITTEE.

### INTRODUCTION.

The Financial Committee has the honour to submit to the Council the following report on the work of its fortieth session, held at Geneva from January 15th to 20th, 1931.

The following members were present:

M. SUVICH (*Chairman*);  
M. DE CHALENDAR (Acting Chairman at certain meetings, in the absence of M. Suvich);  
M. JANSSEN;  
M. TER MEULEN;  
Dr. MLYNARSKI;  
Sir Otto NIEMEYER;  
Dr. POSPISIL;  
Sir Henry STRAKOSCH;  
M. ARMANNI (replaced M. Suvich at the first few meetings);  
M. SATO (in place of M. Tsushima).

The following also attended part of the meetings:

1. *For Bulgarian Questions:*

M. LIAPTCHEFF, President of the Council of Ministers;  
M. BOUROFF, Minister for Foreign Affairs;  
M. CHARRON, Commissioner of the League of Nations in Sofia.

Specially for the Enquiry into the Co-operative System:

Dr. H. GEBHARD, President of the Central Bank of Co-operative Credit Societies in Finland;  
M. B. TREYBAL, Director of the Regional Union of Co-operative Societies at Uzhorod (Czechoslovakia).

2. *For the Question of Agricultural Credits:*

M. DI NOLA, Chairman of the Economic Committee of the League of Nations;  
M. DE MICHELIS, President of the International Institute of Agriculture, Rome;  
Dr. F. J. L. VAN RIJN, Member of the Permanent Committee of the International Institute of Agriculture, Rome;  
M. A. POPLAWSKI, Chairman of the Warsaw Conference on Intermediary Agricultural Credits (November 1930);  
M. LUGOSIANU, Vice-Chairman of the Warsaw Conference on Intermediary Agricultural Credits (November 1930).

3. *Representing the Bank of Greece:*

M. EULAMBIO, Manager of the Bank;  
Mr. FINLAYSON, Adviser to the Bank.

### I. GENERAL.

The Financial Committee appointed M. Guido JUNG a member of the Gold Delegation, in place of M. Beneduce, who has resigned.

The Committee decided to invite the following persons to constitute the Delegation on Agricultural Credits:

M. TER MEULEN	}	Members of the Financial Committee;
Dr. MLYNARSKI		
Dr. POSPISIL		
Sir Henry STRAKOSCH		
M. DI NOLA, Chairman of the Economic Committee;		
Dr. Hermann KISSLER, Member of the Board of Directors of the Deutsche Rentenbank-Kreditanstalt, Berlin;		
M. REGARD, Deputy Governor of the Crédit foncier of France, Paris;		
A person to be nominated by the International Institute of Agriculture, Rome.		

## 2. AGRICULTURAL CREDITS.

The Financial Committee has devoted a considerable part of its present session to the examination of the question of agricultural credits. This question originated in the first place from the Preliminary Conference with a view to Concerted Economic Action, which, considering that the shortage of capital is a serious hindrance to the development of commercial relations between industrial and agricultural countries, expressed the hope that a satisfactory solution might be found in a better organisation of agricultural credits. This recommendation was referred by the Council to the Financial Committee.

Meanwhile, a special Conference on Agricultural Credits was held in Warsaw in November 1930 by the representatives of the Governments of Bulgaria, Czechoslovakia, Estonia, Hungary, Latvia, Poland, Roumania and Yugoslavia. This Conference made a special study of the question of intermediary credit for agricultural purposes, on which it adopted a memorandum which it decided to communicate to the League of Nations. The Warsaw Conference also decided to submit to the League the replies of the Governments represented at Warsaw to a questionnaire adopted by the Conference for the purpose of obtaining further information with regard to agricultural credits in the various countries.

The Second International Conference, with a view to Concerted Economic Action which met in Geneva at the end of November 1930, again discussed the matter and requested that the consideration of the question of agricultural credits "should be undertaken energetically, taking into account its economic as well as its financial aspects, with a view to obtaining speedy results, particularly as regards the agricultural countries of Central and Eastern Europe".

The Financial Committee has consulted M. de Michelis, President of the International Institute of Agriculture in Rome, which has made detailed studies in this question for a number of years and has collected considerable material on it. It has also consulted M. Di Nola, the Chairman of the Economic Committee, who has explained the interest which the Economic Committee attaches to this question. In addition, the Financial Committee has heard M. Poplawski and M. Lugosianu, the President and Vice-President respectively of the Warsaw Conference, and has examined the memorandum adopted by that Conference and the reports prepared by the countries represented at the Conference.

The Financial Committee is very sensible of the importance of the question thus raised, both from the standpoint of agricultural countries themselves and also from that of the industrial countries of the world; but they think it necessary to point out that the obstacles which have, so far, impeded a flow of capital to Eastern Europe are not only, or even mainly, of such a character that they can be made to disappear by technical financial measures only. It is undoubtedly, in the first place, considerations of a political nature which at present keep capital away from that part of Europe. Nothing would be more helpful in starting this flow of capital, which would be so beneficial from all points of view, than measures which would create the feeling of confidence which is at present lacking. As long as this situation is not improved, no mere financial technique will enable capital to be obtained, except at relatively high costs. Further, the position of agriculture is only one facet of a general depression affecting the raising of capital for all purposes, and cannot be effectively treated in isolation and apart from general measures of financial consolidation and reconstruction.

The fundamental difficulty of attracting capital in present circumstances to new ventures, so long as these prerequisites are not met, must be emphasised in order that there may be a full realisation of the limits within which technical action by itself can be helpful.

The Financial Committee realises that these general questions are outside its particular sphere, but it must base its advice on the definite assumption that solutions for them will be found.

The Committee is, however, of opinion that improvements in the present machinery available for international agricultural credits could be devised, and it is to this side of the question that the Committee has chiefly directed its attention. It has had under consideration some of the general conditions needed and technical measures available to strengthen market confidence and attract international capital.

The Committee has come to certain tentative conclusions which appear to them to justify the belief that a scheme could be evolved, though naturally there are very many matters which need further detailed consideration. It is inclined to the view that the main security on which it may be possible to raise substantial amounts of capital abroad would be that of first mortgages. Other categories of securities may be possible in raising capital within the country itself; but, from an international point of view, they would appear less likely to be adequate. Although the Committee would not eliminate completely and from the outset the consideration of intermediary credits, they are also inclined to think that long-term credits would form the major and at the moment more practical part of the transactions in view.

The Committee think, further, that such guarantees as can be offered by agriculture and by local or national mortgage institutes would have to be supplemented by guarantees on the part of the Governments of the countries concerned. It is only by building up a cumulative series of guarantees that it will be possible to borrow on more favourable terms than at present. The countries concerned have a major interest in collaborating to create an effective system of guarantees in order to secure the greatest possible confidence among the investing public. The terms

on which the countries in question can borrow would probably be improved if they could make a joint appeal to the capital markets instead of competing with each other on those markets.

The Committee believes that, very probably, the best method of securing this object would be the creation of a special international institute which would borrow on its own credit in the international markets, and would lend on mortgage security the money so obtained through the intermediary of national or local institutes. The creation and working of such an institute raises a number of difficult and complicated questions, such as the way in which such an institute should be created, its relations with the various Governments and with the League, the constitution of its capital, the remuneration of that capital, the categories of business to which it should be limited, the currencies in which it should borrow and lend, etc.

All these questions and several others obviously need detailed examination and discussion. The Financial Committee would propose, therefore, to set up a special Delegation consisting of some of its own members, a representative of the Economic Committee, a representative of the International Institute of Agriculture and some persons having special experience in the question of agricultural credits in order to elaborate a concrete and detailed plan. In this manner the Financial Committee hopes at its next session to be able to consider a definite plan.

Apart from these general questions relating to the organisation of an efficient system of international agricultural credits, there are a number of technical questions relating to the mortgage laws and other conditions existing in the borrowing countries which will have to be considered. The special Delegation proposed above should have authority to set up special enquiries on this side of the problem if, in the course of its work, it should come to the conclusion that such enquiries could already advantageously be undertaken at the present stage.

### 3. WORK OF THE GOLD DELEGATION.

The Financial Committee has the honour to inform the Council of the work done since September 1930 by the Delegation appointed to consider the problem of the purchasing power of gold.

At a session held in November, at which the distribution of gold was the chief question discussed, the Delegation had the opportunity of hearing the views of several experts, whom it had asked to analyse the causes and effects of the movements of gold in different countries during recent years. These investigations were carried out by Professor Aftalion for France, by Dr. Bruins for Germany, by Professor Gregory for Great Britain and by Mr. G. E. Roberts for the United States. The Delegation is greatly indebted to these experts for their assistance and has recommended to the Committee that their reports should be published.<sup>1</sup>

During the course of its following session, held in January, the Delegation drafted a second interim report,<sup>2</sup> which is confined to the question of the distribution of gold. It still has to examine the questions of the effect of price fluctuations on general prosperity, of the manner in which such variations can best be measured and of cyclical as distinguished from long-term movements, and desires to reserve to itself the right to unite in a methodical manner in its final report its analyses of these questions and the subjects treated in the two interim reports.

The Financial Committee is of the opinion that, in view of the importance of the subject dealt with in this second interim report, it should be communicated to all Members of the League and to non-Member States. It thinks it desirable, however, to make the following observations.

In the first place, it did not fall within the Delegation's terms of reference to enquire whether or not there has been any relationship between the present economic depression and the distribution of gold. Indeed, its terms of reference were formulated before the present depression began to make itself felt. In view of this fact, it is natural that the present report should not deal in direct terms with this problem.

In the second place, the Delegation has confined itself to indicating the principles on which the efficient working of the gold standard must, in its opinion, primarily depend. These principles are concerned with the general policy of central banking. They do not and cannot imply an arbitrary or mechanical contrivance for the distribution of gold. The successful application of these principles, however, must depend to a large extent upon the existence of settled economic conditions, and will necessarily be impeded if there is a lack of public confidence. The movement of gold is directly influenced by the movement of capital, and a steady flow of capital and credit cannot be maintained when the necessary conditions of security are lacking.

### 4. BULGARIA.

#### (I) SETTLEMENT OF REFUGEES.

The Committee noted the seventeenth report<sup>3</sup> of the Commissioner of the League of Nations and heard a statement by him on the progress made with the work of refugee settlement. The greater part of the work has been completed. There remains but a relatively small balance

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<sup>1</sup> Document C.102.M.38.1931.II.

<sup>2</sup> Document C.75.M.31.1931.II.

<sup>3</sup> Document C.710.M.301.1930.II.

from the loan, nearly all of which has been earmarked, or is about to be earmarked, for the remaining work to be carried out during the next few months.

## (2) FINANCIAL SITUATION.

M. R. Charron, Commissioner of the League of Nations and Technical Adviser to the National Bank of Bulgaria, made a statement on the financial and economic situation of Bulgaria, which the Committee was able to examine, thanks to the presence in Geneva of M. A. Liaptcheff, Prime Minister of Bulgaria, and M. A. Bouroff, Bulgarian Minister for Foreign Affairs, who both attended the Committee's meetings.

(a) *Budget.* — The Financial Committee noted that the budget for the current financial year showed a considerable deficit on the early months of the year, which was mainly due to large reductions in the revenue collected. The Government was thus obliged to make use of its Treasury facilities under the Statutes of the National Bank, almost up to the legal limit allowed. This situation can be overcome; but it calls for the closest attention on the part of the Bulgarian Government, both when administering the budget funds during the latter part of the current financial year, and when drafting the next budget, which will necessitate the utmost care. Certain steps have already been taken by the Government.

(b) *National Bank.* — The position of the National Bank is still, on the whole, satisfactory, thanks to the policy of reform pursued by the Bank during 1930. This satisfactory position of the National Bank constitutes a favourable element in the economic prosperity of the country, and a useful factor in bringing about a revival of business.

## (3) ENQUIRY INTO THE CO-OPERATIVE SYSTEM.

In accordance with the Council's decision of September 24th, 1930, the experts appointed to co-operate with the Government in the reorganisation of the co-operative system in Bulgaria, M. Gebhard and M. Treybal, visited Bulgaria and carried out an enquiry there, which lasted about six weeks.

Their final report is not yet ready; the problem was, however, considered in their presence by the Financial Committee during this session. In the absence of their report, the Committee was unable to form any definite conclusions; but it would appear from the enquiries made that, if the Bulgarian Government decides to undertake the reform contemplated, which the Committee regards as indispensable, it ought to proceed on the lines indicated in the attached Appendix prepared by the experts and approved by the Committee.

## (4) RESIGNATION OF THE COMMISSIONER OF THE LEAGUE.

The Committee has learnt with very great regret of the resignation by M. René Charron from his joint position as Commissioner of the League and Adviser to the National Bank in Bulgaria. It desires to place on record its very high appreciation of the manner in which M. Charron has carried out a difficult and important public task.

The settlement of refugees is now nearly completed, and the situation of the National Bank, notwithstanding the general economic depression, is satisfactory. It is only in looking backwards down the road of the last four years that it is possible to realise the nature of the difficulties that have been overcome. M. Charron, thanks to his courage, his loyal spirit of collaboration with all parties concerned, and his high sense of public responsibility, has contributed a large part to the progress which has been made.

## 5. BANK OF GREECE.<sup>1</sup>

The Committee has examined the position of the Bank of Greece and the economic conditions of the country in general, and has discussed these matters with M. Eulambio, Manager, and Mr. Finlayson, Adviser, of the Bank. It noted with satisfaction that Greece, in comparison with other countries, has well resisted the general economic depression.

The Committee was glad to note that the standard form for monthly returns to be submitted by the commercial banks in Greece, which it had prepared at its session in May 1930, has been adopted with slight modifications and embodied in the Decree-law of August 7th, 1930.

Under Article 7 of the Agreement of October 27th, 1927, between the Hellenic Government and the National Bank of Greece (Annex III to the Protocol on the Greek Stabilisation Loan), this Bank undertook to maintain daily a minimum balance with the Bank of Greece equal to 7 per cent of its sight and savings deposits in drachmæ. It was understood at the time that this provision would be extended in due course so as to apply to all commercial banks in Greece in conformity with the original intentions of the Financial Committee. Such an extension was therefore proposed in Article 14 of the draft Law of May 5th, 1930, on joint-stock companies and banks.

The reserve provision in Article 14 of the draft Law has subsequently been modified in the sense that the commercial banks are required to maintain a daily minimum reserve in cash

<sup>1</sup> This part of the Financial Committee's report was noted by the Council at its meeting of January 23rd, 1931.

and/or deposits with the Bank of Greece equal to at least 12 per cent of their sight and savings deposits. The Financial Committee welcomes this legislation and is satisfied in principle with the proposals of the draft Law which have been referred to it for consideration.

#### 6. PREPARATION OF INTERNATIONAL CONVENTIONS.<sup>1</sup>

The Assembly's resolution of October 3rd, 1930 (Section IV), lays down a preparatory procedure which is, in principle, to be followed as regards the negotiations of general conventions under the auspices of the League of Nations. Under the terms of the resolution, the Financial Committee, in common with the other technical organisations of the League, is invited to examine this procedure in order that the Assembly at its next session may judge whether any changes should be made in it.

The Committee notes that the procedure laid down in the resolution will not be applicable where the Assembly or the Council considers other methods to be more appropriate. From its point of view, this is an essential safeguard. The Committee is constantly called upon to deal with financial questions of which the solution is extremely urgent. If it considers that solution to lie in the conclusion of a general international agreement, it must have full power to obtain from the Council measures which will enable such agreement to be concluded much more expeditiously than would be possible under the resolution, the full application of which would require a period of about three years. The Committee notes that the international instruments which have been drafted by it in connection with the financial reconstruction of various countries are in any case not general conventions within the meaning of the resolution.

#### 7. ENQUIRY REGARDING THE PRESENT ECONOMIC DEPRESSION.<sup>1</sup>

The Committee has had before it a memorandum submitted by the Secretariat concerning the procedure to be adopted in pursuance of the resolution of the Assembly dealing with the problems of the present economic depression and the recurrence of such depressions. It considers that the procedure it proposes will carry out the instructions of the Assembly.

#### 8. INVESTMENTS ADVISORY COMMITTEE FOR THE STAFF PENSIONS FUND.

Article 3, paragraph 5, of the Regulations adopted by the eleventh Assembly lays down:

“On all questions regarding investment, the Administrative Board (of the Staff Pensions Fund) shall take the advice of an Investments Committee of three members nominated by the Financial Committee of the League of Nations, subject to approval by the Council of the League.”

In view of this provision, the Financial Committee has nominated—subject to the Council's approval—the following persons to sit on the Investments Committee of the Pensions Fund:

M. Fulvio SUVICH (Italian);  
M. C. E. TER MEULEN (Dutch);  
M. Edmond ODIER (Swiss).

In order to simplify procedure during the coming years of transition from the Provident Fund to the Pensions Fund, the Financial Committee is of opinion that the Investments Committee for both funds should have an identical composition. The Financial Committee therefore proposes that the three persons mentioned above should also form the Investments Committee for the Provident Fund.

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<sup>1</sup> This part of the Financial Committee's report was noted by the Council at its meeting of January 23rd, 1931,

Appendix.

BULGARIA: ENQUIRY INTO THE CO-OPERATIVE SYSTEM.

SUMMARY OF PROVISIONAL CONSIDERATIONS FOR RE-ORGANISATION.

1. The co-operative system in Bulgaria should be organised in two distinct groups:
    - (a) Agricultural co-operatives and their central organisations;
    - (b) Co-operatives other than agricultural and their central organisations.
  2. The agricultural co-operatives and their central organisations should come under the Bulgarian Agricultural Bank, and the other co-operatives under the Bulgarian Central Co-operative Bank. It would perhaps be better for all co-operatives to receive credit and be administered by a central credit institution; but, for the present, an amalgamation of the two State banks is not recommended.
  3. In order that the Bulgarian Agricultural Bank should develop into a genuine central institution of co-operative credit, it requires to be completely remodelled on the following lines:
    - (a) The policy of direct giving of credit to the peasants should be gradually done away with, and the network of agricultural credit co-operatives so extended that no credit is given to the peasants, generally speaking, except through the latter.

The interest policy of the Bank must also be on such lines as to foster the above development instead of hindering it, as it at present does.
    - (b) A special department should be set up for propaganda, organisation and instruction of the co-operatives and auditing of their accounts. It should not be under the management of the Bank, but a special committee should be constituted for its administration. The committee should include, in addition to the members appointed by the Bank, members elected by the Congress of all co-operatives receiving credit from the Bank. The elected members should be in the majority.
    - (c) In order to strengthen further the idea of the autonomy of the co-operatives, the Congress in question should also be given the right to nominate a certain number of representatives on the board of management of the Bank.
    - (d) As the Agricultural Bank is of great financial importance to the economic life of the country as a whole, and as that importance will increase in the immediate future, it seems advisable from the standpoint of financial policy that the Bank should be placed under the supervision of the Ministry of Finance, in the same way as other financial institutions of the country.

It seems necessary, however, that the Minister of Agriculture should participate in the decision of questions relating to the Agricultural Bank. The Government should appoint the board of management of the Bank and also the persons nominated under (c) above.
    - (e) The management of the Bank should be freed from all governmental influence in credit transactions.
    - (f) Commercial transactions of any kind, whether for account of the Bank or for account of clients, should be discontinued, leaving the Bank to concern itself exclusively with credit business.
  4. The General Association of Agricultural Co-operatives should be transformed into a purely purchasing and selling central organisation for the co-operatives, and the regional associations should be either wound up or converted into branches of the General Association.
  5. The agricultural credit co-operatives should handle only credit business and, if it is found necessary to take a hand in commercial transactions, this should be on a commission basis only, and the volume of such business should be confined to the limits within which it is not worth while to found a special co-operative. The consumers' sections and the principal commercial sections of the credit co-operatives should be converted into special co-operatives. It would be desirable to make legislative provision to forbid commercial transactions to credit institutions of all kinds.
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## B. RESOLUTIONS AND DECISIONS OF THE COUNCIL AT ITS SIXTY-SECOND SESSION.

### I. AGRICULTURAL CREDITS.

RESOLUTION ADOPTED ON JANUARY 23RD, 1931.

“ The Council,

“ (1) Approves the report of the Financial Committee on the question of agricultural credits;

“ (2) Approves, in particular, the creation of a special delegation to elaborate concrete plans;

“ (3) Expresses the very earnest hope that, by this procedure, it will be possible to submit detailed plans to the Council at its next session.”

The Commission of Enquiry for European Union, which met in Geneva from January 16th to 21st, 1931, adopted the following resolution:

“ IV. With regard to agricultural credit, the Commission of Enquiry for European Union finds that the investigation of this question has been carried far enough for a detailed scheme to be drawn up.

“ The Financial Committee has made a very interesting report to the Commission of Enquiry, and the latter notes that the Financial Committee is to continue its investigation. It considers it highly desirable that a complete scheme of executory measures should be submitted to the Council of the League of Nations in May next in such detail that, if approved by the Council, it can be put into effect forthwith.

“ The Commission of Enquiry accordingly decides to appoint a Committee of eleven members—namely, the representatives of Bulgaria, Denmark, France, Germany, Great Britain, Hungary, Italy, the Netherlands, Poland, Roumania and Sweden—which will, if necessary, hear the views of the representatives of the other countries concerned.

“ This Committee will watch the work of the Financial Committee and keep in touch with the matter in order that a detailed programme, both financial and legal, may be submitted to the Council of the League of Nations at its session in May next, so that it may deliberate with full knowledge of the facts and prescribe prompt executory measures should it so decide.”

The Council, at its meeting of January 23rd, 1931, noted the various resolutions of the Commission of Enquiry for European Union, and authorised the technical organisations and the Secretary-General of the League of Nations to take the necessary action to put the resolutions into operation.

### 2. WORK OF THE GOLD DELEGATION.

The Council, on January 24th, 1931, adopted the recommendation of the Financial Committee that the second interim report of the Gold Delegation should be communicated to all Members of the League and non-Member States.

### 3. BULGARIA.

The Council, on January 23rd, 1931, approved the Financial Committee's report on Bulgarian questions, and expressed its warm thanks to M. Charron for the services he has rendered to the League.

In regard to a successor to M. Charron as Commissioner for the Settlement of Refugees and Adviser to the National Bank, the Council authorised its President to make the necessary appointment, on the advice of the Rapporteur and a sub-committee of the Financial Committee.

### 4. APPOINTMENT OF TWO NEW MEMBERS OF THE FINANCIAL COMMITTEE TO REPLACE Dr. MELCHIOR AND M. WALLENBERG.

The Council, on January 24th, 1931, appointed the following as members of the Financial Committee, in place of Dr. Melchior and M. Wallenberg, who have resigned:

Dr. Paul KEMPNER, of the banking firm of Mendelssohn & Co., Berlin;  
M. N. RYGG, President of the National Bank of Norway.



5. APPOINTMENT OF FURTHER CORRESPONDING MEMBER OF FISCAL COMMITTEE.

The Council, on January 19th, 1931, appointed:

Don Luis Enrique ESCUDERO, Director of Taxation at the Ministry of Finance, Quito, Ecuador,

as a Corresponding Member of the Fiscal Committee.

In order that the mandates of all the members should terminate simultaneously, the appointment is made until June 1932.

6. INVESTMENTS COMMITTEE FOR STAFF PENSIONS FUND.

On the recommendation of the Financial Committee, the Council, on January 23rd, 1931, approved the appointment of the following to constitute the Investments Committee for the Staff Pensions Fund:

M. Fulvio SUVICH (Italian);  
M. C. E. TER MEULEN (Dutch);  
M. Edmond ODIER (Swiss).

The appointments were made for a period of three years.

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Geneva, February 10th, 1931.

LEAGUE OF NATIONS

INTERNATIONAL CONFERENCE  
FOR THE  
UNIFICATION OF THE LAWS RELATING  
TO BILLS OF EXCHANGE,  
PROMISSORY NOTES AND CHEQUES

Second Session, February 23rd, 1931

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NOTE BY THE SECRETARIAT.

The Secretariat thinks that it might be helpful to the members of the Conference to have before them the complete text of the experts' proposals together with the text of these articles in the Uniform Law for Bills of Exchange which should apply to cheques and have been adapted for this purpose.

This combined text forms the first part of the present document.

The second part consists of the summary of the Governments' replies to the Questionnaire circulated to them. Their observations have been arranged, as was done in the Preparatory Document C. 628. M. 249. 1930. II, under the Articles to which they refer; the present document, however, contains the observations of all the Governments, whereas owing to the late arrival of certain replies it was impossible to give a complete summary in the Preparatory Document mentioned above.

## Part 1.

### DRAFT REGULATION ON CHEQUES.<sup>1</sup>

#### ISSUE AND FORM OF CHEQUES.

##### ARTICLE 1.<sup>2</sup>

A cheque contains :

- (1) *The term "cheque" inserted in the body of the instrument and expressed in the language employed in drawing up the instrument ;*
- (2) An unconditional order<sup>3</sup> to pay a determinate sum of money ;
- (3) The name of the person who is to pay (drawee) ;
- (4) A statement of the place where payment is to be made ;
- (5) And of the place and date when the cheque is issued ;
- (6) The signature of the person who draws the cheque (drawer).

##### ARTICLE 2.<sup>4</sup>

An instrument in which any of the requirements mentioned in the preceding article are wanting is invalid as a cheque, except in the cases specified in the following paragraphs ;

In default of special mention, the place specified beside the name of the drawee is deemed to be the place of payment, and, at the same time, the residence of the drawee.

A cheque which does not mention the place of payment is deemed to be payable at the place of its issue.

A cheque which does not specify the place of its issue is deemed to have been drawn in the place specified beside the name of the drawer.

##### ARTICLE 3.<sup>5</sup>

A cheque must only be drawn on a person holding funds at the disposition of the drawer, and in conformity with an agreement, express or implied, according to which the drawee is bound to pay the cheque.

Power is reserved to the Contracting States to regulate consequences, civil, penal and fiscal, where default is made in *complying with the provisions* specified in the preceding paragraph, or when a cheque is issued post-dated, provided that the validity of the instrument as a cheque *be maintained in spite of this irregularity*.

##### ARTICLE 4.<sup>6</sup>

A cheque may be made payable to a specified person, or to his order.

It may be made payable to bearer.

A cheque made payable to a specified person with the words "or to bearer", or any equivalent words, is deemed to be payable to bearer.

A cheque which does not specify the payee is payable to bearer.

A cheque may be drawn payable to drawer's order.

*Nevertheless, power is reserved to the Contracting States to prohibit the issue of bearer cheques drawn on the drawer himself.*

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<sup>1</sup> The words underlined in the text of the articles indicate the modifications introduced into the text of the Hague Resolutions by the Experts.

When the number of the article in the draft is not the same as that of the corresponding article in the Hague Resolutions, the number of the latter is mentioned in brackets.

When a reference to the provisions which have now become the uniform law on bills of exchange was made in the text proposed by the Experts, the provisions themselves have been inserted in the proper places in the form of supplementary articles, with the necessary modifications.

<sup>2</sup> Note. — (a) The change in No. (1) of Article 1 was adopted on a majority vote.

(b) The word "unconditional" in No. 2 does not exclude the possibility of making payment in currency other than that stipulated in the cheque.

(c) With regard to the formula adopted in Article 1, No. (4), the experts refer to the observation cited below which has been taken from the annex to the minutes of the ninth plenary meeting of the Hague Conference, 1912, page 197, Article 3 :

"The drawer may, however, indicate, in addition to the place for payment, other places at which the cheque may be cashed, without any charge, by the holder. This does not mean a change of drawee ; the place indicated for cashing the cheque does not replace the place of payment for all necessary proceedings connected with the preservation of rights arising under the cheque ; it is merely an understanding with the drawee on behalf of the holder to indicate the place at which the latter may cash the cheque."

(d) A mere error in the spelling of the word "cheque" ought not to invalidate the instrument as such.

<sup>3</sup> The word "ordre" in the French text has been replaced by "mandat".

<sup>4</sup> Note. — With regard to the third paragraph, the experts point out that naturally, if the drawee is resident at the place of issue, the cheque can only be paid at his place of residence. If the drawee cannot be found at the place of issue of the cheque, the protest must be drawn up according to the procedure followed in the case of a false address.

<sup>5</sup> Note. — The changes in wording have been introduced for the sake of clearness.

<sup>6</sup> Note. — The option of prohibiting the issue of bearer cheques drawn on the drawer himself has been inserted on account of the competition which might arise between these cheques and banknotes.

ARTICLE 5.<sup>1</sup>

A cheque is drawn on a banker. *A cheque drawn on any person other than a banker is not valid as a cheque.*

Power is reserved to the Contracting States, so far as related to cheques payable in their territories :

(a) To determine what persons shall be deemed to be bankers or what persons may in this respect be assimilated to bankers ;

(b) To regulate the civil, fiscal and penal consequences of drawing a cheque on a person on whom it ought not to be drawn.

ARTICLE 6.

The drawer is the guarantor of the payment of a cheque. Any stipulation by which the drawer discharges himself from this guarantee is deemed to be unwritten.

ARTICLE 7.<sup>2</sup> (Article 4 of the Uniform Law on Bills of Exchange.)

A cheque may be payable at the domicile of a third person either in the locality where the drawee has his domicile or in another locality.

Nevertheless, the domicile can only be the domicile of a banker.

ARTICLE 7 (a). (Article 6 of the Uniform Law on Bills of Exchange.)

Where the sum payable by a cheque is expressed in words and also in figures, and there is a discrepancy between the two, the sum denoted by the words is the amount payable.

Where the sum payable by a cheque is expressed more than once in words or more than once in figures, and there is a discrepancy, the smaller sum is the sum payable.

ARTICLE 7 (b). (Article 7 of the Uniform Law on Bills of Exchange.)

If a cheque bears signatures of persons incapable of binding themselves by a cheque or forged signatures, or signatures of fictitious persons, or signatures which for any other reason cannot bind the persons who signed the cheque or on whose behalf it was signed, the obligations of the other persons who have signed it are none the less valid.

ARTICLE 7 (c). (Article 8 of the Uniform Law on Bills of Exchange.)

Whosoever puts his signature on a cheque as representing a person for whom he had no power to act is bound himself as a party to the cheque and, if he pays, has the same rights as the person for whom he purported to act. The same rule applies to a representative who has exceeded his powers.

ENDORSEMENT.

ARTICLE 8.

Every cheque, other than a cheque to bearer, may be transferred by endorsement, even if it is not expressly payable to order.

When the drawer of a cheque has inserted in it the words "not to order", or any equivalent expression, the instrument can only be assigned according to the forms and with the effect of an ordinary assignment.

ARTICLE 9.

Any endorsement must be unconditional. Any condition to which it is made subject shall be deemed to be unwritten.

A partial endorsement is null and void.

An endorsement "to bearer" and an endorsement by the drawee are equally null and void.

Any person, except the drawee, who puts his signature on the back of a cheque payable to bearer is guarantor (by "aval") for the drawer.

An endorsement to the drawee is equivalent to a discharge, except in the case where the drawee has two or more establishments, and the endorsement is made in favour of a branch in some place other than that on which the cheque has been drawn.

<sup>1</sup> Note. — 1. Differing from the solution contained in Article 5, paragraph 1 of the Hague Resolutions the experts propose that, in principle, the only instrument to be regarded as a cheque should be one which is drawn on a banker. This is the rule admitted in most countries ; it is explained by the fact that funds must be available at sight.

2. However — and this is the reason for the addition in (a) — States should be allowed in this connection to treat as bankers persons engaged in very similar professions ; for instance, in France "agents de change" or "caisses publiques".

3. The addition under (b) of the word "civil" is a consequence of excluding the possibility of drawing a cheque on a person who is not a banker. When such an instrument is no longer to be regarded as a cheque, its effects have still to be determined — a point which is left to the legislation of the individual countries.

<sup>2</sup> Note. — The institution of domiciled cheques has been adopted at the request of one of the experts who stated that cheques "domiciled" elsewhere than at the domicile of the drawee were frequently used in his country and that the practice seemed to be a useful one.

ARTICLE 10. (Article 13 of the Uniform Law on Bills of Exchange.)

An endorsement must be written on the cheque or on a slip affixed thereto (*allonge*). It must be signed by the endorser.

The endorsement may leave the beneficiary unspecified or may consist simply of the signature of the endorser (endorsement in blank). In the latter case, the endorsement, to be valid, must be written on the back of the cheque or on the slip attached thereto (*allonge*).

ARTICLE 10 (a). (Article 14 of the Uniform Law on Bills of Exchange.)

An endorsement transfers all the rights arising out of a cheque. If the endorsement is in blank, the holder may :

- (1) Fill up the blank either with his own name or with the name of some other person ;
- (2) Endorse the cheque again in blank, or to some other person ;
- (3) Transfer the cheque to a third person without filling up the blank, and without endorsing it.

ARTICLE 10 (b). (Article 15 of the Uniform Law on Bills of Exchange.)

In the absence of any contrary stipulation, the endorser guarantees payment. He may prohibit any further endorsement : in this case, he gives no guarantee to the persons to whom the cheque is subsequently endorsed.

ARTICLE 10 (c). (Article 16 of the Uniform Law on Bills of Exchange.)

The possessor of a cheque is deemed to be the lawful holder if he establishes his title to the bill through an uninterrupted series of endorsements, even if the last endorsement is in blank. In this connection, cancelled endorsements are deemed not to be written (*non écrits*). When an endorsement in blank is followed by another endorsement, the person who signed this last endorsement is deemed to have acquired the cheque by the endorsement in blank.

Where a person has been dispossessed of a cheque, in any manner whatsoever, the holder who establishes his right thereto in the manner mentioned in the preceding paragraphs is not bound to give up the cheque unless he has acquired it in bad faith, or unless in acquiring it he has been guilty of gross negligence.

ARTICLE 10 (d). (Article 17 of the Uniform Law on Bills of Exchange.)

Persons sued on a cheque cannot set up against the holder defences founded on their personal relations with the drawer or with previous holders, unless the holder, in acquiring the cheque has knowingly acted to the detriment of the debtor.

ARTICLE 10 (e). (Article 18 of the Uniform Law on Bills of Exchange.)

When an endorsement contains the statements "value in collection" ("*valeur en recouvrement*"), "for collection" ("*pour encaissement*"), "by procuration" ("*par procuration*") or any other phrase implying a simple mandate, the holder may exercise all rights arising out of the cheque but he can only endorse it in his capacity as agent.

In this case, the parties liable can only set up against the holder defences which could be set up against the endorser.

The mandate contained in an endorsement by procuration does not terminate by reason of the death of the party giving the mandate or by reason of his becoming legally incapable.

GUARANTEE AND PAYMENT.

ARTICLE 11.<sup>1</sup>

A cheque cannot be accepted. A statement of acceptance on a cheque is deemed to be unwritten.

Nevertheless, the power of allowing the acceptance or certification or visa of a cheque is reserved to the Contracting States, which may regulate its effects.

ARTICLE 12.

Payment of a cheque may be guaranteed by an "aval".

This guarantee is given by a third person (other than the drawee), or even by a person whose signature is on the cheque.

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<sup>1</sup> Note. — The word "certification" has been substituted for the word "certificat" in the French as being clearer.

ARTICLE 12 (a). (Article 31 of the Uniform Law on Bills of Exchange.)

The "aval" is given either on the cheque itself or on an "allonge".

It is expressed by the words "good as aval" ("*bon pour aval*") or by any other equivalent formula. It is signed by the giver of the "aval".

It is deemed to be constituted by the mere signature of the giver of the "aval" placed on the face of the bill, except in the case of the signature of the drawee or of the drawer.

An "aval" must specify for whose account it is given. In default of this, it is deemed to be given for the drawer.

ARTICLE 12 (b). (Article 32 of the Uniform Law on Bills of Exchange.)

The giver of an "aval" is bound in the same manner as the person for whom he has become guarantor.

His undertaking is valid even when the liability which he has guaranteed is inoperative for any reason other than defect of form.

He has, when he pays a cheque, the rights arising out of the cheque against the person guaranteed and against those who are liable to the latter on the cheque.

ARTICLE 13.<sup>1</sup>

A cheque is payable at sight. *Any contrary stipulation is deemed to be unwritten.*

ARTICLE 14.<sup>2</sup>

A cheque must be presented for payment within the time fixed by the law of the place of payment.

This time shall be eight days at least.

The Contracting States may increase *this time or fix several times to apply respectively to cheques drawn in a country on that country or cheques drawn in one country on another country.*

Presentment of a cheque at a clearing-house is equivalent to presentment for payment.

The Contracting States may specify the institutions which are to be deemed to be clearing-houses.

ARTICLE 15.

When a cheque is drawn between two places having different calendars, the day of issue shall be referred to the corresponding day of the calendar of the place of payment.

ARTICLE 16.

Neither the death of the drawer nor his incapacity arising after the issue of the cheque shall affect the cheque.

RECOMMENDATIONS.<sup>3</sup>

The experts recommend :

(1) *That the various countries should enact such penal or civil measures as are best calculated to prevent the issue of a cheque without funds to meet it.*

(2) *That States should take steps under their civil law to prevent the countermanding of the order contained in the cheque during the time for presentment.*

(3) *That the possibility of countermanding the order contained in the cheque after the expiration of the time for presenting it should be determined by the laws of each State.*

<sup>1</sup> Note. — Article 13 of the Hague Resolutions (paragraph 2) reads as follows : " An instrument containing any other time of payment is invalid as a cheque. " In order to render the instrument as effective as possible the experts prefer the expression : " Any contrary stipulation is deemed to be unwritten. " This is the wording proposed by the I.C.C.

<sup>2</sup> Note. — The minimum time within which a cheque must be presented for payment has been reduced from ten to eight days.

It has been thought desirable to state in the third paragraph that the time for presentment may be increased in view of the distance between different places.

<sup>3</sup> Note. — Recommendations (2) and (3) above replace Article 17 of the Hague Resolutions, which the experts were unable to adopt unanimously on account of the divergence of the various laws concerning the possibility of countermanding the order in the cheque and determining cases in which payment of cheques may be opposed.

Article 17 of the Hague Resolutions has therefore been omitted and has been replaced by the above Recommendations.

ARTICLE 17.<sup>1</sup> (Article 18 of the Hague Resolutions.)

The drawee who pays a cheque may require that it shall be given up to him receipted by the holder.

The holder may *not* refuse a partial payment.

In case of part payment the drawee may require that the part payment shall be specified on the cheque and that a receipt shall be given to him.

ARTICLE 18.<sup>2</sup> (Article 19 of the Hague Resolutions.)

A cheque crossed on its face with two parallel lines can only be paid to a banker.

The crossing may be by the drawer or by a holder.

The crossing may be general or special.

The crossing is general if there be only the two lines, or the word "banker" or some equivalent, or the words "and Co"; the crossing is special if the name of a banker is written between the lines.

A general crossing may be converted into a special crossing. But a special crossing cannot be converted into a general crossing.

A specially crossed cheque can only be paid to the banker named. But if he does not cash it himself he may substitute another banker.

A crossing and the banker's name may not be effaced. *Any effacement shall be deemed not to have taken place.*

The drawee who pays a crossed cheque to any person other than a banker if the cheque is crossed generally, or to any person other than the banker named, if the cheque is crossed specially, is responsible for the injury, if any, caused thereby, but the damages shall not exceed the amount of the cheque.

*Any State may, in so far as crossed cheques are concerned, assimilate professions analogous to that of a banker to the profession of banker.*

RECOMMENDATION.<sup>3</sup>

*The experts recommend that countries which at present employ only the cheque "payable in account" (nur zur Verrechnung) should abandon this method in favour of the crossed cheque.*

ARTICLE 19. (Article 21 of the Hague Resolutions.)

The question whether the holder of a cheque has special rights on the fund against which it is drawn, and the right to maintain an action against the drawee is left outside the present Regulation.

CONCERNING THE RIGHT OF RECOURSE.

ARTICLE 20.<sup>4</sup> (Article 22 of the Hague Resolutions.)

The holder may exercise his right of recourse against the endorsers, the drawer, and the other parties liable, if the cheque, on presentment in due time, is not paid.

Presentment and non-payment must be authenticated:

- (1) By a formal instrument (protest for non-payment); or
- (2) By a declaration by the drawee, dated and written on the cheque, and specifying the day of presentment; or
- (3) By a declaration dated from a clearing-house specifying that the cheque has been forwarded in due time, and has not been paid.

<sup>1</sup> *Note.* — In paragraph 2 the holder is denied the right of refusing partial payment, though Article 18 of the Hague Resolutions allows him to do so. In making it obligatory for the holder to accept part payment, the experts had in mind both the interests of the persons liable and the provision of Article 38 of the draft Regulation on bills of exchange, which makes it obligatory for the holder to accept part payment. The solution adopted by the experts is similar to that adopted by the I.C.C.

<sup>2</sup> *Note.* — The object of the addition in the seventh paragraph is to make it quite clear that an effacement of the crossing does not affect the validity of the cheque; the latter continues to exist as a crossed cheque. The last paragraph was added to meet the wishes of countries which permit the drawing of a crossed cheque on an "agent de change" for instance, or a "caisse publique" (see above, Article 5).

<sup>3</sup> *Note.* — As a result of this Recommendation, Article 20 of the Hague Resolutions disappears. The article in question laid down rules for cheques "payable in account".

<sup>4</sup> *Note.* — It was recognised in the case of bills of exchange that, if payment was refused, a protest drawn up in proper time was necessary for the maintenance of the rights of recourse. The above article, however, lays down that, in the case of cheques, in order to simplify the formalities of protest and avoid the attendant expenditure, a protest proper may be replaced by a declaration made by the drawee in writing on the cheque or by a declaration dated from a clearing-house.

This solution is at variance with the practice obtaining in many countries, in which cheques must be protested like bills of exchange in general. The experts therefore felt that it would be desirable, by adding a new paragraph (a) to Article 20, to allow countries, if they desire to do so, to maintain their present rules regarding protest.

They have also, under (b), made it possible for the various countries themselves to decide the nature of the rights, failing protest or equivalent instruments drawn up within the time for presentment, which the holder should be given against the drawer who has not provided funds or who has countermanded the order in the cheque, since this question is connected with that of the rights of the holder of a cheque on the fund against which it is drawn (see Article 19 *supra*).

Any State may :

(a) Lay down that the right of recourse against the endorsers, the drawer and the other parties liable shall be lost unless the cheque is protested.

(b) Decide what will be, in default of the protest or equivalent instruments drawn up within the time for presentment, the nature of the rights of the holder against the drawer who has not provided funds or who has countermanded the order in the cheque.

ARTICLE 21.<sup>1</sup> (Article 23 of the Hague Resolutions.)

Protest for default of payment, or the equivalent declarations of authentication mentioned in Article 20, must be made before the expiration of the time for presentment, either on the actual day of presentment if it is made on the last day of the time for presentment, or on one of the two business days following, provided that these days still fall within the period for presentment.

ARTICLE 22.

The holder may claim from the party against whom he exercises his right of recourse :

- (1) The amount of the cheque ;
- (2) Interest at the rate of 6 per cent as from the date of presentment ;
- (3) The costs of the protest or equivalent declaration, of the notices served by the holder on previous endorsers and on the drawer, and other expenses.

ARTICLE 23. (Article 45 of the Uniform Law on Bills of Exchange.)

The holder must give notice of non-acceptance or non-payment to his endorser and to the drawer within the four business days which follow the day for protest or, in case of a stipulation "*retour sans frais*", the day for presentment. Every endorser must, within the two business days following the day on which he receives notice, notify his endorser of the notice he has received, mentioning the names and addresses of those who have given the previous notices, and so on through the series until the drawer is reached. The periods mentioned above run from the receipt of the preceding notice.

When in conformity with the preceding paragraph, notice is given to a person who has signed a cheque, the same notice must be given within the same limit of time to his *avaliseur*.

Where an endorser either has not specified his address or has specified it in an illegible manner, it is sufficient that notice should be given to the preceding endorser.

A person who must give notice may give it in any form whatever, even by simply returning the cheque.

He must prove that he has given notice within the time allowed. This time-limit shall be regarded as having been observed if a letter giving the notice has been posted within the prescribed time.

A person who does not give notice within the limit of time mentioned above does not forfeit his rights. He is responsible for the injury, if any, caused by his negligence, but the damages shall not exceed the amount of the cheque.

ARTICLE 23 (a). (Article 46 of the Uniform Law on Bills of Exchange.)

The drawer, an endorser, or a person guaranteeing payment by *aval* (*avaliseur*) may, by the stipulation "*retour sans frais*", "*sans protêt*", or any other equivalent expression written on the instrument and signed, release the holder from having a protest of non-acceptance or non-payment drawn up in order to exercise his right of recourse.

This stipulation does not release the holder from presenting the cheque within the prescribed time, nor from the notices he has to give. The burden of proving the non-observance of the limits of time lies on the person who seeks to set it up against the holder.

If the stipulation is written by the drawer, it is operative in respect of all persons who have signed the cheque, if it is written by an endorser or an *avaliseur*, it is operative only in respect of such endorser or *avaliseur*. If, in spite of the stipulation written by the drawer, the holder has the protest drawn up, he must bear the expenses thereof. When the stipulation emanates from an endorser or *avaliseur*, the costs of the protest, if one is drawn up, may be recovered from all the persons who have signed the cheque.

ARTICLE 23 (b). (Article 47 of the Uniform Law on Bills of Exchange.)

All drawers, endorsers or guarantors by *aval* of a cheque are jointly and severally liable to the holder.

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<sup>1</sup> Note. — These changes have been made in Article 23 of the Hague Resolutions because : (1) in Article 20 above, other forms of authentication have been assimilated to protest ; and (2) in order to make it clear that, for the cheque as well as for the bill of exchange, the holder has no longer one day but two business days after payment has been refused in order to draw up the protest ; while (3) the protest must in every case be drawn up within the time for presentment.



The holder has the right of proceeding against all these persons individually or collectively without being required to observe the order in which they have become bound.

The same right is possessed by any person signing the cheque who has taken it up and paid it.

Proceedings against one of the parties liable do not prevent proceedings against the others, even though they may be subsequent to the party first proceeded against.

ARTICLE 23 (c). (Article 49 of the Uniform Law on Bills of Exchange.)

A party who takes up and pays a cheque can recover from the parties liable to him :

- (1) The entire sum which he has paid ;
- (2) Interest on the said sum calculated at the rate of 6 per cent, starting from the day when he made payment ;
- (3) Any expenses which he has incurred.

ARTICLE 23 (d). (Article 50 of the Uniform Law on Bills of Exchange.)

Every party liable against whom a right of recourse is, or may be, exercised can require, against payment, that the cheque shall be given up to him with the protest and receipted account.

Every endorser who has taken up and paid a cheque may cancel his own endorsement and those of subsequent endorsers.

#### PARTS OF A SET.

ARTICLE 24.<sup>1</sup> (Article 26 of the Hague Resolutions.)

Except in the case of bearer cheques, every cheque drawn in one State and payable in another State, or in an oversea dominion of the same State, may be in a set of identical parts. *When a cheque is in a set of parts, each part must be numbered and must indicate in the body of the instrument the number of parts issued, failing which each part is deemed to be a separate cheque.*

ARTICLE 25. (Article 27 of the Hague Resolutions.)

Payment made on one part operates as a discharge, even though there is no stipulation that this payment shall discharge the other parts.

An endorser who has transferred parts to different persons and endorsers subsequent to him, are liable on all the parts bearing their signatures, which have not been restored.

#### FORGERIES AND ALTERATIONS.

ARTICLE 26. (Article 28 of the Hague Resolutions.)

(This Article has been omitted in the Uniform Law on Bills of Exchange.)

The forgery of a signature, even if it be that of the drawer, in no wise affects the validity of the other signatures.

ARTICLE 26(a). (Article 69 of the Uniform Law on Bills of Exchange.)

In case of alteration of the text of a cheque, parties who have signed subsequent to the alteration are bound according to the terms of the altered text ; parties who have signed before the alteration are bound according to the terms of the original text.

#### PRESCRIPTION.

ARTICLE 27.<sup>2</sup> (Article 29 of the Hague Resolutions.)

Actions of recourse by the holder against the endorsers and drawer are barred after six months from the time fixed for presentment.

Actions of recourse by endorsers against previous endorsers and the drawer are barred after six months from the day on which the endorser paid the cheque or the day on which he was sued thereon.

ARTICLE 28. (Article 71 of the Uniform Law on Bills of Exchange.)

Interruption of the period of limitation is only effective against the person in respect of whom the period has been interrupted.

<sup>1</sup> Note. — The wording of the Hague article has been altered in order to bring into line with Article 63 of the draft Regulation on bills of exchange.

<sup>2</sup> Note. — If the drawer has not made cover or has withdrawn it, each State is, according to Article 20 (b) above, allowed to decide the nature of the holder's rights against the drawer; hence they are also entitled to determine the period of prescription applicable to these rights.

GENERAL PROVISIONS.

ARTICLE 29. (Article 30 of the Hague Resolutions.)  
(Article 72 of the Uniform Law on Bills of Exchange.)

Payment of a cheque which falls due on a legal holiday (*jour férié légal*) cannot be demanded until the next business day. So, too, all other proceedings relating to a cheque, in particular protest, can only be taken on a business day.

Where any of these proceedings must be taken within a certain limit of time the last day of which is a legal holiday (*jour férié légal*), the limit of time is extended until the first business day which follows the expiration of that time. Intermediate holidays (*jours fériés*) are included in computing limits of time.

ARTICLE 29(a). (Article 73 of the Uniform Law on Bills of Exchange.)

Legal or contractual limits of time do not include the day on which the period commences.

ARTICLE 29(b). (Article 74 of the Uniform Law on Bills of Exchange.)

No days of grace, whether legal or judicial, are permitted.

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## Part 2.

### OBSERVATIONS AND PROPOSALS OF THE GOVERNMENTS ARISING OUT OF THEIR REPLIES TO THE QUESTIONNAIRE CONCERNING CHEQUES.

#### QUESTIONNAIRE.

1. *Is it desirable to prohibit the drawing of cheques on persons who do not carry on the profession of banking?* (Article 5.)
2. *Must the drawer have funds in the hands of the drawee, and at what moment, at the time of presentation or at the time of payment?* (Article 3.)
3. *" Guthabenklausel "* (compulsory mention of cover in the cheque). (Article 1.)
4. *Must a cheque always be payable on demand?* (Article 13.)
5. *How must the time-limits for presentation be fixed?* (Article 14.)
6. *Must the drawer be given the right to object to payment of the cheque (withdrawal) and how far?* (Recommendation No. 2 following Article 16.)
7. *What are the effects of a crossing? Would it not be possible to combine in a single type the crossed cheque and the cheque only for collection (nur zur Verrechnung) in use by certain countries?* (Article 18 and Recommendation.)
8. *Is the drawer liable even if the cheque has not been presented within the fixed period of time?* (Article 20.)
9. *What are the effects of the transfer of cover to the holder? — Action for inequitable gain.* (Article 19.)
10. *Upon whom do the risks of forgery and alteration fall?* (Article 26.)
11. *Can the drawee refuse partial payment of a cheque when there are not sufficient funds to meet it?* (Article 17.)
12. *Is it not desirable to prescribe special rules to meet the case in which an instrument which otherwise satisfies all the conditions required for the validity of a bill of exchange stipulates that it is payable not in money, but by a cheque, especially by a cheque drawn on a bank abroad? If so, what rules should be prescribed?* (No reference.)
13. *A type-written cheque.* (Article 1.)
14. *Loss or theft of a cheque (amortisation procedure).* (No reference.)
15. *Conflicts between transmission clauses.* (Article 4.)
16. *Domiciled cheque.* (Article 7.)
17. *Duplicates (parts of a set).* (Articles 24 and 25.)
18. *Limitation of actions.* (Articles 27 and 28.)
19. *Release of the endorser from his liability.* (Article 9.)
20. *Consequences ensuing from post-dated cheques.* (Article 3.)
21. *Acceptation, certification and visa.* (Article 11.)

#### Ad Article 1.

(a) States whose legislation provides for the mention of the existence of cover in the cheque (" Guthabenklausel ") claim that experience has demonstrated the utility of this provision and urge its maintenance.

Other Governments claim, on the other hand, that this requirement is unnecessary.

In the circumstances, the best solution of the difficulty might perhaps be to authorise States whose laws contain this provision to retain it, undertaking, however, to recognise the validity of cheques issued abroad which do not bear such mention.

This might be achieved either by the inclusion of a reservation or by the insertion of an appropriate provision in the Convention for the settlement of conflicts of laws.

(b) The practice of the *typed cheque*, or even the printed cheque, has become so general that the replies note unanimously that the uniform law should not prohibit this practice.

Some anxiety is, however, felt as regards the increased possibility of forgery arising out of mechanical writing. It goes without saying that *all the Governments* are unanimous in demanding that the cheques shall be at least signed by the drawer.

*Japan* and the *Netherlands* do not, however, think it necessary to insert an express provision in the Uniform Law.

(c) *Austria* and *Yugoslavia* have asked for the words "*le mandat*" to be substituted for the words "*l'ordre*" in the French text of No. 2 of this article, in order to bring the text into line with the corresponding provision of Article I of the Uniform Law for Bills of Exchange.

This point does not seem likely to meet with any difficulty.

#### Ad Article 2.

1. The *Austrian* Government asks for the third paragraph of this article to be changed so that the cheque may be payable at the place where the drawee (bank) has its head office.

2. The *Netherlands* Government would like to modify paragraph 3 so that cheques which do not specify the place of issue are deemed to be payable at the place of domicile of the drawee.

3. The *Yugoslav* Government wishes to add a fifth paragraph to this article, specifying that any mention of interest in the text of the instrument is deemed to be unwritten.

The *Scandinavian States* and *Finland* have made a proposal to the same effect, but suggest the insertion of an appropriate provision in Article 7.

#### Ad Article 3.

The *Netherlands* Government proposes that the first paragraph should be drafted as follows :

"A cheque must only be drawn on a person holding funds of which the drawer has the right to dispose by cheque."

Three questions were raised in connection with this article — namely :

1. *At what moment must the cover exist?*

*France, Italy, Latvia, Poland, Roumania, the Scandinavian States and Finland, Spain and Turkey* ask that cover shall be required to exist at the time of issue.

*Austria, Belgium, Czechoslovakia, Danzig, Germany, Hungary, Japan, the Netherlands, Siam and Switzerland*, on the other hand, consider it sufficient if the funds are available at the moment of presentation.

2. *What are the effects of post-dated cheques?*

The *German* law of March 28th, 1930, and the *Danzig* law of September 26th, 1930, provide that the date of presentation is to be considered the real date of issue. *Italy* proposes that this rule should be taken as a basis for discussion.

The *Scandinavian States* and *Finland*, with *Austria* and *Hungary*, also advocate this solution.

*Belgium* considers that the Uniform Law should lay down that a post-dated cheque is not valid as a cheque.

In *Poland*, a post-dated cheque is assimilated, for fiscal purposes, to a bill of exchange.

*Latvia* and *Roumania* consider that post-dated cheques should be deemed null and void. *Roumania* would like further to impose penalties on the drawer.

*Switzerland* would like post-dated cheques to be valid, but to take effect only from the day specified as the day of their issue.

*France* does not think that this question requires to be settled in the Uniform Law.

3. *What are the penal consequences: (a) of issuing a cheque without cover; (b) of issuing a post-dated cheque?*

Generally speaking, the Governments which replied to the questionnaire are of the opinion that the penal consequences in either case should be determined by the national law.

#### Ad Article 4.

In the majority of cases the replies received to the question raised by paragraph 3 of Article 4 — that is, *what is the effect of issuing a cheque payable to a specified person when the cheque also contains the words or "to bearer", or any equivalent words?* — are in conformity with the solution embodied in the experts' draft.

This solution is expressly approved by *Italy, the Scandinavian States, Finland, Poland, Siam and Czechoslovakia*.

*Germany* considers that, for this question, the solution providing for the greatest facilities in the matter of transmission should be adopted. *Danzig* is of the same opinion.

*Belgium* asks that the choice should be left to the bearer. *Latvia* urges that the question should be settled in conformity with the Uniform Law for Bills of Exchange.

The *French* and *Spanish* Governments are of opinion that the endorser or bearer should be prohibited from changing the method of transmission chosen by the drawer, who alone has the power to decide what that method should be. The cheque should be presumed to be transmissible in accordance with the terms of the most liberal clause.

*Switzerland* considers that an endorsement on a cheque to bearer renders the endorser responsible under the provisions regulating recourse in the case of bills of exchange, without, however, converting the document into a bearer cheque.

The *Netherlands* propose the adoption of the following rule :

“ A cheque made payable to a specified person or to his order with the words or ‘ to bearer ’ or any equivalent words, is deemed to be payable to the person specified or to his order. ”

The *Netherlands* further consider that, though the possibility of the drawer drawing a cheque on himself is implicit in the last paragraph, it is not explicitly stipulated, and should be so stipulated.

Ad Article 5.

The *Spanish, Danzig and Turkish* Governments urge the incorporation in the future Convention of the rules laid down in Article 5 of the resolutions of the Hague Conference of 1912.

The *other Governments* unanimously approve the rule laid down in Article 5 of the experts' draft and are also unanimous in demanding that the issuing of cheques on persons other than bankers should be prohibited.

They recognise, however, the necessity of being able to draw cheques on persons other than bankers or on institutions or persons assimilated in this connection to bankers.

The *Netherlands* Government would prefer the omission of the provision making it impossible to draw a cheque on a person other than a banker ; but, if agreement cannot be reached as to the omission of this provision, they would like Article 5 (a) to be kept.

The Conference may perhaps experience certain difficulties in finding a formula to determine the persons or institutions, apart from bankers properly so-called, on which cheques can be drawn, since this formula must be sufficiently wide to cover all the cases in which the necessity in question is recognised, and must at the same time be sufficiently restrictive not to cancel the effects of the Article.

The solution might perhaps be found in a list to be presented by the different delegations to the Conference and approved by it.

Ad Article 6.

See notes under Article 20.

Ad Article 7.

The *majority of Governments* pronounced in favour of the inclusion in the Uniform Law of a provision authorising the domiciliation of cheques.

This is the case with *Austria, Germany, Italy, Latvia* the *Scandinavian States* and *Finland* and *Yugoslavia*.

The *Belgian, Czechoslovak, Polish* and *Siamese* Governments, while declaring themselves in favour of admitting domiciled cheques, specify that the person with whom the cheque is domiciled must in every case be a banker.

The *Spanish* Government merely notes that the national law contains no provision relating to domiciled cheques.

It asks, however, that the provisions of Article 10 of the Uniform Law of the Geneva Convention on Bills of Exchange should be made applicable to cheques.

*Danzig* contends that no need arises for domiciled cheques either from the requirements of practice or the provisions of the Uniform Law for Bills of Exchange.

*Japan* is also against allowing domiciliation.

The *Netherlands* would like the second paragraph omitted or, if this proposal is not accepted, the insertion of a reservation similar to that of Article 5(a).

*Switzerland* would like to authorise the specification of more than one place of payment.

ENDORSEMENT.

Ad Article 8.

The *Spanish* Government notes that this Article is contrary to the Spanish law under which only a cheque to order can be transferred by endorsement.

The *Netherlands* Government would like Article 11, paragraph 3 of the Uniform Law for Bills of Exchange to be made applicable to cheques also, except as regards the drawee.

Ad Article 9.

The *German* Government suggests modifying paragraph 4 in order that the consequences should be the same for the person who puts his signature on the back of a cheque payable to bearer as for the endorser.

The *Spanish* Government asks that paragraph 3 should be replaced by the third paragraph of Article 12 of the Uniform Law for Bills of Exchange adopted under the Geneva Convention.

Ad Article 10.

No observations.

GUARANTEE AND PAYMENT.

Ad Article 11.

The *British* Government notes that the acceptance or certification or visa of a cheque exists in practice only in a very special case.

The *Latvian* and *Japanese* Governments have no objection to allowing the acceptance or certification or visa of a cheque.

*Austria, France, Hungary* and *Switzerland* are opposed to allowing the acceptance or certification or visa of a cheque.

*Switzerland* thinks it unnecessary to include any provision in regard to the certification or visa of cheques.

The *Italian* Government would accept the first paragraph of Article 11. It would also be prepared to allow certification or visa, on condition that the relevant provisions are co-ordinated with the principles allowed in the matter of cover.

The *Polish* Government, although Polish law contains no provision relating to the acceptance of cheques, would be prepared to discuss the possibility of recognising the principle under the Uniform Law.

The *Scandinavian States* and *Finland* are of opinion that the Uniform Law should provide for the possibility of allowing the acceptance or certification or visa of a cheque, subject to the condition that a cheque which has been accepted or certified or visé cannot be countermanded before the expiry of the time-limit for presentation.

*Danzig* would accept the first paragraph, but thinks that the insertion of paragraph 2 in the Uniform Law would have the effect of leaving countries free to continue to pass divergent laws on a matter of the first importance.

*Roumania* is against allowing the acceptance or visa of a cheque, but would accept a system of certification of cheques having the effect of making the drawee directly liable for payment.

Ad Article 12.

In order to obviate the contradiction between paragraph 3 of Article 12 and paragraph 4 of Article 9, the *Yugoslav* Government proposes to insert as second sentence of the third paragraph of Article 12 the following text :

“ The provisions of Article 31, paragraph 3, apply only to a cheque for a specified person or to order. ”

Ad Article 13.

The *Yugoslav* Government proposes that the second sentence of the article should be replaced by the following sentence :

“ An instrument containing any other time of payment is invalid as a cheque. ”

Ad Article 14.

In *Great Britain* the law does not fix any time-limit for the presentation of cheques. It simply specifies that presentation must take place within a reasonable period.

The *German* Government would accept the text proposed by the experts if it should prove difficult to reach agreement as regards the establishment of a uniform time-limit for the presentation of cheques issued and payable in the same country.

The *Scandinavian States* and *Finland* suggest that the Uniform Law should fix a single time-limit in all the contracting countries as regards cheques issued and payable in the country. *Roumania* would like the time-limit to be ten days. These States also recommend that a uniform time-limit should be adopted for the presentation of cheques issued in one country and payable in another ; they recommend at all events that in the latter case certain rules should be fixed from which the various national laws would not be able to depart.

*Danzig* and *Japan* would like a uniform internal time-limit of ten days to be fixed. For international presentations they would follow the text proposed by the experts.

The *Polish* Government is anxious that the Uniform Law should embody the provisions of the Polish law.

The *Austrian* and *Swiss* Governments distinguish between three categories of cheques :

1. Those issued and payable in the country ;
2. Those issued in the country but payable in another European country ;
3. Those issued in the country and payable in a non-European country.

According to the view of the *Austrian* Government, there should be a special period to be accepted uniformly for each of these categories by the contracting countries. If this is not possible, there should be a minimum compulsory period to be fixed for each of the three categories. *Switzerland* considers that these time-limits should be respectively of 20, 40 and 60 days.

The *Hungarian* Government urges that fixed compulsory periods should be established. It considers eight days sufficient for cheques issued and payable in the same country. For

other cheques it thinks a longer period would be desirable, and it proposes the period of one year, with the option for the drawee of shortening such period.

The *Czechoslovak* Government is anxious for the adoption of uniform periods. It would agree to eight days for cheques issued and payable in the same country. Cheques payable in a country other than the country of issue would have to be sent to the place of payment within five days of their issue and presented for payment within five days of their arrival at the place of payment; in any case, however, presentation should take place within three months of issue.

The *Spanish* Government asks that the question should be settled as follows: (1) for a cheque issued and payable in the same place the period should be five days; (2) for a cheque issued in a place other than the place of payment but in the same country the period should be eight days; (3) a cheque issued abroad should be presented for payment within a period of twelve days after its arrival in the country in which it is to be paid.

The *Latvian* Government considers that every country should have the right to determine the periods at its discretion. It urges, however, the establishment of a uniform period for cheques payable abroad.

The *Netherlands* Government thinks paragraph 3 should be omitted.

The *Turkish* Government cannot agree to a time-limit for presentation of less than one month for cheques payable in a place other than the place of issue.

The *French* Government does not consider it necessary to make any international provision with regard to the time-limits within each country. In the case of cheques drawn in one country on another it recognises the adoption of fixed time-limits, the determination of which can offer no difficulty — for example, the countries might be grouped in zones.

#### Ad Article 15.

No observations.

#### Ad Article 16.

The *Scandinavian States* and *Finland* ask that the Uniform Law should contain a stipulation providing that, if the drawee has paid the cheque after the drawer has been declared bankrupt, when the drawee has had knowledge, or should have had knowledge, of that fact, the said drawee may not claim on the bankrupt estate for the amount of the cheque.

The *Austrian* Government also expressed the opinion that the Uniform Law should contain a provision to this effect.

The *Polish* Government pointed out that the national law prohibits the drawee from paying the cheque if the said drawee has been notified of the drawer's bankruptcy.

*Switzerland* would like the case of bankruptcy of the drawer to be specified.

The *Netherlands* would like to omit Article 16.

#### Ad Recommendations appended to Article 16.

The observations submitted by Governments concerning recommendation No. 1 above are shown after the text of Article 3.

As regards recommendations Nos. 2 and 3:

In the opinion of the *British*, *Hungarian* and *Siamese* Governments, the text of the Uniform Law should provide for the right to countermand the cheque at any time before or after the expiry of the time for presentation.

The *Scandinavian States* and *Finland* urge that provision should be made for the possibility of countermanding the cheque, but recommend that the principle of penal sanctions should be embodied in the Uniform Law in the event of countermanding with the deliberate effect of injuring the bearer.

The *Italian* Government considers that the cheque should be countermandable only in the case of theft or alteration which would constitute a bar to payment.

The *Danzig*, *German*, *Japanese*, *Polish*, *Roumanian*, *Swiss* and *Turkish* Governments ask for the insertion of a provision prohibiting the countermanding of the cheque during the period for presentation. But *France*, *Roumania* and *Switzerland* admit an exception to this rule in case of loss of the cheque. The two former countries would even extend this exception to the case of theft and the case of bankruptcy of the party concerned.

*France* would also like to give the drawer a right of objection in the case of a lost or stolen cheque, and would give a similar right to the official receiver in the event of bankruptcy of the bearer.

The *Austrian*, *German* and *Yugoslav* Governments urge the acceptance of the principle that the drawee should be authorised to pay the cheque even after the expiry of the time for presentation, if the cheque has not been countermanded by the drawer (Article 17, paragraph 3 of the Hague Resolutions).

The *Czechoslovak*, *Polish* and *Yugoslav* Governments ask that the countermanding of the cheque should be valid if the drawer of a cheque payable to a specified person or "to order" sends the cheque immediately to the drawee with an order to pay the amount to the party concerned, on condition that the drawee receives notice of the countermand before he has paid the cheque.

The *Czechoslovak* and *Polish* Governments also demand that the Uniform Law shall contain a stipulation providing that the countermand shall be valid even before the expiration of the time for presentation, provided that the cheque has not been presented during such time.

The *Austrian* and *Belgian* Governments ask for the insertion in the Uniform Law of paragraphs 1 and 2 of Article 17 of the Hague Resolutions.

In the *Latvian* Government's view no countermand should be authorised before the expiration of the time for presentation.

The *Roumanian* Government would also like the States to be recommended to make provision for penalties against the drawee, if he refuses payment though in possession of sufficient funds of the drawer for the purpose, and against the drawer if he objects to payment without having any claim on the cover which has passed into the hands of the holder.

#### Ad Article 17.

The Governments of *Czechoslovakia*, *Latvia* and *Yugoslavia* approve the principle embodied in paragraph 2 of Article 17 whereby the *holder* is bound to accept partial payment. They point out that this solution is in conformity with the solution adopted in Article 39, paragraph 2, of the Uniform Law for Bills of Exchange.

The *Austrian* and *Hungarian* Governments, on the contrary, advocate the re-establishment of the principle laid down in Article 18, paragraph 2, of the Hague Resolutions.

The questionnaire to which the Governments represented at the Conference on Bills of Exchange were asked to reply contained the following question :

“ *Can the drawee refuse partial payment of a cheque which is not fully covered ?* ”

To this question *Switzerland* replies in the negative. *Danzig*, *Germany*, *Japan*, the *Netherlands*, *Poland*, the *Scandinavian States* and *Finland* and *Siam* have replied that in their opinion there is no need to consider this question in the Uniform Law for Cheques, as the relations between the drawer and the drawee will remain outside these rules.

The *German* Government adds, however, that in its view the Uniform Law should not in any case contain a rule whereby the drawee would be obliged to make partial payment when the funds that he holds are insufficient.

The *Netherlands* Government proposes the omission of Article 17 and its replacement by a simple reference to Article 39 of the Uniform Law for Bills of Exchange.

The *Austrian*, *British*, *Italian* and *Latvian* Governments consider that the drawee should be authorised to refuse partial payment.

The *Belgian*, *French*, *Hungarian* and *Roumanian* Governments expressed the opposite view.

#### Ad Article 18 and Recommendation.

Two questions concerning this Article were put to the Governments under No. 7.

They were asked in the first their opinion of the *effects of a crossing*.

*All the Governments*, except the *Scandinavian States* and *Finland*, approve the principle embodied in Article 18 of the Experts' draft. The latter States are of opinion that the text should specify that a crossed cheque (1) can only be paid to a banker or to a client of the latter; (2) can only be collected by a banker on account of his client or of another banker; (3) can only be bought by the banker from his own client, or from another banker; (4) that the responsibility mentioned in paragraph 8 shall extend to the banker who has bought or collected a crossed cheque contrary to the above provisions.

The *Netherlands* Government would like it to be understood that general crossing only authorises a credit to the account of the beneficiary, whereas special crossing excludes from payment all but the person specified in the cheque. There should in any case be no stipulation, that the person specified must be a banker.

The Governments were asked, secondly, whether it would be possible to *combine in a single type the crossed cheque and the cheque only for collection* (*nur zur Verrechnung*).

The *Scandinavian States* and *Finland* consider that it would be possible to adopt a single system. *Roumania* is of the same opinion, and considers that unification would be practicable if it were allowed to specify “ in account ” on the cross cheque.

The *Belgian* Government is of opinion that the cheque for collection would serve exactly the same purpose as the crossed cheque, and that it should therefore be abolished.

The *French* and *Japanese* Governments also refuse to recognise this form of cheque.

*Italy* holds the opposite view, and considers that a special provision should be inserted in the Uniform Law in regard to cheques for collection.

This solution is also recommended by *Austria*, *Czechoslovakia*, *Danzig*, *Germany*, *Hungary*, *Latvia*, *Poland*, *Switzerland* and *Yugoslavia*.

All these States are in favour of maintaining side by side the system of crossed cheques and cheques only for collection, and accordingly urge the re-establishment of Article 20 of the Resolutions of the Hague Conference.

*Danzig* would like those States which recognise cheques only for collection to be allowed to maintain their present legislation on the point.

*Germany* suggests that the Uniform Law should confer on the Contracting States the right to prohibit the use of crossed cheques (last paragraph of Article 19 of the Hague Resolutions).



*Austria* suggests that the Uniform Law should contain a provision laying down that crossed cheques should, in countries where only a cheque for collection is used, have the same effect as the latter.

The *British* Government noted that a crossed cheque may bear the words "not negotiable", the effect of this, however, being, not to prohibit the transmission of the cheque, but simply to subject the person taking it to any exceptions that may have applied to his predecessors.

Further, although this practice is not embodied in the law, it has become the custom in England to add on the crossed cheque the words "account payee". If the banker collects such a cheque on account of a person other than the party named in the cheque, he forfeits the protection accorded by the law to a banker who, in good faith, pays a crossed cheque in conformity with the crossing.

The *British* Government is of opinion that the results which it is sought to obtain by means of cheques for collection might be obtained by the use of crossed cheques bearing the words "account payee".

A similar proposal was made by the *Siamese* Government.

#### Ad Article 19.

Of the States which replied to the questionnaire, *France, Italy* and *Roumania* ask that the Uniform Law should provide *ipso facto* for the transfer of funds to the bearer, which would give the latter the right of direct action against the drawee.

The *Italian* Government is not in favour of regulating the action for inequitable gain in the Uniform Law, and points out, moreover, that this question was left outside the Uniform Law for Bills of Exchange.

All the other Governments which replied to the questionnaire are of opinion that the issue of the cheque gives the bearer no right of ownership over the fund.

All agree, further, that the older should have the right of action in virtue of inequitable gain against the endorser or drawer when the drawer's right of recourse has lapsed owing to non-protest or the effects of limitation of action.

The *Belgian* and *Spanish* Governments propose that the holder should be given a lien on the cover, which would have the effect of excluding the cover from the sum to be distributed between the creditors of the drawer in the event of the latter's bankruptcy, but for cases in which agreement cannot be reached on the solutions thus recommended, the *Belgian* Government is of opinion that the regulation of the subject should be referred to the national legislation.

### CONCERNING THE RIGHT OF RECOURSE.

#### Ad Article 20.

In the questionnaire addressed to Governments two questions relating to the substance of this Article (questions Nos. 8 and 19) were raised.

The first concerns the *liability of the drawer*.

The *Belgian, Italian* and *Latvian* Governments are of opinion that the drawer's liability should persist in every case.

The *Belgian* Government, however, is of opinion that the drawer should be released from liability if the cover has disappeared through circumstances for which he is not responsible.

This opinion is shared by the *Spanish* Government which urges that the drawer should be released from liability when the cover has disappeared through the action of the drawee after the expiry of the time limit for presentation.

In the view of *Danzig, France, Germany, Japan, Poland, Roumania, the Scandinavian States* and *Finland*, and *Switzerland*, the drawer is not liable under the Exchange Law when the cheque has not been presented within the time limit for presentation. *Danzig, Japan* and *Switzerland* add that in this case the holder forfeiting his claim should have the right to bring an action for inequitable gain against the drawer.

The *Hungarian, Netherlands* and *Yugoslav* Governments propose that the question should be settled in the same way as for bills of exchange, by a provision similar to that contained in Article 15 of Annex II of the Geneva Convention relating to bills of exchange.

The *Siamese* Government suggests that the drawer's liability should be limited to three years dating from the expiration of the time-limit for presentation.

The second question relates to the *responsibility of the endorser*.

The *Belgian* and *Italian* Governments urge that no release should be admitted for the endorser.

*Czechoslovakia, Danzig, France, Great Britain, Hungary, the Netherlands, Poland, Roumania, the Scandinavian States* and *Finland, Spain* and *Switzerland* consider, on the contrary, that the endorser should be allowed to release himself by means of a specific statement.

The *German, Japanese* and *Roumanian* Governments are of the same opinion; but they think that the endorser should in any case be released, if the cheque has not been presented in due time.

The *Hungarian* and *Latvian* Governments ask that the question of the liability of endorsers should be regulated in accordance with the formula adopted in Article 15 of Annex II of the Geneva Convention relating to bills of exchange.

The *German* Government proposes that the word "dated" be deleted in paragraph 2 (2) and (3) of Article 20, and that Article 21 be drafted to read as follows :

"Protest for default of payment must be made before the expiration of the time or presentation."

This in order not to make the validity of declarations replacing the protest conditional on their being made within the time for presentment.

The *Austrian* and *German* Governments suggest the deletion of paragraph 3 (a) of Article 20, a proposal already made by the *Scandinavian States* and *Finland* in 1929 (see Preparatory Documents, page 78).

#### Ad Article 21.

The *German* Government proposes that this Article should be drafted as follows :

"Protest for default of payment must be made before the expiration of the time of presentation."

(See observations under Article 20.)

The *Scandinavian States* and *Finland* have made a proposal similar to that of the *German* Government but without demanding the deletion of the words "or the equivalent declarations of authentication mentioned in Article 20".

The *Austrian* and *Czechoslovak* Governments, on the contrary, consider that the rule for Article 21 should be that a protest for default of payment must be made at latest on the first business day following presentment.

The *Netherlands* Government recommends adoption, in the case of cheques, of the rule proposed in this connection in the Uniform Law for Bills of Exchange.

*France* would like it to be possible for the protest to be made on the first working day after the day of presentation, when the presentation takes place on the last day within the time-limit.

#### Ad Article 22.

The *Austrian* and *Yugoslav* Governments ask for a reservation similar to that contained in Article 14 of Annex II of the Geneva Convention on Bills of Exchange to be introduced into the future Convention on cheques.

#### Ad Article 23.

The *German* Government and the Governments of the *Scandinavian States* and *Finland* point out that in the list of the Articles of the Uniform Law for Bills of Exchange, which under the terms of the Convention should also apply to cheques, Article 54 dealing with cases of *vis major* is not included.

They ask that the provisions of Article 54 should also be mentioned in the list given in Article 23.

#### PARTS OF A SET.

##### Ad Article 24 and 25.

The *Austrian*, *Danzig*, *French*, *German*, *Netherlands* and *Yugoslav* Governments ask for the text of Article 24 of the experts' draft to be replaced by the text of Article 26 of the Resolutions of the Hague Conference.

The *Belgian*,<sup>1</sup> *Latvian* and *Hungarian*<sup>1</sup> Governments and the Governments of the *Scandinavian States* and *Finland*, and also *Siam*, ask for the provisions of Articles 64-66 of the Uniform Law for Bills of Exchange adopted under the Geneva Convention to be made applicable to cheques drawn in a set of identical parts.

The *Czechoslovak* Government declares itself opposed in principle to the possibility of issuing a cheque in a set of identical parts. If, however, the Conference does not share this view, the *Czechoslovak* Government considers that the provisions of the Uniform Law for Cheques should be the same as those adopted on this point under the Geneva Convention for Bills of Exchange.

According to the *Spanish* law, the drawer cannot issue duplicate parts of a cheque until he has cancelled the original on the expiry of the time-limit for presentation and with the consent of the drawee.

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<sup>1</sup> The *Belgian* and *Hungarian* Governments having declared themselves opposed to the institution of the acceptance of cheques, the reference by those Governments to Article 66 of the Uniform Law would appear to be due to an error, unless it is to be interpreted as the expression of a desire on the part of those Governments that the rules laid down in the said Article should apply to cheques, if the Conference adopts in principle the possibility of providing for acceptance of cheques.

Without prejudice to this rule the *Spanish* Government urges the application to cheques of Article 64 of the Uniform Law of the Geneva Convention for Bills of Exchange, provided, however, that paragraph 3 of that Article applies only to cheques issued in one country and payable in another, or in another part of the country of issue situated overseas.

In the event of certification being allowed, the *Spanish* Government asks that a provision should be inserted in Article 25 laying down that the drawee is liable on each accepted part which he has not recovered (Article 65 of the Uniform Law of the Geneva Convention).

#### FORGERIES AND ALTERATIONS.

##### Ad Article 26.

The *Siamese* Government proposes the insertion in the Uniform Law of a rule in force in *Siam*, whereby a cheque bearing a forged signature of the drawer is null, but the forged signature of an endorser does not invalidate the signature of the other signatories of the cheque.

The *Siamese* Government proposes that the rules adopted by the Geneva Convention in Article 69 of the Uniform Law for Bills of Exchange should be made applicable to the alteration of cheques.

The Governments of *Belgium, France, Germany, Japan, the Scandinavian States and Finland and Spain* are of opinion that the question of risk should be left outside the Uniform Law.

In the view of the *Austrian, Czechoslovak, Danzig, Hungarian, Italian, Japanese, Polish, Roumanian, Swiss, and Yugoslav* Governments, the drawee should be made responsible for the consequences of forgery or alterations, unless forgery or neglect is attributable to the drawer. This is also the system in force in *Great Britain*.

The *Italian* Government extends the liability of the drawer to cover cases in which the latter's employees have been guilty of fault or negligence.

The *Austrian, Czechoslovak, Hungarian, and Yugoslav* Governments limit the liability of the drawer to the case in which he has himself been guilty of forgery or in which negligence can be attributed to him personally, and to the case in which the forgery, alteration or negligence is attributable to his employees responsible for the dealing with cheques.

The *Latvian* Government recommends a system which is the very opposite namely, that the drawer should be deemed primarily responsible for the consequences of forgery or alterations, the drawee being required to bear the consequences only if he has been guilty of gross negligence in accepting a document which has been altered or bears a false signature.

This is also the view of the *Netherlands* Government, which advocates the application in this case of the rules provided in the Uniform Law for Bills of Exchange, Articles 16 and 40, paragraph 3.

#### PRESCRIPTION.

##### Ad Articles 27 and 28.

The *Italian* Government is of opinion that the time-limits laid down in Article 27 should be shortened and urges that the system of limitation of actions should be replaced by extinctive prescriptions.

The *Japanese* Government would like to extend to one year the time-limit provided for in the first paragraph of Article 27.

The *Belgian* Government would like the time-limit fixed in the first paragraph of Article 27 to run from the time of issue of the cheque.

The *Scandinavian States and Finland* and also *Switzerland* accept the provisions of Articles 27 and 28 of the experts' draft, but suggest that the period of limitation for the holder's actions of recourse should begin to run as from the date of protest.

The *Siamese* Government is prepared to accept Articles 27 and 28 of the Experts' Draft. It would prefer, however, that the periods of limitation should be the same for cheques as for bills of exchange. It would be necessary, in its view, to choose between the time-limit of three years and the time-limit of one year fixed respectively in paragraph 1 and paragraph 2 of Article 70 of the Uniform Law for Bills of Exchange adopted in the Geneva Convention.

