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Geneva, January 15th, 1936.

LEAGUE OF NATIONS

**FINANCIAL POSITION
OF HUNGARY IN THE FOURTH QUARTER OF 1935**

SEVENTEENTH QUARTERLY REPORT

by Mr. Royall Tyler, the Representative in Hungary
of the Financial Committee

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I. GENERAL

I. INTRODUCTORY.

(1) In the six months to December 31st last, there has been an increase in both expenditure and receipts of the Administration, as compared with the same period in 1934. On the expenditure side, the increase (4.5%) has been appreciably larger than in receipts (3.7%). The tendency which appeared in the balance for 1934-35 thus persists. It must be remembered, in considering the level of expenditure which the country can keep up, that new charges on the Treasury will occur in connection with the Agrarian Debts Relief Decree of October last, and that further demands, unprovided for in the budget, may also soon have to be met.

(2) An important series of measures (see I, 5 (d) below) has been taken in the unification of premia granted to Hungarian exporters and of the surcharge paid on exchange allotted to importers. The premia no longer vary, as they formerly did, according to descriptions of goods, but only according to groups of countries. Where Hungary has no clearing agreement as in the case of the United Kingdom, the Netherlands and the Scandinavian countries, the unified premium is 50% and the surcharge 53%, and the same rates apply to transactions outside the clearing in the national money of clearing countries (e.g., France, Switzerland and Belgium) which impose no restriction on the sale of their currency. Within the clearing mechanism, exports now receive a premium of 38%, while a surcharge of 41% is paid on import exchange allotments.

(3) The bulk of Hungary's trade with Italy is now subject to a goods compensation agreement. With Germany, an exchange compensation arrangement, at variable rates, has been introduced. A new agreement with Czechoslovakia is based on the goods compensation principle. In the case of Yugoslavia, an exchange compensation procedure has been applied.

(4) The partial suspension of transfer for foreign debt payment, which was imposed by decree on December 23rd, 1931, and has been renewed year by year since then, has been renewed for a further year.

The National Bank has continued to make transfers, month by month, in the appropriate currencies, towards the carrying out of the programme (50% of the coupon) announced on July 5th last, where the service year 1935-36 of the Reconstruction Loan, 1924, is concerned.

(5) Industrial production and distribution inside the country is increasing. Prices, both agricultural and industrial, have continued to rise, the Hungarian Statistical Office's wholesale index (1913 = 100) standing at 95 at November 30th last, as against 83 at November 30th, 1934.

In pengő values, Hungary's foreign trade for the calendar year 1935 compares as follows with that for 1934 :

	1935 (In millions of pengő)	1934
Imports	398.4	353.4
Exports	458.8	411.2
Export surplus	60.4	57.8

In quantities, exports show no increase :	(In millions of quintals)	
Imports	27.7	23.7
Exports	16.2	16.6

In consequence of a poor maize crop in 1935, Hungary has imported 2.5 million quintals of this commodity for fodder, and will be obliged, between now and next harvest, to import further quantities of it. Account must be taken of this fodder shortage in considering the increase in the National Bank's foreign currency holdings.

(6) Hungary's competitive position on the British market has been affected by the recent grant to Yugoslavia of a special preference (see II, 7, below), by way of compensation for losses incurred in the enforcement of sanctions upon Italy, involving a rebate in the duty on killed turkeys and poultry, an increase in the import quota of bacon, and an increase in the duty-free import quota of eggs.

(7) I am indebted to Mr. Henry J. Bruce, Adviser to the National Bank, for the data on which are based the sections of this report dealing with the Bank exchange control and compensation agreements, and clearing agreements.

2. STATE BUDGET.

(a) *Budget of the Administration.*

The estimates for the year that began on July 1st last, as approved by Parliament, were as follows:

	Administration	State Undertakings
	(In millions of pengö)	
Expenditure	766.5	409.6
Receipts	748.0	352.2
Balance	— 18.5	— 57.4

The total estimated deficit is therefore roughly 76 million pengö. Estimates include the full service of the State's foreign debts, but the State has for some time past reborrowed, and is continuing to reborrow, part of the pengö amounts deposited in connection with these debts (see Fifteenth Report, page 4). The cash deficit has consequently been less than that estimated. In 1934-35, the addition to the State debt arising out of actual internal borrowing of fresh money amounted to 20.4 million pengö.

For the six months ending on December 31st last, actual expenditure and receipts, budgetary and extra-budgetary (provisional returns) have been as follows, figures for the two previous years being also given to facilitate comparison:

<i>Expenditure:</i>	1935	July 1st to December 31st	
		1934	1933
		(In millions of pengö)	
Actual budgetary	364.0	348.2	344.3
Deferred budgetary:			
(a) Administration	14.1	13.9	16.1
(b) Undertakings	4.2	1.1	0.2
Actual, extra budgetary	32.0	33.5	27.9
Total	414.3	396.7	388.5
<i>Receipts:</i>			
Actual budgetary	406.4	391.7	384.0
Refunds	4.6	1.9	3.6
Borrowings	10.1	12.2	11.1
Total	421.1	405.8	398.7
Balance	+ 6.8	+ 9.1	+10.2

In this table, borrowings include Treasury bills deposited in respect of the untransferred portion of the Reconstruction Loan, 1924, service. They do not include Treasury bills deposited with the Foreign Creditors' Cash Office. These, at December 31st, amounted to 9.2 million pengö, as against 9.5 million pengö at December 31st, 1934.

Both expenditure and receipts are higher in the period under review this year than last, budgetary expenditure having increased by 4.5%, and receipts by 3.7%. Budgetary expenditure and receipts, month by month, are given in Appendix I. All sources of revenue except Customs show an increase in the six months to December 31st, 1935, as compared with the same period in 1934. In percentages, the largest increase occurs in departmental receipts (6.7%); then come consumption taxes (5.7%), turnover tax (4.8%), tobacco (4.6%) and dues (2.3%). In direct taxes, which amount to 30% of total receipts, the increase is smaller: 2.1%. During the first three months of the current fiscal year, receipts were almost exactly on the same level as in the corresponding period of 1934. The second quarter shows an increase of some 6%.

(b) *State Undertakings.*

Provisional results to November 30th last show, for the first five months of the fiscal year compared with the same period in 1934, an increase of 7.7% in normal receipts, expenditure having risen by rather less, and borrowings having decreased:

<i>Expenditure:</i>	1935	July 1st-November 30th	
		1934	1933
		(In millions of pengö)	
Actual current budgetary	159.2	152.5	149.4
Deferred, current budgetary	3.2	0.3	—
Actual capital expenditure, budgetary	3.2	5.5	6.4
Deferred capital expenditure, budgetary	0.2	—	—
Refunds to the Treasury	4.6	1.9	3.6
Capital expenditure from loans	1.6	3.5	—
Total	172.0	163.7	159.4

<i>Receipts :</i>	1935	July 1st-November 30th		1933
		1934 (In millions of pengö)		
Actual, current budgetary	162.2	150.6		150.3
Balance	— 9.8	— 13.1		— 9.1

Borrowings :

Advances from the Treasury ..	17.2	16.3	13.7
Treasury bills placed with banks :	—	5.0	—

Results for the chief individual undertakings are as follows :

	Railways		July-November Post, Telegraph and Telephone		Ironworks	
	1935	1934	1935	1934	1935	1934
	(In millions of pengö)					
Current expenditure	101.1	100.6	29.8	29.0	20.2	15.0
Current receipts	98.6	92.9	40.2	38.3	13.3	9.8
Balance, current items	—2.5	—7.7	+10.4	+9.3	—6.9	—5.2
Capital expenditure (budgetary) ..	1.5	3.6	1.8	1.6	—	—
Balance, all items	—4.0	—11.3	+8.6	+7.7	—6.9	—5.2

There has been a perceptible improvement in the case of the Railways, where receipts have increased by 6%, and expenditure, capital items included, has slightly decreased. The Post, Telegraph and Telephone has done rather better than last year. The Ironworks, on the other hand, have increased their deficit.

(c) *Situation of the Treasury.*

(1) The cash position has been strengthened by receipts in November and December, and at the end of 1935 is appreciably better than it was a year previously. Borrowings from the Foreign Creditors' Cash Office and the Pledged Revenue Accounts totalled 9.1 million pengö in the October-December quarter. Advances to the State Undertakings and for capital expenditure, over the same quarter, amounted to 14.9 million pengö, the comparable figure a year ago being 19.1 million pengö.

<i>Receipts :</i>	September	October	November	December
	(In thousands of pengö)			
Balance at the beginning of the month ..	62,445	66,092	67,553	90,192
Budget account	59,066	65,475	81,119	79,866
Repayment of advances	1,502	—	1,054	—
Loan account	2,270	4,081	1,679	3,290
Surplus of the Agricultural Fund	2,273	288	—	3,152
Total	127,556	135,936	151,404	176,500

Expenditure :

Budget account	55,586	63,681	57,133	62,368
Capital expenditure from loans	75	485	1,589	526
Advances	5,219	1,812	1,410	11,646
Deficit of the Agricultural Fund	—	—	1,080	—
Loans	584	2,405	—	1,611
Balance at the end of the month	66,092	67,553	90,192	100,349
Total	127,556	135,936	151,404	176,500

Administrative Claims and Liabilities.—Tax arrears stood at 294.5 million pengö at November 30th last, as against 296.9 million pengö at November 30th, 1934.