The *Spanish* Government notes that in Spain actions in the matter of bills of exchange are barred at three years dated from the due date, whether they have been protested or not, and that the same rule applies to cheques.

The *British* Government states that in Great Britain actions of recourse against the drawer and endorsers are barred at six years as from the date on which payment is refused.

The *Belgian* Government asks for Article 28 to be replaced by a provision leaving it to the national laws to settle the question of the interruption of the period of limitation.

The *Netherlands* and *Yugoslav* Governments recommend the insertion in the Uniform Law of a provision similar to that embodied in Article 17 of Annex II of the Uniform Law for Bills of Exchange adopted in the Geneva Convention.

GENERAL PROVISIONS.

Ad *Article 29.*

No observations.

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SUGGESTIONS CONTAINED IN THE REPLIES OF GOVERNMENTS CONCERNING  
TWO QUESTIONS NOT DEALT WITH IN THE DRAFT REGULATIONS  
ESTABLISHED BY THE EXPERTS.

(Questions 12 and 14.)

BILLS OF EXCHANGE STIPULATING PAYMENT BY CHEQUE.

*The majority of the Governments* which replied to the questionnaire are of opinion that there is no need to settle this question in the Uniform Law for Cheques, particularly as the use of such instruments is not very widespread.

*The Polish and Spanish Governments* seem prepared to accept the French law on this point.

*The British Government* notes that in England such instruments are deemed valid, and that in practice bankers are prepared to pay them by cheque.

*Danzig* considers that this question comes under the Uniform Law for Bills of Exchange. If it is desired to stipulate that the drawee is only entitled to pay by cheque, there is no need of a special provision for the purpose. In the contrary case an additional provision to Article 41 of the Uniform Law would be necessary.

AMORTISATION.

Of the Governments which replied to the questionnaire, the *Austrian Government* recommends the establishment of international rules governing the question of amortisation.

*The other Governments* are of opinion that this question should be left to the law of each individual country.

*The Belgian, Danzig and Spanish Governments* propose that the question should be settled in the manner recommended in the Draft Convention framed by the experts concerning conflicts of laws (Article 15), the two latter Governments proposing, however, that any mention of bankruptcy should be omitted.

*The French, Japanese and Netherlands Governments* propose the insertion in the Uniform Law for Cheques of a provision corresponding to that which is the subject of Article 9 of the Convention for the settlement of certain conflicts of laws in connection with Bills of Exchange.

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OBSERVATIONS BY GOVERNMENTS ON THE EXPERTS' DRAFT  
RELATING TO CONFLICTS OF LAWS.

Ad. *Articles 3, 4 and 6.*

*The Austrian and Spanish Governments* suggest that the form of Articles 3, 4 and 6 of the Draft should be the same as that of Articles 2, 3 and 4 of the Geneva Convention for the settlement of certain conflicts of laws in connection with Bills of Exchange and Promissory Notes.

Ad. *Article 7.*

*The Spanish Government* proposes that this Article should be replaced by Article 6 of the aforesaid Convention.

Ad. *Article 10.*

*The Austrian Government* proposes that this provision should be deleted.

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LEAGUE OF NATIONS

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## REPORT.

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In accordance with Recommendation V adopted on April 20th, 1929, by the International Conference for the Suppression of Counterfeiting Currency, the Council convened the first Conference of Representatives of Central Offices. This Conference was held at Geneva from March 4th to 7th, 1931, with Professor Delaquis as President. The list of delegates present at the Conference is attached (Appendix 1).

The Conference proved a very good opportunity for the representatives of the different Central Offices to get into touch.

The Conference has the honour to submit to the Council of the League of Nations the results of its discussions :

1. The principle object of the Conference was, in accordance with Article 15 of the Convention of April 20th, 1929, for the Suppression of Counterfeiting Currency, to ensure, improve and develop direct international co-operation between Central Offices in the prevention and punishment of counterfeiting currency. In order to improve this co-operation, the Conference adopted a set of administrative regulations (Appendix 2).

2. The Conference also adopted a number of Recommendations (Appendix 3).

3. The Conference adopted these Regulations and Recommendations unanimously, except for the representative of the Italian Central Office, who made an explicit reservation in respect of all texts referring to the creation of an international bureau.

4. The Conference requests the Council to draw the Governments' attention to these Regulations and Recommendations.

5. By a decision of May 14th, 1930, the Council of the League of Nations decided to put upon the agenda of the Conference a special question—namely, how far international police co-operation for the suppression of falsification of documents of value (other than currency) is hindered by obstacles caused by the present state of legislation in the different countries.

In reply to the Council's question, the Conference finds that the constantly increasing international circulation of cheques, bills of exchange, letters of credit and other commercial or industrial paper, public credit instruments, State bonds, shares and bonds of companies and other documents of value, necessitates international police co-operation for the effective punishment of the falsification of these documents, and that such co-operation, as also effective punishment, is hindered by the differences which exist between the various systems of domestic law.

Consequently, the Conference considers highly desirable an international agreement for making more certain the prevention and suppression of the falsifying of such documents of value.

6. In accordance with Article 15 of the Convention of April 20th, 1929, for the Suppression of Counterfeiting Currency, the organisation and supervision of a central international information office was discussed by the Conference.

The Conference considered that the best method of organising such a central international office on a permanent basis would be the conclusion of an international Convention.

The Conference was of opinion, however, that it would be desirable, if a Convention for police co-operation were adopted in this field, to widen the scope of such a Convention. Accordingly, the Conference adopted the following recommendation :

The Conference recommends that the Council of the League of Nations should, if it thinks fit and expedient, in view of the increasingly international character of crime in its various aspects, study the possibility of preparing a Convention on international co-operation between police forces and the establishment of an official police information bureau forming a link between the various police forces, with the general object of ensuring more effective prevention and punishment of crime.

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APPENDIX I.

LIST OF DELEGATES.

- Albania:* M. Lec KURTI,  
Délégué permanent de l'Albanie auprès de la Société des Nations.
- Austria:* Le docteur Bruno SCHULTZ,  
Directeur de Police, Conseiller aulique, Chef de la Section de Police criminelle à la Préfecture de police de Vienne.  
Le docteur Arthur KLAUSER,  
Conseiller de police à la Préfecture de police de Vienne.  
Le docteur Walter SCHMIDT,  
Conseiller-légiste à la Banque Nationale d'Autriche.
- Belgium:* M. Jean SERVAIS,  
Ministre d'Etat, Procureur général honoraire près la Cour d'appel de Bruxelles.  
M. F. E. LOUWAGE,  
Commissaire en chef aux délégations judiciaires de la police du Parquet près le Tribunal de première instance de Bruxelles.
- Cuba:* M. DE BLANCK Y MENOAL,  
Délégué permanent de la République de Cuba auprès de la Société des Nations (*Observer*).
- Czechoslovakia:* Le docteur Ulrich KALIS,  
Conseiller de police, Représentant de l'Office central tchécoslovaque pour la répression de la falsification de monnaies, chèques et papiers de valeur.  
M. Mirko VALINA,  
Ingénieur de l'Imprimerie des billets, Banque Nationale (*as Expert*).  
Le docteur Viktor KOPFSTEIN,  
Conseiller légiste de la Banque Nationale, à Prague (*as Expert*).
- Danzig:* Le docteur Léon NAGLER,  
Inspecteur en chef de la Police d'Etat, Chef du Service central de Sûreté (*Head of the Delegation*).  
M. John MUHL,  
Premier Procureur et Chef de la police criminelle de la Ville libre de Dantzig (*Delegate*).
- Denmark:* Le docteur Vald. H. MENSEN,  
Chef de la Police d'Etat du Danemark.  
M. Ludwig DYRLUND,  
Secrétaire chargé des pouvoirs à la police d'Etat du Danemark.
- Finland:* M. E. GYLLENBÖGEL,  
Conseiller de la Légation de Finlande à Berne et de la Délégation permanente auprès de la Société des Nations (*Observer*).
- France:* M. MONDANEL,  
Commissaire divisionnaire adjoint au Contrôleur général des Services de recherches judiciaires au Ministère de l'Intérieur.
- Germany:* Le docteur Hanz MENZEL,  
Directeur au Ministère de l'Intérieur du Reich.  
M. Ph. PIRR,  
Directeur à la Reichsbank.  
Le docteur WEISS,  
Sous-Préfet de Police, Berlin.  
M. E. LIEBERMANN VON SONNENBERG,  
Commissaire criminel à la Préfecture de Police, Berlin.



- Great Britain:* Mr. G. R. NICHOLLS,  
Superintendent in the Criminal Investigation Department of  
the Metropolitan Police, London.
- Greece:* M. RAPHAEL,  
Délégué permanent du Gouvernement hellénique auprès de la  
Société des Nations.
- Hungary:* Le docteur Henry DORNING,  
Sous-Préfet de Police, Chef du Bureau central de Hongrie.  
Le docteur Léopold BARANYAI,  
Avocat-conseil de la Banque Nationale de Hongrie.
- Italy:* Le docteur A. PIZZUTO,  
Fonctionnaire de police au Ministère de l'Intérieur.  
M. Cav. Avv. Francesco BORGIANELLI SPINA,  
Premier avocat de la Banque d'Italie.
- Luxemburg:* M. Charles VERMAIRE,  
Consul de Luxembourg à Genève (*in an advisory capacity*).
- Monaco:* M. O. E. HENTSCH,  
de MM. Hentsch & Cie, Consul général de la Principauté de  
Monaco, à Genève (*in an advisory capacity*).
- Netherlands:* M. K. H. BROEKHOFF,  
Inspecteur de police en chef à Amsterdam et Commissaire de  
police de l'Etat.
- Poland:* Le docteur Léon NAGLER,  
Inspecteur en chef de la police d'Etat, Chef du Service  
central de Sûreté (*Head of the Delegation*).  
M. Joseph PIATKIEWICZ,  
Sous-Inspecteur de la police d'Etat, Chef du laboratoire du  
Service central de Sûreté.  
M. Alexandre TUPALSKI,  
Ingénieur, ancien Directeur des Etablissements graphiques  
d'Etat, Conseiller technique des usines polonaises de papier  
de valeur.
- Portugal:* Le docteur CAEIRO DA MATTA,  
Délégué de la Banque de Portugal à l'Office central de police.
- Roumania:* M. V. PELLA,  
Professeur à l'Université de Jassy, représentant le Gouvernement  
et la Banque Nationale de Roumanie.
- Siam:* Police-Major Momohao SUBHA SVASTI,  
Assistant Chief of the Criminal Investigation Department,  
Bangkok.  
Sir Basil THOMPSON, K.C.B.,  
Late Head of Scotland Yard and Superintendent of the Criminal  
Investigation Department. Representative of Criminal Police.
- Spain:* M. V. MORA,  
Commissaire en chef du Service central pour la répression du  
faux monnayage, Madrid.  
M. Augustin RIPOLL,  
Professeur de droit pénal à l'Ecole de police d'Espagne.  
M. A. VALLS,  
Directeur de la Banque d'Espagne à Londres.
- Switzerland:* M. Franz STÄMPFLI,  
Procureur général de la Confédération.  
M. Max SCHWAB,  
Secrétaire général et Chef du contentieux de la Banque Nationale  
suisse à Zurich (*as Expert*).
- Union of South Africa:* Major F. F. PIENAAR, D.T.D., O.B.E.  
Accredited Representative of the Union of South Africa to the  
League of Nations (*Observer*).

- United States of America*: Mr. W. H. MORAN,  
Chief of the Secret Service Division of the Treasury Department.  
Mr. Alvin W. HALL,  
Director, Bureau of Engraving and Printing.
- Uruguay*: M. Manuel FARINA,  
Anciennement au Ministère de l'Intérieur, Département de  
l'Administration de Police (*Observer*).
- Yugoslavia*: M. Dragolioub AVRAMOVITCH,  
Conseiller au Ministère de l'Intérieur.  
M. Alexandre POPOVITCH,  
Fonctionnaire supérieur de la Banque Nationale à Belgrade.

REPRESENTATIVES OF THE INTERNATIONAL CRIMINAL  
POLICE COMMISSION

(*In an advisory capacity*)

- M. A. H. SIRKS,  
Commissaire en chef de la police de Rotterdam.
- M. F. E. LOUWAGE,  
Commissaire en chef aux délégations judiciaires de la police du Parquet près le  
Tribunal de première instance de Bruxelles.
- M. Hermann E. KUENZER,  
Commissaire du Reich au Ministère de l'Intérieur, Berlin.
- M. Hans ADLER,  
Rédacteur en chef de *Contrefaçons et falsifications*, Conseiller-expert de la  
Commission internationale de police criminelle.

**APPENDIX 2.**

**REGULATIONS.**

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*Article 1.*

Each Central Office shall communicate to the International Bureau referred to in Recommendation IX of the International Conference of April 20th, 1929, and to the Secretariat of the League of Nations :

- (a) Its exact name and address ;
- (b) Its telegraphic address ;
- (c) Its telephone number, stating, if necessary, the hours during which the Central Office is not open and the authority (name, address, telegraphic address and telephone number) to which urgent communications and requests for information should be sent during those hours ;
- (d) Its police wireless call sign ;
- (e) The languages to be used in correspondence.

Any changes in these particulars must be notified at once to the International Bureau and the Secretariat of the League of Nations.

Each Central Office shall further notify the International Bureau of the formalities to be fulfilled in order to secure, in urgent cases, the provisional arrest, with a view to subsequent extradition, of offenders who are the object of judicial prosecution and who have taken refuge in its territory.

The International Bureau shall transmit these particulars to all the Central Offices.

*Article 2.*

Each Central Office shall compile and keep up to date as full as possible a collection of information (except regarding cases of no importance) in a form in which it can be readily and quickly consulted concerning :

- (a) All persons guilty of any of the crimes enumerated in Article 3 of the Convention of April 20th, 1929, with a special note in the case of an international criminal or a counterfeiter who has been concerned in the counterfeiting of foreign currency ;
- (b) All persons suspected of having committed such crimes, with the same special note, if applicable ;
- (c) The kinds of currency counterfeited and forged ;
- (d) The places where counterfeit currency has been made or uttered or where the authors of such crimes have sheltered.

Each Central Office shall forward to the International Bureau on the attached forms (A, B, C) the information referred to in the preceding paragraphs.

Each Central Office shall, as far as possible, possess a collection of each of the notes issued by the banks of issue of all countries.

*Article 3.*

So far as the national laws permit, the authorities of every country shall communicate to their Central Office the information referred to in Article 2.

*Article 4.*

Except in cases in which, pursuant to Article 11 of the Convention, the objects referred to therein are delivered to the Government or Bank of Issue whose currency is in question, the said objects shall be deposited at the Central Office of the country in which conviction took place.

*Article 5.*

Before April 1st of each year each Central Office shall compile in respect of the preceding year the statistics for which provision is made on the attached form (D) and shall forward them to the International Bureau which shall classify these statistics, prepare general statistics, draw conclusions therefrom and communicate these general statistics and conclusions to the Central Offices.

All these communications are absolutely confidential.

*Article 6.*

Except in urgent cases, the Central Office shall be the sole police authority entitled to correspond direct with foreign police authorities regarding counterfeiting cases, unless the domestic law of the country provides otherwise.

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**Form A.**

<i>Office of origin</i> . . . . .	Serial No. . . . .
<i>No. of communication</i> . . . . .	No. of Annexes . . . . .
<i>Nature of falsification</i> . . . . .	(To be filled in by the Central Office of destination only).
Forwarded to {	Central Office for the Suppression of Counterfeiting Currency at _____
}	International Bureau for the Suppression of Counterfeiting Currency at _____

Date . . . . .

COMMUNICATION CONCERNING NEW COUNTERFEIT ISSUES.

*Offender unknown.*

Category of currency<sup>1</sup> counterfeited . . . . .

Description of counterfeit and method of execution . . . . .

Date and number appearing on counterfeit . . . . .

How perfect is the counterfeit ? . . . . .

Number of specimens of the counterfeit forwarded . . . . .

When and where was the issue discovered ? . . . . .

District in which principally issued . . . . .

Methods of issue . . . . .

Remarks . . . . .

<sup>1</sup> Currency : See Article 2 of the Convention of April 20th, 1929.

Form B.

<i>Office of origin.</i> . . . . .	Serial No. . . . .
<i>No. of communication</i> . . . . .	No. of Annexes . . . . .
<i>Nature of falsification</i> . . . . .	(To be filled in by the Central Office of destination only).
Central Office for the Suppression of Counterfeiting	
Currency at _____	
Forwarded to {	International Bureau for the Suppression of Counterfeiting Currency at _____

Date . . . . .

COMMUNICATION CONCERNING KNOWN COUNTERFEITERS AND THEIR ACCOMPLICES <sup>1</sup>  
AT LARGE OR UNDER ARREST.

Name and surname . . . . .  
(In the case of married or divorced women or widows, give maiden name and husband's Christian name, occupation and address).  
Place and date of birth (day, month, year) . . . . .  
Aliases . . . . .  
Nicknames . . . . .  
Parentage . . . . .  
Real occupation . . . . .  
Stated occupation . . . . .  
Nationality . . . . .  
Civil status . . . . .  
(Unmarried, married, widow (er), or divorced)  
Police record . . . . .  
. . . . .  
. . . . .  
Permanent address. . . . .  
Present and previous addresses . . . . .  
Last place in which the person in question stayed . . . . .  
Presumed destination of offenders and accomplices . . . . .  
Identity documents . . . . .  
(Date and place of issue)  
Description . . . . .  
Languages ordinarily spoken and other languages spoken . . . . .  
Two photographs and two copies of fingerprints . . . . .  
Was accompanied by . . . . .  
Date of arrest. . . . .  
    Or date of conviction . . . . .  
    Or date of release . . . . .  
Remarks . . . . .

<sup>1</sup> The same particulars should be given regarding any accomplices, but on a separate sheet.  
N.B. — Currency: See Article 2 of the Convention 7 April 20th, 1929.

**Form C.**

<i>Office of origin</i> . . . . . <i>No. of communication</i> . . . . . <i>Nature of falsification</i> . . . . . Forwarded to { <table border="0" style="margin-left: 20px;"> <tr> <td style="width: 100px;">Central Office for the Suppression of Counterfeiting</td> <td style="width: 100px;">Currency at . . . . .</td> </tr> <tr> <td>International Bureau for the Suppression of Counterfeiting</td> <td>Currency at . . . . .</td> </tr> </table>	Central Office for the Suppression of Counterfeiting	Currency at . . . . .	International Bureau for the Suppression of Counterfeiting	Currency at . . . . .	Serial No. . . . . No. of Annexes . . . . . (To be filled in by the Central Office of destination only).
Central Office for the Suppression of Counterfeiting	Currency at . . . . .				
International Bureau for the Suppression of Counterfeiting	Currency at . . . . .				

Date . . . . .

Notice : (a) Of judgment relating to counterfeiters, utterers and accomplices already reported ; (b) of their expulsion ; (c) of change of address of known counterfeiters who are not wanted by the police.

Name and surname . . . . .

Reference to forms already sent on the same subject . . . . .

(a) Judgment or sentence delivered . . . . .  
(court, date and particulars)

(b) Expulsion . . . . .  
(date of period if specified)

Frontier to which the person concerned was sent . . . . .

(c) Change of address . . . . .  
(whence, whither)

Remarks . . . . .

N. B. — Currency : See Article 2 of the Convention of April 20th, 1929.

**Form D.**

A. NUMBER OF PERSONS.	Domestic currency		Foreign currency	
	Counterfeiting	Falsification	Counterfeiting	Falsification
1. Number of persons arrested, as principals or accomplices, for the offence of counterfeiting or falsifying metallic currency, or for intent to commit the same : (a) Nationals. . . . . (b) Foreigners resident in the country . . . . . (c) Non-resident foreigners . . . . .				
2. Number of persons arrested, as principals or accomplices, for the offence of uttering counterfeit or falsified metallic currency : (a) Nationals. . . . . (b) Foreigners resident in the country . . . . . (c) Non-resident foreigners . . . . .				
3. Number of persons arrested, as principals or accomplices, for the offence of counterfeiting or falsifying paper currency : (a) Nationals. . . . . (b) Foreigners resident in the country . . . . . (c) Non-resident foreigners. . . . .				
4. Number of persons arrested, as principals or accomplices, for the offence of uttering counterfeit or falsified paper currency : (a) Nationals. . . . . (b) Foreigners resident in the country . . . . . (c) Non-resident foreigners . . . . .				

B. NUMBER OF CASES OF COUNTERFEITING AND FALSIFICATION.	Domestic currency		Foreign currency	
	Counterfeiting	Falsification	Counterfeiting	Falsification
5. Cases where the coiner's or counterfeiter's workshop was discovered in the home country : (a) Counterfeiting metallic money ; (b) Counterfeiting paper money.				
6. Cases where the coiner's or counterfeiter's workshop was not discovered : (a) Counterfeiting metallic money ; (b) Counterfeiting paper money.				
7. Cases of introduction from foreign countries of (a) False metallic money ; . . . . . (b) False paper-money . . . . .				

C. NUMBER OF PIECES OF CURRENCY <sup>1</sup> COUNTERFEITED OR FALSIFIED.	Metallic currency		Paper currency	
	Counterfeited	Falsified	Counterfeited	Falsified
8. <sup>2</sup>				

<sup>1</sup> Currency : see Article 2 of the Convention of April 20th, 1929.

<sup>2</sup> Give particulars of the currency counterfeited or falsified with the name of the issuing institution and the nominal value.

**APPENDIX 3.**

**RECOMMENDATIONS.**

The Conference recommends :

**I.**

That, so far as it deems possible, each bank of issue should communicate to the National Central Office all information likely to facilitate the discovery and suppression of counterfeiting currency.

**II.**

That with a view to the accomplishment of the missions entrusted to the Central Offices by Article 12 of the Convention, each of these Offices should comprise officials with special experience of police investigations in regard to counterfeiting currency. As far as possible the investigations to be made in the country should be entrusted to these officials.

**III.**

That each Central Office should have at its disposal two permanent passes on the railway between the frontier of its country and the seats of the Central Offices of the neighbouring countries.

The personal co-operation of the officials responsible for investigations, which must be carried out in several countries on the commission of a crime, is often indispensable and almost always useful, particularly when the crime is one of counterfeiting currency.

**IV.**

That in conformity with Recommendation IX of the Conference of April 20th, 1929, pending the creation of an International Information Office with regard to counterfeiting currency, the work of the International Bureau at Vienna, which is highly appreciated by all, should be continued with the completest possible co-operation of the Governments.

Among the tasks of this Bureau are the following :

(a) The Bureau centralises and communicates to the Central Offices the particulars referred to in Article 1 of the draft Regulations for Central Offices (Appendix 2) ;

(b) The Bureau receives and classifies the information forwarded to it by each Central Office in pursuance of Article 2 of the Regulations. It communicates this information to the other Central Offices ;

(c) The Bureau receives the statistical information referred to in Article 5 of the Regulations, compiles general statistics, draws conclusions therefrom and communicates these general statistics and conclusions to the National Central Offices.

(d) The Bureau publishes a review giving as quickly as possible all useful information regarding the investigation and the suppression of counterfeiting currency. It places this review at the disposal of the National Central Offices, of the official institutions, and, on the approval of the Office of the country in question, of the financial establishments and other persons entitled to receive it.

**V.**

That as long as an International Information Office with regard to counterfeiting currency has not been constituted, the Vienna Bureau should convene in agreement with the Secretary-General of the League of Nations conferences between the representatives of the various Central Offices every three years. At these conferences the said representatives will communicate to each other all new methods discovered for the manufacture of a counterfeit currency, and will also furnish as far as possible a technical description and photographs of the falsified documents.

**VI.**

That in every country all such information as may facilitate investigations into falsification of documents of value other than currency, and the prevention and punishment of such falsifications, should be centralised by the Central Office so far as the national laws permit.

**VII.**

That in each country penalties should be inflicted in respect of the manufacture, sale, hawking and distribution of all printed matter or forms obtained by any process, and of all counters or medals which by their external appearance resemble bank notes or coins to



such an extent as to facilitate the acceptance of such printed matter, forms, counters or medals in place of the notes or coins imitated.

This question might usefully be submitted to an international conference concerned with the suppression of the falsification of documents of value.

#### VIII.

That until such time as it is possible to consider unifying on an international basis the rules for the extradition of accused or convicted persons and the rules for the despatch and execution of letters of request, those States whose laws present no fundamental difference on any point of principle should conclude multilateral conventions for extradition and judicial co-operation in criminal cases. The Conference further associates itself with Recommendations XII, XIII and XIV of the Conference for the Suppression of Counterfeiting Currency of April 1929.

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Geneva, March 27th, 1931.

## LEAGUE OF NATIONS

### COMMITTEE OF STATISTICAL EXPERTS

# REPORT

The Committee of Statistical Experts appointed on January 22nd last held its first meeting at Geneva on March 23rd, 1931. The following members were present :

Mr. R. H. COATS,  
Mr. Dana DURAND,  
Mr. A. W. FLUX,  
Professor C. GINI,  
M. HUBER,  
M. JAHN,  
Dr. LORENZ,  
M. E. SZTURM DE SZTREM,  
Dr. E. G. WAGEMANN (replaced during part of the session by Dr. PLATZER),  
M. V. DORE.

The Committee had before it a document prepared by the Secretariat setting forth the specific questions which had been referred to it by the International Convention relating to Economic Statistics and the Final Act of the Statistical Conference of 1928. It devoted the major part of its time to the organisation of its future work. In view of the highly technical character of the problems before it, the Committee recommends that it should be empowered to appoint on the Sub-Committees it proposes to set up outside experts in the various subjects which fall to it for consideration. This procedure had indeed been foreseen in the report of the Rapporteur to the Council on this subject in January last. It was decided that the Chairmen of such Sub-Committees should, in all cases, be members of the Committee of Experts.

On two specific and urgent questions arising out of the International Convention relating to Economic Statistics definite agreement was reached.

#### I. MINIMUM LIST OF COUNTRIES.

By the terms of the Convention (Annex 1, Part I, VI), the Committee of Experts is instructed to "draw up as soon as possible after their appointment a minimum list of the statistical territories, whether isolated or grouped together, which will be specified in the statistics of external trade by countries".

The Committee considered that the following criteria should be adopted in drawing up this minimum list of countries :

- (a) The importance of the countries in world trade ;
- (b) The importance of the countries in the trade of their respective continents ;
- (c) The frequency with which the countries are already mentioned in the annual lists of all countries of major importance in world trade.

The minimum list for adoption by all States which are parties to the Convention is shown in Appendix I. It has been drawn up with the above considerations in view.

The Committee further recommends :

(a) That every country should show in its annual returns separately, in the statistics of its aggregate trade, every country which represents 1 per cent or more of the total of either its exports or its imports ;

(b) That countries which publish monthly (or quarterly) trade returns should be asked to publish as soon as possible, in provisional form, the trade figures for their total imports and total exports during the twelve months ending December 31st, specified in accordance with the minimum list ;

(c) That the Secretariat be asked to collect the information necessary for the formulation of a possible future recommendation regarding the list of countries to be recorded in the trade statistics relating to each month or quarter.

## 2. EXPERIMENT IN RECORDING EXTERNAL TRADE STATISTICS BY COUNTRY OF ORIGIN, CONSIGNMENT, PURCHASE, ETC.: LIST OF COMMODITIES.

It was provided in the Convention that all States parties to the Convention should undertake an experiment for a period of one year in recording certain commodities, to be chosen by the various administrations, according to the three main systems of registration at present in use.

The primary object of this experiment is to render it possible to judge the relative merits of the different systems and thus to prepare the way for the possible adoption at some future date of a uniform system by all countries. The Committee considered that it would greatly enhance the scientific and practical results of the experiment if it could be arranged that at least a few important commodities could be tested by all countries undertaking the experiment.

The Committee considered that these commodities should include several of which there is reason to believe that the recording by countries according to the three methods will give divergent results; that, in order to facilitate comparison between the results secured by different countries, the exact definition of the articles chosen should not give rise to special difficulties; that the articles should be such as can be recorded by quantity (not by value only) and that the recorded quantities should be influenced as little as possible by packing.

The list of articles shown in Appendix II has been drawn up with these considerations in view. The majority of the commodities mentioned therein are foodstuffs and raw materials of international importance. The Committee recommends that countries undertaking the experiment in 1932 should include in their lists, as far as possible, such of the articles specified as are important in their trade. The Committee decided that this list should be treated as provisional until August 1931, pending receipt of full or preliminary results from countries now conducting the experiment. It empowered the Sub-Committee which had considered this question to modify the list before it was finally circulated to Governments, should these results indicate that such a course was necessary.

Countries carrying out the experiment should be asked to show, as far as possible, such subdivisions of the items shown in Appendix II as they normally record in their regular trade statistics.

The Committee recommends that this list, together with the list of countries mentioned in the preceding section, be circulated as soon as possible after October 1st next to all States Members of the League and to non-member States, with a covering letter drawing their special attention to these lists.

The Committee considered that, for the purpose of the experiment, it is desirable that the forms of declaration for the use of importers or exporters of the articles to be examined should contain the definitions<sup>1</sup> of each of the three methods of recording given in Annex I, Part III, to the Convention, or, if this be not possible, that these definitions should be made known in some other manner to the importers or exporters of these articles.

For the following questions, on which no decision could be taken at the present meeting, Sub-Committees were appointed and the general lines to be followed were laid down :

## 3. CLASSIFICATION OF COMMODITIES (STATISTICAL NOMENCLATURE).

The Statistical Conference recommended (Recommendation XII) that :

“ When the work on tariff nomenclature is sufficiently advanced, the Committee of Experts should draft, for submission to the Governments of the High Contracting Parties, a minimum nomenclature for statistical purposes . . . . .

“ A standard statistical nomenclature should be adopted for returns of external trade, even in countries which are not in a position to adopt the new Customs tariff nomenclature.”

<sup>1</sup> These definitions read as follows :

“ The expression ‘ country of origin or production ’ shall mean, in the case of natural products, the country where the goods were produced and, in the case of manufactured products, the country where they were transformed into the condition in which they were introduced into the country of import, it being understood that re-packing, sorting and blending do not constitute transformation.

“ The expression ‘ country of consignment or provenance ’ shall mean the country from which the goods were originally despatched to the country of import, with or without breaking bulk in the course of transport, but without any commercial transaction in the intermediate countries (if any).

“ The expression ‘ country of purchase ’ shall mean the country in which the seller of the goods carries on his business. They were produced, or in which they will undergo a process of transformation, repair or supplementary treatment, it being understood that re-packing, sorting and blending do not constitute transformation or supplementary treatment.

“ The expression ‘ country of consignment or destination ’ shall mean the country to which the goods were actually despatched, with or without breaking bulk in the course of transport, but without any commercial transaction in the intermediate countries (if any).

“ The expression ‘ country of sale ’ shall mean the country in which the purchaser of the goods carries on his business.”

The Committee appointed a Sub-Committee to prepare a minimum list of commodities, taking as a basis the list already drafted by the Sub-Committee of Experts for the Unification of Customs Nomenclature, and to draw up a draft classification for the purpose of external trade statistics.

It laid down the general principles on which this list of commodities and this statistical classification should be based, drawing special attention to the importance of giving first consideration, not only to practical and commercial requirements, but also to the needs of scientific economic analysis.

It requested the Sub-Committee to examine whether any changes in the draft Customs nomenclature would be desirable in order that the principles mentioned above might be applied.

It further requested the Sub-Committee to draft, at the earliest possible date, a report on the principles which should determine the relationship of the classification of commodities for trade statistical purposes to (a) the classification of commodities in other fields of statistics—*e.g.*, production, prices, transport, etc.; (b) the classification of industries; (c) the classification of occupations. This report should be communicated to the other Sub-Committees which have been set up.

#### 4. INDEX NUMBERS OF PRICES.

The Committee devoted considerable time to the problem which had been referred to it by the terms of Recommendation IX of the International Conference, which reads as follows :

“ That, with a view to ensuring the comparability of index numbers referred to in Article 2, VI, of this Convention, the same year or period should be taken as a basis for such index numbers in all countries, and that the Committee of Experts, taking into consideration the work of the International Conferences of Labour Statisticians convened by the International Labour Office and the work of the International Institute of Statistics, should investigate this matter and prepare a report thereon, which should be circulated to the Governments of all the High Contracting Parties.”

It considered that no decision should be taken on this question without fuller information than was at the moment at its disposal. It therefore appointed a Sub-Committee to consider this question and requested the Secretariat to draft a report for the consideration of the Sub-Committee, which should submit a final draft to the Committee at its next session.

It also requested the Sub-Committee to study, in collaboration with the Secretariat, the principles and methods which should be adopted in compiling the returns mentioned in Article 2, VI, of the Convention and laid down the lines on which this study should be conducted.

#### 5. OCCUPATIONAL STATISTICS.

The Statistical Conference recommended (Recommendation IV) that :

“ The Committee of Experts,

“ Taking into account the work of the International Conferences of Labour Statisticians, convened by the International Labour Office, and of the International Institute of Statistics, should :

“ (1) Prepare a detailed draft nomenclature of industries and of occupations ;

“ (2) Study the question of systems of classification of the occupied population by industry and by personal occupation and the distribution of the occupied population according to occupational status (*i.e.*, employers, employed, etc.); and

“ (3) Present a report on these questions, and that the Secretary-General of the League of Nations should be requested to communicate this report to the Governments of the High Contracting Parties.”

The Committee considered that it would be useful if information could be made available at its next meeting as to the way in which the various problems connected with occupational statistics (definitions, classification, etc.) are dealt with in the different countries. It requested M. Huber and Dr. Wagemann to draft a report on this subject for submission to the Committee for consideration at its next meeting.

#### 6. INDUSTRIAL STATISTICS.

A number of questions connected with statistics of mining and metallurgy, industrial establishments, industrial production and industrial activity fell for consideration by the Committee. In view of the close connection between all these questions, the Committee appointed a single Sub-Committee to deal with them.

(a) *Mining and Metallurgy.*

Under the terms of the Convention (Annex III) the question of estimating the weights of the constituent elements of certain metallic and non-metallic minerals, of the definition of others and of the classification of semi-manufactured and finished products of iron and steel were specifically referred to the Committee. In view of the technical character of these problems, the Committee considered that it would be useful to obtain, in the first instance, expert technical opinion and proposes that a request should be made for the assistance of the International Chamber of Commerce in this connection. It further proposes to associate certain outside experts with the Sub-Committee appointed to deal with this subject.

(b) *Industrial Establishments and Industrial Production.*

The provisions of the Convention relating to statistics of industrial establishments and industrial production raised a number of questions mainly of definition and classification in regard to which, in the opinion of the Committee, the adoption of uniform methods would be desirable. The Committee requested the Secretariat to prepare an objective memorandum showing the degree of development of this branch of statistics in different countries.

(c) *Indices of Industrial Activity.*

The Committee requested the Secretariat to prepare, as a preliminary to further investigation, a statement of the methods adopted in the compilation of the existing indices of industrial production.

## 7. STATISTICS OF ELECTRICAL POWER.

The Statistical Conference recommended (Recommendation VI):

“ That, in view of the recommendations concerning the compilation of statistics relating to power made by the International Conferences on Power held in London (1924) and at Basle (1926) and by the World Economic Conference held at Geneva (1927), statistics relating to power should in all countries, as far as possible, be amplified and made complete, in conformity with such principles as may be drawn up by the Committee of Experts.”

The Committee requested the Secretariat to draw up a memorandum on the manner in which returns of electrical power are at present compiled in the different countries.

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Appendix I.

MINIMUM LIST OF COUNTRIES (STATISTICAL TERRITORIES) TO BE SHOWN  
IN THE STATISTICS OF EXTERNAL TRADE BY COUNTRIES.

(Paragraph VI of Annex I of the Convention.)<sup>1</sup>

EUROPE.

- |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>1. Germany (including Heligoland and Baden Customs exclaves).</p> <p>2. Austria.</p> <p>3. Belgo-Luxemburg Economic Union.</p> <p>4. Bulgaria.</p> <p>5. Denmark.</p> <p>6. Spain.</p> <p>7. Finland.</p> <p>8. France.</p> <p>9. Greece.</p> <p>10. Hungary.</p> <p>11. Irish Free State.</p> <p>12. Italy.</p> <p>13. Norway.</p> <p>14. Netherlands.</p> <p>15. Poland-Danzig.</p> <p>16. Portugal.</p> <p>17. Roumania.</p> <p>18. United Kingdom of Great Britain and Northern Ireland (including Channel Islands).</p> <p>19. Sweden.</p> <p>20. Switzerland.</p> | <p>21. Czechoslovakia.</p> <p>22. Turkey.</p> <p>23. Union of Soviet Socialist Republics (Russia).</p> <p>24. Yugoslavia (No. 33 of the Convention).</p> <p>Other European countries (statistical territories),—viz. :</p> <p>25. Baltic, comprising :<br/>Estonia,<br/>Latvia,<br/>Lithuania.</p> <p>26. Other, comprising :<br/>Albania,<br/>Andorra,<br/>Faroe Islands,<br/>Gibraltar,<br/>Italian Aegean Islands,<br/>Iceland,<br/>Malta,<br/>Spitzbergen (Svalbard).</p> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

ASIA.

- |                                                                                                                                                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>27. China (including Wei-Hai-Wei).</p> <p>28. India.</p> <p>29. Dutch East Indies.</p> <p>30. Japan.</p> <p>31. British Malaya.</p> <p>Other Asiatic countries,—viz. :</p> <p>32. Western, comprising :<br/>Afghanistan,<br/>Hadramaut,<br/>Hedjaz and Nejd,<br/>Iraq,<br/>Kuwait,<br/>Oman,<br/>Palestine,<br/>Persia,<br/>Syria,<br/>Yemen,<br/>Aden,<br/>Bahrein Islands,<br/>Cyprus.</p> | <p>33. Remaining Asiatic countries, comprising :<br/>Bhutan,<br/>Mongolia,<br/>Korea (or Chosen),<br/>Formosa (or Taiwan),<br/>Nepal,<br/>Siam,<br/>Tibet,<br/>British North Borneo,<br/>Brunei,<br/>Ceylon,<br/>Hong-Kong,<br/>Sarawak,<br/>Philippines,<br/>French Possessions in India,<br/>French Indo-China,<br/>Portuguese Possessions in India,<br/>Macao,<br/>Portuguese Timor.</p> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

AFRICA.

- |                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                   |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>34. Egypt.</p> <p>35. Union of South Africa.</p> <p>Other African countries,—viz. :</p> <p>36. Northern, comprising :<br/>Algeria,<br/>Libya,<br/>Morocco : French Protectorate,<br/>Morocco : Spanish Presidios and Zone,<br/>Morocco : Tangier,<br/>Tunis.</p> | <p>Other African countries,—viz. (cont.):</p> <p>37. Eastern Equatorial, comprising :<br/>French Somali Coast,<br/>Eritrea,<br/>Ethiopia (or Abyssinia),<br/>Kenya and Uganda,<br/>Seychelles,<br/>Socotra,<br/>British Somaliland,<br/>Italian Somaliland,<br/>Anglo-Egyptian Sudan,<br/>Tanganyika (Mandate),<br/>Zanzibar.</p> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

<sup>1</sup> The Committee has given the Secretariat instructions for minor modifications of this list up to October 1st, 1931, on lines indicated by it, should such a procedure prove necessary. The list should accordingly not be considered definitive before that date.

AFRICA (*continued*).

- Other African countries—viz. (*cont.*) :
38. Western Equatorial, comprising :
- French West Africa (Senegal, French Guinea, Mauritania, Dahomey, Ivory Coast, French Sudan, Upper Volta, French Niger).
  - French Equatorial Africa,
  - British Mandated Territory of Cameroons,
  - Cameroons under French Mandate,
  - Belgian Congo,
  - Ruanda-Urundi (Mandate),
  - Gold Coast,
  - Gambia,
  - Spanish Guinea,
  - Portuguese Guinea,
  - Liberia,
  - Canary Islands,
  - Cape Verde Islands,
  - Nigeria,
  - Rio de Oro,
- São Thomé e Príncipe,  
Sierra Leone,  
British Mandated Territory of Togoland,  
Togoland under French Mandate.
39. Southern, comprising :
- Portuguese West Africa,
  - Portuguese East Africa,
  - Kerguelen,
  - Madagascar,
  - Mauritius,
  - British Nyasaland,
  - Reunion,
  - Southern Rhodesia,
  - North-Eastern Rhodesia,
  - North-Western Rhodesia,
  - St. Helena,
  - Mandated Territory of South-West Africa,
  - Tristan da Cunha.

NORTH AMERICA.

40. Canada.
41. United States of America.
42. Other North-American countries, comprising :
- Alaska,
  - Newfoundland,
  - Greenland,
  - St. Pierre et Miquelon.

CARIBBEAN.

43. Cuba.
44. Mexico.
- Other Caribbean countries—viz. :
45. Continental, comprising :
- Costa Rica,
  - Guatemala,
  - Honduras,
  - Nicaragua,
  - Panama,
  - El Salvador,
  - British Honduras,
  - Panama Canal Zone.
46. Insular, comprising :
- Dominican Republic,
  - Haiti,
- Bermuda,
  - Bahamas,
  - Barbados,
  - Grenada,
  - Jamaica,
  - Cayman Islands,
  - Turks and Caicos Islands,
  - St. Lucia,
  - St. Vincent,
  - Leeward Islands,
  - Trinidad and Tobago,
  - Porto Rico,
  - Virgin Islands of the United States,
  - Guadeloupe,
  - Martinique,
  - Curaçao.

SOUTH AMERICA.

47. Argentine.
48. Brazil.
49. Chile.
50. Colombia.
51. Peru.
52. Uruguay.
53. Venezuela.
54. Other South-American countries, comprising :
- Bolivia,
  - Ecuador,
  - Paraguay,
  - British Guiana,
  - Falkland Islands,
  - French Guiana,
  - Surinam (Dutch Guiana).

OCEANIA.

55. Australia.
56. New Zealand.
57. Other countries in Oceania—viz. :
- Papua (No. 183),
  - New Guinea (Australian Mandated Territory),
- Cook Islands,
  - Union Islands (or Tokelau),
  - Western Samoa (New Zealand Mandated Territory),
  - Fiji,
  - Gilbert and Ellice Islands,
  - British Solomon Islands Protectorate,

OCEANIA (*continued*).

- |                                                    |                                                 |
|----------------------------------------------------|-------------------------------------------------|
| Other countries in Oceania—viz. ( <i>cont.</i> ) : | Guam,                                           |
| Tonga Protectorate (or Friendly Islands),          | American Samoa,                                 |
| Other British Pacific Islands (No. 193),           | French Settlements in Oceania,                  |
| Nauru Island (British Mandated Territory),         | New Caledonia,                                  |
| Hawaii,                                            | New Hebrides,                                   |
|                                                    | Japanese Mandated Territory of Pacific Islands. |
58. ARCTIC REGIONS (No. 202),  
ANTARCTIC REGIONS (No. 203) and  
FISHERIES (Nos. 204 to 206).
59. " FOR ORDERS " (in exports only)  
(No. 208 of the Convention).

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**Appendix II.**

LIST OF COMMODITIES FOR THE PURPOSE OF THE EXPERIMENT IN RECORDING  
EXTERNAL TRADE STATISTICS BY COUNTRIES OF ORIGIN, CONSIGNMENT,  
PURCHASE, ETC.

- |                                                                                                 |                                                                                        |
|-------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| 1. Wheat.                                                                                       | 14. Crude rubber (excluding, if possible, reclaimed rubber).                           |
| 2. Wheat flour.                                                                                 | 15. Steel rails.                                                                       |
| 3. Maize.                                                                                       | 16. Motor vehicles (including chassis) for road traffic (excluding replacement parts). |
| 4. Rice, not in the husk.                                                                       | 17. Woollen yarn.                                                                      |
| 5. Oranges.                                                                                     | 18. Cotton yarn.                                                                       |
| 6. Coffee.                                                                                      | 19. Bicycles, excluding motorcycles.                                                   |
| 7. Tea.                                                                                         | 20. Sole leather.                                                                      |
| 8. Butter.                                                                                      | 21. Leather boots and shoes.                                                           |
| 9. Tobacco (unmanufactured).                                                                    | 22. Carpets, carpeting and floor rugs, of wool.                                        |
| 10. Cotton (raw), ginned.                                                                       |                                                                                        |
| 11. Sheep and lamb wool (raw), distinguishing, if practicable, between scoured and greasy wool. |                                                                                        |
| 12. Tin (crude).                                                                                |                                                                                        |
| 13. Motor spirit (including benzine, but excluding power alcohol).                              |                                                                                        |



Genève, le 27 mars 1931.

SOCIÉTÉ DES NATIONS

COMITÉ FINANCIER

LE CRÉDIT AGRICOLE EN TCHÉCOSLOVAQUIE

INTRODUCTION

Le mémorandum sur le crédit agricole à moyen terme, établi par la Conférence de Varsovie en novembre 1930 (document deuxième Conf./A.E.C./II), comportait, *in fine*, un questionnaire sur la situation du crédit agricole dans les pays ayant participé à la Conférence.

Ce questionnaire, ainsi que les réponses des Gouvernements bulgare, estonien, hongrois, letton, polonais, roumain et yougoslave, a été communiqué à la Société des Nations et reproduit dans le volume F.866(1).

La réponse du Gouvernement tchécoslovaque, parvenue récemment à la Société des Nations, figure dans le présent document.

RÉPONSE DU GOUVERNEMENT TCHÉCOSLOVAQUE

Question I.

I. CRÉDIT A COURT TERME.

Le crédit agricole à court terme — c'est-à-dire nécessaire pour la marche des exploitations agricoles et, par là, fourni principalement à un terme d'un an ou, le cas échéant, de deux ans — est pratiqué, soit sous forme de *crédit en espèces*, soit sous forme de fourniture à crédit de *marchandises* nécessaires à l'agriculture.

A. Le *crédit en espèces* à court terme est fourni sous forme de :

a) Prêts sur obligations jusqu'à un terme de deux ans, susceptibles d'être prolongés jusqu'à quatre ans (consentis par les caisses dites *Kampeličky* ou caisses *Raiffeisen*) ;

b) Prêts sur lettre de change de trois à six mois pour lesquels les débiteurs ou, s'il y a lieu, le donneur d'aval contresignent comme accepteurs. Le créancier n'est pas tenu de protester ces lettres de change pour le non-paiement et sans préjudice des droits de change, ce qui permet de prolonger sans difficultés les prêts jusqu'à un terme de trois ans à compter du jour de l'échéance primitive (prêts consentis par les Caisses agricoles de crédit des districts et les Caisses d'avances système *Schülze-Delitzsch*).

En dehors des types de crédit agricole à court terme précités, qui sont les plus usités, on a parfois recours aux crédits sous forme d'*avances sur les fournitures de betterave saucrées et d'avances sur les récoltes des céréales* (en Slovaquie) ; ces dernières avances constituent le *crédit dit vert* ; sitôt la livraison de la récolte faite, ces avances sont liquidées. Elles ne sont prolongées qu'exceptionnellement.

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II. QUESTIONS ÉCONOMIQUES  
ET FINANCIÈRES  
1931. II. A. 10.

B. Les *crédits en marchandises* sont accordés aux agriculteurs de la part des coopératives d'emmagasinage sous forme d'engrais, machines, semences de céréales, etc. Ces crédits sont liquidés, en règle générale, après la récolte par la livraison des produits agricoles à la coopérative. Comme ces crédits immobiliseraient une grande partie des fonds de roulement des coopératives, celles-ci tirent des *lettres de change* sur les différents créanciers. La traite porte la signature du créancier de la coopérative en qualité de tiré, celle de la coopérative en qualité de tireur ; elle est faite, soit à l'ordre du tireur, soit au bénéfice de la Centrale d'achat des coopératives ; l'endossement de cette dernière procure à la traite agricole l'accès à la Banque d'émission.

Cette solution de l'escompte des lettres de change agricoles à des conditions avantageuses n'a été facilitée que par le fait suivant : Bien qu'en conformité de ses Statuts, la « Národní banka československá » n'acceptât, en principe, pour les escompter, que des effets de commerce à trois mois au plus, elle a fait des concessions : elle reçoit, comme gage des prêts, des lettres de change agricoles, qui, en règle générale, sont à six mois, et ce seulement pendant les trois premiers mois à compter du jour où elles ont été tirées. Aussitôt que la durée de la circulation a atteint 92 jours, elle reçoit les traites pour l'escompte.

La base de cette pratique se trouve dans l'article XIV de la Convention entre le Gouvernement de la République tchécoslovaque et la « Národní banka československá », dont voici le texte :

« La « Národní banka československá » fournira à l'agriculture un crédit de commerce et de production à court terme et elle en encouragera l'utilisation. Sous réserve que la liquidité de la Banka et l'intérêt monétaire de l'Etat le permettent, elle consentira notamment un crédit basé sur des lettres de change, voire à plus de 92 jours, mais dont l'échéance ne va pas au delà de 182 jours. Moyennant l'observation des règles prescrites et la censure normale, elle recevra ces lettres de change tout d'abord comme gage des prêts, à un taux qui, en temps normal, n'excédera que de 1½ % le taux d'escompte. Quand ces lettres de change seront parvenues à l'échéance de 92 jours, elle les escomptera sous les conditions habituelles prévues par le paragraphe 122 de la loi N° 347/1920, *Recueil de lois et décrets*. La Banka admettra naturellement aussi à l'escompte, sous des conditions normales, des lettres de change de ce caractère dont l'échéance n'excède pas 92 jours.

« La Banka recevra ces lettres de change au moins jusqu'à concurrence de 10 % du montant de toute sa provision de lettres de change.

« Il y a lieu de considérer comme *lettre de change agricole* la traite, tirée pour des fins de production agricole, parmi les signatures de laquelle une au moins est celle d'un agriculteur ou d'une coopérative agricole. »

C'est par cette voie que les lettres de change des coopératives ont acquis, à juste titre, le caractère d'effets de commerce et que l'agriculture a vu s'ouvrir la source des crédits à des termes adaptés au caractère des entreprises agricoles.

## 2. CRÉDIT A MOYEN TERME.

Le crédit à moyen terme, c'est-à-dire celui qui sert généralement à intensifier l'exploitation, à acheter des machines et d'autres installations assez coûteuses, et dont le terme va jusqu'à dix ans environ, se présente un peu sous les mêmes formes que le crédit à court terme, pour autant que ces formes permettent une prolongation aisée, à savoir sous forme de prêts renouvelables ayant au total un terme de quatre ans, par exemple, ou même davantage, et sous forme de lettres de change.

S'agit-il d'un prêt à moyen terme, le crédit relatif au compte courant est d'ordinaire assuré par une hypothèque de cautionnement ou par une mention dans le registre foncier ; il est consenti à un an et il peut être renouvelé. En Slovaquie, les coopératives de crédit pratiquent les prêts à moyen terme en inscrivant les traites dans le registre des hypothèques.

## 3. CRÉDIT AGRICOLE A LONG TERME.

Le crédit agricole à long terme se présente sous forme de crédit hypothécaire, et ce tant sur la base des obligations bancaires que comme crédit en espèces fourni par des établissements financiers et découlant des opérations courantes passives (dépôts, etc.).

---

### Question II.

Les garanties généralement offertes en crédit agricole sont les suivantes :

- 1° Crédit personnel ;
- 2° Crédit moyennant garantie des coopératives ;
- 3° Crédit hypothécaire ;
- 4° Crédit contre gage (hypothèque) sur les biens meubles ;
- 5° Autres catégories de garanties usuelles.

1. Le *crédit personnel agricole*, c'est-à-dire celui qui ne tient point compte de la propriété réelle du débiteur, ne se rencontre pas dans notre pratique. Le « crédit personnel » qui se pratique se rapporte ordinairement à toutes les catégories de crédits à garantie partielle

directe et subsidiaire des personnes (généralement de deux). Pour ce qui concerne les crédits sur obligations ou les crédits de compte courant, les cautions adoptent l'engagement du débiteur « comme cautions et payeurs ». Il en est de même pour les crédits sur lettres de change.

2. Le *crédit agricole moyennant garantie des coopératives* ne se pratique pas chez nous, à moins que l'on ne considère comme tel le crédit fourni par l'intermédiaire des coopératives de crédit où, à la garantie du débiteur, se joint en conformité des statuts de la coopérative, la garantie solidaire de tous les membres.

3. Pour ce qui concerne le *crédit hypothécaire*, le créancier s'assure, soit par l'enregistrement du droit de gage, par l'établissement d'une hypothèque de cautionnement, soit par l'inscription dans le registre des hypothèques de la mention du rang (endettement projeté) ; ce faisant, il s'assure le rang dans le registre en vue du droit de gage qui pourra être inscrit postérieurement. Autrement, l'expiration d'un an fait perdre à la mention sa signification et il faut la renouveler (en Slovaquie et en Russie subcarpathique, après deux mois).

Est considéré comme de premier ordre le prêt fait dans le cadre de la *sûreté dite pupillaire*. Cette sûreté est acquise à la créance quand celle-ci est assurée au moyen du droit de gage sur un bien immobilier, et ce jusqu'à la moitié du prix estimatif des maisons de rapport, ou bien jusqu'aux deux tiers du prix estimatif des immeubles agricoles, compte non tenu du prix des constructions rurales.

4. Le *crédit contre gage sur les biens meubles* n'est pas pratiqué chez nous ; cette catégorie de crédit est aussi privée de toute forme légale.

5. Par exception se rencontrent chez nous des prêts sur gage de *titres*, des prêts sur gage de *livrets d'épargne*. Dans ce cas, naturellement, le paiement éventuel du dépôt ne doit pas être empêché par des réserves s'opposant à l'encaissement des dépôts. Quant au *crédit dit vert*, il s'agit là d'une avance sur la récolte achetée par termes ; il en est de même pour ce qui concerne les avances consenties aux cultivateurs de la part des sucreries pour constituer un acompte des fournitures de betteraves à sucre, nonobstant que ces avances aient été faites sous forme de graines de betterave, d'engrais, ou bien en espèces.

Cette année, on a fait un essai aux fins de financer la récolte du houblon, et ce sur la base d'un certificat d'entreposage de la marchandise dans un entrepôt public. Le prêt est couvert par une lettre de change que l'établissement financier local escompte auprès de la « Zemská banka » (Banque de province), qui est publique. Le crédit doit être remboursé sitôt la vente du houblon effectuée, compte tenu naturellement de l'échéance de la traite.

---

### Question III.

Le crédit hypothécaire, autrement dit crédit sur gage immeuble, où le débiteur met son immeuble en gage auprès du créancier en faisant inscrire, dans le registre foncier, la créance que le créancier a sur lui, est régi par :

a) Les prescriptions du Code civil tchécoslovaque, titre VI, « sur le droit de gage », paragraphes 448, 449, 451, 453, 454, 457, 461-464, 468-470, 1368, 1369, 1371, 1373, 1374, 1446. Le texte des paragraphes 451, 469 a), 470 et 1446 a été modifié par les dispositions des paragraphes 22, 33, 34, 35, 36 et 43 du troisième amendement partiel (décret impérial du 19 mars 1916, N° 69, C.E.) ;

b) Les paragraphes 45-51, 33-44, cités sous la lettre a) ;

c) La loi générale sur les registres fonciers du 25 juillet 1871, N° 95, C.E., paragraphes 4, 6-9, 13-18, 20-23, 26-29, 31-33, 35, 36, 38, 40-51, 53-71, 75-80, 83-88, 90, 92, 93, 95, 98, 99, 102, 103-114, 116, 126-133. Il y a lieu de faire remarquer que les lois du 4 juin 1882, N° 67, C.E., et du 5 juin 1890, N° 109, C.E., ont accordé des facilités relatives à la légalisation ;

d) La loi sur les conversions en date du 22 février 1907, N° 49, C.E., et la loi du 12 mai 1923, N° III, R.L.D.

#### I. REGISTRES FONCIERS.

Les registres fonciers, qui se sont développés en Bohême peut-être le plus tôt parmi les pays de l'Europe (leur origine remonte à la deuxième moitié du XIII<sup>e</sup> siècle ; c'étaient alors les *Desky zemské* = Tables du pays), sont organisés en Tchécoslovaquie par la loi générale sur les registres fonciers du 25 juillet 1871, N° 95, C.E., qui est en vigueur pour la Bohême, la Moravie et la Silésie, le territoire de Vitoraz, le territoire de Valčice et le territoire de Hlučín. En Slovaquie et en Russie subcarpathique, les registres fonciers et leur tenue sont régis par le Règlement spécial pour les registres fonciers du 15 décembre 1855, N° 222, C.E. Pour ces deux pays est aussi en vigueur la loi du 26 avril 1923, N° 90, R.L.D., qui prévoit toutes les formalités concernant les documents de l'inscription dans le registre foncier, la radiation des créances et les facilités relatives aux taxes afférentes à leur radiation et à l'établissement des feuilles à insérer dans le registre. Le projet actuel de nouveau règlement pour les registres fonciers établira une unanimité absolue sur tout le territoire de la République tchécoslovaque.

## 2. INSCRIPTIONS DANS LE REGISTRE FONCIER.

L'inscription dans le registre foncier n'est permise par le tribunal que sur la base des documents publics ou bien des documents privés où les signatures sont légalisées par le tribunal respectif ou par un notaire. Le document doit comporter la clause de l'inscription par laquelle la personne dont le droit doit être limité, levé ou transmis à un tiers, ou encore grevé, déclare acquiescer à l'inscription.

## 3. MENTION DU RANG.

Par la mention du rang, le créancier futur s'assure, pour une durée d'un an, la possibilité d'inscrire, avant ce temps, le droit de gage relatif à une certaine somme d'argent. L'inscription de la mention du rang est permise sur une demande munie de la signature légalisée du propriétaire de l'immeuble. La demande présentée plus tard et relative à l'inscription du droit de gage dans le rang de la mention est censée avoir été présentée au moment où a été demandée l'autorisation d'inscrire la mention du rang. Si la demande relative à l'inscription à faire dans le rang mentionné n'a pas été présentée dans un délai d'un an, la mention sera rayée d'office.

## 4. HYPOTHÈQUE DU PROPRIÉTAIRE.

Le troisième amendement partiel de la loi civile du 19 mars 1916, N° 69, C.E., offre au propriétaire de l'immeuble enregistré la possibilité de mettre à profit, pour le nouveau prêt hypothécaire, le rang du droit de gage déjà inscrit dans le registre foncier et relatif à une créance qui a été payée, soit entière, soit en partie, en vue d'assurer au nouveau créancier pour le nouveau prêt les avantages du rang d'enregistrement antérieur.

Vu que la libre disposition de l'hypothèque de la part du propriétaire menace toujours les créanciers qui auraient la possibilité de mettre à profit les droits de gage antérieurs éteints par le paiement des créances ou bien de rendre tout simplement plus avantageux leur rang dans le registre par la radiation de ces droits de gage, il est d'usage que les établissements qui fournissent des prêts hypothécaires demandent au propriétaire de l'immeuble de renoncer à ce droit de disposition et de s'engager à faire rayer les créances antérieures aussitôt qu'elles auront été payées. Ce renoncement de la part du propriétaire au droit de disposer de l'hypothèque s'opère, en règle générale, dans une obligation relative au prêt postérieur, et il doit être mentionné dans le registre foncier.

## 5. PRESCRIPTIONS POUR LES TAXES RELATIVES AUX PRÊTS HYPOTHÉCAIRES.

a) En conformité de l'article 61 des lettres patentes impériales du 9 février 1850, N° 50, C.E., les obligations hypothécaires sont soumises à la taxe d'après l'échelle II, soit à un pour-cent de la somme qui constitue la valeur de l'obligation.

b) D'après l'article tarifaire 45, alinéa 5, des lettres patentes impériales précitées du 9 février 1850, N° 50, C.E., modifiées par la loi du 7 janvier 1920, N° 31, R.L.D., la taxe afférente à l'inscription dans le registre foncier du droit de gage est également un pour-cent de la somme inscrite et des engagements accessoires.

c) La quittance relative au paiement du prêt hypothécaire susceptible d'être enregistrée est soumise à un droit de timbre également conforme à l'échelle II, c'est-à-dire à un pour-cent du montant indiqué dans la quittance.

En vertu de la loi sur les conversions du 22 février 1907, N° 49, C.E., le nouveau prêt plus avantageux au moyen duquel le prêt plus ancien doit être payé (prêt de conversion) est exonéré des droits de timbre et d'enregistrement, et la quittance de radiation pour le prêt plus ancien payé (prêt converti) est également exonérée du droit de timbre. Le principal avantage offert par le nouveau prêt est que son taux d'intérêt est inférieur à celui de la créance existante ou, le cas échéant, que le nouveau prêt ne peut être dénoncé pendant au moins six ans (si ce n'est pas contraire aux statuts de l'établissement financier).

Ces derniers temps, vu la crise agricole et celle du crédit, des propositions relatives à l'abaissement des taxes afférentes aux prêts hypothécaires sont en voie de préparation.

Etant donné que les frais actuels des prêts hypothécaires constituent 3% de la somme prêtée, les établissements financiers populaires et les banques se contentent, quand il s'agit d'un bon débiteur, de la simple mention du rang dans le registre foncier et de l'établissement d'une obligation qui est susceptible d'être enregistrée. Au cas où le débiteur ne renouvelerait pas la mention du rang avant l'expiration de son échéance, ou bien si la situation dans le registre vient à subir un changement, cette obligation peut être inscrite dans le registre à quelque moment que ce soit avant l'expiration de l'échéance de la mention du rang. De cette façon, 2% sont économisés, puisque la mention du rang n'est soumise qu'à un droit de timbre de 6 Kč ; les frais afférents à la légalisation des signatures sont en général très petits.

En Slovaquie et en Russie subcarpathique, il existe des dispositions distinctes relatives aux taxes. Cependant, on ne les cite pas ici, car les travaux portant sur l'unification de ces prescriptions avec celles qui sont en vigueur dans les autres provinces de la République tchécoslovaque ont déjà considérablement avancé.

#### Question IV.

- Le droit tchécoslovaque de gage sur biens meubles est régi par les prescriptions du Code civil (paragraphe 447-452, 454-461, 463, 464, 466-469, 1368-1374).

Peuvent faire objet du droit de gage :

- a) Tous les biens meubles du débiteur susceptibles d'être remis matériellement de la main à la main (mobilier, installations, titres sur le propriétaire, livrets d'épargne) ;
- b) Les biens meubles du débiteur non susceptibles de remise matérielle de la main à la main, mais pouvant être mis en gage symboliquement, c'est-à-dire par des signes susceptibles de faire savoir à tout le monde la mise en gage (machines montées, magasin de marchandises, stocks de marchandises) ;
- c) Le cheptel vif et le cheptel mort d'une exploitation (bétail, machines agricoles) ;
- d) Les récoltes.

En principe, il est possible de mettre librement en gage un bien meuble ou un certain ensemble de biens meubles, pour autant qu'ils ne constituent pas un accessoire de la chose immobilière, c'est-à-dire d'une propriété foncière. Le Code civil tchécoslovaque entend par accessoires tout ce que le propriétaire de la chose mobilière a lié d'une façon définitive à la chose immobilière. Parmi les accessoires d'un bien immeuble, il y a lieu de distinguer les accessoires du bâtiment et ceux de l'exploitation. Les matières premières et les produits semi-ouvrés constituent les accessoires de l'entreprise, mais non ceux du bâtiment.

Autant qu'il s'agit de personnes, c'est le propriétaire de la chose principale et non le loueur ou le preneur à bail qui peut seul lier d'une façon définitive une chose accessoire à une chose principale. Dans une exploitation, une machine qui avait été achetée par le preneur à bail ne devient par conséquent pas accessoire. Quant à la façon de la liaison, on souligne le rapport économique de la chose accessoire à la chose principale et non à la fixation physique. Il n'est pas indispensable que la chose soit enfoncée dans la terre, fixée dans le mur, rivée ou clouée ; il suffit qu'elle soit reliée à un certain tout, tel que cordages, chaînes, etc., d'un puits.

Les instruments agricoles et le bétail ne constituent des accessoires d'un immeuble qu'autant qu'ils sont indispensables à la marche de l'exploitation agricole. Pour ce qui concerne les machines, la matière est régie par le troisième amendement partiel, relatif au Code civil, soit par le « décret impérial du 16 mars 1916, N° 169, C.E., paragraphe 10 ». En conformité de ces prescriptions, ne sont pas considérées comme accessoires les machines liées à la chose immobilière si, avec le consentement du propriétaire de l'immeuble, il est mentionné dans le registre public que les machines constituent la propriété d'un tiers.

La question de savoir s'il est possible d'acquérir le droit de gage sur les *récoltes sur pied* est contentieuse tant dans la théorie que dans la pratique. Les fruits qui ne sont pas séparés de la chose principale constituent, en vertu du Code civil tchécoslovaque, une partie de la chose principale et partagent sa destinée. Les fruits ne peuvent donc faire l'objet de conditions juridiques que comme choses qui acquièrent, dans l'avenir seulement, une existence indépendante et sous la condition qu'ils l'acquerront réellement. Voilà pourquoi nul droit positif indépendant ne peut exister pour la récolte non détachée. Par contre, un droit de gage indépendant peut exister pour les fruits *détachés*, lorsqu'ils auront acquis le caractère d'une chose indépendante.

En réalité, les fruits font souvent l'objet de droits positifs ; un exploitant endetté peut disposer librement des fruits, pour autant qu'ils ne sont pas saisis au moment du détachement du sol et qu'ils ne sont pas exécutés pour la séquestration judiciaire de l'immeuble. Très souvent, l'exploitant dispose des fruits sur pied en les mettant en gage ou bien en vendant la récolte à l'avance. Naturellement, cela est possible quand l'exploitant n'est pas menacé de la séquestration judiciaire de l'immeuble. Tout créancier gagiste peut obtenir cette séquestration en recouvrant sa créance. D'après la législation en vigueur, le droit de gage relatif à la récolte sur pied est donc valable seulement quand le créancier assuré dans le registre ne demande pas satisfaction, en ce qui concerne les fruits, au moyen d'une administration imposée.

#### NAISSANCE DU DROIT DE GAGE VIS-A-VIS LES CHOSSES MOBILIÈRES.

L'acquisition d'un droit de gage sur une chose mobilière ne se fait, en règle générale, que par la mise de la chose à la disposition du créancier. Le gage d'une chose mobilière est généralement un gage manuel. La tradition matérielle consiste dans le fait que le créancier gagiste prend en dépôt la chose engagée. Dans la majorité des cas, il ne suffit pas de saisir tout simplement la chose sans la soustraire à la libre disposition du créancier.

La tradition *symbolique* (signe) remplace la tradition matérielle des choses seules qui, par leur caractère, n'admettent pas de tradition matérielle (magasin de marchandises, stocks ou autres choses collectives). Les signes doivent être de nature à permettre à chacun « de reconnaître le gage effectué ». Toute disposition susceptible de rendre reconnaissable le droit de gage constitue un signe dans ce sens. Cela a lieu, par exemple, lors de la mise en gage de marchandises par la remise des documents qui remplacent la marchandise en question

(récépissé du dépôt, lettre de voiture, warrant), lors de la mise en gage des machines par apposition d'un signe visible, lors de la mise en gage d'un magasin par la remise des clés du magasin séparé où les stocks sont enfermés. Le signe essentiel est que la personne qui reçoit la marchandise peut disposer librement et exclusivement de la chose, même quand elle la laisse chez le débiteur.

Si une chose collective doit faire l'objet d'un droit de gage dans le sens que, par aliénation, les différentes pièces peuvent être soustraites du gage et d'autres, nouvellement acquises, prendre leur place (magasin de marchandises, stocks, effectifs du bétail), il faut qu'une stipulation particulière l'ait prévu; cependant, même alors, ce n'est pas la personne qui met en gage, mais le *créancier gagiste seul*, qui peut disposer librement des choses.

#### DROIT DE GAGE LÉGAL.

Le principal cas du droit de gage légal est le droit de gage du loueur ou du bailleur d'une chose immobilière vis-à-vis l'installation et les biens mobiliers du preneur ou des membres de sa famille vivant avec lui dans un ménage commun, lesquels ont été portés dans les locaux loués ou pris à bail en vue d'assurer les prix du louage ou du fermage. Ce droit de gage privilégié, qui assure le fermage non payé, se rapporte au bétail, aux instruments agricoles, aux fruits et aux provisions qui peuvent se trouver dans la propriété affermée. Le droit de gage en question prend sa naissance par le fait que les objets précités ont été portés dans la propriété affermée ou louée, et il précède d'autres droits de gage acquis après que les objets susmentionnés ont été portés dans la propriété louée.

#### DROITS ET DEVOIRS DU CRÉANCIER GAGISTE.

En vertu du droit de gage, le créancier peut se payer sur la chose qui est l'objet du gage alors qu'il n'est pas satisfait à un certain moment; il doit d'abord faire valoir son droit par une action intentée en due forme et, sur la base du jugement donné, faire procéder à l'exécution. Cependant, une autre façon de se faire payer peut aussi être convenue; mais la loi exclut la clause d'après laquelle, après l'échéance de la créance, le gage pourrait être confisqué en faveur du créancier; ou bien il peut être convenu qu'il est défendu au créancier négligent de racheter le gage ou que le créancier peut, à son gré, soit vendre le gage à un prix fixé d'avance, soit le garder.

Par contre, la loi admet la convention d'après laquelle le créancier peut vendre le gage au prix pratiqué ou, à défaut de ce dernier, au prix estimatif, ou bien encore s'en rendre possesseur en lieu de paiement. En règle générale, le créancier n'a que le droit d'exiger la vente judiciaire du gage. La vente publique ne se pratique pas en ce qui concerne les titres et les marchandises qui ont un prix coté ou un prix du marché. Ces titres sont généralement vendus à l'amiable par l'intermédiaire d'un courtier commercial.

#### PRESCRIPTIONS RELATIVES AUX TAXES EN VIGUEUR POUR LE GAGE MOBILIER.

Pour les documents où le gage est réservé à une personne afin d'assurer un engagement, il faut payer, sur le prix de l'engagement pour lequel le droit de gage est réservé, une taxe d'après l'échelle II, c'est-à-dire de 1%, que la remise du gage ait été effectuée ou non.

Les lettres de gage que le receveur de la garantie du gage délivre à la personne fournissant le gage, qu'elles comportent les conditions du gage ou non, sont soumises à un droit de timbre de 5 Kč par feuille, pour autant que, d'après la valeur du gage, la taxe conforme à l'échelle II n'est pas inférieure au droit de timbre ci-dessus. Les acquis de la remise du gage sont également soumis au droit de timbre de 2 Kč par feuille.

#### WARRANTS DES MAGASINS GÉNÉRAUX.

Les *magasins généraux* créés en vertu de la loi du 28 avril 1889, N° 64, C.E., possèdent une moindre importance économique pour le crédit à consentir. Ils sont établis par une concession qu'accorde l'Etat. Ils délivrent, pour les marchandises qui y sont déposées, des récépissés se composant d'un bulletin de propriété et d'un bulletin de gage. Les deux parties peuvent être transférées par voie d'endossement. Les concessions sont accordées de préférence aux provinces, districts et communes. En pratique, les warrants ne sont pas appliqués aux crédits fournis sur les provisions de céréales. En Slovaquie et en Russie subcarpathique, les dispositions des paragraphes 434 à 452, Code de Commerce, article XXXVII/1875, sont en vigueur pour ce qui concerne les magasins généraux.

#### LES EFFORTS DE « LEGE FERENDA ».

Le Code civil amendé qui est en préparation introduira une nouveauté juridique: l'*hypothèque enregistrée*, par laquelle on peut mettre en gage les choses collectives et les choses des entreprises à but lucratif et autres en les inscrivant, sur la base d'un document de gage légalisé, dans un registre des gages spécial. Le projet de la Commission qui travaille au texte définitif du Code civil donne à cette institution le nom de « droit de gage à enregistrer », qui permet de mettre en gage des entreprises et des établissements (même agricoles). Les intéressés demandent l'introduction du warrant agricole « à enregistrer », qui permet de mettre en gage des stocks de blé, des produits agricoles et du bétail.

Question V.

ENDETTEMENT DES EXPLOITATIONS AGRICOLES EN TCHÉCOSLOVAQUIE A LA FIN DE 1930.

A. Endettement hypothécaire.

Les dernières données statistiques portant sur l'endettement hypothécaire des exploitations agricoles accusaient en Bohême, en Moravie et en Silésie, à la fin de 1928, le chiffre de . . . . .	Kc 27.018.869.000
En 1927, le total de ces dettes était de . . . . .	23.168.353.000
Le nouvel endettement en 1928 excédait les remboursements, pour la même année, de . . . . .	3.850.516.000

Sur ces chiffres, il revient aux biens immobiliers :

	1927 Kc	1928 Kc	Accroissement Kc
a) Inscrits dans le registre de province	1.209.478	1.306.399	96.921
b) Pour la plupart urbains . . . . .	9.017.402	11.029.263	2.011.861
c) Pour la plupart ruraux . . . . .	12.691.951	14.451.037	1.759.086
d) Miniers. . . . .	249.522	232.170	dim. 17.352
Totaux . . . . .	23.168.353	27.018.869	3.850.518

Pour établir la situation telle qu'elle se présente dans les registres des dettes hypothécaires des biens immobiliers en Bohême, en Moravie et en Silésie, il convient de se rendre compte que les données relatives aux immeubles *pour la plupart urbains* comportent aussi les dettes hypothécaires qui grèvent les immeubles agricoles dans les villes. Par contre, les données relatives aux immeubles *pour la plupart ruraux* comprennent les dettes hypothécaires qui grèvent les immeubles de caractère urbain (usines, hôtels, etc.). Même en admettant ici une certaine compensation, il ne faut pas perdre de vue que les immeubles pour la plupart ruraux comportent une partie beaucoup plus grande d'immeubles urbains que les immeubles pour la plupart urbains ne comportent d'immeubles ruraux. Dans les conditions actuelles, il est assez difficile d'établir le montant de l'excédent qu'il y a lieu d'attribuer aux immeubles pour la plupart urbains.

L'Office de statistique de la République tchécoslovaque s'en tient aux données qui, tous les ans, lui parviennent de la part des tribunaux respectifs. Actuellement, trois tribunaux tiennent les registres de province des immeubles urbains.

C'est le tribunal civil régional à Prague qui concentre toutes les affaires concernant les immeubles sis dans la banlieue de la Grande Prague et, à part cela, les affaires concernant les registres des communes rurales de deux districts de la Grande Prague.

Trente-deux tribunaux en Bohême et quatorze tribunaux en Moravie et en Silésie tiennent séparément les registres de province des immeubles urbains et ruraux.

Les immeubles urbains et ruraux réunis dans un registre sont tenus par les autres tribunaux de district comme immeubles en grande partie ruraux.

Les *registres des mines* sont tenus par cinq villes.

Il y aurait lieu de faire une autre correction du fait qu'une certaine partie — et elle n'est pas petite — est payée sans être radiée.

En supposant pour 1929 et 1930 le même accroissement d'exploitations que sous a) et c) pour 1928, on obtient, pour ce qui concerne l'endettement hypothécaire en Bohême, en Moravie et en Silésie, le chiffre de 19.469.000.000 de Kč, avec les réserves susmentionnées.

La statistique n'a pas établi l'endettement hypothécaire global de la Slovaquie et de la Russie subcarpathique. L'Office de statistique précité ne publie que les données relatives au nouvel endettement et au nouveau dégrèvement en 1928.

En 1928, la somme globale du nouvel endettement hypothécaire en Slovaquie et en Russie subcarpathique a été de . . . . .	Kc 985.308.142
Les remboursements se sont élevés à . . . . .	502.851.474
L'accroissement est de . . . . .	482.456.668

donc 500 millions en chiffre rond.

Sur ce chiffre, il revient aux immeubles agricoles ruraux environ 70%, de sorte qu'il est possible d'évaluer l'accroissement annuel de l'endettement agricole en Slovaquie et en Russie subcarpathique à environ 350 millions de Kč.

En supposant en Slovaquie et en Russie subcarpathique la même proportion entre les dettes et l'accroissement qu'en Bohême, en Moravie et en Silésie, on obtient à la fin de 1928, pour les deux provinces citées en premier lieu, le chiffre de 2.878 millions de Kč, qui représente les dettes hypothécaires.

A la fin de 1930, la situation des dettes hypothécaires en Slovaquie et en Russie subcarpathique est donc la suivante :

	Kc
Situation à la fin de 1928 . . . . .	2.878.000.000
Accroissement de 1929 . . . . .	350.000.000
Accroissement de 1930 . . . . .	<u>350.000.000</u>
Total . . . . .	3.578.000.000

soit 3,5 milliards en chiffre rond.

L'état de l'endettement hypothécaire des immeubles agricoles se présente, à la fin de 1930, environ comme suit :

	Kc
Bohême, Moravie, Silésie . . . . .	19.469.000.000
Slovaquie, Russie subcarpathique . . . . .	<u>3.578.000.000</u>
Toute la République tchécoslovaque . . . . .	23.047.000.000

Les experts admettent qu'en vertu des deux remarques précitées il y a lieu de faire une déduction d'environ 3 à 4 milliards, de sorte que l'endettement hypothécaire atteint 18 à 20 milliards de Kč.

### B. Endettement par le crédit d'exploitation.

A part le crédit hypothécaire, l'agriculture se sert aussi du crédit d'exploitation, qui est, soit organisé, soit non organisé.

Le *crédit non organisé* n'a, jusqu'ici, été ni envisagé ni établi chez nous. C'est un crédit consenti aux agriculteurs de la part des particuliers, et, sur une large échelle, c'est un crédit entre parents. Il peut être évalué à environ 15 à 20% de tout le crédit d'exploitation. Mais on peut estimer que le crédit non organisé comprend un poste assez grand du crédit agricole d'exploitation, poste qui, par malheur, n'a pas encore été établi. Le crédit non organisé est particulièrement répandu en Slovaquie et en Russie subcarpathique.

Le *crédit organisé* est établi, d'après les données fournies par l'Office de statistique précité, au moyen des coopératives de crédit (Kampeličky), des caisses agricoles de crédit des districts, de caisses rurales et des coopératives générales et rurales de crédit.

Suivant les rapports de l'Office de statistique de 1930, les coopératives de crédit (Kampeličky) accusaient, en 1928, en Bohême, en Moravie et en Silésie, un crédit personnel (obligations et comptes courants) de 2.339.000.000 de Kč. Tout ce crédit peut à quelque égard être considéré comme crédit agricole, même si, à la campagne, il est fourni au petit industriel ou au commerçant. En effet, en règle générale, ces derniers possèdent aussi des terrains à la campagne et, par conséquent, peuvent être considérés comme agriculteurs. En 1927, ces prêts atteignaient 2.012.000.000 de Kč ; vu ce chiffre, l'accroissement annuel est d'environ 200.000.000 de Kč, ce qui permet de supposer que le crédit d'exploitation consenti en 1930 par les coopératives de crédit dans les trois provinces dites historiques, Bohême, Moravie et Silésie, s'est élevé à environ 2.500.000.000 de Kč.

Pour ce qui concerne les caisses agricoles de crédit des districts, elles accusaient, à la fin de 1928, d'après les rapports de l'Office de statistique, des prêts de 751.000.000 de Kč ; en 1927, de 630.000.000 de Kč. L'accroissement annuel est donc d'environ 120.000.000 de Kč ; par conséquent, le crédit personnel consenti par les caisses agricoles de crédit des districts serait annuellement d'environ 1 milliard de Kč.

Les caisses rurales et les coopératives générales et rurales de crédit, dont la plus grande partie est organisée dans les syndicats agricoles (en Moravie), ont également accordé aux agriculteurs, en 1928, environ 1 milliard de couronnes tchécoslovaques.

En dehors des établissements ci-dessus, les caisses d'épargne et les banques accordent le crédit agricole d'exploitation ; cependant, ce crédit n'est pas d'une importance particulière en regard des sommes citées ci-dessus, étant donné qu'il est généralement assuré par des hypothèques et, par conséquent, rentre dans le crédit hypothécaire.

En Slovaquie et en Russie subcarpathique, le crédit d'exploitation consenti de la part des coopératives de crédit peut être évalué à 200.000.000 de Kč, celui fourni par les mutuelles rurales à 350.000.000 de Kč et celui accordé par des banques à environ 1 milliard de Kč.

Le crédit d'exploitation organisé s'élève donc, dans tout l'Etat, à environ 6 milliards de Kč.

Indépendamment des crédits susmentionnés (crédit hypothécaire et crédit d'exploitation), il en est un autre qui comporte une grande importance : c'est le crédit fourni sur les marchandises par des établissements de commerce, ou bien les avances consenties par les coopératives d'emmagasinage et les avances que les agriculteurs reçoivent de la part des sucreries et des brasseries, soit sous forme d'argent, soit sous forme de semences sur les produits qu'ils fournissent en automne. En Slovaquie et en Russie subcarpathique, on pratique encore un crédit dit vert, qui constitue des avances sur les céréales vertes. Ces derniers crédits peuvent être évalués, dans tout l'Etat, à environ 500.000.000 à 600.000.000 de Kč.

En outre, l'Office foncier de l'Etat a accordé, à l'occasion de la mise à exécution de la réforme foncière, surtout aux acquéreurs du sol en Slovaquie et en Russie subcarpathique,



un crédit de possession et de construction qui se montait à environ 115.000.000 de Kč. En dehors de cela, les acquéreurs doivent à l'Office foncier de l'Etat environ 750.000.000 de Kč pour le sol qu'ils ont acquis.

Si l'on résume les chiffres cités ci-dessus, le crédit agricole dans tout l'Etat et son endettement peuvent être évalués à environ 26 milliards de Kč ; il convient de constater que le crédit dit non organisé n'est pas compris dans ces chiffres.

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#### Question VI.

Le taux d'intérêt exigé des crédits agricoles varie beaucoup en Tchécoslovaquie. Dans les provinces occidentales, il est à meilleur compte ; dans les provinces orientales, il est plus coûteux. En Bohême, en Moravie et en Silésie, les opérations des établissements populaires et des établissements bancaires englobent un peu toutes les catégories de crédits. En Slovaquie et en Russie subcarpathique, par contre, les lacunes en sont encore assez grandes. On n'est notamment pas encore parvenu à éliminer absolument l'institution des prêteurs privés.

Le crédit agricole à court terme et à meilleur compte est accordé par les coopératives de crédit. En Bohême, en Moravie et en Silésie, le taux d'intérêt à payer pour les prêts sur obligations et sur lettres de change est de 5,5 à 7%, en Slovaquie et en Russie subcarpathique, de 8 à 10% ; le crédit offert par les prêteurs privés est tantôt moins coûteux (entre parents), tantôt plus cher.

Le crédit hypothécaire et celui d'amélioration à long terme sont actuellement plus coûteux qu'ils ne l'étaient avant la guerre. Ce fait est, semble-t-il, imputable aux obligations de l'Etat, qui offrent des intérêts plus avantageux, surtout les types de 6%. Le taux d'intérêt actuel des crédits hypothécaires oscille entre 5,5 et 7%. En règle générale, il est de 6%.

Les établissements financiers des provinces (banques hypothécaires), qui émettent également des lettres de gage, se sont conformés aux conditions existantes par un type de 6%.

Pour ce qui concerne les crédits d'amélioration, on a émis des obligations de 4,5 à 5%, mais, vu les pertes sur les cours, on conclut la plupart des prêts en espèces.

Il y a lieu de considérer comme sources de crédit hypothécaire accordé dans le premier rang à 5,75%, la Caisse sociale centrale et l'Institut général des retraites (pour les fonctionnaires), dont les recettes annuelles en primes sont de plus de 1.000 millions de Kč ; sur cette somme, 100 à 200 millions de Kč sont placés en prêts agricoles hypothécaires qui sont consentis directement. En dehors de cela, ces établissements achètent les bulletins de gage des banques hypothécaires, dont les prix se montent chaque année à de fortes sommes.

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#### Question VII.

L'organisation du crédit est échelonnée. Elle comprend :

a) Des coopératives de crédit à responsabilité illimitée créées en vertu de la loi du 9 avril 1873, N° 70, C.E., dites Caisses d'épargne et d'avances (Kampeličky, Raiffeisen). L'institution de ces caisses rurales à petite sphère d'activité a commencé dans la neuvième décennie du siècle précédent.

Elles ont pour but d'accorder à leurs membres — menus cultivateurs et petits industriels des villages — un crédit d'exploitation, donc à court terme. A cette fin, elles emploient une partie des dépôts sur livrets et compte courant. Le caractère de ces dépôts — menues économies agricoles, économies de la main-d'œuvre agricole ou d'enfants — permet de s'en servir pour des prêts à court terme. Etant donné que l'administration est à la charge des fonctionnaires des coopératives, elle est très peu coûteuse.

Grâce à ce fait, il est possible de maintenir, entre le taux débiteur et le taux créditeur, l'écart très bas de 0,5 à 1,5% ; les « Kampeličky » peuvent donc consentir des crédits à bon compte. Selon les statistiques officielles de ces coopératives, il y avait, à la fin de 1928, en Bohême, en Moravie et en Silésie, 4.069 établissements, dont les parts faisaient 9.600.000 Kč, les fonds de réserve 87.800.000 Kč, les dépôts 4.538.400.000 Kč ; la somme des prêts accordés se montait à 2.769.300.000 Kč.

L'organisation des coopératives de crédit en Slovaquie est analogue : elle compte 619 établissements, dont les parts font 11.103.000 Kč, les fonds de réserve 5.852.000 Kč, les dépôts 191.959.000 Kč et les prêts 174.380.000 Kč.

La Russie subcarpathique accuse 141 coopératives de crédit agricole, dont les parts font 1.878.000 Kč, les fonds de réserve 702.000 Kč, les dépôts 5.703.000 Kč et les prêts fournis 10.493.000 Kč.

b) En dehors de ces coopératives à responsabilité illimitée, on a créé en Moravie, à partir de la sixième décennie du siècle précédent, des coopératives rurales de crédit à responsabilité limitée dont la sphère d'activité est petite comme l'est celle des « Kampeličky » ; cependant, du point de vue de leurs affaires actives, les prescriptions de leurs statuts ne sont pas trop rigoureuses et elles fournissent des prêts sur lettres de change, des prêts hypothécaires et des prêts communaux.

Ce type de coopératives de crédit ne constitue pas une organisation nettement délimitée ; leur existence avait été provoquée par le fait que, en Moravie, on n'avait pas procédé à la réglementation des greniers et des fonds pour contributions en céréales, comme c'était le cas en Bohême, où la naissance des caisses agricoles de crédit des districts a été facilitée. Il n'existe point de statistique spéciale à ce sujet. Le nombre en peut être évalué à 250, dont les dépôts s'élèvent à environ 1 milliard de Kč.

c) Les mutuelles rurales, qui fonctionnent exclusivement en Slovaquie et en Russie subcarpathique, sont créées sur la base des coopératives à responsabilité limitée. Elles ont pris naissance en 1924.

Ce sont des coopératives à responsabilité limitée, auxquelles l'Etat participe par des sommes dites « dépôts » qui se montent à 200.000 Kč dans chacun des différents cas. En outre, au début de leur activité, l'Etat participe même aux frais généraux et effectue une surveillance permanente par le moyen de commissaires compétents. Le choix de deux membres de la présidence doit, en outre, être approuvé par le Ministère de l'Agriculture.

Vers la fin de 1929, il y avait en activité 53 mutuelles rurales, dont les parts s'élevaient à 7.576.000 Kč, les fonds de réserve à 5.241.000 Kč, les dépôts à 261.385.000 Kč. Les prêts se montent à 287.515.000 Kč. Sur cette dernière somme, 10% reviennent aux crédits sur lettres de change, 70% aux lettres de change inscrites, environ 1,5% constitue des crédits hypothécaires ; le reste se trouve dans les comptes courants.

Le développement des mutuelles rurales a été rapide, surtout au cours des cinq premières années. Leur activité est des plus utiles, notamment en ce qu'elles ont fort contribué à abaisser les intérêts débiteurs des crédits agricoles.

Les groupes mentionnés sous a), b) et c) constituent l'organisation coopérative du crédit agricole et ce, pour la plupart, du crédit à court terme. Cependant, les différentes coopératives ne seraient pas à même de remplir leurs tâches économiques si elles ne s'encourageaient pas et ne se complétaient pas l'une l'autre par l'intermédiaire de leurs centrales communes et de leurs syndicats.

Par contre, les syndicats des coopératives de crédit, à l'aide de leurs organes de revision, de leur appareil d'organisation, de conférences, de films, etc., dirigent l'activité des coopératives affiliées tout en veillant à ce que soient respectées les dispositions de la loi, des statuts et du règlement et que l'ordre administratif soit maintenu, afin d'éliminer tout ce qui est malsain et préjudiciable.

Les syndicats des coopératives ont une importance particulière en ce qui concerne la *politique des intérêts* des coopératives affiliées, naturellement pour autant que les syndicats sont organisés comme le sont les centrales financières et les caisses centrales des coopératives de crédit.

Les conditions économiques des différentes régions de l'Etat n'étant pas égales, les besoins relatifs aux crédits dans la production agricole même sont inégaux par leur étendue et ils diffèrent en ce qui concerne le temps.

Les coopératives de crédit se conforment à cet état de choses. Plusieurs coopératives n'affectent aux prêts qu'une petite partie de leurs dépôts, et ce dans leur circonscription (elles ne peuvent prêter en dehors de leur circonscription). Le reste est déposé à intérêt dans leur syndicat respectif. D'autres coopératives affectent aux prêts la totalité de leurs dépôts et font encore des emprunts auprès de leur syndicat respectif. Vu ce fait, en appliquant leurs taux d'intérêt relatifs aux dépôts et aux prêts, les coopératives sont en quelque sorte liées par les taux respectifs de leur syndicat, qui règle non seulement leurs besoins en argent, mais aussi les taux d'intérêt.

Les coopératives de crédit sont groupées en douze syndicats, qui fonctionnent comme caisses centrales pour régler les excédents et les besoins en crédits entre les coopératives mêmes, ou procèdent aux inspections des coopératives et remplissent les fonctions de représentants et de défenseurs.

Les syndicats ont formé une organisation centrale nationale qui est le « Centrokooperativ » ; c'est une fédération des coopératives agricoles de Tchécoslovaquie. Elle s'est chargée envers les différents syndicats de la fonction de représentant et de l'inspection.

Vers la fin de 1928, les bilans des douze syndicats en Tchécoslovaquie accusaient 28.917.000 Kč de parts, 116.426.000 Kč de fonds de réserve ; de plus, ils géraient 1.683.072.000 Kč de dépôts faits par les coopératives affiliées et 411.759.000 Kč provenant d'autres ressources. Les prêts accordés s'élevaient à 785.254.000 Kč.

En tout, 5.016 coopératives de crédit à responsabilité illimitée et 615 coopératives de crédit à responsabilité limitée, dont le nombre des membres est de 1.013.491, sont affiliées aux syndicats agricoles.

La spécialité des « Kampeličky » est le crédit agricole à bon compte contre obligations de 2 à 4 ans ; il représente le type le moins cher de crédit à moyen terme.

d) Comme autre élément caractéristique de l'organisation du crédit agricole, il faut citer les caisses agricoles de crédit des districts qui existent en Bohême. Développées dans la deuxième moitié du siècle dernier, mais remontant à la première moitié du XVIII<sup>e</sup> siècle, elles sont régies par la loi de 1924, N<sup>o</sup> 128, R.L.D.

Les caisses agricoles de crédit des districts peuvent accorder le crédit personnel couvert d'une caution hypothécaire, le crédit hypothécaire, celui sur titres et en compte courant.

Elles consentent le crédit personnel sur lettres de change sans limitation de temps et sur obligations susceptibles d'être inscrites dans le registre foncier, où les annuités doivent faire 5%.

Le crédit de cautionnement est fourni pour dix années au plus.

Les prêts hypothécaires doivent être amortis de 0,5 % par an, et ils sont consentis jusqu'à concurrence des deux tiers du prix estimatif des terrains et de la moitié du prix estimatif des bâtiments.

Les caisses ne sont pas limitées pour ce qui touche les affaires des dépôts. Les 10 % des dépôts doivent être couverts par les biens propres ou par la garantie du district. Les districts peuvent également se charger de la garantie volontaire illimitée.

En vertu de la loi, les caisses sont tenues de s'affilier au syndicat des caisses agricoles de crédit des districts, qui est une institution de droit public. Elles n'ont pas de centre financier.

Fin 1929, il y avait en Bohême 172 caisses agricoles de crédit des districts. Le nombre des sociétaires était de 273.242, le capital social se montait à 30.501.000 Kč, les fonds de réserve à 127.134.000 Kč et les dépôts à 3.464.839.000 Kč ; 2.801.454.000 Kč ont été affectés aux prêts.

En Moravie et en Silésie, la fusion des caisses de contribution n'a pas été réalisée. A la fin de 1926, il y avait en Moravie 418 caisses de contribution ; leur capital social était de 21.938.000 Kč, les fonds de réserve de 4.095.000 Kč et les dépôts de 49.571.000 Kč seulement. A la fin de 1927, il y avait en Silésie 52 fonds de contribution ; les données détaillées font défaut.

e) En énumérant les institutions qui se rapportent au crédit agricole hypothécaire, il est impossible de passer sous silence les *caisses pupillaires collectives*, qui, en Bohême, en Moravie et en Silésie, régissent 365.161.000 Kč de leurs protégés (orphelins), dont 221.817.000 Kč sont placées en prêts hypothécaires, pour la plupart à bon compte, à un taux de 3,5 à 4,5 %. La part des hypothèques agricoles n'est pas établie par la statistique.

En dehors des institutions de caractère principalement agricole, il y a lieu de mentionner encore deux autres éléments importants des établissements financiers populaires, qui fournissent du crédit à court terme et du crédit hypothécaire, naturellement sur une moindre échelle.

f) Ce sont des coopératives générales de crédit et les caisses d'épargne. *Les coopératives générales de crédit* sont instituées sur la base de la loi du 9 avril 1873, N° 70, C.E., d'après le système Schülze-Delitzsch. Fin 1928, le nombre de ces coopératives était de 1.642 ; leurs parts sociales se montaient à 192.200.000 Kč, les fonds de réserve à 453.700.000 Kč. Elles administraient les dépôts sur livrets de 10.246.900.000 Kč et accusaient des prêts de 8.876.800.000 Kč. Cette statistique comporte également les données des caisses rurales précitées, qu'il est difficile de distinguer des coopératives générales de crédit.

g) Les caisses d'épargne sont des établissements financiers publics qui pratiquent des affaires de crédit sous la surveillance de l'Etat. Elles ont été établies par la loi du 14 avril 1920, N° 302, R.L.D., en vertu de laquelle les caisses d'épargne peuvent fonctionner seulement comme instituts communaux (à côté de la Caisse postale à Prague, qui est un établissement de l'Etat, de la Caisse d'épargne de Bohême et de la première Caisse d'épargne de Moravie, à Brno).

Le fondateur (une ou plusieurs communes, un district) doit se charger de la garantie de toutes les obligations de la caisse. En Slovaquie, sous le régime hongrois, les caisses d'épargne ne pouvaient être créées que sous forme d'établissements anonymes ; elles ne différaient pas, par leur organisation intérieure, des banques anonymes. La loi précitée N° 302/1920 ayant été édictée, tous ces établissements étaient tenus, soit de changer leur firme, soit de liquider.

Le premier but des caisses d'épargne est d'offrir aux classes populaires l'occasion de déposer leurs économies à intérêt. Du point de vue du crédit, elles pratiquent des prêts sur lettres de change, sur titres, sur compte courant, etc. Elles se bornent habituellement à fournir des prêts hypothécaires et communaux, autant que le permet le souci de leur liquidité. Les caisses d'épargne ne peuvent employer les bénéfices commerciaux réalisés qu'aux fins de bienfaisance et d'utilité publique.

La centrale des caisses d'épargne, le « Svaz československých sporitelů » (Fédération des caisses d'épargne tchécoslovaques), a été instituée par décret gouvernemental du 27 juillet 1920, N° 477 R.L.D. ; c'est une fédération d'inspection qui défend en même temps les intérêts de ses membres.

A la fin 1928, il y avait en Tchécoslovaquie 367 caisses d'épargne communales et deux caisses d'épargne sociales. Il n'y existe point de capital social, mais les fonds de réserve étaient de 800.000.000 Kč, les dépôts sur livrets de 15.552.800.000 Kč, dont 9.994.900.000 Kč placés sur prêts.

h) Pour autant qu'elles pratiquent le crédit hypothécaire à long terme, toutes les organisations de crédit précitées consentent des prêts de cette catégorie *en espèces*, en se servant à cette fin d'une partie des dépôts qui leur sont confiés. C'est le caractère de ces dépôts qui décide jusqu'à quelle concurrence elles peuvent placer leurs moyens financiers en crédits à long terme. Voilà pourquoi le commerce hypothécaire constitue, en premier lieu, un problème de liquidité. Etant donné que les trois quarts de leurs dépôts sont constitués par le dépôt à long terme des économies des familles et des économies des entreprises, ces établissements peuvent, sans menacer leur liquidité, employer une forte partie de leurs dépôts pour les prêts hypothécaires à long terme.

ETABLISSEMENTS FINANCIERS DES PROVINCES.

(Banques hypothécaires)

Les prêts hypothécaires fournis sous forme d'obligations partielles — à l'exception de trois caisses d'épargne et de trois caisses anonymes — sont principalement accordés de la part des établissements d'émission des provinces, qui sont des établissements bancaires publics. Ces prêts s'effectuent dans le cadre de la sûreté dite pupillaire. Les normes qui avaient été établies avant 1914 pour l'établissement des prix des immeubles ont dû être adaptées aux conditions actuelles : le prix des immeubles n'est pas établi aujourd'hui mécaniquement par le multiple du revenu cadastral ou par le multiple des valeurs locatives, mais bien par une estimation individuelle avec quoi on escompte, surtout lors des estimations des maisons de rapport, le développement vraisemblable des frais de construction. Même d'après ces suppositions, les prêts de la banque hypothécaire ne constituent que 30 à 40% du prix estimatif. Pour les immeubles agricoles, les prêts s'élèveront aux deux tiers du prix estimatif tout au plus, sans égard aux prix des bâtiments ruraux.

La *Banque hypothécaire de Bohême* a été fondée en 1865. Depuis 1920, elle peut, à part l'activité portant sur les émissions, effectuer des opérations de dépôt et diverses opérations de crédit, et elle peut, jusqu'à concurrence de 20.000.000 de Kč, émettre des obligations fondamentales productives d'intérêt (la banque n'a pas eu recours à ce droit).

Le siège de la banque est à Prague. En vertu de la loi du 11 juillet 1922, N° 238, R.L.D., elle a institué, dans l'intérêt du développement du crédit hypothécaire, en Slovaquie et en Russie subcarpathique, une succursale à Bratislava et une à Kosice ; la banque a reçu un dépôt de 16.000.000 de Kč de la part du Gouvernement tchécoslovaque, désireux d'encourager ces succursales.

A la fin de 1929, les prêts, sans compter les crédits bancaires, ont été de 1.384.105.000 Kč ; sur cette somme ont été payées, sur la base des obligations, 1.245.720.000 Kč, et ce en obligations des types suivants : 4% — 265.994.000 ; 3,5% — 16.257.000 ; 5% — 330.481.000 ; 6% — 632.988.000.

Ces deux dernières années, on a fait presque exclusivement des émissions à 6%, qui sont préférées, soit en raison du cours qui, pour les émissions tchèque et slovaque, se trouve au-dessus de la parité, soit en raison de leur conversion plus aisée que pour les types à intérêts nominaux plus bas.

Au 31 décembre 1929, la banque accuse des réserves de 46.769.000 Kč et des dépôts de 730.067.000 Kč.

L'autre établissement d'émission provincial en Bohême, la « *Zemská banka à Praha* », a été fondé en 1890. Ses émissions d'obligations d'amélioration comportent quelque importance pour l'agriculture. En outre, elle pratique des crédits communaux et des crédits de chemins de fer sur la base des émissions, des opérations de dépôts et de plusieurs opérations de crédit bancaire. Son capital social de 40.000.000 de Kč a été réuni grâce à l'émission d'obligations fondamentales à 4 et 4,5% non à lots, abstraction faite du fonds de roulement, sous forme de dépôt de l'Etat, de 16.000.000 de Kč de la succursale de Bratislava ; ce dernier fonds a été versé en conformité de la loi du 11 juillet 1922, paragraphe 5, N° 238, R.L.D. Les fonds de réserve de la banque atteignaient, le 31 décembre 1929, un montant de 149.414.000 Kč.

Les crédits d'émission se montent en tout à 1.548.555.000 Kč, à savoir : crédit d'améliorations, 24.107.000 Kč ; crédit communal, 1.409.383.000 Kč ; crédit de chemins de fer, 115.065.000 Kč.

Quant aux obligations d'amélioration : 13.374.000 Kč sont du type 4% et 10.733.000 Kč du type 4,5%.

Le montant de 2.900.759.000 Kč, qui constitue les dépôts de la banque, fait ressortir l'étendue des opérations bancaires de la « *Zemská banka* ».

En 1922, les deux établissements provinciaux de Moravie, la « *Hypoteční banka markrabství moravského* » et la « *Zemědělská banka markrabství moravského* », fondés en 1876, ont fusionné en un établissement : la « *Hypoteční et Zemědělská banka moravská* » (Banque hypothécaire et agricole de Moravie).

La banque comporte de l'importance pour l'agriculture surtout par l'émission d'obligations hypothécaires, par les crédits d'amélioration, et en partie par le crédit d'électrification. Le 31 décembre 1929, les obligations communales non à lots, types 4%, 4,5% et 6%, atteignaient 677.845.000 Kč, les obligations d'amélioration, 5.739.000 Kč, les obligations d'électrification, 53.595.000 Kč.

Le petit nombre des obligations d'amélioration s'explique par le fait que ces obligations ont été émises sous une forme indépendante à partir de 1928 seulement ; auparavant, elles étaient émises sous la désignation d'« obligations communales ».

Les fonds de réserve de la banque accusent, le 31 décembre 1929, la somme de 27.177.000 Kč, les dépôts, 512.345.000 Kč.

En Silésie, il y avait également deux établissements, à savoir : « *Slezsky pozemkový úvěrní ústav* » (Etablissement de crédit foncier de Silésie), fondé en 1869, pour les crédits hypothécaires, et le « *Slezsky komunální úvěrní ústav* » (Etablissement de crédit communal de Silésie), fondé en 1897, pour les crédits communaux et d'amélioration.

Ces deux établissements ont fusionné, en 1927, en une banque déterminée : « *Slezsky pozemkový a komunální úvěrní ústav* » Etablissement de crédit communal et foncier de Silésie).

Les obligations à 4% atteignaient le 31 décembre 1929, un montant de. Kc	29.432.000
Les lettres de gage à 4,5%, au 31 décembre 1929. . . . .	23.497.000
Les obligations communales à 4% . . . . .	66.186.000
Les obligations communales à 4,5% . . . . .	40.189.000

Les dépôts sur livrets et les comptes courants atteignaient 30.789.000 Kč ; les fonds de réserve, 8.965.000 Kč.

Le « Zemsky malorolnický fond úvěrní v Praze » (Fonds provincial de crédit pour les petits cultivateurs à Prague) a été fondé en 1898 par la Diète de Bohême pour encourager le crédit personnel à consentir aux petits cultivateurs de Bohême. Il fournit un crédit à bon compte aux coopératives agricoles et aux caisses agricoles de crédit des districts, de la part desquelles il reçoit aussi des dépôts sur compte courant.

Le fond social a été doté sur le budget de la province de Bohême. Vers la fin de 1929, il atteignait 1.250.000 Kč ; le fonds de réserve se monte à 7.103.000 Kč. Sur la somme des dépôts de 91.750.000 Kč, 36.483.000 Kč sont placées en prêts accordés aux caisses agricoles de crédit des districts et aux coopératives. Le reste est gardé en espèces et en titres de rente de l'Etat et de la province.

Parmi les prêts, il convient de citer en premier lieu les crédits sur gage, qui constituent le 75% ; le reste revient à l'escompte des lettres de change et aux crédits sur compte courant.

**Question VIII.**

	Durée de la circulation de l'obligation	Cours		
		moyen	le plus bas	le plus haut
<i>Hypotecní banka Česká.</i>				
Obligations à 6% . . . . .	45	103,25	103,25	103,25
Obligations à 5% . . . . .	38	98,—	98,—	98,—
Obligations à 4% en or . . . . .	42	94,75	94,50	95,—
Obligations à 4% en Kč. . . . .	57	87,12	86,25	88,—
Obligations à 3,5% . . . . .	60½	77,75	77,—	78,50
Obligations à 6% (émission slovaque)	45	100,50	100,25	100,75
<i>Zemská banka.</i>				
Obligations communales à 4% en or	50	84,50	84,50	84,50
Obligations à 4% en Kč . . . . .	78	81,—	81,—	81,—
Obligations à 4,5% . . . . .	78	87,50	87,50	87,50
Obligations à 4,5% (émission slovaque)	78	84,50	84,50	84,50
Obligations d'amélioration à 4% en or . . . . .	50	84,50	84,50	84,50
Obligations à 4% en Kč . . . . .	78	83,—	83,—	83,—
Obligations à 4,5% . . . . .	78	87,50	87,50	87,50
Obligations de chemins de fer. . . . .	78	81,50	81,50	81,50
<i>Hypotecní a Zemedelská banka moravská.</i>				
Lettres de gage à 6% . . . . .	42½	100,87	100,75	101,—
Lettres de gage à 5% . . . . .	47½	92,50	92,50	92,50
Lettres de gage à 4,5% . . . . .	52	86,25	86,—	86,50
Lettres de gage à 4% . . . . .	54½	83,50	83,50	83,50
Obligations communales à 5% . . . . .	54½	91,50	91,50	91,50
Obligations communales à 4,5% . . . . .	52	83,50	83,—	84,—
Obligations communales à 4% . . . . .	54½	79,75	79,—	80,50
Obligations d'amélioration à 5% . . . . .	40	91,50	91,50	91,50
Obligations d'électrification à 5% . . . . .	40	91,75	91,75	91,75
Obligations de chemins de fer à 4,5% . . . . .	75	83,—	83,—	83,—
Obligations de chemins de fer à 4% . . . . .	75	79,—	79,—	79,—
<i>Slezsky pozemkový a komunální úvěrní ústav.</i>				
Lettres de gage à 4% . . . . .	55	82,50	82,50	82,50
Lettres de gage à 4,5% . . . . .	52	86,—	86,—	86,—
Obligations communales à 4% . . . . .	50	77,50	77,50	77,50
Obligations communales à 4,5% . . . . .	50	82,50	82,50	82,50

Dans l'avenir le plus rapproché, les quatre banques d'émission provinciales seront fusionnées en un établissement national unique ; ce fait sera d'importance pour la politique des émissions et pour le développement du cours des obligations.

On n'a pas procédé à l'émission des obligations à l'étranger. Cependant, les lettres de gage de la « Zemská banka », recherchées même à l'étranger, ont été achetées en Suisse et en Amérique.

### Question IX.

En Tchécoslovaquie, les compagnies d'assurance sont organisées, soit comme entreprises par actions, soit comme sociétés de mutualité. En règle générale, elles pratiquent toutes les catégories d'assurance courantes, surtout contre l'incendie, les vols, l'effraction et les calamités d'ordre météorologique.

Les assurances du cheptel vif sont effectuées par des sociétés d'assurance mutuelles d'arrondissement qui sont affiliées aux syndicats de réassurance des assurances-bétail en Bohême. En Moravie, on a créé, également sur la base de la mutualité, la « Zemská dobytčí pojistovna » (Assurance-bétail provinciale).

Les assurances ne sont pas obligatoires.

On prévoit la création d'une assurance d'Etat pour fins d'assurance-calamités et d'assurance-bétail ; cependant, même ici, les assurances ne seront pas obligatoires.

Pour ce qui concerne les opérations de crédit, citons, comme ayant une grande importance, l'assurance contre l'incendie des bâtiments, de leurs accessoires et des produits agricoles stockés, pour autant qu'ils constituent la garantie d'un prêt fourni. En règle générale, le créancier exige la police d'assurance. Parfois, il désigne même l'établissement où le gage doit être assuré. Le créancier fait insérer dans la police d'assurance une clause à son nom, de sorte qu'en cas de sinistre, l'indemnité est versée à lui ou, avec son consentement, à l'assuré.

La loi du 23 décembre 1917, N° 501, C.E., qui, cependant, n'est que partiellement en vigueur, prévoit les dispositions relatives aux droits à imputer en paiement des indemnités pour dommages causés.

Les dommages encourus doivent être notifiés à la compagnie d'assurance. Toutefois, si la notification est négligée, les droits de l'assuré ne s'éteignent pas. L'échéance de l'indemnité à verser sur l'assurance prend sa force au cours du mois qui suit la notification des dommages si, d'après les circonstances, il n'est point besoin d'un temps plus long pour examiner le cas. Cela étant, l'échéance des droits prend sa force le quinzième jour après l'enquête terminée. Cependant, les droits de l'assuré s'éteignent si, au moins six mois après l'échéance, il ne les fait pas valoir devant la justice. La société d'assurance peut, dans ces conditions, fixer un délai qui excède six mois.

\* \* \*

En résumé, la situation des crédits agricoles en Tchécoslovaquie peut être caractérisée comme suit :

Grâce aux longues années d'activité des établissements financiers de village ou de district et principalement des coopératives groupées en caisses centrales, on a réussi, sous la direction de fonctionnaires dévoués, loyaux et intelligents à retenir pour l'agriculture une partie considérable des économies de la campagne, en sorte qu'elles sont directement à la disposition des crédits agricoles. Le déposant de la campagne y reçoit les mêmes intérêts que de la part des établissements qui servent les villes, mais le crédit qui lui est accordé dans les établissements ruraux est à meilleur marché ; c'est chez les « Kampeličky » qu'on l'obtient aux taux les moins chers.

Les économies de la campagne — à l'exception de la Slovaquie et de la Russie subcarpathique — sont, jusqu'ici, plus grandes que ne le sont les besoins en crédit. Grâce à l'édification d'un réseau complet de coopératives d'emmagasinage, financées à bon compte par les centrales des coopératives, les entrepreneurs agricoles se voient ouverts toute l'année des crédits en marchandises nécessaires pour l'exploitation (engrais, semences, fourrages, etc.). Ces besoins sont couverts par l'organisation agricole même, éventuellement aussi moyennant la lettre de change agricole, ou l'escompte à une banque d'émission.

Suivant l'expérience, plus des trois quarts des déposants de la campagne laissent leurs dépôts dans les établissements financiers en permanence ou du moins de dix jusqu'à quinze ans ; cet état de choses permet, sans avoir recours à des dispositions particulières (les délais de retrait vont jusqu'à six mois), d'employer ces moyens pour accorder bon nombre de prêts à deux ans ou plus. En cas de besoin, les caisses centrales viennent à l'aide. Leurs dépôts constituent, même actuellement, environ 30% de la totalité des dépôts.

Le crédit hypothécaire qui s'appuie sur l'institution des registres fonciers est principalement consenti par les banques hypothécaires et les caisses d'épargne. Pour ce qui concerne leurs lettres de gage — si on laisse de côté les marchés monétaires et les autres établissements financiers — elles ont recours à une pratique sage et constante qui est l'assurance contre les accidents, contre l'invalidité, et l'assurance-retraite des fonctionnaires.

Les expériences faites en Tchécoslovaquie permettent d'affirmer que ce système assure l'organisation du crédit agricole la moins coûteuse et la plus avantageuse.

LISTE DES ANNEXES <sup>1</sup>.

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*(Pour ce qui concerne la Slovaquie et la Russie subcarpathique, des lois particulières y sont en vigueur ; en outre, les contributions de 1927-1930 ont été nouvellement organisées).*

Loi sur le coopératisme.

Prescriptions du Code civil (paragraphes pertinents).

Troisième amendement partiel du Code civil (paragraphes pertinents).

Loi sur les conversions (paragraphes pertinents).

Loi sur les Registres.

Organisation actuelle des établissements nationaux de crédit agricole.

Caisses agricoles de crédit des districts en Bohême au cours de 1928. Caisses (en Moravie de 1925 à 1926) et Fonds (en Silésie de 1921 à 1927) créés à l'aide des fonds de l'ancienne contribution foncière.

Raiffeisenkassen in Böhmen, Mähren und Schlesien im Jahre 1928. Kreditgenossenschaften in der Slovakei in den Jahren 1924-1926-1928.

Statistik der Zivilgerichtsbarkeit für das Jahr 1927.

Gesetz vom 6. Juni 1924, betreffend die landwirtschaftlichen Bezirksvorschusskassen und die Steuergeldfonds in Böhmen.

Regierungsverordnung vom 13. Dezember 1924 zur Durchführung des Gesetzes vom 6. Juni 1924, S.d.G.u.V. Nr. 128, betreffend die landwirtschaftlichen Bezirksvorschusskassen und die Steuergeldfonds in Böhmen.

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<sup>1</sup> Ces annexes peuvent être consultées aux Archives du Secrétariat.

Geneva, April 10th, 1931.

**LEAGUE OF NATIONS**

**FREE CITY OF DANZIG**

**SIXTH REPORT OF THE TRUSTEE FOR THE MUNICIPALITY  
OF DANZIG 7% MORTGAGE LOAN OF 1925**

(COVERING THE PERIOD FROM MARCH 15TH, 1930, TO MARCH 15TH, 1931.)

In conformity with the Council resolution of March 14th, 1925, I have the honour to submit to the Council of the League of Nations my sixth annual report as Trustee for the 7% Danzig Municipal Loan 1925, covering the period up to March 15th, 1931.

	<i>£</i>	<i>s.</i>	<i>d.</i>
The balance of the proceeds of the Loan standing to the credit of the Trustee's account on March 15th, 1930, amounted to . . . . .	61,385	17	7
	<i>£</i>	<i>s.</i>	<i>d.</i>
In the course of the financial year 1930-31 a sum of . . . . .	59,982	14	5
plus (for the redemption of bonds of the Mortgage Dollar Loan) . . . . .	1,205	13	6
in all . . . . .	61,188	7	11

has been spent, leaving per March 15th, 1931, a balance of the Loan Account of *£*197 9 8

From the balance per March 15th, 1930, amounting to *£*1,403 3s. 2d. of the sum blocked for redemption of bonds of the Mortgage Dollar Loan, there have been paid during the financial year 1930-31 *£*1,205 13s. 6d. (equivalent of \$5,739), leaving *£*197 9s. 8d. still available for the redemption of the loan.

There is no further means available for the execution of the programme of expenditure and spending on that account out of the loan proceeds have consequently come to an end.

In my report covering the period from March 15th, 1927, to March 15th, 1928, I mentioned that changes of pledged property had taken place, whereby the new pledges exceeded the value of the released pledges by 65,839 Danzig gulden.

In consequence, the Municipality of the Free City of Danzig had at that time the right to ask the release of pledges up to the amount of . . . . .		65,839
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According to my last year's report of that amount a balance was left amounting to . . . . .		58,278
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In the financial year 1930-31 there were released:

		Danzig gulden
Out of plot Langfuhr, p. 1478, $\frac{4,589}{13}$ , 148 sq. m. . . . .	1,480	1,480
Out of plot Bürgerwiesen: p. 28, $\frac{491}{149}$ , $\frac{493}{149}$ , 2,016 sq. m. . . . .	5,443	5,443
Out of plot Gross Bölkau: p. 34, $\frac{475}{24}$ , $\frac{476}{24}$ , 19,970 sq. m. . . . .	4,000	4,000
		10,923

leaving a balance of . . . . .		47,355
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still to be released by the Trustee without receiving any pledge in substitution.

As in preceding years, I have to express my gratitude for the assistance which the Bank of Danzig has given me whenever needed.

Amsterdam, March 24th, 1931.

(Signed) C. E. TER MEULEN.



**Appendix**

Items of Programme of Expenditure	Balance as per March 15, 1930			Sums liberated			Unexpended Balance of Programme of Expenditure		
	£	s.	d.	£	s.	d.	£	s.	d.
Development of the Radaune Water-Power Station . . . . .	—			—			—		
Extension of system of electrical distribution network . . . . .	—			—			—		
Opening-up of land for residential purposes of Brösen . . . . .	37,556	4	0	1930. March 20th: 5,817	7	11			
				June 20th: 3,579	16	8			
				July 21st: 1,666	19	10			
				Sept. 24th: 4,435	1	11			
				Nov. 20th: 4,657	9	4			
				<hr/>					
				20,156	15	8	17,399	8	4
Opening-up of factory sites on the Niedere Front . . . . .	9,767	7	6	—			9,767	7	6
Construction of new sewage filter-bed system . . . . .	39,825	18	9	1930. March 20th: 3,142	4	8			
				June 20th: 16,721	1	4			
				July 21st: 7,784	10	11			
				Sept. 24th: 7,627	13	2			
				Nov. 20th: 4,550	8	8			
				<hr/>					
				39,825	18	9	—		
Extension of water-works. Other purposes . . . . .	—			—			—		
Amortisation of Dollar Loan . . . . .	1,403	3	2	1930. July 21st: 1,151	5	3			
				1931. Jan. 2nd: 54	8	3			
				<hr/>					
				1,205	13	6	197	9	8
Extension of the wall of the quay of the Municipal Kaiserhafen . . . . .	1,164	13	7	—			1,164	13	7
Drainage of Danzig-Heubude . . . . .	28,120	0	0	—			28,120	0	0
Construction of the main road from Danzig to the suburb of Neufahrwasser . . . . .	—			—			—		
Linking-up of the sewerage of Danzig-Neufahrwasser with the sewage filter-bed at Saspe . . . . .	6,000	0	0	—			6,000	0	0
Enlargement of the municipal slaughter-house . . . . .	—			—			—		
Building of dwelling houses	—			—			—		
	<b>£123,837</b>	<b>7</b>	<b>0</b>	<b>£61,188</b>	<b>7</b>	<b>11</b>	<b>£62,648</b>	<b>19</b>	<b>1</b>
							according to Programme of Expenditure		

March 1931.

Geneva, April 16th, 1931.

LEAGUE OF NATIONS

SETTLEMENT OF BULGARIAN REFUGEES

9(a)

**Eighteenth Report**

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

*Period from November 15th, 1930, to February 15th, 1931.*

In certain respects, the present report covers a longer period than that mentioned above. It appeared to be preferable to include the most recent data relating to the execution of the budget and the Treasury situation and also to reproduce the budget adopted for the financial year 1931-32.

**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 January 31st, 1931, including the accrued interest on the deposits in London and New York. The amount still available in foreign monies on deposit in the Bank of England at January 31st was £294,372.

**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 November and December 1930 and January 1931 are shown below in leva:

Chapter of the budget	Receipts			Budget estimates
	November	December	January	
<i>Chapter 15</i> (excise duty on alcohol, etc.) . . . . .	1,875,567	1,685,174	1,321,179	5,416,666
<i>Chapter 16</i> (excise duty on salt, etc.) . . . . .	29,355,873	32,520,693	26,015,277	27,500,000
<i>Chapter 21</i> (sale of matches) . . . . .	9,234,000	7,542,000	6,784,875	9,583,333
<b>Total . . . . .</b>	<b>40,465,440</b>	<b>41,747,867</b>	<b>34,121,331</b>	<b>42,499,999</b>

The above figures show an appreciable falling off in the receipts as compared with the previous quarter—116,334,638 as against 135,337,476 leva. The receipts from pledged revenues are lowest at the end and the beginning of the year owing to seasonal influences. It should be noted that the previous statements (see Seventeenth Report, page 2) regarding the regularity of the yield of pledged revenues still hold good, since, despite the present crisis, receipts for the quarter are only 3 per cent lower than those for the corresponding period of the financial year 1929-30

(120,229,184 leva), and are practically the same as the receipts for the same quarter of the year 1928-29 (117,242,708 leva).

The budget for the financial year 1931-32, recently adopted by the Sobranié, contains the following estimates for pledged revenues:

(In leva.)

Chapter of the budget	Estimates for		Difference
	1931-32	1930-31	
<i>Chapter 15</i> (excise duty on alcohol, etc.) . .	60,000,000	60,000,000	—
<i>Chapter 16</i> (excise duty on salt, etc.) . . .	350,000,000	330,000,000	+ 20,000,000
<i>Chapter 21</i> (sale of matches). . . . .	115,000,000	115,000,000	—
Total. . . . .	525,000,000	505,000,000	+ 20,000,000

The results for the first ten months of the financial year 1930-31 were as follows:

(In leva.)

Chapter of the budget	Receipts	One-twelfth of the budget estimates	Increase or decrease
<i>Chapter 15</i> (excise duty on alcohol, etc.) . .	42,932,083	54,166,166	— 11,234,583
<i>Chapter 16</i> (excise duty on salt, etc.) . . .	288,668,565	275,000,000	+ 13,668,565
<i>Chapter 21</i> (sale of matches). . . . .	90,412,875	95,833,333	— 5,420,458
Total. . . . .	422,013,523 <sup>1</sup>	424,999,999	— 2,986,476

It is estimated that the receipts for the coming year will exceed those so far obtained for the year 1930-31. In estimating these receipts, no account has been taken of the decrease under Chapters 15 and 21; while, on the other hand, the increased revenue under Chapter 16 has been included. Nevertheless, the estimates of the Ministry of Finance appear to be justified by the firmness of the total receipts under the three chapters since the beginning of the crisis, as compared with the other Treasury receipts, and any improvement in the general situation should at once react favourably on the yield of the pledged revenues.

Finally, we hope that the draft law on the regime applicable to brandy, the essential features of which were described in our last report and which has been held up by the adoption of the new budget and the approaching elections, may be presented as soon as parliamentary work permits. The benefits which the Treasury will derive from this law are so great that every effort should be made to bring it fully into force as soon as possible.

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

	November	December	January	Previous payments	Total payment up to the end of January 1931
Interest . . . . .	68,448	27,473	99,867	1,346,741	1,542,529
Amortisation. . . . .	327,281	150,216	186,305	10,978,276	11,642,078
Total . . . . .	395,729	177,689	286,172	12,325,017	13,184,607

The payments for the last three months show an appreciable improvement as compared with the previous quarter—859,950 as against 447,111 leva. For the reasons given in our previous report (Seventeenth Report, page 2) the amount of the repayments is still, however, very much below that of the debts due.

<sup>1</sup> During these ten months, the loan service absorbed approximately 140 million leva—i.e., only 33 per cent of the sum available.

### III. EXECUTION OF THE SETTLEMENT PLAN.

As usual, open-air work ceased at the beginning of November and will not be resumed until the fine weather returns, normally during the month of April. For the last three months, therefore, the activities of the General Directorate have been confined to making out the accounts for expenditure incurred in 1930, compiling the refugees' individual files (valuation of land, sketches of plots, etc.), and to preparing the programme of work to be carried out this year, which will complete the settlement plan.

#### (a) Various Supplies.

The following table shows the allotment of various supplies since the beginning of operations and their value on January 31st, 1931.

		Leva
Seed:	10,858,971 kilogrammes . . . . .	68,794,434
Live-stock:	20,984 head . . . . .	149,809,629
Implements:	7,718 ploughs, 2,568 harrows, 9,477 carts,	
	In all . . . . .	58,089,691
Fishing tackle . . . . .		6,702,655
Copper sulphate . . . . .		77,119
	Total . . . . .	<u>283,473,528</u>

This part of the settlement plan may now be regarded as completed. Only a few supplies remain to be distributed this year to families to be settled in the Karaboas district. The following figures may, however, be slightly increased by the inclusion of supplies which are already distributed, but which for various reasons have not yet been entered.

#### (b) Houses.

The following figures show the position on January 31st, 1931:

	Houses		Sheds		Byres	
	Finished	Contracted for	Finished	Contracted for	Finished	Contracted for
Built by private enterprise . . . . .	5,883	1,861	4,098	1,304	5,187	1,154
Built on a monopoly basis by the General Directorate for the Settlement of Refugees . . . . .	973	263	804	259	807	55
Built by the refugees themselves . . . . .	402	286	268	200	340	200
Total . . . . .	<u>7,258</u>	<u>2,410</u>	<u>5,170</u>	<u>1,763</u>	<u>6,334</u>	<u>1,409</u>
Figures at the end of the previous quarter . . .	6,642	2,831	4,782	2,047	5,780	1,812

Contracts have recently been awarded at favourable prices for a final block of 650 houses to be built in the Karaboas district, and will be concluded shortly.

The programme of construction of the houses is thus as follows:

Number of houses ready . . . . .	7,258
Number of houses now being built . . . . .	2,410
Number of houses still to be built (contracts now being concluded) . . . . .	650
Total . . . . .	<u>10,318</u>

The completion of this programme will exhaust the credits earmarked for expenditure under this chapter of the settlement plan, and, save in exceptional circumstances, no further applications will now be considered.

(c) *Land.*

The position at January 31st, 1931, was as follows:

Department	Land surveyed (decares)	Land allotted (decares)	Number of families	Average area allotted (decares)
Burgas . . . . .	552,323	492,329	11,884	41.43
Varna . . . . .	69,180	61,721	1,582	39.01
Vidin . . . . .	8,929	8,929	282	31.66
Petrich . . . . .	120,663	111,023	4,962	22.37
Vratsa . . . . .	22,621	21,872	639	34.17
Plovdiv . . . . .	26,366	25,958	1,401	18.53
Plevna . . . . .	52,881	17,845	509	35.05
Pachmakly . . . . .	1,636	1,636	48	34.00
Rustchuk . . . . .	49,130	32,471	861	37.71
Stara Zagora . . . . .	14,929	14,324	449	31.90
Tirnovo . . . . .	17,132	17,033	455	37.40
Haskovo . . . . .	156,876	131,729	3,012	43.73
Schumen . . . . .	43,547	41,381	1,188	34.83
Mastanla . . . . .	82,934	54,019	1,515	35.65
Total . . . . .	1,219,147	1,032,270	28,787	35.86
Figures at November 15th, 1930 . .	1,180,686	1,023,006	28,557	35.82

To the surveyed area of 1,219,147 decares should be added 95,000 decares, in round figures, which are still available, and which will permit of the settlement of some 2,370 families—namely:

	Decares
Land recovered after the draining of the marshes . . . . .	74,000
Land which still forms the subject of disputes in process of settlement . . . . .	3,000
Plots surveyed and reserved at the time of previous allotments	18,000
	95,000

The land work has involved, up to January 31st, 1931, a total expenditure of 52,246,749 leva:

37,158,998 leva for the clearing of 53,760 decares;  
15,087,751 leva for the mechanical ploughing of 70,945 decares.

(d) *Supply of Drinking-Water.*

The applications so far received by the General Directorate for the supply of drinking-water to villages with refugees settlements amount to 255.

Plans have been drawn up and approved for waterworks in one hundred villages. The expenditure involved will amount to approximately 27,000,000 leva, of which 23,000,000 have already been assigned to the supply of the necessary material, while the remaining, 4,000,000 leva will be used to cover the cost of pipe-laying.

The General Directorate will give effect to the applications still outstanding (expenditure involved: 23,000,000 leva) only in so as the savings effected elsewhere permit. The credits provided for expenditure under this chapter will be exhausted after the execution of the proposed work in the first hundred villages.

(e) *Draining.*

As the work has been suspended since the autumn, no progress has been made in carrying out this part of the settlement plan.

(f) *Means of Communication.*

This also applies to the railway and roads.

The credits earmarked for the construction of the railway—305,000,000 leva (300,000,000 leva from the Stabilisation Loan and 5,000,000 from the bridges and highways budget)—have now been exceeded. As stated in the previous report (Seventeenth Report, page 5), the Railways Administration is henceforward responsible for the completion of the line out of its own resources, and a law has recently been passed allocating an initial credit of 5,000,000 leva to be charged to the "Railways Construction Fund" for the continuation of the work.

(h) *Miscellaneous.*

1. *Legislation.*

A law has been passed and published in the *Official Journal* of February 26th, 1931, supplementing in various respects the Law for the Settlement of the Refugees on the Land. The text of the law is annexed to this report (Appendix II).

2. *Compilation of Individual Files for Refugees.*

As soon as the settlement plan has been completed, the General Directorate for the Settlement of Refugees will be liquidated, and its functions transferred in part to the Directorate of the Public Debt and Debts guaranteed by the State. For this purpose, the General Directorate is at present compiling archives to be handed over to the Directorate of the Public Debt. In addition to a general file for each village, summarising the work done in connection with the establishment of the refugee colony, a file has been made out for each refugee comprising all the necessary data relating to the terms of his settlement, particulars of his debt, etc. This file contains the refugee's declaration that he regards himself as a Bulgarian national in accordance with Article IX of the Protocol, and the mortgage deed provided for by the Law for the Settlement of the Refugees, the issue of which is facilitated by the provisions of the new law of February 26th, 1931.

It will not be possible to make out this latter document until the calculation of the refugee's debt has been completed. Various general expenditure, and, in particular, the cost of the land work, has still to be equitably distributed among the refugees; it is also necessary to value the land used for building. After this has been done, the mortgage deeds can be issued and the refugees' files finally completed.

3. *Annual Account of Expenditure.*

In accordance with Article VII of the Protocol, which stipulates that annual accounts of expenditure out of the loan shall be drawn up and published, the account of this expenditure at December 31st, 1930, is given below:

	Leva	
A. <i>Sums placed at the disposal of the General Directorate for the Settlement of Refugees . . . . .</i>		1,385,064.310
B. <i>Expenses of settlement entered at December 31st, 1930:</i>		
	Leva	Leva
I. <i>Preparation of land:</i>		
(a) <i>Surveying . . . . .</i>	20,198,918	
(b) <i>Ploughing . . . . .</i>	15,067,002	
(c) <i>Clearing . . . . .</i>	27,801,682	
	<hr/>	63,067,602
II. <i>Distribution of seed:</i>		
(a) <i>Seed . . . . .</i>	67,958,097	
(b) <i>Copper sulphate . . . . .</i>	77,119	
	<hr/>	68,035,216
III. <i>Distribution of live-stock:</i>		
(a) <i>Purchase price . . . . .</i>	141,255,410	
(b) <i>Insurance . . . . .</i>	6,522,810	
	<hr/>	147,778,220
IV. <i>Distribution of agricultural material:</i>		
(a) <i>Ploughs . . . . .</i>	10,389,440	
(b) <i>Harrows . . . . .</i>	1,683,863	
(c) <i>Wagons . . . . .</i>	46,016,388	
(d) <i>Fishing tackle. . . . .</i>	3,730,133	
(e) <i>Insurance. . . . .</i>	456,685	
	<hr/>	62,276,509
V. <i>Buildings . . . . .</i>		427,147,504
VI. <i>Draining of marshes:</i>		
(a) <i>Ghigen (Karaboas) dike . . . . .</i>	35,949,867	
(b) <i>Messemvria pond . . . . .</i>	5,435,980	
(c) <i>Straldja pond . . . . .</i>	5,249,932	
(d) <i>Mandra pond . . . . .</i>	1,641,855	
	<hr/>	48,277,634
<i>Carried forward . . . . .</i>		<hr/> 816,582,685
		1,385,064.310

	Leva	Leva	Leva
<i>Brought forward</i> . . . . .		816,582,685	1,385,064,310
VII. Means of communication:			
(a) Rakovsky-Mastanla railway . . . . .	294,551,279		
(b) Roads:			
Vassiliko-Burgas . . . . .	3,725,962		
Elhovo-Kavakli . . . . .	1,405,213		
M. Tirnovo-Burgas . . . . .	3,438,052		
Bela-Varna . . . . .	2,508,194		
Sinapli-Elhovo . . . . .	372,698		
	<hr/>	306,001,398	
VIII. Health:			
(a) Anti-malaria campaign . . . . .	14,420,922		
(b) Anti-syphilis campaign . . . . .	1,669,454		
	<hr/>	16,090,376	
IX. Laying out of villages . . . . .		6,988,741	
C. <i>Settlement expenses not yet entered at December 31st, 1930.</i>			
I. Materials supplied and work carried out:			
(a) Seeds and cattle . . . . .	32,967,618		
(b) Wagons . . . . .	6,201,894		
(c) Ploughs . . . . .	3,158,060		
(d) Harrows . . . . .	647,839		
(e) Fishing tackle . . . . .	3,120,528		
(f) Surveying . . . . .	831,061		
(g) Buildings . . . . .	23,814,951		
	<hr/>	70,741,951	
II. Advances on account of current work and supplies:			
(a) Preparation of land . . . . .	9,358,116		
(b) Buildings . . . . .	68,909,381		
(c) Rakovsky-Mastanla Railway . . . . .	9,032,703		
(d) Roads . . . . .	210,000		
(e) Draining of marshes . . . . .	9,734,649		
(f) Anti-syphilis campaign . . . . .	529,678		
(g) Anti-malaria campaign . . . . .	174,828		
(h) Work, improvements, etc., in villages . . . . .	3,721,842		
(i) Miscellaneous . . . . .	99,000		
	<hr/>	101,770,197	
D. <i>Overhead expenses</i> . . . . .		38,350,293	
		<hr/>	
	Total expenditure . . . . .	1,356,525,641	
Cash balance held by the Directorate for the settlement of Refugees . . . . .			
		28,538,669	
		<hr/>	
		1,385,064,310	1,385,064,310

Overhead expenses, as compared with general total expenditure, fell from 5 per cent at December 31st, 1927, to 3.6 per cent at December 31st, 1928, to 3 per cent at December 31st, 1929, and to 2.83 per cent at December 31st, 1930, according to the above table.

The annual balance-sheet of expenditure has been audited by a Committee consisting of an Adviser to the Supreme Audit Board, the Controller-General of the Ministry of Finance, and the Chief Accountant of the National Bank of Bulgaria.

The "settlement expenses not entered" (see under Chapter C of the above table) may be divided into two categories:

(a) Expenses in respect of materials supplied and work carried out before December 31st, 1930, but not entered in the books at that date, the examination of the vouchers not having been completed;

(b) Advances on account of current works and supplies; sums advanced against bank guarantees, after signature of contracts, to various contractors or purveyors, either with a view to obtaining more favourable terms or to enable small contractors or local artisans without the necessary working capital to obtain a share of the contracts.

At December 31st, 1930, in addition to the above expenditure actually disbursed, the commitments on the basis of contracts concluded amounted to 147,257,880 leva.

The funds still available at December 31st, 1930, were as follows:

	Leva
(1) At the disposal of the General Directorate for the Settlement of Refugees . . . . .	28,538,669
(2) On deposit with the National Bank of Bulgaria . . . . .	3,379,031
(3) On deposit in London, £294,372 3s. 6d.—i.e. . . . .	197,229,353
<b>Total . . . . .</b>	<b>229,147,053</b>

**B. 7½% Stabilisation Loan of 1928.**

**I. POSITION OF THE LOAN.**

The position of the 7½% 1928 Loan at January 31st, 1931, is shown in Appendix III to this report. The available amount on deposit in London and Paris in foreign exchange was about £321,000 at that date.

**II. YIELD FROM THE ASSIGNED REVENUES.**

During November and December 1930 and January 1931, the sums received by way of revenues assigned as security for the 7½% 1928 Loan (Customs revenues) were (in leva) as follows:

November	December	January	Monthly budget estimates
86,466,447	82,762,650	54,861,564	108,333,333

The receipts for the three months amount to 224,090,661, as compared with 249,950,167 leva for the previous quarter. The considerable falling off in receipts in January was due to a marked decline in imports, which, from 25,841 tons in December, fell to 14,663 tons in January (monthly average for 1930: 26,400 tons).

The service of the loan for the three months absorbed approximately 84,000,000 leva, or about 37 per cent of the available funds.

The budget for the financial year 1931-32 includes the following estimates for Customs receipts:

(In leva.)

Chapter of the budget	Estimates for the year 1931-32	Estimates for the year 1930-31	Difference
<i>Chapter 11.</i> — Import duties . . . . .	900,000,000	1,200,000,000	—300,000,000
<i>Chapter 12.</i> — Export duties . . . . .	10,000,000	40,000,000	— 30,000,000
<i>Chapter 14.</i> — Warehousing and statistical dues, etc. . . . .	65,000,000	60,000,000	+ 5,000,000
<b>Total . . . . .</b>	<b>975,000,000</b>	<b>1,300,000,000</b>	<b>—325,000,000</b>

As regards the receipts for the first ten months of the current year, the position is as follows:

(In leva.)

Chapter of the Budget	Receipts	Ten-twelfths of the budget estimates	Difference
<i>Chapter 11.</i> — Import duties. . . . .	644,300,418	1,000,000,000	—355,699,582
<i>Chapter 12.</i> — Export duties. . . . .	7,902,827	33,333,333	— 25,430,506
<i>Chapter 14.</i> — Warehousing and statisti- cal dues, etc . . . . .	54,012,698	50,000,000	+ 4,012,698
<b>Total . . . . .</b>	<b>706,215,943</b>	<b>1,083,333,333</b>	<b>—337,117,390</b>

The various duties and charges on foreign trade have remained unchanged. The estimated receipts for next year have been carefully calculated, with due reference to the results of the first



ten months of the present year. It is also expected that, owing to the gradual exhaustion of the 1929 stocks, imports will revive to some extent during the coming months, notwithstanding the difficulties which still hamper the country's trade, and that on this account the Customs receipts for 1931-32 will show an improvement on this year's figures.

### III. EMPLOYMENT OF THE LOAN.

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

(Article IV of the Protocol.)

##### (a) Railways.

The following figures sum up the position at January 31st, 1931, of the expenditure on railways and harbours:

	Leva	Figures at the end of the previous quarter Leva
Expenditure already authorised . . . . .	667,000,000	667,000,000
Contracts concluded . . . . .	530,963,680	520,526,351
Value of work undertaken on a monopoly basis . . . . .	100,000,000	76,075,248
Sums actually expended . . . . .	479,042,400	442,180,075

In accordance with the provisions of Article 49 of the Law of July 15th, 1929, on the Organisation of Railways and Harbours, the General Directorate of Railways and Harbours published, in the *Official Journal* for February 26th, 1931, the first balance-sheet of the railways and harbours up to April 1st, 1929. This document is attached to the present report (Appendix IV).

##### (b) Roads.

The following figures summarise the position at January 31st, 1931, with regard to the employment of the total credit of 176,966,179 leva allotted to road repairs:

	Leva	Figures at the end of the previous quarter Leva
Expenditure already authorised . . . . .	174,610,000	165,000,000
Contracts concluded . . . . .	119,038,380	114,500,000
Work undertaken by the Directorate of Labour . . . . .	30,770,000	30,770,000
Sums actually expended . . . . .	82,639,162	66,393,579

The Directorate of Bridges and Highways proposes shortly to award the final contracts, for which the funds still available at the date of this report will be utilised. Consequently, unless any unforeseen circumstances occur, the work of repairing the roads should be completed this year.

##### (c) Application of the Regnoul programme.

The following table shows the position at January 31st, 1931 as regards the application of the Regnoul programme:

	Estimates Leva	Expenditure incurred Leva
<b>(a) Railways and harbours:</b>		
1. Upkeep of railways and engineering works, reconditioning of locomotives and carriages . . . . .	239,233,000	175,413,825
2. Improvements, enlargements, purchases of rolling-stock, supplies etc. . . . .	329,255,000	213,351,841
3. Construction of new lines . . . . .	72,312,000	71,396,382
Total for railways . . . . .	640,800,000	460,162,048
4. Essential supplies, enlargements and improvements for harbours . . . . .	31,500,000	18,887,352
Total for railways and harbours . . . . .	672,000,300	479,049,400
<b>(b) Roads and bridges:</b>		
1. Road construction . . . . .	55,000,000	23,551,020
2. Road repairs . . . . .	45,700,000	29,176,654
3. Replacement and construction of bridges . . . . .	72,000,000	29,461,488
4. Material . . . . .		450,000
Total for roads . . . . .	172,700,000	82,639,162
General total . . . . .	845,000,000	561,688,562

We would again point out that the expert engineer confirmed that the credits allotted to roads would fall considerably short of the requirements; the sum assigned, 172,700,000 leva, was accordingly increased to 176,966,179 leva by transferring the available balance from the block of £1,100,000 (reimbursement of budget arrears—see Twelfth Report, page 8). This supplementary credit of 4,266,179 leva has been allocated to road repairs.

#### IV. BUDGET.

Below are shown the figures supplied by the Ministry of Finance for the execution of the 1930-31 budget during the first ten months of the financial year—i.e., up to January 31st, 1931.

##### RECEIPTS.

(In leva.)

	Receipts from April 1st, 1930, to January 31st, 1931	Comparison with the first ten months of the previous financial year	Comparisons with budget estimates
Direct taxes . . . . .	437,731,855	— 35,562,666	— 347,268,145 — 44%
Indirect taxes . . . . .	1,845,067,389	— 672,851,848	— 430,765,944 — 19%
Duties . . . . .	554,209,842	— 126,649,357	— 78,290,158 — 12%
Fines and confiscations . . . . .	53,964,841	— 15,475,198	— 20,191,825 — 27%
Posts, telegraphs and telephones . . . . .	244,614,183	— 7,093,929	— 10,385,817 — 4%
State domain and capital . . . . .	308,997,005	+ 34,869,014	— 132,669,661 — 30%
Contributions of the communes towards teachers' salaries . . . . .	374,710,293	— 37,298,294	— 29,456,373 — 7%
Miscellaneous revenue <sup>1</sup> . . . . .	414,522,732	+ 51,185,778	— 257,168,934 — 38%
Revenue from closed financial years . . . . .	306,263,212	— 53,327,865	+ 117,929,879 + 62%
<b>Total . . . . .</b>	<b>4,540,081,352</b>	<b>— 862,204,365</b>	<b>— 1,188,266,978 — 26%</b>
Revenue from railways and harbours (special budget) . . . . .	1,007,812,954	— 99,252,126	— 430,956,256 — 30%
<b>Total . . . . .</b>	<b>5,547,894,306</b>	<b>— 961,456,491</b>	<b>— 1,619,223,234</b>

The yield from revenues shows a further decrease as compared with the results for the previous quarter. The biggest falling-off is still in direct taxes, and especially in the tax on non-building property. On December 26th, 1930, the Law on the Purchase and Export of Cereals, of which a detailed analysis is given in Appendix V, came into force. It is anticipated that this law will result, *inter alia*, in the wiping-off—at all events on paper—of these arrears. These provisions were supplemented by the Law of March 19th, 1931, extending by one month, until March 25th, the time allowed for the collection of direct taxes for the current year.<sup>2</sup>

The other decreases in returns chiefly affect indirect taxes, the proceeds of fines and confiscations, the revenue from domain and capital and the miscellaneous revenue, including revenue from funds incorporated in the general budget. The revenue from railways and harbours shows a falling-off of 30 per cent, which is slightly greater than that at October 31st, 1930.<sup>3</sup>

##### EXPENDITURE.

(In leva.)

	Settled from April 1st, 1930, to January 31st, 1931	Comparison with the first ten months of the previous financial year
Under ordinary budget and budget for railways and harbours	4,757,587,282	
Under extraordinary budgets for the previous financial years	6,522,636	
Under supplementary credits voted during the war . . . . .	119,341,551	
Miscellaneous payments under provisional receipts . . . . .	37,292,686	
Public debt: current account, payments not yet entered, loans and repairs service . . . . .	1,137,336,996	
Provisional excess of expenditure over the proceeds of the Stabilisation Loan. . . . .	1,168,032	

<sup>1</sup> Including revenue from funds incorporated in the ordinary budget and the balances from previous years.

<sup>2</sup> Under a recent law, which had not been promulgated on the date when this report was drawn up, this time-limit was further extended until May 31st, 1931.

<sup>3</sup> Erratum: Seventeenth Report, page 8. "Revenue from Railways and Harbours: Comparison with budget estimates": — 277,944,724 = 27%.

EXPENDITURE.  
(In leva.)

	Settled from April 1st, 1930, to January 31st, 1931	Comparison with the first ten months of the previous financial year
Total . . . . .	6,059,249,183	— 284,037,175
Which, set off against the total Receipts. . . . .	<u>5,547,894,306</u>	
Shows a deficit of . . . . .	511,354,877	
Which was covered by the issue of Treasury Bonds to a net total of . . . . .	<u>547,375,000</u>	
Producing a surplus of . . . . .	36,020,123	
Which corresponds exactly to the credit balance of the Public Treasury account at the National Bank at January 31st, 1931, but against which must be set off supplementary liabilities of total amount of the orders in respect of the financial year not yet settled.	404,468,000	
Producing an actual deficit of . . . . .	368,448,877	
To which add the gross total of Treasury Bonds	<u>550,000,000</u>	
Leaving total liabilities to the amount of . . . . .	918,448,877	

The deficit is therefore increasing at the rate shown in our previous report, notwithstanding the cutting down of expenditure, which has been strictly enforced, as has also the "monthly budgets" system and the previous authorisation of the Minister of Finance for all commitments exceeding 20,000 leva. At January 31st, the Treasury Bonds issued amounted to 550,000,000 leva, of which 157,200,000 leva were rediscounted by the National Bank.

The Treasury position at January 31st, 1931, was thus as follows:

TREASURY POSITION AT JANUARY 31ST, 1931.  
(In thousands of leva.)

<i>Assets</i>		<i>Liabilities</i>	
Total receipts. . . . .	5,547,895	Total expenditure . . . . .	6,059,250
Net proceeds of Treasury Bonds issued . . . . .	<u>547,375</u>	Credit balance of the Treasury account at the National Bank	<u>36,020</u>
	6,095,270		6,095,270

The actual position is thus as follows:

<i>Assets</i>		<i>Liabilities</i>	
Credit balance of the Treasury Account . . . . .	36,020	Orders held over . . . . .	404,469
<i>Present actual deficit</i> . . . . .	<u>918,449</u>	Treasury Bond debts. . . . .	<u>550,000</u>
	954,469		954,469

1931-32 BUDGET.

The budget for the financial year 1931-32 was voted on March 31st, 1931—that is to say, for the first time since the end of the war, before the commencement of the financial year in question. Particulars are given in the following table:

*Ordinary Budget and Incorporated Funds.*  
(In thousands of leva.)

EXPENDITURE		RECEIPTS	
Head of State . . . . .	69,840	Direct taxes. . . . .	894,000
Public Debt . . . . .	2,150,433	Indirect taxes . . . . .	2,460,000
Audit Office . . . . .	24,417	Duties . . . . .	745,000
Foreign Affairs and Public Worship . . . . .	151,394	Fines and Confiscations . . . . .	85,000
Interior and Public Health . . . . .	437,553	Railways and harbours . . . . .	125,000
Education . . . . .	874,618	Posts, telegraphs and telephones . . . . .	303,000
Finance . . . . .	192,854	Revenue from the domains and capital . . . . .	530,000
Justice . . . . .	239,525	Contributions of the com- munes towards teachers' salaries . . . . .	412,000
War . . . . .	1,109,620	Miscellaneous revenue . . . . .	606,000
Commerce, Industry and Labour	111,310	Revenue from closed financial years . . . . .	240,000
Agriculture and Domains . . . . .	322,000		
Public Works . . . . .	371,430		
Railways, posts, telegraphs, and telephones, aeronautics . . . . .	315,706		
Budget in execution of the Peace Treaty . . . . .	<u>29,300</u>		
	6,400,000		<u>6,400,000</u>

It is true that these estimates are 600 millions lower than the figures in the 1930-31 budget; but, as regards receipts, they exceed by more than 600 millions the most favourable results that can be anticipated from the execution of that budget. An improvement in the yield from direct taxes, Customs duties, the excise duty on alcohol, the duties on tobacco, judicial charges and the rents and proceeds from the State domain is expected to produce increased receipts. The Government also proposes to continue the "monthly budgets" system.

Among the provisions of the Finance Law, special reference should be made to the provisions relating to the revision, unification and reduction of officials' salaries and to the provisions requiring the Minister of Finance to re-examine the question and to make preparations for an administrative reform.

The railways and harbours budget, including incorporated funds, was voted as follows:

	Leva
Receipts . . . . .	1,975,620,000
Expenditure . . . . .	1,913,103,000

### V. NATIONAL BANK.

Appendix VI to the present report shows the position of the National Bank at the end of each of the three months under consideration. The statement of the position at December 31st reproduces the data given in the annual balance-sheet for 1930.

This document reveals the falling-off in the banking business of the institute of issue during the past year and shows a net profit of 83,312,559 leva, as compared with 169,933,635 for the previous year. While the assets show a steady increase in the gold reserve, which has risen to 1,454,801,424 leva, as compared with 1,388,526,640 leva at December 31st, 1929, this is set off by the gradual decline in the net stock of foreign exchange, which has fallen from 1,157,722,648 to 792,598,350 leva. This decrease is due, not to the trade balance, which shows a surplus of more than 1,300 million leva, but chiefly to withdrawals of foreign credits as a result of the general decline in banking business and to other foreign payments.

This slackening of business is also shown by the considerable reduction in commercial bill holdings, which fell to 362,260,000 leva, as against 389 millions at the end of October and 907 millions at December 31st, 1929. This contraction of credit is, to a certain extent, due to the business stagnation, the drop in prices and the comparative rarity of commitments in accordance with the Bank's requirements. As stated in our previous report, this policy places the bank of issue in a position greatly to facilitate any normal resumption of economic activity when the time comes.

Advances against pledges of various kinds, security or mortgages, have also fallen off considerably and have dropped from 517 to 270 million leva. In particular, advances against mortgages have fallen from 30 to 14 million leva.

On the other hand, advances to the State in the form of the discounting or rediscounting of Treasury bonds amount to 157,200,000 leva, as against zero at December 31st, 1929.

As regards "investments", mortgage loans have fallen from 135 to 100 million leva, while participations have risen from 23 to 90 million leva, the National Bank having been authorised to subscribe a sum of 2,500,000 Swiss francs to the capital of the Bank for International Settlements (Law of March 20th, 1931, amending the Statutes of the National Bank; see Appendix VII, below).

Lastly, it should be noted that the State's debt was reduced at December 31st, 1930, to 3,161,845,798 leva, as against 3,470,302,000 at the close of the previous financial year.

On the liabilities side, the volume of circulation was 3,295,514,182 leva, as against 3,608,642,965. The general level of notes in circulation expressed by the average figures for the four quarters was also reduced to 3,439,000,000 leva, as compared with 4,032,000,000 in 1929.

The cover for the Bank's commitments has consistently exceeded the legal minimum of 33  $\frac{1}{3}$  per cent and at December 31st, 1930, it was 36.48 per cent.

The discount rate remained at 10 per cent for the whole of the year under review.

In January 1931, there was a further appreciable falling-off in the net stock of foreign exchange, which dropped to 568 million leva, as against 793 million at the end of December. The commercial bills holdings were reduced still further—301 million leva as against 362 million. Advances, excluding Treasury bonds taken up or discounted, fell from 270 to 225 million leva. In accordance with the Statutes, the granting of advances and the opening of current accounts against the pledging of goods were to cease at the end of 1930; consequently, no further transactions have been entered into since January 1st, 1931, and during that month this item fell from 122 to 114 million leva.

The following table shows the distribution of the advances and of the bills holdings at December 31st in each of the last three years:

	At December 31st		
	1928	1929	1930
	%	%	%
Banks . . . . .	34.6	55	50
Commerce . . . . .	28.6	20	20
Industry . . . . .	32.4	21	24
Miscellaneous . . . . .	4.4	4	6

An examination of the bills holdings, not including advances, shows a bank rediscount percentage of about 77 per cent.

The discount rate of the National Bank, which had been 10 per cent since July 2nd, 1929, has been reduced to 9 per cent as from January 29th, 1931. In taking this step, the Bank had in mind the extremely small number of its commitments, the policy of strict selection of the paper presented which it has decided to continue, the tendency to reduce interest rates abroad and the similar tendency in Bulgaria. The abundance of liquid assets in the banks, as shown by the size of their credit accounts with the bank of issue—903 million leva at January 31st, 1931, as against 869 million at December 31st and 353 million at the end of the previous year—induced certain establishments, at the beginning of the current year, to reduce their discount rate and the interest on the credit accounts of their depositors. The National Bank considered that this tendency could be encouraged without any risk. The reduction in the official discount rate has automatically reacted on the maximum legal interest rate, which has fallen from 15 to 14 per cent in accordance with the provisions of the law against usury, and will, if the bill providing for the amendment of that law is passed, be reduced to 13.5 per cent.

This example has also been followed by private banks, which have, in general, reduced the interest on their debt and credit or accounts and on their discounting operations to an average rate of 10 per cent.

Lastly, the National Bank at once took advantage of the course it had adopted to suggest to the competent Ministry a reduction in the rate of interest on credit deposits allowed by the Post Office Savings Bank, and to point out that the rate of 7.5 per cent free of tax was no longer in accordance with the general tendency of the market.

The Law on the Protection of Bank Deposits was promulgated on February 12th, 1931; a detailed analysis is given in Appendix VIII.

In addition, the Law of March 20th, 1931, introduced the necessary amendments to the Statutes of the National Bank to enable it to co-operate with the Bank for International Settlements. The text of this law, which is given in Appendix VII, reproduces purely and simply the suggestions made in this connection by the Financial Committee.

## VI. STATISTICS.

(Supplied by the National Bank.)

### A. Foreign Trade for the Year 1930.

	1927	1928	1929	1930
		(In thousands of leva.)		
Exports . . . . .	6,684	6,379	6,097	5,928
Imports . . . . .	6,174	7,192	8,162	4,605

The falling-off in the value of imports is entirely due to the decline in world prices and to the reduction of the total tonnage imported—327,000 tons, as against 496,000 in 1929. On the other hand, the slight decrease in the value of exports is accompanied by an appreciably increased tonnage—532,000 tons, as against 299,000—which shows the difficulty of placing agricultural products abroad.

An analysis of the detailed foreign trade statistics for 1929 and 1930 shows the following figures:

#### (a) Imports.

Principal commodities showing a decrease:	1929	1930
	(In thousands of leva.)	
Textiles and derivatives . . . . .	2,154	1,063
Instruments, machinery, spare parts . . .	1,054	560
Material for the timber industry . . . . .	450	191
Hides and skins and derivatives . . . . .	353	157
Paper and derivatives . . . . .	348	177
Colonial produce and fruit . . . . .	237	130

#### (b) Exports.

All the principal commodities, with the exception of attar or roses (1,761 kilogrammes, as against 2,597 in 1929 and 3,238 in 1928), show an increase in weight.

As regards value, cereals (+ 285 million leva), eggs (+ 19), poultry (+ 47), sugar (+ 15), grapes (+ 14), practically counterbalance the deficit on the other commodities. Among the latter, tobacco, despite the increase in the quantity exported, fell from 2,672 million leva to 2,544 (— 128); attar of roses from 221 to 166 (— 55). This industry, which was formerly a Bulgarian monopoly, is suffering from the sale of stocks at very low prices, owing to the world crisis, and also apparently to the fixing of the prices of raw material during the last few seasons at an excessively high level.

B. *Foreign Trade for the Year 1931.*

(Provisional data for the months of January and February.)

	January-February 1930		January-February 1931	
	Tons	Thousands of leva	Tons	Thousands of leva
Imports . . . . .	50,680	768,374	32,742	602,395
Exports . . . . .	55,472	969,857	56,528	735,913
Balance. . . . .		201,483		133,518

The falling-off in the volume and value of foreign trade has continued during the first months of this year and chiefly affects imports and, in particular, colonial produce, chemical products, mineral oils, metals and derivatives, raw materials for joinery and textiles. The volume of exports has been maintained and shows that there is a steady trade in cereals, eggs, poultry and fodder plants.

C. *Wholesale Price-Index Numbers.*

(1914 = 100.)

	1929	1930	1931
January . . . . .	3,211	3,107	2,193
February . . . . .	3,267	2,990	2,132
March . . . . .	3,290	2,732	
April . . . . .	3,318	2,721	
May . . . . .	3,338	2,637	
June . . . . .	3,245	2,514	
July . . . . .	3,200	2,467	
August . . . . .	3,141	2,503	
September . . . . .	3,111	2,395	
October . . . . .	3,174	2,373	
November . . . . .	3,085	2,304	
December . . . . .	3,076	2,283	
Average index number for the year . . . . .	3,204	2,585	

D. *Protested Bills.*

	1928		1929	
	Number	Leva	Number	Leva
January . . . . .	15,337	111,819,097	13,719	113,192,033
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	
January . . . . .	27,159	298,291,560	17,776	142,594,226
February . . . . .	23,730	266,386,266		
March . . . . .	29,648	296,295,032		
April . . . . .	32,509	298,299,075		
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 JANUARY 31ST, 1931.

	Sterling block £            s.    d.	Dollar block \$	Yield in leva
(a) <i>Nominal amount:</i>			
£2,400,000			
\$4,500,000			
(b) <i>Net amount.</i> . . . . .	2,112,000   0   0	3,915,000.—	
(c) <i>Deduct:</i>			
Redemption of 1912 to 1913 Treasury	£    s.    d.		
Bonds. . . . .	625,889   11   6		
Half-year's reserve	90,000   0   0	168,750.— <sup>1</sup>	
Miscellaneous expenses: stamps, printing of bonds, etc. . . . .	49,474   4   1		
	765,363   15   7		
	£1,346,636   4   5	\$3,746,250.—	
(d) <i>Add:</i>			
Interest . . . . .	117,294   3   2	320,107.50	
	£1,463,930   7   7	\$4,066,357.50	
(e) <i>Subtract:</i> <sup>2</sup>			
Amounts released . . . . .	£1,169,558   4   1	\$4,066,357.50	
(f) <i>Equivalent in leva of half-year's reserve.</i> . . . . .			83,851,875 <sup>1</sup>
(g) <i>Proceeds in leva of amounts released.</i> . . . . .			1,333,351,458
			1,417,203,333
Placed at the disposal of:			
	Leva		
1. The Directorate for the Settlement of Refugees . . . . .	1,368,824,302		
2. The Government for the reconstruction of the devastated areas	45,000,000		
	1,413,824,302		1,413,824,302
Surplus available . . . . .	£294,372   3   6	—	Leva 3,379,031
	(Deposited with the Bank of England)		(Deposited with the National Bank of Bulgaria)

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

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

Appendix II.

LAW SUPPLEMENTING THE "LAW FOR THE SETTLEMENT OF THE REFUGEES ON THE LAND" WITH THE AID OF THE PROCEEDS OF THE LOAN AUTHORISED BY THE LEAGUE OF NATIONS.

The following new paragraph has been added to Article 3: <sup>1</sup>

"Should it be proved that certain lands distributed to the refugees belong to private persons, they shall be incorporated in the category of lands referred to in Article 65 <sup>2</sup> of the Law for the Settlement of the Refugees on the Land, and their owners shall receive payment for them as such at the real market prices in accordance with the 'Law for the Expropriation of Premises for the Requirements of the State'."

The following words: "also fixed by the Directorate G.S.R.", shall be added to Article 49 <sup>3</sup> after the words "and prices of land".

The following new paragraphs have been added to Article 51: <sup>4</sup>

"Notaries shall draw up the notarial deeds mentioned in the present law without deducting any duties, taxes, stamp duty and other charges levied on behalf of the State or the communes, and on the basis of a certificate from the General Directorate for the Settlement of Refugees testifying that the person concerned is a refugee who has been granted State land.

"When issuing notarial deeds, the notary shall at the same time enter in the register, free of charge, the mortgage in favour of the State on the lands, dwellings and building land in question. This mortgage shall remain in force without renewal until the value of the property has been repaid in full."

The following note has been added to Article 46: <sup>5</sup>

"The Law on the Organisation and Administration of the Bulgarian State Railways of July 15th, 1929 shall not cancel paragraph II of Article 46. The sums due for transport on the railways by the General Directorate for the Settlement of Refugees in accordance with this same Law shall not be paid."

Appendix III.

STATEMENT OF THE 7½% STABILISATION LOAN OF 1928 AS AT JANUARY 31ST, 1931.

	Sterling block		Dollar block	French franc block
	£	s.		d.
Nominal amount . . . . .	1,800,000	0	13,000,000	130,000,000
Net amount . . . . .	1,656,000	0	11,960,000	121,550,000
<i>Deduct:</i>				
Stamp duties and other expenses . . . . .	38,286	7	49,250	5,200,000
Total . . . . .	£1,616,713	13	\$11,910,750	Fr. 116,350,000

<sup>1</sup> Article 3. — The lands and houses shall become the property of the refugees as soon as they have been installed therein. The General Directorate for the Settlement of the Refugees (hereinafter called Directorate G.S.R.), organised under the present law, shall take the necessary measures for conveying the titles to the refugees at the time of signature of the delivery contracts.

<sup>2</sup> Article 65. — Private lands upon which the refugees have been settled temporarily or permanently shall be acquired by the State as from the coming into force of the present law, and shall be included in the 132,000 hectares of land intended for the settlement of refugees. The State shall buy back these lands at their real market value in accordance with the Law for the Expropriation of Premises for Public Use or for the State. The commissions provided for by this law shall be set up as from the coming into force of the present law.

The refugees shall pay to the owners no rent or compensation for the period that has elapsed; the owners shall for the same period be exempt from the payment of taxes. Payments already made shall not be refunded.

Refugees in occupation of this property shall be permanently settled thereon in conformity with the provisions of the present law.

<sup>3</sup> Article 49. — (a) The prices of the buildings assigned to the refugees will be determined as follows: . . . . .

(b) The prices of houses and their outhouses will be fixed by the Directorate G.S.R. on the basis of the cost of construction and prices of land.

<sup>4</sup> Article 51. — Upon receiving the title-deeds of the houses erected for their use, the refugees shall sign contracts undertaking to refund to the State the value of their houses at the prices to be assessed in accordance with Article 49 of the present law. The claim of the State will be secured by a deed of mortgage on the house.

The period for re-payment shall be fifteen years.

<sup>5</sup> Article 46. — In so far as the resources of the State lands permit, all building materials—wood, stone, etc.—will be placed at the disposal of the Directorate G.S.R. free of charge.

The State Railways will transport all such materials free of charge, as also all live-stock and agricultural equipment supplied to the refugees, together with the refugees themselves and their furniture, should the intended settlement necessitate their removal.