Commitments have declined appreciably over the last year from 197.9 million pengö at December 31st, 1934, to 178.5 million pengö at December 31st, 1935.

Commitments outstanding on December 31st, 1935.

	Foreign	Domestic	Total
	(In millions of pengö)		
Expenses connected with land reform	—	56.8	56.8
Road-building	—	27.0	27.0
Post, Telegraph and Telephone: capital expenditure ..	—	2.7	2.7
State Railways: capital expenditure	—	0.3	0.3
Forests: capital expenditure	—	0.1	0.1
Other capital outlay	—	12.8	12.8
State Railways: increase of working fund	0.5	15.5	16.0
State Ironworks: increase of working fund	1.5	10.0	11.5
Payments to the Central Corporation of Banking Companies	—	30.6	30.6
Other commitments	—	20.7	20.7
Total	2.0	176.5	178.5

(d) *Debt Position.*

Differences in exchange rates have caused a slight decrease over the year to December 31st last in funded debt, foreign funded debt having declined from 928.9 million pengö to 918.1 million pengö, and domestic from 114.8 million pengö to 111.5 million pengö. State guarantees have declined from 116.2 million pengö to 96.1 million pengö. Besides this amount, the State is under obligation to pay to the Foreign Creditors' Cash Office, in the event of the latter's liquidation, the loans obtained from it for public works (see 5(c) below).

Foreign floating debt has increased slightly from 345.9 million pengö to 350.2 million pengö. Internal floating debt, on the other hand, has risen from 258.4 million pengö to 343.3 million pengö, an increase of 33%.

Floating Debt of the State on December 31st, 1935.

	Foreign	Domestic	Total
	(In millions of pengö)		
£3 million Treasury bills, 1930	64.6	—	64.6
£5 million Treasury bills, 1931	100.8	43.0	143.8
Foreign currency loan	—	5.3	5.3
Loans for the purchase of State bonds	23.8	—	23.8
Loans for road-building	7.6	—	7.6
Loans for investments of State Railways	28.1	21.3	49.4
Loans for investments of Ironworks	1.8	3.0	4.8
Loans for investments of wine-shops abroad, etc. ..	4.9	—	4.9
Loans for working balance of State administration ..	25.7	1.0	26.7
Loans for working balance of State Railways	0.7	38.1	38.8
Loans for working balance of State Ironworks	14.8	3.7	18.5
Treasury bills, 1932 ¹	—	90.8	90.8
Treasury bills, 1933	—	52.9	52.9
Treasury bills deposited in connection with 1932-33 foreign debt service (interest) ²	21.2	—	21.2
Treasury bills deposited in connection with 1933-34 foreign debt service (interest) ²	16.8	—	16.8
Treasury bills deposited in connection with 1933-34 League Loan service (interest) ²	7.3	0.1	7.4
Treasury bills deposited in connection with 1934-35 foreign debt service (interest) ²	14.1	—	14.1
Treasury bills deposited in connection with 1934-35 League Loan service (interest) ²	7.6	0.1	7.7
Treasury bills deposited with the Cash Office for Foreign Credits to cover the budgetary deficit ² ..	—	12.0	12.0
Treasury bills deposited in connection with 1935-36 foreign debt service (interest) ²	6.6	—	6.6
Treasury bills deposited in connection with 1935-36 League Loan service (interest) ²	3.8	—	3.8
Loans in connection with Agrarian Debt Relief (Act XXVII, 1933)	—	34.9	34.9
Book debt taken over by the Treasury in settlement of small farmers' debts (Act XXVII, 1933)	—	8.2	8.2
Treasury bills deposited with the Cash Office for Foreign Credits under Act XXVII, 1933	—	12.5	12.5
Treasury bills deposited with the Cash Office for Foreign Credits under Act XXI, 1934	—	8.0	8.0
Loan for Co-operative Societies (§ 3, Act XXI, 1934) ..	—	8.4	8.4
Total	350.2	343.3	693.5

¹ The total arrears of dues amounted to 95.1 million pengö at the end of December 1935, against which Treasury bills of a face value of 90.8 million pengö have been issued as indicated above.

² The Treasury bills deposited in respect of amortisation are included in the capital amounts outstanding.

(e) *Reconstruction Loan, 1924, and Assigned Revenues.*

The National Bank has continued to make transfers in the appropriate currencies in execution of the plan (50% of the coupon) for the service year beginning on August 2nd last, as announced by the League Loans Committee (London) in a communiqué issued on July 5th last (see Fifteenth Report, page 8).

Proceeds of the revenues assigned to the service of this loan have latterly increased somewhat :

	1935					1934				
	Customs	Tobacco	Sugar	Salt	Total	Customs	Tobacco	Sugar	Salt	Total
	(In millions of pengő)									
July-September	8.9	29.0	12.7	4.7	55.3	10.3	27.4	13.5	4.3	55.6
October.. ..	3.6	9.4	4.5	1.7	19.4	3.8	9.0	4.0	1.4	18.2
November	3.8	8.7	3.1	2.2	17.8	3.4	8.2	2.9	1.9	16.4
December	4.3	9.2	3.4	2.5	19.5	3.4	9.2	3.2	2.1	17.9

3. BUDGETS OF THE LOCAL AUTHORITIES.

Accounts of the local authorities, whose financial year is the calendar year, are not yet available for 1935. Their budgets for 1936 are also not available. The Municipality of Budapest has prepared estimates which compare as follows with closed accounts for 1934 and estimates for 1935, but which require the Government's consent :

	Estimates		Closed accounts
	1936	1935	1934
	(In millions of pengő)		
Expenditure	153.5	148.4	157.1
Receipts	147.7	144.8	167.7
Balance	— 5.8	— 3.6	—10.6

4. STATE BORROWING.

Increases in the floating debt are pointed out in I, 2(d) above. There has been no other State borrowing during the quarter under review, nor have any loans or credits been guaranteed by the State.

5. MONETARY AND FINANCIAL.

(a) *Position of the National Bank.*

The summarised statements of the National Bank reproduced in Appendix III show some significant changes. Note circulation has been roughly 10% higher in the quarter to December 31st last than it was in the same quarter of 1934. This increase is mainly due to the rise in prices; the wholesale index for October and November 1935 is 15% higher than it was for the same months in 1934. Industrial production and distribution inside the country have also increased. Discounts rose, seasonally, in December, but are considerably lower than they were in December 1934.

Over the last year, sight liabilities have risen by some 40%, the increase being chiefly in public deposits, which have not stood so high for a long time past. Other liabilities, a net figure, have fallen from 150.1 million pengő to 77.4 million pengő, owing to the employment of moneys of the Cash Office for Foreign Credits (see (c) below). The metal reserve has increased by 11%, this being accounted for entirely by larger holdings of foreign exchange included in the reserve. The State's debt to the Bank has increased from 50 million pengő to 77 million pengő, of which sum 34.9 million pengő represent advances in connection with the Agrarian Debts Relief Scheme.

(b) *Foreign Exchange Control.*

As will be seen from the export and import values given in Appendix II and commented on in Section II, 2, there was a slight increase in the export surplus for 1935. The following table shows, for the two years 1934 and 1935, how much of the foreign exchange received or recorded by the National Bank was merely recorded—i.e., passed through the clearings, compensations or export against pengő—and how much was actually received by the National Bank. The year 1935 has witnessed a large increase in exchange actually received, but these figures include exchange which is not of unlimited availability. It will be remembered in this connection that Hungary's exports to Germany and Italy have expanded rapidly in 1935.

On the outgoings side, there has been a large increase in import allotments of exchange actually acquired :

	1935	1934 (In millions of pengö)	Difference for 1935
I. Incomings :			
1. Foreign exchange recorded (including exchange non-available or for specific destination) :			
(a) Export through clearings	210	192	+ 18
(b) Compensations	55	50	+ 5
(c) Export against pengö	18	36	— 18
Total of 1	283	278	+ 5
2. Foreign exchange actually acquired :			
(a) Export exchange ¹	83	51	+ 32
(b) Exchange receipts from other sources (State, obligatory declaration, etc.) ..	29	16	+ 13
Total of 2	112	67	+ 45
3. Purchases by authorised banks	3	3	—
Total of 1, 2 and 3—i.e., total of foreign exchange receipts recorded by the National Bank	398	348	+ 50
II. Outgoings :			
1. Foreign exchange allotments recorded :			
(a) Through clearings	187	170	+ 17
(b) Through compensations	55	50	+ 5
Total of 1	242	220	+ 22
2. Foreign exchange allotments out of exchange actually acquired :			
(a) For imports ²	49	37	+ 12
(b) For debt service	18	17	+ 1
(c) To the State	18	11	+ 7
(d) To others	24	21	+ 3
Total of 2	109	86	+ 23
3. Sales by authorised banks	4	5	— 1
Grand total of 1, 2 and 3	355	311	+ 44

Export and import payments have recently been put on a new basis (see (d) below) by the unification of export premia and of the surcharge on allotments of foreign exchange. The previous system of variable premia, which came into existence on December 1st, 1932, shows the following record during 1934 and 1935, down to the time of its abandonment :

	1 Value of exchange delivered to the Bank		2 Average of premium on exports ³		3 Value of exchange allotted		4 Average of surcharge on import exchange		5 Allotments by the Office for raw materials ⁴ included in 3	
	1935	1934	1935	1934	1935	1934	1935	1934	1935	1934
January	10.6	9.4	23.2	17.9	9.1	7.6	27.7	22.9	2.6	—
February	7.2	6.9	24.0	18.3	9.4	7.1	26.4	22.8	1.9	—
March	9.7	7.9	24.7	18.9	6.9	6.4	28.5	20.2	2.1	—
April	10.3	6.9	22.2	18.7	7.6	6.2	28.5	23.1	2.6	—
May	8.0	5.5	23.5	18.9	10.4	6.7	26.9	22.1	2.5	—
June	8.7	7.6	24.8	18.0	8.5	6.5	26.3	21.9	1.9	—
July	8.7	11.6	21.7	18.9	10.6	7.8	24.8	21.7	2.3	—
August	9.3	9.6	22.6	17.9	9.3	5.9	25.4	21.3	2.2	—
September	9.0	7.7	23.4	17.6	10.4	8.3	25.2	21.6	2.1	—
October	14.1	9.4	24.7	20.0	11.9	6.3	24.6	23.5	2.3	—
November	14.8	12.7	22.6	21.0	17.3	7.8	21.6	27.6	2.1	—
December	—	12.7	—	25.9	—	11.4	—	26.1	—	—

¹ Including amounts earmarked for internal payments.
² Including allotments out of balances earmarked for internal payments.
³ Calculated on the certificates issued by the Office.
⁴ Including only *Edsdevisen* allotted by the Office in connection with its raw-material scheme, but not exchange applied to raw-material purchases through the clearings and other compensation agreements.

(c) *Foreign Debts.*

The position on December 31st, 1935, of the Cash Office for Foreign Credits into which the pengö equivalent of the untransferred service of long-term loans is paid was as follows:

I. Receipts and Payments of the Office.

	State loans	Municipal and other public loans	Other loans	Total
A. Under Order-in-Council 6900 (M.E. ex 1931):				
(In millions of pengö)				
1. Receipts of the Office:				
(a) In cash	20.6	92.7	106.1	219.4
(b) In Treasury bills	71.8	—	—	71.8
Total	92.4	92.7	106.1	291.2
2. Payments by the Office:				
(a) Coupons and Bonds redeemed ..	13.7	59.0	88.7	161.4
(b) Advances to redemption offices ..	—	3.5	—	3.5
Total	13.7	62.5	88.7	164.9
3. Balance held:				
(a) In cash	6.9	30.2	17.4	54.5
(b) In Treasury bills	71.8	—	—	71.8
Total	78.7	30.2	17.4	126.3
B. Other receipts of the Office				37.6
Revenues of the Office				10.4
Balance (net)				174.3

II. Present Position of the Office.

Balance held by the Office:	(In millions of pengö)
(a) In cash	102.5
(b) In Treasury bills	71.8
Total	174.3

Investments out of cash:	(In millions of pengö)
(a) Loan to State for productive investments (secured by Treasury bills of same amounts)	46.0
(b) Call money with the Central Corporation of Banking Companies	31.5
(c) Deposits with issuing banks (under Farmer Debts Relief Decree	1.5
	77.5
Net amount at present held in cash	25.0

On State loans there are no arrears to the Office. On other loans, arrears hardly changed over the last quarter, amounting at the end of December 1935 to 31.3 million pengö.

There has been no change in credits granted by the Office to the State or in other investments of the Office.

The amounts deposited up to December 31st, 1935, under the Standstill Agreement, in pengö with the National Bank of Hungary to cover interest and commission on short-term banking debts, not satisfied in foreign exchange, totalled 61.23 million pengö, of which 55.6 millions had been paid to creditors accepting such payments in satisfaction. The balance held by the National Bank thus amounted to 5.63 millions. The amount paid up to December 31st, 1935, under the same agreements, for capital repayments in pengö to the National Bank, totalled 24.51 millions, of which 22.89 millions had been disposed of by the creditors. The balance held by the National Bank amounted to 1.62 million pengö.

(d) *Unification of Premium and Surcharge Rates, and New Compensation Agreements.*

In the latter part of November, the National Bank made important changes in its system of premium and surcharges.

It will be remembered that the National Bank, late in 1932, began to grant premia, over and above the equivalent at the official rate, to the Hungarian exporter surrendering the foreign exchange received for his export, the National Bank recouping itself by imposing a surcharge, over and above the official rate equivalent, on the foreign exchange allotted to importers.

The rates of premium were calculated separately on each description of goods, and varied considerably from case to case. At the time, agrarian prices were depressed and still sinking. Many classes of goods could still be exported profitably without a premium, and, where a premium was necessary, it did not always have to be a large one. In certain cases, however, a relatively high premium was required to permit some Hungarian commodity to be marketed abroad. In the circumstances, it was held that any flat rate of premium, in order to suffice all round, would have to be much higher on the bulk of exports than that actually needed on many descriptions of goods, thus exposing the internal purchasing power of the currency to an unnecessary strain. It was also desired to apply higher premia to exports to countries from which freely available currencies could be obtained.

The variable premium system has been kept up until recently. But, little by little, conditions have changed, making reconsideration of this system advisable. Internal prices in Hungary have risen in most groups, so that it has been necessary to increase the premium granted on them. On the other hand, the external exchange position of the pengő has steadied. The National Bank has been able to provide on an increasing scale for importers' exchange requirements. The inducements to maintain a variable system have disappeared, while its drawbacks in the shape of uncertainty, complication and interference with the established course of trade and of production have become increasingly obvious. In these circumstances, the management of the National Bank, in agreement with the relevant administrative departments, decided to go over to a flat rate system both as to goods and as to countries, the rates varying however as between (a) countries with which Hungary has clearing agreements, and (b) the others. At about the same time, agreements (see below) based in one case on goods compensation, in another on exchange compensation, were negotiated with two of Hungary's most important customers, and since then new arrangements have been introduced with other countries.

In the *Austrian* relation, a premium of 10% was introduced, as from November 26th last, on the export side and a surcharge of 13% on the import side. The import surcharges in the Swiss, French and Belgian clearings, as well as in the fraction of Hungary's trade with Italy which remains subject to the clearing procedure after the introduction of a system of private compensation (see below), were raised from 25% to 41%.¹ In the Swiss, French and Belgian clearings, a uniform export premium of 38% was applied. In the free relations—with certain special exceptions—the import surcharge was raised from 40% to 53% and the export premium fixed in a uniform manner at 50%. Henceforth, a surcharge of 53% is also payable on all convertible foreign exchange (currency) allotted for other than import purposes, whereas those who deliver convertible foreign exchange (currency) outside the goods traffic receive a premium of 50%.

Before the unification of premia, the variable rates applied in the case of clearing countries averaged about 23% and, in the case of non-clearing countries, about 38%.

In the case of *Italy*, an agreement entered into force on November 19th last limiting the former clearing procedure to a small and automatically balancing part of the transactions, and setting up a goods compensation procedure for the rest, with the exception of grain exports, which for the present are to go towards reduction of outstanding merchandise debts. Hungary's trade with Italy is divided into a series of categories. The more important commodities, such as cattle on the Hungarian side and, on the Italian, artificial silk, rice and fruits, are to be exchanged, stated quantities against stated quantities, payment thus being reduced to an accounting operation. In these transactions, the rates arranged by the parties are subject to the agreement of the Hungarian and the Italian authorities. Another category covers commodities which may be compensated without a special permit, while commodities in a third category may only be compensated with the consent of the foreign exchange control authorities of both countries.

It is expected that the new arrangement, when it has had time to make itself felt, will result in a better balance of trade between the two countries. Hungarian exports to Italy, other than grain, should henceforth be determined by the values of imports from Italy, plus a freely available balance.

With *Germany*, a new arrangement that entered into force on December 5th last is based on exchange compensations, the clearing procedure applied up to the present being replaced by something more like normal business. German importers from Hungary pay in Reichsmarks into the *Deutsche Verrechnungskasse* for the account of one of six Hungarian banks authorised for the purpose. A portion of the Reichsmarks proceeds goes to the Hungarian National Bank, which continues to obtain a freely available balance. The rest is sold, by the authorised bank in question, to Hungarian importers from Germany. The premium (over and above the official rate equivalent) for the Hungarian exporter, and the surcharge on sales of Reichsmarks to Hungarian importers, are determined by the situation of the market, and notified day by day by the National Bank of Hungary. At present, these rates involve a premium on Hungarian exports of 18% and an import surcharge of 19.5%.

On January 1st, a goods compensation agreement (see II, 7, below) with *Czechoslovakia* entered into force, under which exports from Hungary, if not compensated by special imports as in the case of pigs from Hungary against timber from Czechoslovakia, receive a flat rate premium of 40%, the surcharge on allotments to Hungarian importers being 43%.

¹ This increase exactly corresponds to the new 13% surcharge in the Austrian relation, 13% of 125 being 16, which, added to 125, makes 141. In this connection it must be borne in mind that the Hungaro-Austrian clearing accounts are, in spite of the depreciation of the schilling, being settled at the old pengő-schilling parity. This adherence to the pre-schilling-devaluation rate meant that the Hungarian exporter, who received from the National Bank pengő at the gold rate in respect of the schilling price of his export, was actually getting a 28% premium, while the Hungarian importer had to pay a corresponding surcharge for the schillings allotted to him.