Equivalent in leva. . . . .		3,364,849.311
Add . . . . .		5,000,000 <sup>1</sup>
	Leva	3,369,849.311
Utilised up to January 31st, 1931. . . . .		3,139,427.028
Surplus available on that date . . . . .	Leva	230,422,283 <sup>2</sup>

Appendix IV.

FIRST BALANCE-SHEET OF THE BULGARIAN STATE RAILWAYS AS AT APRIL 1ST, 1929.  
(Application of Article 49 of the Law of July 16th, 1929, on the Organisation of the Bulgarian State Railways and Harbours.)<sup>3</sup>

ASSETS.		
(In leva.)		
I. <i>Fixed assets.</i>		
A. Railway system in operation:		
1. Railway lines . . . . .	8,524,027,838	
2. Rolling-stock . . . . .	2,442,476,864	
3. Equipment (fittings, etc.) . . . . .	80,323,879	
4. Auxiliary services (workshops, etc.) . . . . .	247,245,618	
		11,294,074,199
B. Work in hand:		
1. New lines . . . . .	486,583,393	
2. Extension and improvement of railway-lines in operation. . . . .	7,548,953	
3. Rolling-stock . . . . .	—	
4. Auxiliary services . . . . .	5,782,284	
		499,914,630
C. Subsidiary undertakings:		
Cartage, etc. . . . .	—	
		11,793,988,829
II. <i>Working capital (material and cash):</i>		
A. Material . . . . .	292,519,505	
B. National Bank. . . . .	201,428,099	
C. Funds available in the various services . . . . .	4,186,606	
D. Debtors . . . . .	13,953,185	
		512,087,395
III. <i>Assets of special funds:</i>		
A. "Renewals" fund (to be imburSED) . . . . .	2,734,632,352	
B. "Fire insurance" fund. . . . .	—	
C. "Railwaymen's housing, health establishments and pensions" fund (in existence) . . . . .	68,821,933	
		2,803,454,285
IV. <i>Expenditure to be redeemed:</i>		
A. Difference between the redemption prices and the cost of construction of the redeemed lines. . . . .	898,620,000	
B. Cost of issue and conversion of loans. . . . .	658,090,000	
C. Value of plant destroyed . . . . .	—	
D. Debts from the operation of the Railways at the end of the financial year 1928-29 . . . . .	—	
		1,556,710,000
		16,666,240,509

<sup>1</sup> The equivalent of interest collected by the Bulgarian Government on sums deposited abroad and paid into the loan account to make up the sum earmarked for road improvement (see Twelfth Report, page 9, (b) Roads).

<sup>2</sup> This figure represents:

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

9,219,615 leva at the National Bank of Bulgaria;  
6,311,483.30 French francs at the Bank of France  
£270,213 13s. at the Bank of England.

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

6,000,000 leva at the National Bank of Bulgaria.

<sup>3</sup> Law published as an Appendix to the Twelfth Report of the Commissioner of the League of Nations in Bulgaria (document C.372.M.137.1929.II).

LIABILITIES.

(In leva.)

I. *Capital acquired.*

A. Redeemed portion of consolidated State loans . . . . .		2,920,313,000	
B. Other capital furnished by the State:			
1. Land. . . . .	6,692,238		
2. Rates and taxes:			
(a) Special taxes for the construction of the railways . . . . .	206,950,765		
(b) Special rates for the extension and improvement of the railways . . . . .	89,950,366		
(c) Other rates and taxes . . . . .	980,000,000		
(d) Operating surplus . . . . .	892,000,000		
3. Payments:			
(a) Compulsory labour for the roads . . . . .	10,665,000		
(b) Compulsory military labour . . . . .	119,936,433		
(c) Compulsory labour. . . . .	299,890,000		
			2,606,084,802
C. Grants from:			
1. Departments . . . . .	3,663,468		
2. Communes . . . . .	62,047,821		
3. Private persons . . . . .	267,954		
			65,979,243
D. Special funds:			
1. Reserve Fund . . . . .	—		
2. "Renewals" Fund (estimated value) . . . . .	2,734,632,352		
3. Fire Insurance Fund . . . . .	—		
4. "Railwaymen's Housing", etc., Fund . . . . .	68,821,933		
			2,803,454,285

II. *Capital due.*

A. Consolidated State loans:			
1. Application of Article 38, paragraph 2, of the Law on the organisation of Railways and Harbours. . . . .	3,990,000,000		
2. 9% loan to the social insurance fund . . . . .	32,000,000		
			4,022,000,000
B. Debts not consolidated:			
1. Securities and coupons not claimed at maturity . . . . .	—		
2. Proportion of interest on coupons falling due in the following year . . . . .	—		
3. Pledges of contractors and others . . . . .	—		
4. Other creditors. . . . .	—		
			4,022,000,000

III. *Difference between assets and liabilities due to the devalorisation of the lev*

4,248,409,179

16,666,240,509

\* \* \*

On the assets side, the fixed assets are shown at their true initial cost, a coefficient being applied, where necessary, to correspond with the depreciation of the lev.

The working capital includes stocks of material and fuel, available funds on deposit with the National Bank, with the exception of the small funds of the various services, and sundry debtors. It should be noted that, up to the present, the public administrations, with the exception of the Ministries of War and Finance, have not paid for the services which they have received from the Railways.

These special funds include the "Renewals" Fund (to be reimbursed), which is referred to below in connection with the corresponding item on the liabilities side, and the "Railwaymen's Housing, Health Establishments", etc., Fund, which represents the fixed assets constituted with the assistance of the funds shown in the corresponding item of the liabilities.

Expenditure for redemption includes, in addition to the cost of the issue and conversion of loans, the difference between redemption prices and the actual initial cost of the redeemed lines (Roussé-Varna lines and Belovo-Svilengrade and Zlatendol-Yambol lines, formerly belonging to the Eastern railways).

On the liabilities side, capital invested is divided into capital acquired and capital due.

The former does not require any service; it includes the redeemed part of the consolidated State loans, the lands already finally appropriated, the yield from rates, taxes and payments of the various grants allocated to the establishment of the Railways.

The special funds comprise:

(1) The Reserve Fund, which had not yet been constituted on the date of the first balance-sheet;

(2) The Renewals Fund; Article 49 of the organic law provides that "the value of the fixed plant of the railways (and ports), their rolling-stocks, supplies and equipment shall be brought in at cost" and that "the degree of depreciation of these assets shall be ascertained and debited in the balance sheet, as a fixed amount in the renewals fund".

In the first balance-sheet this sum forms the whole of the said fund.

This is set off on the assets side by a corresponding item, which should at all times represent the whole of the depreciation of the equipment and plant mentioned above. In accordance with Article 34 of the law:

- (a) Part of the operating expenses;
- (b) Part of the annual profits;
- (c) The value of the old material withdrawn from service at the time of renewal, re-utilised or sold, are to be credited to the fund, as well as the interest which it yields.

The funds which should thus have been constituted prior to the making out of the first balance-sheet are shown provisionally in the assets as sums to be refunded; they are to be reimbursed out of the appropriations specified above;

- (3) The Fire Insurance Fund, not yet constituted;
- (4) The "Railwaymen's Housing", etc., Fund, to which the charges and rents paid by the staff and persons using the houses, proceeds of fines, etc., are to be credited.

The capital due consists solely of:

(1) Debts not yet repaid, contracted by the State on behalf of the railways. The balance at December 31st, 1928, was fixed by the organic law at 3,990 million leva;

(2) The portion of the loan contracted independently by the Directorate of Construction of the Railways Department with the social insurance fund and called up at the date of the first balance-sheet.

Lastly, the liabilities include an item, "Difference due to the devalorisation of the lev". This is the sum required to balance the total assets, which are expressed in devalorised currency, and the total liabilities, which consist of various items expressed either in gold or in paper to which variable coefficients of devalorisation have been applied.

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## Appendix V.

### ANALYSIS OF THE LAW ON THE PURCHASE AND EXPORT OF GRAIN.

(Promulgated on December 26th, 1930.)

This law set up a "Directorate for the purchase and export of grain", attached to the Council of Ministers. By "grain" is meant wheat, rye, maize, barley, oats, millet and mixtures. The Directorate will make its purchases up to June 30th, 1931, unless the Council of Ministers decides to extend that period for not more than three months.

The foreign and home trade in grain will continue to be free.

#### *Organisation.*

The Directorate consists of central services and supervisory and inspection services under the orders of a Director who will be appointed and dismissed by the Council of Ministers. It is assisted by a Board comprising the representatives of the Ministries of Finance, Commerce and Agriculture; of the National Bank, the Agriculture Bank, and the Central Co-operative Bank; the Chambers of Commerce and Goods Exchanges.

It has an independent budget, the execution of which is subject to special regulations.

It will receive from the Bank of Agriculture and the Central Co-operative Bank a working capital of 40 millions.

Its financial transactions will be effected through the Bulgarian Agricultural Bank, and the branches and agencies of the latter.

*Operation.*

I. *Purchases.* — These will be effected through the co-operatives, popular banks or grain merchants.

The prices will be higher than world prices and will be approved by the Council of Ministers.

Payments will be made as follows:

- (a) In the case of wheat: 50 per cent in cash, and  
50 per cent in "tax bonds";
- (b) In the case of other grain: 25 per cent in cash and  
75 per cent in "tax bonds".

The "tax bonds" are in denominations of 20, 50, 100, 500 and 1,000 leva; they will be registered, transferable by endorsement and accepted in payment of "taxes in general with all additional charges up to the financial year 1924-25 inclusive, and of the land tax after that date and up to the financial year 1930-31, with all additional charges, and of the tax on artisans' trades up to the financial year 1930-31".

These bonds will be accepted by the State tax collectors up to September 30th, 1931, unless the existence of the Directorate is prolonged. After that date they will no longer be regarded as valid.

II. *Sales.* — The Directorate will itself export the grain purchased by it, or will sell it either to exporters or to mills, for the requirements of home consumption. These latter sales will be made at the prices ruling in the home market.

III. *Measures of supervision and compulsion.* — The Directorate has the right, subject to the approval of the Council of Ministers, in principle and as regards the fixing of the compensation, to requisition warehouses or depots when the demands of the owners are excessive.

It may require millers and merchants selling flour to charge basic prices corresponding to the price of the grain in the home market, may supervise the application of those prices and, in cases of infringement, may order the temporary closing of the mills or warehouses.

It may compel the mills to purchase wheat from it and to grind such wheat to meet the requirements of home consumption. It fixes the type and selling prices of flour.

Every grain merchant or mill-owner is required, within ten days of the entry into force of the law and under penalty of a fine and imprisonment, to declare to the nearest branch of the Agricultural Bank the quantity of grain he has in store or for sale, and to give an account to the Directorate before May 31st, 1931, of the manner in which it has been disposed of. This grain may not be sold to the Directorate against "tax bonds".

*Liquidation.*

On expiry of the period stipulated, the Directorate will go into liquidation, will refund to the Agricultural Bank and to the Co-operative Bank the working capital borrowed, and will pay the net proceeds of the sale of the grain to the State budget.

**Appendix VI.**

**POSITION OF THE NATIONAL BANK OF BULGARIA.**

	As at November 30th, 1930 (in leva)	As at December 31st, 1930 (in leva)	As at January 31st, 1931 (in leva)
<i>Assets.</i>			
1. Gold coin and bullion . . . . .	1,448,193,109	1,454,801,424	1,458,208,697
2. Silver . . . . .	—	—	—
3. Foreign gold exchange . . . . .	494,674,310	424,299,023	402,669,576
4. Other foreign exchange . . . . .	640,621,543	480,663,474	301,358,505
5. Bulgarian small coinage . . . . .	138,113,307	152,027,123	151,732,553
6. Bills of exchange and promissory notes:			
Commercial bills . . . . .	345,163,456	362,259,506	300,611,630
Treasury Bills . . . . .	—	—	—
7. Advances:			
To the Government . . . . .	70,000,000	157,200,000	157,200,000
Other advances . . . . .	253,405,629	269,778,194	225,371,235
8. State debts . . . . .	3,194,962,284	3,161,845,798	3,100,845,798
9. Investments . . . . .	316,790,383	316,145,583	317,741,205
10. Buildings and equipment . . . . .	28,296,402	22,466,167	22,467,767
11. Other assets . . . . .	511,800,548	352,376,936	373,643,005
<b>Total assets . . . . .</b>	<b>7,442,020,971</b>	<b>7,153,863,228</b>	<b>6,811,849,971</b>

	As at November 30th, 1930 (in leva)	As at December 31st, 1930 (in leva)	As at January 31st, 1931 (in leva)
<i>Liabilities.</i>			
12. Capital paid up . . . . .	500,000,000	500,000,000	500,000,000
13. Reserve funds . . . . .	1,214,555,882	1,168,790,844	1,183,677,532
14. Notes in circulation . . . . .	3,561,853,990	3,295,514,182	3,058,535,015
15. Other sight liabilities, in leva . . . . .	1,459,437,155	1,547,042,985	1,502,593,960
16. Deposits, in leva, at notice . . . . .	273,990,002	270,225,300	268,708,181
17. Foreign exchange liabilities . . . . .	90,636,301	112,364,147	135,770,530
18. Other liabilities . . . . .	341,547,643	176,613,211	162,564,755
19. Net profit . . . . .	—	83,312,559	—
Total liabilities . . . . .	7,442,020,973	7,153,863,228	6,811,849,973
<i>Cover.</i>			
Proportion of gold and silver plus net amount of foreign gold exchange to bank-notes in circulation, plus sight liabilities . . . . .	39,89 %	36,48 %	37,82 %
Discount rate . . . . .	10 %	10 %	9 %

Appendix VII.

LAW SUPPLEMENTING AND AMENDING THE LAW ON THE NATIONAL BANK OF BULGARIA.

(Official Journal, No. 282, of March 20th, 1931.)

§1.

Article 10 of the law is hereby modified as follows:

1. The following addition is made to the second paragraph:

“ . . . gold coin and bullion in the unrestricted ownership of the Bank and either in the custody of the Bank or deposited in another central bank or in the Bank for International Settlements, or in any mint, or in transit . . . ”

2. The following addition is made to the seventh paragraph:

“ The balance standing to the credit of the Bank at the Central Bank of a foreign country or at the Bank for International Settlements shall be included in the above-mentioned definition. ”

§2.

1. The following paragraph is added to point 16 of Article 35:

“ Guarantee the payment of commercial bills purchased for account of other banks of issue and of the Bank for International Settlements and, if necessary, rediscount them on the decision of the Board of Directors and for a commission to be determined by the latter. ”

2. The following point 20 is added at the end of Article 35:

“ To effect with the Bank for International Settlements any transactions which the latter is authorised to undertake, with a view to promoting co-operation between the Central Banks and which, although not provided for by the present law, are in accordance with the monetary policy of the National Bank. ”

§3.

The following paragraph is added to point 4 of Article 37:

“ It may nevertheless participate in the capital of the Bank for International Settlements. ”

### Appendix VIII.

#### ANALYSIS OF THE LAW ON THE PROTECTION OF SAVINGS DEPOSITS.

(Published in the *Official Journal* of January 12th, 1931.)

Chapter I of the law deals with the establishment of banks. It first defines "commercial enterprises undertaking banking business". The following are excluded from the legislative provisions analysed below: the National Bank, the Agricultural Bank the Central Co-operative Bank and the Post Office Savings Bank, as well as the co-operative agricultural credit associations and the popular banks, which are controlled respectively by the Agricultural Bank and the Central Co-operative Bank.

For the creation of a bank or the opening of a new branch, the authorisation of the Minister of Finance, who will give his decision after consulting the Banking Council, is required. This authorisation, which is not transferable, will be cancelled if not utilised.

Each bank or branch appoints a sworn local accountant to audit its accounts.

Subject to the temporary measures examined below, banks authorised to accept deposits must be constituted as joint-stock or shareholders' companies.

The capital fully paid up, after deducting the expenses of constitution, must not be less than 30 million leva in the case of Sofia, 20 million in the case of Plovdiv, Burgas, Varna and Roussé, and 10 million in the case of other places.

The nominal value of each share must not be less than 1,000 leva.

All the shares of a newly constituted bank must be locked up for a period of two years; for this period the shareholders receive scrip certificates, which are registered and non-transferable.

Chapter II deals with the operations of banks and distinguishes between ordinary transactions, which may be undertaken by any bank authorised under the above conditions, and the acceptance of deposits, for which a special authorisation of the Minister of Finance is required. This authorisation may only be granted to a bank in the form of a joint-stock company which has been in existence for not less than one year. It is understood that, in the case of the amalgamation of existing banks, after the promulgation of the law, the new bank will retain the rights acquired by the banks which have amalgamated.

The law distinguishes between fixed deposits (that is to say, for more than thirty days) and sight deposits (payable on demand or at notice), commercial deposits and savings deposits. The legislative provisions under review deal with the protection of these latter deposits.

Savings deposits are considered to be deposits held by persons other than merchants, in the meaning given to this term by the Commercial Code.

On the opening of deposit accounts, the holders must sign a declaration mentioning the nature of the deposit (savings or commercial); should there subsequently be a change in the nature of their deposits, they must notify the bank in writing.

The protection of savings deposits is provided for, in particular, by the following provisions:

(a) Article 10 of the law:

"The total amount of (savings) deposits accepted by a bank and payable on demand or at one month's notice may not exceed *eight times* the amount of the cash assets of the bank and its reserves."

(b) Same article:

"Banks are required to have on deposit with the National Bank of Bulgaria real and liquid commercial bill holdings at not more than three month's date, representing *10 per cent of the total savings deposits* received by them and payable at sight or at one month's notice. The holdings may be replaced in whole or in part by a cash deposit. On the request of the bank, the cash deposit may be invested in whole or in part in Government securities or securities guaranteed by the Government and left in custody with the National Bank of Bulgaria.

"In the event of voluntary or judicial liquidation, the 10 per cent mentioned above shall go towards the repayment of the savings deposits."

(c) Article 11:

"Banks are required to have, preferably in real and liquid commercial bills (discounted or rediscounted) at not more than three months' date, advances against the pledging of commodities (warrants) at not more than three months' date, or in Government securities or securities guaranteed by the Government, *at least two-thirds* of the total amount of savings deposits accepted by them, payable at sight, at notice, or on expiry of the period fixed."

These provisions are supplemented by the following:

(1) The banks are forbidden:

To buy or sell goods for their own account, except for the purpose of guaranteeing their own claims;

To effect any financial transaction with the members of their boards of directors or supervisory boards. Nevertheless, by a three-quarters majority, the board of directors may

authorise the granting of an open credit to the members of the board of directors of supervisory board up to a maximum for the whole of the members of 7 per cent of the bank's capital. This prohibition does not apply to the commercial firms and juridical persons of which the members of the board of directors or supervisory board form part;

To effect transactions, including the purchase and sale of immovable property, involving the participation in the profits of members of the board of directors or supervisory boards and their employees;

To buy or sell immovable property, except for their own use or for the purpose of guaranteeing their own claims;

To take up or purchase for their own account dividend-bearing securities for a sum exceeding one-quarter of their own resources (capital and reserves). This prohibition is waived when the reserves amount to 25 per cent of the original capital.

(2) The reserve capital is to be built up by annual appropriations of 10 per cent of the net profits. If the surplus exceeds 10 per cent of the original capital, the appropriation is increased to 20 per cent at least of the net profits. These appropriations are free of tax.

The reserve capital is exclusively assigned to cover contingent losses. When it has reached the amount of the original capital, the above-mentioned appropriations may cease. They must be resumed if the reserve capital is reduced as a result of losses sustained.

In addition to the reserve capital, other reserve funds may also be created. The corresponding appropriations and the appropriations for the constitution of the pensions fund for the bank's employees are free of tax. This also applies in the case of an increase in capital to the issue premium transferred to the reserve capital.

At least one-fifth of the reserve capital must be invested in Bulgarian Government securities or securities guaranteed by the Government, negotiable at Sofia or abroad and deposited with the National Bank of Bulgaria. The Bank has the right to issue guarantee certificates against those securities.

(3) The annual balance-sheets of the banks must be drawn up and published in accordance with a uniform and compulsory model determined by the Banking Council. They must be produced not more than six months after the close of the financial year.

Provisional quarterly balance-sheets must also be furnished to the Banking Council and the National Bank, not more than one month after the end of the quarter, showing the position at March 31st, June 30th, September 30th and December 31st.

Chapter III of the law lays down temporary provisions.

All banks legally operating at the time of the promulgation of the law are, *ipso facto*, authorised to continue their business and to accept deposits. A certain period is allowed them to comply with the whole of the new regulations, under penalty of suspension and liquidation.

Chapter IV sets up a Banking Council attached to the Ministry of Finance and defines its functions, composition and operations.

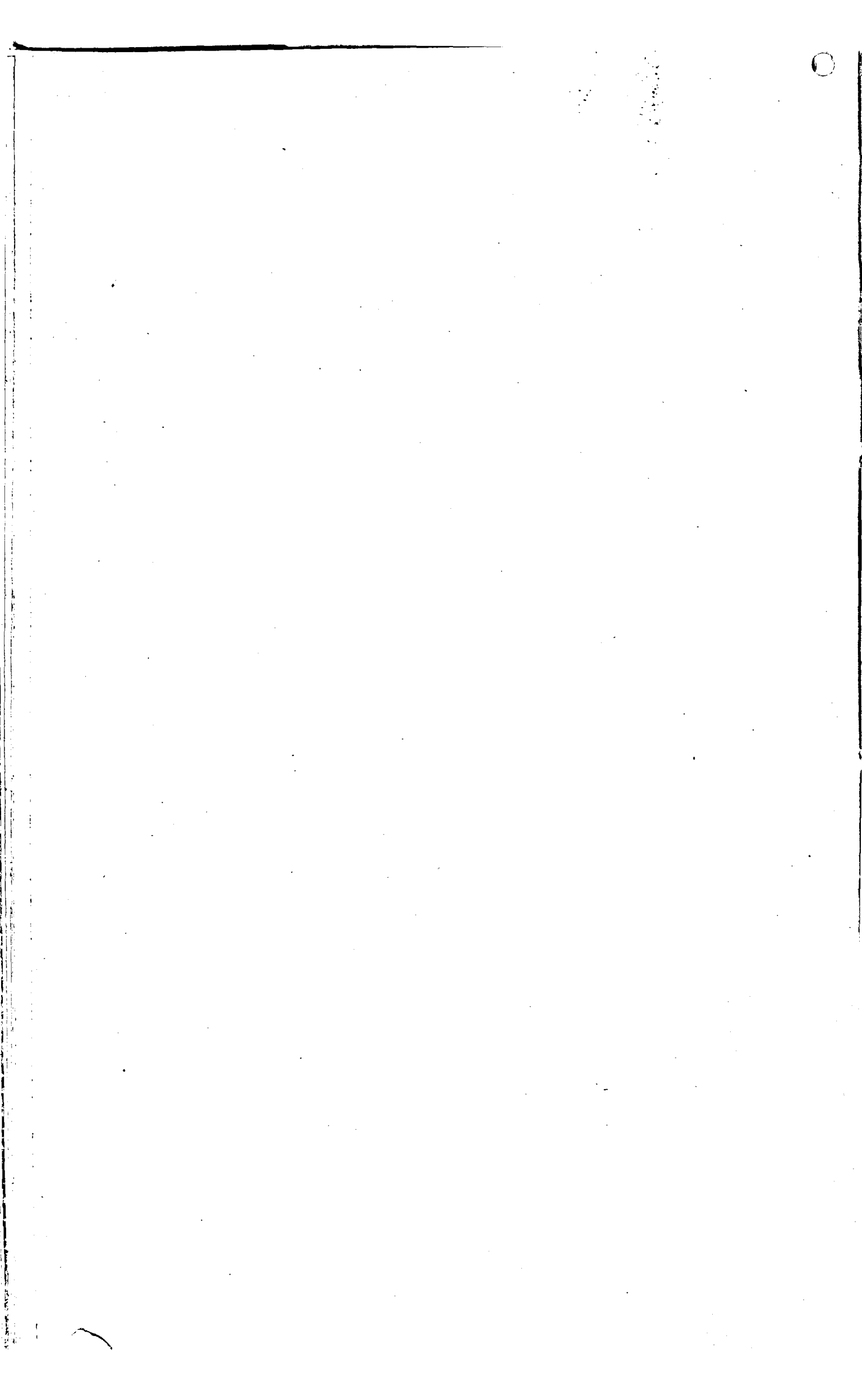
It also provides for the setting up by each bank of an organ of internal control, whose members may be chosen from the staff not participating in the bank's transactions.

Lastly, the general meeting is required to elect, for a period of three years, as a member of the supervisory board provided for in the Commercial Code, a sworn accountant, whose duty it will be to undertake the permanent auditing of the accounts, to ascertain whether the bank's transactions are in accordance with its statutes and the existing laws and regulations, and to notify the Banking Council of any infringement of the present law.

Chapter V lays down the penalties to be imposed on persons infringing the provisions analysed above and also provides penalties for the publication of false reports and of erroneous information or documents.







[Distributed to the Council  
and the Members of the League.]

Official No.: **C. 375. M. 155.** 1931. II. A.

Geneva, May 22nd, 1931.

LEAGUE OF NATIONS

10

# INTERNATIONAL AGRICULTURAL MORTGAGE CREDIT COMPANY

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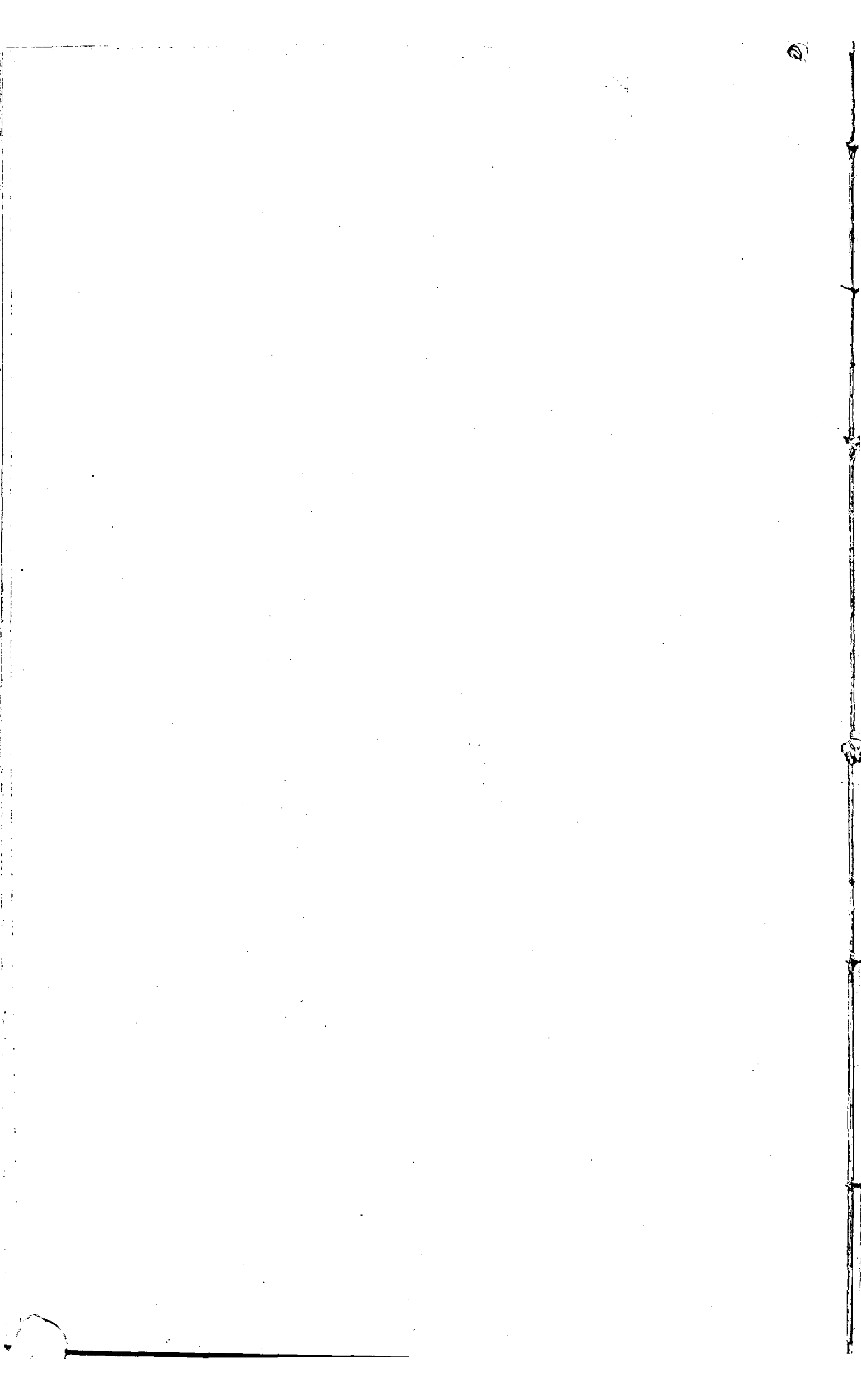
## CONVENTION, CHARTER AND STATUTES

APPROVED BY THE COUNCIL OF THE LEAGUE OF NATIONS  
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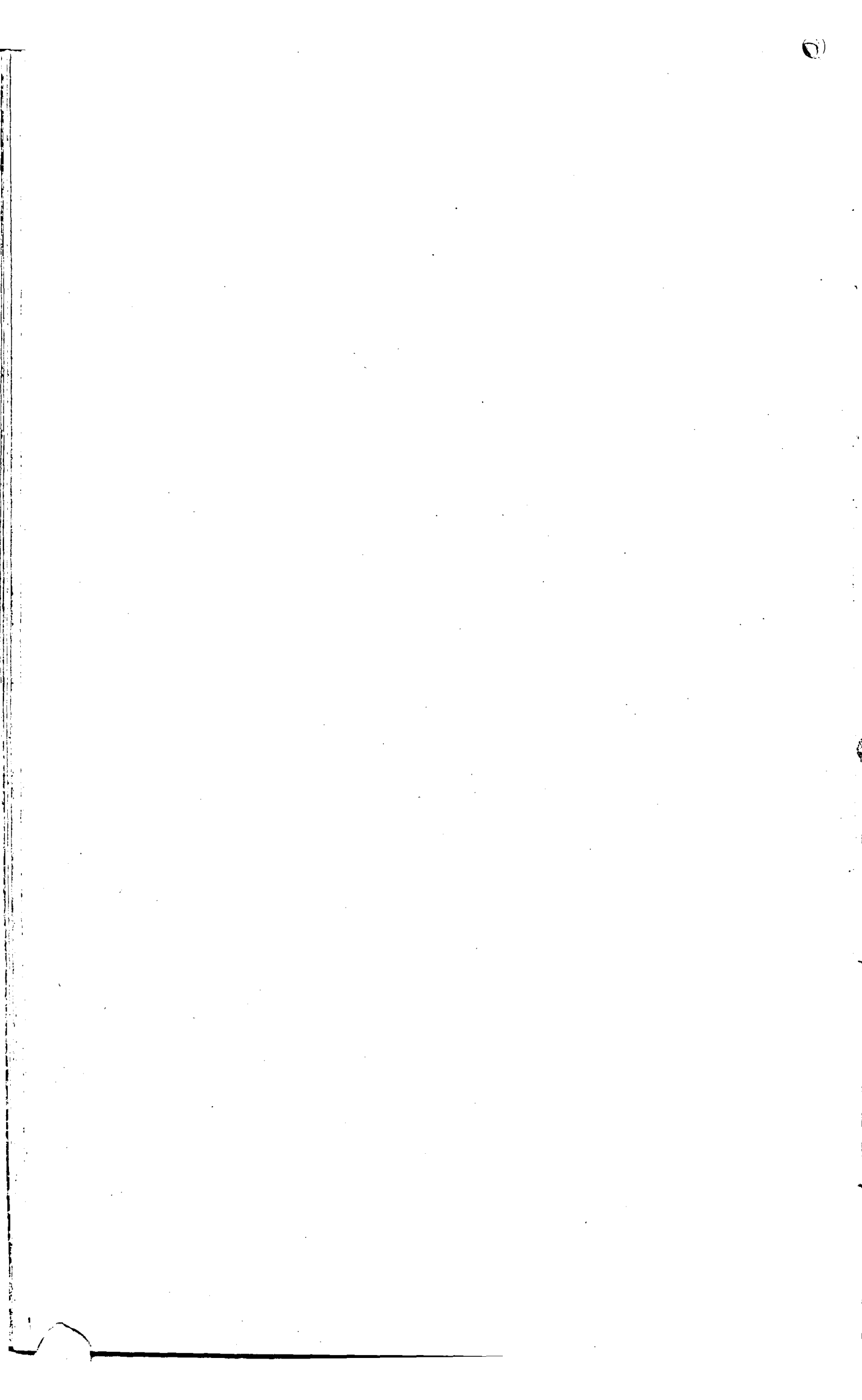


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### INTRODUCTORY NOTE.

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The manner in which the agricultural credit question was brought before the League and in which the scheme for the creation of an International Agricultural Mortgage Credit Company was gradually elaborated are described in the reports of the Financial Committee to the Council of the League (see documents I and II).

The texts finally proposed by the Financial Committee on May 9th, 1931 (document C.199.M.81.1931.II.A) were examined on May 13th and 14th by a Sub-Committee of the Commission of Enquiry for European Union. This Sub-Committee recommended the scheme for immediate adoption subject to a few modifications (document C.324.M.149.1931.VII). The Commission of Enquiry for European Union approved the scheme thus modified on May 20th (see document III). On the next day, the scheme was approved by the Council (see document IV) and the Convention to which the Charter and Statutes are annexed (see document V and its Annex) was immediately signed on behalf of sixteen Governments—Belgium, Bulgaria, Czechoslovakia, Estonia, France, Germany, Greece, Hungary, Italy, Latvia, Luxemburg, Poland, Portugal, Roumania, Switzerland, and Yugoslavia. The Convention will remain open until September 30th for signature on behalf of the Governments of those European States Members of the League which were not in a position to sign immediately.

The Financial Committee has also elaborated a note containing certain fundamental principles of mortgage legislation (see document VI). The Council and the Commission of Enquiry for European Union have decided to recommend these principles to the attention of all Governments which propose to reform their existing mortgage legislation (see documents III and IV).

Finally, on May 22nd, the Council appointed the members of the Organisation Committee of the International Agricultural Mortgage Credit Company. The list of the members of the Organisation Committee is given in document VII.

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I.

FIRST REPORT OF THE FINANCIAL COMMITTEE TO THE COUNCIL.<sup>1</sup>

(January 27th, 1931.)

The Financial Committee has devoted a considerable part of its present session to the examination of the question of agricultural credits. This question originated in the first place from the Preliminary Conference with a View to Concerted Economic Action, which, considering that the shortage of capital is a serious hindrance to the development of commercial relations between industrial and agricultural countries, expressed the hope that a satisfactory solution might be found in a better organisation of agricultural credits. This recommendation was referred by the Council to the Financial Committee.

Meanwhile, a special Conference on Agricultural Credits was held in Warsaw in November 1930 by the representatives of the Governments of Bulgaria, Czechoslovakia, Estonia, Hungary, Latvia, Poland, Roumania and Yugoslavia. This Conference made a special study of the question of intermediary credit for agricultural purposes, on which it adopted a memorandum which it decided to communicate to the League of Nations. The Warsaw Conference also decided to submit to the League the replies of the Governments represented at Warsaw to a questionnaire adopted by the Conference for the purpose of obtaining further information with regard to agricultural credits in the various countries.

The Second International Conference with a View to Concerted Economic Action which met in Geneva at the end of November 1930, again discussed the matter and requested that the consideration of the question of agricultural credits "should be undertaken energetically, taking into account its economic as well as its financial aspects, with a view to obtaining speedy results, particularly as regards the agricultural countries of Central and Eastern Europe".

The Financial Committee has consulted M. de Michelis, President of the International Institute of Agriculture in Rome, which has made detailed studies in this question for a number of years and has collected considerable material on it. It has also consulted M. Di Nola, the Chairman of the Economic Committee, who has explained the interest which the Economic Committee attaches to this question. In addition, the Financial Committee has heard M. Poplawski and M. Lugosianu, the President and Vice-President respectively of the Warsaw Conference, and has examined the memorandum adopted by that Conference and the reports prepared by the countries represented at the Conference.

The Financial Committee is very sensible of the importance of the question thus raised, both from the standpoint of agricultural countries themselves and also from that of the industrial countries of the world; but they think it necessary to point out that the obstacles which have, so far, impeded a flow of capital to Eastern Europe are not only, or even mainly, of such a character that they can be made to disappear by technical financial measures only. It is undoubtedly, in the first place, considerations of a political nature which at present keep capital away from that part of Europe. Nothing would be more helpful in starting this flow of capital, which would be so beneficial from all points of view, than measures which would create the feeling of confidence which is at present lacking. As long as this situation is not improved, no mere financial technique will enable capital to be obtained, except at relatively high costs. Further, the position of agriculture is only one facet of a general depression affecting the raising of capital for all purposes, and cannot be effectively treated in isolation and apart from general measures of financial consolidation and reconstruction.

The fundamental difficulty of attracting capital in present circumstances to new ventures, so long as these prerequisites are not met, must be emphasised in order that there may be a full realisation of the limits within which technical action by itself can be helpful.

The Financial Committee realises that these general questions are outside its particular sphere, but it must base its advice on the definite assumption that solutions for them will be found.

The Committee is, however, of opinion that improvements in the present machinery available for international agricultural credits could be devised, and it is to this side of the question that the Committee has chiefly directed its attention. It has had under consideration some of the general conditions needed and technical measures available to strengthen market confidence and attract international capital.

The Committee has come to certain tentative conclusions which appear to them to justify the belief that a scheme could be evolved, though naturally there are very many matters which need further detailed consideration. It is inclined to the view that the main security on which it may be possible to raise substantial amounts of capital abroad would be that of first mortgages. Other categories of securities may be possible in raising capital within the country itself; but,

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<sup>1</sup> Document C.143.M.44.1931.II (F.895).

from an international point of view, they would appear less likely to be adequate. Although the Committee would not eliminate completely and from the outset the consideration of intermediary credits, they are also inclined to think that long-term credits would form the major and at the moment more practical part of the transactions in view.

The Committee think, further, that such guarantees as can be offered by agriculture and by local or national mortgage institutes would have to be supplemented by guarantees on the part of the Governments of the countries concerned. It is only by building up a cumulative series of guarantees that it will be possible to borrow on more favourable terms than at present. The countries concerned have a major interest in collaborating to create an effective system of guarantees in order to secure the greatest possible confidence among the investing public. The terms on which the countries in question can borrow would probably be improved if they could make a joint appeal to the capital markets instead of competing with each other on those markets.

The Committee believes that, very probably, the best method of securing this object would be the creation of a special international institute which would borrow on its own credit in the international markets, and would lend on mortgage security the money so obtained through the intermediary of national or local institutes. The creation and working of such an institute raises a number of difficult and complicated questions, such as the way in which such an institute should be created, its relations with the various Governments and with the League, the constitution of its capital, the remuneration of that capital, the categories of business to which it should be limited, the currencies in which it should borrow and lend, etc.

All these questions and several others obviously need detailed examination and discussion. The Financial Committee would propose, therefore, to set up a special Delegation consisting of some of its own members, a representative of the Economic Committee, a representative of the International Institute of Agriculture and some persons having special experience in the question of agricultural credits in order to elaborate a concrete and detailed plan. In this manner the Financial Committee hopes at its next session to be able to consider a definite plan.

Apart from these general questions relating to the organisation of an efficient system of international agricultural credits, there are a number of technical questions relating to the mortgage laws and other conditions existing in the borrowing countries which will have to be considered. The special Delegation proposed above should have authority to set up special enquiries on this side of the problem if, in the course of its work, it should come to the conclusion that such enquiries could already advantageously be undertaken at the present stage.

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II.

SECOND REPORT OF THE FINANCIAL COMMITTEE TO THE COUNCIL<sup>1</sup>

(May 11th, 1931.)

In January last, the Council approved the procedure suggested by the Financial Committee on the question of agricultural credit and, in particular, the proposal to create a special Delegation to draw up a definite scheme. It expressed the hope that, by this procedure, it would be possible to have detailed plans submitted to it at its May session. At the same time, the Commission of Enquiry for European Union, in a resolution which was laid before the Council, expressed a desire to the same effect.

The Financial Committee had proposed to the Council, in its last report, that the "special delegation should consist of certain of its own members, a representative of the Economic Committee, a representative of the International Institute of Agriculture and some persons having special experience on the question of agricultural credits". The Delegation finally appointed was composed as follows :

- M. TER MEULEN (Chairman), Member of Financial Committee;
- Professor MLYNARSKI, Member of Financial Committee;
- Dr. POSPISIL, Member of Financial Committee (replaced by Dr. Roos, Director general of the Zemska Banka, Prague);
- Sir Henry STRAKOSCH, G.B.E., Member of Financial Committee (replaced by Mr. Dudley WARD, British Overseas Bank, and Mr. PINSENT, H.M. Treasury, London);
- M. DI NOLA, Chairman of the Economic Committee, Director-General of the Istituto Italiano di Credito Fondiario;
- Dr. VAN RIJN, Member of the Permanent Committee of the International Institute of Agriculture (replaced by M. PAVLOWSKI, Chief of the Economic Service of the Institute);
- Dr. KISSLER, Director of the Deutsche Rentenbank-Kreditanstalt;
- M. REGARD, Vice-Governor of the Crédit foncier de France.

The Delegation has been assisted by Sir John Fischer WILLIAMS and Dr. FREIBERGER.

In view of the wish expressed by the Council that the matter should be pressed forward as rapidly as possible, the Delegation at once proceeded to a detailed study of the question and has met repeatedly during recent months. The Financial Committee desires to pay special tribute to the work which has been done by this Delegation. It is thanks to its unremitting labours that the Financial Committee is now in a position to submit a definite scheme to the Council.

It will be recalled that this question was first drawn to the definite attention of Governments by the Preliminary Conference with a View to Concerted Economic Action, which, considering that the shortage of capital is a serious hindrance to the development of commercial relations between industrial and agricultural countries, expressed the hope that a satisfactory solution might be found in the better organisation of agricultural credit.

The Financial Committee desires again to lay emphasis on this aspect of the question and of the importance to industrial and agricultural States alike of alleviating the burdens which weigh on agricultural production in various countries. It desires to recall the view expressed in the following terms at the meeting of the Sub-Committee on Agricultural Credit of the Commission of Enquiry for European Union, to whose meeting reference is made below :

"that lack of capital was one of the major factors which prevented the agriculturist from changing from those crops of which there was at present an excess to those the consumption of which was tending to increase. Moreover, all measures aimed at raising the standard of living in those European countries where the standard is at present relatively low must help to increase the demand for the higher-value agricultural products, such as meat, milk, fruit, etc. The granting of credit, and more especially the granting of credit where rates of interest are now abnormally high, would therefore help, on the one hand, to bring about those changes in production and, on the other, that increase in demand which are alike necessary for a general improvement in agricultural conditions. They would also certainly have the effect of increasing the purchasing power of agriculturists, and particularly their demand for industrial products."

The primary object of the endeavours of the Financial Committee, as is expressed in the first of the documents which it has the honour to submit to the Council, is to "alleviate the burdens which weigh on agricultural production in various countries; to diminish the working expenses which absorb too large a share of the profits and to increase the purchasing capacity of the agriculturists".

The Committee believes that this object of reducing those expenses of production which are constituted by the cost of capital can only be successfully attained by means of a collective effort

<sup>1</sup> Document C.199(a).M.81(a).1931.II.A.

on the part of European States. As it pointed out in its previous report, the obstacles which have so far impeded a flow of capital to Eastern Europe are not only, or even mainly, of such a character that they can be removed by technical financial measures alone. It is still necessary to strengthen the feeling of security among investors. Nothing would be more helpful in starting or developing this flow of capital, which would be so beneficial from all points of view, than measures which would create that feeling of confidence which is at present lacking. The Committee considers, therefore, that joint Government action is an essential preliminary to the successful launching of any scheme intended to reduce the rates of interest. At the same time, it is no less essential that the scheme as a whole should be such as to inspire confidence, and the Committee has had constantly in mind as its major consideration at every point of the discussions which have taken place the fundamental principles of sound finance. It expresses the most earnest hope that the scheme as now presented may prove acceptable as a whole, and that its financial basis may not be weakened by modifications based on other considerations. Any weakening of the financial basis of the scheme will be automatically reflected in higher rates of interest on the loans ultimately extended to agriculture through the machinery set up and to that extent will defeat the very object for which the work has been undertaken.

In consequence of these primary considerations, the plan which the Committee now has the honour to submit to the Council for its approval takes the form of a draft international Convention which it is suggested should be open for signature by all European States Members of the League.

It is proposed that, under the terms of this Convention, an International Agricultural Mortgage Credit Company should be founded, the objects of which should be :

1. To make long-term loans with amortisation, or medium-term loans with or without amortisation, to mortgage or agricultural credit companies or institutions which, either directly or through other companies having their registered offices in the same country, make loans upon first mortgages on immovable property which is the subject of agricultural cultivation or used for the purposes of such cultivation.
2. To create and negotiate bonds the sums repayable on which may not exceed the amount of the debts due from the national companies to the International Company and secured by first mortgages registered in the name of the national companies, belonging to them or held by them as security.

Such a company, with the special support of the contracting States and endowed with certain privileges indicated below, might, it is believed, issue bonds and thus secure funds on its own credit at a cheaper rate than could the national agricultural mortgage institutes of the countries in which it is hoped it may be able to do business.

Of these privileges, the most important is that the company should, at the moment of its foundation, be endowed by means of Government advances by contracting States, with a special fund which should give an additional security to the holders of the bonds to be issued.

It should be made clear that these contributions which it is suggested Governments should make are definitely in the nature of advances. Under the Statutes as drafted, machinery has been created for the purpose of ensuring a return on and the repayment of these advances.

The Committee realises that, in putting forward this proposal, it is demanding financial support from Governments at a moment when budgetary difficulties are only too real. It is convinced, however, that only by this means can the success of the whole project be assured. The additional security which the constitution of such a reserve will afford is, in the opinion of the Committee, essential for the successful launching of the scheme. It is an experience made in many countries that the first years of a mortgage credit company are usually the most difficult. Once such a company has been working for a number of years and has been able to build up a substantial reserve as a guarantee for the bonds issued by it, a steady development may in normal circumstances be expected—subject, of course, to its being administered according to sound business principles. The Government advances to the special reserve would have the effect of providing such a reserve at the outset and of assuring to the holders of the bonds an additional security, which it would otherwise take many years to establish.

Quite apart from this particular aspect of the question, the fact of Governments supplying the necessary funds for the creation of this special reserve and thereby manifesting a feeling of mutual solidarity and a general desire for collaboration is likely to have an effect on financial markets to which we attach the greatest significance.

The special point, however, on which the Committee desires to lay emphasis is the necessity of obtaining through the Convention, by one means or another, the sum of five million dollars as an additional security for the bondholders. The manner in which this sum is secured is, it is fully realised, a political problem which will no doubt be fully discussed by Government representatives when the scheme as a whole is laid before them. The Sub-Committee of the Commission of Enquiry for European Union has pointed out a number of difficulties connected with the proposed Government advances, difficulties which the Financial Committee has taken into the most careful consideration.

The Committee continues to believe that the solution which it proposes is the most practical; but, if another is found, so long as that solution is complete and the full sum of the reserve is assured, then the primary pre-occupation of the Financial Committee would be satisfied.

In addition to this special financial assistance, it is hoped that Governments may be willing to grant certain special fiscal exemptions to the International Company. The exemptions which it is suggested should be allowed are based on the four following principles :

(a) That the country in which the company has its seat should not derive any fiscal benefit from the fact that it had been chosen as the seat;

(b) That necessary measures shall be taken in all countries in which the company conducts its business to avoid double taxation which might result from the fact that its business is in fact transacted in several countries;

(c) That, the essential object of the company being to reduce, as far as possible, the rate of interest on loans to agriculturists, the countries in which those loans are effected should impose no fiscal charges either on the loans granted or on the service of those loans;

(d) That the Governments may collect internal taxes, charges and duties on the persons residing in their territory and on the securities subscribed or circulating in their territory, subject, however, to no obligation being placed on the company, except as regards stamp duties payable in cash on the issue of shares or bonds in the territory.

In view of the first of the four principles enumerated above, it is suggested that the International Agricultural Mortgage Credit Company shall be given a special Charter by the country in which it has its seat. The whole scheme is therefore incorporated in three documents—namely :

(a) An international Convention, providing for the setting up of the company and granting it the privileges mentioned above;

(b) A Charter similar to that granted by the Swiss Government to the Bank for International Settlements to be granted by the Government of the country in which the company has its seat;

(c) The Statutes of the company itself.

To these is appended an annex laying down certain general principles of mortgage legislation. The Committee has proposed that this international mortgage institute should take the form of a limited liability company, because it considers it desirable to adopt to the greatest possible extent a normal business procedure which is familiar to the general public. The company is not, however, meant to be primarily a profit-making concern, although the shareholders should be able to feel confident of receiving an adequate return on their capital. The main object to be attained is the creation of a public utility company, designed to benefit European agriculturists. With this object, special provisions have been introduced both with reference to its administration and to the limitation of dividends.

At the same time, in view of the international character of the company, it is necessary to provide for its complete independence from any undue influence of particular interests or group of interests.

Safeguards to this effect have been provided as follows: The capital has been divided into A shares and B shares. The A shares, amounting to 5 million dollars, will be issued as soon as the proposed Convention comes into force. The B shares, to an amount of 45 million dollars, will gradually be issued later when the need for further capital is felt. The voting rights have been divided in such a manner between the A and the B shares that the holders of the former, if they care to exercise their rights, will be able to obtain a majority at the general assemblies.

It is proposed to endeavour to place the A shares in all the countries which become party to the Convention, in so far as possible in proportion to the contributions made by their Governments towards the special reserve, and to place them with such parties as are likely to hold them permanently. At the same time, a system of nomination has been proposed by which proportional representation on the Board of Directors is secured.

No doubt the Committee of Organisation will think it desirable to put itself in touch with the Central Banks for the issue of the A shares. It is hoped that a large proportion of the A shares may be taken by national mortgage institutes.

It is, moreover, provided (1) that the company should be placed under the auspices of the League of Nations; (2) that the President of the company should be appointed by the Council of the League; (3) that the Council should also appoint the Vice-President and, in the event referred to below, one or two of the other Directors; (4) that the Financial Committee or other body chosen by the Council should appoint the accountants; and, finally (5), that the annual report of the company and the statement of accounts should be transmitted to the Council of the League.

The Bank for International Settlements and the International Institute of Agriculture are each invited to appoint a Director. If they do not make this appointment, it will be made by the Council of the League of Nations, as has just been mentioned.

With reference to the nominations mentioned above, the Committee suggests that the President and Vice-President should normally be appointed like the other Directors for a period of three years. In order to prevent his appointment terminating at the same time as that of the greater part of the other members of the Board, it proposes that the term of office of the first President should continue until December 31st, 1935.

The Committee is of the opinion that the Board should be composed as much as possible of persons having intimate knowledge of finance and of mortgage-credit business. It has

therefore provided that the Directors appointed by the shareholders should be representatives of mortgage-credit institutes or experts in banking and credit business.

At the same time, it has been thought desirable that the countries which have taken part in the scheme and which have no national representative on the Board should be given the right to delegate an assessor in an advisory capacity. In the case of countries where the International Company is doing business through the intermediary of national institutes, the assessors will be appointed by those national institutes.

Pursuing this same line of thought, preference is given to mortgage-credit companies in the subscription of the A shares. It is expected that the proposed composition of the Board will be of very real utility, not only for the company itself, but also for the national institutes in the countries where the company will be doing business, since they will thus be able to rely on the knowledge and experience of the Board, in cases where the need to consult the Board may be felt by them.

Finally, it is provided that five other directors shall be appointed, in order to encourage the participation of the major financial markets in the placing of the bonds to be issued by the International Company.

The Board thus constituted will, it is believed, adequately represent the different interests concerned and afford security in its manner of appointment against the risk of the general control falling into the hands of particular interests, to which allusion has just been made. It is, however, clearly necessary to provide at the same time for a smaller executive body, and the Financial Committee has therefore proposed that the Board shall constitute an executive committee of five or seven of its members to assist the President in the management of the company's business.

For the composition of the Executive Committee, the first criterion must necessarily and at all times be personal qualifications. In view of the international character of the Company, however, the Board of Directors will no doubt assure the international character of the Executive Committee.

The business of the Company will consist of the borrowing of funds on the one hand by the issue of its own bonds and the lending of funds for the purposes of agriculture on the other. With reference to the advances which it will make, two major principles have been laid down. First, that it shall do business only with national or local mortgage institutes and, secondly, that those advances shall be made only on the security of first mortgages. This latter principle had already been suggested by the Financial Committee in its last report to the Council. In fact, first mortgages are the main security on which it is possible to raise substantial amounts of capital abroad. Other categories of security may be adequate for raising capital within a country, but for international transactions they are undoubtedly less adequate. It is not to be expected that capital could be raised for agricultural improvements in distant countries in any other way; and we are convinced that the financial soundness of the International Company would be jeopardised if it deviated from this rule.

The principle of limiting the security required for the operations of the Company to first mortgages has an immediate bearing on the length of the period for which its loans can be granted. As a general rule, it may be expected that first mortgages will only be offered for long-term credits. They are not equally suitable for intermediate credits.

Nevertheless, intermediate credits are in no way excluded. The possibility of granting them has been specially provided for. But these credits will have to be secured by first mortgages, and they will entail the placing of medium-term bonds by the International Company, which is not a very common form of investment.

These two principles have been incorporated in the text of the Statutes. There is, however, another which is an inherent characteristic of the whole scheme—namely, that the Company should be in a position to do business in any country in Europe in which the security for such business is adequate. It would, in the opinion of the Committee, be a fundamental mistake to envisage the scheme as one intended to benefit a restricted area only.

The rate of interest at which the Company will be able to make advances must necessarily vary from country to country. In order to allow it to lend at a rate as low as conditions will permit, it is necessary for the Company to strengthen its credit by a well-devised system of reserves. The articles relating to the division of profits and the allocation of funds to reserves have been drawn up with this consideration particularly in mind.

In certain cases, however, it is to be anticipated that, owing to defective mortgage legislation or other causes, adequate security may be lacking. It is therefore proposed that, in such circumstances, the International Company shall be entitled to ask a Government guarantee of the advances made. At the same time, it is clearly desirable that legislation relating to the mortgaging of property and the foreclosure of existing mortgages should be perfected as rapidly as possible in all those countries in which it is at present defective and for this reason there has been annexed to the documents submitted to the Council a set of principles relating to this subject which it is hoped may be accepted as a basis for legislative reform in a number of European countries. The execution of these reforms should do much to improve the credit of agriculturists and thus to lower the rate at which they can borrow. The Committee desires to draw special attention therefore to the importance of this aspect of the question and ventures to suggest that the Organising Committee, to which reference is made below, should be empowered by the Council to take such preliminary measures as it may consider useful with a view to assisting Governments

and accelerating the adoption of these reforms. It would be to the general advantage of all concerned if, when the Company actually starts operations, substantial measures towards the definite execution of these reforms had already been carried out.

It will be noted from what has been stated above that the bonds of the International Company will be secured in the first instance by first mortgages on agricultural property; secondly by the national mortgage institutes, and thirdly—a point of special importance—when occasion arises, by a Government guarantee. In addition, there will be the security of the special reserve formed out of Government advances.

The Company is allowed to issue bonds up to ten times its subscribed capital and special reserve. On the basis of its initial capital and reserve, each amounting to five million dollars, it can thus issue bonds up to one hundred million dollars. When the company has been able to issue this amount of bonds, it will have won the confidence of investors and will not find difficulty in issuing B shares, entitling it to increase its bonded debt. The total authorised capital is fifty million dollars, which, together with the initial special reserve, authorises the company, when this capital is fully subscribed, to issue bonds for five hundred and fifty million dollars.

The fact that the Company is to be created by means of a special Convention which will in most cases need to be submitted to Parliaments for approbation has as a consequence that it cannot be founded and all its shares issued before an adequate number of ratifications have been received. It does not seem probable that these ratifications will be effected before the autumn of this year. In order to prevent a loss of time in the intervening months, the Committee suggests that the Council of the League should appoint the Organising Committee referred to above, which should have the tasks, first of taking the necessary preliminary measures for organising the Company, and secondly of appointing those members of the first Board of Directors who on subsequent occasions will be elected by the shareholders. The Organising Committee should, in our opinion, endeavour to select the Directors from nationals of those countries in which the A shares are to be offered for subscription. Further, in view of the fact that the Council will in all probability desire to appoint as members of this Organising Committee certain persons whose special qualifications would render them eminently fitted to be members of the Board of Trustees, it is likely to prove advisable for them to select certain of the Directors from amongst their own members. We venture to suggest, however, that the Council should at the same time empower this Committee to carry out such enquiries in countries which may have expressed their desire to obtain credits from the Company, as would otherwise have to be made later by the Company itself before it could effectually grant credits and to take such measures as it may deem appropriate with a view to accelerating the reform of mortgage legislation discussed above.

The Delegation of the Financial Committee has already submitted a questionnaire on mortgage legislation to a number of Governments, the answers to which should, without doubt, facilitate this task.

Before terminating this survey of the scheme now submitted, it may be convenient to summarise those special points on which the Financial Committee has the honour to request the specific approval of the Council of the League of Nations. They are, in addition to the approval of the scheme as a whole, the following :

- (1) The appointment of the President and Vice-President of the International Company.
- (2) In the event of the Bank for International Settlements or the International Institute of Agriculture failing to make such appointment, the appointment of one or two additional Directors.
- (3) The appointment of the Organising Committee.
- (4) The choice of a body to appoint the auditors to the Company.
- (5) Finally, it is proposed that the annual report of the Directors to the General Assembly should be transmitted to the Council of the League of Nations.

If the Council approves the scheme as a whole, it is suggested that the Convention should be declared open for signature by Governments. In order that the Company may be established at as early a date as possible, it would seem desirable to limit the period for signature, and it is therefore suggested that the Convention should not remain open for signature for a longer period than until August 15th.

A preliminary draft of the texts prepared by the Delegation of the Financial Committee was discussed by a Sub-Committee appointed in January by the Commission of Enquiry for European Union, composed of representatives of eleven European Governments, who were assisted in their discussions by representatives of eight other European Governments. This procedure had the advantage of giving an indication to the Delegation and to the Financial Committee before preparing their final proposals of the attitude of certain Governments to the proposals which had been put forward. In the texts which the Financial Committee has the honour now to submit, full account has been taken—in so far as proved compatible with those financial principles on which it has worked—of the suggestions made by the Government representatives.

We believe that, thanks to this procedure, the scheme as a whole is in harmony with the needs of the situation and at the same time with the accepted standards of sound finance. We

venture, therefore, to express the hope that it may prove acceptable to Governments and afford a measure of real assistance, not only to those in whose interests more particularly it has been devised, but to the whole continent of Europe.

There is one important question on which the Financial Committee has thought it advisable not to put forward any specific recommendation—namely, that of the seat of the International Agricultural Mortgage Credit Company. But the Committee considers it desirable to recall the opinion expressed by its Delegation which was submitted by its Chairman, M. ter Meulen, to the Sub-Committee of the Commission of Enquiry for European Union in the following terms:

“ The choice of seat must depend largely on what fiscal and other facilities can be obtained from the Government of the country in which the seat is established, and also, doubtless, on political considerations. The Delegation wishes to state, nevertheless, that in its view, regarding the matter from the exclusive standpoint of the advantages the International Company must derive from being in constant touch with one of the most important money markets and in close relations with the international centres of capital investment, Paris seems to be clearly indicated as deserving of the attention of the Governments which will be called upon to decide the matter.”

After careful consideration of the various advantages which the selection of one or another of the several centres that might be chosen present, the Committee has reached the conclusion that it would prove advisable to choose either Paris or Geneva. The particular advantages offered by Paris and by Geneva respectively are not identical; but, in the opinion of the Committee, easy contact both with the great financial markets and with the countries that may wish to benefit from the loans granted by the Company will be fully assured by the choice of either of these two towns.

In view of the fact that this question has been left open, it has not been possible to indicate the currency in which the accounts of the Company will be kept; the dollar currency has been entered in a number of articles of the Statutes *pro memoria*.

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III.

REPORT OF THE COMMISSION OF ENQUIRY FOR EUROPEAN UNION.<sup>1</sup>

(May 20th, 1931.)

1. The Commission of Enquiry for European Union has examined the scheme for the creation of an International Agricultural Mortgage Credit Company as set out in the texts prepared by the Financial Committee (documents C.199 and C.199(a).1931) and in the final report of its own Sub-Committee (document C.324.1931).

The Commission desires to express its high appreciation of the work accomplished by the Financial Committee and by all those who have co-operated with it.

2. The Commission discussed the question of the seat of the proposed Company. It has unanimously come to the conclusion that the seat should be at Geneva. The representative of Switzerland has declared in the Commission that the Government of the Swiss Confederation is in principle prepared to grant to the Company the constituent charter which forms an annex to the draft Convention. The Commission has taken note of this declaration.

3. The Commission desires to recommend most warmly the whole scheme as contained in the texts elaborated by the Financial Committee with the modifications proposed by the Sub-Committee of the Commission (document C.324.1931. Annex), account being taken of the decision just mentioned.

It submits the scheme thus amended for approval by the Council, as provided in the Preamble of the draft Convention, and expresses the hope that, after such approval, the Convention will be signed by European Governments, if possible at an early meeting of the European Commission, it being understood that the Convention should remain open for signature until September 30th, 1931.

4. In approving the scheme, the Commission desires to emphasise that the scheme is designed in the first place "to alleviate the burdens which weigh on agricultural production in various countries, to diminish the working expenses which at present absorb too large a share of the profits, and to increase the purchasing capacity of the agriculturists". As a result of the increase in the purchasing power of agriculturists, the scheme will at the same time prove beneficial to the industrial countries whose prosperity is largely dependent on the markets constituted by the agricultural countries. The Commission desires, moreover, to recall that the new Company should—as was clearly indicated by the Financial Committee and by the Sub-Committee appointed by the Commission of Enquiry for European Union—in its work be very careful to avoid exposing itself to criticism on the ground that it has encouraged an injudicious increase of agricultural production.

5. In order that the scheme may be launched without delay, the Commission recommends that the Council appoint at this session the Organisation Committee provided for in Article 1 of the draft Convention. It asks the Council to take all necessary steps so that this Committee may be set up and start working at as early a date as possible.

6. Finally—having regard to the importance from the lenders' point of view of the existence in the borrowing countries of mortgage legislation which would afford them the necessary guarantees—the Commission recommends to the special attention of all Governments which propose to modify on this subject the system existing in their territories the Financial Committee's note enumerating the fundamental principles to which mortgage legislation should conform in order to give full security to the lenders.

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<sup>1</sup> Document C.367.M.154.1931.II, C.E.U.E.38(1).

IV.

RESOLUTION ADOPTED BY THE COUNCIL.<sup>1</sup>

(May 21st, 1931.)

The Council:

(1) Expresses to the Financial Committee and to all those who have collaborated with it its appreciation of the rapidity and the skill with which a complete scheme for the creation of an International Agricultural Mortgage Credit Company has been elaborated;

(2) Approves the scheme with the modifications suggested by the Commission of Enquiry for European Union and by its Sub-Committee, with the understanding that the International Company shall have its seat at Geneva;

(3) In view of the last paragraph of the Preamble of the Convention, accepts the provisions of the Convention relating to the Council of the League of Nations;

(4) Agrees that the Convention shall be made available for signature at a meeting of the Commission of Enquiry for European Union;

(5) Expresses the hope that the Convention will be signed by as many Governments as possible;

(6) Decides to appoint during the present session the Organisation Committee referred to in Article 1 of the Convention and to empower that Committee to carry out enquiries in countries which may express the desire to obtain credits from the International Company and to take such measures as it may deem appropriate with a view to accelerating the reform of mortgage legislation in countries desiring to undertake such reform;

(7) Recommends the note of the Financial Committee on the essential principles of mortgage legislation to the attention of Governments which propose to reform their existing mortgage legislation.

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<sup>1</sup> Document C.368.1931.II.A.



V.

CONVENTION.<sup>1</sup>

PREAMBLE.

The Governments of . . . . .  
being desirous of assisting agriculture by means of an international agricultural mortgage credit organisation;

Believing that such an organisation would constitute a valuable instrument of international co-operation within the framework of the economic activity of the League of Nations;

Being resolved to support the establishment of an International Agricultural Mortgage Credit Company intended to alleviate the burdens which weigh on agricultural production in various countries, to diminish the working expenses which at present absorb too large a share of the profits and to increase the purchasing capacity of the agriculturists;

And intending to give this International Company all the assistance in their power to enable it to achieve its purpose successfully;

Have agreed through their undersigned representatives, duly authorised for the purpose, to conclude the following Convention, of which the provisions relating to the Council of the League of Nations have been accepted by the latter by its resolution of May 21st, 1931.

ARTICLE I.

*Principle.*

1. The contracting Governments agree to the establishment of an International Agricultural Mortgage Credit Company in accordance with the provisions of the present Convention and the Constituent Charter and Statutes thereto annexed.

2. The contracting Governments recognise the corporate personality of the International Company from the moment of its incorporation.

3. An Organisation Committee appointed by the Council of the League of Nations shall take all steps required for the first issue of shares of the International Company, for its organisation and by way of preparation for its operations.

The Organisation Committee shall relinquish its duties as soon as the Board of Directors has been constituted. Such sums as may have been advanced by the Council of the League of Nations, or by others, to cover the expenses of the Organisation Committee, shall be refunded by the International Company out of the proceeds of the issue of the shares.

ARTICLE 2.

*Obligations assumed by the Government of the Country in which the International Company has its Registered Office.*

1. The Swiss Government undertakes to grant the International Company, as soon as possible, a Constituent Charter having force of law, the text of which is contained in the Annex to the present Convention. This Charter shall bring into force the Statutes annexed to it.

2. The Swiss Government undertakes not to revoke this Charter and not to introduce any modifications or additions except after a decision taken under the conditions laid down in Article 17 for the abrogation or revision of the Convention.

Nevertheless, paragraph (b) of Article 17 will apply to changes made in the Charter at times other than the end of the periods laid down for the duration of the present Convention, subject to the provision that the consent of the contracting Governments may be validly given without calling a Conference to obtain such consent.

3. The Swiss Government agrees not to sanction amendments to the articles of the Statutes of the International Company enumerated in paragraph 3 of the Charter, except with the consent of the contracting Governments given as provided in Article 17 and with the consent of the organs of the International Company given as provided in paragraph 3 of the Charter.

4. The undertakings given by the Swiss Government under the present article will not apply to revocation of the Charter as a result of the transfer of the registered office of the company to another country under the provisions of Article 3, paragraph 2.

<sup>1</sup> Document C.199(1).1931.II.A, C.E.U.E.41.

ARTICLE 3.

*Transfer of the International Company's Registered Office.*

1. If the present Convention is not ratified by the Government mentioned in Article 2, it shall be the duty of the Council of the League of Nations, acting by a majority vote, to obtain acceptance of the obligations of that article by another Government party to the Convention which shall grant to the International Company its constituent Charter.

2. The Council of the League of Nations, acting by a majority vote, may, at any moment with the consent of an extraordinary general meeting of the International Company, given in accordance with the conditions laid down in Article 44 of its Statutes and with the approval of a majority of contracting Governments comprising Governments which (disregarding any repayments of whatever kind that may have been made) have provided 75 per cent of the total sums paid under Article 5, take the necessary measures to transfer the registered office of the International Company to another country.

ARTICLE 4.

*Loans to be accorded only to the National Companies of the Contracting Countries.*

The loans provided for by the Statutes of the International Company may only be accorded to mortgage or agricultural credit companies or institutions (hereafter called "national companies") which have their registered offices in the territory of the contracting Governments.

ARTICLE 5.

*Advances to be made by the Governments to create a Special Reserve.*

In order to permit the International Company to establish a special reserve as provided in Article 21 of the Statutes, the contracting Governments undertake to make, as provided below, advances to the Company, which it shall repay as provided in its Statutes and which shall amount to twenty-five million gold Swiss francs, equivalent to 7,258,064.516 grammes of fine gold.

1. Governments contributing to the budget of the League of Nations:

	Francs
(a) not less than 34 units, shall each contribute	3,000,000 to the Special Reserve.
(b) from 17 to 33 " " " "	1,875,000 "
(c) from 8 to 16 " " " "	1,000,000 "
(d) from 5 to 7 " " " "	500,000 "
(e) less than 5 " " " "	125,000 "

2. The contributions shall be paid within one month from the subscription of the A shares as provided for in Article 12 of the Statutes or from the date of ratification or accession if effected subsequently.

3. If, on the coming into force of the Convention, the total of the contributions of the Governments which have ratified it exceeds the sum of twenty-five million francs, the amount of each Government's contribution shall be reduced in proportion to its size in such manner that the total of the contributions does not exceed twenty-five million francs.

If, in consequence of subsequent ratifications or accessions, the sum total of the special reserve fund A formed with the advances of the Governments and of the special reserve fund B formed by the International Company, which are referred to in Article 21 of the Statutes, exceeds the sum of twenty-five million francs, the A fund shall be reduced by repayments to the Governments in proportion to their respective contributions so as to make the sum total of the A and B funds equal to twenty-five million francs: provided always that a Government acceding under the provisions of Article 15, paragraph (a), shall not participate in the repayments effected from its own contribution.

4. If the sum of twenty-five million francs is not attained, any Government may make an additional voluntary contribution.

ARTICLE 6.

*Exemption from Expropriation, etc.*

The International Company, its property and assets, situate in the territory of the contracting Governments, and all remittances coming from or going to the territory of a contracting Government or passing through such territory, effected by or to the International Company and resulting from transactions carried out by it in the normal course of its business, shall be exempt in time of peace and in time of war from any measure such as requisition, confiscation, prohibition or restriction of the power to make payments abroad or to receive payments from abroad and any other similar measure. These remittances shall further be exempt from any measure preventing debts expressed in foreign currency, or in gold, from being paid in the currency or currencies stipulated, or in gold, and in such manner that the sum paid equals, for each monetary unit of the debt, the legal equivalent in gold of such currency or currencies at the date of the contract.

If, as a result of Article 16 of the Covenant of the League of Nations being put into operation, the International Company should be debarred from making payments to certain categories of its creditors or receiving payments from certain categories of its debtors, the contracting Governments undertake to remove all obstacles to such payments as soon as Article 16 ceases to be applied.

#### ARTICLE 7.

##### *Exemptions from Taxation.*

Those contracting Governments which accept the present article, being desirous of affording the International Company special facilities for the issue of its capital and the placing of its bonds, agree to apply all or part of the following provisions:

(a) No tax on income or profits, turnover or capital, shall be imposed on the International Company;

(b) The holders of the shares and bonds issued by the International Company shall not pay any tax, whether in the form of a tax on capital or that of a tax on income, by reason of their possession of the said shares or bonds, or by reason of the receipt of dividends or interest or capital repayments, when they are not resident on the territory of the State which levies such taxes.

#### ARTICLE 8.

##### *Exemptions from Taxation.*

Those contracting Governments which accept the present article, being desirous of affording special facilities for the granting of loans by the International Company to national companies operating in their respective territories, undertake to apply all or part of the following provisions:

(a) No stamp, registration or other duty shall be levied in connection with any deed or document of whatever kind relating: (1) to the grant of loans by the International Company to national companies; (2) the loaning to agriculturists of the money thus obtained by the national companies; and (3) in connection with anything relating to the creation and maintenance of mortgages by way of security for loans thus granted to agriculturists or to the realisation of the security;

(b) No tax shall be levied on interest or capital paid by agriculturists to the national companies in respect of loans granted to them by the companies out of the proceeds of loans accorded by the International Company.

#### ARTICLE 9.

##### *Method of Acceptance of Articles 7 and 8.*

(a) The acceptance, whether total or partial, of the provisions of Articles 7 and 8 shall be effected by means of a declaration made at the time of signing, ratifying or acceding to the present Convention, or by means of a declaration subsequently addressed to the Secretary-General of the League of Nations. The Secretary-General shall notify such declaration to the Governments of the Members of the League.

(b) Governments which have accepted obligations as provided in the preceding paragraph shall be entitled to denounce the obligations so accepted at the end of a period of fifteen years, and at the end of subsequent periods of the same duration, by a notification to the Secretary-General of the League of Nations made within six months before the close of the period in question.

Such denunciation shall have no effect on the exemption from taxation of shares or bonds already issued or loans already granted.

#### ARTICLE 10.

##### *Conditions which may be required for the Grant of Loans to National Companies.*

The contracting Governments recognise that the International Company:

(1) May require that the Governments of countries whose national companies desire to obtain loans through the Company take particular legislative measures for the purpose of rendering more effective the mortgage security enjoyed by the loans which are granted;

(2) May require, as a condition for a loan to a national company—when for any reason it considers that sufficient security is not enjoyed by mortgagees in the country where the national company operates—that the Government of that country shall guarantee the service of the bonds which the national company gives to the International Company in respect of the loan;

(3) May also in its discretion require as a condition of a loan that the Government of the country in which the national company requesting the loan operates shall accept all or part of the provisions of Article 7 and Article 8 above, or shall undertake not to increase the rates or render more onerous the existing conditions of collection of the taxes referred to in Article 8, and not to impose new taxation of that nature.

ARTICLE II.

*Facilities for the Issue of Shares and Bonds by the International Company.*

The contracting Governments undertake to facilitate, so far as they find it possible to do so, the issue in their respective countries of shares and bonds of the International Company and the subsequent negotiation of these securities.

ARTICLE 12.

*Disputes.*

1. *Between Contracting Governments.*

Any disputes arising between contracting Governments in regard to the interpretation or application of the present Convention may be submitted by one of the parties concerned to the Council of the League of Nations, which shall endeavour to promote an amicable settlement. If the dispute is not submitted to the Council, or if the Council declares that it is unable to bring about an agreement between the parties, the dispute shall be submitted for decision to the Permanent Court of International Justice.

2. *Between the Contracting Governments and the International Company.*

Any disputes arising between the contracting Governments and the International Company with regard to the interpretation or application of the present Convention, or of particular undertakings given by the Governments to the International Company in connection with loan operations, may be submitted by the Governments or by the International Company to the Council of the League of Nations, which shall endeavour to promote an amicable settlement. If the dispute is not submitted to the Council, or if the Council declares that it is unable to bring about an agreement between the parties, one of the latter may bring the dispute before an arbitral tribunal for decision. The tribunal shall consist of three members: one shall be appointed by the Council after consulting the Board of Directors of the International Company, another shall be appointed by the Council after consulting the Government or Governments concerned, and the third, who shall act as President of the tribunal, shall be appointed by the President of the Permanent Court of International Justice, if he is willing to make such appointment, or, if he is not willing, by the Council of the League of Nations. The parties shall draw up a submission. Failing agreement on a submission within a period of two months after the tribunal has been set up, the dispute may be brought before the tribunal by an application by any party. The tribunal may ask the Council to apply to the Permanent Court of International Justice for an advisory opinion. The tribunal shall conform to the opinion of the Court.

ARTICLE 13.

*Language and Date.*

The present Convention, which shall bear to-day's date, is drawn up in French and in English; in the event of divergence between the two texts, the French text shall be authoritative.

ARTICLE 14.

*Signatures and Ratifications.*

The present Convention shall be open to signature by the Government of any European Member of the League of Nations until September 30th, 1931. It shall be ratified and the instruments of ratification shall be deposited as soon as possible with the Secretary-General of the League of Nations, who shall notify all Members of the League of their receipt.

ARTICLE 15.

*Accessions.*

(a) After the expiration of a period of five years from the date mentioned in the preceding article, the Government of any European Member of the League of Nations which has not signed the Convention may apply to accede to it. Such application shall be addressed to the Secretary-General of the League, who shall communicate it to all the Governments which have ratified or acceded to the Convention. If the majority of such Governments comprising Governments which (disregarding any repayments of whatever kind that may have been made) have provided 75 per cent of the total sums paid under Article 5 agree thereto, the Government in question may accede to the Convention by means of a notification addressed to the Secretary-General. The Secretary-General shall notify such accession to all the Members of the League of Nations.

(b) After the expiration of the same period of five years, the Council of the League of Nations may, by a majority vote, on the recommendation of the Board of Directors of the International Company and with the agreement of a majority of the contracting Governments comprising Governments which (disregarding any repayments of whatever kind that may have been made) have provided 75 per cent of the total sums paid under Article 5, determine for each case the conditions on which the Government of a non-European Member of the League of Nations may be admitted to accede to the present Convention.

ARTICLE 16.

*Coming into Force of the Convention.*

The present Convention shall come into force as soon as the amount of the contributions, whether obligatory or voluntary, to the Special Reserve due from the Governments which have ratified the Convention attains the sum of twenty-five million francs. If this condition is not realised before December 31st, 1931, a Conference of the Governments which have ratified the Convention shall be called by the Council of the League of Nations. This Conference will determine new conditions for the coming into force of the Convention.

ARTICLE 17.

*Revision or Abrogation of the Convention.*

(a) On the expiration of thirty years from the coming into force of the present Convention, and on the expiration of subsequent periods of ten years, the Council of the League of Nations may, on its own initiative, and shall, at the request of a contracting Government, call a Conference, to which all the contracting Governments shall be invited, in order to decide whether the present Convention should or should not be revised or abrogated. The Conference must meet within six months of the expiration of the relative period. The decisions of the Conference shall be taken by a majority of the Governments represented, on condition that the majority comprises the votes of Governments which (disregarding any repayments of whatever kind that may have been made) have provided 75 per cent of the total sums paid under Article 5. The decisions of the Conference shall be binding on all the contracting Governments. If, however, it is proposed to extend or increase the obligations of the Governments in regard to the privileges and immunities of the International Company, the Conference may only act with the consent of all the Governments which are affected.

If, within six months of the notification of the decisions of the Conference to the International Company, an extraordinary general meeting of the Company, acting in accordance with Article 44 of its Statutes, declares that it cannot accept the revision decided on by the Conference, the Governments shall have the right to abrogate the Convention six months after the decision of the general meeting.

(b) The Council of the League of Nations may, and at the request of half of the contracting Governments shall, call at any time a Conference, to which all the contracting Governments shall be invited, with a view to revision of the Convention. Such revision may not be effected without the consent of all the contracting Governments and that of an extraordinary general meeting of the International Company acting in accordance with Article 44 of its Statutes.

ARTICLE 18.

*Case in which the Convention is revised.*

In the event of the present Convention's being revised in pursuance of Article 17, the International Company, as regards its transactions previous to the revision of the Convention, and the holders of its shares and bonds as regards all issues previous to the revision, shall, notwithstanding the revision of the Convention, continue to enjoy the immunities from taxation and other immunities which were in force under the Convention and the Charter before the revision.

ARTICLE 19.

*Case in which the Convention is abrogated.*

In the event of the present Convention's being abrogated in pursuance of Article 17, an extraordinary general meeting of the International Company shall be called to decide whether it shall be wound up or shall continue to operate in some other form.

In the event of the International Company's being wound up, the Company, its shareholders and bondholders shall continue throughout the period of liquidation to have the benefit of the regime provided for by the present Convention and, in particular, the immunities from taxation and other immunities.

In the event of the International Company's continuing to operate in some other form, the Company, as regards previous transactions, and the holders of its shares and bonds as regards all issues previously made, shall continue to enjoy the immunities from taxation and other immunities hitherto in force, together with the special guarantees for which provision is made in Articles 21 and 50 of the Statutes. On the other hand, the rights of the Governments in respect of the advances which they have made under Article 5 above shall be preserved intact.

IN FAITH WHEREOF, the Plenipotentiaries have signed the present Convention.

DONE at Geneva, the twenty-first day of May, one thousand nine hundred and thirty-one in a single copy, which shall be deposited in the archives of the Secretariat of the League of Nations, and of which authenticated copies shall be delivered to all Members of the League.

Annex.

CONSTITUENT CHARTER OF THE INTERNATIONAL AGRICULTURAL MORTGAGE CREDIT COMPANY.