On January 15th, an exchange compensation procedure regulating Hungary's trade with *Yugoslavia* entered into force. Under this agreement, Hungarian exports give rise to a dinar credit with one of four Budapest banks authorised for the purpose. These dinars may then be sold to Hungarian importers of Yugoslav merchandise, at a rate determined in view of the situation of this dinar market and notified day by day by the National Bank of Hungary. When transactions under this scheme began, the premium on Hungarian exports was 45%, and the surcharge 46.5%, calculated on the present officially published rate.

II. ECONOMIC SITUATION.

I. GENERAL.

Several indices point to an increase of economic activity inside the country. Hungary's foreign trade has not recovered to anything like the same extent. The quantum of exports in 1935 was, in fact, a trifle smaller than it was in 1934. This tendency is not confined to Hungary; business in many other countries has improved without having so far brought about any notable increase in international trade. In the case of Hungary, indeed, new difficulties have recently materialised where access to foreign markets is concerned.

Industrial activity in post-war Hungary increased until 1929, declined throughout 1930, 1931, 1932 and the earlier part of 1933, and has since then been rising. In certain branches, it now appears to be approaching the 1929 mark, though on the whole it is still below that level. The good harvest of 1933 put some fresh purchasing power into the hands of the land population, which has also profited by the agrarian debts relief measures enacted in 1933 and again in 1935, and by the rise in agricultural prices over the last eighteen months. Sales of industrial articles, which had fallen very low in 1932 and 1933, began to revive. Consumption goods were the first to start moving, the process afterwards spreading to production goods. There has been some decrease in the disparity between agrarian and industrial prices; but, as foreign competition is excluded, the Hungarian consumer's position in this respect, relatively, remains an unfavourable one. The closing of the agrarian shears has been a general phenomenon of late, and has proceeded at a striking rate in certain countries.

2. TRADE.

Hungary's foreign trade, in pengő values and in quantities, has been as follows since 1930, the last pre-crisis year. Values month by month will be found in Appendix II :

	1935	1934	1933	1932	1931	1930
	(In millions of pengő)					
Imports	398.4	353.4	312.6	328.5	539.4	823.3
Exports	458.8	411.2	391.3	334.5	570.4	911.7
Balance	+ 60.4	+ 57.8	+ 78.7	+ 6.0	+ 31.0	+ 88.4
	(In millions of quintals)					
Imports	27.7	23.7	17.8	21.1	33.5	48.9
Exports	16.2	16.6	18.3	13.1	18.8	22.9

The increase in the total value of Hungary's foreign trade, imports and exports together, from 1934 to 1935, or, indeed, from 1933 to 1935, corresponds almost exactly to the rise in the Hungarian Statistical Office's wholesale-price index. The increase from 1934 to 1935 in import quantities is almost entirely accounted for by imports of maize, of which Hungary had a short crop in 1935. Export quantities have not increased at all; in fact, they show a slight decline.

Comparing the position in 1935 with that in 1930, one finds that imports into Hungary, in quantities, have declined by 43%, and exports by 28%.

On turning to the returns illustrative of the trend inside the country, one meets signs of a modest but sustained improvement as compared with the previous year :

State Railways.

	Ton-kilometres (In millions)		Passenger-kilometres (In millions)		Receipts (In millions of pengő)	
	1935	1934	1935	1934	1935	1934
September	206	188	214	170	20.7	18.3
October	265	242	161	162	21.7	21.2
November	227	195	158	137	18.9	18.1

Post, Telegraph and Telephone.

	Registered letters		Parcels		Telegrams		Interurban telephone calls		Receipts	
	1935	1934	1935	1934	1935	1934	1935	1934	1935	1934
	(In thousands)									
September	645	613	772	724	170	165	378	346	8.0	7.4
October	720	679	835	831	166	165	380	332	8.4	8.1
November	611	597	798	763	154	148	358	322	7.9	7.5

3. PRODUCTION AND CONSUMPTION.

Production in the heavy industries took an upward turn two years ago. It is shown by the latest figures available to be still increasing.

Third quarter of	Output of coal (In millions of tons)	Output of iron (In thousands of tons)	Output of steel
1933	1.6	23.3	65.7
1934	1.5	37.4	81.8
1935	1.7	47.6	124.6

Deliveries of coal and coke to industry (all branches), which reached a peak at 4.3 million tons in 1929, declined year by year to a low point of 2.6 million tons in 1932, and have steadily increased since the middle of 1933. For the first nine months of 1935, they were at an average corresponding to a figure for twelve months of 3.1 million tons, which is approximately the level recorded for 1931.

Industrial consumption of electric current also appears to be increasing.

Statistics published by the Municipality of Budapest do not point to any appreciable increase in the consuming power of the city, regard being had to the fact that the population is increasing. In ten months of 1935, compared with the same period of 1934, there has been an increase of 2.5% in the numbers of consumers of electric current, and an increase of 1% in the current consumed. Private consumption of gas has decreased by 2.6%. The number of short fares on the trams and buses has increased, but that of normal fares has declined, total receipts being very slightly less in the period under review in 1935 than in 1934. Loans granted by the Postal Savings Bank pawn-shops increased by roughly 13%.

4. PRICES.

The Hungarian Statistical Office's wholesale index was at a monthly average of 79 in 1934, the corresponding figure for eleven months of 1935 being 89. The index numbers for the last three months have been :

	1935	1934 (1913 = 100)	1933
September	92	83	70
October	95	82	71
November	95	83	70

There was a temporary weakening of wheat prices in July, followed by a fresh rise. Since October, prices have not changed much, either in wheat or in cattle. The price of calves has risen ; that of pigs, after rising in October, has fallen off slightly.

1935	Wheat (Per 100 kg.)	Live cattle middling quality (Pengö)	Calves (Per kg.)	Pigs
September	16.18	0.51	0.70	0.80
October	18.23	0.49	0.73	1.04
November	18.23	0.48	0.81	0.96
December	18.45	0.50	0.82	0.95

The Statistical Office's monthly returns of prices, wholesale and retail, show an increase in numerous staple articles. Milk, alone among important foodstuffs, has become cheaper, but this is offset by an increase in the price of butter. The Statistical Office's cost-of-living index (for a family of four, including lodging) stood at 92.7 for November, as against 88.4 for November 1934.

5. STOCK EXCHANGE.

Prices have ranged much higher in 1935 than they did in 1934. The sharp rise last spring was followed by a decline in the summer and autumn, but prices firmed up again in November and something of a boom has set in since.

	1935 (1926 = 100)	1934
January	85.9	77.5
April	112.3	76.7
July	96.8	67.9
September	94.0	68.0
October	93.8	67.2
November	99.7	75.4
December	104.7	78.1

6. BANKING, COMMERCIAL AND PRIVATE.

Bank balance-sheets as at December 31st last are not yet available. August, September and October each brought a slight decrease in savings deposits in the Postal Savings Bank and the most important Budapest banks, but in November there was a slight increase. Current accounts increased in October, and declined very slightly in November. Savings deposits and current accounts together show an increase of roughly 4% over the year to November last.

The price at which gold is bought by the Central Corporation of Banking Companies stood at 5,760 pengő on December 31st last, having remained unchanged since September 30th.

7. COMMERCIAL POLICY.

In general, the recent measures unifying export premia and surcharges on allotments of import exchange, and the new compensation agreements, described in I, 5(d) above, have not yet been long enough in force to make it possible to estimate their effect on Hungary's foreign trade.

The goods compensation agreement with Czechoslovakia which became effective on January 1st provides a larger framework for exchanges between the two countries than any Convention applied for the last five years. Several categories are set up, within which specified descriptions of goods may be exchanged on a barter basis. In further categories, provision is made for the exchange of other merchandise and for Hungarian exports to Czechoslovakia for special purposes, such as the payment of outstanding merchandise debt and tourist traffic. In general, it is stipulated that the volume of exchanges is not to be less than the average reached in 1933-1934-1935; and, as exchanges of new descriptions of goods are contemplated, trade between the two countries may be increased. The most important commodities, however, are subject to quota. Czechoslovakia was formerly one of Hungary's two best markets. In the years 1925-1930, it took on an average 18.6% of Hungary's total exports (in values). In 1934, the percentage had fallen to 5%.

Earlier reports have made mention of the increasing importance for Hungary of the British market, which took 2.9% of Hungarian exports in 1925-1930 and in the year 1934 took 7.8% of them. Hungary's position on this valuable market has now been prejudiced by a special preference granted to Yugoslavia in order to indemnify that country for losses incurred in connection with the sanctions applied to Italy. As from December 25th last, Yugoslavia benefits by a reduction in the duty from threepence to one penny per pound on a quota of 60,000 hundredweight of killed turkeys and a quota of 20,000 hundredweight of killed chickens. Further, the bacon quota is increased in Yugoslavia's favour from 260 hundredweight weekly to 660 hundredweight weekly, and Yugoslavia benefits by an increase in duty-free import of eggs from a yearly quota of 1,760 hundredweight to 20,000 hundredweight.

Appendix I.

MONTHLY (QUARTERLY) RESULTS FOR THE YEAR 1935-36 COMPARED WITH
THE RESULTS FOR THE YEAR 1934-35.

	Financial year July-September		October		November		December	
	1934/35	1935/36	1934	1935	1934	1935	1934	1935
(In millions of pengö)								
A. ADMINISTRATION.								
<i>Receipts.</i>								
Direct taxes	53.3	51.9	17.9	17.9	34.1	35.7	17.3	19.7
Customs duties	10.2	8.9	3.8	3.6	3.6	3.8	3.4	4.3
Excise duties	23.4	23.9	8.2	8.7	7.0	7.7	7.1	8.0
Turnover tax	25.8	26.3	9.8	9.5	9.4	10.7	9.3	10.5
Dues	23.6	23.6	8.0	8.6	8.3	8.1	8.0	8.7
Tobacco Monopoly	27.4	29.0	9.0	9.4	8.2	8.7	9.2	9.2
Salt Monopoly (gross)	6.1	6.5	1.9	2.5	2.4	2.5	2.6	3.1
Saccharine and lotteries	0.4	0.4	0.5	0.5	—	—	0.1	0.1
Administrative receipts	9.4	9.5	3.9	4.8	3.4	3.9	15.5	16.1
Total receipts	179.8	179.9	63.1	65.5	76.3	81.1	72.6	79.9
<i>Expenditure.</i>								
Army	20.1	21.7	6.3	6.9	7.1	7.5	5.5	
Foreign Affairs	2.2	2.5	1.1	1.1	0.5	0.6	0.6	
Justice	8.0	7.9	2.6	2.7	2.7	2.6	3.2	
Supreme organs of the State ¹ ..	—	—	—	—	—	—	—	
Interior	25.0	26.3	9.8	10.0	10.9	10.8	10.3	
Agriculture	8.1	6.2	3.8	2.7	2.3	1.8	2.4	
Commerce	10.2	11.8	3.0	4.1	2.1	2.2	2.0	
Education	14.7	15.2	5.4	5.5	5.3	5.8	5.7	
Finance	20.5	18.4	5.7	5.6	5.9	5.6	7.8	
Industry	—	0.5	—	0.3	—	0.8	—	
Smaller departments	2.7	3.0	1.2	1.3	0.6	0.7	0.9	
Subsidies to local authorities ..	12.4	14.4	4.6	5.0	3.6	3.5	3.5	
Pensions	35.8	35.8	12.2	12.6	11.4	11.9	11.4	
Charges under the Peace Treaty	—	—	—	—	—	—	—	
Debt service	14.9	16.9	3.9	5.7	2.7	3.2	5.6	
Investments	—	—	—	—	—	—	—	
Total expenditure	174.7	180.8	59.6	63.7	55.0	57.1	58.8	62.4
Balance	+ 5.0	- 0.9	+ 3.5	+ 1.8	+ 21.2	+ 23.9	+ 13.8	+ 17.5
B. UNDERTAKINGS.								
<i>Receipts.</i>								
Post and Telegraph	22.6	23.8	8.1	8.4	7.5	7.9	8.2	
Railways ²	53.4	57.9	20.6	21.7	18.2	18.9	15.1	
Ironworks	5.3	8.0	2.3	2.5	2.2	2.8	2.2	
Other undertakings	6.1	6.5	1.9	1.9	1.7	2.0	2.8	
Total receipts	87.4	96.2	32.9	34.5	29.6	31.6	28.3	
<i>Expenditure.</i>								
Post and Telegraph	18.8	19.4	5.8	6.0	6.0	6.2	12.5	
Railways	61.0	59.3	21.1	21.9	22.1	21.3	28.4	
Ironworks	8.5	12.5	3.1	3.9	3.4	3.9	3.3	
Other undertakings	4.8	4.7	1.7	1.8	1.6	1.6	2.6	
Total expenditure	93.1	95.9	31.7	33.6	33.1	33.0	46.8	
Balance	- 5.7	+ 0.3	+ 1.2	+ 0.9	- 3.5	- 1.4	- 18.5	

¹ Included in "Smaller departments".

² Returns of the Railways for current fiscal year are provisional.

Appendix II.

ECONOMIC INDICES.

(End of date given.)

		Third quarter	October	November	December
Index of industrial production ¹ .. (1927=100)	1935	123.1	—	—	—
	1934	102.4	—	—	110.6
	1933	93.7	—	—	95.7
Output of coal ²	1935	175.4	80.7	—	—
	1934	158.7	77.2	71.0	62.8
	1933	153.6	71.9	71.2	78.6
Unemployment ³	1935	16,136	15,343	14,976	—
	1934	20,058	19,410	19,611	20,986
	1933	23,955	23,971	24,099	25,113
Prices : Wholesale	1935	92	95	95	—
	1934	83	82	83	84
	1933	70	71	70	71
Retail	1935	100.60	101.01	100.70	100.50
	1934	97.76	97.90	96.85	96.72
	1933	98.43	98.41	98.42	98.23
Stock-Exchange index ⁴	1935	94.0	93.8	99.7	—
	1934	68.0	67.2	75.4	78.1
	1933	78.1	73.8	71.5	70.3
(Millions of pengö)					
Savings deposits at the Post Office Savings Bank and the twelve leading commercial banks ..	1935	607.0	599.2	606.4	—
	1934	565.9	567.7	571.4	587.9
	1933	522.8	520.8	523.7	535.8
Current accounts at the Post Office Savings Bank and the twelve leading commercial banks ..	1935	681.2	694.8	693.8	—
	1934	657.6	665.1	676.4	662.2
	1933	677.1	680.2	681.1	660.8
Total	1935	1,288.2	1,294.0	1,300.2	—
	1934	1,223.5	1,232.8	1,247.8	1,250.1
	1933	1,199.9	1,201.0	1,204.9	1,196.6
Per cent					
Official discount rates	1935	4.0	4.0	4.0	4.0
	1934	4.5	4.5	4.5	4.5
	1933	4.5	4.5	4.5	4.5
Market discount rates : ⁵ 3-month bills (maximum) ..	1935	7.0	7.0	7.0	7.0
	1934	7.5	7.5	7.5	7.5
	1933	7.5	7.5	7.5	7.5
3-month bills (minimum) ..	1935	4.0	4.0	4.0	4.0
	1934	4.5	4.5	4.5	4.5
(Millions of pengö)					
Foreign trade : ⁶ Imports	1935	94.0	39.2	43.5	48.3
	1934	85.6	33.1	33.8	30.8
	1933	78.4	32.4	31.8	26.7
Exports	1935	106.7	53.4	54.0	52.3
	1934	97.5	37.1	42.3	46.7
	1933	109.6	41.3	43.3	39.7
Difference	1935	+ 12.7	+ 14.2	+ 10.5	+ 4.0
	1934	+ 11.9	+ 4.0	+ 8.5	+ 15.9
	1933	+ 31.2	+ 8.9	+ 11.5	+ 13.0

¹ The Economic Research Institute now publishes quarterly indices calculated on a new basis, which cannot be compared with those published in previous reports. The figures in the December column apply to the September-December quarter.

² Coal output in hundreds of thousands of quintals.

³ Unemployed members of the Social-Democratic Union.

⁴ Index calculated by the Office of Statistics including eighteen shares (1926 = 100).

⁵ Returns of the National Bank of Hungary.

⁶ Figures for 1934 and 1933 are now definitive.

Appendix III.

NATIONAL BANK.

	December 31st		September 30th	October 31st	November 30th	December 31st
	(Millions of pengö)		(Millions of pengö)			
Note circulation	{ 1934 381.4 1933 368.6	1935 1934	388.7 372.8	411.8 373.4	393.3 350.4	417.4 381.4
Sight liabilities :						
Public	{ 1934 71.6 1933 64.5	1935 1934	75.0 47.8	78.1 51.1	105.0 79.5	104.6 71.6
Private	{ 1934 34.0 1933 38.6	1935 1934	22.0 20.3	23.5 21.4	25.1 20.5	42.1 34.0
Cash certificates ¹	{ 1934 115.1 1933 119.7	1935 1934	109.1 117.7	104.3 115.1	104.3 115.1	104.3 115.1
Other liabilities (net)	{ 1934 150.1 1933 82.1	1935 1934	88.8 145.5	90.5 146.6	83.6 147.6	77.4 150.1
Metal reserve as shown	{ 1934 109.0 1933 99.2	1935 1934	101.3 101.1	108.5 100.5	115.9 104.7	121.2 109.0
Thereof gold	{ 1934 78.9 1933 78.8	1935 1934	78.9 78.9	78.9 78.9	78.9 78.9	78.9 78.9
Commercial bills discounted	{ 1934 619.5 ² 1933 624.8 ⁴	1935 1934	536.2 ³ 582.0 ⁵	553.8 ³ 586.3 ⁵	547.2 ³ 588.6 ⁵	574.4 ³ 619.5 ³
Advances in securities ⁶	{ 1934 11.8 1933 11.0	1935 1934	11.8 11.8	11.8 11.8	12.4 11.8	12.4 11.8
Government debt	{ 1934 50.0 1933 50.1	1935 1934	72.6 47.3	72.5 47.1	74.1 47.0	77.0 50.0
	Per cent		Per cent	Per cent	Per cent	Per cent
Ratio of cover	{ 1934 24.9 1933 23.5	1935 1934	24.5 25.7	24.6 25.2	25.8 26.0	24.9 24.9

¹ Issued in connection with the consolidation of the Bank for International Settlements and Central Bank credits.