Whereas the Governments of . . . . .  
have concluded a Convention for the establishment of an International Agricultural Mortgage Credit Company;

And whereas, under the provisions of that Convention, the Swiss Government has undertaken: (1) to grant the present Constituent Charter to the International Company and not to revoke this Charter and not to introduce any modifications or additions except in accordance with paragraph 2 of Article 2 of the Convention; (2) not to sanction amendments to the articles of the Statutes of the International Company enumerated in paragraph 3 of the present Charter except in accordance with paragraph 3 of Article 2 of the Convention and paragraph 3 of the present Charter:

1. The International Agricultural Mortgage Credit Company (hereinafter called the International Company) is hereby incorporated.
2. The organisation of the International Company, its operations and activities are defined and governed by the annexed Statutes, which are brought into force by the present Charter.
3. Articles 2, 3, 4, 7 (first paragraph), 21, 22, 23 (sub-paragraphs numbered 1, 2 and 3) 24, 37 (last paragraph), 44, 59, 66 (first paragraph), 67, 69, 70 and 71 of the said Statutes shall not be amended except subject to the following conditions:  
The amendments must be adopted by a two-thirds majority of the Board of Directors and approved by an extraordinary general meeting acting in accordance with Article 44 of the Statutes. They must then be approved by the contracting Governments in the manner provided in Article 2 of the Convention and brought into force by a law supplementing the present Charter.
4. Amendments to articles of the said Statutes, other than those enumerated in paragraph 3 above, may be made by the International Company in accordance with the Statutes.
5. The said Statutes, and any amendments which may be made thereto in accordance with paragraphs 3 or 4 above, shall be valid and operative notwithstanding any inconsistency therewith in the provisions of any present or future Swiss law.  
The provisions of Swiss law shall supplement those of the said Statutes if they are not inconsistent therewith.
6. The International Company shall be exempt from all duties, charges and taxes falling within the following categories:

- (a) Duties, charges and taxes on all deeds or other documents relating to the creation or winding up of the International Company;
- (b) Duties, charges and taxes in connection with the issue or transfer of shares or bonds of the International Company. This provision shall be without prejudice to the right of the Swiss Government to levy under its legislation otherwise than through the International Company duties, charges and taxes in connection with the issue and transfer in its market of the said shares and bonds;
- (c) Duties, charges and taxes on the International Company's capital, income, reserves, holdings, deposits and debts due to it, together with interest earned thereon, and its profits, whether distributed or not, irrespective of the method or moment of collection;
- (d) Duties, charges and taxes upon turnover and, in general, all taxation upon the operations of the International Company;
- (e) Any licence, professional tax or other similar tax;
- (f) Duties, charges and taxes in connection with deeds or documents of whatever kind relating to the grant of loans by the International Company to national mortgage or agricultural credit companies not having their registered offices in Switzerland, particularly in connection with the delivery of bonds to the International Company by such national companies.

The provisions of the present paragraph are without prejudice to the right of the Swiss Government to tax persons residing in Switzerland, other than the International Company.

7. The repayments by the International Company to the Governments of the advances made by them under Article 5 of the Convention shall be exempt from taxation in whatever form collected.

8. The foregoing exemptions and immunities shall apply to present and future taxation by whatsoever name it may be described and by whatsoever public authority it may be levied.

9. Moreover, without prejudice to the exemptions specified above, there may not be levied on the International Company, its operations or its staff, any taxation which is not of a general character and to which other financial establishments with registered offices at Geneva or in Switzerland, their operations and their personnel, are not subjected *de facto* and *de jure*.

10. The International Company, its property and assets, and all remittances effected by or to the International Company and resulting from transactions carried out by it in the normal course of its business, shall be exempt in time of peace and in time of war, even if Switzerland should be at war with other States, from any measure such as requisition, confiscation, prohibition or restriction of the power to make payments abroad or to receive payments from abroad and any other similar measure. These remittances shall further be exempt from any measure preventing debts expressed in foreign currency, or in gold, from being paid in the currency or currencies stipulated, or in gold, and in such manner that the sum paid equals, for each monetary unit of the debt, the legal equivalent in gold of such currency or currencies at the date of the contract.

If, as a result of Article 16 of the Covenant of the League of Nations being put into operation, the International Company should be debarred from making payments to certain categories of its creditors, or receiving payments from certain categories of its debtors, the Swiss Government shall remove all obstacles to such payments as soon as Article 16 ceases to be applied.

11. Any disputes arising between the Swiss Government and the International Company in regard to the interpretation or application of the present Charter may be submitted by one of the parties to the Council of the League of Nations, which shall endeavour to promote an amicable settlement. If the dispute is not submitted to the Council, or if the Council declares that it is unable to bring about an agreement between the parties, the dispute shall be submitted to an arbitral tribunal for decision under the conditions provided in Article 12 of the Convention for the creation of the International Company.

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## STATUTES OF THE INTERNATIONAL AGRICULTURAL MORTGAGE CREDIT COMPANY.

### CHAPTER I. — NAME, REGISTERED OFFICE, DURATION, OBJECTS.

#### *Article 1.*

There is created under the auspices of the League of Nations a limited liability company under the name of the International Agricultural Mortgage Credit Company (hereinafter called "the International Company").

#### *Article 2.*

The registered office of the International Company shall be situated at Geneva. Its duration is not limited.

#### *Article 3.*

The objects of the International Company are:

1. To make long-term loans with amortisation, or medium-term loans with or without amortisation, to mortgage or agricultural credit companies or institutions (hereinafter called "national companies") which, either directly or through other companies having their registered offices in the same country, make loans upon first mortgages on immovable property which is the subject of agricultural cultivation or used for the purposes of such cultivation.

2. To create and negotiate bonds the sums repayable on which may not (except in the case provided for in Article 51) exceed the amount of the debts due from the national companies to the International Company and secured by first mortgages registered in the name of the national companies, belonging to them or held by them as security.

#### *Article 4.*

The loans for which the present Statutes provide may be accorded only to national companies having their registered offices in the territory of the Governments which are parties to the Convention for the establishment of the International Company (hereinafter called "the Convention").

#### *Article 5.*

The International Company may not purchase or carry over its own shares or make advances against such shares.

The International Company may not acquire immovable property other than that which is considered necessary for the conduct of its own business, or of which it is obliged to acquire the ownership in order to obtain payment of a debt.

#### *Article 6.*

The capital of the International Company may be offered for subscription as soon as the Convention has come into force and the Charter been granted.

The International Company may commence business as soon as the Board of Directors (hereinafter called "the Board") has adopted a resolution recording that the ten thousand A shares mentioned in Article 12 have been subscribed.

### CHAPTER II. — CAPITAL AND SPECIAL RESERVE.

#### *Article 7.*

The capital of the International Company is expressed in gold Swiss francs, the gold franc being equivalent to 0.290 322 580 640 grammes of fine gold.

Subject to the provisions of Article 14, the authorised capital is fixed at two hundred and fifty million gold Swiss francs and is divided into shares of two thousand five hundred francs, of which ten thousand shall be A shares and ninety thousand B shares.

#### *Article 8.*

At general meetings the holders of A shares shall have one vote per share and the holders of B shares one vote for every fifteen shares.

The A and B shares shall carry equal rights in the division of profits and in any distribution of the assets of the International Company.



*Article 9.*

All the shares shall be fully paid up at latest one month after allocation.

The liability of shareholders is limited to the capital amount of each share; no claim for payments in excess of that amount is allowable.

*Article 10.*

The A shares are registered. Transfer of an A share is subject to the approval of the Board. The B shares may be either registered or bearer shares.

*Article 11.*

All shares are indivisible. In the event of a share belonging to several persons, the latter must come to an agreement for the appointment of one of their number to exercise the right of voting. The dividend on any share shall be validly paid to the holder of the coupon.

*Article 12.*

Of the authorised capital a first block of twenty-five million francs shall be issued immediately. This first block shall be composed of the ten thousand A shares.

They shall be offered for subscription in each of the countries whose Governments are parties to the Convention.

The part of this first block to be issued in each country shall be in proportion to the amount which the Government of that country has undertaken to contribute to the advances provided for in Article 5 of the Convention. If the part allotted to a country is not subscribed in full, the fraction thereof which thus becomes available shall, as far as possible, be distributed between the other countries in proportion to the parts to which they are entitled.

The Organisation Committee for which the Convention provides shall take the steps required for this issue of A shares.

In each country a preference shall be given to subscriptions from mortgage or agricultural credit companies or institutions. In countries possessing legislation of a general character concerning the organisation of such companies or institutions, the preference shall be given to such of those companies as have been authorised and constituted under the provisions of such legislation.

*Article 13.*

The Board will, as and when it thinks fit, offer for subscription any unissued part of the authorised capital (B shares).

*Article 14.*

The authorised capital of the International Company may be increased. The capital issued may be diminished by reduction of the nominal value of each share. The decision as to such action shall be taken, on the proposal of a two-thirds majority of the Board, by an extraordinary general meeting acting as provided in Article 44.

*Article 15.*

The holders of A shares already issued shall have preferential rights to the subscription of the first issue of B shares.

The holders of A and B shares already issued shall have equal preferential rights to the subscription of new B shares. Those of them who have not a sufficient number of old shares to secure at least one share of the new issue may combine in order to make use of their right.

The Board shall fix the conditions under which and the periods within which such preferential rights shall be exercised.

If the authorised capital of the Company is increased, holders of old shares shall have preferential rights to the subscription of the new shares. The general meeting which decides to increase the capital, acting as provided in Article 44, shall fix the conditions for the exercise of such preferential rights.

*Article 16.*

The Board shall fix all the conditions of the issue of the shares and, in particular, the amount of any premium to be paid over and above the nominal value of each share. The proceeds of any such premium shall be carried to a reserve account.

*Article 17.*

No shares may be issued below par.

*Article 18.*

The title to ownership of the registered shares shall be established and their transfer effected by registration of the shareholder's name in the books of the International Company.

The bearer shares shall be transferred by mere delivery.  
The ownership of the International Company's shares implies acceptance of the Statutes of the Company. The provisions of the present paragraph shall be stated on the share certificates.

*Article 19.*

The successors or creditors of a shareholder may not, on any grounds whatsoever, cause the property or securities of the International Company to be placed under seal, or cause any seizure or attachment of the said property or securities, or apply for their partition or sale by auction. They may not intervene in any way in the management of the International Company, and they are bound as regards the exercise of their rights to accept the company's statements of assets and the decisions of the general meeting.

*Article 20.*

The capital of the International Company may be invested:

- (1) As to not more than one-tenth, in the movable property and any immovable property to be used for the establishment of the registered office of the company or required for the working of its services;
- (2) As to not more than one-third, by credits opened or loans granted, such credits or loans to be secured by first mortgages and accorded in conformity with the requirements of the present Statutes.

*Article 21.*

In addition to the capital of the International Company, the special reserve contemplated by Article 5 of the Convention shall be created forthwith with the advances accorded by the Governments as security for the commitments of the Company. This reserve shall be formed as follows:

The advances of the Governments, amounting to twenty-five million gold Swiss francs equivalent to 7,258,064,516 grammes of fine gold, shall be credited in the books of the International Company to an account entitled "special reserve fund A formed with the advances of the Governments".

The advances of the Governments shall be repaid to them, in proportion to their respective contributions, in the manner provided in Articles 67 and 69 below.

As and when the repayments contemplated by Article 67 are effected, equal amounts shall be transferred from the above-mentioned account to another account entitled "special reserve fund B formed by the International Company".

*Article 22.*

Subject to the provisions contained hereinafter, the International Company shall at all times keep on deposit with the Bank for International Settlements, or other banks of the highest standing designated by the Council, a sum equal to the advances which have been made by the Governments under Article 5 of the Convention and have not yet been repaid. Nevertheless, in case of need, all or part of the sum so deposited may be withdrawn for the purpose of enabling the International Company to meet its commitments, on condition always that the amount of the deposit shall as soon as possible be re-established and that until this is done no distribution of profits may be made under Article 67.

The interest earned by the said deposit shall be paid to the Governments in proportion to the amounts which they have advanced and which have not been repaid. The International Company shall not be liable to pay any other interest to the Governments on the said advances, except as provided in sub-paragraph 3 of Article 67.

CHAPTER III. — MANAGEMENT.

*Article 23.*

The management of the International Company shall be vested in the Board.  
The Board shall be composed of not more than eighteen members appointed as follows:

- (1) The President and Vice-President appointed by the Council of the League of Nations;
- (2) Two directors, of whom one shall be appointed by the Permanent Committee of the International Institute of Agriculture and the other, who shall be selected for his special competence in finance, shall be appointed by the Bank for International Settlements. If these institutions renounce their right of appointment, these appointments shall be made by the Council of the League of Nations.
- (3) Nine directors shall be appointed as follows:

The first appointment shall be made by the Organisation Committee provided for in Article 1 of the Convention. The directors so appointed shall remain in office until the ordinary general meeting of 1934.

Subsequent appointments shall be made by the general meeting: only one ballot shall be held; each vote to which a shareholder is entitled under Article 8 above may be given for one candidate only; the nine persons obtaining the greatest number of votes shall be declared elected; in case of equality of votes, the elder candidate shall be deemed to be elected.

(4) Not more than five directors shall be appointed by a majority (in the manner provided in Article 31 below) by the directors referred to in paragraphs 1 to 3 above, with the object of promoting the general interests of the International Company and, in particular, encouraging the participation of the chief financial markets in the placing of the company's bonds.

The Council of the League of Nations shall fix the period of office of the President and Vice-President and any directors appointed by it. It may dismiss them.

The directors referred to in paragraphs 3 and 4 of the present article shall be appointed for three years; they may be re-appointed. The same rule shall apply to the directors provided for in paragraph 2 of the present article if they are not appointed by the Council of the League of Nations.

The Board of Directors is validly constituted and may enter upon its duties as soon as at least ten of its members, including the President and Vice-President, have been appointed.

#### *Article 24.*

Where there is not upon the Board any national of a country which has contributed to the advances provided for in Article 5 of the Convention, a national of such country may be appointed as an assessor.

Such assessor shall have the right to take part in the meetings of the Board in an advisory capacity, but without remuneration.

The assessor shall in each country be appointed either by the national company or companies approved by the Board or, where there is no approved national company, by the Central Bank of the country. He shall remain in office until the re-election of the directors mentioned in paragraph 3 of Article 23. He may be re-appointed.

#### *Article 25.*

The directors mentioned in Article 23, paragraph 3, and the assessors mentioned in Article 24 must be chosen from among governors, vice-governors, presidents, vice-presidents or representatives of land, mortgage or agricultural credit companies or institutions or from among persons having special knowledge and experience of banking and credit.

In countries possessing laws of a general character concerning the organisation of the above-mentioned companies or institutions, the companies or institutions to which the preceding provision refers shall be those which have been authorised or constituted under the provisions of such a law.

#### *Article 26.*

Vacancies in the Board which occur for any reason other than the termination of the term of office of members as fixed in Article 23 shall be filled as follows:

(a) In the case of a member of the Board appointed under the provisions of paragraphs 1, 2 and 4 of Article 23, the vacancy shall be filled in the same manner as the appointment was originally made;

(b) In the case of a director appointed under the provisions of paragraph 3 of Article 23, the Board shall appoint a new director of the same nationality.

The directors so appointed shall hold office until the end of the terms of office of their predecessors; they may be re-appointed.

Vacancies in the Board shall not prevent the exercise of its duties.

#### *Article 27.*

Directors must be ordinarily resident in Europe.

#### *Article 28.*

No person shall be appointed or hold office as President or Vice-President or as a director who is a member of a Government, or a member of a legislative body unless he holds such position for life.

#### *Article 29.*

Meetings of the Board shall be held at the registered office, unless otherwise decided by the Board, which shall in such case decide the place of meeting.

#### *Article 30.*

A member of the Board who is not present in person at a meeting of the Board may by letter give a proxy to any other member authorising him to vote at that meeting on his behalf. No member of the Board may hold a proxy for more than one absent member.

#### *Article 31.*

Unless otherwise provided by the Statutes, or by Article 3 of the Charter, decisions of the Board shall be taken by a simple majority of those present or represented by proxy. In the case of an equality of votes, the President shall have a casting vote.

The presence of not less than six members of the Board is necessary for its decisions to be valid. Members represented by proxy are regarded as present.

*Article 32.*

The President, Vice-President and directors may receive, in addition to their travelling expenses, a fee for attendance at meetings and/or a salary, the amount of which will be fixed by the Board, subject to the approval of the general meeting.

*Article 33.*

The Board shall appoint each year five or seven of its members, among whom the President shall be included, to form an Executive Committee.

The President shall be chairman of the Committee and shall have a casting vote. The Chairman shall have the right to require that any decision of the Executive Committee should be suspended and be referred to the Board.

Not more than two nationals of countries in which national companies have been approved by the International Company may be members of the Executive Committee when it consists of five members; the number may be raised to three when the Committee consists of seven members.

*Article 34.*

The President of the Board shall be President of the International Company and shall direct its management subject to the authority of the Board.

He may not accept other duties which in the judgment of the Board might interfere with his duties as President.

The Vice-President shall perform the duties of the President in the absence of the latter or in the event of the post being vacant. If the Vice-President is unable to act, a director appointed by the Board shall discharge the duties of the President.

*Article 35.*

The Board shall have all the powers necessary for the conduct of the company's business and shall decide all questions not reserved for the general meeting.

The Board shall represent the International Company in its dealings with third parties and in legal proceedings, whether the company be plaintiff or defendant. It shall alone have the power to bind the company.

It may delegate its powers to the President, to the Executive Committee, or to a member or members of the Board or of the permanent staff of the company, provided that it defines by a special resolution the powers of each person to whom it delegates such rights.

Within the limits of these powers, the International Company shall be legally committed *vis-à-vis* third parties by the signature of the President or by two signatures of members of the Board or of members of the staff who have been duly authorised by the Board to sign on its behalf.

*Article 36.*

A general manager shall be appointed by the Board on the proposal of the President. He shall be responsible to the President for the operations of the International Company and shall be the head of its staff.

The departmental organisation of the company shall be determined by the Board.

The heads of departments, and any other officers of similar rank, shall be appointed by the Board on recommendations made by the President after consultation with the general manager.

The remainder of the staff shall be appointed by the general manager with the approval of the President.

*Article 37.*

The proceedings of the Board shall be summarised in Minutes, which shall be signed by the President.

Copies of or extracts from these Minutes to be produced in a Court of Justice must be certified by the President or by the general manager of the International Company.

Minutes of the decisions taken at each meeting shall be sent, within eight days of the meeting, to every member of the Board.

The decisions of the Board may not be executed until they have been approved and signed by the President.

CHAPTER IV. — GENERAL MEETINGS.

*Article 38.*

The general meeting regularly constituted represents the whole body of shareholders. It consists of all the shareholders. The holders of registered shares must have been registered in the share transfer registers three months before the meeting. Holders of bearer shares must have deposited their shares ten days before the meeting with a bank designated by the Board.

A member of the general meeting may only be represented at the meeting by another member authorised to act for him.

*Article 39.*

Within six months after the end of each financial year of the International Company, an ordinary general meeting shall be held on such date as the Board may fix.

The general meeting shall be summoned to meet as an extraordinary general meeting, either by a special decision of the Board when it considers such a meeting necessary, or on the application of shareholders possessing not less than one-third of the votes.

*Article 40.*

Notices of meetings shall be sent by direction of the President not less than thirty days before the date of the meeting by letters addressed to each holder of registered shares at the address entered in the International Company's register, and by advertisement in newspapers designated by the President.

The decisions of an ordinary general meeting shall be legally valid when the members present or represented by proxy are entitled to not less than one-quarter of the votes. The decisions of an extraordinary general meeting shall be valid when the members present or represented by proxy are entitled to not less than one-half of the votes.

The agenda shall be drawn up by the Board and communicated to the shareholders in the notice of meeting.

The Board shall be bound to add to the original agenda any question the insertion of which is demanded twenty days before the meeting by shareholders possessing at least 20 per cent of the votes. The addition to the agenda shall at once be brought to the knowledge of the shareholders in the manner provided in the first paragraph of the present article.

The general meeting may not take decisions on any subject not appearing on the agenda, except with the consent of the Board and all the members who are present at the meeting.

The general meeting shall itself make any other rules required for the conduct of its business.

*Article 41.*

If the quorum prescribed by Article 40 is not attained, the meeting shall be re-convened within a period not exceeding eight days, and shall meet again not earlier than fifteen nor later than twenty-five days after the date of the second notice of meeting.

It shall be entitled to take decisions on all the subjects appearing on the agenda, whatever be the number of votes possessed by the members who are present or represented by proxies.

Ordinary and extraordinary meetings may take place on the same occasion. If it is not possible to deal with the whole of the agenda, the meeting shall adjourn till the following day or days until the agenda has been disposed of.

*Article 42.*

The chair shall be taken at general meetings by the President of the Board.

The meeting shall take place at the registered office of the International Company.

*Article 43.*

The ordinary general meeting shall be competent:

1. To approve the annual report, the annual balance-sheet after consideration of the report of the auditors, and the profit and loss account;
2. To approve the amounts fixed for salaries, fees for attendance or expenses of members of the Board and any changes proposed in such salaries, fees for attendance or expenses;
3. To appoint the directors whose appointment rests with it;
4. To decide as to the application of the net profits and as to the declaration of a dividend and its amount;
5. To discharge the members of the Board from all personal responsibility in respect of the past financial year;
6. To decide any question brought before it in accordance with Article 40.

The ordinary general meeting shall take its decisions by a majority of the votes cast.

*Article 44.*

Extraordinary general meetings must be summoned to decide upon any proposals of the Board regarding:

1. Increase or reduction of the capital of the International Company;
2. Any amendment of the Statutes of the company;
3. Any questions which by the terms of the Convention or the Charter must be submitted to an extraordinary general meeting;
4. The winding-up of the International Company.

Decisions on the above-mentioned questions shall be taken by a three-quarters majority of the votes to which the shareholders present or represented are entitled. On all other questions, the decisions of extraordinary general meetings shall be taken by a majority of the votes cast.

#### CHAPTER V. — BONDS.

##### *Article 45.*

The International Company may issue bonds up to a total amount not exceeding ten times the total nominal amount of the paid-up capital and the special reserve constituted by the A and B funds provided for in Article 21.

##### *Article 46.*

The sums repayable on the bonds issued by the International Company may not exceed the total amount of the sums repayable on the bonds delivered by the national companies to the International Company in respect of the loans made to them by it.

##### *Article 47.*

The bonds issued by the International Company may be registered or bearer bonds. The registered bonds shall be transferable by registration in a register of transfer kept by the International Company.

The bearer bonds shall be transferred by simple delivery.

##### *Article 48.*

The bonds shall be redeemed, either by purchase or by drawings, within maximum periods to be fixed by the Board.

Each redemption shall cover the number of bonds necessary to effect amortisation on the scale required to ensure that the sums repayable on the bonds remaining in circulation never exceed the sums repayable on the bonds delivered by the national companies as stated in Article 46.

The drawing of bonds for redemption shall be effected in the presence of the President or Vice-President and two members of the Board.

The numbers of the bonds drawn shall be posted up at the registered office of the International Company and published in newspapers selected by the Board.

The bonds drawn shall be redeemed on or after the day specified in these notices.

Interest on the bonds to be redeemed shall cease automatically as from the said day.

Bonds redeemed and coupons paid shall forthwith be stamped with a cancellation stamp.

##### *Article 49.*

The bonds shall carry interest, the rate, due dates and methods of payment of which shall be fixed by the Board.

Subject to compliance with the formalities prescribed by the law of the country in which they are issued, premiums payable at the time of redemption may be attached to the bonds. The Board shall determine the amount and method of payment of such premiums.

##### *Article 50.*

The interest and capital of the bonds issued by the International Company shall be guaranteed by a sole charge on the interest and capital of the bonds which are issued by the national companies in conformity with the provisions of Articles 57 and 58 below and delivered to the International Company in respect of the loans it has granted to those companies.

The interest and capital of the bonds delivered to the International Company by the national companies must in turn be secured:

- (a) By a first charge upon specified mortgages belonging to the national company; or
- (b) By a charge, ranking *pari passu* with all the mortgage bonds of the national company, upon all the mortgages acquired by the company and forming the counterpart to the said mortgage bonds.

##### *Article 51.*

Pending their final employment, the sums derived from the issue of bonds of the International Company shall remain on deposit with banks of the highest standing, designated by the Board, or shall be temporarily invested in short-term securities of the highest character. Such temporary investments shall be taken into account in applying the rule of equilibrium laid down in Article 46 above.

*Article 52.*

The period of limitation for the recovery of dividends and interest shall be five years and for capital payments thirty years. The sums the recovery of which is thus barred shall belong to the International Company.

*Article 53.*

The law of the country in which the International Company has its registered office shall apply to the recovery by their owners of lost or stolen securities and to the receipt of dividends and interest due on such securities.

CHAPTER VI. — TERMS OF LOANS.

*Article 54.*

The International Company will accord the national companies approved by the Board loans repayable by annual amortisation within not more than thirty years.

The national companies must formally undertake to use the sums lent them exclusively for loans secured by first mortgages on real property, whether built on or not, situated in the country in which the national company has its registered office and forming part of an agricultural undertaking or used for the purposes of such an undertaking. Such loans, which may not exceed 50 per cent of the estimated value of the property offered as security, must be given in conformity with the requirements of the Statutes of the national companies which shall first be approved by the Board of the International Company.

*Article 55.*

The Board will determine the conditions on which the national companies are eligible for approval under the preceding article; it may at any time withdraw such approval.

*Article 56.*

The Board will appoint representatives to examine and supervise the operations of the national companies; the companies must undertake to facilitate the exercise of their duties by these representatives.

*Article 57.*

The Board shall fix all the terms of the loans by the International Company to the national companies, including the rate of interest and the annual amount and the duration of the amortisation.

The loans obtained by the national companies from the International Company shall be represented by bonds issued by them in a form, bearing a rate of interest and complying with the conditions agreed upon with the International Company.

The International Company may require that the Governments of countries whose national companies desire to obtain loans through the Company take particular legislative measures for the purpose of rendering more effective the mortgage security enjoyed by the loans which are granted. The International Company may also require as a condition for a loan to a national company—when for any reason it considers that sufficient security is not enjoyed by mortgagees in the country where the national company operates—that the Government of that country shall guarantee the service of the bonds which the national company gives to the International Company in respect of the loan.

The International Company may also in its discretion require as a condition of a loan that the Government of the country in which the national company requesting the loan operates shall accept all or part of the provisions of Article 7 and Article 8 of the Convention, or shall undertake not to increase the rates or render more onerous the existing conditions of collection of the taxes referred to in Article 8, and not to impose new taxation of that nature.

The International Company shall always have the right to refuse a request for a loan.

The Board may require national companies which obtain loans from it to create in their organisation a special department for business transacted with the International Company, and may require that this department shall be provided with capital of its own not subject to the claims of other creditors of the national company or be established as a separate company which shall be substituted for the national company for all purposes of the present Statutes.

*Article 58.*

The annual amortisation of the bonds delivered by the national companies in return for the loans obtained by them from the International Company shall be governed by an amortisation table drawn up with due regard to the commitments of the International Company. The table must be approved by the Board.

A national company which has obtained a loan may not on any pretext reduce the amortisation payments for which the table provides; but, where paragraph 2(a) of Article 50 has been applied,

it must increase such payments in the event of its own loans being repaid before maturity so as to maintain equilibrium between the bonds which it has delivered to the International Company and the mortgage debts which are the security for those bonds.

In the event of repayment before maturity, the International Company shall be entitled to demand compensation not exceeding a half-year's interest on the amount of the repayments. The International Company may allow the repayments made before maturity to be effected by the delivery of its own bonds.

Sums derived from repayments made before maturity shall be employed for redeeming or buying back the International Company's bonds or for new loans. Bonds of the International Company delivered by the national companies to effect repayments before maturity shall be immediately stamped with a cancellation stamp. A repayment so effected may be treated as equivalent to the methods of redemption of bonds provided for in the first paragraph of Article 48.

If the International Company has had to give subscribers of its bonds an undertaking not to redeem or convert them before the expiration of a fixed period, it must require the national companies to give a similar undertaking over at least an equal period, and the latter must secure the same undertaking from those to whom they grant loans.

*Article 59.*

The bonds delivered by the national companies in respect of the loans granted to them must be expressed in a currency having a parity with gold fixed by law; the interest must be paid, and the capital repaid, in the same currency representing the same weight of gold.

The same rule shall apply to the mortgage debts acquired by the national companies by lending the sums borrowed by them from the International Company.

*Article 60.*

The maximum margin between the rate of interest at which a national company borrows from the International Company and the rate of interest at which the national company in its turn lends out the sums thus received shall be determined by agreement between the national company and the International Company; every effort shall be made to make loans to the agriculturists at the lowest rates consistent with the essential object of the International Company.

*Article 61.*

Sums due by national companies in respect either of interest or amortisation not met at the due date or of costs for legal proceedings incurred by the International Company in recovery of the amounts due to it, shall, automatically and without special notice, carry interest from the day on which they became due at 1 per cent more than the rate of interest payable on the loan.

In the event of failure by a national company to pay interest on or repay its bonds within eight days of the due date, the Board shall have the right to declare null and void the amortisation table and to require the immediate repayment of the whole of the bonds still in circulation.

*Article 62.*

The International Company may make to the national companies medium-term loans with or without amortisation. The rules contained in Chapter VI shall apply to these loans in so far as they are compatible with their nature.

*Article 63.*

Should the International Company be forced to become the owner of immovable property to obtain the recovery of debts due to it, it shall re-sell such property as soon as possible.

CHAPTER VII. — ACCOUNTS AND PROFITS.

*Article 64.*

The financial year of the International Company shall begin on January 1st and end on December 31st. The length of the first financial period shall, however, be fixed by the Board.

*Article 65.*

The International Company shall publish an annual report.

The Board shall have prepared a profit and loss account and balance-sheet of the International Company for each financial year in time for submission to the ordinary general meeting.



*Article 66.*

The accounts and balance-sheet shall be audited by auditors to be appointed by the Financial Committee of the League of Nations or such other body as may be appointed by the Council of the League of Nations. The auditors shall have full power to examine all books and accounts of the International Company and to require full information as to all its transactions.

The auditors shall report to the Board and to the general meeting and shall state in their report:

- (a) Whether or not they have obtained all the information and explanations for which they have asked;
- (b) Whether, in their opinion, the balance-sheet dealt with in the report is properly drawn up so as to exhibit a true and correct view of the state of the International Company's affairs according to the best of their information and the explanations given to them, and as shown by the Company's books.

They shall call attention to any infringement of the Statutes or regulations which they have found.

After approval by the general meeting, the annual report of the Board and the auditors' report shall be transmitted to the Council of the League of Nations.

*Article 67.*

The annual net profits shown by the accounts of the International Company, after making such appropriations as have been decided by the Board for special purposes and amortisation and, if necessary, after re-establishing the special reserve fund B so as to prevent the sum total of the special reserve funds A and B from being inferior to twenty-five million gold Swiss francs equivalent to 7,258,064.516 grammes of fine gold, shall be distributed as follows, subject always to the provisions of Article 22:

1. Five per cent of such net profits shall be paid to a reserve fund called "the legal reserve fund" until that fund reaches an amount equal in value to 10 per cent of the capital issued.

2. Thereafter, such net profits shall be applied to the payment of a dividend of 6 per cent per annum on the amount of the paid-up capital of the International Company; this dividend shall be cumulative in the sense that the shareholder shall be entitled to payment of arrears of dividend before any other distribution of profits.

3. From the residue, 75 per cent shall be allocated to the Governments—that is to say, 70 per cent shall be applied to repayment of the advances made under Article 5 of the Convention and 5 per cent be paid as a bonus in respect of those advances. After the advances of the Governments have been completely repaid, the said 75 per cent of the profits shall be carried to the special reserve fund B or to optional reserves proposed by the Board and approved by the general meeting. The balance of 25 per cent shall either be used for distribution to the shareholders of a supplementary non-cumulative dividend or paid into the reserves or carried forward. The supplementary non-cumulative dividend which may thus be distributed shall be limited to 4 per cent until the advances of the Governments have been entirely repaid, and thereafter to 6 per cent.

The Board may decide that the portion of the profits available for a non-cumulative supplementary dividend shall be held over during the whole year and carried to a special dividend reserve fund for the purpose of assuring payment of the 6 per cent cumulative dividend provided for in paragraph 2 above or for subsequent distribution as dividend among the shareholders.

CHAPTER VIII. — WINDING UP.

*Article 68.*

The International Company may be wound up in virtue of a decision taken, on the proposal of the Board, by the general meeting acting as provided in Article 44.

In the event of the Convention's being abrogated under the provisions of Article 19 thereof, the Board shall convene an extraordinary general meeting to decide whether the Company shall be wound up or shall continue to operate in some other form.

The general meeting shall appoint the liquidators and determine their powers.

*Article 69.*

On the winding up of the International Company, whether voluntary or not, after discharge of the bonds issued and other debts, and repayment of the balance of the advances made by the Governments under Article 5 of the Convention, which shall rank last, the remaining assets shall be distributed among the shareholders.

CHAPTER IX. — AMENDMENT OF THE STATUTES.

*Article 70.*

Amendment of any articles of these Statutes other than those enumerated in Article 71 may be proposed by a two-thirds majority of the Board to an extraordinary general meeting. If adopted by the general meeting in accordance with the provisions of Article 44, they shall come into force, provided that they are not inconsistent with the provisions of the articles enumerated in Article 71.

*Article 71.*

Articles 2, 3, 4, 7 (first paragraph), 21, 22, 23 (sub-paragraphs numbered 1, 2 and 3), 24, 37 (last paragraph), 44, 59, 66 (first paragraph), 67, 69, 70 and the present article shall not be amended except subject to the conditions laid down in paragraph 3 of the Charter of the International Company.

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VI.

SUMMARY OF THE MAIN PROVISIONS WHICH GOVERNMENTS SHOULD BE RECOMMENDED TO INTRODUCE INTO THE LEGISLATION OF THEIR COUNTRIES, WHEN NO EFFICIENT SYSTEM OF LAND REGISTERS EXISTS, IN ORDER TO ENSURE SUFFICIENT SECURITY FOR THE MORTGAGE LOANS TO BE ISSUED IN THESE COUNTRIES.

I. AUTHENTICATION OF INSTRUMENTS.

1. The law should determine the procedure for authenticating conveyances of sale or exchange, of deeds of gift transferring the ownership of real property, partition or other deeds relating to ownership, mortgage deeds and deeds creating easements or other real rights affecting real property.

A deed which has been duly authenticated should prove itself in a court of law unless proceedings have been instituted to have it set aside for fraud.

II. IDENTIFICATION OF REAL PROPERTY.

2. If there is no cadastral survey of rural property or if the existing cadastral survey is incomplete, has not been terminated or is inadequate, the law should determine, in accordance with local usages and customs, the means to be employed to ensure the identification of real property so as to avoid any dispute as to the identity of the real property which is the subject of a contract.

III. RIGHT TO DISPOSE OF AND MORTGAGE PROPERTY.

3. The law should define the method of establishing the facts of minority, deprivation of civil rights or marriage, resulting in legal incapacity to contract, and it should prescribe penalties for any false or inaccurate declarations in this connection.

IV. EVICTION, TERMINATION OF OWNERSHIP, EXPROPRIATION.

4. If the law of the country subjects the exercise of the right of disposing of or acquiring real property in general or certain kinds of real property to any restrictions or conditions; if, for instance, it prescribes:

that real property may be sold only to nationals of the country or to persons engaged in particular professions;

that no head of a family may possess more than some fixed quantity of land;

that the purchaser must live on the land which he has bought and must cultivate it;

that the purchaser must, within a prescribed limit of time, invest a definite sum in the property with a view to its development;

and if the non-observance of these legislative provisions annuls the purchase and, consequently, involves the eviction of the purchaser by terminating his rights, the law must:

(1) Organise practical means for proving that the law has been observed and set up a procedure which is simple and as inexpensive as possible, so that an agricultural mortgage credit company may be enabled to clear the title to the real property to be mortgaged from any defects that may attach to it (publicity of the proposal for a mortgage loan through an announcement in a publication containing legal notices which appears in the place where the real property is situate, and, through a public notice posted up for thirty days at the town hall of the commune in which the real property is situate, the fixing of the period within which parties concerned may submit to the mortgage credit company written notice of objection). In the absence of any objection, if the tax registers show the applicant for a loan as the real owner, and if the real property is, in fact, in his possession, the mortgage deed and the entry in the registers must be valid as against all third parties, including the Government and public bodies. If deemed advisable, the court of the place in which the property is situated may further be asked to issue an order described as "declaration of ownership", establishing the applicant's title against all comers.

(2) Provide that, on condition of the observance of the formalities mentioned in (1) above, the termination of the rights of the owner and his eviction are not to affect the title

of an agricultural mortgage credit company which has previously in good faith taken a mortgage on the land as security for a loan concluded in conformity with the statutes, and, accordingly, to specify that the Government, or any local authority or any company, or an institution or private person which obtains title through the dispossession of the former owner, can only acquire the land subject to the incumbrances duly registered in the name of the agricultural mortgage credit company.

5. Whenever the State, departments, provinces, districts, communes, public institutions, syndicates, etc., have the right to expropriate real property for public purposes, for general purposes or for any special reason, the law should provide that the expropriating authority shall first pay to the person expropriated just compensation, which shall be paid to the creditors holding mortgages inscribed on the property expropriated up to the amount due to them in capital, interest and other expenses guaranteed by the mortgage.

#### V. ESTABLISHMENT AND REGISTRATION OF THE RIGHT OF OWNERSHIP.

6. The law should make obligatory the deposit in a public administration of deeds transferring or affecting ownership (sale, exchange, gift, partition, sale by auction, arrangement, creation of easements or other real rights) with a view to their being either entered in land registers or transcribed in public registers. If the prescribed deposit has not been made, the transaction to which the deed refers ought to be not invalid as against any persons not parties thereto.

The law should arrange for publicity to be given to these deposits and prescribe the conditions on which any person may obtain copies of or extracts from the deeds deposited; it must determine the responsibility towards applicants of those whose duty it is to enter up and keep land registers or registers of transcriptions and to issue copies or extracts.

#### VI. CHARACTER AND EFFECTS OF MORTGAGES. ESTABLISHMENT AND REGISTRATION OF CHARGES AND MORTGAGES.

7. The law should expressly confer on the mortgage the character of a *right in rem* inherent in the property mortgaged and following this property into the hands of whomsoever it may come. The mortgage must be *indivisible* in the sense that the whole of it is a charge upon all the property mortgaged, and on each and every part of that property. It must cover all improvements and rights appurtenant to the land mortgaged. It must secure the amount of the capital debt, interest within certain limits and the costs of proceedings for recovering the debt. It is necessary that it should affect only *property which is specifically described* and the sum in consideration of which it is given must be a sum stated in the deed. Finally, its effect must be conditional on its *publicity*. If the law of a country admits the existence of general mortgages or legal mortgages in the absence of publicity, it should, as far as possible, be amended in the direction of abolishing these possibilities. If the abolition of *secret* mortgages of this class is impossible, the law should devise some rapid and simple procedure for clearing them off the title (notification of the mortgage contract of the agricultural mortgage credit company with an announcement to the effect that the legal mortgage must be registered within a stated limit of time; such notification to be made to the husband and wife, to the guardian or substitute-guardian of a minor or person deprived of civil rights by order of court and also to a magistrate appointed by the law. If registration is not effected within the time fixed, the agricultural mortgage credit company must be given priority over the legal mortgages).

8. If publicity with regard to mortgages and charges by registration either in land registers or public registers is not provided for, the law must be supplemented on this point, *which is of the highest importance*. It must prescribe the method of registration, what the entry should contain (name and identification of all property mortgaged, statement of the amount of the loan secured, interest, other charges, date and nature of the contract of loan, names and addresses of creditor and debtor, etc.) the effects of registration and the duration and, if necessary, its renewal, penalties for failure to renew, cancellation of registration and any other method by which the title to the property may be cleared.

9. The law should institute the registration of mortgages and the right of any person to know what mortgages on any given property have been given by its successive owners, and to be supplied with extracts or certificates stating whether mortgage entries exist or not and how many mortgages there are, their amount in capital, interest and otherwise, and the persons entitled to the same.

#### VII. RELATIONS OF SECURED CREDITORS AND MORTGAGEES WITH THIRD PARTIES INTERESTED IN THE PROPERTY AFFECTED, AND AS BETWEEN THEMSELVES.

10. The law should also settle the relations of secured creditors and mortgagees with third parties interested in the mortgaged property—*i.e.*, the effect of secured claims and mortgages

regularly entered as against third parties (purchasers or donees) *who are not personally liable for the debt*; and also the means by which such third parties can clear their titles from the mortgages and charges affecting the property.

11. The law must also settle the procedure for the seizure of the mortgaged property by the creditor and its sale, and this procedure must neither hamper the creditor in the exercise of his legitimate rights nor impose restrictions or conditions on the sale, whether by the court or otherwise, calculated to dissuade purchasers and to prevent the property's realising its true market value. In particular, the law must not prevent a mortgage credit institution, even if it is constituted as a limited company, from purchasing the subject property at the auction sale.

12. The relations of the secured creditors and mortgagees as between themselves must be clearly defined. In particular, if the sale price of the property subject to mortgages or charges is not sufficient to pay all the creditors, the law must settle the order in which they are to be paid and the formalities they must comply with.

13. In a case of this kind, if an agricultural mortgage credit company is holder of a first mortgage given to secure a loan granted in conformity with its statutes, it would be well for the law to give the company the right to receive immediately the price at which the property is sold, up to the amount due to it—*i.e.*, before the final settlement of the proceedings of distribution.

VIII. NECESSITY FOR RESERVING TO THE CREDITOR THE RIGHT AND POWER OF ENSURING THAT HE SHOULD NOT BE PREJUDICED BY AN AGREEMENT TO THE DETRIMENT OF HIS RIGHTS MADE BETWEEN HIS DEBTOR AND A THIRD PARTY.

14. After the conclusion of a loan and the registration of a mortgage to secure it, the debtor who owns the mortgaged property may possibly make an agreement with a third party to the prejudice of the creditor, an agreement, that is, the carrying-out of which may greatly diminish the value of the security. This is the case, for example, when the debtor grants to a third party, without the knowledge of his creditor, a long lease at a very low rent. The law should secure to the creditor the right to have an agreement of this kind set aside without difficulty or at any rate to obtain a declaration that it does not affect his title. As to mortgage credit companies, legislation should be required to the effect that a lease granted to a third party by the owner of a mortgaged property subsequently to the inscription of the mortgage cannot, if it has not been accepted by the company, affect its title.

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VII.

ORGANISATION COMMITTEE

*(Appointed by the Council of the League of Nations, May 22nd, 1931).*

Dr. BACHMANN, President of the National Bank of Switzerland.

Dr. KISSLER, General Manager of the "Deutsche Rentenbank-Kreditanstalt".

Professor MLYNARSKI, former Vice-Governor of the Bank of Poland.

M. DI NOLA, General Manager of the "Istituto italiano de Credito Fondiario".

Dr. POSPISIL, Governor of the National Bank of Czechoslovakia.

M. E. REGARD, Vice-Governor of the "Crédit foncier de France".

M. VAN RIJN, member of the Permanent Committee of the International Institute of Agriculture.

M. RYDBECK, Manager of the "Skandinaviska Kreditaktiebolaget".

Sir Henry STRAKOSCH, G.B.E. <sup>1</sup>, Chairman of the Union Corporation Ltd., London.

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<sup>1</sup> Replacing in fact during his absence in Brazil Sir Otto Niemeyer.

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LEAGUE OF NATIONS

**FINANCIAL COMMITTEE**

**REPORT TO THE COUNCIL ON THE WORK  
OF THE FORTY-FIRST SESSION OF THE COMMITTEE**

(Geneva, May 6th-11th, 1931)

and

**RESOLUTIONS AND DECISIONS OF THE COUNCIL AND OF THE  
COMMISSION OF ENQUIRY FOR EUROPEAN UNION**

**May 1931**

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## A. REPORT OF THE FINANCIAL COMMITTEE.

### INTRODUCTION.

The Financial Committee has the honour to submit to the Council the following report on the work of its forty-first session, held at Geneva from May 6th to 11th, 1931.

The following members were present :

M. SUVICH (*Chairman*) ;  
M. DE CHALENDAR ;  
M. JANSSEN ;  
M. KEMPNER ;  
M. TER MEULEN ;  
M. MLYNARSKI ;  
M. POSPISIL ;  
M. RYGG ;  
M. SATO (in place of M. Tsushima) ;  
Sir Henry STRAKOSCH

1. *For the question of Agricultural Credit :*

M. FREIBERGER (in place of Dr. Kissler) ;  
M. PINSENT (substitute for Sir Henry Strakosch in the delegation) ;  
M. PAVLOVSKY (in place of M. van Rijn) ;  
M. REGARD (member of the delegation) ;  
Sir John Fischer WILLIAMS (member of the Drafting Committee).

2. *For Bulgarian questions :*

M. Jean WATTEAU, Adviser to the National Bank of Bulgaria ;  
M. LORiot, Assistant to the Commissioner of the League.

3. *Representing the Bank of Greece :*

M. TSOUDEROS, Vice-Governor of the Bank of Greece ;  
Mr. FINLAYSON, Adviser to the Bank of Greece.

### I. AGRICULTURAL CREDIT.

The Financial Committee devoted the major part of its time during its forty-first session to the question of agricultural credit, on which it has presented a separate report (document C.199(a).M.81(a).1931.II.A.).

#### 2. BULGARIA.<sup>1</sup>

The Committee heard statements from M. Watteau, Adviser to the Bulgarian National Bank, and M. Loriot, Assistant to the Commissioner of the League of Nations, concerning the work of the settlement of refugees and the monetary and financial situation of the country. The Committee, in particular, examined the situation of the Bulgarian budget, and is of opinion that at its next session this question should be very carefully studied with representatives of the Bulgarian Government.

#### 3. GREECE.<sup>1</sup>

The Committee heard M. Tsouderos and Mr. Finlayson, Vice-Governor and Adviser of the Bank of Greece on the situation of the Bank.

#### 4. DANZIG MUNICIPAL LOAN.<sup>1</sup>

The Committee examined the sixth annual report submitted to the Council by the Trustee of the 7% Mortgage Loan of 1925. This report does not require any action on the part of the Council.

#### 5. WORK OF THE GOLD DELEGATION.<sup>1</sup>

The Committee considered a statement concerning the various memoranda called for by the Gold Delegation. The Delegation is not yet in possession of all the evidence for which it has called ; but the Financial Committee understands that it hopes to complete its final report during the course of the autumn.

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<sup>1</sup> The Council approved the report relating to this question on May 20th, 1931.



## B. RESOLUTIONS AND DECISIONS OF THE COUNCIL AND OF THE COMMISSION OF ENQUIRY FOR EUROPEAN UNION.

### I. AGRICULTURAL CREDIT.

#### (a) REPORT OF THE COMMISSION OF ENQUIRY FOR EUROPEAN UNION.

(May 20th, 1931.)

1. The Commission of Enquiry for European Union has examined the scheme for the creation of an International Agricultural Mortgage Credit Company as set out in the texts prepared by the Financial Committee (documents C.199 and C.199(a)1931) and in the final report of its own Sub-Committee (document C.324.1931).

The Commission desires to express its high appreciation of the work accomplished by the Financial Committee and by all those who have co-operated with it.

2. The Commission discussed the question of the seat of the proposed Company. It has unanimously come to the conclusion that the seat should be at Geneva. The representative of Switzerland has declared in the Commission that the Government of the Swiss Confederation is in principle prepared to grant to the Company the constituent charter which forms an annex to the draft Convention. The Commission has taken note of this declaration.

3. The Commission desires to recommend most warmly the whole scheme as contained in the texts elaborated by the Financial Committee with the modifications proposed by the Sub-Committee of the Commission of Enquiry (document C.324.1931-Annex), account being taken of the decision just mentioned.

It submits the scheme thus amended for approval by the Council, as provided in the Preamble of the draft Convention, and expresses the hope that, after such approval, the Convention will be signed by European Governments, if possible at an early meeting of the European Commission, it being understood that the Convention should remain open for signature until September 30th, 1931.

4. In approving the scheme, the Commission desires to emphasise that the scheme is designed, in the first place, "to alleviate the burdens which weigh on agricultural production in various countries, to diminish the working expenses which at present absorb too large a share of the profits, and to increase the purchasing capacity of the agriculturists". As a result of the increase in the purchasing power of agriculturists, the scheme will at the same time prove beneficial to the industrial countries whose prosperity is largely dependent on the markets constituted by the agricultural countries. The Commission desires, moreover, to recall that the new Company should—as was clearly indicated by the Financial Committee and by the Sub-Committee appointed by the Commission of Enquiry for European Union—in its work be very careful to avoid exposing itself to criticism on the ground that it has encouraged an injudicious increase of agricultural production.

5. In order that the scheme may be launched without delay, the Commission recommends that the Council appoint at this session the Organisation Committee provided for in Article 1 of the draft Convention. It asks the Council to take all necessary steps so that this Committee may be set up and start working at as early a date as possible.

6. Finally—having regard to the importance from the lenders' point of view of the existence in the borrowing countries of mortgage legislation which would afford them the necessary guarantees—the Commission recommends to the special attention of all Governments which propose to modify on this subject the system existing in their territories the Financial Committee's note enumerating the fundamental principles to which mortgage legislation should conform in order to give full security to the lenders.

#### (b) RESOLUTION ADOPTED BY THE COUNCIL ON MAY 21ST, 1931.

The Council,

1. Expresses to the Financial Committee and to all those who have collaborated with it its appreciation of the rapidity and the skill with which a complete scheme for the creation of an International Agricultural Mortgage Credit Company has been elaborated ;

2. Approves the scheme with the modifications suggested by the Commission of Enquiry for European Union and by its Sub-Committee, with the understanding that the International Company shall have its seat at Geneva ;

3. In view of the last paragraph of the Preamble of the Convention, accepts the provisions of the Convention relating to the Council of the League of Nations ;

4. Agrees that the Convention shall be made available for signature at a meeting of the Commission of Enquiry for European Union ;
5. Expresses the hope that the Convention will be signed by as many Governments as possible ;
6. Decides to appoint during the present session the Organisation Committee referred to in Article I of the Convention and to empower that Committee to carry out enquiries in countries which may express the desire to obtain credits from the International Company and to take such measures as it may deem appropriate with a view to accelerating the reform of mortgage legislation in countries desiring to undertake such reform ;
7. Recommends the note of the Financial Committee on the essential principles of mortgage legislation to the attention of Governments which propose to reform their existing mortgage legislation.

(c) ORGANISATION COMMITTEE.

The Council, on May 22nd, 1931, appointed the following persons to constitute the Organisation Committee of the International Agricultural Mortgage Credit Company :

- Dr. BACHMANN, President of the National Bank of Switzerland ;
- Dr. KISSLER, General Manager of the " Deutsche Rentenbank-Kreditanstalt " ;
- Professor MLYNARSKI, former Vice-Governor of the Bank of Poland ;
- M. DI NOLA, General Manager of the " Istituto italiano di Credito Fondiario " ;
- Dr. POSPISIL, Governor of the National Bank of Czechoslovakia ;
- M. E. REGARD, Vice-Governor of the " Crédit foncier de France " ;
- M. VAN RIJN, member of the Permanent Committee of the International Institute of Agriculture ;
- M. RYDBECK, Manager of the " Skandinaviska Kreditaktiebolaget " ;
- Sir Henry STRAKOSCH, G.B.E.,<sup>1</sup> Chairman of the Union Corporation, Ltd., London.

(d) SHORT-TERM AGRICULTURAL CREDIT.

*Extract from the Report adopted by the Commission of Enquiry for European Union, May 21st, 1931.<sup>2</sup>*

The Commission has considered with interest the communication from the International Institute of Agriculture regarding the establishment of an international organisation for short-term agricultural credit, in which matter the preparatory work is already well advanced.

The Commission desires to be kept informed of the progress of future work on this question.

It is of opinion that that work would be facilitated by the co-operation of the financial and economic organisations of the League.

2. CREDIT PROBLEMS.

This question was raised by the French Memorandum of May 16th, 1931, addressed to the Commission of Enquiry for European Union (document C.338.M.151.1931). The part of this Memorandum relating to credit problems is annexed to the present document.

(a) EXTRACT FROM THE REPORT ADOPTED BY THE COMMISSION OF ENQUIRY FOR EUROPEAN UNION, MAY 21ST, 1931.

With regard to the problem of credit, the Commission of Enquiry considers it highly desirable that the work of mutual aid among the European countries which it is pursuing may be supplemented, thanks to the confidence which should result, by an effective policy of financial co-operation, more especially in the matter of long-term credit.

With a view to preparing for this co-operation, it requests the Council to appoint a small Committee of five members, consisting of representatives of the Governments, to consider, in conjunction with a delegation of the Financial Committee, what practical steps could be taken to facilitate the issue of State loans of an international character by more active intervention on the part of the League of Nations, within the scope of its organisation and in agreement with the bodies controlling the principal markets.

This Committee's attention will be drawn to the value of the enquiries undertaken by the International Labour Office with a view to relieving unemployment by means of important public works.

(b) DECISION TAKEN BY THE COUNCIL ON MAY 22ND, 1931.

The Council decided :

1. To invite the Governments of Belgium, Great Britain, France, Sweden and Switzerland to appoint representatives to form a small Committee of Government representatives ;
2. To authorise the Chairman of the Financial Committee to appoint a delegation of the Financial Committee to work in conjunction with the Committee of Government representatives referred to above.

<sup>1</sup> Replacing in fact during his absence in Brazil Sir Otto Niemeyer.

<sup>2</sup> The Council took note of this report on May 22nd, 1931.

Appendix.

EXTRACT FROM THE MEMORANDUM BY THE FRENCH GOVERNMENT ON THE MEANS BY WHICH THE PRESENT EUROPEAN CRISIS COULD BE REMEDIED.

(Document C.338.M.151.1931.)

IV. CREDIT PROBLEMS.

The application of the programme set forth above should result in establishing, on the basis of open co-operation between all the Powers concerned, a permanently easier atmosphere. Such an atmosphere is essential for the fulfilment of the measures of financial co-operation without which no plan of European reconstruction can be effectively carried out.

A movement of capital from countries having credit balances to markets showing a deficit is an essential preliminary condition of such reconstruction.

Useful financial operations, however, will not become possible until the existing difficulties have really been smoothed away, and the French market can co-operate at once with the other markets where capital is held, with a view to ensuring success, whether under the auspices of the League or within the wider framework of private relationships between one financial market and another.

Already as regards agricultural countries the Financial Committee and the Committee appointed by the Commission of Enquiry for European Union, acting on the initiative of the Council, have just set on foot a mortgage credit scheme which will give agriculturists in those countries means to obtain the long-term credits which they at present lack or can obtain only at usurious rates of interest. As soon as its statutes have been put into force the new organism will be able by issuing bonds in different markets to obtain the capital necessary to enable it to operate.

Here then is fresh evidence that in a concrete case relating to a specific subject, the competent organs of the League are fully capable of establishing an institution which can secure the accession both of the Governments concerned and of the financial circles which will have to operate it in accordance with the ordinary rules of business. The French Government only hopes that the new institute will have an opportunity of proving its worth at the earliest possible moment.

It thinks, however, that side by side with this first achievement, or with any similar one which might be attempted, it would be no less desirable in a neighbouring field to contemplate and to urge intervention by the League on a still wider scale.

In point of fact, from the general point of view of the need for capital, whether European or from overseas Members of the League of Nations, it may be noted that a large number of transactions must, in view of their size, be affected by co-operation between the banks of the different markets, both in the case of State loans for currency purposes and of financing large programmes of public works. In the absence of any specific international organ, such transactions at present give rise to competition which is often needless and indeed harmful, the different markets being ultimately induced to reach agreement for the realisation of such projects.

For this category of transactions the French Government suggests for its part that the League's Financial Committee should be permanently empowered to receive requests from borrowing States, and by agreement with them to approach bankers in the various markets with a view to the formation of lending groups, which should, of course, essentially be international. In this way the most flexible and closest link could be formed between the directing organs of the lending markets, treasuries and banks of issue and the borrowers. The security offered would have to be valued by an impartial examination, and any disputes arising out of the execution of contracts could themselves be referred to international courts.

Perhaps indeed the competent Committee of the League of Nations might undertake at the same time to study under what conditions really international bonds with wide possibilities of free circulation in every market should be created.

The French Government feels there is no need to emphasise the importance of systematic intervention by the Financial Committee at any time when an urgent need for capital is revealed throughout the world.

As regards transactions of a different category from the above—whether they be medium or long term loans—namely, such transactions as would be left to the banks in various towns, French credit houses have always been desirous of assisting other markets in bringing them about. Conversations have already taken place on this subject. Apart from large issues which have been made on the Paris market, it may be recalled that the Bank of France has recently formed a *de facto* group of a certain number of French banks; that this group has expressed

its readiness either to come to an understanding with similar groups in other countries or to take action itself within the limit of available funds, to satisfy any need for medium-term credits that may be manifested.

In certain agricultural circles, on the other hand, insistence has been placed on the desirability of extending the grant of loans on the security of crops; the French Government for its part is ready to approach French banks which specialise in this class of transaction, and to consider with them any concrete proposals that might be capable of realisation, either in France or, for preference, in agreement with other financial centres.

Lastly, any noticeable improvement in international relations must in any case manifest itself on all markets by a resumption of normal transactions which are at present rendered difficult by the political atmosphere. This development would relate particularly to the following transactions :

1. More free admission to the market in various national centres of first-class securities, which are at present too often quoted in their market of origin alone; such quotation would permit companies concerned to become better known abroad and thus to obtain capital more readily.

2. A more active participation of the various national credit houses in investments abroad, either of their reserve funds or of the interest on bonds issued by specialised organisations.

3. Constantly extending facilities for placing on the loan markets of reliable foreign issues by means of appeals to the public, whether loans of public bodies, companies holding concessions or private companies.

A wide policy of European collaboration must permit of progress in these three directions, limited solely by the necessity of furnishing indispensable guarantees to private lenders. That is to say, the programme outlined above corresponds to concrete realities and must give positive results.

In applying the measures which have been outlined, it goes without saying that the first efforts would be devoted to countries whose special situation demands immediate assistance.

In this respect the action in favour of Austria which the present Memorandum has in view in the industrial sphere would naturally be completed by a parallel action in the financial sphere.

It further goes without saying that the various parts of the constructive programme, submitted by the French Government form a single whole and that financial assistance must, in the realm of industry, accompany the formation of understandings which will avoid dangers and unbridled competition for lending countries.

But, above all, it is clear, and one cannot too often insist on the fact, that such a programme, if it is to be accomplished, presupposes a general desire for peace in Europe. Without such a desire the lenders of various countries, being anxious above all for security, will continue to avoid investing money abroad whatever be the measures taken by Governments to aid their efforts. Thus financial requirements are closely connected with political requirements, and any solution not based on collective co-operation in a plan for European reorganisation would prove to be fruitless.

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LEAGUE OF NATIONS

SETTLEMENT OF BULGARIAN REFUGEES 12

**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 1930-31	Estimates 1931-32	Difference
Chapter 15 (Excise duty on alcohol) . . .	46,498,473	60,000,000	—13,501,527
Chapter 16 (Excise duty on salt) . . . . .	341,545,898	350,000,000	— 8,454,112
Chapter 21 (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.<sup>1</sup> 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

<sup>1</sup> 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. 7½ % 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 7½ % 1928 Loan (Customs revenues) came, during February, March and April, 1931, to the following amounts (in leva):

February	1930-31 March	Monthly budget estimates			April
		April	February-March	1931-32	
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.

#### 1. £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 (In leva)	Expenditure incurred
<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 State domain and capital . . . . .	283,567,329	— 10,431,271	— 22,432,671	— 8
Contributions of the communes towards teachers' salaries . . . . .	388,316,909	+ 26,282,938	— 141,683,091	— 27
Miscellaneous revenue . . . . .	435,710,293	— 79,493,294	— 49,289,707	— 10
Revenue from closed financial years . . . . .	488,587,638	+ 24,154,772	— 317,442,362	— 39
	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 State domain and capital . . . . .	50,466,257	+ 3,519,122	+ 25,216,257	+ 100
Contributions of the communes towards teachers' salaries . . . . .	33,967,894	+ 3,224,425	— 10,198,772	— 23
Miscellaneous revenue . . . . .	30,000,000	—	— 4,333,333	— 12
Revenue from closed financial years . . . . .	15,947,125	+ 1,486,964	— 34,552,875	— 68
	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.		(In leva)	
	1930-31	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	
	<u>7,358,738,901</u>	<u>324,911,825</u>	
Payments not yet entered . . . . .			7,683,650,726 91,014,450
Total . . . . .			<u>7,774,665,176</u>
The total receipts . . . . .			7,096,293,511
set off against expenditure . . . . .			<u>7,774,665,176</u>
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 . . . . .		<u>128,000,000</u>	
			724,500,000
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 . . . . .			<u>262,704,000</u>
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 . . . . .			<u>128,000,000</u>
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 . . . . .	<u>128,000</u>		
	7,820,793		<u>7,820,793</u>

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 . . . . .	<u>944,576</u>	Treasury Bond debt . . . . .	600,000
	990,704	Seigniorage debt . . . . .	<u>128,000</u>
			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 . . . . .	<u>7,420,000</u>
Difference . . . . .	820,000
Orders for payment held over for the financial year . . . . .	<u>254,500</u>
Deficit . . . . .	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 . . . . .	<u>212,426,751</u>

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 . . . . .	<u>- 656</u>	<u>+ 643</u>	<u>+ 825</u>

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)			
		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	320,107.50
	<u>£1,464,695</u>	<u>7 7</u>	<u>\$4,066,357.50</u>
(e) <i>Subtract</i> <sup>2</sup> :			
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 <sup>1</sup>
(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	— Leva
	(Deposited with		36,845,993
	the Bank of		(Deposited with
	England)		the National
			Bank of
			Bulgaria)

<sup>1</sup> 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).

<sup>2</sup> 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  (In leva)	Expenditure remaining
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.*

	Leva
Available assets derived from the yield of the Loan:	
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 £	s. d.	Dollar block \$	French franc block 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 <sup>1</sup>	
			<u>Leva 3,370,008,247</u>	
Amount utilised up to April 30th, 1931			<u>3,200,427,028</u>	
Surplus available on that date . . . . .			<u>Leva 169,581,219<sup>2</sup></u>	

<sup>1</sup> 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).

<sup>2</sup> 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 %

12 SEP 1931.

[Distributed to the Council and  
the Members of the League.]

Official No.: **C. 447. M. 191.** 1931.II.A.  
[F.926.]

Geneva, July 15th, 1931.

LEAGUE OF NATIONS

FREE CITY OF DANZIG

13

FOURTH REPORT  
BY THE TRUSTEE FOR THE FREE CITY OF DANZIG  
6<sup>1</sup>/<sub>2</sub>% (TOBACCO MONOPOLY) STATE LOAN OF 1927.

(COVERING THE PERIOD FROM JULY 1ST, 1930, TO JUNE 30TH, 1931.)

In conformity with the Council resolution of September 15th, 1927, I herewith have the honour to submit to the Council of the League of Nations my fourth annual report, covering the period from July 1st, 1930, to June 30th, 1931.

The balance of the proceeds of the Loan on June 30th, 1930, according to the Programme of Expenditure, amounted to

£1,214 10s. 9d.,

which sum has been liberated during the year under report (see annexed statement).

The amounts received on the Tobacco Monopoly Account and the Excise Account have, according to the figures received from the *Staatshauptkasse*, been as follows:

July 1st, 1930, to September 30th, 1930:		
	Danzig Gulden	Danzig Gulden
Tobacco . . . . .	1,485,219.84	
Excise duties . . . . .	808,841.25	
	<hr/>	2,294,061.09
October 1st, 1930, to June 30th, 1931:		
	Danzig Gulden	
Tobacco . . . . .	4,559,024.23	
Excise duties . . . . .	2,885,843.05	
	<hr/>	7,444,867.28
Making a total of . . . . .		<hr/> 9,738,928.37

According to Article 18 of the General Bond, the total receipts of both accounts must be equal to at least 150 per cent of the maximum annual service of the Loan, which amounts to £173,300 at 25 = 4,332,500 Danzig Gulden. From the above figures it appears that, in the period July 1st, 1930, to June 30th, 1931, the total actual receipts from the Tobacco Monopoly and Excise Duties represented more than 224 per cent of the amount required for the service of the Loan.

As in preceding years, the Bank of Danzig has given me its assistance whenever necessary, for which I herewith wish to express my gratitude.

Amsterdam, July 1931.

(Signed) C. E. TER MEULEN.

**Appendix.**

Items of Programme of Expenditure	Original Programme of Expenditure	Balance on June 30th, 1930	Sums liberated	Unemployed balance of Programme of Expenditure
	£	£   s.   d.	£   s.   d.	£   s.   d.
1. Consolidation of Floating Debt of the State . . .	560,000	—	—	—
2. Payment to:				
A. Conference of Ambassadors . . .	240,000	—	—	—
B. Reparation Commission . . . . .	360,000	—	—	—
3. A. Building of Houses . .	} 440,000	1,214 10 9	1,214 10 9	—
B. Two years' interest on the sum of £600,000 mentioned under 2 .		—	—	—
Total . . . . .		£1,214 10 9	£1,214 10 9	—

Geneva, June 6th, 1931.

LEAGUE OF NATIONS

**FISCAL COMMITTEE**

**REPORT TO THE COUNCIL ON THE WORK OF THE  
THIRD SESSION OF THE COMMITTEE**

*Held in Geneva from May 29th to June 6th, 1931.*

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INTRODUCTION.

The Fiscal Committee has the honour to submit to the Council the following report on the work of its third session, held at Geneva from May 29th to June 6th, 1931.

The following members of the Committee were present:

Professor Dr. Herbert DORN, *Chairman*,  
Professor Th. S. ADAMS, assisted by M. ALVORD and Mr. RYAN,  
M. BLAU,  
Dr. Gino BOLAFFI,  
M. BORDUGE,  
Professor Dr. FLORÈS DE LÉMUS, assisted by Professor VINVALES,  
Dr. MANTZAVINOS, assisted by M. SBAROUNIS,  
Dr. SINNINGHE DAMSTÉ,  
Sir Percy THOMPSON, K.B.E., C.B.

*For the question of the plurilateral convention:*

Mr. W. D. CAREY, corresponding member of the Irish Free State.

*Representing the International Chamber of Commerce:*

M. R. JULLIARD.

I.

EXAMINATION OF INTERNATIONAL CONVENTIONS RECENTLY CONCLUDED AND MUNICIPAL LAWS  
RECENTLY ENACTED FOR THE PREVENTION OF DOUBLE TAXATION AND TAX EVASION.

On June 16th, 1930, France and Italy concluded a Convention for the avoidance of double taxation and the settlement of other fiscal questions (*Collection of Agreements*, Volume III, page 24). This Convention is based on the division of taxes into impersonal and personal taxes, the former being attributed in principle to the country of origin and the latter to the country of domicile. It contains the provisions of draft Convention Ia of 1928, more or less modified, but the modifications do not appear to change the general tendency of Draft Ia. Article 11, however, while reserving to each State the right to tax capital invested in the other State by its nationals, requires them to deduct in advance from the tax that levied by the debtor's country under the general rule. Articles 16-19 are concerned with tax evasion; the two States undertake to exchange information regarding the application of taxes on income, in accordance with Draft III of 1928. With reference to assistance in the collection of taxes, the two States undertake to consider the possibility (Article 19, paragraph 2).

A Convention of a general nature has lately (March 16th, 1931) been concluded between Finland and Sweden. It concerns all direct taxes imposed on income (net or gross) or property. No distinction is drawn between impersonal and personal taxes. In principle the taxes referred to will be collected by the country of the taxpayer's domicile. The exceptions in favour of the country of origin correspond to those in Article 2, paragraph 1 (therefore not including income from mortgages), and Articles 5 and 7 of draft Convention Ia. Article 10 reserves to the country of domicile the right to graduate the tax on the basis of the total income, including income taxable in the other country. In principle the Convention applies only to the nationals of the two countries; but in any particular case the competent authorities may extend it to others, and more especially to nationals of countries which have concluded Conventions for the avoidance of double taxation with the two States in question (Final Protocol, paragraph 1).

Mention must next be made of a Convention, of May 16th, 1931, between France and Belgium. This Convention relates to direct impersonal taxes and to certain registration fees. As far as concerns impersonal taxes, the Convention is based on the ideas embodied in Article 2, paragraph 1, and Articles 3, 4, 6, 7, 8 and 9 of draft Convention Ia of 1928. There is a special clause (Article 6) dealing with income from transferable securities, for which, in view of the peculiar provisions of the national legislation, a kind of deduction in advance is allowed. This is also the case in regard to the application of French law to Belgian companies liable for the tax on income derived from capital (Article 8).

Article 13 deals with the reduction of registration fees due by a company on account of the registration of an establishment in the other country. Article 16 provides for mutual assistance in the collection of taxes, on the lines of draft Convention IV of 1928.

In the matter of maritime shipping, agreements—all on the lines of Article 5, paragraph 4, of draft Convention Ia—have been concluded between Belgium and Denmark (August 11th, 1930, *Collection*, Volume III, page 32); Belgium and Ecuador (May 2nd, 1929, *loc. cit.*, page 33); Belgium and Finland (August 9th, 1930, *loc. cit.*, page 34); Belgium and France (October 7th, 1929, *loc. cit.*, page 35); Belgium and Iceland (August 11th, 1930, *loc. cit.*, page 36); Belgium and Norway (July 22nd, 1930, *loc. cit.*, page 37); Belgium and Sweden (July 22nd, 1930, *loc. cit.*, page 38); Canada and Denmark (June 18th, 1929, Exchange of Notes, *loc. cit.*, page 41); France and Norway (June 2nd, 1930, Exchange of Notes, *loc. cit.*, page 52); France and the Netherlands (February 15th-28th, 1930, Exchange of Notes, *loc. cit.*, page 54); Canada and Norway (May 2nd, 1929, Exchange

of Notes); Denmark and the Netherlands (November 8th, 1930); the Irish Free State and Norway (October 21st, 1930); the United States of America and Spain (April 16th, 1930, Exchange of Notes) Denmark and Finland (January 12th, 1931, Exchange of Notes); the United States of America and Greece (August 19th, 1929, Exchange of Notes); France and Greece (February 18th, 1929, Exchange of Notes).

With regard to exemption from taxes on road traffic, mention should first be made of the International Convention concluded at Geneva in March 1931, which is dealt with in paragraph V of this report.

Various agreements have also been concluded upon this subject—between Norway and the Netherlands (October 9th, 1930) and between Belgium and the Netherlands (March 16th, 1931), both completely exempting foreign motor vehicles; between Denmark and the Netherlands (*Collection*, Volume III, page 76) and between Danzig and Germany (*Collection*, Volume III, page 76), these two providing only temporary exemption.

In the matter of municipal laws we may first mention a Swedish Royal Decree of 1928 whereby His Majesty may conclude conventions, or issue, subject to reciprocity, unilateral regulations for the prevention of double taxation on income and property (*Collection*, Volume III, page 73); a Swedish Law of September 28th, 1928, relating to communal income taxes (*Collection*, Volume III, page 74); there is also the Netherlands Law of June 14th, 1930 (*Collection*, Volume III, page 66), whereby very wide powers are reserved to the Crown and the Minister of Finance to remedy double taxation either by treaty or by unilateral enactment, and (see Article 3) not necessarily on condition of reciprocity. This law repealed a law of 1920 (*Collection*, Volume I, page 201), which was based on the same principles but covered fewer taxes (for instance, it did not apply to succession duties).

Lastly, there is a Yugoslav Law of February 8th, 1928, which exempts various classes of income (for instance, the income of companies) from income tax, when the taxpayer can prove that he pays a direct tax on the same income in another country.

The foregoing examination shows that the evil of double taxation is continuing to diminish. It should be noted in particular that, in the sphere of maritime navigation, very favourable results have again been obtained.

The Fiscal Committee expresses the hope that the idea of the necessity of international fiscal conventions once brought into existence will make increasing progress. The rapid and effective procedure which led to the International Convention of March 1931 on the taxation of foreign motor vehicles seems to it of happy augury in this respect.

## II.

### POSSIBILITY OF FRAMING PLURILATERAL CONVENTIONS FOR THE AVOIDANCE OF DOUBLE TAXATION OF CERTAIN CATEGORIES OF INCOME.

In the report on the proceedings of its previous session the Fiscal Committee laid down certain principles on which an endeavour might be made to obtain the approval of a large number of countries with a view to a plurilateral convention (document C.340.M.140.1930.II.Chapter V).

It added, in order to make its point of view quite clear, that "the adoption of a plurilateral convention on the lines proposed would not completely prevent double taxation as between the contracting parties even in regard to the classes of income enumerated; but it would appreciably encourage the tendency to reduce double taxation by uniform legislation—a method which was obviously superior in important respects to that of decreasing double taxation by bilateral conventions".

The Fiscal Committee appointed a Sub-Committee, consisting of Dr. SINNINGHE DAMSTÉ (*Chairman*), Dr. BOLAFFI, Mr. CAREY and M. CLAVIER, to submit at the Committee's next session a draft plurilateral Convention based on the proposals mentioned above. The Sub-Committee drew up on this basis a draft, which is reproduced below in Appendix I, at the same time as a report which indicates its attitude on the questions put to it by the Fiscal Committee.

At its present session the Fiscal Committee resumed the examination of the questions raised at its second session and of the draft and report of its Sub-Committee.

The Fiscal Committee unanimously agreed that the Sub-Committee's proposals, with the amendments made by the Committee (Draft A reproduced in Appendix II), might be taken as a basis for a plurilateral convention for the avoidance of double taxation as between certain countries; but it also noted that these proposals could not at present be accepted by other countries because the clauses of Draft A settled the position of both residents and non-residents, with the object of entirely preventing double taxation for both, so far as concerns the classes of income contemplated in the draft—an arrangement which would impose upon Governments, in respect of their own residents, obligations which they are not prepared to assume.

An attempt was made to find another solution which would enable these countries to accede to a type of plurilateral convention which would settle the position of non-residents only, leaving double taxation in existence to a certain extent. During the session a draft Convention (Draft B, see Appendix III) was drawn up on these lines.

The idea was also expressed that the text of the Draft I $\alpha$  prepared by the Government experts in 1928, which has already permitted of the conclusion of numerous bilateral Conventions, might

provide a useful basis for the elaboration of a plurilateral Convention between certain countries which may regard it as essential to make a distinction between impersonal and personal taxes.

Both new proposals (Drafts A and B) were discussed in the Committee. In view of the outcome of the discussion, the Committee does not feel that it can reach a final decision at present. It seems necessary to reconsider whether there is any real possibility of an adequate number of accessions to either or both of these two types of convention.

In so doing, the Committee had in mind the responsibility it would assume in recommending a type of plurilateral convention, having regard to all the difficulties that have come to light in the course of the development of the question in the Fiscal Committee.

As long ago as 1922 four economists, M. Bruins, M. Einaudi, M. Seligman and Sir Josiah Stamp, were asked to investigate the possibility of a plurilateral convention in the following terms:

“ Can any general principles be formulated as the basis for an international convention to remove the evil consequences of double taxation, or should conventions be made between particular countries, limited to their own immediate requirements ? In the latter alternative, can such particular conventions be so framed as to be capable ultimately of being embodied in a general convention ? ” (See document F.19, Introduction.)

In 1927 the Committee of technical experts expressed its opinion on the question of a plurilateral convention. This opinion is embodied in their final report (document C.216.M.85.1927.II.) as follows:

“ A question discussed at great length by the Committee was, whether the Conventions should be *collective*, that is, signed by as many States as possible, or whether they should be merely *bilateral*.

“ It would certainly be desirable that the States should conclude collective conventions, or even a single convention embodying all the others. Nevertheless, the Committee did not feel justified in recommending the adoption of this course. In the matter of double taxation in particular, the fiscal systems of the various countries are so fundamentally different that it seems at present practically impossible to draft a collective convention, unless it were worded in such general terms as to be of no practical value.

“ For this reason, the Committee preferred to draw up standard bilateral conventions. If these texts are used by Governments in concluding such conventions, a certain measure of uniformity will be introduced in international fiscal law and, at a later stage of the evolution of that law, a system of general conventions may be established which will make possible the unification and codification of the rules previously laid down.”

The same ideas are to be found in the report submitted by the General Meeting of Government Experts (document C.562.M.178.1928.II).

These were the conditions under which the experts succeeded in framing three different types of bilateral conventions.

The Fiscal Committee has since taken cognisance of a resolution of the International Chamber of Commerce, emphasising the desirability of concluding a general or plurilateral convention for the avoidance of international double taxation, even if this convention had to be confined to certain special points.

Notwithstanding the difficulties indicated above, the Fiscal Committee endeavoured to find a solution for the problem of a plurilateral convention. At the same time it realised the necessity of making a thorough examination, so as to remove, as far as possible, any remaining doubts and to permit of the framing of draft plurilateral conventions which should be acceptable at all events to certain groups of countries.

As regards the two drafts referred to above, the essential ideas of the first are to be found in the Sub-Committee's report reproduced in Appendix I. Certain changes have been made, however, in the Sub-Committee's draft, chiefly with the object of making it quite clear that the exemptions provided for in the convention are compulsory. With reference to the essential ideas of the second, the Committee desires to reproduce below the views of those of its members who proposed this draft.

It is conceded by all that exemptions of the type provided for in Draft A are of a nature to avoid double taxation altogether. In form, Draft B is in the main intended to protect the residents of each of the contracting States from certain aspects of double taxation by enumerating and defining particular categories of income in respect of which these persons are to be immune from taxation in the country of origin while leaving other categories of income unaffected by the convention. Nevertheless, its authors consider that this Draft B is of greater practical importance and has a wider scope. The supporters of this draft consider that, when a country has, by signing a convention such as is found in that draft, secured for its residents relief from double taxation in regard to certain categories of income by limiting the right of foreign countries to tax its residents, that country will be more inclined to grant such relief to its own residents as will render them immune from double taxation in respect of other categories of income. Further, a preliminary condition of Draft B is agreement on the definite objects and on the limits of taxation at source or at origin, before deciding upon the exemption or relief measures necessary to be taken by any given country in order to protect its residents against all forms of double taxation.



Lastly, Draft B, in Article 1, lays down in principle that the maximum relief granted to residents who are nationals shall also be granted to foreign residents where these are nationals of a contracting State.

The Committee is of the opinion that the proposals contained in this report may be used in the following manner.

A certain number of countries would be able to accept the first draft, others the second, others again Model Convention Ia of 1928. Even if the proposals led to no other result, it would be a step in the direction of avoiding double taxation. There is some hope, however, that certain countries will be able to sign two plurilateral conventions of different types simultaneously. In this way double taxation will be eliminated to an increasing extent, even though a single plurilateral convention may appear impracticable at present.

In order to ascertain whether such possibilities exist, and how great they may be, the Fiscal Committee in forwarding this report and its appendices to all the members of the Committee, requests them to state whether they can accept one of the drafts referred to above, or two drafts of different types, and, if not, to offer observations supported by any amendments which might enable them to accept.

Although the question does not appear to it sufficiently ripe to warrant Government consultation, the Committee proposes that the present report be communicated to Governments for information.

### III.

#### FISCAL CLAUSES TO BE INSERTED IN THE DRAFT CONVENTION ON THE TREATMENT OF FOREIGNERS.

The Final Protocol of the First International Conference on the Treatment of Foreigners signed in Paris on December 5th, 1929, laying down the procedure for the preparation of the next Conference provides that, after having collected the observations and suggestions of Governments, the Secretariat shall ask the opinion of the advisory bodies of the League of Nations. The Fiscal Committee was thus called upon to give an opinion on the various questions coming within its competence.

Of the fiscal clauses to be found in the draft discussed in 1929, the majority were of a general fiscal character (*e.g.*, equality of treatment for foreigners and of the goods of the contracting parties), while others, such as those to be found in former Article 13 were designed to prevent double taxation.

As regards the first-named category, the Fiscal Committee has appointed to examine the clauses in question a Sub-Committee composed of: M. BORDUGÉ, *Chairman*; M. BLAU, Dr. BOLAFFI, Professor FLORÈS DE LÉMUS, Sir Percy THOMPSON.

This Sub-Committee will be asked to give, on behalf of the Fiscal Committee, the opinion mentioned in the aforesaid protocol.

As regards the clauses designed to prevent double taxation, the Committee felt that they raised one of the most important questions that it had had to examine in connection with the framing of the plurilateral Convention—namely, the taxation of branches of foreign undertakings. The discussions which took place on this point showed, as already mentioned, that it was at present impossible to reach agreement in the matter. Such being the case, the Fiscal Committee thought that it would be inexpedient to insert in the future international Convention on the Treatment of Foreigners a clause similar to that of the old Article 13 of the Economic Committee's original draft.

### IV.

#### ENQUIRY INTO THE APPORTIONMENT OF PROFITS.

At its last session the Fiscal Committee made certain recommendations concerning the employment of the fund of \$90,000 from the Rockefeller Foundation. It urged, in particular, that this fund should be used in the first place for the study of the question of the apportionment of profits, and it appointed a Sub-Committee to conduct the enquiry to be undertaken for this purpose and to take the necessary executive action.

The Sub-Committee entrusted this enquiry to Dr. Mitchell B. Carroll, a former Legal Adviser to the Treasury Department at Washington, who had been connected for some years with the work of the Government experts and the Fiscal Committee as assistant to Professor Adams. It was decided that Mr. Carroll should carry out enquiries on the spot in different countries before formulating general conclusions. The enquiry was begun in the five following countries: France, Germany, Great Britain, Spain and the United States. In each of these countries a special report was drawn up under Mr. Carroll's direction by one or more assistant experts, usually selected from the fiscal administration of that country. These reports start with a general survey of the fiscal laws applicable to the profits from undertakings in the countries in question, and this is followed by more definite replies to a questionnaire drawn up by the Secretariat.