² Thereof Treasury bonds 34.1 million pengö.

³ " " " 32.6 " "

⁴ " " " 31.2 " "

⁵ " " " 34.1 " "

⁶ All Treasury bonds.

Appendix IV.

FOREIGN EXCHANGE : PURCHASES AND SALES OF THE NATIONAL BANK OF HUNGARY IN THE FOURTH QUARTER OF 1935, AND DURING THE WHOLE YEAR OF 1935 AND 1934 RESPECTIVELY.

	1935		
	October	November	December
<i>Purchases :</i>	(Millions of pengö)		
(a) Export <i>Devisen</i> received ¹	31.80	41.34	32.20
(b) Under obligatory declaration	1.46	0.71	2.34
(c) From the State	0.22	0.44	0.86
(d) From others	1.19	1.98	2.82
Total	34.67	44.47	38.22
Excess of sales	—	—	—
<i>Sales :</i>			
(a) For loan service	1.18	0.63	2.40
(b) For imports ¹	21.63	24.83	24.56
(c) To the State	1.49	1.71	1.19
(d) To others	1.28	1.24	1.67
Total	25.58	28.41	29.82
Excess of purchases	9.09	16.06	8.40

	1935					1934 ²
	First quarter	Second quarter	Third quarter	Fourth quarter	Total year	Total year
<i>Purchases :</i>	(Millions of pengö)					
(a) Export <i>Devisen</i> received	69.87	61.14	56.09	105.34	292.44	243.13
(b) Under obligatory declaration	0.83	0.78	1.08	4.51	7.20	3.48
(c) From the State	0.61	0.97	1.11	1.52	4.21	2.06
(d) From others	3.06	3.63	4.98	5.99	7.66	10.12
Total	74.37	66.52	63.26	117.36	321.51	258.79
Excess of sales	—	6.30	4.44	—	—	—
<i>Sales :</i>						
(a) For loan service	1.72	10.45	1.89	4.21	18.27	17.23
(b) For imports	61.10	53.15	50.39	71.02	235.66	206.81
(c) To the State	4.25	4.34	4.76	4.39	17.74	11.54
(d) To others	4.79	4.88	10.66	4.19	24.52	20.69
Total	71.86	72.82	67.70	83.81	296.19	256.27
Excess of purchases	2.51	—	—	33.55	25.32	2.52

¹ Including clearings.

² Revised figures.

Appendix V.
FOREIGN EXCHANGE CONTROL.

	Actual exports	Exports notified, including compensations and exports against pengö	Percentage of column 2 to column 1	Export Devisen received by the National Bank	Certified compensation and certified exports against pengö	Columns 4 + 5—i.e., total of foreign exchange derived from exports	Percentage of column 6 to column 1	Actual imports	Import Devisen allotted by the National Bank	Certified compensation and import through merchandise pengö	Columns 9 + 10—i.e., total of foreign exchange used for import	Percentage of column 11 to column 8
	1	2	3	4	5	6 (In million of pengö)	7	8	9	10	11	12
1934 :												
January	28.7	33.1	115.4	25.1	6.8	31.9	111.1	23.1	19.5	5.6	25.1	108.7
February	28.9	32.7	113.3	20.4	10.1	30.5	105.5	22.0	18.0	10.0	28.0	127.3
March	38.7	41.8	108.1	21.0	11.3	32.2	83.5	29.5	20.3	10.0	30.3	102.7
April	31.0	32.1	103.6	15.4	11.4	26.8	86.5	29.6	15.5	11.0	26.5	89.5
May	26.6	28.0	105.3	17.9	5.0	22.9	86.1	28.5	16.5	3.6	20.1	70.5
June	29.4	30.8	104.7	17.5	7.7	25.2	85.7	30.7	14.3	6.1	20.4	66.4
July	28.1	32.3	114.8	19.0	6.6	25.6	91.1	28.2	13.8	5.2	19.0	67.4
August	32.5	33.6	103.2	18.0	4.8	22.8	70.2	27.6	13.5	3.8	17.3	62.7
September	35.3	37.6	106.4	18.4	5.6	24.0	68.0	27.9	18.8	4.7	23.5	84.2
October	37.1	36.7	98.9	22.3	6.6	28.9	77.9	33.1	18.8	5.5	24.3	73.4
November	42.3	46.4	109.6	23.1	4.3	27.4	64.8	33.8	18.2	3.0	21.2	62.7
December	46.7	44.4	95.0	24.8	5.8	30.6	95.1	30.8	19.7	4.6	24.3	78.9
1935 :												
January	29.8	35.4	119.0	26.4	5.1	31.5	105.7	27.2	22.6	4.0	26.6	97.8
February	29.2	31.8	109.0	18.6	8.6	27.2	93.2	27.4	20.6	7.5	28.1	102.6
March	40.8	36.1	88.5	24.8	5.4	30.2	74.0	39.4	17.9	4.9	22.8	77.6
April	31.1	35.0	112.5	24.8	4.1	28.9	92.9	31.8	18.4	2.8	21.2	66.7
May	31.7	33.8	106.2	18.1	5.9	24.0	75.7	31.1	18.4	4.8	23.2	74.6
June	29.8	27.2	91.3	18.2	5.1	23.3	78.2	26.4	16.4	3.7	20.1	76.1
July	32.3	36.3	112.3	19.0	7.5	26.5	82.0	31.1	16.7	6.2	22.9	73.6
August	32.0	33.5	104.7	18.0	2.7	20.7	64.7	30.0	15.6	1.6	17.2	57.3
September	42.4	42.8	100.9	19.1	9.6	28.7	67.7	33.0	18.1	8.2	26.3	79.7
October	53.4	52.7	98.7	31.8	6.5	38.3	71.7	39.2	21.6	5.4	27.0	68.9
November	54.0	55.9	103.4	41.3	5.1	46.4	85.9	43.5	24.8	4.2	29.0	66.7
December	52.3	49.6	94.8	32.2	7.1	39.3	75.1	48.3	26.4	6.1	30.7	63.5

Geneva, March 17th, 1936.

LEAGUE OF NATIONS

**FINANCIAL POSITION
OF AUSTRIA IN THE FOURTH QUARTER OF 1935**

SEVENTEENTH QUARTERLY REPORT

by M. Rost van Tonningen, the Representative
of the League of Nations in Austria.

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1936. II. A. 3.

I. INTRODUCTION.

1. The probable results for the budget year 1935 show an improvement on the estimates made in the last report. The deficit in the ordinary budget is 57.84 million Schillings, as against 116.4 millions in 1934. Extraordinary expenditure was 103.3 millions in 1935, as against 109.6 millions in 1934. Loan operations (78 millions) and the moneys released by the Trustees of the League of Nations, 1923-1943, Loan (50 millions), in addition to Treasury-bill issues (20 millions), covered nearly all the requirements of the Treasury, which drew on its cash reserves for an amount of 13 millions during the year.

2. A drastic revision of the 1936 budget enabled the Government to bring extraordinary and ordinary expenditure into one budget, with a total deficit of 58 million Schillings. If revenue continues to come in as well as it did in January, the deficit may be even further reduced. This will relieve the capital market from borrowing operations.

3. The most important feature of recent developments is the settlement of the claims of the foreign creditors of the Creditanstalt. A cash payment of 60 million Schillings in foreign exchange was made without any notable effect on the liquidity of the capital market. The Government will further pay to the foreign creditors twenty annuities of 2 millions. The present value of all payments in cash and annuities—86.3 million Schillings—compares very favourably with the capital debt of 200 millions existing prior to the arrangement.

4. The Railways benefited from favourable traffic receipts during the last quarter of 1935. Transit traffic was heavy and goods traffic better than passenger.

5. Local finances are in a satisfactory position. The budgets of the provinces for 1936 are in equilibrium, though revenue has been conservatively estimated. Vienna will have to borrow a considerable amount on account of its huge works programme.

6. The position of the National Bank continues to be satisfactory. An increase in its foreign-exchange reserves during 1935 enabled it to effect the transfer of the cash payment to the foreign creditors of the Creditanstalt.

7. Trade was very favourable during the last quarter of 1935, when exports were substantially higher than in 1934, but the causes of this improvement would appear to be in part temporary. Payment for deliveries made by Austrian exporters is not always received very promptly.

8. Production statistics continue to rise, but consumption lags behind. Unemployment is still below last year's level, though the difference has narrowed in recent months. Short-time labour was reduced satisfactorily during the first ten months of 1935, for which statistics are now available. The Stock Exchange has displayed strength and State bonds developed a firmness owing to the absence of borrowing operations during December 1935 and January 1936.

2. FEDERAL BUDGET.

(a) FEDERAL BUDGET, 1935.

A. Ordinary Budget.

As may be seen from the quarterly reports issued during 1935, the returns on the budget for that year have shown continuous progress. In the fourteenth report, the ordinary deficit for January-April was estimated at approximately 47 million Schillings. During the period May-July the deficit increased—by only 15 million Schillings—to 62 millions, and during the period January-October to 63 millions. During the last quarter it definitely decreased, and is now estimated at 57.84 million Schillings for the whole year 1935. It is true that the second half of the year is always more favourable than the first, but the result is nevertheless worthy of note.

The following table gives a comparison of the provisional results of 1935 with the budget estimates and with the closed accounts of 1934 :

	1935		1934
	Provisional results	Budget estimates	Closed accounts
	(In millions of Schillings)		
Ordinary budget :			
Expenditure	1,939.99	1,899.93	2,064.37
Receipts	1,882.15	1,846.65	1,947.99
Deficit	57.84	53.28	116.38
Extraordinary budget :			
Expenditure	103.33	130.33	109.59
Total deficit	161.17	183.61	225.97

The following table indicates the details of expenses which have exceeded appropriations :

Ordinary budget :	Excess expenditure (In millions of Schillings)
Salaries and pensions	3.30
Debt service	2.29
Chancellor's Office	9.98
Police	3.69
Gendarmerie	1.01
Auxiliary Defence Corps	5.36
Social Insurance	7.42
Treasury	3.80
Aid to mountain farmers	4.76
Commerce and traffic	1.81
Army	6.23
Gunpowder	1.27
Sundry	3.42
Total	54.34

which is partly met out of the following reduction in expenditure :

	(In millions of Schillings)
Other Social Administration	1.51
Agriculture and Forests	5.50
Tobacco	3.18
Federal Railways	1.38
Other expenditure	2.71
	<u>14.28</u>
Total excess of expenditure	40.06

As the yield of revenues was higher than estimated by 35.50 million Schillings, the final results as regards the ordinary budget are only 4.57 million Schillings under the estimates. Whereas, during the first half of 1935, the tax receipts had only been slightly higher than in the corresponding period of 1934, they were well above the 1934 level during the second half of 1935, as will be seen from the following table :

	1931	1932	1933	1934	1935 (Provisional results)	1936 (Provisional results)
<i>Net Tax Receipts:</i>						
	(In millions of Schillings)					
January	79.24	72.93	67.39	72.51	77.39	85.20
February	62.62	66.64	57.97	53.12	62.92	—
March	60.99	61.89	59.71	69.40	66.84	—
April	74.23	70.45	69.05	76.80	73.60	—
May	73.81	65.47	70.15	67.99	69.84	—
June	68.92	60.85	72.12	70.43	74.69	—
July	90.61	74.99	70.73	75.41	83.06	—
August	68.82	62.89	56.81	63.33	65.66	—
September	64.68	68.86	67.96	67.06	67.73	—
October	84.33	75.65	70.74	78.46	85.34	—
November	82.31	69.09	68.50	72.53	71.31	—
December	82.92	78.24	75.24	79.72	80.28	—
January-December	<u>892.41</u>	<u>827.23</u>	<u>805.93</u>	<u>846.76</u>	<u>878.66</u>	<u>885.29¹</u> (estimate)

¹ Excluding 17.30 million Schillings Railways traffic tax.

In the previous report, written at the end of October, it was stated that revenue had lost some of its buoyancy. The table given above shows that the trend in the last quarter was so favourable that this statement must now be revised. During the month of January (see

Chapter 2(b), Federal Budget, 1936), the rising trend was intensified. In view of the great importance for public finance of this development, the various categories of taxes are given in the following table :

	Annual yield (gross) of taxes in :				
	1931	1932	1933	1934	1935 (Provisional results)
	(In millions of Schillings)				
Direct taxes	336.86	292.41	246.99	230.41	236.22
Crisis tax and security tax	5.52	34.36	34.41	49.69	63.19
Customs	267.05	229.97	177.50	182.69	177.94
Fodder tax	—	—	2.05	21.05	32.84
Excise duties	185.37	171.96	154.90	171.46	182.22
Turnover tax	219.19	176.40	133.96	139.32	152.42
Turnover tax (emergency surtax)	—	29.56	118.02	122.77	125.22
Taxes on transactions, legal fees, etc.	120.50	112.36	99.97	99.77	100.09
Sundry	7.51	2.33	2.38	2.93	3.44
Total	1,142.00	1,049.35	970.18	1,020.09	1,073.58

The crisis tax was introduced at the end of the year 1931 as an additional tax on income. In March 1934, a security tax on the same system and at the same rate as the crisis tax was put into operation. The yield from these two taxes is not given separately. As the security tax was levied only during nine months of 1934, its yield in 1935 is, of course, higher.

The emergency surtax was voted by Parliament in July 1932 as a 100% increase on the turnover tax.

The tax on cattle fodder was introduced in September 1933 and has since been increased as follows :

	Schillings per 100 kgs.
At the date of introduction	1
Increased on February 3rd, 1934, to	3
Increased on November 10th, 1934, for certain articles to	4
Increased on May 8th, 1935, to (for barley)	6
Increased on July 23rd, 1935, to (for maize)	9

Owing to these various changes, comparison is not possible over the whole period 1933-1935.

A correction must also be made when analysing the excise duties. From July 1934 onwards, the tax on beer levied by the provinces (Länder) was incorporated in the beer tax payable to the State. On the basis of the old system, the totals compare as follows :

	1931	1932	1933	1934	1935
	(In millions of Schillings)				
Excise duties	185.37	171.96	154.90	161.7	162.5

This table shows that the yield of excise duties, though higher in 1934 than in 1933, has scarcely increased in 1935.

Direct taxes, other than the crisis and security tax, have made good progress in 1935, although the revenue from income tax decreased still further, as is shown from the following table :

	1931	1932	1933	1934	1935
	(In millions of Schillings)				
Tax on trade	46.92	39.06	31.99	26.11	34.32
Corporation tax	69.28	44.13	33.43	32.30	40.88
Income tax :					
(a) Paid to collectors	87.48	69.17	58.02	51.67	47.78
(b) Paid by way of deduction from salaries of State officials (including Railways)	18.94	16.72	12.99 ¹	16.74	16.48
(c) Paid by way of deduction from salaries of other employees (private)	53.04	42.28	35.16	31.29	31.41
Total income tax	159.46	128.17	106.17	99.70	95.67

¹ This figure is low because the Railway Administration failed to pay into the Treasury the tax collected from its officials.

The turnover tax and the emergency tax also show a rising trend when taken together. In the year 1933, provisional accounts were made of the yield of the turnover tax and the emergency surtax on the basis 54 : 46. These provisional accounts had subsequently to be corrected, and the final accounts showed for the turnover tax a yield of 6½ millions more and for the emergency tax 6½ millions less. This correction was effected in May 1935 by deducting the amount from the yield of the emergency tax for that month and adding it to the turnover tax. For comparison with previous years, it is therefore necessary to take both taxes together, which shows the yield to be 13½ millions higher in 1935 than in 1934.

If taken over the whole year, the individual increases are not very considerable. They occurred mainly in the last half of the year and have gained momentum, and in January 1936 the trend is clearly upwards. It is hardly possible, however, in view of present uncertain conditions, to make a forecast as to future developments, the more so as the revenue from the Tobacco Monopoly has been very disappointing over the whole year, as shown from the following table :

	1931	1932	1933	1934	1935 (Provisional results)	1936 (Provisional results)
(In millions of Schillings)						
<i>Tobacco Receipts :</i>						
January	26.58	24.71	21.27	24.38	21.87	21.30
February	23.03	24.13	21.09	22.87	20.86	—
March	25.91	28.50	25.37	24.98	22.14	—
April	25.75	25.99	27.01	24.87	25.59	—
May	28.74	28.85	25.44	27.00	23.49	—
June	41.65	29.39	25.72	25.11	25.08	—
July	29.04	28.74	30.54	29.06	28.48	—
August	29.32	31.61	25.38	26.32	24.92	—
September	30.86	27.59	24.80	23.77	24.56	—
October	31.07	25.18	27.10	27.14	25.23	—
November	26.94	25.02	25.01	24.04	22.42	—
December	33.52	28.22	29.15	28.45	27.83	—
January-December	352.80	328.06	308.09	308.05	292.46	294.24 (estimate)

In January 1936, receipts for tobacco were again lower, so that the falling trend of this section of revenue still continues. No adequate explanation has so far been provided for this phenomenon.

B. Extraordinary Budget.

The extraordinary budget shows the following provisional results :

	Credits for 1935			Credits used up to December 31st, 1935 (provi- sional results)	Overdrawn	Remaining 1935 credit to be carried over to 1936
	Carried over from 1934	1935 credits	Total available for 1935			
(In millions of Schillings)						
Extra-urban small holdings	—	6.00	6.00	4.50	—	1.50
Stream regulation	0.91	26.00	26.91	24.95	—	1.96
Road construction	18.20	25.90	44.10	30.30	—	13.80
Building	—	3.20	3.20	1.72	—	1.48
Defence	—	0.08	0.08	0.08	—	—
Tobacco Monopoly	—	5.50	5.50	5.50	—	—
Salt Monopoly	—	0.35	0.35	0.42	+ 0.07	—
Posts, Telegraphs	2.33	9.46	11.79	8.25	—	3.54
Forests	—	0.10	0.10	0.05	—	0.05
Federal Theatres	—	0.73	0.73	0.79	+ 0.06	—
Other undertakings (Mines, Print- ing)	0.09	0.41	0.50	0.30	—	0.20
Federal Railways	8.80	22.27	31.07	26.47	—	4.60
Total	30.33	100.00	130.33	103.33	+ 0.13	27.13

(b) FEDERAL BUDGET, 1936.