Mr. Carroll has supplemented this work by a general report, in which he has endeavoured to indicate the principal rules of apportionment employed in those five countries; but he considered it impossible at this stage of the enquiry to reach final conclusions.

The Sub-Committee decided that the five reports, which constitute an important contribution to the enquiries relating to double taxation, should be published together with Mr. Carroll's report, which would serve as an introduction. It was also decided that the enquiry should be extended to other European and oversea countries, so as to cover the countries of greatest economic importance, or those whose legislation in the matter of apportionment presents special characteristics. The other countries will also be asked to furnish detailed information.

There is hence reason to hope that, before the Fiscal Committee's next session, Mr. Carroll will have collected the necessary data to enable him to formulate conclusions.

## V.

### FISCAL RÉGIME APPLICABLE TO FOREIGN MOTOR VEHICLES.

The Fiscal Committee has noted with satisfaction the results obtained in regard to double taxation by the European Conference on Road Traffic which was held in Geneva, from March 16th to 30th, 1931. The Convention on the Taxation of Foreign Vehicles, as adopted by the Conference and signed by numerous States, reproduces, almost as it stands, the text prepared with the co-operation of the Fiscal Committee.

This Convention applies to motor touring-vehicles, to the exclusion of hired vehicles and taxi-cabs, which were also covered by the original draft. For vehicles travelling in countries other than that in which they were registered, it provides an exemption of ninety days per annum in each of those countries. For this purpose, a fiscal permit is being created which, like the triptych and the Customs passbook, will become an essential document for the international circulation of vehicles.

## VI.

### TAXATION OF INSTRUMENTS OF INTERNATIONAL COMMERCE (BILLS OF EXCHANGE, PROMISSORY NOTES, CHEQUES, BILLS OF LADING, ETC.).

The International Conference for the Unification of Laws on Bills of Exchange, Promissory Notes and Cheques, which held its second session, devoted to the question of cheques, in March 1931, informed the Fiscal Committee that the following recommendation had been submitted by the International Chamber of Commerce:

" Promissory notes, bills of exchange, cheques and bills of lading should be made the subject of conventions to the effect that taxes should be collected on those documents only in one country, either that of issue or that of performance (payment in the case of bills of exchange and cheques, destination in the case of bills of lading).

" The apportionment or allocation of charges on a flat basis might, in particular cases, also be considered. "

The Conference fully approved this recommendation and added that, having been informed that certain countries did not collect any tax on bills of exchange and cheques, it considered that the generalisation of this practice was highly desirable with a view to promoting and increasing the use of bills of exchange and cheques, and it adopted a recommendation to this effect.

The Fiscal Committee, being desirous of ascertaining whether fiscal charges (imposts, taxes, stamp duties, etc.) on the international instruments of commerce mentioned above may, owing to the superposition of national charges, be to some extent an impediment to the free operation of commercial exchanges, decided to undertake the study of this problem. It accordingly drew up a questionnaire, which will be sent by the Secretariat to all its regular and corresponding members. It also appointed a Sub-Committee, consisting of M. BLAU (*Chairman*), Professor ADAMS, M. BORDUGE, Professor FLORÈS DE LÉMUS and M. MANTZAVINOS, to collate the replies to this questionnaire and submit a report to the Committee at its next session. The International Chamber of Commerce will also be consulted.

## VII.

### DOUBLE TAXATION IN REGARD TO THE TURNOVER TAX.

At the general meeting of Government experts held at Geneva in 1928, the point was raised whether measures designed to prevent double taxation should not also be extended to the turnover tax. A suggestion to that effect has since been made by the International Chamber of Commerce.

A first exchange of views on this problem took place in the Fiscal Committee, which considered that it presented a different aspect according to whether the turnover tax was levied directly on the

income of the taxpayers or on the movement of goods or capital. The Committee decided to investigate the question and drew up for this purpose a questionnaire which will be sent by the Secretariat to all its regular and corresponding members.

The Sub-Committee appointed to examine the question of the taxation of instruments of international commerce (bills of exchange, cheques, etc.), whose members have already been enumerated, has been asked to collate the replies to this questionnaire and submit a report to the Fiscal Committee at its next session. The International Chamber of Commerce will also be consulted.

### VIII.

#### CUSTOMS AND FISCAL DUTIES ON NEWSPAPERS AND PERIODICALS.

The Joint Committee on the question of Customs and Fiscal Duties on Newspapers and Periodicals, to which the Fiscal Committee had delegated several of its members, held a first meeting on June 3rd, 1931, under the Chairmanship of M. BLAU, who submitted a report to the Fiscal Committee.

The Joint Committee found that the existing documentary material was inadequate and decided that the Secretariat of the Communications and Transit Organisation should send to the Governments, invited to the European Conference on the Transport of Newspapers and Periodicals held at Geneva from November 25th to 29th, 1929, a full and detailed questionnaire dealing with all duties, fees and taxes of every kind imposed on newspapers and periodicals. The same questionnaire will be sent by the Secretariat to the regular and corresponding members of the Fiscal Committee, who are nationals of non-European countries, as well as to the Press associations, with the request that they furnish the Secretariat with all available information as to the actual position in their respective countries.

On the basis of this information the Joint Committee will subsequently consider what measures it deems it expedient to propose.

### IX.

#### PRINCIPLES ENABLING THE DOUBLE TAXATION OF AUTHORS' RIGHTS AND PATENTS TO BE AVOIDED.

The principles laid down in this matter by the Fiscal Committee at its second session were re-examined and did not give rise to any observation. They had in the meantime received approval from various quarters, notably the International Chamber of Commerce at its Washington Congress.

The Fiscal Committee declared these principles adopted at second reading.

### X.

#### DEFINITION OF THE TERM "AUTONOMOUS AGENT".

The Fiscal Committee had before it various observations, emanating in particular from the International Chamber of Commerce and the Hague Industrial Council, concerning the definition of the term "autonomous agent" as adopted by the Committee at second reading during its previous session.

These observations were examined first by a Sub-Committee consisting of Dr. BOLAFFI (*Chairman*), M. MANTZAVINOS and Dr. SINNINGHE DAMSTÉ, and then by the plenary meeting.

As a result of this investigation, the Committee noted that, for special reasons, certain countries might be led to adopt provisions exempting, not only business done by an independent agent, but also business done by agents of other kinds and of limited powers. (See, for instance, the Treaty of July 25th, 1928, between Germany and Sweden.) Nevertheless, the Committee considered that this fact did not affect the definition of "independent agent" given in its previous report and that there was no reason to modify it.

### XI.

#### DRAFT RESOLUTION PROPOSED BY SIR PERCY THOMPSON.

At the Fiscal Committee's second session a draft resolution was submitted by Sir Percy Thompson, the discussion of which was postponed until the present session.

In the meantime Sir Percy Thompson had made certain changes in the wording of his resolution, the final text of which reads as follows:

" That the prevalent view that a certain economic result—viz., the creation of an artificial barrier which impedes the free flow of capital into the channels in which it can be most

usefully and profitably employed—is produced by *double taxation* is fallacious; that *origin taxation* is solely responsible for this economic result which would remain unaffected if all taxes based on residence were everywhere abolished and in consequence double taxation ceased to exist.”

The Committee noted the very interesting explanations furnished by Sir Percy Thompson. It considered that the question as expounded presented, in addition to a highly practical side, other aspects which fell rather within the field of theoretical economics. The Committee therefore thought it necessary that fuller preparation should be made for the discussion than was possible at the time. Sir Percy Thompson was accordingly requested to be good enough to submit to his colleagues a written statement setting forth the reasons which he had already given them verbally, to enable the members of the Committee to go more fully into the matter and be ready to discuss it at a later session.

## XII.

### GENERAL TABLES SHOWING THE FISCAL SYSTEMS OF THE VARIOUS COUNTRIES.

The Committee noted with interest the work done by the New York State Tax Commission and the Corporation Trust Company, which have published tables summarising the systems of taxation of the various countries.

The members of the Committee signified their readiness to assist to the utmost of their ability in enlarging the scope of this work. As regards the details of the proposed co-operation, it would be desirable for the Corporation Trust Company to furnish the information required for the practical planning of the work.

## XIII.

### PREPARATION OF INTERNATIONAL CONVENTIONS CONCLUDED UNDER THE AUSPICES OF THE LEAGUE OF NATIONS.

The Assembly resolution of October 3rd, 1930 (Section IV), lays down the preparatory procedure to be followed in principle in the case of all general conventions to be negotiated under the auspices of the League. The Fiscal Committee, in common with the other technical organisations of the League, is invited to examine this procedure in order that the Assembly at its next session may judge whether any changes should be made in it.

The Committee notes that, in the terms of the resolution itself, the rules of procedure which it lays down are open to modification and exceptions, particularly in cases where, in view of the nature of the questions for discussion or special circumstances, “the Assembly or the Council considers other methods to be more appropriate”.

The Committee feels bound to insist on the importance of this reservation, which, from its point of view, constitutes an essential safeguard. It may sometimes be desirable to conclude within a short period international conventions for limited purposes, which do not require any lengthy procedure of consultation. The case of the Convention on the Fiscal Treatment of Foreign Motor Vehicles, which was signed after preparatory work of barely eighteen months, shows that expeditious procedure may have satisfactory results. The Fiscal Committee accordingly considers that the possibility should be left open for it to have recourse to such procedure in case of need.

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## Appendix I.

### PLURILATERAL CONVENTION FOR THE PREVENTION OF THE DOUBLE TAXATION OF CERTAIN CATEGORIES OF INCOME.

#### I. REPORT BY THE SPECIAL SUB-COMMITTEE TO THE FISCAL COMMITTEE.

The Sub-Committee appointed by the Fiscal Committee at its second session to draw up a draft plurilateral convention for the prevention of the double taxation of certain categories of income, to which it seems possible to secure the accession of a considerable number of countries, held two sessions, the first at The Hague on August 21st and 22nd, 1930, and the second at Rome from February 24th to March 2nd, 1931. This Sub-Committee consisted of the following members:

Dr. Gino BOLAFFI, Director and Chief of Division at the Ministry of Finance, Rome.  
Mr. W. D. CAREY, Revenue Commissioner at Dublin.  
M. Ch. CLAVIER, Director-General of Taxes at Brussels.  
Dr. SINNINGHE DAMSTÉ, Director-General of Taxes, The Hague.

The Sub-Committee elected Dr. SINNINGHE DAMSTÉ as Chairman.

The Sub-Committee took as a base of its discussions the general proposals drawn up by the Fiscal Committee (document C.340.M.140.1930.II, §V).

After devoting its first session to a thorough examination of the principles contained in these proposals and drawing up a preliminary draft Convention, the Sub-Committee discussed at its second session the amended texts drawn up in the interval by M. Clavier and Mr. Carey.

The title of the draft indicates that the aim of the plurilateral Convention is to prevent the double taxation of certain categories of income, and the preamble adds that the Convention is based on the principle of reciprocity.

Article 1 makes it clear that the Convention does not concern all taxable persons but only those having their fiscal domicile in one of the contracting States and deriving certain forms of income, specified in the Convention, in whole or in part from one or more other contracting States.

By fiscal domicile the Convention understands the place of a natural person's normal residence, in other words his permanent home. In the case of juristic persons the fiscal domicile is the place of their real centre of management.<sup>1</sup> Any special cases will be settled by the application of Article 17 in consideration of the facts and of the domestic legislation of each State.

Although the terms of reference given to it by the Fiscal Committee were quite wide, the Sub-Committee thought it advisable to confine itself in the draft Convention to the categories of income referred to in the Fiscal Committee's proposals, with the exception that it added interest derived from mortgages. This income as well as that derived from immovable property is taxable only in the State in which such property is situated. Income derived from mortgages on ships is taxable only in the State in which the ships are registered. The Sub-Committee considered that the ships themselves could not be included in the immovable property referred to in Article 2.

Article 4 is one of the most important in the Convention; it refers to the income of industrial, commercial or agricultural enterprises which possess permanent establishments in two or more contracting States. The Fiscal Committee restricted its proposal No. 4 on this question to companies, leaving it to the Sub-Committee to define what was meant by a company. The Sub-Committee considered that this term should be interpreted as widely as possible and should apply, not only to joint-stock companies, but to legally constituted companies composed of persons having a legal status distinct from that of partners. On the other hand, Article 4 does not apply to natural persons.

The text of Article 4 is based on previous drafts and on the principles laid down last May by the Fiscal Committee.

Nevertheless, in order to obtain the accession of States which at present levy a tax on the whole of a company's profits, even if part of those profits is derived from permanent establishments situated abroad, the first paragraph of Article 4 was drafted in such a way as to recognise this practice, but subject to a clause (Article 15) permitting the company concerned to obtain a refund of that part of its contribution which constitutes a double taxation.

The Fiscal Committee asked the Sub-Committee to consider whether it would be desirable to add to the article concerning companies the following proposal:

“ The fact that an undertaking has business dealings with a foreign country through a local company the stock of which it owns in whole or in part should not be held to mean that the undertaking in question has a permanent establishment in that country. ”

After discussion, the Sub-Committee considered that this addition might lead to considerable difficulties and decided to reject it.

Article 5 reproduces the text previously adopted with regard to the income derived from maritime shipping or air navigation enterprises, except that it has been confined to companies with a view to concordance with Article 4, and that it has been stated that companies are taxable at the place of their real centre of management.

As regards interest on public loans (Article 6), which is not taxable in the State of fiscal domicile of the creditors, the interest on loans issued before the entry into force of the Convention has been left out of account, so as not to affect acquired rights.

Articles 7, 8 and 9 refer respectively to: (a) the earnings of frontier workers; (b) authors' rights and income from patents; (c) life annuities, which are to be taxable only in the State of fiscal domicile of the beneficiaries.

As regards authors' rights, it has been thought advisable for the sake of simplicity to condense the text adopted previously.

In Articles 10 and 11 rules have been laid down regarding the special régime applicable to: (a) the salaries of officials serving abroad; (b) public pensions. Both these sources of income will be taxable only in the State which pays them.

The Sub-Committee thought that it would be well to insert in the Convention an article reproducing a clause in draft Convention I *a* referring to the personal tax on natural persons having a fiscal domicile in two or more contracting States. In such cases the tax will be apportioned in these States according to the length of stay in each country as compared with the total length of stay in all the countries concerned during the fiscal year. Relief will be conditional on the submission of a claim in the form and within the time-limits fixed. If necessary, the relief will be given by way of repayment, so that the contracting parties will not have to modify their national legislations.

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<sup>1</sup> In conformity with the definition given by the technical experts (document F. 212, page 21).

Another method of apportioning the tax might be adopted, in particular, if the taxable person did not reside during the fiscal year in a country but has a fiscal domicile therein. Article 12 is drafted on these lines.

Articles 13 to 15 contain measures to avoid double taxation when the State of fiscal domicile levies an impersonal or personal tax on income which under the Convention is taxable solely in the State of origin, or when the latter levies a tax on income which under the Convention is taxable only in the State of the taxpayer's fiscal domicile.

In the former case the proportion of relief will be equal to the proportion between this income and the total taxable income, so that the rate applied will be maintained. In other words the relief will be determined by the application of a rule of three. It may not, however, exceed the amount of tax paid in the country of origin of the income.

In this latter case the tax paid in the country of origin will simply be refunded.

The method of refunding may also be followed in the first case mentioned above.

Article 16 reproduces the terms of Article 13 of Draft Ia.

Articles 17 and following refer to the arbitration clause. The Sub-Committee decided to submit to the Fiscal Committee without modification the articles unofficially drawn up by M. Barandon, as the matter can more profitably be discussed from a technical point of view at Geneva where the services of the Legal Section of the Secretariat will be available.

The Sub-Committee considered that signatory States might have difficulties in introducing into their domestic legislation certain provisions of the Convention for the Prevention of Double Taxation. Thus the question arose whether the accession of the signatory States to all the articles of the Convention should be compulsory or whether they should be left free to accede to specific articles only. The latter method would have the advantage of allowing a very wide Convention to be drawn up, embracing practically all cases of double taxation, and of making it easy for all countries to accede in principle to such a Convention, which despite reservations by the different countries on particular points would none the less remain an ideal to be aimed at by all. After careful consideration, however, the Sub-Committee thought such a Convention would call for mutual sacrifices from the different countries and that, if left free to limit their accession, the majority would be tempted to avail themselves of this freedom with the result that the Convention would provisionally fail in its object. The Sub-Committee therefore refused to adopt the principle of an optional accession to the different articles of the Convention. It admitted of one exception, however. The discussions had shown that Article 15 deals with the relief granted by a country in which the real centre of management of an industrial, commercial or agricultural company is situated in respect of profits earned by that company in a country in which it has a permanent establishment. The discussion had shown that this article was regarded by most of the members as essential to the success of the Convention. If, however, under present conditions certain countries had serious difficulties in consenting to the sacrifices imposed on them by Article 15, it was thought that they should temporarily be given the option of postponing their accession to this article. The Fiscal Committee will have to judge whether the meaning of the word "temporarily" should be further defined.<sup>1</sup>

## 2. DRAFT PLURILATERAL CONVENTION FOR THE PREVENTION OF THE DOUBLE TAXATION OF CERTAIN CATEGORIES OF INCOME.

With a view to preventing double taxation in the matter of direct impersonal or personal taxation levied on certain categories of income, the High Contracting Parties have, subject to reciprocity, agreed to the following provisions:

### *Article 1.*

Taxable persons and entities having their fiscal domicile in the territory of one of the contracting States and deriving, in whole or in part, from the territory of one or more of the other contracting States any of the forms of income to which this Convention relates, shall, in so far as such income is concerned, be accorded the special treatment defined in the following articles.

For the purposes of the present Convention, the fiscal domicile of a natural person is the place of his normal residence, in other words, his permanent home, while the fiscal domicile of a juristic person is its real centre of management.

### *Article 2.*

Income from immovable property which corresponds to the actual or presumed rental value of such property, and all other income derived from such property which cannot be regarded as income derived from industrial, commercial or agricultural enterprises, shall be taxable only in the State in which the property is situate.

### *Article 3.*

Income derived from mortgages on the property referred to in Article 2 shall be taxable only in the State in which that property is situate.

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<sup>1</sup> Mr. Carey considers that Article 15 should be omitted from the draft Convention and he does not accept the views of his colleagues set forth in this report with regard to that article.

Income derived from mortgages secured on ships shall be taxable only in the State in which the ships are registered.

*Article 4.*

Without prejudice to the foregoing provisions, and subject to the application of Article 15,<sup>1</sup> a company (or other association having a legal existence of its own) operating one or more industrial, commercial or agricultural enterprises shall be taxable in respect of the income from such enterprises only in the State of its fiscal domicile, provided, however, that, if such company (or association) possesses in one or more other countries one or more permanent establishments, that portion of the income derived from each State shall be taxable therein.

The competent authorities of the countries concerned shall come to an agreement, if necessary, regarding the methods of apportionment.

For the purposes of the present article, the following shall be regarded as permanent establishments: branches, mines and oilfields, fixed installations, factories, workshops, agencies, warehouses, offices and depots.

The fact that a company (or association) has business dealings with a foreign country through an agent of genuinely independent status (broker, commission agent, etc.) shall not be held to mean that it has a permanent establishment in that country.

*Article 5.*

As an exception to the end of the first paragraph of Article 4, a company (or other association having a legal existence of its own) operating one or more maritime shipping or air navigation enterprises shall be taxable in respect of the income derived from such enterprises only at its real centre of management.

*Article 6.*

Income from public loans shall be taxable only in the State of the fiscal domicile of the creditors. This provision does not refer to income from loans issued prior to the entry into force of the present Convention.

*Article 7.*

The earnings of workers living on one side of a frontier and working on the other shall be taxable only in the State of those workers' fiscal domicile.

*Article 8.*

Authors' rights and income from patents shall be taxable only in the State of fiscal domicile of beneficiaries. If, however, they are collected by persons to whom these rights have been assigned for a consideration, or fall on any other grounds into the category of industrial or commercial income, they shall be taxable as such under the conditions laid down in Article 4.

*Article 9.*

Life annuities shall be taxable only in the State of fiscal domicile of the annuitants.

*Article 10.*

The salary of an official or public servant who is serving abroad shall be taxable only in the State liable for payment of such salary.

*Article 11.*

A public pension shall be taxable only in the State liable for payment of such pension.

*Article 12.*

When a taxable natural person has a fiscal domicile in the territory of two or more of the contracting States, he may claim that the impersonal or personal tax on the income referred to in Articles 6 to 9 shall be apportioned according to the length of his stay in each as compared with the total length of his stay in all those countries during the financial year. The appropriate relief shall, when necessary, be given by way of repayment.

The countries concerned may, if they think fit, adopt some method of apportioning the tax other than that indicated in the previous paragraph, in particular when the taxpayer has not resided during the fiscal year in a country in which he has a fiscal domicile.

The claim referred to in the first paragraph must be presented in the form prescribed by the competent authorities of each country, accompanied by vouchers, within six months after the close of the financial year, provided, however, that the time allowed for making the claim shall not be less than six months from the date of the notification to the taxpayer of the latest assessment.

*Article 13.*

When the State of fiscal domicile of a recipient of the income referred to in Articles 2, 3, 10 and 11 has charged tax on any such income, the interested party may claim partial relief.

<sup>1</sup> Mr. Carey considers that Article 15 should be omitted from the draft Convention and, therefore, dissents from the inclusion in Article 4 of the words "and subject to the application of Article 15".

The proportion of this relief shall be equal to the proportion between this income and the total income chargeable, but it may not exceed the amount of the tax payable on that income in the State of origin. The appropriate relief shall, where necessary, be given by way of repayment.

The last paragraph of Article 12 shall apply in this case; the interested party must produce the official documents certifying that the tax has been paid in the State in which the income originates.<sup>1</sup>

#### *Article 14.*

If the State of origin of the income referred to in Articles 6 to 9 has levied a tax on such income, the interested party may claim a refund, provided he proves that the income has been taxed in the State of his fiscal domicile.

The last paragraph of Article 12 shall apply to claims under the present Article.<sup>2</sup>

#### *Article 15.<sup>3</sup>*

If, in the case provided for at the end of the first paragraph of Article 4, the State of fiscal domicile of a company has levied a tax on the income of its permanent establishments situated in the territory of other contracting States, that company may claim partial relief from the tax. The last two paragraphs of Article 13, and also the second paragraph of Article 4, shall apply in this case.

#### *Article 16.*

As regards any special provisions which may be necessary for the application of the present Convention, more particularly in cases not expressly provided for, but generally covered by the Convention, the financial administrations of the contracting parties shall confer together, and shall take the necessary steps in accordance with the spirit of this Convention.

#### *Article 17.*

Should a dispute arise between two or more of the contracting parties as to the interpretation or application of the provisions of the present Convention, and should such dispute not prove capable of settlement either direct between the parties or by any other method of friendly arrangement, the parties may, if they are all agreed, submit their dispute to such technical body as the Council of the League of Nations may appoint for the purpose.

This body will give an opinion after hearing the parties and, if necessary, arranging a meeting between them. The opinion must be delivered within . . . months of the date on which the dispute has been referred to the said body.

The High Contracting Parties may agree, prior to the opening of such procedure, to accept the opinion given by this body.

#### *Article 18.*

Should the parties to the dispute decide not to ask for the opinion mentioned in the previous articles, or should they fail to agree upon this course, or, again, should they not agree to accept the opinion, the dispute shall be submitted for decision to the Permanent Court of International Justice unless the parties agree, under the conditions hereinafter stipulated, to have recourse to an arbitral tribunal.

#### *Article 19.*

If, in the case provided for in the previous article, the parties agree to have recourse to an arbitral tribunal, they shall draw up a special agreement determining the subject of the dispute, the arbitrators and the procedure to be followed.

#### *Article 20.*

If no agreement is reached between the parties as to the special agreement referred to in the previous article, or if they fail to appoint arbitrators, each party to the dispute shall, after a previous

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<sup>1</sup> *Alternative proposed by Mr. Carey:*

*Article 13.* — The exemption conferred by Articles 2, 3, 10 and 11 from the taxation of the country of the fiscal domicile of the recipient of the income may, if the competent authorities of that country see fit, be given by way of refund of tax, and the following provisions shall have effect in relation to any item of income to which these articles refer:

(a) The exemption of any such item of income from taxation in the country of domicile of the recipient shall not operate to reduce the *rate* of personal tax payable in that country.

(b) The country of domicile shall be deemed to have discharged its obligations under the said articles if it recoups the taxpayer to the extent of the full tax borne in the country of origin.

(c) The last paragraph of Article 12 shall apply to claims under the present article; the interested party must produce the official documents certifying that the tax has been paid in the State in which the income originates.

<sup>2</sup> *Alternative proposed by Mr. Carey:*

*Article 14.* — The exemption conferred by Articles 6 to 9 from the taxation of the country in which the income arises may, if the competent authorities of that country see fit, be given by way of repayment.

The last paragraph of Article 12 shall apply to claims under the present Article.

<sup>3</sup> Mr. Carey considers that this article should be omitted from the draft Convention.



notice of . . . months, have the right to bring it direct before the Permanent Court of International Justice by means of a requisition.

*Article 21.*

Neither the opening of the procedure before the technical body referred to in Article 17 nor the opinion which it delivers shall in any case involve the suspension of the measures complained of; the same rule shall apply in the event of proceedings before an arbitral tribunal or the Permanent Court of International Justice unless the Court decides otherwise under Article 41 of its Statute.

TEXTS TO BE INSERTED IN THE PROTOCOL OF THE CONVENTION.

A. The adoption of the present Convention by two States which have previously concluded a bilateral Convention for the prevention of double taxation shall not involve the replacement or amendment of the provisions of that bilateral Convention so long as it remains in force.

B. Since the advantages of this Convention are accorded *subject to reciprocity*, they cannot be claimed from any contracting party, in virtue of the most-favoured-nation clause, by a State not a party to this Convention.

C. In acceding to the present Convention, each of the High Contracting Parties shall have the right temporarily to reserve its accession to Article 15; in that case, the other High Contracting Parties shall not be bound to apply the provisions of Article 15 to taxpayers having their fiscal domicile in the country or countries which have made that reservation.

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**Appendix II.**

DRAFT PLURILATERAL CONVENTION "A" FOR THE PREVENTION OF THE DOUBLE TAXATION OF CERTAIN CATEGORIES OF INCOME.

With a view to preventing double taxation in the matter of direct taxation levied on certain categories of income, the High Contracting Parties have, subject to reciprocity, agreed to the following provisions:

*Article 1.*

Taxable persons and entities having their fiscal domicile in the territory of one of the contracting States and deriving, in whole or in part, from the territory of one or more of the other contracting States any of the forms of income to which this Convention relates, shall, in so far as such income is concerned, be accorded the special treatment defined in the following articles.

For the purposes of the present Convention, the fiscal domicile of a natural person is considered to be the place of his normal residence, in other words, his permanent home, while the fiscal domicile of a juristic person is considered to be its real centre of management.

*Article 2.*

Income from immovable property which corresponds to the actual or presumed rental value of such property, and all other income derived from such property which cannot be regarded as income derived from industrial, commercial or agricultural enterprises, shall be taxable only in the State in which the property is situate.

*Article 3.*

Income derived from mortgages on the property referred to in Article 2 shall be taxable only in the State in which that property is situate.

Income derived from mortgages secured on ships shall be taxable only in the State in which the ships are registered.

*Article 4.*

Without prejudice to the foregoing provisions, the income of industrial, commercial or agricultural enterprises shall only be taxable in the States in which they have permanent establishments, each of these States being authorised to tax the profit derived from the permanent establishments situated in its territory. Nevertheless, the present Convention does not affect the right the contracting States may have to tax the income derived by enterprises domiciled in their territory from activities carried on in the territory of non-contracting States.

The competent authorities of the countries in which permanent establishments are situated shall come to an agreement, if necessary, regarding the methods of apportionment, so as to confine the taxation of each State to the profits earned in the territory of that State.

For the purposes of the present article, the following shall be regarded as permanent establishments: real centres of management, branches, mines and oilfields, permanent installations, factories, workshops, agencies, warehouses, offices and depots.

The fact that an enterprise (or association) has business dealings with a foreign country through an agent of genuinely independent status (broker, commission agent, etc.) shall not be held to mean that it has a permanent establishment in that country.

*Article 5.*

As an exception to the first paragraph of Article 4, a maritime shipping or air navigation enterprise shall be taxable only at its real centre of management.

*Article 6.*

Income from public loans shall be taxable only in the State of the fiscal domicile of the creditors. This provision does not refer to income from loans issued prior to the entry into force of the present Convention.

*Article 7.*

The income of the liberal professions shall be taxable only in the States in which they are regularly exercised.

*Article 8.*

The earnings of workers living on one side of a frontier and working on the other shall be taxable only in the State of those workers' fiscal domicile.

*Article 9.*

Authors' rights and income from patents shall be taxable only in the State of fiscal domicile of the beneficiaries. If, however, they are collected by persons to whom these rights have been assigned for a consideration, or fall on any other grounds into the category of industrial or commercial income, they shall be taxable as such under the conditions laid down in Article 4.

*Article 10.*

Life annuities shall be taxable only in the State of fiscal domicile of the annuitants.

*Article 11.*

The salary of an official or public servant who is serving abroad shall be taxable only in the State liable for payment of such salary. The same applies to scholarships awarded for studies abroad.

*Article 12.*

A public pension shall be taxable only in the State liable for payment of such pension.

*Article 13.*

When a taxable natural person has a fiscal domicile in the territory of two or more of the contracting States, he may claim that the impersonal or personal tax on the income referred to in Articles 6 to 10 shall be apportioned according to the length of his stay in each as compared with the total length of his stay in all those countries during the financial year. The appropriate relief shall be given either by way of exemption or by way of a rebate involving, if necessary, a refund.

The countries concerned may, if they think fit, adopt some method of apportioning the tax other than that indicated in the previous paragraph, in particular when the taxpayer has not resided during the fiscal year in a country in which he has a fiscal domicile.

The claim referred to in the first paragraph must be presented in the form prescribed by the competent authorities of each country, accompanied by vouchers, within six months after the close of the financial year, provided, however, that the time allowed for making the claim shall not be less than six months from the date of the notification to the taxpayer of the latest assessment.

*Article 14.*

The relief provided for in Articles 2, 3, 11 and 12 from the taxation of the country of the fiscal domicile of the recipient of the income shall be given either by way of exemption or by way of a rebate involving, if necessary, a refund of tax, and the following provisions shall have effect in relation to any item of income to which these articles refer:

- (a) The exemption of any such item of income from taxation in the country of domicile of the recipient shall not operate to reduce the rate of personal tax payable in that country.
- (b) The country of domicile shall be deemed to have discharged its obligations under the said articles if it recoups the taxpayer to the extent of the full tax borne in the country of origin.

(c) The rules laid down in the last paragraph of Article 13 shall apply to claims under the present article; the interested party must produce the official documents certifying that the tax has been paid in the State in which the income originates.

*Article 15.*

The relief resulting from the application of Article 4 shall be given either by way of exemption or by way of a rebate involving, if necessary, a refund of tax.

The rules laid down in the second paragraph of Article 14 shall apply.

*Article 16.*

The relief provided for by Articles 6 to 10 from the taxation of the country in which the income arises shall be given either by way of exemption or by way of a rebate involving, if necessary, a refund of tax.

The rules laid down in the last paragraph of Article 13 shall apply.

*Article 17.*

As regards any special provisions which may be necessary for the application of the present Convention, more particularly in cases not expressly provided for, but generally covered by the Convention, the financial administrations of the High Contracting Parties shall confer together, and shall take the necessary steps in accordance with the spirit of this Convention.

(Here follow the articles establishing an arbitral procedure. See Articles 17-21 of the Subcommittee's Draft, Appendix I B.)

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**Appendix III.**

**DRAFT PLURILATERAL CONVENTION " B ".**

The High Contracting Parties have, subject to reciprocity, agreed to the following provisions:

*Article 1.*

Each of the High Contracting Parties reserves the right to tax taxable persons and entities having their fiscal domicile in its territory in respect of the whole of their income irrespective of origin.

Each of the High Contracting Parties undertakes, when applying the first paragraph of the present article, not to treat persons and entities of the nationality of one of the other High Contracting Parties less favourably than it treats its own nationals or the nationals of any foreign State.

For the purposes of the present Convention the fiscal domicile of a natural person shall be taken to mean the place of his normal residence, in other words, his permanent home, and the fiscal domicile of a juristic person shall be taken to mean its real centre of management.

*Article 2.*

Each of the High Contracting Parties reserves the right to tax natural and juristic persons not domiciled in its territory in respect of income which it regards as originating in that territory subject to the exceptions laid down in Article 3.

*Article 3.*

Article 2 shall not apply to the following:

- (a) Income from maritime or air navigation undertakings;
- (b) Income from industrial, commercial or agricultural undertakings not included under paragraph (a) of this article in so far as it is not derived from a permanent establishment situated in the country;
- (c) Income from public loans issued after the present Convention goes into effect prior to the entry into force of the present Convention;
- (d) The earnings of workers living on one side of the frontier and working on the other;
- (e) Authors' rights and income from patents. If, however, they are collected by persons to whom these rights have been assigned for a consideration, or fall on any other grounds into the category of industrial or commercial income, they shall be treated under the rule laid down in paragraph (b) above;
- (f) Life annuities.

*Article 4.*

For the purposes of applying Article 3 (b) the following shall be regarded as permanent establishments: branches, mines and oilfields, plants, factories, workshops, agencies, warehouses, offices and depots.

The fact that an undertaking has business dealings with a foreign country through an agent of genuinely independent status (broker, commission agent, etc.) shall not be held to mean that it has a permanent establishment in that country.

The contracting parties undertake to instruct their competent authorities to come to an agreement, if necessary, regarding the methods of apportionment.

*Article 5.*

When a taxable natural person has a fiscal domicile in the territory of two or more of the contracting States, he may claim that the tax shall be apportioned according to the length of his stay in each as compared with the total length of his stay in all those countries during the financial year. The appropriate relief shall, when necessary, be given by way of repayment.

The countries concerned may, if they think fit, adopt some method of apportioning the tax other than that indicated in the previous paragraph, in particular when the taxpayer has not resided during the fiscal year in a country in which he has a fiscal domicile.

The claim referred to in the first paragraph must be presented in the form prescribed by the competent authorities of each country, accompanied by vouchers, within six months after the close of the financial year, provided, however, that the time allowed for making the claim shall not be less than six months from the date of the notification to the taxpayer of the latest assessment.

*Article 6.*

The High Contracting Parties reserve the right to apply the exceptions provided for in Article 3 by way of appropriate relief. For such case relief shall only be accorded on condition of its being established that the income in question has been taxed in the State of fiscal domicile. The last paragraph of Article 5 shall be applicable to the claim provided for in the present article.

*Article 7.*

As regards any special provisions which may be necessary for the application of the present Convention, more particularly in cases not expressly provided for, but generally covered by the Convention, the financial administrations of the High Contracting Parties shall confer together and shall take the necessary steps in accordance with the spirit of this Convention.

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Geneva, August 28th, 1931.

LEAGUE OF NATIONS

SETTLEMENT OF BULGARIAN REFUGEES.

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

*Quarter from May 15th, 1931, to August 15th, 1931.*

15

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 July 31st, 1931, including the credit interest on the deposits in London and New York. The amount still available in foreign monies on deposit in the Bank of England at July 31st, 1931, was £50,546.

II. YIELD OF REVENUES ASSIGNED AS SECURITY.

The amounts paid into the account for revenues assigned as security for the 1926 7% Loan are shown below in leva:

Chapter of the budget	Receipts			Monthly budget estimates
	May	June	July	
Chapter 15 (Excise duty on alcohol, etc.)	4,262,974	5,692,363	5,925,521	5,000,000
Chapter 16 (Excise duty on salt, etc.)	26,513,494	24,230,975	23,040,075	29,166,666
Chapter 21 (Sale of matches) . . . . .	8,613,000	8,082,000	9,038,000	9,583,333
Total . . . . .	39,389,468	38,005,338	38,003,596	43,749,999

The receipts during the quarter amount to 115,398,402 leva, as against 131,357,398 leva and 137,241,300 leva for the corresponding quarters of 1930 and 1929. The depression is affecting the yield of the assigned revenues, which, for the first time, has fallen so far below that of previous financial periods. The service of the loan is still amply provided for, since during the last three months it has absorbed only 41,977,789 leva—i.e., 36 per cent of the sum available.

To the yield of the assigned revenues must be added the payments made by the refugees for the reimbursement of expenditure incurred in settling them. They amounted (in leva) to the following sums:

	May	June	July	Previous payments	Total payments up to July 31st, 1931
Interest . . . . .	132,551	74,545	48,623	1,802,200	2,057,919
Amortisation . . . . .	306,595	209,399	166,023	12,518,491	13,200,508
Total . . . . .	439,146	283,944	214,646	14,320,691	15,258,427

Although the liabilities are appreciably increasing, payments by the refugees remain about the same, amounting, for the last three months, to 937,736 leva, as against 961,566 leva for the

corresponding period of 1930. It would, in our opinion, be premature to conclude that the success of the work undertaken is still uncertain, or that the refugees desire to evade their obligations. It must not be forgotten that even comparatively old settlements created in 1927 cannot yet be regarded as going concerns, owing to the unfavourable general conditions obtaining during the last few years, and that, consequently, their yield has not yet reached a normal level. The 1928 and 1929 crops were bad, and in several districts were completely destroyed; in order to combat the famine, we were obliged to have wheat and maize distributed in several settlements which had been particularly hard hit. Though the last two harvests have been exceptionally good, the steady fall in prices has left very little profit for the producer.

Let us take, for instance, the case of the farmer with a family of four who is cultivating land of an area of 41.5 decares in the department of Bourgas (wheat district).<sup>1</sup> Assuming that the harvest is excellent and the stock-breeding conditions are favourable, the produce available will yield this year, according to the estimates of the Agricultural Bank of Bulgaria, a net profit of 6,755 leva, or about £10, as follows:

	Leva
725 kilos of wheat at 3 leva . . . . .	2,175
Animals and animal products . . . . .	4,580
Total . . . . .	6,755

These results, modest though they are, cannot, in practice, be achieved by a refugee who is cultivating, with reduced live-stock, land which has been recently cleared, and who is not very well equipped. The above figures are really those for a long-established farm which is in full running order.

In any case, even if we admit the possibility of profits on the above scale, a refugee must obviously have the greatest difficulty this year in making the payments due in respect of the supplies allotted to him by means of the loan.

It should be noted that the Agricultural Bank has calculated the price of wheat on the basis of that actually charged by the "Directorate for the Purchase and Export of Cereals"—3 leva (basic price at the port of embarkation: 3.40 leva), without regard to the means of payment (30 per cent in tax bonds). At the time the report was submitted, the real price of wheat as charged by the producer fluctuated, at world parity, around 1.50 lev.

Article 57 of the law on the Settlement of Refugees provides that the land tax paid by the refugees during the period of redemption of their land must be paid into an account already opened with the National Bank and called "Land Redemption", the payments made to this account being, in application of the "general obligation", devoted to the supplementary amortisation of the loan. The Finance Minister has just given the necessary instructions for the enforcement of the provisions of this article.

### III. EXECUTION OF THE SETTLEMENT PLAN.

Thanks to the steps taken by the General Directorate, the work of settlement is proceeding rapidly. At certain points, however, it cannot be completed before the winter, either because the undertakings have for some reason or other started too late, or because the work has been hampered by bad weather or even by malaria. We are of opinion, however, that, generally speaking, the work of the Directorate will be completed within a few months.

In the following chapters, we give, as usual, a summary of the results achieved up to July 31st, 1931.

#### (a) Various Supplies.

The following is a summary of the supplies distributed since the beginning of the work and entered as at July 31st, 1931:

	Leva
Seed: 11,932,421 kilogrammes . . . . .	74,012,915
Live-stock: 22,106 head . . . . .	157,840,608
Implements: 8,551 ploughs } . . . . .	63,431,817
2,809 harrows } . . . . .	
10,319 carts } . . . . .	
Fishing tackle . . . . .	6,702,655
Copper sulphate . . . . .	77,119
Total . . . . .	302,065,114

The only supplies that remain to be allotted between now and the end of the work are intended for the refugees still to be settled in the neighbourhood of the Lower Karaboas Plain, on the land drained after the building of the dyke. There remain a few applications from other districts, but these can only be complied with if there are still credits available for this part of the settlement plan after the supplies for Karaboas have been allotted.

<sup>1</sup> We have purposely taken this typical example because the department of Bourgas has the largest settlements — 11,844 families, with average holdings of 41.43 decares.

(b) *Houses.*

The following figures show the position as at July 31st, 1931.

	Houses		Barns		Stables	
	Finished	Contracted for	Finished	Contracted for	Finished	Contracted for
Built by private enterprise . .	6,857	1,508	4,762	1,247	5,825	1,134
Built on a monopoly basis by the General Directorate for the Settlement of Refugees . .	1,006	239	841	235	832	53
Built by the refugees themselves	563	89	392	50	474	66
Total . . . . .	8,426	1,836	5,995	1,532	7,131	1,253
Figures as at April 30th, 1931 .	7,516	2,742	5,307	2,220	6,509	1,868

A comparison with the results at the end of the previous quarter shows that the building programme is progressing rapidly. However, as has already been stated, various undertakings will not be able to complete their contracts this year: 1,064 houses were to be built, 457 of which were ready on August 1st. Further progress will be made between now and the winter, and probably only a small number of houses will remain unfinished.

Besides the buildings mentioned in the above table, the General Directorate is repairing 268 houses built in 1927 of mud bricks dried in the sun. Experience has shown that this method of construction is not satisfactory, and since 1928 all the houses have been built of baked bricks, in spite of the additional expense involved. We were of opinion that the refugees should be provided with houses which were really lasting and as comfortable as possible. The facts have entirely justified our view, as the mud-brick houses have suffered such damage that the General Directorate is obliged to rebuild them with baked brick, for which an appropriation of 8,000,000 leva has been provided.

(c) *Distribution of Land.*

The position at July 31st, 1931, has, according to the books of the General Directorate, remained unchanged since the beginning of the year; 1,032,270 decares had been allotted between 28,787 families, or an average of 35.86 decares per family.

Entries are only made in the books of the General Directorate in the case of land which can be handed over to the refugees as their property. The above figures do not, therefore, include land which, although occupied, is still the subject of disputes with the public administrations or communes. These disputes are, however, in course of settlement.

The work of surveying and parcelling out certain land to be allotted later is being continued. At Karaboas, for instance, numbers of allotments are available; but, as they are to be given to refugees who are at present in other parts of the kingdom, they will only be occupied as and when the houses are built. Similarly, the lands reclaimed from the Messemvria and Mandra marshes will not be distributed until the work of draining has been completed.

We expected to be able to settle about 32,000 families. According to the latest information, however, the figure will not exceed 30,500. Of 1,650 allotments (in round figures) scattered over the whole territory and prepared last year for distribution this summer to refugees already nominated, only 150 will be occupied. In view of the difficult position of Bulgarian agriculture, 1500 refugees have preferred to go to the towns and waive their claims under the settlement law.

The work of clearing and draining the land had, up to July 31st, 1931, entailed a total expenditure of 56,118,893 leva:

19,353,801 leva for the mechanical ploughing of 74,101 decares;  
36,765,182 leva for the clearing of 78,384 decares.

(d) *Supply of Drinking-Water.*

Before the end of October, 127 villages, where 10,570 refugee families have been settled, will have been supplied with drinking-water. The outlay for this will approximately reach the total credits provided for this part of the settlement plan—*i.e.*, 28,800,000 leva.

The General Directorate for the Settlement of Refugees has received fresh applications for a water-supply from 82 villages (7,129 families). It has had the preliminary survey made in a certain number of villages, but, owing to lack of funds, will be unable to carry out the necessary work. It is highly desirable that the Bulgarian Government should make every effort to meet the most urgent requirements in this respect, as the lack of a proper water-supply in the villages constitutes a serious obstacle to the development of the new settlements.

(e) *Draining of Marshes.*

1. *Lower Karaboas Plain.* — The supplementary work on the big dyke at Glhigen (completed last year), which was entrusted to the Directorate of Compulsory Labour, is proceeding satisfactorily and will be completed within a few weeks.

2. *The Straldja, Messemvria and Mandra Marshes.* — Frequent storms have interfered with the work. At Messemvria and Mandra, malaria is raging, affecting up to 30 per cent of the workers; the output of work in these two undertakings has consequently been less than was estimated. We hope that it will be possible to complete the draining of the Messemvria marsh before the winter, though it is unlikely that the draining of the Mandra marsh will be finished. As for the Straldja marsh, the work will be completed this autumn unless anything unforeseen occurs.

(f) *Means of Communication.*

The credit earmarked for the construction of the Rakowska-Mastanla railway line—i.e., 300,000,000 leva—having been expended without the line being completed, the Bulgarian Government decided, as stated in a previous report, that the completion of this work should be borne by the budget of the railways, under the supervision of the General Directorate, which has up to the present been granted credits amounting to 23,000,000 leva. The work is proceeding normally, and it is expected that the line will be open for traffic before the winter.

The roads built with the proceeds of the loan are finished or will be finished shortly.

*Individual Files of the Refugees.*

With the exception of the notarial act, 5,640 files are ready for the constitution of the mortgage on the land and houses as security for the execution of the repayment contracts.

These notarial acts have not yet been issued, owing to the need of supplementing, by legislation, certain points in the law on the settlement of refugees. This law merely stipulates in its Article 50, as regards repayments in respect of the land, that "the time-limit for amortisation shall be fixed later, and shall not exceed that of the redemption of the loan". The year after the signature of the contract, as from which this time-limit is to begin to run, as well as the latter's duration, now remain to be fixed. Moreover, it is necessary to determine what constitutes the "contract" between the State and the refugee—whether the protocol by which the property is handed over to the refugee, signed by him and by a representative of the Agricultural Bank on behalf of the State, or the notarial act itself. The question is of importance for the calculation of the interest, which, under the terms of the law, begins to run two years after the signing of the contract, as usually a fairly long period elapses between the taking-over of the property and the issue of the notarial act.

**B. 7½% Stabilisation Loan of 1928.**

I. POSITION OF LOAN.

The position of the loan at July 31st, 1931, is shown in Appendix II to this report. The foreign exchange still available deposited in London and New York on that date amounted to £51,443.

II. YIELD OF THE ASSIGNED REVENUES.

The revenues assigned for the service of the 7½% 1928 Loan (Customs Revenues) amounted, during May, June and July 1931, to the following sums (in leva):

May	June	July	Monthly budget estimates
76,847,032	78,767,623	74,088,288	81,250,000

Imports for the last three months have considerably increased as compared with the preceding quarter: 83,225 tons as against 60,983 tons. The Customs revenues have, however, remained about the same: 229,702,943 as against 227,808,530 leva. Industry has now exhausted the stocks of raw materials constituted in 1929, and has been obliged to import considerable quantities in order to be able to supply the needs of the home market, which have increased owing to the seasonal revival of trade. This increase in imports has not, however, had any effect on Customs receipts, as raw materials and industrial equipment are admitted free of duty, in accordance with the law relating to the protection of industry.<sup>1</sup>

The yield of the assigned revenues has improved as compared with last year. The receipts for the first four months of the financial year amounted to 310,770,259 leva, as against 216,556,476 leva for the same period of the financial year 1930-31. It is therefore to be expected, as we stated in the previous report, that the Customs receipts for the current financial year will come up to the budget estimates.

<sup>1</sup> According to information communicated by the Customs Department, 40 per cent of the 1930 imports consisted of goods needed for industry.



The service of the loan for the last three months absorbed 74,359,300 leva, or about one-third only of the available funds.

### III. EMPLOYMENT OF THE LOAN.

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

##### (a) Railways and Harbours.

The following figures sum up the position at July 31st, 1931, of the expenditure for the execution of the Regnoul programme to be met from the credit of 672,300,000 leva appropriated for railways and harbours.

		Figures at April 30th, 1931 (In leva)
Expenditure already authorised . . . . .	672,300,000	670,000,000
Contracts concluded . . . . .	535,759,342	535,759,342
Value of work undertaken on a monopoly basis . . . . .	110,000,000	103,000,000
Sums actually expended . . . . .	601,684,193	539,476,727

The programme is not difficult of execution, and it is estimated that the credits unexpended at the end of this year will amount to about 15 million leva.

##### (b) Roads.

The following figures summarise the position at July 31st, 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 April 30th, 1931 (In leva)
Expenditure already authorised . . . . .	190,239,300	189,639,300
Contracts concluded . . . . .	132,937,758	128,723,358
Work undertaken by the Directorate of Com- pulsory Labour . . . . .	30,770,000	30,770,000
Sums actually expended . . . . .	113,216,160	93,398,593

The expenditure already authorised, which was calculated on the basis of the estimates in the terms of contract, seems to exceed the credit of 176,966,179 leva; but, owing to the economies effected in awarding the contracts, the expenditure does not, in fact, exceed the credit.

In our last report we expressed the hope that the work would be completed this year. In the light of the latest information in its possession, the Administration of Roads and Bridges estimates the cost of the work remaining to be done after January 1st, 1932, at 23,000,000 leva. But, judging from the experience of previous years, we are inclined to think that this figure will be considerably exceeded. Finally, we are sorry to say that, in spite of the urgent recommendations of the Commission, to which we have frequently referred in previous reports, some of the work is being carried out in a way which, technically, still seems to leave much to be desired.

##### (c) Execution of the Regnoul Programme.

The following table shows the position at July 31st, 1931, as regards the execution of the Regnoul programme:

	Estimates	Expenditure
	(In leva)	
<b>(a) Railways and harbours:</b>		
1. Upkeep of railways and engineering works, reconditioning of rolling-stock . . . . .	239,233,000	216,653,547
2. Improvements, enlargements, purchase of roll- ing-stock, supplies, etc. . . . .	329,255,000	289,126,563
3. Construction of new lines . . . . .	72,312,000	72,283,521
Total for railways. . . . .	640,800,000	578,063,631
4. Essential supplies, enlargements and improve- ments for harbours . . . . .	31,500,000	23,620,562
Total for railways and harbours . . . . .	672,300,000	601,684,193
<b>(b) Roads and bridges:</b>		
1. Road construction . . . . .	55,000,000	28,706,845
2. Road repairs . . . . .	49,966,179	38,993,997
3. Construction and repair of bridges . . . . .	72,000,000	43,837,038
4. Material (expenditure not included in the Regnoul programme) . . . . .	—	1,678,280
Total for roads . . . . .	176,966,179	113,216,160
General total . . . . .	842,266,179	714,900,353

The sums actually expended as at April 30th, 1931, amounted to 632,875,320 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 £500,000 sterling block for the reconstruction of devastated areas has been expended in full, and the following figures (in leva) are final:

	Expenditure already authorised	Expenditure incurred in respect of contracts concluded	Sums actually expended
Government buildings . . . . .	282,249,100	250,510,616	258,237,648
Roads and bridges . . . . .	50,207,000	43,578,020	48,272,243
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	12,345,500	12,667,805
Overhead expenses . . . . .	9,000,000	9,000,000	4,371,426
Total . . . . .	371,952,100	331,471,248	336,000,000
Figures at the end of the previous quarter	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 terms of contract were fixed.

The final accounts showed that there were no more credits available, and that there remained 1,628,574 leva of uncovered expenditure. The Directorate for the relief of the victims of the disaster covered this expenditure out of other funds at its disposal, and debited these funds with 1,628,574 leva for overhead expenditure formerly covered by the £500,000 sterling block. The total amount under the head of overhead expenditure was thus reduced from 6,000,000 leva—the figure given in the last report—to 4,371,426 leva.

Now that the co-operation between the Commission and the Directorate for relief<sup>1</sup> is coming to an end, we desire to pay tribute to the activity, initiative and devotion shown by the head of this service and his staff in the accomplishment of the difficult task with which they were entrusted.

In less than three years, a total sum of 876 million leva was expended in accordance with a carefully prepared scheme, which was consistently carried out in spite of difficulties of all kinds. A visit to the localities which suffered from the earthquakes of April 1928 will show that the work done has not only removed all trace of the damage, but has actually increased the potential resources of the region, which is one of the richest in the kingdom, so that the execution of the reconstruction scheme has judiciously helped to strengthen the country economically.

The following are the principal results obtained by means of the utilisation of the £500,000 sterling block:

*Hospitals.* — In the five big towns in the devastated area, hospitals have been set up, containing 1,500 beds in all, equipped with the necessary material and furnished with the most modern appliances.

*Schools.* — The largest school of agriculture in Bulgaria has been entirely rebuilt and eighty-two State or municipal schools have been rebuilt or restored.

*Churches.* — Thirty-five new churches; twenty-seven churches restored.

*Town halls.* — Twelve new town halls.

*Roads and bridges.* — Forty kilometres of roads and various engineering works have been repaired. Three large bridges have been built over the Maritza.

*Water-supply.* — The canals at Plovdiv have been entirely reconstructed, and twenty-one villages have been supplied with drinking-water.

*Correction of river-beds and draining work.* — In order to put an end to the floods resulting from the subsidence of the soil in the neighbourhood of the epicentres [of the earthquakes, the Maritza and various other watercourses have been regularised.

<sup>1</sup> An autonomous organisation set up in 1928, whose statutes are similar to those of the Directorate for the Settlement of Refugees. It is managed by the engineer, M. Stoyanoff.

Marshes which had formed and become foci of malaria have been drained.

#### IV. BUDGET.

The accounts for the financial year 1930-31 were finally closed on June 30th, 1931. The results published by the Ministry of Finance are as follows:

##### RECEIPTS.

(In leva.)

##### I. Ordinary Budget and Incorporated Funds.

	Financial year 1930-31	Comparison with		
		The results of the financial year 1929-30	Budget estimates	
Direct taxes . . . . .	602,781,993	— 22,331,530	— 352,218,007	— 36%
Indirect taxes . . . . .	2,175,734,034	— 631,682,726	— 555,265,966	— 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%
Railways and harbours . . . . .	125,015,000	— 14,985,000	— 835,000	— 0.6%
Posts, Telegraphs and Tele- phones . . . . .	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 . . . . .	477,800,398	— 138,666,575	— 328,229,602	— 40%
Revenue from closed financial years . . . . .	365,318,991	— 40,625,330	+ 139,318,991	+ 61%
<b>Total . . . . .</b>	<b>5,579,513,965</b>	<b>— 1,075,841,490</b>	<b>— 1,433,366,035</b>	<b>— 20%</b>

Thus the deficits in the ordinary budget amount to 20 per cent of the estimates and 16 per cent of the results of the previous financial year. The chapters most seriously affected are those on direct taxes, Appendix III of which gives the details of the position of collection, of indirect taxes, of domains and capital, and of miscellaneous revenues, which includes the receipts from the incorporated funds.

##### 2. Railways and Harbours.

Financial year 1930-31	Comparison with	
	The results of the financial year 1929-30	Budget estimates
1,160,266,467	— 97,759,406 (— 8.4%)	— 331,906,083 = 22%

The total receipts for the financial year thus amount to 6,739,780,432 leva, which is considerably exceeded by the expenditure.

##### EXPENDITURE.

(In leva.)

	Financial year 1930-31	Comparison with	
		Expenditure covered during the financial year 1929-30	Budget estimates
Ordinary budget and incorporated funds	6,364,704,653		
Extraordinary budgets for the previous financial years . . . . .	8,669,382		
Supplementary war credits . . . . .	162,090,137		
Provisional receipts, relating to the current account of the Public Debt and to the service of the refugees and stabilisa- tion loans . . . . .	156,416,858		
Payments not yet entered . . . . .	158,559,165		
<b>Total . . . . .</b>	<b>6,850,440,195</b>	<b>— 28,132,216</b>	<b>— 148,452,865</b>
Railways and harbours . . . . .	1,255,545,922	+ 105,371,856	— 49,656,159
<b>General total . . . . .</b>	<b>8,105,986,117</b>		

As regards the general budget, the reduction in expenditure is thus only about 0.4 per cent as compared with the preceding financial year, and 2.1 per cent compared with the budget appropriation. As regards the railways and harbours budget, there is an increase in expenditure of about 9 per cent over the previous financial year, though it was still slightly below the appropriation. In view of the falling off in the receipts, there is, nevertheless, a deficit of 95,279,455 leva—76,091,143 in respect of railways and 19,188,312 of harbours. In accordance with the Constitutional Law, the last item is entered under expenditure in the State budget; whereas the former, which is provisionally covered by the Treasury, will be reimbursed by agreement between the Ministers concerned.

These comparisons are, however, based solely on the figures for expenditure which has actually been effected. When examining the warrants held over at June 30th, 1931, it will be seen that the portion belonging to the financial year 1930-31, which had been passed on that date, amounted the day before to about 300 millions, only 200 millions of which had been paid; while the portion belonging to the financial year 1931-32 rose between that day and the next from 266 millions to 694 millions. A number of warrants held over amounting to about 100 millions were thus, owing to the impossibility of effecting a settlement, carried forward from one financial year to another.

	Leva
The total receipts . . . . .	6,739,780,432
set off against expenditure . . . . .	8,105,986,117
show a budget deficit of . . . . .	1,366,205,685

which was covered as follows:

	Leva	
By issue of Treasury Bonds to a net total of . . . . .	596,500,000	
By the reincorporation of the available assets of certain "funds" . . . . .	60,000,000	
Calls on profits from seigniorage . . . . .	274,087,035	
Extra-budgetary receipts . . . . .	19,242,240	
Utilisation of provisional surpluses of the new financial year . . . . .	445,421,024	
	<u>1,395,250,299</u>	<u>1,395,250,299</u>
Producing a surplus of . . . . .		29,044,614

which corresponds exactly to the credit balance of the Public Treasury account at the National Bank at June 30th, 1931.

In these circumstances, the net budget deficit for the financial year, taking into account the reincorporation of the available assets of special "funds", extra-budgetary receipts and the difference between the net proceeds of the issues and the Treasury Bond debt, amounted to 1,366,205,685 — (60,000,000 + 19,242,240) + 3,500,000 = 1,290,463,445 leva.

The results of the first three months of the financial year 1931-32 should be added to the above figures to give an exact idea of the position of the Treasury.

*Receipts.*

(In leva.)

Ordinary budget and incorporated funds . . . . .	1,409,870,079	
Railways and harbours . . . . .	292,077,674	
Total . . . . .	<u>1,701,947,753</u>	

*Expenditure.*

(In leva.)

Ordinary budget and incorporated funds . . . . .	540,244,496	
Railways and harbours . . . . .	97,024,391	
Extraordinary budgets for the previous financial years and supplementary credits voted during the war . . . . .	8,441,885	
Provisional receipts, current account of the Public Debt, etc. . . . .	611,684,634	
Total . . . . .	<u>1,257,395,406</u>	
Difference . . . . .		444,552,347
To which add extra-budgetary receipts . . . . .		868,677
Provisional surplus . . . . .		<u>445,421,024</u>

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

<i>Assets.</i>	<i>Leva</i>	<i>Liabilities.</i>	<i>Leva</i>
Total receipts for the two financial years . . . . .	8,441,728,185	Total expenditure . . . . .	9,363,381,523
Net proceeds of Treasury Bonds issued . . . . .	596,500,000	Credit balance of the Treasury account . . . . .	29,044,614
Calls upon profits from seigniorage. . . . .	274,087,035		
Calling in of certain funds and extra-budgetary receipts	80,110,917		
	<hr/> 9,392,426,137		<hr/> 9,392,426,137

The actual position is thus as follows:

Credit balance of the Treasury account . . . . .	29,044,614	Orders for payment held over	693,992,000
Total deficit . . . . .	<hr/> —1,539,034,421	Treasury Bond debt . . . . .	600,000,000
	1,568,079,035	Seigniorage debt . . . . .	<hr/> 274,087,035
			1,568,179,035

Thus, whereas the financial year 1929-30 closed on June 30th, 1930, with a surplus of 38,967,000 leva, leaving to be carried forward to the following budget a balance which, together with previous balances, amounted to 195,797,000, the budget for 1930-31 closed with a deficit of 1,300 millions, and leaves a legacy of a number of warrants held over amounting to about 100 million leva.

As regards the 1931-32 budget, it starts with a heavy burden and in most unfavourable circumstances. In the absence of issues of Treasury Bonds, recourse can only be had, to ease the position, to calls on profits from seigniorage, which may amount during the financial year to 500 millions, but will, together with the amounts outstanding from former financial years, make up a deficit of nearly 800 millions falling due on June 30th, 1932. This course must therefore be regarded as dangerous.

The situation has thus become steadily worse since June 1930, when the 1930-31 budget really came into force. The reasons for this are complicated, but are mainly connected with the world economic depression, which has had the effect of bringing down the prices of agricultural products, while restricting their markets. At the same time, and for various reasons, the amount of direct taxes collected fell considerably, while there was no reduction in public expenditure.

In view of the absence of any signs of economic revival, immediate and energetic action by the Government in the direction of a further reduction in expenditure and a better utilisation of receipts must be regarded as indispensable. It is the more necessary in view of the additional burdens which the work of the Directorate for the Purchase and Export of Cereals is likely to place upon the new budget.

This Directorate, whose constitutional law was discussed in our eighteenth report,<sup>1</sup> began to operate on February 2nd, 1931. On June 30th following, the date on which it was originally intended to be discontinued, it had practically ceased its operations, and, according to its provisional statistics, had made about 160 millions of profits in cash covering 482 million tax bonds<sup>2</sup> and representing a reduction of 67 per cent of the total nominal amounts collected and of about 11 per cent of the total amount of the taxes which may be paid in this manner.

Conditions changed radically after July 1931, when the Directorate, whose term of office was provisionally extended until October 31st, 1931 — pending a further inevitable extension — began its operations on the new harvest.

The Directorate first of all issued a new regulation: that henceforth 70 per cent of the purchase price of all cereals should be paid in cash and 30 per cent in bonds. These bonds would be purchased at par, and on each purchase the Bank would retain the amount of its claims on the seller.

The Bank would see to it that bonds thus acquired were circulated in the country and would sell them at par, but a bonus of one-sixth was to be accorded when they were presented in payment of taxes.

The State debt constituted by unsold bonds remaining in the hands of the Agricultural Bank after their validity had expired was to be set off against certain State claims against the Bank.

<sup>1</sup> See document C.238.M.104.1931.II, Appendix V.

<sup>2</sup> At the end of July, about 390 millions of these bonds had been returned to the revenue offices.

It was hoped that this system would put an end to the traffic in tax bonds and to the speculation to which it gave rise. The position was, however, somewhat precarious in view of the excessive prices fixed for purchases and the difficulty of obtaining good prices on the home market for a large part of the stocks acquired.

These fears were fully confirmed when, in the last few days of July, a considerable fall in world prices set in. The Government then decided to reduce the purchase prices accorded by the Directorate, and at the same time to put into force certain measures for the control and maintenance of the prices fixed for the home market. It is earnestly to be hoped that the working of this system will not involve actual losses for the Treasury in addition to the reductions accorded; but, if this is to be avoided, there must be fresh improvements, and purchase prices must be fixed which are at once more moderate and more readily adaptable to the fluctuations of the world parities.

## 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.

After the slight seasonal revival mentioned in our previous report, the country found itself, towards the end of the first quarter of 1931, at grips with grave economic difficulties, due to the depression from which certain Central European countries are suffering and to the considerable fall in prices of agricultural products.

Without departing from the provisions of its Statutes, the National Bank has applied all the remedies at its disposal. A considerable increase in its commercial bill holdings (from 265 millions at the end of April to 394 millions on July 31st) represents rapid and effective rediscounting facilities accorded to a certain bank which had been temporarily affected by the—in fact, unjustified—repercussions of events abroad. Moreover, the Bank, by lowering the official discount rate by half a point as from June 4th, continued to encourage the reduction in the cost of money noted since the end of last year. The private discount rate thus varies between 9.5 and 12 per cent, and the rate of interest on deposits has been further reduced, and is now 5 to 6.5 per cent for the big banks and 7 to 7.5 per cent—in some cases 8 per cent—for the other institutions. Towards the end of the half-year the big private banks were unable to utilise their funds to the full, and showed a tendency not to increase the amount of their deposits and to confine themselves to investments offering special security. This policy ensures for the banks a high degree of liquidity, which was reflected on July 31st by the record figure of 1,006 millions in credit accounts with the Bank of Issue.

The harvest has turned out excellently, and the volume and quality are those of an exceptional year. Marketing difficulties have, however, unfortunately increased, and the prices of wheat have absolutely collapsed. Moreover, sales of tobacco have been uncertain and the prices obtained unsatisfactory.

All these factors have affected the Bank's stock of foreign exchange, which, after a period of relative stability—568 millions at the end of February, 534 millions at the end of May and 514 millions at the end of June—fell considerably in July—*i.e.*, to 338 millions at July 31st. This fall, which affected foreign exchange not coming up to the standard of gold foreign exchange as laid down in the Statutes, has not yet affected the cover, which, on July 31st, exceeded the legal minimum by 3.61. It is to be feared, however, that this seasonal deficit will persist beyond the usual period.

The other principal items of the Bank's balance-sheet show but slight variations during this period. The Treasury bonds subscribed or rediscounted alone increased from 183,800,000 leva on April 30th to 243,800,000 leva on July 31st, the Bank having been obliged to allow certain "Funds" to "mobilise" in this way the advances which they had made to the Treasury.

Advances against pledged goods are being gradually liquidated and have fallen from 96 to 92 millions, "investments" remaining unchanged at 323 millions as against 321 millions. The following table shows the variations which affected the distribution of the bill holdings and of advances from December 31st, 1930, to March 31st and June 30th, 1931:

	31.XII.30 %	31.III.31 %	30.VI.31 %
Banks . . . . .	50.13	43.07	46.33
Commerce . . . . .	19.74	23.65	22.47
Industry . . . . .	23.68	24.94	22.95
Miscellaneous . . . . .	6.45	8.34	8.25

The examination of the bill holdings, not including advances, shows a bank re-discount percentage of about 74 per cent on June 30th.

As stated in our previous report, the total order of 250 million leva of copper-nickel divisional coins has been put into circulation, thus leaving the State a profit on seigniorage of 212,426,751, 128,087,035 leva of which has been made provisionally available for the Treasury.

Since then, the first batch of 20- and 50-leva silver token coins delivered has been put into circulation, thus making 248 millions available for the Treasury.

The total advances thus accorded or still to be accorded must be redeemed by June 30th, 1932, at the latest.

VI. STATISTICS AND ECONOMIC DATA (SUPPLIED BY THE NATIONAL BANK).

A. Foreign Trade.

	1928	1929	1930	1930	1931
	For the whole year			For 7 months	
	(In thousands of leva)				
Imports . . . . .	7,192,372	8,162,017	4,605,096	2,623,718	2,861,143
Exports . . . . .	6,379,413	6,097,356	5,927,800	3,487,927	3,443,507
Balance . . . . .	— 812,959	— 2,064,661	+ 1,322,704	+ 864,209	+ 582,364

The imports during the first seven months of 1931 show an increase of 237 millions in value and a decrease of 17,000 tons in volume, which seems to be due to the necessity of renewing certain stocks of relatively high-priced goods, raw materials or equipment, the purchase of which had been postponed as long as possible. This increase was mainly in respect of textiles—wool, cotton, and woollen and cotton goods—machinery and apparatus, metals and metal goods, vegetable oils and chemical products.

	Quantities			
	Exported during the first seven months of		Imported during the first seven months of	
	1930	1931	1930	1931
Weight (tons) . . . . .	222,059	401,270	175,396	158,842

The value of the exports remained approximately the same, while their volume was nearly doubled. This increase relates mainly to cereals, 120,000 to 294,000 tons; eggs, 14,200 as against 11,200 tons; poultry, 1,300 as against 780 tons; flour, 7,000 tons as against a negligible quantity in 1930.

Generally speaking, the trade balance of the kingdom was favourable for the first seven months of 1930, with a surplus of 582,364,610 leva—though much less than the surplus for the corresponding period of 1930, which was 864,209,772. As from June 1931, and for the first time for a year and a half, there were unfavourable trade balances due to the fall in prices of agricultural products and to the restrictions imposed by circumstances on certain markets which were formerly largely open to Bulgarian exports.

B. Agricultural Statistics.

(a) Yield of the Cereal Crop.

The following figures are provisional and were compiled on the basis of information received in June and July. It appears likely that the yield—especially in the case of maize—will exceed the figures indicated.

	Area in hectares	Output (thousands of quintals)	Output in 1930 (thousands of quintals)	Differences in 1930 as compared with 1931
Wheat . . . . .	1,161,510	15,278	15,075	— 203
Maize . . . . .	696,507	10,140	8,268	— 1,872
Rye . . . . .	254,935	3,277	3,124	— 153
Meslin . . . . .	101,168	1,346	1,176	— 170
Barley . . . . .	267,138	4,324	4,081	— 243
Oats . . . . .	133,447	1,427	1,133	— 294
Total . . . . .	2,114,705	35,792	32,857	— 2,935

(b) Value of the Crops (plants used in industry not included).

The following table relates to the crops of the last three years, compared with the average crop for 1908 to 1912.

This year, in spite of the highly favourable prospects with regard to yield, we may expect a fresh fall in the value of the crop, as a result of the constant fall in the prices of agricultural produce and in particular of the collapse in the price of wheat.

Years	Total crop		Value per quintal		Value of the total crop (not including seeds)		Value of the crops (not including seeds) per head of population	
	Thousands of quintals	Index No.	Gold leva	Index No.	Millions of gold leva	Index No.	Gold leva	Index No.
Average 1908-1912 . .	24,871	100	15.35	100	319	100	74.15	100
1928 . . . . .	26,230	105	21.95	142	495	155	87.72	118
1929 . . . . .	25,154	101	18.00	117	365	114	63.45	85
1930 . . . . .	35,112	141	9.24	60	287	89	48.82	65

**C. Wholesale Price-Index Number.**

(1914 = 100)

1924 . . . . .	2,688
1925 . . . . .	3,052
1926 . . . . .	2,781
1927 . . . . .	2,819
1928 . . . . .	3,072
1929 . . . . .	3,205
1930 . . . . .	2,585

1930		1931	
January . . . . .	3,107	January . . . . .	2,193
April . . . . .	2,721	February . . . . .	2,132
July . . . . .	2,467	March . . . . .	2,108
October . . . . .	2,373	April . . . . .	2,085
		May . . . . .	2,088
		June . . . . .	2,044

**D. Protested Bills.**

	1928		1929	
	Number	Leva	Number	Leva
January . . . . .	15,337	111,819,097	13,719	113,192,033
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
<b>Total . . . . .</b>	<b>199,599</b>	<b>1,431,894,841</b>	<b>247,528</b>	<b>2,123,415,135</b>

	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	286,894,789	18,023	133,321,715
June . . . . .	20,549	181,697,662	14,738	118,734,142
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	—	—
<b>Total . . . . .</b>	<b>354,185</b>	<b>3,008,309,617</b>	<b>—</b>	<b>—</b>



E. *Bankruptcies and Moratoria in Bulgaria.*

*Bankruptcies.*

	Commerce	Industry	Artisans	Banks	Total
1920 . . . . .	7	2	—	—	9
1921 . . . . .	12	4	—	—	16
1922 . . . . .	15	3	—	—	18
1923 . . . . .	24	3	—	1	28
1924 . . . . .	51	7	—	2	60
1925 . . . . .	52	5	—	2	59
1926 . . . . .	100	12	—	1	113
1927 . . . . .	93	23	—	3	119
1928 . . . . .	82	9	2	2	95
1929 . . . . .	85	18	4	—	107
1930 . . . . .	183	21	14	6	224
1931 <sup>1</sup> . . . . .	104	20	6	3	133

*Moratoria.*

1926 . . . . .	67	23	—	—	90
1927 . . . . .	85	16	—	—	101
1928 . . . . .	48	9	1	—	58
1929 . . . . .	80	22	2	—	104
1930 . . . . .	297	52	40	6	395
1931 <sup>1</sup> . . . . .	51	10	5	2	68

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<sup>1</sup> Provisional figures.

Appendix I.

SETTLEMENT OF THE SPECIAL ACCOUNT OF THE 7% REFUGEE SETTLEMENT LOAN  
OF 1926 AS AT JULY 31ST, 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 1913 Treasury Bonds . . . . .	625,889	11	6
Half-year's reserve	90,000	0	0 <sup>1</sup>
Miscellaneous ex- penses:			
Stamps, printing of bonds, etc. . . . .	49,474	4	1
	<u>765,363</u>	<u>15</u>	<u>7</u>
	£1,346,636	4	5
(d) <i>Add:</i>			
Interest . . . . .	118,468	10	8
	<u>£1,465,104</u>	<u>15</u>	<u>1</u>
(e) <i>Subtract:</i> <sup>2</sup>			
Amounts released . . . . .	£1,414,558	4	1
		\$4,066,357.50	
(f) <i>Equivalent in leva of half-year's reserve</i> . . . . .			83,851,875 <sup>1</sup>
(g) <i>Proceeds in leva of amounts released</i> . . . . .			1,497,206,412
			<u>1,581,158,287</u>
Placed at the disposal of:			
	Leva		
1. The Directorate for the Settle- ment of Refugees	1,453,824,302		
2. The Government for the recon- struction of the devastated areas	45,000,000		
	<u>1,498,824,302</u>		
Surplus available . . . . .	£50,546	11	0
	(Deposited in London)	—	82,323,985
			(Deposited with the National Bank of Bulgaria)

<sup>1</sup> 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).

<sup>2</sup> 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.

STATEMENT OF THE 7½% STABILISATION LOAN OF 1928 AS AT JULY 31ST, 1931.

	Sterling block		Dollar block	French franc block
	£	s. d.		
Nominal amount . . . . .	1,800,000	0 0	13,000,000	130,000,000
Net amount . . . . .	1,656,900	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
<b>Total . . . . .</b>	<b>£1,616,713</b>	<b>13 0</b>	<b>\$11,910,750</b>	<b>Fr. 116,350,000</b>
Equivalent in leva . . . . .			3,365,320,140	
Add . . . . .			5,000,000 <sup>1</sup>	
<b>Total . . . . .</b>			<b>3,370,320,140</b>	
Amount utilised up to July 31st, 1931 . . . . .			3,280,427,028	
Surplus available on that date . . . . .			89,893,112 <sup>2</sup>	

Appendix III.

POSITION WITH REGARD TO THE RECOVERY OF DIRECT TAXES.

Financial Year 1930-31.

Taxes	Commitment	Amount recovered	Per-centage
	Leva	Leva	
Land tax . . . . .	363,000,000	99,959,300	27.62
Patents tax . . . . .	250,000,000	230,907,536	92.36
Supplementary tax on total income . . . . .	35,000,000	26,281,332	75.08
Corporation tax . . . . .	35,000,000	29,734,643	85
Tax on buildings . . . . .	30,000,000	14,385,901	47.90
Tax on war profits . . . . .	2,000,000	388,687	19.43
Tax on sheep and goats . . . . .	65,000,000	52,894,590	81.30
Tax on exemption from personal service . . . . .	75,000,000	42,337,009	56.31
Military tax . . . . .	50,000,000	26,256,441	52.61
Tax on successions . . . . .	50,000,000	29,636,554	60
Calls upon profits of the Directorate for the Purchase and Sale of Cereals . . . . .		50,000,000	
	<b>955,000,000</b>	<b>602,781,993</b>	<b>63</b>

<sup>1</sup> 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).

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

55,367,115 leva at the National Bank of Bulgaria;  
6,311,483.30 French francs at the Bank of France;  
£213 13s. at the Bank of England.

Appendix IV.

POSITION OF THE NATIONAL BANK OF BULGARIA.

(In leva)

	As at May 31st, 1931	As at June 30th, 1931	As at July 31st, 1931
<i>Assets.</i>			
1. Gold coin and bullion . . . . .	1,491,439,123	1,500,644,148	1,506,387,378
2. Foreign gold exchange . . . . .	320,582,674	402,569,824	363,572,663
3. Other foreign exchange . . . . .	323,724,743	258,508,242	113,736,242
4. Small coinage . . . . .	209,076,009	349,639,344	322,716,370
5. Bills of exchange and promissory notes:			
Commercial Bills . . . . .	263,970,898	277,369,504	393,725,560
Treasury Bills . . . . .	—	—	—
6. Advances:			
To the Government . . . . .	223,800,000	223,800,000	243,800,000
Other advances . . . . .	192,513,875	189,989,027	190,388,278
7. State debts . . . . .	3,064,426,593	3,064,426,593	3,064,426,593
8. Investments . . . . .	318,345,709	324,283,002	323,152,376
9. Buildings and equipment . . . . .	23,228,045	23,348,006	23,366,906
10. Other assets . . . . .	411,206,297	412,777,156	447,285,981
Total assets . . . . .	6,842,313,966	7,027,354,846	6,992,558,347
<i>Liabilities.</i>			
11. Capital paid up . . . . .	500,000,000	500,000,000	500,000,000
12. Bank reserve funds . . . . .	1,184,231,852	1,184,442,891	1,184,724,176
13. Bank-notes in circulation . . . . .	3,183,469,697	3,283,389,197	3,208,903,252
14. Other sight liabilities, in leva . . . . .	1,408,313,897	1,439,060,090	1,475,378,974
15. Deposits, in leva, at notice . . . . .	257,031,648	255,868,807	253,486,984
16. Foreign exchange liabilities . . . . .	109,872,994	147,520,969	139,622,819
17. Other liabilities . . . . .	199,393,878	217,072,892	230,442,142
Total liabilities . . . . .	6,842,313,966	7,027,354,846	6,992,558,347
<i>Cover.</i>			
(Proportion of gold and silver plus net amount of foreign gold exchange to bank-notes in circulation, plus sight liabilities) . . . . .	37.07%	37.18%	36.94%
Discount rate . . . . .	9%	8½%	8½%

Geneva, September 14th., 1931.

LEAGUE OF NATIONS

**FINANCIAL COMMITTEE**

16

**REPORT TO THE COUNCIL ON THE WORK  
OF THE FORTY-SECOND SESSION OF THE COMMITTEE.**

(Geneva, September, 1931.)

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INTRODUCTION.

The Financial Committee has the honour to submit to the Council the following report on part of the questions with which it has dealt during its fourth Session. The Committee will submit separately reports on the question which was referred to it by the Council concerning a loan of the Governing Commission of the Saar Territory, of the financial situation of Bulgaria, and on the requests recently made by the Austrian and by the Hungarian Governments.

The following members were present:

- |                                |                      |
|--------------------------------|----------------------|
| M. SUVICH ( <i>Chairman</i> ); | Sir Otto NIEMEYER;   |
| M. DE CHALENDAR;               | M. POSPISIL;         |
| Mr. Norman DAVIS;              | M. RYGG;             |
| M. JANSSEN;                    | Sir Henry STRAKOSCH; |
| M. TER MEULEN;                 | M. TANAKA.           |
| M. MLYNARSKI;                  | M. KEMPNER.          |

1. *For Estonian questions:*

- M. JAAKSON, President of the Bank of Estonia;
- M. WESTEL, former Minister of Finance, President of the Union of Banks of Tallinn;
- M. SCHMIDT, Envoy Extraordinary and Minister Plenipotentiary of Estonia accredited to the League of Nations.

2. *For Greek questions:*

- M. TSOUDEROS, Vice-Governor of the Bank of Greece;
- M. VARVARESSOS, Economic Adviser to the Bank of Greece;
- Mr. FINLAYSON, Financial Adviser to the Bank of Greece.

## I. ESTONIA.

The Financial Committee heard M. JAAKSON, President of the Bank of Estonia, and M. WESTEL, former Minister of Finance, President of the Union of Banks of Tallinn, who were accompanied by M. SCHMIDT, Envoy Extraordinary and Minister Plenipotentiary of Estonia accredited to the League of Nations.

M. Jaakson submitted to the Financial Committee for examination a certain number of amendments to the statutes of the Bank of Estonia, which were approved subject to a few alterations.

The Committee also heard a statement on the general conditions of economic life in Estonia, with special reference to the position of the bank of issue and the state of public finances. The explanations given to the Committee show that, taking into account world conditions and difficulties, the position is, on the whole, satisfactory; in particular, the balance of trade, which was formerly unfavourable, is now favourable, thanks to a considerable reduction in imports. The Bank's commitments are being reduced, and the proportion of the cover and of foreign exchange reserves is increasing partly on account of special non-recurrent resources. As regards public finances, the budgets of the last few years have shown either a surplus or have been balanced. In view of the cautious estimates and the reductions in expenditure ordered by the Government, which are now being effected, there is reason to anticipate that this will likewise be the case with the budget for the current year.

## 2. GREECE.

The Financial Committee heard M. TSOUDEROS, Vice-Governor of the Bank of Greece, M. VARVARESSOS, Economic Adviser to the Bank of Greece, and Mr. FINLAYSON, Financial Adviser to that Bank, who explained the position of the bank of issue, and asked the Committee's opinion on certain measures proposed by the management of that establishment.

## 3. DANZIG.

The Financial Committee has examined the fourth Report of the Trustee for the 1927 Free City of Danzig (Tobacco Monopoly) Loan. This report does not require action on the part of the Council.

## 4. TRANSFER OF FUNCTIONS OF THE MIXED GRECO-BULGARIAN EMIGRATION COMMISSION.

At the request of the Council, the Financial Committee has examined the request made by the neutral members of the Mixed Greco-Bulgarian Emigration Commission to the effect that, in accordance with the provisions of Article 7 of the Molloff-Caphandaris Agreement, the functions of the Commission under that agreement should be transferred by the Council to some other body or person. In view of the statement by the neutral members that the Mixed Commission has practically terminated its work and will shortly be liquidated, the Financial Committee is of opinion that it is desirable for the Council to decide upon such a transfer. In order not to create any new organ, the Financial Committee venture to suggest that it be itself entrusted with the functions in question, it being understood that the Committee may appoint two of its Members to act on its behalf in this matter in the interval between meetings.

## 5. FISCAL COMMITTEE.

The Financial Committee has noted the report of the Fiscal Committee on the work of its third session. The enquiries undertaken by this Committee are very far-reaching, and important progress has been made in the endeavour to abolish double taxation. This progress is marked by the signature, not only of a large number of agreements on special questions, such as the profits of shipping companies, but also of a few conventions of a general nature (between France and Italy, Finland and Sweden, Belgium and France), and finally of a plurilateral convention on the taxation of touring motor-cars in connection with the European Conference on Road Traffic.

The Financial Committee, in its last year's report, drew attention to two important tasks to which the Fiscal Committee had, at its 1930 session, decided to devote itself. One is the enquiry into the methods of apportionment of profits of enterprises operating in several countries, with a view to the unification of these methods. This enquiry is being actively pursued, and the Committee hopes before long to reach practical conclusions. Such a result would be of the greatest importance for the development of international commercial relations.

The other task undertaken by the Fiscal Committee—*i.e.*, the drawing up of a plurilateral convention on double taxation—has necessitated considerable work on the part of a sub-committee specially set up for the purpose and later on the part of the Fiscal Committee itself. The discussions on this question revealed radical divergencies between various types of national legislation and showed that the question was not yet ripe for a final solution. The drafts prepared as a result of these discussions will, however, in accordance with the proposals of the Fiscal Committee, be communicated at once to the Governments for their information. The Financial Committee considers that their attention should be very specially drawn to the importance of the question and the advantageous effect which the conclusion of a plurilateral convention on double taxation would have on the freer circulation of capital and goods, which is one of the essential conditions for the improvement of the present situation.

## 6. GOLD.

The Gold Delegation held a meeting from August 27th to September 2nd. It discussed the question of the effects and measurements of the fluctuations of the purchasing power of gold and the object of monetary policy. The Delegation hopes to adopt its final report at its next session.

## 7. RECURRENCE OF PERIODS OF ECONOMIC DEPRESSION.

The eleventh Assembly instructed the Economic and Financial Organisation of the League to "put itself in touch with the national organisations, whether consultative or planning councils or research institutes . . . and with their aid consider by what means the work now being conducted on the problem of recurrence of periods of economic depression may be co-ordinated."

In view of the first part of this resolution, the Economic and Financial Committees suggested to the Council, in January 1931, a procedure for obtaining the views of the economic councils and research institutes to which reference is made. These consultations have resulted in a report (appendix) of which the Members to the Economic Committee appointed to deal with the subject have already given their approval.

The importance which the eleventh Assembly attached to the proposed endeavour to co-ordinate the work on the causes of the recurrence of periods of economic depression such as that from which the world is to-day so acutely suffering is evident from the report of the Second Commission. "It felt", it stated, "that this problem was one which imperatively demanded co-ordinated and concerted study." The Economic councils and research institutes recommend that meetings of representatives of such of these institutes and of any national or international organisation as are engaged upon work on the question and of individual experts should be convened at suitable intervals.

They add that "a qualified economist, together with an adequate staff of assistants, should be permanently attached to the Secretariat".

The Financial Committee endorses this recommendation.

## 8. BUDGET PROVISIONS.

The Committee has been informed by the Secretariat that there is no item of the budget of the Financial Section and Economic Intelligence Service on which there is any available balance not earmarked until the end of the year out of which to defray the expenses of enquiries such as may arise out of the requests made by certain Governments. It presumes that, if necessary, credits will be provided from some other item of the Secretariat Budget.

The Committee understands further, however, that the 1932 Budget, as at present submitted to the Assembly, contains no provision for anything beyond the normal work of the Committee. This Budget was drawn up in May of this year and was submitted to the Committee at its session. Since then, a very grave financial crisis has developed, affecting certain countries which have been reconstructed under the auspices of the League, which may throw additional work on the Committee. We must face the possibility of urgent and abnormal calls upon the Committee and consequent expense, the amount of which it is at the present stage impossible to forecast accurately.

In the present year, some of the Committee's work has already been affected on grounds of expense. An important report to the Committee from the adviser to a Central Bank was cut down. The printing of certain reports upon aspects of the gold problem and of the report on the co-operative enquiry in Bulgaria has had to be deferred. The Committee fully recognises the need for economy, and yields to none in its desire to encourage and to practise it to the utmost. Nevertheless, it desires to say that it will not be in a position adequately to discharge the very heavy responsibilities it bears as the financial adviser to the Council, and towards the Governments of countries which have been authorised by the Council to seek its assistance, unless adequate budgetary provision is made. It believes its work is regarded as of great international importance in the present crisis precisely on financial grounds.

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### Appendix.

#### OPINION OF MEETING OF REPRESENTATIVES OF ECONOMIC COUNCILS AND RESEARCH INSTITUTES WITH REFERENCE TO THE STUDY OF THE RECURRENCE OF PERIODS OF ECONOMIC DEPRESSION.

The Economic and Financial Organisation of the League has asked for the opinion of the meeting on the questions raised in the following resolution of the eleventh Assembly:

“The Economic Organisation . . . should put itself in touch with the national organisations, whether consultative or planning councils or research institutes . . . and should . . . with their aid consider by what means the work now being conducted on the problem of recurrence of periods of economic depression may be co-ordinated.”

The meeting, having heard the explanations of the Director of the Financial Section and having taken note of the commentary on this question in the report of the Second Commission<sup>1</sup> of the last Assembly, after an exchange of views between the various members, has reached agreement on the following considerations and proposals:

During the course of the whole of the last century, very serious economic depressions involving loss, unrest and suffering similar to that now being experienced as a result of the present depression recurred at frequent intervals.

One special feature of the sequence of events to-day, however, as contrasted with earlier times is that, whereas a number of pre-war depressions were confined to a relatively limited area, to-day their repercussions are felt throughout the world.

Hence the urgent necessity of a common study by the competent organisations and experts in each country of the means of diminishing the intensity of such depressions and of a concerted effort to limit their effects in future.

Indeed, the problem of the causes of the recurrence of periods of economic depressions is one which imperatively and urgently demands the attention of all who may be able to contribute to its solution. If the League were to endeavour to co-ordinate the work now being conducted by a number of national or international organisations and individual scientists, it might contribute in no small measure to the chances of useful results. A rapid solution of the problem is scarcely to be expected—indeed, it has never been possible to entertain such a hope. It is, however, for this very reason that it would appear necessary to take up at once the study in the manner suggested in the resolution of this last Assembly.

In recent years, a number of organisations have been founded with the object of studying the trade cycle, of interpreting the crude statistical data made available by Government bureaux and other organisations and of keeping the public informed of the developments which take place. Certain of these institutes have gone farther and have devoted a part or the whole of their time to endeavouring to elucidate the causes of these fluctuations in economic activity.

It is this work with reference to the analysis of causes which the Assembly clearly had in mind. Such work has been and is being conducted, not only by special organisations, but by independent researchers in many parts of the world. The work of private individuals is no less important than that of elaborately organised research. Indeed, the institutes which have devoted attention to this problem are confined to North America and Europe, and it is essential that the world problem should be studied on a world basis. The object is rather to co-ordinate research and possibly to inspire fresh lines of enquiry than to construct a new machinery.

It is natural that the private persons and national organisations should tend to study the question largely from the standpoint which is of particular interest to their own countries. It is therefore desirable that the world forces should be carefully watched and their character and inter-relations analysed.

The meeting puts forward the following suggestions for the organisation of this work:

The meeting considers that, in present circumstances, effect can best be given to the recommendation of the Assembly by requesting the Economic and Financial Organisation of the League to convene at suitably frequent intervals meetings of representatives of those national economic councils and research institutes and, in general, any national or international organisations that are engaged on the problem of the recurrence of periods of depression. To these meetings individual experts well known for their scientific work in this field should also be invited.

It would seem essential for the full success of these concerted studies that a qualified economist, together with an adequate staff of assistants, should be permanently attached to the Secretariat. This expert should undertake especially the scientific preparatory work for the meetings, and ensure continuity of effort and render the work of the meetings as effective as possible.

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<sup>1</sup> Extract from report:

When we consider the magnitude of the losses from which the world suffers during a period of economic stagnation similar to that through which the world is now passing, it is impossible not to be impressed by the almost absolute failure of society up to the present to devise any means by which such disasters may be averted. The Committee felt that this problem was one which imperatively demanded co-ordinated and concerted study, and recommends, therefore, in a separate resolution . . . that an endeavour should be made to study the causes of the recurrence of periods of prosperity and depression.

National investigations are already being conducted in certain countries. A number of research institutions have been founded in recent years to study this question, and a number of Governments have set up, in addition, central economic planning or advisory councils.

The Committee considers that the first step should be to ascertain, after consultation with the bodies just mentioned, by what means the work which is now being done may be co-ordinated and stimulated, to collate the results already reached, compare the experiences and researches of the various national institutions, and thus at once to promote the world study of what is essentially a world problem and to devise means by which countries may acquire a greater control over their economic destinies.

The Committee, however, desires to add that it is fully conscious of the difficulties and obscurities of this highly technical scientific problem. It is not putting forward this recommendation on the assumption that any ready-made solution is likely to be rapidly discovered. It felt, however, that the League would be failing in its obligations if it refused to face the problem on the grounds that it was intricate or difficult.



[Distributed to the Council and  
the Members of the League.]

Official No.: **C. 749. (1) M. 348. (1)** 1931. II. A.

Geneva, October 24th, 1931.

LEAGUE OF NATIONS

**FINANCIAL COMMITTEE**

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17

**REPORT TO THE COUNCIL ON THE WORK  
OF THE FORTY-THIRD SESSION OF THE COMMITTEE**

*(Budapest, October 16th-22nd, 1931.)*

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**The Financial Position of Hungary.**

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Series of League of Nations Publications

II. ECONOMIC AND FINANCIAL  
1931. II.A. 27.

*Note by the Secretariat.*

On September 7th, the Hungarian Government addressed a letter to the Secretary-General of the League of Nations, in which it requested the League to examine the financial situation of the country by means of an expert enquiry. This request was referred by the Council to the Financial Committee on the same day, and on September 19th the Financial Committee, after a preliminary exchange of views with representatives of the Hungarian Government and of the Hungarian National Bank, reported to the Council (1) stating that, with the Council's approval, it proposed to send a delegation to make an enquiry of the character requested as promptly as possible; (2) asking the permission of the Council to take immediate action to deal with the situation should such action prove necessary; and (3) asking at the same time permission to publish a report on the Hungarian financial position.

On September 24th the Council approved these proposals.

On October 8th, the delegation referred to above reached Budapest, and began its enquiry. The delegation was composed as follows: M. Suvich, Chairman of the Financial Committee; Dr. Pospisil, Governor of the National Bank of Czechoslovakia; Professor Hedding, President of the Landesfinanzamt, Upper Silesia; Sir Bertram Hornsby, C.B.E., former Governor of the National Bank of Egypt; Professor Rist, former Vice-Governor of the Bank of France; and Mr. Royall Tyler, of Hambro's Bank, former Deputy-Commissioner of the League of Nations in Hungary.

Soon after the delegation had arrived in Hungary, it became clear that decisions might have to be taken which exceeded its competence. A meeting of the Financial Committee was therefore convened at Budapest on October 16th. The following members were present: M. Suvich (Chairman), M. de Chalndar, Dr. Kempner, M. ter Meulen, M. Mlynarski, Sir Otto Niemeyer, Dr. Pospisil, M. Tanaka, Sir Bertram Hornsby, representing Sir Henry Strakosch, and Mr. Robert E. Olds, representing Mr. Norman Davis. Professor Hedding and Mr. Royall Tyler, members of the delegation, were also present at the meeting of the Financial Committee.

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## REPORT.

### GENERAL.

1. The difficulties which confront Hungary to-day are different from those it had to face in 1923, when the Government first addressed itself to the League of Nations.

In 1923, the country was still suffering from the effects of the war, followed by a revolution and by serious currency inflation.

As a result of the steps the country was able to take with the help of the League of Nations, the currency was put on a sound basis and the economic life of the country was re-established. The local financial problem in Hungary does not present so many grave features as in 1923, but world conditions make it much more difficult to deal with. It may well be that the ultimate cause of the budget deficit and of the depressed economic situation is not domestic but external—namely, the world depression—the repercussions of which have been particularly severe on a country so largely dependent as Hungary is upon the production and export of wheat, the world price of which to-day is only about a quarter of what it was in 1925. But the Hungarian difficulties have been aggravated by a scale of expenditure in recent years in excess of revenue, by excessive and often unproductive foreign borrowing and by insufficient credit control. The final solution of difficulties arising from over-borrowing cannot be sought in further borrowing, and, moreover, even were the problem such as to find its appropriate solution in the raising of a foreign loan, the condition of the world markets renders such an operation at the moment improbable. Both internally and externally, the present problem presents great difficulties which can be overcome only by a full appreciation of their gravity and by a whole-hearted determination squarely to face them.

2. The main facts of our enquiry fall under the heads of the budget and the State debt, the total foreign indebtedness, the balance of trade and the banking situation.

### BUDGET.

3. The budgetary position of Hungary must be considered under the two heads of the budget of the Administration itself and the budget of the State enterprises.

#### *Budget of the Administration.*

The table below shows the development of the budget of the Administration since the budget of 1926-27:

(In millions of pengö.)

Administration itself	Closed Accounts				Provisional results 1930-31	Budget as voted 1931-32	Budget as revised 1931-32
	1926-27	1927-28	1928-29	1929-30			
Expenditure . . .	806.5	891.1	974.4	974.-	946.5	878.3	922.9
Receipts . . . .	954.8	987.1	983.9	975.5	829.6	878.8	918.-
Balance . .	+148.3	+ 96.0	+ 9.5	+ 1.5	- 116.9	+ 0.5	- 4.9

These figures show that the receipts began to drop in 1928-29 slightly at first and then substantially in 1930-31, the drop in this latter year being 145.9 millions on the former year (a reduction of 15 per cent) and 67.1 million on the estimates. On the other hand, the expenditure continued to rise until 1928-29, and remained at the same level of 974 millions in 1929-30, only falling thereafter to a much smaller extent than the receipts. The small surplus of 1.5 million pengö which still existed in 1929-30, changed in 1930-31 to the considerable deficit of 116.9 millions, which deficit has been met by certain Treasury operations.

During the months which followed the passing of the budget in June 1931, new credits to a total of 76.8 millions were opened either to make good under-estimates or to provide for new expenditure not foreseen in the original budget. On the other hand, it very quickly became evident that the estimates of receipts had been much too optimistic, and the Hungarian Government came to the conclusion that a short fall in the neighbourhood of 100 millions pengö was to be expected. A probable deficit of about 175 millions was thus in sight. To meet this situation, the Hungarian Parliament, by the Law of August 6th, 1931, gave full powers to the Government to take, in consultation with the commission composed of thirty-three representatives of the different political parties in the two Chambers, all measures necessary to re-establish budget equilibrium.

The results of the measures thus taken (the imposition of certain new taxes and increase of several existing rates, reduction of certain expenditure, including the reduction of 21.6 millions in salaries and pensions) and of certain adjustments of the figures are shown in the above table, last column.

4. The Financial Committee has examined these estimates and has the following remarks to make upon them:

The yield of revenue in the first three months—July, August, September, 1931-32—show a further substantial drop. Revenue amounted to 171.9 million pengö as against an anticipated figure of 199.4 millions, and as against receipts in the same period of the year in 1930-31 of 200.7 millions and in 1929-30 of 223.6 millions. The Committee has taken into account the fact that the measures taken to increase the receipts only came into force during September—that is to say, in the third month only of the financial year, and the further fact that the receipts in the first months of the year are always low. The estimates arrived at by various methods of calculation agree in compelling them to conclude that it would not be prudent to count on a total revenue in excess of a maximum of 800 million pengö.

*State Undertakings.*

5. This heading includes the budgets of the different State undertakings, including the post, telegraph and telephone and the railways—the receipts and expenditure of the State monopolies (tobacco, salt, saccharine, lotteries) being included in the budget of the Administration proper.

(a) *Current Expenditure and Receipts.*

The development of the current expenditure and receipts (other than capital expenditure) from 1926-27 to 1931-32 is shown in the following table:

(In millions of pengö.)

	Closed accounts				Provisional results	Revised estimates
	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32
<i>Post and Telegraph:</i>						
Expenditure . . . . .	77.1	87.5	95.9	99.8	99.8	96.6
Receipts . . . . .	86.6	94.2	103.6	105.7	108.3	114.2
Balance . . . . .	+ 9.5	+ 6.7	+ 7.7	+ 5.9	+ 8.5	+17.6
<i>Railways:</i>						
Expenditure . . . . .	275.-	288.7	303.6	285.5	279.3	267.1
Receipts . . . . .	288.5	297.1	306.4	286.9	247.5	257.7
Balance . . . . .	+13.5	+ 8.4	+ 2.8	+ 1.4	- 31.8	- 9.4
<i>Total of State Undertakings, including Post and Telegraph:</i>						
Expenditure . . . . .	415.8	444.3	486.2	462.9	450.6	433.2
Receipts . . . . .	439.9	461.-	499.3	472.2	427.3	437.8
Balance . . . . .	+24.1	+16.7	+13.1	+ 9.3	- 23.3	+ 4.6

As in the Administration budget, there is here also, starting from 1929-30, a substantial diminution of receipts ending, in particular, in 1930-31 with a deficit in the railways budget.

Certain measures analogous to those which have been taken for the Administration budget have been applied in the early months of 1931-32 to the various State undertakings—in particular, a total reduction of 11.5 million pengö in salaries and pensions and an increase in railway tariffs.

(b) *Capital Expenditure.*

The table below shows the annual surpluses on the budget of the State enterprises as set out in the previous table and also the total annual capital expenditure of those undertakings:

(In millions of pengö.)

	Closed accounts				Provisional results	Revised estimates
	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32
Surplus on the budgets of the State enterprises . . . . .	+ 24.1	+ 16.7	+ 13.1	+ 9.3	- 23.3	+ 4.6
Capital expenditure . . . . .	56.1	65.5	35.8	93.1	39.6	6.2
Balance . . . . .	- 32.-	- 48.8	- 22.7	- 83.8	- 62.9	- 1.6

The figures of capital expenditure given above are not those shown in the budgets of the State undertakings for the reason that, owing to an unsatisfactory method of accounting, the greater part of the capital expenditure is covered outside the budget without prior control by Parliament, either by means of advances from the Treasury, or from the produce of short-term loans issued directly by the undertakings themselves, or by means of repayable advances, or from two special extra-budgetary funds (the general capital expenditure fund and the special capital expenditure fund for Government undertakings).

*Situation of the Treasury.*

6. Although the Government obtained 236.6 million pengö by means of external and internal loans between November 1930 and August 1931, the cash balance of the Treasury on September 30th, 1931, amounted only to 65.8 million pengö, as against 91.9 million pengö on June 30th, 1930 (see Annex I (f)). This result is due to the deficit of the budgetary year 1930-31 and of the first three months of the current budgetary year, as also to capital outlay and other expenditure effected outside the budget.

In view of the fact that a minimum balance of about 50 million pengö is required for the normal working of the Treasury, and that the balance on September 30th has since suffered a further reduction of 9 million pengö, the Treasury is likely to be in cash difficulties next month in the event of further budgetary deficits. There are available certain other small balances in the hands of State undertakings and of the various special funds which might be drawn on.

The Treasury has important payments to meet, in respect of commitments entered during 1929-30 and 1930-31, for road construction, purchases of the Futura Co., etc., fuller details of which will be found in Annex I (g). These payments, amounting in all to about 201.7 million pengö, are spread over a short period of years, and some of them are already due.

On the other hand, there are arrears of taxes and of administrative receipts amounting nominally to about 235 million pengö, some of which the Government hopes to recover in the current year.

*State Debt.*

7. The total debt of the State, including State undertakings, amounted in all to 1,853.6 million pengö (the date of calculation for floating debt being taken as at September 30th, 1931, and that for funded debt at June 30th, 1931), composed as follows (see also Annexes I (h) (i) and (j))

(In millions of pengö.)

Foreign debt:			
Funded			1,315.2
Floating	{		
State		205.4	
Undertakings		108.1	
		313.5	1,628.7
Internal debt:			
Funded			135.9
Floating	{		
State		44.5	
Undertakings		44.5	
		89.-	224.9
Total debt			1,853.6

The service for 1931-32 on the funded debt is estimated at 91.1 million pengö, of which 35.5 million pengö represents amortisation. There may be some saving on this figure in so far as remittances to certain countries are concerned, owing to exchange depreciation. The interest on the floating debt amounts to about 14 million pengö for the State and to about 8 million pengö for the undertakings.

*State Guarantees.* In recent years, the Government has given its guarantee for a number of loans contracted by municipalities, banks, the Central Institution of Co-operative Credit, and various other institutions and undertakings. The total amount of these guarantees as at September 30th, 1931, was 199.8 million pengö, of which 152.9 was in respect of foreign loans. Of the whole total 103 million pengö were obtained with the object of stimulating export trade.

8. The Committee feel that, in view of the above, and also having regard to the economic burden at present involved, the measures so far taken to reduce State expenditure were insufficient, and that the total should, in present circumstances, be brought down to a level more proportionate to the contributive power of the country. The very large increase in shown above public expenditure, both on personnel, directly or indirectly, and on other items, in recent years obviously offers a very considerable field for economy, more particularly in view of the fall in prices in this period.

The Committee also observes that, in addition to the expenditure included in the budget, it will be necessary, in future budgets, to provide for the repayment of floating debt and arrears. It is further most important that the budget should be so presented as to show completely the financial liabilities of the State, and that with this object in view the unity of the budget should be enforced much more completely than is now the case.

9. After a joint examination of the situation with the Financial Committee, the Hungarian Prime Minister addressed to the Committee the following declaration:

*Declaration of the Hungarian Government.*

" 1. The Hungarian Government is decided to re-establish budget equilibrium for the rest of the present budget year and—taking into account the non-revenue resources available in the earlier months of the year—proposes to fix the maximum expenditure at 890 million pengő for the whole year. Expenditure for the remaining eight months of the budget year, November 1931 to July 1932, will be limited to an annual basis of 850 million pengő—i.e., 565 million pengő for eight months.

" As regards the next budget year 1932-33, the expenses of the State will be reduced to a maximum of 830 million pengő.

" The Government is fully aware of the dangers of inflation and is firmly decided to avoid it. If the Government finds it impossible to maintain budget equilibrium during the current budget year by the measures which have now been taken, it will decide without delay upon other reductions so as to assure equilibrium.

" 2. At the same time, it will take measures to secure equilibrium in the budgets of all State undertakings, especially of the railways, mainly by means of reductions in expenditure; but, if necessary—as far as the railways are concerned—by an increase in tariffs and by complementary measures for the regulation of competition between railways and motor transport lines.

" The Government will secure in subsequent years that all investments of each individual State undertaking are covered by the receipts of the undertaking, although it may find itself compelled in the current financial year to allow small appropriations from the receipts of one undertaking for the investment purposes of another. It will further secure that such investments are kept down to an irreducible minimum.

" 3. The Hungarian Government further contemplates the transfer to private hands of certain of its undertakings, such as the steel works, coal mines, etc.

" 4. The Hungarian Government proposes to take effective measures to control the expenditure of local authorities.

" 5. It proposes to ask the Financial Committee of the League of Nations to appoint a representative to reside in Budapest. The functions of this representative will cease when the Council of the League shall have ascertained that the financial stability of Hungary is assured.

" 6. The Hungarian Government will elaborate the detailed programme of budgetary economy and the other measures of reform mentioned herein in agreement with the representative of the Financial Committee, who will have the right to demand any information he may require and will submit quarterly reports to the League of Nations concerning the progress made in the execution of the plan.

" 7. The Hungarian Government proposes to assure the unity of its budget and to incorporate in the general budget total all special funds in receipt of public moneys. Particulars of trust funds administered and controlled by the State, while not included in the budget total, will be annexed to the budget statement.

" 8. In recent years, the Government has given its support to various measures intended to maintain the domestic price of wheat while stimulating exports. These measures were introduced at a time when it was believed that the depression in the wheat market would not prove of long duration. The constant decline in prices that has actually taken place, and the general prospects of wheat farming to-day, however, are such as to have forced the Government to the conclusion that efforts in the direction of maintaining artificially the domestic price of wheat must be abandoned. The Hungarian Government therefore proposes to take early measures for the liquidation of its interest in the Futura Company and to terminate the Boletta Fund by the end of the financial year.

" 9. In order to keep the public regularly informed of the situation of the public finances of the country, the Hungarian Government will publish monthly statements under the appropriate budget heads of the estimated and actual receipts and expenditure of the State and (separately) of the budgets of the various State undertakings. These monthly statements will also show the orders of payment issued by the various ministerial departments. The Hungarian Government will further publish comprehensive monthly statements of the situation of the Treasury.

" Quarterly statements will also be issued giving details concerning foreign and domestic long-term debt, floating debt and all other liabilities of the State and of its undertakings and their date of maturity.

" 10. In order to avoid excessive borrowing in the future, the Hungarian Government proposes:

" (a) To assure that the specific previous authorisation of Parliament is obtained by the Minister of Finance for every individual guarantee granted by the State for loan operations of the local authorities, semi-public and private institutions;

" (b) To enforce its power to control borrowings at home and abroad by State undertakings and local authorities, to limit such borrowings to strictly productive purposes, and to consult the National Bank before consenting to any such loans abroad;

"(c) To concert with the National Bank measures to secure that any transaction involving foreign liabilities in excess of, say, 2 million pengő is brought to the previous notice of the National Bank.

"11. The Government further intends to revise the general banking legislation, providing, *inter alia*, for the publication of monthly statements by the banks, the furnishing of the necessary information to the National Bank, and the maintenance of a minimum liquid reserve at the National Bank. The Government will consult the representative of the Financial Committee in this connection.

"12. The Government has arranged with the National Bank for the appointment of an adviser, through the good offices of the Bank for International Settlements, whom it will retain for so long as the Financial Committee considers necessary. He will furnish the Committee or its representative with any information regarding the National Bank which may be required."

10. From these proposals, it will be seen that the Hungarian Government intends to take a series of steps which, in the opinion of the Committee, are eminently desirable.

They should result in an effective control by the Government of all public expenditure, in a clearer method of preparing and presenting the public accounts, and in the cessation of certain measures which have involved the country in unwarranted expense.

As regards the budget, however, the Financial Committee, having regard to the conclusions it reached in paragraph 4, thinks that the totals envisaged by the Government will, in fact, prove too high and that it will be necessary to reduce expenditure as from November 1st to a scale not exceeding a maximum of 800 million pengő per annum (533 millions for eight months). It will reconsider the position in due course in the light of further experience.

#### FOREIGN INDEBTEDNESS.

II. A point of capital importance is the total foreign obligations of Hungary. These fall into three main categories, State debt, municipal and other public bodies' debt and private debt, which may be summarised as follows:

(In millions of pengő.)

A. *State:*

1. Long term. . . . .	1,315	
2. Medium and short term . . . . .	<u>314</u>	
Total A. . . . .		1,629

B. *Other Debtors:*

1. Long-term funded debts:			
Public bodies . . . . .	498	(thereof State-guaranteed	10)
Others . . . . .	<u>791</u>	( " " " "	<u>6</u> )
Total. . . . .	1,289	( " " " " . . . . .	16)
2. Medium and short term:			
(a) Public bodies. . . . .	19	( " " " " . . . . .	8)
(b) National Bank and other banks (net) about . . . . .	787	} ( " " " " . . . . .	129)
(c) Private: merchandise credits and other debts (net) about . . . . .	<u>370</u>		
Total about. . . . .	1,176		
Total B. . . . .	2,465	( " " " " . . . . .	153)

C. *Total State and other Debtors:*

Long term . . . . .	2,604
Medium and short term about . . . . .	<u>1,490</u>
Total C. . . . .	4,094

As regards State debt, in 1924—when the scheme of general financial reconstruction was initiated—the Hungarian Government had (apart from its reparation charges) certain obligations on account of pre-war debts, and certain war debts and relief credits at that time unsettled or only

1,003 partially settled, the capital value of which to-day aggregates approximately 1,003 million pengő. The nominal value of the bonds of the reconstruction loan now outstanding amounts to about 312 million pengő. Since 1924, there has been no increase in the direct long-term indebtedness of the Hungarian State. Since the beginning of 1930, however, the State debt has been increased by the issue abroad of Treasury bills in 1930 to the equivalent of 87.5 million pengő and of further Treasury bills in 1931 to the equivalent of 94.6 million pengő. In addition, the Hungarian Government made itself responsible for 7.2 million pengő out of a road-building loan of 15 millions, the remainder of which was raised by various municipalities, and borrowed 64 million pengő on short term chiefly for the repurchases of Hungarian securities in view of sinking-fund payments on part of the debt which existed prior to 1924. Further, some 61 million pengő were raised by various State undertakings through the intermediary of Hungarian commercial banks.

1,629

Moreover, the State has given its guarantee to loans raised by public bodies, and even in certain cases to loans of a private character intended to encourage agricultural production and export, involving in all approximately 153 million pengő.

As shown in the table, the total direct State foreign indebtedness to-day—not counting the abovementioned item of 153 million pengő, which is included under “ other debtors ”—amounts to 1,629 million pengő; roughly, 260 million pengő more than its total after the issue of the reconstruction loan.

The total of 2,465 million pengő shown under the heading of “ other debtors ” includes an amount of 517 million pengő of debt contracted by public bodies, the balance being due by the banks, by industrial and commercial firms and by private individuals. The medium- and short-term debt, both of the State and of others, amounts to 1,490 million pengő, of which it is estimated that at least 1,000 million pengő fall due for repayment in the course of the next twelve months. Some part of this is covered by “ Standstill arrangements ”, which, however, only run for three months at a time.

Subject to the qualification that the interest charge on the medium- and short-term debt is only an approximate estimate, it may be calculated that the country's total annual charge for interest and amortisation is not far short of 300 million pengő, of which 187 million pengő (including amortisation) relate to long-term debt and some 100 million pengő to short-term.

Of the total charge, the liability of the State amounts to 82 million pengő (including 34 million pengő for amortisation) for long-term debt and approximately 18 million pengő for short-term.

12. While the growth of the direct indebtedness of the State has thus been relatively small and the direct total indebtedness cannot be considered as excessive, the debt of the whole community of Hungary, including that of the State, that raised by public bodies and that of banks and others, has been increased in the past six years at a rate which, in our opinion, the real needs of the country did not warrant.

The former Commissioner-General of the League of Nations, reviewing the general situation of Hungary in 1927, stated that:

“ Hungary is now in a satisfactory condition and it ought to remain so provided first that the Government pursue a sound and conservative policy in the light of its permanent expenditure which cannot be reduced in time of difficulty, and secondly that the country does not borrow too much money abroad ”.

Sufficient attention has not, in our opinion, been paid to that warning. The Hungarian Government itself, while refraining from excessive direct borrowing, has not effectively exercised its powers to control the borrowing of public bodies within Hungary, but has even facilitated such borrowing—for instance, by giving its guarantee.

#### BALANCE OF PAYMENTS.

13. As the inevitable result of the heavy borrowings in recent years, the balance of trade of the country became increasingly passive during the period 1925 to 1928. In 1929, when borrowing became more difficult, the passive balance was reduced and, in 1930, there was an active balance (58 million pengő). Apart from foreign borrowings—and, as late as the summer of 1931, Hungary derived a not inconsiderable sum from this source—there are no important net active items in the Hungarian invisible balance of payments. The country can therefore only meet the service of its debt by converting its passive trade balance into an active balance. Such a conversion is a normal process which all countries have to undergo when they cease borrowing or when the service of their past debts begins to exceed their receipts on account of new loans. We have heard it urged that Hungary can scarcely hope to accomplish such a result, on the grounds that Hungarian trade is conducted to so large an extent with some of her neighbour States who were also faced, owing to the restriction of their borrowings, by a similar necessity to convert a passive into an active balance of trade. But, if a wider view of the general economic situation to-day is taken, we do not believe that this argument will prove to be justified. For the fact that Hungary and her neighbour States have ceased to borrow is due, in the first instance, to the cessation of lending. As a result, the former lending States must, for their part, inevitably find that their balance of trade, previously rendered active by their lendings, will now become passive, or, at



least, less active than it was. The tendency of this latter change is to enforce and also to promote the creation of an active balance in the States which were previously in the habit of borrowing year by year.

Certain immediate difficulties do no doubt present themselves. In the first place, this change in trade balances implies some change in the channels of trade. Time and effort will be required before new channels can be effectively opened. In the second place, Hungary, as she relies so largely on the export of wheat which, together with flour, accounted, in 1929, for over one-fifth of the value of her total exports, has been affected, not only by the repercussion of the general economic depression, but also by the special weakness of the world wheat market. In this connection Hungary's position has been rendered more difficult owing to the fact that her harvest this year is below the average. Further, the freedom to export has been affected in recent months by the institution in other countries of systems for the control of exchange operations which necessarily cause an impediment to commerce and by the termination of certain commercial treaties, as well as by difficulties of an administrative order. As a result of these influences, the exports of Hungary have diminished greatly in recent years and recent months.

At the same time, owing to the general fall in prices, the cost of imports has fallen as well as the value of exports, though there is some difference in the degree of fall.

*Value of Merchandise Imports and Exports.*

	Imports (In millions of pengö.)	Exports
1928 . . . . .	1,228	830
1929 . . . . .	1,090	1,043
1930 . . . . .	857	915
12 months ending September 1931 <sup>1</sup> . . .	631	644
9 months ending September 1931 <sup>1</sup> . . .	426	398

Over 45 per cent of Hungary's exports in 1930 went to Austria and Czechoslovakia; another 23 per cent went to Italy and Germany, making a total of 68 per cent for these four countries. The natural outlets for Hungary's production are the more industrialised neighbouring States. Owing to the denunciation at the end of last year of the commercial agreement with Czechoslovakia, normal trade relations with that country have practically ceased. For certain of her products, moreover, such as her cattle, Hungary's choice of markets is necessarily restricted.

14. While full recognition must therefore be given to the difficulties which present themselves, those difficulties may easily be exaggerated. Hungary has already taken certain measures to which we refer below to control the purchase of foreign exchange, and those measures have already affected and must further affect the volume of imports. All the evidence of recent years and recent months in other countries has gone to show how much greater than is commonly believed is the adaptability of trade—how rapidly in abnormal circumstances a passive trade balance may be converted into an active, and *vice versa*. Indeed, the trade statistics of Hungary itself, in the two months of August and September, may afford an example of such a change, the persistent passive balances of the earlier part of the year having been converted into active balances (11 and 16 million pengö) which do not in our opinion reflect simply a seasonal movement.

BANKING.

15. After the failure of the Kreditanstalt in Austria, a withdrawal of foreign credits from Hungarian banks took place and, under the influence of what happened in other countries, a certain lack of confidence in the stability of the currency manifested itself. The Government accordingly took a number of emergency measures to prevent the situation getting out of hand. It declared a three days' bank holiday in July; it limited, temporarily, the withdrawal of bank deposits and decreed a somewhat complicated measure—details of which are contained in Annex VI (a)—introducing a gold pengö. It provided for the centralisation of all foreign exchange transactions at the National Bank and for the declaration of liabilities and assets in foreign exchange.

On December 31st, 1930, the resources of the National Bank in gold and foreign exchange (including foreign exchange comprised under the heading of "other assets") amounted to 230 million pengö. On September 30th, 1931, in spite of loans from the Bank for International Settlements and certain Central Banks, the Bank's published reserves had fallen to 112 millions.

It is impossible to determine to what extent the considerable loss of foreign exchange suffered by Hungary during the course of the year was due to trade demands and repayments of foreign debt, or whether it represents to any great extent the expatriation of capital.

It may reasonably be said in any event that the Bank showed some unwillingness to apply the normal remedy for the protection of its reserves by increasing its discount rate. At the beginning of the year, the bank rate stood at 5½ per cent, at which figure it remained till June 16th,

<sup>1</sup> For September 1931, provisional figures.

when it was raised to 7 per cent. A further increase to 9 per cent took place on July 24th, but, on September 11th, it was reduced to 8 per cent. We are informed that this reduction was effected partly to strengthen the feeling of restored confidence which the "gold pengö" decree had brought about, and partly in order to effect a reduction in the rate of interest charged by other lenders. We are doubtful of the validity of either reason.

The commercial banking system of Hungary has not outwardly followed the general tendency of concentration, though, in fact, this has largely taken place. The twelve or more banks whose head-offices are in Budapest control, to a greater or lesser degree through capital participation, a considerable part of the 500 banking institutions scattered throughout the country.

In addition to their banking participations, these larger banks have played an important part in developing industrial concerns both by subscription to capital and by loans. For some time past, they were expanding their commitments in this direction by means of short borrowings from foreign countries. When their foreign loans were recalled as a result of the external situation and when a drain on their deposits took place as a result of internal difficulties, their only means of defence lay in rediscounting with the National Bank, which was thereby subjected to a heavy strain.

It is laid down in the first article of the National Bank's Statutes that one of its chief functions, pending the introduction of convertibility, is the maintenance of the external value of the currency. It appears to us that the Bank is ill-provided with means for carrying out this task, as it has no control over foreign borrowings whether by the State, the banks, or private individuals. This is a question which should engage the attention of the Hungarian Government and to which reference has been made in the declaration of the Hungarian Prime Minister quoted above.

On the other hand, the Bank has at the moment—and for perhaps the first time since its foundation—a direct control over the domestic money market. Foreign borrowing has ceased and the bank rate is therefore a truly effective weapon, as commercial banks cannot to any appreciable extent rediscount or borrow abroad. As stated above, two decrees have been promulgated, one for the control of dealings in foreign exchange, the other compelling all holders of claims and assets in foreign exchange to make a statement of their holdings, and giving the National Bank, subject to certain conditions, the right to demand that such exchange be placed at its disposal. The exchange already declared and that which becomes available from exports can be rendered available to the National Bank for the purpose of essential imports and for the service of interest on foreign debts. The National Bank has to work out the implications of the new conditions thus created.

It is, in our opinion, essential that the stability of the pengö should be maintained and we noted with satisfaction that this view was wholly shared by the Hungarian Government and by the National Bank. If this is to be done, however, and the foreign obligations just mentioned are to be met, exchange operations must be so controlled as to restrict imports to an indispensable minimum. Such a restriction of import implies in its turn a contraction of credit in the country, in the absence of which a rise of prices is unavoidable. We note that the decrees relating to the control of foreign exchange are not as strict as those in certain neighbouring States and have moreover not been so strictly enforced. We consider that these decrees should be urgently re-examined and that strong measures should be taken to assure that all exchange available, or becoming available, should be placed at the disposal of the Bank.

We recognise that systems for the control of foreign exchange operations do not constitute permanent means for influencing the balance of trade. Where they are employed, however, it is desirable that the importer should be in a position to ascertain before he enters into a contract for the purchase of goods that foreign exchange will be available when his bills fall due, in order that he may not enter into commitments which cannot be met. Further, it would be useful if some indication could be given concerning the type of commodities for which the National Bank will allot exchange. In these and other ways, the system at present applied in Hungary might, we believe, be very materially strengthened, and every effort should be made to render the system as effective and watertight as possible.

16. While we consider that Hungary should thus make every effort to meet the service of the foreign debt, we recognise that it is not possible for her to meet all the maturities of her short-term debt as they fall due. Indeed, in normal times, no country would, in fact, be required to do this, for new borrowings would automatically cancel some maturities and, in abnormal times, few, if any, countries could effect total gross repayments if required. Standstill arrangements have already been made for certain bank debts. We consider that other short-term debtors should enter at once into negotiations with their creditors with a view to making parallel arrangements and that all the agreements reached should be for a period of not less than six months.

In these negotiations, the real capacity of Hungary to pay in foreign currencies will have to be carefully considered, and whatever arrangements are made should be on as uniform a basis as the varying character of the different classes of debt permits and should be such as to cover all cases in each class. At the same time, care should be taken to avoid the danger of domestic creditors obtaining undue advantages.

In conclusion, we wish to emphasise again that the Hungarian problem is not isolated; it is part of a very much wider issue. Hungary cannot hope to contribute greatly alone to constructive measures designed to ameliorate world economic conditions. But she can help to prevent a further deterioration by defending her own credit. In this respect, her interests and world interests are identical. We believe that, given the necessary determination, her credit can be maintained. On that determination to-day depends, in our opinion, her chances of recovery to-morrow.

We wish also to emphasise our hope that the measures which Hungary is taking will be met in a spirit of co-operation and goodwill in creditor countries. We hope that it may be possible by co-operation with neighbour States to reduce to a minimum commercial restrictions and the inconveniences resulting from exchange control, and that it will be recognised on all sides how difficulties react from one country to another in such a way as to impede recovery from the present general state of economic and financial crisis.

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**Annex I.**

**BUDGET.**

**(a) RECEIPTS FOR THE YEARS 1926-27 TO 1930-31 COMPARED WITH THE VOTED AND REVISED ESTIMATES FOR 1931-32.**

(En millions de pengö. — In millions of pengö.)

	1926-27	1927-28	1928-29	1929-30	1930-31 Chiffres provisoires Provisional figures	1931-32 Prévisions votées Voted estimates	1931-32 Prévisions rectifiées Revised estimates	
<i>Impôts directs :</i>								<i>Direct Taxes :</i>
Impôt foncier . . . . .	44,9	39,2	48,3	36,1	31,1	31,0	31,1	Land.
Impôt sur la propriété bâtie . . . . .	44,1	58,6	69,5	71,2	68,9	68,0	68,5	House. Emergency on house rents.
Impôt extraordinaire sur les loyers . . . . .	—	—	—	—	—	—	30,0	Company. Income.
Impôt sur les sociétés . . . . .	12,1	17,6	21,8	24,2	21,3	21,0	21,0	Supplementary Income Tax.
Impôt sur le revenu . . . . .	43,9	43,4	35,9	38,9	40,3	41,0	34,2	Capital.
Impôt complémentaire sur le revenu . . . . .	—	—	—	—	—	—	30,0	Special (of employees).
Impôt sur le capital . . . . .	13,6	13,4	12,3	12,0	11,4	10,0	11,4	Sundry receipts.
Impôt spécial (des em- ployés) . . . . .	—	—	—	—	8,4	20,0	26,5	
Recettes diverses . . . . .	5,5	5,6	5,2	4,4	4,9	1,6	4,2	
Total . . . . .	166,1	178,0	193,0	186,8	186,3	192,6	256,9	Total.
<i>Impôts sur le chiffre d'affaires :</i>								<i>Turnover Taxes :</i>
Impôt général . . . . .	106,3	110,7	106,3	93,1	67,4	90,0	86,8	General.
Ventes d'animaux . . . . .	12,4	11,2	10,0	—	—	—	—	Sales of animals.
Betteraves à sucre . . . . .	0,7	0,9	1,0	0,9	1,0	0,7	0,7	Sugar-beet.
Titres . . . . .	4,9	3,4	2,5	0,7	0,6	1,1	1,1	Securities.
Taxe de luxe . . . . .	14,9	13,8	12,5	9,0	6,4	9,0	9,0	Luxury.
Recettes diverses . . . . .	0,8	0,8	0,8	0,6	0,6	0,2	0,2	Sundry receipts.
Total . . . . .	140,0	140,8	133,1	104,3	76,0	101,0	97,8	Total.
<i>Droits :</i>								<i>Dues :</i>
Mutations de biens . . . . .	37,3	41,9	42,9	38,5	39,8	38,5	38,5	Transfer of property
Documents . . . . .	55,7	53,4	54,0	53,6	43,7	51,0	56,9	Documents.
Droits de justice . . . . .	7,0	8,5	8,4	9,0	8,4	8,5	8,5	Legal procedure.
Droits administratifs . . . . .	5,9	5,4	6,1	7,0	5,9	6,0	6,0	Administrative.
Recettes diverses . . . . .	3,4	4,1	4,2	3,9	3,1	0,4	0,4	Sundry receipts.
Total . . . . .	109,3	113,3	115,6	112,0	100,9	104,4	110,3	Total.
Taxe sur les transports . . . . .	15,2	15,9	16,2	15,4	13,7	15,0	13,0	Transport tax.
<i>Impôts de consommation :</i>								<i>Taxes on Consumption (excise) :</i>
Alcool . . . . .	23,8	28,4	29,4	23,6	17,5	18,6	9,8	Alcohol.
Bière . . . . .	5,8	7,6	7,5	6,7	3,6	5,0	3,6	Beer.
Sucre . . . . .	35,1	40,0	43,2	41,3	41,6	42,1	46,1	Sugar.
Huiles minérales . . . . .	15,1	14,7	15,7	17,4	15,9	17,2	20,8	Mineral oil.
Allumettes et briquets . . . . .	4,4	4,7	4,1	4,5	4,2	4,1	4,0	Matches and lighters.
Papiers et tubes à ciga- rettes . . . . .	1,3	1,4	1,4	1,4	1,4	1,3	1,3	Cigarette paper and tubes.
Eaux minérales et eaux gazeuses . . . . .	—	—	—	—	—	—	2,0	Mineral and soda water.
Recettes diverses . . . . .	0,6	0,6	0,7	0,6	0,5	0,5	0,5	Sundry receipts.
Total . . . . .	86,1	97,4	102,0	95,5	84,7	88,8	88,1	Total.
Droits de douane . . . . .	141,8	148,1	124,5	96,6	79,8	84,0	71,0	Customs Duties.
Monopole du tabac . . . . .	135,2	151,2	154,4	151,8	140,2	154,0	136,0	Tobacco monopoly.
Monopole du sel . . . . .	24,6	24,8	25,0	24,9	24,7	24,2	24,0	Salt monopoly.
Monopole de la saccha- rine . . . . .	0,2	0,1	0,1	0,1	0,1	0,1	0,1	Saccharine monopoly.
Loterie . . . . .	1,2	1,5	1,5	1,9	1,9	1,9	1,9	Lottery monopoly.
Arriérés d'impôts . . . . .	—	—	—	—	—	—	20,0	From tax arrears.
Total des impôts, y compris les mono- poles . . . . .	819,6	871,1	865,4	789,3	708,3	766,0	819,1	Total taxes (includ- ing monopolies).
Recettes départemen- tales . . . . .	135,2	116,0	118,5	186,2	121,3	112,8	98,9	Departmental receipts.
Total général des recettes . . . . .	954,8	987,1	983,9	975,5	829,6	878,8	918,0	Grand total of revenues.

(b) EXPENDITURE.

The following table shows the expenditure of the administration proper for 1926-27 to 1930-31 compared with the estimates for 1931-32:

(En millions de pengö — In millions of pengö.)

	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	1931-32	
						Prévisions votées plus crédits supplémentaires	Prévisions rectifiées	
					Chiffres provisoires	Voted estimates plus supplementary credits	Revised estimates	
					Provisional figures			
a) Dépenses de personnel	234,1	260,6	283,8	289,0	304,7	302,1	286,4	(a) Personnel.
b) Pensions . . . . .	100,0	116,8	127,5	132,2	132,8	139,4	133,4	(b) Pensions.
Total . . . . .	334,1	377,4	411,3	421,2	437,5	441,5	419,8	Total.
c) Contributions aux administrations autonomes pour les traitements et pensions	44,5	51,1	55,5	57,4	57,7	63,0	62,3	(c) Subsidies to autonomous administrations for salaries and pensions.
d) Autres dépenses (matériel, etc.) . . . . .	269,7	327,3	374,0	358,8	310,6	307,0	315,2	(d) Other expenditure (material, etc.).
e) Service de la dette . . . . .	137,5	113,8	98,6	96,8	105,0	107,8	98,9	(e) Debt service.
f) Charges du Traité de Paix . . . . .	5,4	5,8	6,4	4,9	8,7	12,1	3,0	(f) Treaty charges.
g) Dépenses de capital . . . . .	15,3	15,7	28,6	34,9	27,0	23,7	23,7	(g) Capital outlay.
Total . . . . .	806,5	891,1	974,4	974,0	976,5	955,1	922,9	Total.

(c) NUMBER OF STAFF (EXCLUDING WORKMEN).

	Année budgétaire — Budgetary year								
	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	
<b>I. Administration:</b>									<b>I. Administration:</b>
Administration civile . . . . .	43.221	42.135	41.329	40.433	40.786	40.751	40.286	40.017	Civil administration.
Instruction publique . . . . .	10.701	9.743	9.489	9.435	9.690	9.645	9.842	9.831	Teachers.
Sécurité publique, gendarmerie, police et garde fluviale . . . . .	27.924	26.464	25.892	25.766	25.766	25.583	25.394	25.313	Public security, gendarmerie, police and river guard.
Monopoles . . . . .	586	599	559	515	520	520	520	511	Monopolies.
Officiers de l'armée <sup>1</sup> . . . . .	1.910	1.850	1.850	1.779	1.780	1.780	1.780	1.780	Officers of the Army <sup>1</sup> .
Total . . . . .	84.342	80.791	79.119	77.928	78.542	78.279	77.822	77.452	Total.
<b>II. Entreprises d'Etat:</b>									<b>II. State Undertakings:</b>
Postes . . . . .	15.594	14.511	12.203	12.000	12.800	13.005	13.005	12.930	Post.
Chemins de fer . . . . .	31.484	31.484	30.554	30.087	30.087	30.258	30.220	29.844	Railways.
Etabliss. sidérurgiques . . . . .	820	764	731	725	721	719	711	689	Ironworks.
Forêts . . . . .	220	200	170	169	173	173	173	171	Forests.
Domaines . . . . .	213	202	192	192	192	192	192	188	Domains.
Elevage de vers à soie . . . . .	88	88	88	88	88	88	88	82	Silk-worm rearing.
Caisse d'épargne postale . . . . .	1.094	1.089	1.091	1.091	1.106	1.106	1.106	1.106	Postal Savings Bank.
Mines de charbon . . . . .	30	31	31	31	30	30	30	30	Coal mines.
Total . . . . .	49.543	48.369	45.060	44.383	45.197	45.571	45.525	45.040	Total.

<sup>1</sup> Soldats 33.250. — Soldiers 33.250.

(d) NUMBER OF PERSONS IN RECEIPT OF PENSIONS, ETC.

	Année budgétaire — Budgetary year								
	1924-25	1925-26	1926-27	1927-28	1928-29	1929-30	1930-31	1931-32	
<b>I. Administration :</b>									<b>I. Administration :</b>
Personnes recevant des pensions . . . . .	29.839	31.244	30.825	31.664	32.664	33.519	33.979	34.652	Persons in receipt of pensions.
Veuves . . . . .	11.920	11.759	11.942	12.303	12.734	13.083	13.567	14.088	Widows.
Personnes recevant des allocations spéciales et des rentes . . . . .	586	606	671	710	788	777	796	871	Persons in receipt of special allowances and annuities.
<b>Total . . . . .</b>	<b>42.345</b>	<b>43.609</b>	<b>43.438</b>	<b>44.384</b>	<b>46.186</b>	<b>47.379</b>	<b>48.342</b>	<b>49.611</b>	<b>Total.</b>
Orphelins . . . . .	5.511	5.738	6.417	6.412	6.548	6.510	6.257	6.085	Orphans.
<b>II. Entreprises :</b>									<b>II. Undertakings :</b>
Personnes recevant des pensions . . . . .	31.072	32.412	32.981	33.865	34.340	34.617	34.698	35.360	Persons in receipt of pensions.
Veuves . . . . .	12.212	12.240	12.515	12.885	13.360	14.007	14.210	14.792	Widows.
Personnes recevant des allocations spéciales et des rentés . . . . .	37	42	42	38	37	47	54	63	Persons in receipt of special allowances and annuities.
<b>Total . . . . .</b>	<b>43.321</b>	<b>44.694</b>	<b>45.538</b>	<b>46.788</b>	<b>47.737</b>	<b>48.671</b>	<b>48.962</b>	<b>50.215</b>	<b>Total.</b>
Orphelins . . . . .	3.658	6.555	6.336	6.605	6.680	6.638	6.370	5.975	Orphans.

(e) STATE REVENUES COLLECTED IN JULY-SEPTEMBER 1930 AND 1931.

	Revenue collected from July 1st, 1930, to September 30th, 1930	Collected from July 1st, 1931, to September 30th, 1931	Revenue collected more (+) or less (—) 1930-31
	(In millions of pengö.)		
Direct taxes . . . . .	45.8	39.9	— 5.9
Turnover tax . . . . .	18.0	16.4	— 1.6
Stamps and dues . . . . .	25.0	21.4	— 3.6
Excise . . . . .	23.2	20.5	— 2.7
Tax on railway traffic . . . . .	3.5	3.0	— 0.5
Customs . . . . .	20.8	15.8	— 5.0
Saccharine and lottery monopolies . . . . .	0.4	0.4	—
Salt monopoly (gross) . . . . .	5.9	6.2	+ 0.3
Tobacco monopoly (gross) . . . . .	36.0	32.7	— 3.3
<b>Total gross revenue derived from public contributions (taxes) . . . . .</b>	<b>178.6</b>	<b>156.3</b>	<b>— 22.3</b>
Departmental receipts (revenue not derived from taxation) . . . . .	22.1	15.6	— 6.5
<b>Total gross revenue of Administration . . . . .</b>	<b>200.7</b>	<b>171.9</b>	<b>— 28.8</b>

(f) SITUATION OF THE TREASURY.

<i>Receipts.</i>		
	1930-31	1931-32
	(In millions of pengö.)	
Cash in hand and with banks at the beginning of the year . . . . .	91.9	55.3
Proceeds of loans:		
£3 million Treasury bills . . . . .	81.7	—
£5 million Treasury bills . . . . .	—	123.8
Loans from Postal Savings Bank . . . . .	31.1	—
Receipts of the investment fund . . . . .	17.5	—3
	<u>222.2</u>	<u>179.4</u>
<i>Expenditure.</i>		
Budget deficit . . . . .	116.8	83.6
Expenditure of the investment fund . . . . .	8.3	1.2
Payments from the £3 million loan . . . . .	21.6	—
Payments from the £5 million loan . . . . .	—	17.9
Payments from the Postal Savings Bank loan . . . . .	20.2	10.9
Cash in hand and with banks at the end of the year (September 30th)	55.3	65.8
	<u>222.2</u>	<u>179.4</u>

The above cash balances are of the following amounts:

	June 30th		September 30th
	1930	1931	1931
General budget . . . . .	59.4	34.1	4.3
Investment fund . . . . .	32.5	5.2	4.3
Balance of £3 million Treasury bills . . . . .	—	5.1	5.1
Balance of £5 million Treasury bills . . . . .	—	—	52.1
Balance of loan with the Postal Savings Bank . . . . .	—	10.9	—
	<u>91.9</u>	<u>55.3</u>	<u>65.8</u>

(g) COMMITMENTS OUTSTANDING ON SEPTEMBER 30TH, 1931.

	Foreign	Domestic	Total
	(In millions of pengö.)		
Expenses connected with the land reform . . . . .	—	20.7	20.7
Road constructions . . . . .	—	37.8	37.8 <sup>1</sup>
Post, telegraph and telephone, capital expenditure . . . . .	—	10.1	10.1
State railways, capital expenditure . . . . .	—	1.0	1.0
Forests, capital expenditure . . . . .	—	0.3	0.3
Other capital outlay . . . . .	—	48.5	48.5
State iron works, increase of working fund . . . . .	3.5	22.8	26.3
Payments to the Central Corporation of banking companies . . . . .	—	33.0	33.0
Other commitments . . . . .	0.3	23.7	24.0 <sup>2</sup>
	<u>3.8</u>	<u>197.7</u>	<u>201.7</u>

<sup>1</sup> An amount of a further 9 million pengö will be required for the completion of the road construction programme of 1932.

<sup>2</sup> This amount will probably be increased by 13 million pengö on account of losses in connection with grain purchases of the Futura.



(h) SUMMARY OF THE FUNDED DEBT.

The following table shows the situation of the funded debt at the end of the years 1923-24 to 1930-31:

(In millions of pengö.)

	1924	1925	1926	1927	1928	1929	1930	1931
	(June 30th)							
Funded debt:								
Foreign . . . . .	834.2	1,160.0	1,256.8	1,284.3	1,275.5	1,280.0	1,257.1	1,315.2
Domestic . . . . .	168.5	192.2	224.1	189.2	179.5	168.3	155.2	135.9
Total funded debt. . .	1,002.7	1,352.2	1,480.9	1,473.5	1,455.0	1,448.3	1,412.3	1,451.1

The above table includes the amounts (200.8 million pengö for 1931) of pre-war debts, the service of which is a charge on the public undertakings.

No funded debt has been raised since the issue of the Reconstruction loan 1924. The increase in 1930-31 is due to the inclusion of various debts which had formerly not figured in the statements of the audit account or which have recently been settled. By excluding these debts, the foreign funded debt would amount, on June 30th, 1931, to 1,240.1 millions, and the domestic debt to 136.1 (in taking account of various corrections), and the total amount of funded debt, which compares with the 1,412.3 millions of June 30th, 1930, would be 1,376.2 millions—i.e., 36.1 millions less than in 1930 and 74.9 millions less than above.

(i) ANALYSIS OF THE FUNDED DEBT.

The following table shows the main items of the funded debt:

(In millions of pengö.)

	1926	1927	1928	1929	1930	1931
Rentes . . . . .	712.8	712.8	712.8	712.7	710.1	711.4
Hungarian State Railways . .	80.1	80.—	78.4	76.8	74.9	73.5
4½% Redeemable Loan, 1914 . .	93.2	93.2	93.6	93.1	93.1	93.4
Reconstruction Loan . . . . .	363.9	370.7	357.—	340.2	325.8	311.6
Debt to the National Bank . .	151.7	116.3	104.5	92.2	79.3	60.1
Compulsory Loan, 1924 . . . .	57.7	60.1	62.4	62.4	62.7	62.7
Total . . . . .	1,459.4	1,433.1	1,408.7	1,377.4	1,345.9	1,312.7
Other debt . . . . .	21.5	40.4	46.3	70.9	66.4	138.4
Grand Total . . . . .	1,480.9	1,473.5	1,455.0	1,448.3	1,412.3	1,451.1

The greater part of Hungary's funded debt consists of pre-war debts. The most important of those—namely, the 4% Gold Rente (672.4 million pengö), the 4% Rente 1910 (20.4 million), the 4.5% Rente 1913 (18.5 million), and the 4.5% 1914 Redeemable Loan (93.4) and the debt of the Austro-Hungarian State Railways are covered by special agreements made in Innsbruck, Prague and Paris between the debtor States and the bondholders. According to the agreement of Paris of October 31st, 1930, which has, however, not yet been ratified by Hungary, the rentes should be redeemed as from 1931 to 1980. The amounts shown above represent the nominal amount, although the service of these debts amounts actually only to 33 per cent for the gold rente and to 28 per cent for the other rentes and the 1914 redeemable loan. The amounts

necessary for the service of the funded debt, including public undertakings, for the year 1931-32 were, according to the original estimates, the following:

(In millions of pengö.)

	Reconstruc- tion loan	Other Foreign debt	Total Foreign debt	Domestic debt	Total debt
Interest . . . . .	23.2	25.8	49.0	5.4	54.4
Amortisation . . . . .	16.1	18.0	34.1	1.4	35.5
Administrative expenses (commis- sions, etc.) . . . . .	0.3	0.1	0.4	0.8	1.2
Total . . . . .	39.6	43.9	83.5	7.6	91.1

Of the above amount, 4 million pengö are directly paid by the public undertakings on account of pre-war debts. The foreign currencies necessary for the debt service are the following:

	Millions
Dollars . . . . .	4.0
Pounds sterling . . . . .	1.4
French francs . . . . .	30.4
Lire . . . . .	21.0
Dutch florins . . . . .	0.5
Swedish crowns . . . . .	0.46
Swiss francs . . . . .	4.8
Belgian francs . . . . .	1.1
Czechoslovak crowns . . . . .	8.4

These amounts are distributed between the various months as follows:

	In millions of pengö
July . . . . .	11.6
August . . . . .	3.9
September . . . . .	11.4
October . . . . .	6.9
November . . . . .	3.3
December . . . . .	5.0
January . . . . .	10.1
February . . . . .	3.3
March . . . . .	11.4
April . . . . .	6.9
May . . . . .	3.3
June . . . . .	5.0
Total . . . . .	82.1

The total of 82.1 differs from the total of 83.8 million shown above, as a certain portion of the foreign debt service is paid at home.

The amount of debt service (including the £3 million Treasury bills of 1930, which the Government hopes to consolidate) will decrease from 1932-33 to 1942-43 from 103.4 to 86.8 million, and fall down to 47.6 million during 1943-44, chiefly on account of the total payment of the Reconstruction loan.

(j) SITUATION OF THE FLOATING DEBT OF THE STATE ON SEPTEMBER 30TH, 1931.

(In millions of pengö.)

	Foreign	Domestic	Total
£3 million Treasury bills 1930 . . . . .	87.5	—	87.5
£5 million Treasury bills 1931 . . . . .	94.6	44.5	139.1
Loans for purchase of state bonds . . . . .	27.9	—	27.9
Loans for road construction . . . . .	7.2	—	7.2
Loans for investments of the State railways . . . . .	30.5	26.4	56.9
Loans for investment of the State iron works . . . . .	3.0	3.0	6.0
Loans for investment of wine shops abroad . . . . .	1.9	—	1.9
Loans for working balance of the State administration . . . . .	33.8	—	33.8
Loans for working balance of the State railways . . . . .	12.3	11.0	23.3
Loans for working balance of the State iron works . . . . .	14.8	4.1	18.9
Total floating debt . . . . .	313.5	89.0	402.5

Annex II.

FOREIGN DEBT SITUATION.

(a) COMPOSITION OF THE BONDED LONG-TERM AND CERTAIN MEDIUM-TERM DEBTS OF HUNGARY ACCORDING TO CURRENCIES IN WHICH DUE.

(000,000's omitted)

Currencies	I. Amounts in original currencies			II. Equivalent in pengö at mint parity		
	A. State debt incl. Treas. bill loans 1930, 1931	B. Other public or private bonded debts	Total	A	B	Total
Dollars . . . . .	131.9	123.1	255.0	754.0	704.0	1,458.0
Pounds sterling . . . . .	12.8	18.0	30.8	356.5	499.6	856.1
Swiss francs . . . . .	124.7	33.2	157.9	137.6	36.7	174.3
French francs . . . . .	523.7	111.0	624.7	117.3	24.9	142.2
Lire . . . . .	163.6	—	163.6	49.2	—	49.2
Dutch gulden . . . . .	5.3	6.7	12.0	12.1	15.4	27.5
Schillings . . . . .	—	16.1	16.1	—	13.0	13.0
Czech crowns . . . . .	68.2	—	68.2	11.6	—	11.6
Swedish crowns . . . . .	3.7	—	3.7	5.7	—	5.7
Belgian francs . . . . .	30.0	—	30.0	4.8	—	4.8
Pengö . . . . .	—	2.0	2.0	—	2.0	2.0
				45.7 <sup>1</sup>	—	45.7 <sup>1</sup>
Total . . . . .	—	—	—	1,494.5	1,295.6	2,790.1

<sup>1</sup> This item is composed as follows:

	(In millions of pengö.)
British "clearing" debt . . . . .	44.5
Italian "clearing" debt . . . . .	1.0
Sundries . . . . .	0.2
	<u>45.7</u>

(b) COMPOSITION OF THE PRINCIPAL FOREIGN LIABILITIES ON MEDIUM AND SHORT TERM OF COMMERCIAL BANKS AND PRIVATE DEBTORS.

(In millions of pengö.)

A. Banks:		
1. Deposits:		
On pass books . . . . .	26.5	
On current account . . . . .	119.4	
Total deposits by foreigners . . . . .	145.9	
2. Current account credits . . . . .	102.5	
3. Own acceptances . . . . .	1.3	
4. Rediscount liabilities . . . . .	45.6	
5. Acceptance credits . . . . .	344.7	
6. Rembours credits . . . . .	13.8	
7. Re-financed credits . . . . .	127.8	
8. Syndicate liabilities . . . . .	7.3	
9. Report liabilities . . . . .	17.3	
10. Other liabilities . . . . .	17.2	
Total . . . . .		823
B. Private debtors:		
1. Merchandise credits (about) . . . . .	310	
2. Rembours credits (about) . . . . .	10	
3. Acceptance credits (about) . . . . .	37	
4. Other debts (rough estimate) . . . . .	200	
Total . . . . .		557
C. Grand Total . . . . .		1,380

The liabilities shown under A include about 60 million pengö raised by various State undertakings through the intermediary of Hungarian commercial banks.

Against their foreign liabilities, the above debtors hold assets or claims abroad equivalent to about 307 million pengö divided approximately as follows:

	(In millions of pengö.)
Banks (about) . . . . .	120
Others (about) . . . . .	187
	<hr/>
Total (about) . . . . .	307

If these sums be taken into account, the net indebtedness under A and B above would amount in round figures to 700 and 370 million pengö respectively.

**(c) PRIVATE BANKS' MEDIUM- AND SHORT-TERM FOREIGN LIABILITIES (GROSS AMOUNTS)**  
DISTRIBUTED ACCORDING TO PRINCIPAL CREDITOR COUNTRIES AND CURRENCIES IN WHICH DUE.

(En millions — In millions.)

Pays créanciers	\$	£	Fr. s.	Fr. fr.	Cr.	Florins	Pengö	Autres monnaies	Autre valeur en pengö à la parité monétaire Equiva- lent in pengö at mint parity	Creditor Countries
			Sw. fr.	Fr. fr.	Czech crowns	Dutch gulden				
Etats-Unis d'Amérique	39,9	0,1	0,1	—	—	—	2,3		232,4	U. S. A.
Grande-Bretagne	0,7	5,4	0,1	—	—	—	3,4		158,3	Great Britain.
Suisse . . . . .	12,6	0,2	56,4	—	5,9	—	15,8		157,4	Switzerland.
Autriche . . . . .	3,0	0,1	2,7	0,2	24,3	—	42,5		70,4	Austria.
France . . . . .	1,4	0,1	0,1	177,5	—	—	5,5		55,6	France.
Allemagne . . . . .	3,6	0,2	0,2	0,4	—	0,2	10,2		38,9	Germany.
Tchécoslovaquie . . . . .	1,1	—	2,0	—	64,2	—	12,3		32,4	Czechoslovakia.
Roumanie . . . . .	0,8	0,1	0,8	—	0,1	—	13,8		20,6	Roumania.
Pays-Bas . . . . .	0,2	—	—	—	—	4,6	3,5		16,8	Netherlands.
Yougoslavie . . . . .	0,7	0,1	1,7	0,1	1,5	—	4,4		16,1	Yugoslavia.
Italie . . . . .	0,7	0,1	0,6	0,3	—	—	4,4		12,3	Italy.
Autres pays . . . . .	0,5	—	0,2	0,2	1,3	—	7,6		12,2	Other countries.
Total . . . . .	65,2	6,4	64,9	178,7	97,3	4,8	125,7		823,4	Total.
Contre-valeur en pengö à la parité monétaire	372,6	178,0	71,6	40,0	16,5	11,0	125,7	8,0 <sup>1</sup>	823,4	Equivalent in pengö at mint parity.

<sup>1</sup> The detailed composition of this sum is as follows:

	Amounts in original currencies	Equivalent in pengö
Lire . . . . .	8.0	2.4
Dinars . . . . .	19.9	2.0
Schillings . . . . .	2.4	1.9
Marks . . . . .	0.5	0.7
Lei . . . . .	13.4	0.5
Other currencies . . . . .		0.5
		<hr/> 8.0

**(d) PRIVATE BANKS' MEDIUM- AND SHORT-TERM FOREIGN LIABILITIES (GROSS AMOUNTS)**  
DISTRIBUTED ACCORDING TO PRINCIPAL TYPES OF LIABILITIES AND CURRENCIES IN WHICH DUE.

(En millions — 000,000's omitted.)

Principaux comptes	\$	£	Fr. s.	Fr. fr.	Cr.	Florins	Pengö	Autres monnaies	Autre valeur en pengö à la parité monétaire Equiva- lent in pengö at mint parity	Principal Accounts
			Sw. fr.	Fr. fr.	Czech crowns	Dutch gulden				
Dépôts . . . . .	5,4	0,3	7,3	7,5	38,8	0,2	86,4		145,9	Deposits.
Crédits en comptes courants . . . . .	6,0	0,5	16,3	0,2	54,8	1,4	24,5		102,5	Current a/c credits.
Engagements de réescompte . . . . .	4,3	0,2	11,3	0,3	2,7	0,3	1,1		45,6	Rediscount liabilities.
Crédits d'acceptation . . . . .	33,9	4,2	3,4	106,6	—	2,9	—		344,7	Acceptance credits.
Crédits de refinancement . . . . .	13,1	0,6	19,6	60,0	—	—	0,8		127,7	Re-financed credits.
Autres engagements . . . . .	2,5	0,6	7,0	4,1	1,0	—	12,9		57,0	Other liabilities.
Total . . . . .	65,2	6,4	64,9	178,7	97,3	4,8	125,7	(8,0) <sup>1</sup>	823,4	Total.
Garanties . . . . .	8,3	0,4	6,1	42,7	8,4	0,8	0,8	(8,5) <sup>1</sup>	87,5	Guarantees.

<sup>1</sup> Equivalent in pengö.

Annex III.

HUNGARY'S BALANCE OF PAYMENTS.

The following table contains the principal items of the Hungarian balance of payments for the years 1926, 1927, 1928, 1929 and 1930.

(En millions de pengö. — In millions of pengö.)

Articles	Paiements de l'étranger (Exportations, crédits) Payments from abroad (exports, credits)					Paiements à l'étranger (Importations, débits) Payments to foreign countries (imports, debits)					Balance					Items
	1926	1927	1928	1929	1930	1926	1927	1928	1929	1930	1926	1927	1928	1929	1930	
<i>Articles courants.</i>																
Articles courants visibles:																
Marchandises . . . . .	860,5	798,5	819,0	1.066,1	944,8	963,6	1.148,6	1.189,1	1.107,0	883,3	-103,1	-350,1	-370,1	-40,9	+ 61,5	Visible current items: Merchandise.
Or et argent . . . . .	—	0,2	0,1	—	0,1	0,6	1,8	5,0	4,5	8,1	0,6	1,6	4,9	4,5	8,0	Gold and silver.
Articles courants invisibles:																Invisible current items:
1. Intérêts et dividendes:																1. Interests and dividends.
a) Intérêts des dettes de l'Etat . . . . .		3,0	1,1	—	—	56,6	68,1	64,0	—	54,0	—	65,1	62,9	—	—	(a) Interest on State debts.
b) Intérêts d'autres dettes à long terme . . . . .	4,6	—	—	14,6	1,4	21,1	32,3	51,4	171,4	71,5	90,5	32,3	51,4	156,8	70,1	(b) Interest on other long-term debts.
c) Intérêts de dettes privées à court terme . . . . .		10,3	11,2	—	4,4	17,4	22,8	29,3	—	43,3	—	12,5	18,1	—	38,9	(c) Interest on short-term private debts.
d) Dividendes . . . . .	4,6	7,7	7,7	—	7,3	1,5	11,1	18,0	—	23,3	+ 3,1	3,4	10,3	—	16,0	(d) Dividendes.
2. Transports par chemins de fer et navires . . . . .	13,3	21,2	23,1	25,4	25,5	2,7	6,5	1,2	12,0	8,9	+ 10,6	+ 14,7	+ 21,9	+ 13,4	+ 16,6	2. Railway and shipping traffic.
3. Tourisme . . . . .	2,5	7,4	20,6	21,8	26,7	13,2	39,0	38,1	52,3	57,0	- 10,7	- 31,6	- 17,5	- 30,5	- 30,3	3. Tourist traffic.
4. Mouvement des émigrants et des immigrants . . . . .	34,3	28,6	44,9	44,0	35,4	5,0	6,8	7,9	7,5	5,6	+ 29,3	+ 21,8	+ 37,0	+ 36,5	+ 29,8	4. Emigrants and immigrants' movement.
5. Service des Postes, Télégrammes et Téléphone . . . . .	5,7	6,5	5,6	5,9	5,6	4,9	5,6	4,8	5,5	5,4	+ 0,8	+ 0,9	+ 0,8	+ 0,4	+ 0,2	5. Post, telegraph and telephone service.
6. Autres articles invisibles	7,5	11,6	54,2	59,9	59,7	11,0	31,8	80,4	91,0	86,0	- 3,5	- 20,2	- 26,2	- 31,1	- 26,3	6. Other invisible items.
Total des articles courants . . . . .	933,0	895,0	987,5	1.237,7	1.110,9	1.097,6	1.374,4	1.489,2	1.451,2	1.246,4	-164,6	-479,4	-501,7	-213,5	-135,5	Total current items.

<i>Mouvement des capitaux.</i>															
1. Nouveaux emprunts et crédits étrangers:															
a) Sommes libérées sur le produit de l'emprunt de restauration . . . . .	48,4	35,4	43,8	39,7	—	—	—	—	—	—	+ 48,4	+ 35,4	+ 43,8	—	
b) Autres emprunts publics	58,7	122,4	18,0		149,2	—	—	—	—	—	+ 58,7	+ 122,4	+ 18,0	+ 39,7	+ 149,2
c) Emprunts privés à long terme . . . . .	61,6	136,8	238,0	194,7	22,5	—	—	—	—	—	+ 61,6	+ 136,8	+ 238,0	+ 194,7	+ 22,5
d) Augmentation ou diminution des crédits privés à court terme (pour solde, sauf 1930) . . . . .	—	229,5	88,0	—	140,2	5,2	—	—	68,0	68,9	— 5,2	+ 229,5	+ 88,0	— 68,0	+ 71,3
2. Remboursements et amortissements de capitaux étrangers:															
a) Dette de l'Etat . . . . .	—	—	—	0,8	—	29,3	15,5	31,2	45,0	32,8	— 29,3	— 15,5	— 31,2	— 44,2	— 32,8
b) Autres dettes à long terme . . . . .	1,6	0,3	2,1		—	—	—	6,8		10,6	22,2	+ 1,6	— 6,5		— 8,5
3. Contributions d'étrangers aux augmentations de capital de Sociétés hongroises (+) et de Hongrois aux augmentations de capital de sociétés étrangères (—) . .	11,1	36,5	46,7	32,0	15,5	3,2	5,6	10,1	1,4	0,6	+ 7,9	+ 30,9	+ 36,6	+ 30,6	+ 14,9
4. Ventes et achats de titres	20,8	31,2	96,0	51,2	40,4	5,8	56,9	78,6	53,7	37,5	+ 15,0	— 25,7	+ 17,4	— 2,5	+ 2,9
5. Ventes et achats de biens fonciers par des Hongrois à l'étranger et par des étrangers en Hongrie . . .	3,5	1,2	1,3	0,3	0,9	—	1,1	0,1	0,2	1,0	+ 3,5	+ 0,1	+ 1,2	+ 0,1	— 0,1
6. Variations des dépôts de la Banque nationale et d'autres dépôts à l'étranger (net) .	—	—	99,1	57,5	5,5	15,7	27,7	—	—	—	— 15,7	— 27,7	+ 99,1	+ 57,5	+ 5,5
Total du mouvement des capitaux . . . . .	205,7	593,3	633,0	376,2	374,2	59,2	113,6	130,6	168,3	163,0	+ 146,5	+ 479,7	+ 502,4	+ 207,9	+ 211,2
Total du mouvement des capitaux et des articles courants . . . . .	1.138,7	1.485,3	1.620,5	1.613,9	1.485,1	1.156,8	1.488,0	1.619,8	1.619,5	1.409,4	— 18,1	+ 0,3	+ 0,7	— 5,6	+ 75,7
Reliquat (représentant les erreurs et omissions) . .	18,1	—	—	5,6	—	—	0,3	0,7	—	75,7	+ 18,1	— 0,3	— 0,7	+ 5,6	— 75,7
TOTAL . . . . .	1.156,8	1.488,3	1.620,5	1.619,5	1.485,1	1.156,8	1.488,3	1.620,5	1.619,5	1.485,1	—	—	—	—	—

*Movement of Capital.*

1. New foreign loans and credits:															
(a) Sums released out of the proceeds of the reconstruction loan.				39,7	—	—	—	—	—	—	+ 48,4	+ 35,4	+ 43,8	—	
(b) Other public loans.				149,2	—	—	—	—	—	—	+ 58,7	+ 122,4	+ 18,0	+ 39,7	+ 149,2
(c) Long-term private loans.				194,7	22,5	—	—	—	—	—	+ 61,6	+ 136,8	+ 238,0	+ 194,7	+ 22,5
(d) Increase or decrease of short-term private credits (on balance, except 1930).				—	140,2	5,2	—	—	68,0	68,9	— 5,2	+ 229,5	+ 88,0	— 68,0	+ 71,3
2. Repayments and amortisations of foreign capital:															
(a) State debt.				0,8	—	29,3	15,5	31,2	45,0	32,8	— 29,3	— 15,5	— 31,2	— 44,2	— 32,8
(b) Other long-term debts.					—	—	—	6,8		10,6	22,2	+ 1,6	— 6,5		— 8,5
3. Contributions of foreigners to capital increases of Hungarian Societies (+) and of Hungarians to capital increases of foreign societies (—).				32,0	15,5	3,2	5,6	10,1	1,4	0,6	+ 7,9	+ 30,9	+ 36,6	+ 30,6	+ 14,9
4. Sales and purchases of securities.				51,2	40,4	5,8	56,9	78,6	53,7	37,5	+ 15,0	— 25,7	+ 17,4	— 2,5	+ 2,9
5. Sales and purchases of landed property by Hungarians abroad and by foreigners in Hungary.				0,3	0,9	—	1,1	0,1	0,2	1,0	+ 3,5	+ 0,1	+ 1,2	+ 0,1	— 0,1
6. Change in the deposits of the National Bank and in other deposits abroad (net).				57,5	5,5	15,7	27,7	—	—	—	— 15,7	— 27,7	+ 99,1	+ 57,5	+ 5,5
Total capital items.				376,2	374,2	59,2	113,6	130,6	168,3	163,0	+ 146,5	+ 479,7	+ 502,4	+ 207,9	+ 211,2
Total capital and current items.				1.613,9	1.485,1	1.156,8	1.488,0	1.619,8	1.619,5	1.409,4	— 18,1	+ 0,3	+ 0,7	— 5,6	+ 75,7
Residual balance (representing errors and omissions).				5,6	—	—	0,3	0,7	—	75,7	+ 18,1	— 0,3	— 0,7	+ 5,6	— 75,7
TOTAL.				1.619,5	1.485,1	1.156,8	1.488,3	1.620,5	1.619,5	1.485,1	—	—	—	—	—

Annex IV.

BALANCE OF TRADE.

(a) IMPORTS AND EXPORTS OF HUNGARY. — SPECIAL TRADE.

I. Value (in million pengő).

Périodes Period	Marchandises Merchandise			Lingots et espèces Bullion and specie			Balance générale
	Import. Import	Export. Export	Balance Balance	Import. Import	Export. Export	Balance Balance	Total Balance
Années civiles — Calendar years:							
1928 . . . . .	1.211	826	— 385	16	4	— 12	— 397
1929 . . . . .	1.064	1.039	— 25	27	5	— 22	— 47
1930 . . . . .	833	910	+ 77	24	5	— 19	+ 58
Semestre finissant le 30 juin — Six months ending June 30th:							
1929 . . . . .	544	379	— 147	15	2	— 13	— 160
1930 . . . . .	409	452	+ 43	5	3	— 2	+ 41
1931 . . . . .	306	258	— 48	10	3	— 7	— 55
Période de 12 mois finissant le 30 juin — 12 months ending June 30th:							
1929 . . . . .	1.176	852	— 324	23	4	— 19	— 343
1930 . . . . .	928	1.094	+ 166	17	5	— 12	+ 154
1931 . . . . .	731	717	— 14	28	4	— 24	— 38

II. Weight (in thousand metric tons).

(Excluding weight of articles shown by number only.)

	Importations Imports	Exportations Exports
Années civiles — Calendar years:		
1928 . . . . .	6.626	2.099
1929 . . . . .	6.709	2.755
1930 . . . . .	4.882	2.290
Semestre finissant le 30 juin — Six months ending June 30th:		
1929 . . . . .	3.016	986
1930 . . . . .	2.032	1.101
1931 . . . . .	1.618	702
Période de 12 mois finissant le 30 juin — 12 months ending June 30th:		
1929 . . . . .	6.727	2.262
1930 . . . . .	5.725	2.870
1931 . . . . .	4.468	1.891

(b). IMPORTS INTO HUNGARY OF CERTAIN ARTICLES, IN THE SIX MONTHS JANUARY-JUNE OF 1928, 1930 AND 1931.

Articles	Quantité — Quantity (En milliers de tonnes métriques) (In thousand metric tons)			Valeur — Value (En milliers de pengö) (In thousand pengö)			Articles
	I-VI 1928	I-VI 1930	I-VI 1931	I-VI 1928	I-VI 1930	I-VI 1931	
Fruits et plantes .	38,2	27,9	27,5	16.511	13.156	11.773	Fruits and plants.
Denrées coloniales.	2,2	2,2	2,2	6,494	5.896	4.722	Colonial goods.
Bois à brûler . . .	637	396	205	14.021	9.303	3.965	Firewood.
Bois de mine . . .	53	44	40	2.263	1.894	1.559	Mine timber.
Bois de construction	571	373	307	46.539	33.147	29.288	Building timber.
Autres bois. . . .	38	8	30	3.347	2.580	2.351	Other timber.
Coke. . . . .	197	171	112	8.279	8.185	5.666	Coke.
Lignite. . . . .	10,2	6,5	6,7	200	126	126	Lignite.
Houille. . . . .	474	250	289	17.050	8.655	9.792	Coal.
Laine brute . . . .	0,9	0,8	0,6	4.134	1.931	1.314	Wool, raw.
Soie grège et filés.	0,4	0,9	1,2	8.652	12.795	10.520	Silk, raw and yarn.
Coton brut . . . .	4,1	7,3	6,9	10.537	15.756	10.825	Cotton, raw.
Tissus laine . . . .	1,1	0,6	0,4	23.279	13.900	7.724	Tissues, woollen.
Tissus soie . . . .	0,20	0,04	0,05	21.362	3.475	2.867	Tissues, silk.
Tissus coton . . . .	5,5	2,9	1,2	45.029	21.772	8.787	Tissues, cotton.
Total des articles ci-dessus . . . .	2.033	1.291	1.030	227.697	152.571	111.279	Total of above articles.
= % du total . . .	69,7	63,5	63,6	40,0	37,3	36,3	= % of total.
Total des impor- tations de mar- chandises. . . .	2.915 + <sup>1</sup> 1.890	2.032 + <sup>1</sup> 763	1.618 + <sup>1</sup> 416	568.726	408.904	306.555	Total imports of merchandise.

<sup>1</sup> Number (in thousands).



(c) EXPORTS FROM HUNGARY OF CERTAIN REPRESENTATIVE PRODUCTS IN THE YEARS  
1928, 1929 AND 1930.

	Quantité (en milliers de tonnes métriques) Quantity (ooo metric tons)			Valeur (en milliers de pengö) Value (ooo pengö)				Prix en pengö par tonne Price in pengö per ton			
	1928	1929	1930	1928	1929	1930	1930 at prices ruling 1928	1928	1929	1930	
Bétail (espèce bovine) . . .	60,9 <sup>1</sup>	89,2 <sup>1</sup>	167,3 <sup>1</sup>	41.146	61.357	113.878	113.095	676 <sup>2</sup>	688 <sup>2</sup>	681 <sup>2</sup>	Cattle (bovine).
Porcs . . . . .	103,3 <sup>1</sup>	273,1 <sup>1</sup>	245,5 <sup>1</sup>	29.594	74.762	37.328	71.071	286 <sup>2</sup>	274 <sup>2</sup>	231 <sup>2</sup>	Hogs.
Saindoux et lard . . . . .	4,15	3,45	8,38	8.999	7.119	14.492	18.168	2.168	2.063	1.729	Lard and bacon.
Volaille . . . . .	11,1	11,6	16,6	31.063	33.057	36.072	46.447	2.798	2.850	2.173	Poultry.
Œufs . . . . .	8,8	7,2	13,2	16.893	16.283	19.371	25.212	1.910	2.260	1.467	Eggs.
Blé . . . . .	284,4	486,0	347,1	88.906	126.360	73.684	108.642	313	260	212	Wheat.
Orge. . . . .	28,7	89,7	43,0	9.174	20.575	8.204	13.760	320	229	191	Barley.
Farine de froment. . . . .	201,9	266,4	233,4	87.573	105.293	81.626	101.296	434	395	350	Wheaten flour.
Fruits frais. . . . .	30,5	49,2	47,9	14.134	18.071	15.584	22.178	463	367	325	Fresh fruits.
Tabac brut. . . . .	6,9	13,7	10,5	8.265	18.030	14.758	12.579	1.198	1.316	1.406	Raw tobacco.
Cuir en vert ou salés. . . .	0,21	1,53	1,18	418	2.755	1.903	2.360	2.000	1.800	1.610	Cattle hides, wet or salted.
Peaux de mouton salées ou séchées . . . . .	1,20	1,17	1,12	3.446	3.164	3.080	3.226	2.880	2.710	2.750	Sheep skins, salted or dried.
Total des articles ci-dessus.	578	930	722	339.611	486.826	439.980	538.034				Total of above articles.
% du total. . . . .	164 <sup>1</sup>	362 <sup>1</sup>	416 <sup>1</sup>	41,1	46,9	48,3					% of total.
Total des exportations de marchandises. . . . .	2.099	2.755	2.290	852.974	1.038.540	910.431					Total Exports of Mer- chandise.
	415 <sup>1</sup>	660 <sup>1</sup>	1.224 <sup>1</sup>								

<sup>1</sup> Nombre (en milliers).  
<sup>2</sup> Pengö par tête.

(d). HUNGARY. — IMPORTS AND EXPORTS BY PRINCIPAL COUNTRIES.

Pays (dans l'ordre des exportations de 1930)	1928		1929		1930		1930			Countries (in order of 1930 exports)
	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Imp.	Exp.	Balance	
	En pourcentage du total — in percentage of total						En millions de pengö — In million pengö.			
Autriche . . . . .	16.2	34.1	13.2	30.4	11.8	28.2	93.3	257.0	+ 158.7	Austria.
Tchécoslovaquie . . .	22.4	17.6	21.5	16.4	21.7	17.0	180.5	154.7	— 25.8	Czechoslovakia.
Italie . . . . .	4.0	3.5	4.4	6.9	4.9	12.8	40.7	116.4	+ 75.7	Italy.
Allemagne . . . . .	19.5	11.8	20.0	11.7	21.0	10.2	174.7	93.0	— 81.7	Germany.
Yougoslavie . . . . .	5.0	6.4	5.1	5.9	5.1	5.8	42.8	52.7	+ 9.9	Jugoslavia
Grande-Bretagne . . .	3.0	2.8	2.8	3.6	3.0	5.4	25.3	49.4	+ 24.1	Great Britain.
Suisse . . . . .	3.9	3.7	2.6	4.0	2.3	4.1	19.3	37.5	+ 18.2	Switzerland.
Roumanie . . . . .	7.9	5.5	9.0	4.5	9.0	3.3	74.6	30.2	— 44.4	Roumania.
France . . . . .	2.6	0.9	2.3	1.2	2.7	1.8	22.8	16.5	— 6.3	France.
Pologne . . . . .	4.1	3.3	4.8	1.7	3.6	1.2	30.2	11.3	— 18.9	Poland.
Autres pays . . . . .	11.4	10.5	14.3	13.7	14.9	10.2	123.6	91.8	— 31.8	Other countries.
Total . . . . .	100	100	100	100	100	100	835.-	910.-	+ 77.0	Total.
Valeur totale en millions de pengö	1.211	826	1.054	1.039	833	910				Total value in million pengö

(e). IMPORTS AND EXPORTS BY MONTHS 1930-31.

(En millions de pengö. — In millions of pengö.)

Mois Months	1930			1931		
	Importations	Exportations	Balance	Importations	Exportations	Balance
	Imports	Exports		Imports	Exports	
I . . . . .	67.5	79.5	+ 12.0	44.3	39.7	— 4.6
II . . . . .	61.3	60.4	— 0.9	42.9	40.8	— 2.1
III . . . . .	69.2	78.5	+ 9.3	55.7	49.9	— 5.8
IV . . . . .	74.-	72.4	— 1.6	56.8	40.5	— 16.3
V . . . . .	75.4	85.-	+ 11.6	56.8	44.7	— 12.1
VI . . . . .	63.5	75.9	+ 12.4	50.-	42.5	— 7.5
VII . . . . .	70.7	60.5	— 10.2	46.9	40.1	— 6.8
VIII . . . . .	70.5	76.1	+ 5.6	35.8	46.9	+ 11.1
IX . . . . .	77.7	76.4	— 1.3	37.- <sup>1</sup>	53.- <sup>1</sup>	+ 16.- <sup>1</sup>
X . . . . .	72.7	86.6	+ 13.9			
XI . . . . .	65.1	86.9	+ 21.8			
XII . . . . .	67.3	72.2	+ 4.9			

<sup>1</sup> Provisional figures.

Annex V.

NATIONAL BANK OF HUNGARY. — EXTRACT FROM THE PUBLISHED RETURNS.

(En millions de pengö. — In millions of pengö.)

Date	Or Gold	Devises étrangères Foreign exchange	Portefeuille Portfolio	Dettes de l'Etat State debts	Billets en circulation Note circulation	Exigibilités privées à vue Private sight liabilities	Pourcentage de la couverture Percentage of cover	Taux de l'escompte Bank rate
								%
31-XII-1926	169	117	218	135	471	28	50,2	6
1927	197	114	332	111	487	27	46,4	6
1928	201	54	417	97	513	31	40,1	7
1929	163	39	329	88	501	28	41,0	7,5
1930	163	34	298	64	469	34	43,8	5,5
31-I-1931	163	14	265	64	446	15	47,1	5,5
28-II-1931	148	27	243	60	400	28	49,8	5,5
31-III-1931	126	25	258	60	385	19	45,4	5,5
30-IV-1931	112	47	263	60	406	15	45,9	5,5
31-V-1931	112	21	257	60	370	25	42,2	5,5
30-VI-1931	112	10	279	59	385	38	36,6	7
31-VII-1931	112	10	389	59	501	35	28,0	9
31-VIII-1931	105	16	397	59	414	85	26,5	9
30-IX-1931	105	7	385	59	383	87	26,1	8
15-X-1931	105	12	364	58	363	87	28,1	8

Annex VI.

(a) THE GOLD PENGÖ.

The gold pengö was introduced by Order in Council No. 4560 M.E., of August 14th, 1931, which has been modified by Order in Council No. 4600, of August 27th, 1931. The immediate purpose of these decrees was to create confidence in bank deposits and to avoid a run on the banks. This purpose has been achieved, for, in the days following upon the decree, bank deposits actually increased. On the whole, bank deposits have, however, fallen in the course of this summer. They dropped from 2,079 million pengö on June 30th to 1,881 million on September 30th.

Paragraph 6 of the original decree provides that by "gold pengö" is to be understood 0.26315789 gramme of fine gold, the equivalent of which must be paid in the legal tender of the pengö currency. So long as the equivalent to be paid exceeds 3,760 pengö per kilogramme of fine gold, without, however, reaching 3,840 pengö, one pengö must be paid in legal tender for every gold pengö.

Paragraph 3 of the second decree adds that, until further provisions are issued, one pengö must be regarded as one gold pengö for the payment of debts. The Minister of Finance shall, on the proposal of the National Bank, fix the day as from which, for the payment of debts, the equivalent to be determined by the National Bank shall be employed.

As from that day, the National Bank shall determine and publish daily the equivalent of the gold pengö as expressed in pengö. The equivalent is determined on the basis of the London price of gold and the National Bank's quotations for cheques on London.

Assets determined in legal transactions contracted before the National Bank starts quotations for the gold pengö will be regarded to be in gold pengö (one pengö being reckoned as one gold pengö) unless the contrary is stipulated. Assets in contracts of later debts will only be in gold pengö if specially provided.

After August 13th, any asset can be expressed in gold pengö.

*All amounts paid into banks after August 15th—and until the date to be fixed by the Minister of Finance—for savings deposit books, current accounts or cheque accounts are to be considered as expressed in gold pengö, one pengö being reckoned as one gold pengö.*

The National Bank may, in future, only discount bills of exchange or grant advances if expressed in gold pengö. The same holds good for giro transfers, unless there exists an agreement to the contrary.

Public contributions assessed or due but unpaid before August 15th will be considered as fixed in gold pengö, one pengö being reckoned as one gold pengö. After August 15th, public contributions shall be expressed in gold pengö, taking as a basis the value of the gold pengö.

Public salaries and pensions and all other liabilities *not* governed by private law will be considered as expressed in gold pengö, one pengö being reckoned as one gold pengö.

The same is provided for all rights derived from mortgages.

(b) THE CONTROL OF FOREIGN EXCHANGE TRANSACTIONS.

Order in Council No. 4100 M.E., of July 16th, 1931, which was prolonged several times, the last time by Order in Council No. 4550, of August 14th, which is still in force, provides that, payments in foreign exchange—and conversions of pengö into foreign exchange—can only be made through or with the consent of the National Bank. The Bank is authorised to postpone, for reasons of public interest, such payments or conversions.

Detailed provisions are contained in Order in Council No. 4500, of August 7th.

Without the permission of the National Bank it is forbidden:

- (a) To offer or remit abroad sums in pengö;
- (b) To obtain credits from or grant credits to persons abroad, whether expressed in pengö or in foreign currencies;
- (c) To pay in any form to persons abroad amounts in pengö or credit them with such amounts except in the case of interest or dividend payments on securities expressed in foreign currencies.

It is similarly forbidden, without the permission of the National Bank, to export out of Hungary:

- (a) Hungarian and foreign currencies in any form, including cheques, bills of exchange, savings deposit books, etc;
- (b) Securities and interest or dividend coupons, whether expressed in pengö or in foreign currencies, with the exception of coupons for interest or dividend due on securities expressed in foreign currencies;
- (c) Coined, uncoined or unworked gold, silver and platinum.

In the tourist traffic and small frontier traffic, money may be exported from the country up to 300 pengö. More may be exported if the previous import is proved by an entry in the passport.

Exporters of goods, etc., exceeding 300 pengö in value are obliged, either to deliver immediately to the National Bank the counter value in foreign exchange, or to undertake in writing to deliver the counter value immediately upon receipt or within a period fixed by the Bank—in both cases against payment in pengö.

The Bank gives to the exporter a certificate that he has delivered or promised to deliver the foreign exchange. This certificate must be handed to the Customs office before the goods are allowed to cross the frontier.

Dealings in foreign exchange on the Stock Exchange cease. The Stock Exchange quotations are replaced by the official quotations of the National Bank.

Geneva, December 18th, 1931.

LEAGUE OF NATIONS

SETTLEMENT OF BULGARIAN REFUGEES.

18

**Twenty-first Report  
of the Commissioner of the League of Nations in Bulgaria.**

*Quarter from August 15th, 1931, to November 15th, 1931.*

**A. Settlement of the Bulgarian Refugees.**

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

Appendix I to the present report shows the position of the 1926 Refugee Settlement 7% Loan account as at October 31st, 1931, including the credit interest on the deposits in London and New York. The whole amount available in foreign moneys has been converted into leva, and there was a deposit of 35,835,410 leva at the National Bank of Bulgaria on the date in question.

**II. YIELD OF REVENUES ASSIGNED AS SECURITY.**

The amounts paid into the account for revenues assigned as security for the service of the 1926 7% Loan are shown below in leva:

Chapter of the budget	Receipts			Monthly budget estimates, one-twelfth
	August	September	October	
<i>Chapter 15</i> (excise duty on alcohol, etc.) . . . . .	6,218,894	5,470,547	2,541,429	5,000,000
<i>Chapter 16</i> (excise duty on salt, etc.) . . . . .	18,897,103	22,009,903	33,219,629	29,166,666
<i>Chapter 21</i> (sale of matches) . . . . .	9,045,000	9,720,000	8,946,000	9,583,333
<b>Total . . . . .</b>	<b>34,160,997</b>	<b>37,200,450</b>	<b>44,707,058</b>	<b>43,749,999</b>

The total receipts for the three months amount to 116,068,505 leva, as against 135,337,476 and 153,327,560 leva for the corresponding quarters of the last two years. In the first seven months of the financial year, 270,881,559 leva have been paid in, as against the 306,249,993 leva of the budget estimates, making a deficit of 9.3 per cent. The receipts for the first seven months of the financial year 1930-31 totalled 305,678,885 leva.

These figures confirm the tendency which has been apparent for some months past, as a result of the depression, towards a distinct falling-off in the yield of the assigned revenues. The service of the loan is still, however, amply provided for, and the transfers on this account, which have fallen off since October owing to the depreciation of the pound sterling, absorbed only 39,439,277 leva during the three months under consideration, which is equivalent to approximately one-third of the total amount available.

To the yield of the assigned revenues must be added the payments made by the refugees for the reimbursement of expenditure incurred in settling them:

	August	September	October	Previous payments	Total payments up to October 31st, 1931
Interest . . . . .	68,146	66,687	62,566	2,057,919	2,255,318
Amortisation . . . . .	213,778	145,795	138,958	13,200,508	13,699,039
Total . . . . .	281,924	212,482	201,524	15,258,427	15,954,357

The payments for the three months amount to 695,930 leva, as against 937,736 leva for the preceding quarter. Reference is made to what was said in the last report in regard to the inadequacy of the refugees' payments. As the above figures show, the situation has remained unchanged in these last months.

The "Land Redemption" account has been credited with the refugees' payments in respect of the land tax (see twentieth report: Yield of Revenues assigned as Security, page 2), to a total of 234,657 leva for the last two months. The payments into the "Land Redemption" account, like the repayments of expenditure incurred for settlement, will be converted each quarter, on the instructions of the Trustees, into foreign currencies, to be devoted to the supplementary amortisation of the loan.

### III. EXECUTION OF THE SETTLEMENT PLAN.

We have had the misfortune to lose the Director-General of Refugee Settlement, Engineer Sarafoff, who died in Vienna on September 3rd last. It is with deep regret that we pay tribute to the memory of our distinguished colleague, whose remarkable capacity succeeded in overcoming difficulties innumerable arising in the performance of the common task. Although for months past his health, impaired by unremitting toil, had demanded complete rest, his high sense of duty led him to neglect the advice of his doctors in the hope of bringing the task he had undertaken to an early close. It is no more than the truth to say he died in harness at the work to which he had devoted the best that was in him. The whole country has paid its tribute to a long life dedicated to the service of Bulgaria, which loses in him, at a critical juncture, one of its great men.

Agricultural Engineer Hitelhoff, who has been in charge of the land settlement work from the beginning, has been appointed by the Prime Minister to be Director-General in the place of M. Sarafoff.

The execution of the settlement plan is now approaching its conclusion. Some work remains to be completed as soon as the first months of fine weather return; but the principal work remaining is administrative, and is in connection with the final establishment of the individual refugee accounts, and the issue of the notarial acts for the constitution of the mortgages on the property of the refugees, for which provision is made in the Protocol and in the "General Bond" of the loan as security for the repayment of the settlement expenditure.

The Cabinet will shortly have before it a Bill laying down the conditions for the conclusion of the work of the General Directorate. As from January 1st next, the General Directorate will be converted into a liquidation organisation, which will be wound up as soon as possible.

#### (a) Various Supplies.

The following is a summary of the supplies distributed since the beginning of the work and entered as at the date of the report:

	Leva
Seed . . . . .	74,012,915
Live-stock: 22,178 head . . . . .	162,692,910
Implements: 10,420 carts	
8,741 ploughs	
2,860 harrows	64,093,540
Fishing-tackle. . . . .	6,702,655
Copper sulphate . . . . .	77,119
Total . . . . .	<u>307,579,139</u>

The total at the close of the previous quarter was . . . . . 302,065,114

(b) *Houses.*

The following table shows the position as at November 30th, 1931:

	Houses		Barns		Byres	
	Finished	Contracted for	Finished	Contracted for	Finished	Contracted for
Built by private enterprise . . . .	8,365	—	6,038	—	6,955	—
Built on a monopoly basis by the General Directorate for the Settlement of Refugees . . . .	1,210	20	1,041	20	875	7
Built by the refugees themselves . .	604	59	410	32	502	43
Total . . . . .	10,179	79	7,489	52	8,332	50
Figures as at July 31st, 1931. . . .	8,426	1,836	5,995	1,532	7,131	1,253

The results obtained are in every way remarkable. All work under contract with contractors is now completed, and there remain only 79 houses to be finished in the coming year.

To the work to which the above figures relate must be added the repairing of 268 houses for the reasons given in our last report (page 3, (b)). The majority were finished this autumn; but, owing to bad weather, there are a certain number the repairs on which will not be completed until next year.

(c) *Distribution of Land.*

In the course of the quarter, 43,989 decares were allotted to 1,099 families, bringing the total of allotments made since the beginning up to 1,076,259 decares, distributed among 29,886 families—an average of 36.01 decares per family.

At Karaboas and Messemvria, there has been a distribution of reclaimed marshland. At Messemvria, the work was not completed; but it was found possible to make allotments of cultivable land nevertheless.

At Karaboas, all the houses for the refugees (919) are ready, but only some of them (292) are at present occupied. Land has been allotted to 415 families, but they have preferred to remain for the winter in their old villages; they will not make the move to Karaboas till the spring, when they can begin to get to work on the land. This leaves 212 families for whom land has still to be found.

(d) *Supply of Drinking-Water.*

The completion of the proposed programme will take three more months' work.

(e) *Drainage of Marshes.*

1. *Karaboas Plain.* — The embankment and drainage work is finished. A bridge is in process of completion.

2. *Straldja Marsh.* — The work done down to November 30th represents 85 per cent of the total.

3. *Messemvria Marsh.* — Of the work under the contract 88 per cent is completed.

4. *Mandra-Jakesli Marsh.* — About half the work is left over to next year.

(f) *Means of Communication.*

The railway was opened for traffic as far as Kurdjali (kilometre 85) on November 8th last. The permanent way is finished between Kurdjali and the terminus at Mastanla, but the laying of the track will probably take till next June.

(g) *Files of Refugees.*

There are 7,579 files now ready. All the arrangements for the issue of the notarial acts will be dealt with in a Bill which will shortly be introduced in the Sobranje. The issue of the notarial acts, which is a considerable undertaking, will be in the hands of a special department of the future liquidation organisation.

## B. 7½ % Stabilisation Loan of 1928.

### I. POSITION OF THE LOAN ACCOUNT.

The position of the loan account as at October 31st, 1931, is shown in Appendix II to this report. All the foreign exchange holdings have been converted into leva. The balance at the National Bank on the date in question was 69,638,525 leva.

### II. YIELD OF THE ASSIGNED REVENUES.

The revenues assigned for the service of the 7½ % 1928 Loan (Customs revenues) amounted, during the last three months, to the following sums (in leva):

August	September	October	Monthly budget estimates, one-twelfth
72,637,481	82,190,021	90,170,865	81,250,000

The receipts from the assigned revenues show a slight improvement during the quarter as a result of the seasonal stimulation of imports. They amounted to 244,998,367 leva, as compared with 229,702,943 leva in the previous quarter.

For the first seven months of the year, the Customs receipts totalled 555,768,626 leva (budget estimate 568,350,000 leva), as compared with 482,125,281 leva in the same period of the previous year, representing an increase of 15 per cent. A certain falling-off of imports may be anticipated in the coming months, as a consequence of recent restrictions on foreign exchange transactions.

Raw materials for industry have hitherto been imported duty free under the Encouragement of Industry Act. An Act has recently been promulgated imposing a duty of from 8 to 25 per cent *ad valorem* on materials used in industry. The Finance Minister anticipates an annual addition of 150 million leva of revenue from this source.

The service of the loan for the last three months absorbed 72,820,245 leva, or rather less than one-third of the available funds. Transfers show a slight falling-off from October onwards, as a result of the depreciation of the pound sterling.

### III. EMPLOYMENT OF THE LOAN.

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

##### (a) Railways and Harbours.

The following figures sum up the position at October 31st, 1931, of the expenditure for the execution of the Regnoul programme, to be met from the credit of 672,300,000 leva appropriated for railways and harbours.

	(In leva)	Figures at July 31st, 1931
Expenditure already authorised . . . . .	672,300,000	672,300,000
Contracts concluded . . . . .	536,304,342	535,759,342
Value of work undertaken on a monopoly basis. . . . .	120,000,000	110,000,000
Sums actually expended . . . . .	624,230,514	601,684,193

For various reasons the expenditure has not followed the schedule proposed. In the last report, it was estimated that the credits unexpended at the end of the year would amount to 15 million leva; it is now anticipated that they will amount to nearly 40 million leva.

In accordance with the provisions of Article 50 of the Railways and Harbours Organisation Act of July 15th, 1929, the Railways and Harbours Department published in the *Official Gazette* of November 26th, 1931, the annual balance-sheet and profit and loss account for the financial year 1929-30, following on the initial balance-sheet of April 1st, 1929, attached to the eighteenth report. These documents will be found in Appendix III.

##### (b) Roads.

The following figures summarise the position at October 31st, 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.

	(In leva)	Figures at July 31st, 1931
Expenditure already authorised . . . . .	197,739,300	190,239,300
Contracts concluded . . . . .	132,937,758	132,937,758
Work undertaken by the Directorate of Compulsory Labour . . . . .	30,770,000	30,770,000
Sums actually expended . . . . .	138,528,567	113,216,160



The expenditure already authorised, which was calculated on the basis of the estimates in the terms of contract, seems to exceed the credit of 176,966,179 leva; but, owing to the economies effected in awarding the contracts, the expenditure does not, in fact, exceed the credit.

The work, carried out in a way which still leaves much to be desired, has (as anticipated) proceeded very slowly; and the credits still remaining to be expended in the coming year will be in the neighbourhood of 35,000,000 leva.

(c) *Execution of the Regnoul Programme.*

The following table shows the position at October 31st, 1931, as regards the execution of the Regnoul programme:

	Estimates	Expenditure
	(In leva)	
<i>1. Railways and harbours:</i>		
(a) Upkeep of railways and engineering works; reconditioning of rolling-stock	239,233,000	221,593,303
(b) Improvements, enlargements, purchase of rolling-stock, supplies, etc. . . .	329,255,000	304,042,779
(c) Construction of new lines . . . . .	72,312,000	72,283,521
Total for railways. . . . .	640,800,000	599,919,603
(d) Essential supplies, enlargements and improvements for harbours . . . . .	31,500,000	26,310,911
Total for railways and harbours	672,300,000	624,230,514
<i>2. Roads and bridges:</i>		
(a) Road construction . . . . .	55,000,000	35,506,684
(b) Road repairs . . . . .	49,966,179	47,102,374
(c) Construction and repair of bridges.	72,000,000	53,557,479
(d) Material (expenditure not included in the Regnoul programme) . . . . .	—	2,362,030
Total for roads . . . . .	176,966,179	138,528,567
Grand total . . . . .	842,266,179	762,759,081
Expenditure to July 31st, 1931 . . . . .		714,900,353

The credit allotted to roads was fixed in the Regnoul programme at 172,700,000 leva. In order to meet requirements, this credit was increased to 178,966,179 leva by transferring the available balance from the block of £1,100,000 (reimbursement of budget arrears).

IV. BUDGET.

The Finance Committee, at its session in September 1931, took note of the deficit shown by the closing accounts for the financial year 1930-31. The Committee felt some apprehension as to the balancing of the current budget, on the ground that, of the revenue estimate of 7,900,000,000 leva (equal to the estimate for expenditure), only 6,800,000,000 leva appeared likely to be realised, leaving a threatened deficit of some 1,100,000,000 leva.

The Bulgarian Government, appreciating the reality of the danger, submitted to the Committee a general statement of ways and means to cover the deficit, on the following lines:

	In millions of leva
Reduction of expenditure . . . . .	600
Improved methods of collection . . . . .	290
Improved railway returns . . . . .	100
New charges on national industries. . . . .	60
Additional contribution from State mines. . . . .	30
Reincorporation of available assets of certain "funds" . . . . .	20

This programme came under consideration in October 1931, but had not yet been put into execution by the close of the quarter covered by the present report. Its effects are not, therefore, apparent in the budget figures given below. In the course of November, however, certain features of the retrenchment programme assumed concrete shape as follows.

A law was passed on November 25th altering the Customs tariffs, and imposing on the national industries enjoying protection an additional annual contribution of 150 millions.

The Government issued an order for 165 millions of the available assets of certain funds to be drawn upon for account of the Treasury.

The reorganisation and reform of the methods of assessing and collecting the direct taxes, and the imposition of a special turnover tax, have been carefully studied.

The policy of strict economy which has been followed since the beginning of the financial year has not been relaxed, and the reduction of 600 millions for which the retrenchment programme provides may consequently be secured. A law has been passed, under which salaries and pensions are to be cut down for the last five months of the financial year: this will effect a saving estimated at 103 millions. It is a pity that this saving will be more than swallowed up by the increased calls on the Pension Fund, to which the State budget has now to contribute 300 millions, as against the estimated amount of 150 millions. In these circumstances, it is regrettable that it has not yet been possible to reform the law in relation to pensions in such a way as to relieve the Treasury of a burden which—to judge by a number of specimen cases—appears to be without justification.

At the same time, attention must be drawn once more to the fact that a valuable source of revenue in the shape of the manufacture of alcohol is still insufficiently tapped; the Bill dealing with this question, which is at present under discussion, barely hints at reform.

The results for the first seven months of the budget year (expressed in leva) are as follows:

REVENUE.				
(In leva)				
	First seven months of 1931-32	Comparison with corresponding results of previous year	Comparison with seven-twelfths of budget estimates	
	I. <i>Ordinary Budget and Incorporated Funds.</i>			%
Direct taxes . . . . .	297,200,997	— 38,857,209	— 231,882,336	— 43
Indirect taxes . . . . .	1,314,163,384	+ 15,538,448	— 120,836,616	— 8
Duties . . . . .	332,185,236	— 63,427,054	— 102,836,616	— 23
Fines and confiscations . . . . .	33,925,142	— 4,243,420	— 15,657,858	— 31
Railways and harbours . . . . .	—	—	—	—
Posts, telegraphs and telephones . . . . .	187,909,077	+ 6,849,942	+ 11,159,077	+ 6
State domains and capital . . . . .	184,751,415	— 46,516,300	— 124,414,585	— 40
Contributions of communes towards teachers' salaries . . . . .	188,377,032	— 45,330,055	— 51,955,968	— 21
Miscellaneous revenue . . . . .	263,783,301	+ 2,680,774	— 89,716,699	— 25
Revenue from closed financial years . . . . .	110,189,070	— 103,835,834	— 29,810,930	— 21
Total . . . . .	2,912,484,654	— 277,140,708	— 755,513,679	— 20
	2. <i>Railways and Harbours.</i>			
	757,708,689	+ 28,514,965	— 152,303,561	— 16
	3. <i>Extra-budgetary Receipts.</i>			
	51,540,593	—	—	—
Total . . . . .	3,721,733,936	—	—	—

EXPENDITURE.		
(In leva)		
	First seven months of 1931-32	Comparison with corresponding figures of previous year
Ordinary budget and incorporated funds . . . . .	2,098,024,485	
Railways and harbours . . . . .	437,624,985	—
Extraordinary budgets for previous financial years . . . . .	9,013,334	—
Supplementary war credits . . . . .	80,790,885	—
Expenditure on provisional receipts and current accounts: Public Debt . . . . .	301,411,694	—
Service of Refugee, Stabilisation and Reparation Loans . . . . .	516,335,938	—
Total sums actually expended . . . . .	3,443,201,321	— 706,690,516
Orders for payment held over . . . . .	786,379,000	+ 329,428,000
Total expenditure (sums already expended or due to be expended) . . . . .	4,229,580,321	— 377,262,516

COMPARISON OF REVENUE AND EXPENDITURE.

	Leva	
Revenue . . . . .		3,721,733,936
Expenditure . . . . .		<u>3,443,201,321</u>
Apparent surplus . . . . .		278,532,615
Net deficit of previous year . . . . .		<u>1,283,686,881</u>
Uncovered deficit . . . . .		1,005,154,266
	Leva	
Treasury resources: Treasury Bonds . . . . .	600,000,000	
Calls on profits from seigniorage . . . . .	<u>516,587,035</u>	
		1,116,587,035
Treasury surplus . . . . .		111,432,769
From which must be deducted provisional excess expenditure on proceeds of Refugee and Stabilisation Loans . . . . .		<u>10,740,319</u>
Balance of Treasury account with National Bank of Bulgaria at October 30th, 1931 . . . . .		100,692,450
	Leva	
Treasury obligations: Treasury Bonds . . . . .	600,000,000	
Calls on profits from seigniorage . . . . .	516,587,035	
Orders for payment held over . . . . .	<u>786,379,000</u>	
		1,902,966,035
Total deficit . . . . .		1,802,273,585
Of which the previous year's deficit accounts for . . . . .		<u>1,283,686,881</u>
Deficit for the financial year 1931-32, to October 30th, 1931.		518,586,704

The shortages on the ordinary budget amount to 20 per cent of the total voted. The bottom is already out of the estimates which were based—apart from the hope of improvement in the economic situation—on the anticipated adoption of a more fruitful fiscal policy, which is still no more than an idea. It is remarkable that those forms of revenue which are more directly controlled by governmental action show a falling-off out of all proportion to that of other forms. Indirect taxes and Customs bring in within 8 per cent of the estimated returns. In the case of all the other taxes, the shortage is 23 per cent, rising to as much as 40 per cent in the case of proceeds from the domains and 43 per cent in the case of direct taxes. The collection of direct taxes is even less satisfactory than this percentage would suggest, since the first two-thirds of the estimated totals for the year, which became due from the taxpayer on June 25th and should have been paid in full by October 25th, had only been got in to the extent of 47 per cent by the end of the latter month. The land tax, in particular, yielded only 34 millions as compared with 242 millions due; the tax on total income only 13 millions as compared with 23 millions; and the tax on buildings 7.5 as compared with 22 millions.

A comparison between the ordinary receipts for the quarter under consideration and those for the corresponding quarter of the previous financial year is equally disappointing. The months of August, September and October, the yield of which is generally above the average, show a marked falling-off in 1931 as compared with the average.

	Average returns April 1st to July 31st	August	September	October
	(In millions of leva)			
1930-31 . . . . .	429	472	456	541
1931-32 . . . . .	477	320	353	430

There can be no question that the economic depression continues to weigh heavily on the taxable capacity of the country. At the same time, it cannot be too often insisted that this is not an adequate explanation of the meagreness of the revenue returns. The mass of the taxpayers would seem to have a singularly low conception of their duty to the public purse, and regrettable discriminations appear to characterise the pressure put upon them by the fiscal authorities. The assessment of the taxes, made without exactitude and unevenly distributed, is slow, inaccurate and complicated; and their collection is careless and devoid of order. The administrative machine is neither simple nor elastic. The efficient work of single officials, competent in the performance of their duties and secure in their future, is conspicuous by its absence, and in its place there are dilatory and formalistic committees which are anything but efficient, or agents whose activities are restrained by a prudent consciousness of the impermanence of their official positions. Far-reaching reform is required both in the system and in the morality of the taxpayers, who are imbued with the idea of the State as a providential agency which each individual defrauds, as far as is practicable, of his own share of the taxation due.

The falling-off in revenue is offset to a certain extent by the reduction of expenditure in the current budgetary year. The disbursements during the seven months under consideration are lower by 707 millions, or 17 per cent, than those of the corresponding period in the previous year; but the orders for payment held over at the same date show an increase of nearly 100 per cent, and total 786 millions. These figures show the difficulty of the Treasury's position, which is enhanced by the gradual decline in calls on the profits on the coinage of token-money. In accordance with the Financial Committee's decision, calls on seigniorage profits are now linked up with the progressive realisation of the various items in the retrenchment programme. From this source, 48 millions were released on September 14th, 1931, as evidence of the Committee's desire to co-operate in the work of reform; and an equal amount was released as an advance on the yield of the legislative and administrative measures referred to. It was not considered possible to make any further concessions in this connection. The profits on the coinage leave an amount of 420 millions available at November 30th, and these appear in a suspense account in the books of the National Bank. Of this sum, 100 millions go to a supplementary budget for the annual sinking-fund payment on the State debt to the Bank, which fell due on June 30th, 1931, while 129 millions go to the Bank for the purchase of the silver bullion made available for the State.

The existence of the Directorate for the Purchase and Export of Cereals adds a heavy burden to the budget and to the Treasury's embarrassments, and constitutes a serious danger.

On July 15th, 1931, this organisation had absorbed the stocks of the 1930 harvest, operating on the lines laid down by the constitutional law of December 26th, 1930. Its balance-sheet showed a real profit of 164 millions, to be set off against 484 millions of tax-bonds, representing some 11 per cent of the total contributions payable in this form. These 164 millions made it possible to repay the advance of 40 millions given by the Agricultural Bank of Bulgaria to serve as working capital, and to pay into the Treasury a sum of about 90 millions.

A Royal ukase, issued on July 15th, 1931, followed by a law passed on October 12th, made far-reaching changes in the working of the system. The proportion of the purchase price for cereals payable in tax-bonds was reduced to 30 per cent, the nominal price being still very much higher than the world level. The bonds are no longer to be transferable or negotiable at will, and may only be ceded to the Agricultural Bank, which passes them on to non-producing taxpayers. Their use, hitherto restricted to the payment of arrears of taxation, is now extended to the land tax (to the amount of two-thirds of the total due) and to the supplementary land tax of the financial year 1931-32. The Government is given authority—of which it proposes to avail itself from October 19th onwards—to establish a monopoly of bread cereals in the country. The profits derived from this monopoly will go to establish an export bounty on maize, with which it is proposed that the organisation should no longer deal directly.

These innovations are, comparatively speaking, satisfactory; but the initial defect remains in the shape of the continued existence of the Directorate, an artificial and costly organisation importing into commercial transactions all the disadvantages of Government management.<sup>1</sup>

The balance at November 15th of the operations from July 15th onwards in connection with the new harvest is approximately as follows:

	(In millions of leva)	
Purchases and other outlay . . . . .	1,442	
Payment for which was made:		
In bonds . . . . .	436	
In cash . . . . .	1,006	1,006
Sales on foreign markets . . . . .	397	
Sales on home market . . . . .	120	
Estimated value of stocks . . . . .	523	
	1,040	1,040
Total receipts . . . . .		
Cash profits . . . . .		34

as against 436 millions of tax-bonds.

These provisional figures do not take into account either the export bounty on maize, in respect of which no actual payments have been made up to the present, or, on the other hand, the proceeds of a special duty charged on stocks in the hands of traders at October 19th, the date on which the monopoly came into force. It would seem that the cash cover for the tax-bonds must, on any showing, still be very small, if not altogether non-existent, and that, over and above the very extensive recourse to these facilities, there is a real loss.

The latter prospect is the more alarming, in that the whole of these operations have only been financed by means of recourse to credit on a very large scale. Nearly 500 millions have been supplied in the form of purchases on deferred payment or advances by the Central Agricultural Bank or the people's banks or co-operative societies. On October 31st, there were nearly 400 millions in bonds (70 millions of which had provisionally been absorbed by the Agricultural Bank) representing a floating asset not yet got in by the Treasury. The system is assuming formidable dimensions and, in view of the continued depression of prices, threatens to give rise to serious disappointments.

<sup>1</sup> The Directorate proved unable, for example, to take advantage of the windfall in the shape of the rapid but transitory rise which took place in November.

## V. NATIONAL BANK.

Appendix IV shows the position of the National Bank at the end of each of the three months under review.

The period has witnessed an accentuation of the difficulties, due both to external and to internal causes, to which our last report drew attention.

The Bank was compelled, at the outset, to deal with the effects of certain *de jure* or *de facto* changes that have occurred in the monetary systems under which its foreign correspondents operate. Various technical measures have enabled it to avoid any loss as a result of these changes; and an amendment to Article 35, paragraph 12, of its Statutes adapts the latter to current requirements. The text of the amendment will be found in Appendix V.

The Bank has also had to face increased demands for foreign exchange, due in part to the fluctuations of certain foreign currencies and in part to a seasonal increase of requirements. At the same time it has been confronted with a general extension, in the majority of Central European countries, of the restrictions on free dealing in foreign exchange. The Bank accordingly took steps to secure the passing of a law amending the existing legislation with regard to "dealings in foreign means of payment"; and in execution of the new law it issued regulations and two ordinances. These new provisions strengthen the control of the issue bank, prohibit the export of bonds and coupons of public loans, regulate the powers of public administrations and establishments to contract commitments to foreign countries, and allow of a *de facto* rationing of the national requirements of foreign exchange. In addition to this negative policy of restrictions, the Bank has taken positive action on the lines of the clearing system recommended by the Prague Conference, in the hope of finding a solution for the difficulties in the way of commercial relations. A first agreement on these lines has been concluded with the Austrian Tobacco Monopoly, and came into force on December 1st.

These various measures have maintained the foreign exchange holdings of the Bank at a comparatively stable level (294 millions on October 31st, as compared with 338 millions on July 31st), and that in spite of the absence, since August, of any balance on the Refugee and Stabilisation Loans, and in spite of a certain tendency to repatriate short-term foreign credits.

This avoidance of disturbance, it should be borne in mind, has been achieved only as the result of a variety of palliatives. The legitimate demands of commerce which have been held over total something in the neighbourhood of 150 millions. The transfers from the public debt, slightly diminished by the conclusion of a Greco-Bulgarian agreement for the application of the Hoover Moratorium, require a sum of something like 200 millions for the months of November and December alone; and the favourable trade balance since the beginning of 1930—which does not imply any equivalent favourable balance in the influx of foreign exchange—is absorbed by the settlement of earlier commercial debts.

The National Bank was compelled to check the exodus of foreign exchange by raising the official discount rate on September 29th from 8½ to 9½ per cent. The private discount rate also shows a marked increase, from about 9 to 10 per cent at the end of the first half-year to 12 to 13 per cent. Sight deposits earn 7½ to 8½ per cent at the principal banks, as compared with 6 to 7 per cent at the end of the first half-year.

At the same time, the liquidity of the banks has been affected by a certain tendency to withdraw foreign deposits and short-term credits, and the volume of foreign accounts with the Bank fell from 1,006 millions on July 31st to 790 millions on October 31st. In the course of November, this figure rose to 926 millions (date of November 23rd), reflecting the desire of the majority of these establishments to increase the elasticity of their resources.

The commercial bill holdings of the Bank, after the marked rise to which attention was drawn in July, are being re-absorbed. The advances against goods are being liquidated more slowly as a result of the depression. "Investments" show practically no change. The following table shows the variations which affected the distribution of bill holdings and advances from December 31st, 1930, to June 30th and October 31st, 1931:

	December 31st, 1930 Per cent	June 30th, 1931 Per cent	October 31st 1931 Per cent
Banks . . . . .	50.13	46.33	62.94
Commerce . . . . .	19.74	22.47	17.70
Industry . . . . .	23.68	22.95	16.43
Miscellaneous . . . . .	6.45	8.25	2.93

An examination of the bill holdings, not including advances, shows a bank rediscount percentage of about 81 per cent.

The cover for sight commitments, which fell from 36.94 per cent on July 31st to 35.06 per cent on October 31st, exhibits the influence of the extraneous circumstances referred to above. It remains, however, strictly within the limits laid down by the Statutes, in which there has been no change on this point. It will be observed that, on October 31st, the circulation and the sight liabilities in leva are covered as to 33.9 per cent by the gold holdings, which are the full and unfettered property of the Bank. The circulation and liabilities of the Bank show, moreover, a certain reduction in the period July 31st to October 31st from 4,680 to 4,459 millions. The divisional coin placed at the disposal of the public during the same period increased from 322 to 491 millions.

VI. STATISTICS.

A. Foreign Trade.

(In thousands of leva)

	1928	1929	1930	1930	1931
	For the whole year			For 10 months	
Imports . . . . .	7,192,372	8,162,017	4,605,096	3,819,081	3,996,880
Exports . . . . .	6,379,413	6,097,356	5,927,800	5,024,280	4,857,050
Balance . . . . .	- 812,959	- 2,064,661	+ 1,322,704	+ 1,205,199	+ 860,170

Imports fell off heavily during the new quarter; but the movement of exports was maintained.

	Quantities			
	Exported during the first ten months of		Imported during the first ten months of	
	1930	1931	1930	1931
Weight (tons) . . . . .	430,567	636,140	264,966	244,509

Taken as a whole, the trade balance of the Kingdom was favourable for these first ten months, with a surplus of 860 million leva, as compared with 1,205 millions for the corresponding period of 1930.

B. Agricultural Statistics.

Particulars of the Cereal Crop.

In the preceding report, preliminary figures were given for the yield of the harvest. The following figures give approximate information as to the quantities of cereals available for export:

	Output (not including seeds) Tons	Exports November 1st, 1931 Tons	Available for export on November 1st, 1931 <sup>1</sup> Tons
Wheat . . . . .	1,435,000	121,000	264,000
Rye . . . . .	270,000	34,000	43,000
Barley . . . . .	361,000	15,000	50,000
Maize . . . . .	997,000	2,000 <sup>2</sup>	312,000
Oats . . . . .	125,000	—	5,000

The prices of cereals exported via the port of Burgas were as follows:

(In leva)

	1930			1931		
	April	July	November	April	July	November
Wheat . . . . .	5.52	4.41	2.68	3.28	2.42	2.57
Maize . . . . .	3.06	2.86	1.86	2.19	2.09	2.30
Rye . . . . .	—	2.47	1.65	1.96	2.04	2.54
Barley . . . . .	2.73	2.19	1.72	2.23	2.14	2.75

<sup>1</sup> The quantities available for export are really below these figures, since the latter include the stocks generally held in reserve by the farmer at the end of the season—e.g., about 100,000 tons in the case of wheat, so that probably not more than 160,000 tons of wheat will remain to be exported.

<sup>2</sup> November only.

C. Wholesale Price Index-Number.

		(1914 = 100)	
	1924 . . . . .		2,688
	1925 . . . . .		3,052
	1926 . . . . .		2,781
	1927 . . . . .		2,819
	1928 . . . . .		3,072
	1929 . . . . .		3,205
	1930 . . . . .		2,585

		1930			1931
January . . . . .		3,107	January . . . . .		2,193
April . . . . .		2,721	February . . . . .		2,132
July . . . . .		2,467	March . . . . .		2,108
October . . . . .		2,373	April . . . . .		2,085
December . . . . .		2,283	May . . . . .		2,088
			June . . . . .		2,044
			July . . . . .		2,061
			August . . . . .		1,999
			September . . . . .		1,950
			October . . . . .		1,935

D. Protested Bills.

	1928		1929	
	Number	Leva	Number	Leva
January . . . . .	15,337	111,819,097	13,759	113,192,033
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	106,500,913
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
<b>Total . . . . .</b>	<b>199,599</b>	<b>1,431,894,841</b>	<b>247,528</b>	<b>2,123,415,135</b>

	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	18,023	133,321,715
June . . . . .	20,549	181,697,662	14,738	118,734,142
July . . . . .	25,003	206,305,900	16,176	109,557,815
August . . . . .	30,005	212,352,860	18,304	117,141,486
September . . . . .	47,301	296,804,926	33,758	180,023,327
October . . . . .	37,535	252,506,114	—	—
November . . . . .	25,795	237,729,941	—	—
December . . . . .	22,576	174,645,492	—	—
<b>Total . . . . .</b>	<b>354,185</b>	<b>3,008,309,617</b>	<b>—</b>	<b>—</b>

E. *Bankruptcies and Moratoria in Bulgaria.*

	Commerce	Industry	Artisans	Banks	Total <sup>1</sup>
<i>Bankruptcies.</i>					
1920 . . . . .	7	2	—	—	9
1921 . . . . .	12	4	—	—	16
1922 . . . . .	15	3	—	—	18
1923 . . . . .	24	3	—	1	28
1924 . . . . .	51	7	—	2	60
1925 . . . . .	52	5	—	2	59
1926 . . . . .	100	12	—	1	113
1927 . . . . .	93	23	—	3	119
1928 . . . . .	82	9	2	2	95
1929 . . . . .	85	18	4	—	107
1930 . . . . .	183	21	14	6	224
1931 <sup>1</sup> . . . . .	150	27	10	4	191
<i>Moratoria.</i>					
1926 . . . . .	67	23	—	—	90
1927 . . . . .	85	16	—	—	101
1928 . . . . .	48	9	1	—	58
1929 . . . . .	80	22	2	—	104
1930 . . . . .	297	52	40	6	395
1931 <sup>1</sup> . . . . .	77	16	5	2	100

<sup>1</sup> Preliminary figures.



Appendix I.

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

	Sterling block	Dollar block	Yield in leva
(a) <i>Nominal amount:</i>			
£2,400,000			
\$4,500,000			
(b) <i>Net amount</i> . . . . .	£           s.   d. 2,112,000 0 0	\$ 3,915,000.—	
(c) <i>Deduct:</i>			
Redemption of 1912 to 1913 Treasury Bonds . . . . .	£   s.   d. 625,889 11 6		
Half-years' reserve	90,000 0 0 <sup>1</sup>	168,750.— <sup>1</sup>	
Miscellaneous ex- penses: Stamps, printing of bonds, etc. . . . .	49,474 4 1		
	<hr/> 765,363 15 7		
	£1,346,636 4 5	\$3,746,250.—	
(d) <i>Add:</i>			
Interest . . . . .	118,468 14 10	320,107.50	
	<hr/> £1,465,104 19 3	\$4,066,357.50	
(e) <i>Subtract:</i> <sup>2</sup>			
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
(g) <i>Proceeds in leva of amounts released</i> . . . . .			1,530,807,837
			<hr/> 1,614,659,712
<i>Placed at the disposal of:</i>			
1. The Directorate for the Settle- ment of Refugees	Leva 1,533,824,302		
2. The Government for the recon- struction of the devastated areas	45,000,000		
	<hr/> 1,578,824,302		1,578,824,302
Surplus available . . . . .	£           —	\$           —	Leva 35,835,410 (Deposited with the National Bank of Bulgaria)

<sup>1</sup> 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).

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

**Appendix II.**

STATEMENT OF THE 7½% STABILISATION LOAN OF 1928 AS AT OCTOBER 31ST, 1931.

	Sterling block	Dollar block	French franc block
	£    s.    d.	\$	Fr.
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
<b>Total . . . . .</b>	<b>£1,616,713 13 0</b>	<b>\$11,910,750</b>	<b>Fr. 116,350,000</b>
Equivalent in leva . . . . .		3,365,065.558	
Add . . . . .		5,000,000 <sup>1</sup>	
		<b>Leva . . . . . 3,370,065.553</b>	
Amount utilised up to October 31st, 1931 . . . . .		3,300,427.028	
Surplus available on that date . . . . .		<b>Leva 69,638,525<sup>2</sup></b>	

**Appendix III.**

BALANCE-SHEET OF THE BULGARIAN STATE RAILWAYS AS AT APRIL 1ST, 1930.

(Application of Article 50 of the Bulgarian State Railways and Harbours Organisation Act of July 16th, 1929<sup>3</sup>.)

	ASSETS.	
	(In leva)	As at April 1st, 1929
<b>I. Fixed Assets.</b>		
<b>A. Railway system in operation:</b>		
1. Railway-lines . . . . .	8,607,111,883	
2. Rolling-stock . . . . .	2,437,301,180	
3. Equipment (fittings, etc.) . . . . .	82,660,787	
4. Auxiliary services (workshops, etc.) . . . . .	261,163,626	
	<hr/>	11,388,237,476
<b>B. Work in hand:</b>		
1. New lines . . . . .	684,923,742	
2. Extension and im- provement of railway- lines in operation. . . . .	34,873,798	
3. Rolling-stock . . . . .	27,968,798	
4. Auxiliary services . . . . .	2,581,121	
	<hr/>	750,347,459
<b>C. Subsidiary undertakings (Cartage, etc.) .</b>		<hr/>
		12,138,584,935
		<hr/>
<i>Carried forward</i>		11,793,988,829
		<hr/>
		12,138,584,935
		<hr/>
		11,793,988,829

<sup>1</sup> 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).

<sup>2</sup> This figure represents the unexpended balance of the block of £1,250,000 earmarked for the improvement of means of communication, deposited at the National Bank of Bulgaria.

<sup>3</sup> See explanatory observations in the Eighteenth Report, page 17, with regard to the several items of the initial balance-sheet of April 1st, 1929.

As at  
April 1st, 1929

Brought forward 12,138,584,935 11,793,988,829

II. *Working Capital* (material and cash):

A. Material . . . . .	471,708,512		
B. Banks . . . . .	341,056,697		
C. Funds available in the various services	26,615,201		
D. Debtors . . . . .	30,007,438		
	<u>                    </u>	869,387,848	512,087,395

III. *Assets of Special Funds*:

A. Renewals Fund . . . . .	2,872,629,190		
B. Fire Insurance Fund . . . . .	1,696,786		
C. Railwaymen's Housing, Health Establishments and Pensions Fund . . . . .	87,346,420		
	<u>                    </u>	2,961,672,396	2,803,454,285

IV. *Expenditure to be paid off*:

A. Difference between the purchase prices and the cost of the lines bought . . . . .	888,620,000		
B. Cost of issue and conversion of loans	676,031,000		
C. Value of plant destroyed . . . . .	—		
D. Debts from the operation of the railways at the end of the financial year 1929-30 . . . . .	—		
	<u>                    </u>	1,564,651,000	1,556,710,000
		<u>17,534,296,179</u>	<u>16,666,240,509</u>

LIABILITIES.

I. *Capital acquired.*

(In leva.)

A. Redeemed portion of consolidated State loans . . . . . 2,920,977,400

B. Other capital furnished by the State:

1. Land . . . . . 6,692,238

2. Rates and taxes:

(a) Special taxes for the construction of the railways . . . . . 276,598,359

(b) Special rates for the extension and improvement of the railways . . . . . 133,760,740

(c) Other rates and taxes . . . . . 985,957,273

(d) Operating surplus 938,766,649

3. Payments:

(a) Compulsory labour for the roads 10,665,000

(b) Compulsory military labour . . . . . 119,936,433

(c) Compulsory labour . . . . . 328,192,162

2,800,568,854

C. Grants from:

1. Departments . . . . . 3,663,468

2. Communes . . . . . 62,197,821

3. Pernik mine . . . . . 1,260,233

4. Private persons . . . . . 267,954

67,389,476

D. Special Funds:			
1. Reserve Fund . . . . .	—		
2. Renewals Fund (estimated value) . . . . .	2,872,629,190		
3. Fire Insurance Fund . . . . .	1,696,786		
4. Railwaymen's Housing, etc., Fund . . . . .	87,346,420		
	<u>2,961,672,396</u>		
E. Loans from Special Funds:			
Renewals Fund (worn-out material)	18,067,765		
	<u>18,067,765</u>	8,768,675,891	8,395,831,330
II. <i>Capital due.</i>			
A. Consolidated State Loans:			
1. Application of Article 38, paragraph 2, of the railways and Harbours Organisation Act . . . . .	3,990,000,000		
2. 9% Loan to Social Insurance Fund . . . . .	80,000,000		
3. Share of 7½% Stabilisation Loan . . . . .	306,335,600		
	<u>4,376,335,600</u>		
B. Creditors . . . . .	18,685,184		
	<u>18,685,184</u>	4,395,020,784	4,022,000,000
III. <i>Difference between Assets and Liabilities due to the devaluation of the leva.</i> . . . . .			
		4,248,409,179	4,248,409,179
IV. <i>Annual Profits:</i>			
A. Capital investments:			
1. Construction of new railways . . . . .	14,070,734		
2. Extension and improvement of railways in operation . . . . .	32,410,380		
3. Interest on invested capital during construction . . . . .	29,307,704		
	<u>75,788,818</u>		
B. Reserve Fund . . . . .	12,219,032		
C. Renewals Fund . . . . .	12,219,032		
D. Balance available for capital investments . . . . .	21,963,443		
	<u>122,190,325</u>		
		<u>17,534,296,179</u>	<u>16,666,240,509</u>

PROFIT AND LOSS ACCOUNT OF THE BULGARIAN STATE RAILWAYS FOR THE FINANCIAL YEAR 1929-30.

A. EXPENDITURE.

(In leva)

I. *Deficit on Operation* . . . . . —

II. <i>Funded Debts</i> <sup>1</sup> :		
A. Interest:		
1. On 3,990,000,000 leva as provided in Article 38, paragraph 2, of the Act . . . . .	92,864,000	(In leva)
2. On 80,000,000 leva 9% Loan from Social Insurance Fund . . . . .	15,367,994	
3. On 307,000,000 leva 7½% Stabilisation Loan. . . . .	23,025,000	
	<u>131,256,994</u>	
B. Redemption of 7½% Stabilisation Loan . . . . .	664,400	
	<u>131,921,394</u>	
III. <i>Non-funded Debts</i> . . . . . —		
IV. <i>Amortisation Payments</i> :		
A. Difference between the purchase prices and the cost of construction of the lines bought . . . . .	10,000,000	
B. Cost of issue and conversion of loans . . . . .	10,700,000	
C. Value of plant destroyed . . . . .	3,166,143	
	<u>23,866,143</u>	
V. <i>Payments into Funds</i> :		
A. Renewals Fund . . . . .	165,503,291	
B. Fire Insurance Fund . . . . .	1,858,893	
	<u>167,362,184</u>	
VI. <i>Miscellaneous</i> . . . . . 116,787		
VII. <i>Annual Profits</i> :		
1. Capital investment expenditure effected in the course of the financial year for new constructions and extension and improvement of the system . . . . .	46,481,114	
2. Interest on capital sunk in constructions. . . . .	29,307,704	
	<u>75,788,818</u>	
VIII. <i>Net Profits</i> <sup>2</sup> :		
A. Reserve Fund. . . . .	12,219,032	
B. Renewals Fund . . . . .	12,219,032	
C. Balance available for expenditure . . . . .	21,963,443	
	<u>122,190,325</u>	
	<u>445,456,833</u>	

<sup>1</sup> Article 38 of the Railways and Harbours Organisation Act reads as follows:

"Interest and sinking fund on State debts in respect of loans for the construction of the railway system, [the purchase of rolling-stock, supplies and equipment, and also on sums for the repayment of advances under the general budget to cover provisional deficits, shall be shown in the profit and loss account of the railways.

"The balance outstanding of all the State debts is fixed at 3,990,000,000 leva as at December 31st, 1928.

"Between now and the end of 1978, the Bulgarian State Railways shall redeem these 3,990,000,000 leva, carrying 5 per cent interest, by progressive instalments and at the average rates for payments of interest and sinking fund on State loans.

"The table of payments and average rates for the redemption of the railway debt shall be drawn up by agreement between the Minister for Railways, Posts and Telegraphs and the Finance Minister, and then approved by the Cabinet.

"All expenditure in respect of interest and sinking fund on State debts contracted after December 31st, 1928, arising out of loans concluded on the initiative of the Directorate-General of the Bulgarian State Railways and Ports, shall be shown in the annual profit and loss account of the Bulgarian State Railways.

"As regards the other State debts incurred after December 31st, 1928, that part of the interest and sinking fund which the Sobranje shall have fixed, in consideration of the financial position of the railways, at the time of the ratification of the contracts relating to these loans or the voting of the law on the budget of the Bulgarian State Railways and Ports, shall be shown in the annual profit and loss account of the railways.

"The service of interest and sinking fund on the State debts mentioned in the present article shall be effected by the Administration of the Public Debt for the account of the Directorate-General of Railways and Ports, which shall pay the necessary sums to the Treasury within the periods laid down by the said administration."

<sup>2</sup> Article 39 reads as follows:

"Ten per cent of the profits of the profit and loss account shall be paid to the Reserve and Renewal Funds. The balance shall be utilised by the Minister for Railways and Ports for the construction of new lines in accordance with a programme drawn up by him and approved by the Cabinet."

*Note.* — The balance of the net profit for the financial year 1929-30 (21,963,443 leva) has not been left in the hands of the railways, but has been used for current Treasury expenditure, in view of the circumstances.

B. INCOME.

(In leva)

I. Surplus on operation . . . . .	368,127,904
II. Interest on capital sunk in constructions . . . . .	29,307,704
III. Expenditure on account of Fire Insurance Fund and Renewals Fund . . . . .	48,021,225
	<hr/>
	445,456,833

Appendix IV.

POSITION OF THE NATIONAL BANK OF BULGARIA.

(In leva)

	As at August 31st, 1931	As at September 30th, 1931	As at October 31st, 1931
<i>Assets.</i>			
1. Gold coin and bullion . . . . .	1,507,571,291	1,509,262,560	1,510,242,514
2. Foreign gold exchange . . . . .	297,601,546	210,954,052	214,098,389
3. Other foreign exchange . . . . .	188,578,476	208,844,775	241,125,344
4. Small coinage . . . . .	372,116,620	364,114,464	490,949,207
5. Bills of exchange and promissory notes:			
Commercial Bills . . . . .	405,473,425	405,029,046	372,507,769
Treasury Bills . . . . .	—	—	—
6. Advances:			
To the Government. . . . .	243,800,000	243,800,000	247,800,000
Other advances. . . . .	195,671,624	212,100,892	192,563,594
7. State debts . . . . .	3,058,822,012	3,050,822,012	3,029,988,909
8. Investments . . . . .	325,647,811	327,200,392	328,221,716
9. Buildings and equipment . . . . .	23,368,201	23,350,531	23,268,053
10. Other assets . . . . .	576,408,197	459,495,584	502,672,053
Total assets. . . . .	<hr/> 7,195,059,203	<hr/> 7,014,974,308	<hr/> 7,153,437,548
<i>Liabilities.</i>			
11. Capital paid up . . . . .	500,000,000	500,000,000	500,000,000
12. Bank reserve funds . . . . .	1,184,554,657	1,184,266,255	1,184,422,113
13. Bank-notes in circulation . . . . .	3,337,600,005	3,334,723,990	3,184,805,530
14. Other sight liabilities . . . . .	1,287,629,648	1,233,385,455	1,274,261,985
15. Deposits, at notice . . . . .	252,613,409	252,408,643	251,245,064
16. Foreign exchange liabilities . . . . .	156,891,788	134,301,135	161,058,596
17. Other liabilities . . . . .	475,769,696	375,888,830	597,644,260
Total liabilities . . . . .	<hr/> 7,195,059,203	<hr/> 7,014,974,308	<hr/> 7,153,437,548
<i>Cover.</i>			
(Proportion of gold and silver plus net amount of foreign gold exchange to bank-notes in circulation, plus sight liabilities). . . . .	35.64%	34.72%	35.06%
Discount rate . . . . .	8½%	9½%	9½%

**Appendix V.**

**LAW OF NOVEMBER 25TH, 1931, IN AMENDMENT OF THE LAW CONCERNING THE NATIONAL BANK  
OF BULGARIA.**

*Article 35.* — After paragraph 12, insert a new paragraph 12 (a) in the following terms:

“ In exceptional circumstances, the National Bank shall be entitled to meet legitimate requirements by the purchase and sale of foreign currencies which do not comply with the conditions hereinbefore specified, provided it at the same time takes all requisite precautions to safeguard itself against the possibility of losses. Decisions with regard to such exceptional purchases and sales and to the adoption of such precautions shall be taken by the Managing Board or Executive Committee in accordance with the procedure laid down in Article 84 of the present law.”

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Geneva, September 25th, 1931.

LEAGUE OF NATIONS

19

**FINANCIAL WORK OF THE LEAGUE OF NATIONS**

**REPORT AND DRAFT RESOLUTIONS PRESENTED BY THE  
SECOND COMMITTEE TO THE ASSEMBLY**

*Rapporteur* : M. BERNÍS CARRASCO (Spain).

PART 1. — GENERAL.

During the past year, since the last meeting of the Assembly, the world has been subjected to an economic depression of unparalleled severity. Month by month, the effects of this depression have become more acute ; its scope has become more widespread. Since the early summer of this year, the financial structure within which the mechanism of production and distribution must operate has been shaken by shock succeeding shock. During the week in which the Second Committee has been occupied with financial questions, events of the gravest import have taken place. How far reaching their effects may be it is too early to foresee. Certain it is only that the problems of primordial importance to-day, the problems to the solution of which the efforts of all must be devoted, are essentially financial. Economic recovery is dependent, and must be dependent, on a betterment of the financial situation.

The Second Committee has been faced during its deliberations by the difficulty that the day-to-day evolution of events during this past week, and indeed during the weeks immediately preceding its session, have been exceptionally rapid. In these circumstances, the Committee desires to draw special attention to the Minutes of its discussions and to the important statements made by a number of delegates who took part in that discussion.

But, in spite of this momentary difficulty, the Second Committee is convinced that the League of Nations, during the months to come, may contribute much and must be equipped and prepared to render the utmost contribution in its power to *the general work of financial reconstruction*. Indeed, it has already entered upon this task.

Financial problems of the first magnitude have arisen for solution — problems, however, which, at the stage reached until quite recently, have demanded either joint action by banks, or day-to-day co-operation between a relatively restricted number of Governments. Such limited joint action and co-operation are always required and very much still remains to be done by this means in the near future. But, in recent weeks, a further stage has been reached at which the aid of the Financial Organisation of the League is urgently demanded. Both the Austrian and the Hungarian Governments have called in the aid of the Council. Measures have already been taken with a view to solving the Austrian difficulties and a delegation of the Financial Committee is to visit Hungary almost at once.

Similar or other action may be required elsewhere. The League must not only support and reinforce the financial reconstruction schemes already undertaken ; if other countries need emergency aid or advice the League must be ready to give it. The demands that may arise cannot be foreseen, but in the opinion of the Second Committee it is imperative that



the Council and the Committee, which is its financial adviser, should be in a position to afford the full measure of help that lies in the power of the League. Provision must be made for prompt and effective action. The Second Committee has accordingly recommended that a special fund, now voted by the Fourth Committee, should be made available in the budget of the League for this purpose. It recommends further that the Assembly should suggest to the Council the desirability of arranging for a special procedure for prompt action. If the existing organisation and equipment should prove insufficient to bear the strain which may be placed upon it, it must be strengthened and expanded.

Existing difficulties, however, will not be overcome by such special international action alone. International action on a wider scale may be required; national efforts must be made. The position may gradually improve by the natural impulse of economic forces; it may worsen. Individual initiative is essential, but a stimulus to such initiative may be — and, in our opinion in certain cases should be — given by Governments. When individual demand is weak and lacking in confidence, it may be necessary for Governments to stimulate social demand.

Whatever means may be adopted with this end in view, they will need to be accompanied by loans to the extent that the situation permits. Such lending will depend, not only on the willingness of those who have available funds to lend, but on the success of the efforts made by borrowing countries to create and maintain the necessary conditions. For these reasons, the Second Committee recommends that the Assembly urge all Governments to do everything that lies in their power to promote international understanding and such domestic social and political conditions as will facilitate the movement of capital. At the same time, it draws attention to the vital importance — so frequently emphasised by leading economic and financial authorities in recent months — of the formulation of a long-sighted policy of steady and continuous foreign investment by those countries in which surplus resources have been accumulating. It is by the application of such a policy and by designing a suitable mechanism of investment where the need exists that the financial leaders of such countries can render the greatest service to the world.

By all to-day sacrifices must be made; national endeavour must precede or accompany international aid. Foreign capital will not flow readily to countries whence domestic capital is exported owing to the lack of confidence of its citizens. But conditions may arise, in which countries are so directly and so seriously affected by the economic depression that without extraneous aid they can hope neither to borrow without aid nor to maintain their financial equipment without borrowing. If such circumstances arise, there may be no alternative to an international guarantee by Governments of foreign loans granted. For special cases and subject to special safeguards such a procedure might, in the opinion of the Second Committee, have to be contemplated in the future.

The scheme which the Financial Committee elaborated with the experts which it called upon to assist it for the establishment of an International Agricultural Mortgage Credit Company affords another example of a method by which such Government assistance may be afforded. In other cases, direct Government guarantees may be required.

In other cases again, it may be possible to promote international lending by establishing special machinery for that purpose. The Second Committee had before it the outline of such a scheme prepared for the Commission of Enquiry for European Union by M. Francqui, which is designed to promote lending on medium term. In the recommendations put forward at the end of this report will be found one suggesting that this scheme should be studied. But by whatever procedure the flow of international lending may be restarted, it is of vital importance to secure that the monies advanced should be used for real productive purposes. It would be of the greatest advantage if the League on the one hand and, by their influence, the most responsible authorities in the financial markets on the other could discourage loans to public authorities or to others for unproductive or improper purposes.

The recommendations put forward in this report are concerned in part with the necessary implementing of work already undertaken by the Financial Organisation during the past year or of the resolutions adopted by the eleventh Assembly last September. That work is described and those resolutions referred to in the second part of this report.

With reference to the recommendations concerning the work which is likely to arise in connection with the present financial crisis, the Second Committee desires to emphasise again one point.

During the coming months, questions of the gravest importance must arise for solution. The arrangements which have been made concerning existing international debts are of short duration. It is the business of the creditors and debtors immediately concerned to find means for prolonging, modifying or terminating those arrangements on their expiration in such a way as to permit of a more normal conduct of business and to avoid a further shock to confidence. The measures which they will find most appropriate to the moment must depend on the underlying economic conditions and on the state of public sentiment.

The general public no less than the banker and the *entrepreneur* can thus contribute much to the amelioration of the general situation.

But the problems which arise for solution are manifold and difficult and Governments and their international machinery at Geneva must be ready to act. It is above all important, in the opinion of the Committee, that the League should be prepared and equipped to help promptly and efficiently. Its aid will be sought and that aid must be readily given, whether by special enquiries and advice — in particular, on such financial reforms as may be considered useful — by the erection of new financial machinery or by special discussions and meetings.

## PART II. — WORK OF THE PAST YEAR.

The work of the Financial Organisation during the past year has been exceptionally wide in its scope. The late Director of what was formerly the Economic and Financial Section visited India in the winter of this year on the request of the Government of that country, and went on directly from India to China. His report on the creation of an Economic Council for India was published simultaneously by the Indian Government and, with its consent, by the League of Nations. Its interest, in view of the attention which is to-day being paid to this question of Economic Councils and economic planning, is of much more than national interest. His visit to China was in response to a request received from the Chinese Government that he should discuss with it the effects of the present depression on China's economic activities.

Expert enquiries have not, however, been confined in the financial field to the continent of Asia. A financial expert took part in the work of the mission sent to Liberia in the summer of this year by the Committee of the Council in order to study the problem raised by the request for assistance submitted by the Government of that country. Another visited Lithuania on the request of the Lithuanian Government to report on certain outstanding problems arising out of the Memel Convention. The Deputy Secretary-General and the present Director of the Financial Section paid a visit to Vienna after the request of the Austrian Government to which reference is made below.

### *Agricultural Credits.*

The most important piece of new constructive work carried out by the Financial Committee until its present session has been in connection with agricultural credits.

When the Second Committee met last year, one of the most insistent problems with which European countries especially were faced was that of providing long-term credits to agriculture. Accordingly, the Financial Committee, acting on the instructions it received, elaborated in the first half of the year an International Convention, which has already been signed by 20 States, for the creation of an International Agricultural Mortgage Credit Company and the Constitutive Charter and Statutes for this institution. This is a sound and practical scheme which is fully described in the report to the Assembly (document A.6.19.1) and should come into operation as soon as the conditions of the financial markets permit the capital to be subscribed.

It is to be hoped therefore that the signatory States will ratify the Convention at an early date and that all European States which have not yet signed the Convention will do so before the end of this month.

### *Other Long-term Credit Problems.*

This Convention was designed to meet the special difficulties of the agricultural countries. But, since May, the need for long-term capital has spread far beyond these countries. In view of this new situation, the French Government put forward certain proposals to the Commission of Enquiry for European Union which were afterwards examined by a special committee (Committee on Credit Problems) appointed by the Council. The report of this Committee (document C.504.M.211.1931.VII), was approved by the Council on September 14th. It is pointed out that :

“ The problems of international loans can no longer be considered by the League solely with regard to their effects on individual borrowing States, but should be viewed rather in connection with the general problem of international credit, and any action likely to promote a flow of capital to-day would promise ‘valuable international advantages’ ”.

The Committee on Credit Problems recommended therefore that the League's policy with regard to the issue of loans under its auspices should be developed and that, as the French Government had suggested, the Financial Committee, acting in accordance with the instructions received from the Council of the League, should be prepared to consider such applications from borrowing States as may be made to it for its assistance. These proposals, it is observed, constitute rather a development of than a departure from the

policy approved by the Assembly last year. They have received the approval of the Council, which decided in this connection that the collaboration of Treasury officials should be obtained in all cases where requests from Governments for help or advice involve the examination of questions of public finance. The Second Committee desires to emphasise the necessity of the Financial Organisation of the League being ready to meet all calls that may be made upon it.

#### *Other Work of the Financial Committee.*

The other work of the Financial Committee has been largely connected with the reconstruction schemes instituted in early years. The great undertaking of settling 1,400,000 refugees in Greece has been successfully concluded, and the similar work conducted in Bulgaria is nearing completion. A special enquiry has been conducted, on the request of the Bulgarian Government, into the co-operative system in that country.

#### *Bulgarian Budget.*

The general depression has had serious consequences for the Bulgarian budget. The financial year 1930-31 closed, owing to a falling off in receipts, with a large deficit, which threatened to be renewed in the current year.

The Financial Committee has taken active steps to deal with the position. It made urgent representations to the Bulgarian Government concerning the necessity of taking energetic measures to restore the balance between revenue and expenditure both by cutting down expenses and increasing the yield from existing taxes or creating new ones. The Bulgarian Finance Minister has submitted to it a detailed plan under which it may be hoped that the budget will be balanced and the Treasury position, which was compromised by the previous deficit, will be gradually improved.

#### *Greece and Estonia.*

The Financial Committee continued to follow the situation of the Banks of Greece and Estonia which, with its support, had restored the stability of the currency in these two countries.

At the same time, the Committee has kept in touch with the economic and financial situation in these two countries.

#### *Counterfeiting Currency.*

A first conference of the representatives of the central police offices, with a view to the suppression of counterfeiting currency, met at Geneva from March 4th to 7th, 1931. This Conference, the chief aim of which was to develop international co-operation between these offices for the prevention and suppression of counterfeiting currency, adopted for this purpose a certain number of recommendations and a series of administrative regulations.

#### *Gold.*

The Gold delegation has pursued its work and devoted itself, in particular, to the study of the distribution of gold, on which question it issued a report in the spring of this year. It expects to conclude its work at its next session and to publish on that occasion a general report on the whole complicated question submitted to it.

#### *Fiscal Committee.*

During its second year of existence, the Fiscal Committee continued to devote its efforts to numerous and varied tasks. *Inter alia*, it drew up two model drafts for a plurilateral convention for the avoidance of double taxation of the chief categories of income, which it recommended to the attention of Governments.

Further, the enquiry initiated, with the help of the grant made by the Rockefeller Foundation, into the apportionment of profits of undertakings operating in several countries and the possibility of unifying the methods employed in this connection by the different fiscal administrations is making satisfactory progress. The legislation of several important countries has been carefully examined, and it is hoped to reach final conclusions in the comparatively near future.

The Committee also dealt with the taxation of instruments of international commerce, double taxation in respect of the turnover tax, and the Customs and fiscal duties on newspapers and periodicals.

The draft Convention which it had prepared, with the help of the Transit Organisation, on the taxation of foreign motor vehicles was adopted almost as it stood by the European Conference on Road Traffic and was signed by twelve countries.

It seems that, thanks to the efforts made in this sphere by the Financial Organisation of the League of Nations before the Fiscal Committee came into existence, the field of double taxation is being more and more restricted. Certain bilateral conventions of a general

nature have recently been concluded between France and Italy, Finland and Sweden, Belgium and France and Belgium and Italy; they are generally based on the model drafts prepared by the Conference of Government Experts in 1928. As regards maritime navigation, numerous agreements have already been concluded between the nations concerned.

*Committee of Statistical Experts.*

In January, a new permanent Committee — the Committee of Statistical Experts — was appointed in accordance with the terms of the International Convention relating to Economic Statistics. The Committee held its first meeting in March, when it laid down the lines of the large programme of work that lies before it. At the same time, it took action on two specific and urgent questions — the compilation of a common list of statistical territories to be specified in national statistics of external trade and of a list of commodities entering into such trade.

*Economic Intelligence Service.*

The eleventh Assembly instructed the Economic and Financial Organisation of the League :

(1) To undertake an enquiry into the course and phases of the present economic depression, and

(2) To examine, after getting in touch with international organisations, advisory councils, research institutes, etc., by what means the work already undertaken on the problem of the recurrence of periods of economic depression might be co-ordinated.

Professor Ohlin, of Stockholm University, was appointed at the beginning of the year to take charge of the enquiry referred to in the first of these resolutions.

In accordance with the wishes of the Assembly, the enquiry has been carried out in close collaboration with the International Labour Office and the International Institute of Agriculture, which have furnished information relating to the subjects with which they are concerned, and with a number of National Economic Councils and Economic Research Institutes. At the beginning of March last, and again in July, meetings of experts from these councils and institutions, together with representatives from the International Labour Office, the International Institute of Agriculture and the International Chamber of Commerce, were held at Geneva to discuss the plan of the enquiry and certain of the technical problems involved. The majority of the national organisations represented at these meetings and a number of Governments prepared special memoranda concerning the conditions in their own countries.

The important report, which has been prepared on the basis of these studies and consultations, was published at the beginning of the present session of the Assembly.

On the second resolution, a special report has been drawn up (document A.55.1931.II.A) by representatives of those advisory and technical organisations with whom the last Assembly decided that contact should be established. In this report, it is recommended that meetings of representatives of such of these institutes and of any national or international organisations engaged upon work on the question and of individual experts should be convened at suitable intervals.

On the importance of this proposed work the Second Committee laid special emphasis last year in a striking passage of its report. It remarked :

“ When we consider the magnitude of the losses from which the world suffers during a period of economic stagnation similar to that through which the world is now passing, it is impossible not to be impressed by the almost absolute failure of society, up to the present, to devise any means by which such disasters may be averted. The Committee felt that this problem was one which imperatively demanded co-ordinated and concerted study.”

It will be observed that the proposal put forward by the representatives of the economic councils, research institutes and other bodies consulted by the Financial Organisation is a conservative one. Such conservatism is wise to-day. What is essential is to begin the work in the hope that we may ultimately — however slowly and falteringly — find means to avert or to lessen depressions such as that which we are experiencing to-day.

In spite of the large amount of work falling upon it in connection with the enquiry into the course and phases of the economic depression, the Economic Intelligence Service has, during the last year, issued new editions of the *Memorandum on International Trade and Balance of Payments*, the *Memorandum on Production and Trade*, and the *Statistical Year-Book*. The *Monthly Bulletin of Statistics* has been published regularly and a *Memorandum on Commercial Banks* is now in the press.

During the course of the year, the necessary arrangements have been made to start the *Annual Survey of Economic Developments*, in accordance with the decision of the last

Assembly. In connection with this contemplated survey, attention may be called to the serious fall in the price of silver which has particularly affected the economic life of certain Asiatic countries in recent years.

DRAFT RESOLUTION.

In conclusion, the Second Committee submits the following draft resolution to the Assembly :

“ The Assembly,

“ (1) At this grave moment of financial and economic anxiety, urges on all Governments to do everything that lies in their power to promote international understanding and make possible the revival on a normal basis of national and international investment.

“ (2) It welcomes the decision of the Council laying down the conditions on which the Financial Committee should be prepared to consider applications from States which are desirous to obtain the assistance of the League, and requests the Council to follow closely the evolution of events and to take all measures necessary to assure that, at any moment, the decisions demanded by the situation may be taken without delay, and that the League of Nations may be in a position to render such service as may be demanded of it ; and, in particular, to provide that the Financial Organisation of the League of Nations obtains the funds and the technical assistance necessary to permit it to afford to all States Members prompt and effective assistance whenever such assistance be sought, whether by means of delegations or advice or by any other means.

“ (3) In view of the fact that the Commission of Enquiry for European Union and its Sub-Committee of Economic Experts have given favourable consideration to M. Francqui's proposal to establish an institution for long- and medium-term credits, it requests the Council of the League of Nations to instruct the competent organs of the League to examine, as soon as possible, with the assistance especially of M. Francqui, the proposal submitted by the latter to the Sub-Committee of Economic Experts, and, in the event of any practical scheme being recommended under the auspices of the League, to ensure that it will be open for all countries to participate on an equal footing.

“ (4) It expresses its appreciation of the valuable work carried out during the past year by the Financial Committee and its special Delegations on Gold and Agricultural Credits and by the Fiscal Committee and by the Financial Organisation as a whole, and notes with special satisfaction the Convention for setting up an International Agricultural Mortgage Credit Company, the recent response to the request submitted by the Austrian and the Hungarian Governments for enquiries into their financial situation, the second interim report of the Gold Delegation and the study which has been published on the course and phases of the economic depression.

“ It urges all Governments of signatory States to accelerate their ratification of the Convention of the International Agricultural Mortgage Credit Company, and hopes that those others who, under the terms of the Convention, are enabled to deposit their signatures before September 30th will do so.

“ (5) It approves the proposal that, in order to co-ordinate the work now being conducted on the problem of the recurrence of periods of economic depression, the League should convene meetings of experts and representatives of those economic councils, research institutes and other organisations that are actively engaged on this question, and should appoint a qualified economist and adequate staff for this purpose, and decides that this work shall be begun either before or in the year 1933”.

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