The sixteenth quarterly report commented fully on the estimates adopted by the Government on October 22nd, 1935, for the 1936 ordinary budget. On October 18th, 1935, the Cabinet was reconstructed; the Ministers of Agriculture and Social Welfare were relieved of their office and replaced by Dr. Strobl and Dr. Dobretsberger. Dr. Buresch, former Minister of Finance, was given the office of Minister without portfolio.

The new Minister of Finance, Dr. Draxler, proceeded at once to recast the budget for 1936. Economies had already been made in the ordinary budget, as adopted on October 22nd, but the new Minister fully realised the weaknesses which still existed and to which attention was drawn in the last quarterly report. The extraordinary budget for 1936, which was still to be drawn up, caused grave anxiety, as it would be necessary to cover its expenses by credit operations. As already pointed out, long-term borrowing appeared hardly feasible owing to the present strained international political situation, and an increase in short-term borrowing was for the same reason undesirable. In view of this, a revised budget was laid before the Cabinet, implying new and very drastic economies, and Dr. Draxler was able to combine the ordinary and extraordinary budgets, which is in accordance with the oft-repeated wishes of the Financial Committee. In their final form, the budget figures are as follows :

	Final estimates	Original draft estimates	Probable results
	1936		1935
(In millions of Schillings)			
<i>Ordinary Budget:</i>			
Expenditure :			
Personnel	698.95	707.46	701.11
Material : Ordinary	1,177.54	1,199.24	1,238.88
Extraordinary	26.00	—	—
Together	1,902.49	1,906.70	1,939.99
Receipts	1,881.43	1,883.26	1,882.15
Deficit	21.06	23.44	57.84
Investments	36.59	—	103.33 ¹
Total deficit	57.65	23.44	161.17

¹ Extraordinary budget.

Expenditure for creating capital and employment, which, since 1933, had been grouped together in the extraordinary budget, was divided into non-productive and productive expenditure. The first category was brought back into the ordinary budget and the second category of so-called investments shown in a separate column. The Minister of Finance has therefore reverted to the budget system existing prior to the year 1933. The following appropriations which were contained in the extraordinary budget are now included in the current expenses of the ordinary budget :

Additional appropriations for :	In millions of Schillings
Water regulations	5
Roads	10
The Danube bridge	5
Building	4
Various constructions	2
Railways renewal	10
Total	36

The estimates for Customs and tobacco were also revised, reducing them by 18 and 9.5 millions respectively—a total of 27.5 millions. By these changes, the deficit of the ordinary budget for 1936, as adopted on October 22nd, 1935—23.4 million Schillings—was increased to 86.9 millions.

The economies introduced by the Minister of Finance are as follows : Reduction of civil pensions when other means of subsistence exist ; reduction of pay to soldiers engaged previously at higher salaries than those paid to classes of recent years ; cuts in certain allowances to war invalids ; abolition of pay for overtime and cancellation of promotion for Government officials in 1936 ; simplification of administration. The result of all these economies is estimated at 55.3 million Schillings.

Other reforms have increased revenue. There is a 50% contribution to the State from each increase in salary of State officials during the first year after this increase has become effective (4 million Schillings); duties levied on the cattle market (2 million Schillings); contributions from municipalities to State police expenses (1 million Schillings); increased stamp duties (1.3 million Schillings); increased amortisation of credit for promotion of building (1.6 million Schillings). The total resulting from these measures (10.5 millions) added to economies (55.3 millions) improved the budget position by 65.8 million Schillings. On balance, the deficit of the revised budget was therefore 86.9 — 65.8 millions = 21.1 millions.

In the course of putting these reforms into operation, opportunity was taken to render freely available to the Treasury the yield of certain taxes which had originally been earmarked for special purposes—e.g., cattle and cattle fodder duties, tax on house rents, petrol surtax, etc.—and to abolish the Road Fund based on the yield of the petrol surtax.

The yield from the transport tax, 17.3 million Schillings, which is kept by the Railways and had previously been deducted from the grant for covering the Railway deficit, is now booked as a gross receipt and the Railway deficit increased. By this formal change, total revenue and expenditure of the State budget have been increased correspondingly.

Investments are distributed as follows :

	In millions of Schillings
Tobacco Monopoly	4.9
Salt	0.3
Posts, Telegraphs, Telephones	9.0
Forests	0.06
State Mines	0.1
State Printing Office	0.3
State Theatres	0.23
Railways	21.7
Total	36.59

The following table gives a comparison of work-creating expenditure in 1935 and 1936 (ordinary and extraordinary budget of 1935 taken together) :

Public Works Expenditure in 1935 and 1936.
(Budget estimates.)

	1935			1936	
	Ordinary budget	Extraordinary budget	Total	Ordinary budget	Difference
	(In millions of Schillings)				
University buildings	—	0.40	0.40	—	— 0.40
Church buildings	—	—	—	0.30	+ 0.30
Voluntary Labour Corps	9.00	—	9.00	4.12	— 4.88
Productive unemployment relief	8.00	—	8.00	3.00	— 5.00
Housing	5.00	6.00	11.00	—	— 11.00
Stream regulation	14.02	26.00	40.02	11.00	— 29.02
Army equipment	15.19	0.08	15.27	23.53	+ 8.26
Police, Gendarmerie and Auxiliary Corps equipment	6.39	—	6.39	4.43	— 1.96
Roads	13.76	24.00	37.76	28.52	— 9.24
Road Fund	10.00	—	10.00	—	— 10.00
Buildings and Buildings Administration	6.20	—	6.20	7.77	+ 1.57
Extraordinary buildings	—	4.70	4.70	—	— 4.70
Tobacco	—	5.50	5.50	4.90	— 0.60
Salt	—	0.35	0.35	0.30	— 0.05
Post Office	—	9.46	9.46	9.00	— 0.46
Other undertakings	—	1.24	1.24	0.69	— 0.55
Railways	—	22.27	22.27	10.00 ¹ 21.70	+ 9.43
Total	87.56	100.00	187.56	129.26	— 58.30

¹ Included in deficit for 1936.

There should be added to the Public Works expenditure for 1936 the appropriation transferred from the 1935 to the 1936 budget year—27 million Schillings.

* * *

Since the budget was drawn up, there has been an additional expense of 3 millions payable to the Creditanstalt under the arrangement with the foreign creditors (cf. sub 2(d)).

(c) TREASURY POSITION.

The deficit of the ordinary budget for 1935 (see <i>sub (a)</i> above)	(In millions of Schillings)
was	57.84
Expenditure of the extraordinary budget	<u>103.33</u>
Total requirements of the Treasury	161.17

These requirements were met in the following way :

	Ordinary budget	Extraordinary budget	Total
	(In millions of Schillings)		
1. Release of the moneys deposited for the service of the League Loan	33.70	—	33.70
(Total released 41.3 millions, of which 7.6 millions were used for the constitution of the Reserve Fund of the Conversion Loan, 1934-1959.)			
2. Releases from the Guarantee Fund of the League Loan	11.10	5.30	16.40
3. Balance of yield of the Domestic Lottery Loan, 1933	—	11.83	11.83
4. Yield of the Internal Loan, 1935 (Arbeitsanleihe)	—	66.09	66.09
5. Treasury bills	—	20.00	20.00
(Issued under the Federal Law No. 397/1935 pending the release of the remainder of the Guarantee Fund of the League Loan, amounting to 28.7 millions.)			
6. State cash reserves	13.04	0.11	13.15
Total	<u>57.84</u>	<u>103.33</u>	<u>161.17</u>

The following table gives a comparison of the position of the floating debt and of the central State cash balance at the end of 1935 and 1934 :

	1935 (In millions of Schillings)	1934
Floating debt :		
(1) Collateral Loan from Post Office Savings Bank	25.00	25.00
(2) Treasury bills issued under the Law of March 1933 for banking reconstruction	67.00	67.00
(3) Treasury bills issued under the Law of 1927 for strengthening cash reserves	20.00	75.00
(4) Treasury bills authorised by the Committee of Control in September 1935 and issued under the Law of October 1935	20.00	—
(5) Treasury bills issued under authorisation of the Committee of Control (1934)	—	12.00
Total floating debt	<u>132.00</u>	<u>179.00</u>
Cash balance	14.30	14.70

An amount of 55 millions from the Treasury bills *sub (3)* outstanding at the end of 1934 was consolidated in the 1935 internal loan. The Treasury bills mentioned *sub (5)* were consolidated in the same way.

It will be remembered that the Treasury bills mentioned *sub (4)* were issued on the authorisation of the Committee of Control pending the full release of the reserves of the 1923-1943 Loan by the Trustees, so as not to interrupt the public works programme for which these moneys were earmarked. An amount of 8.7 million Schillings can still be issued.

No further issues were necessary during January owing to the favourable receipts, the cash balance at the end of January being higher than at the beginning of the month. This compares very favourably with the same month of the year 1935, when 10 million Schillings Treasury bills were issued.

(d) THE SETTLEMENT OF THE LIVE CLAIMS OF THE FOREIGN CREDITORS OF THE CREDITANSTALT.

Attention has been drawn repeatedly in previous reports to the necessity of settling the live claims of the foreign creditors of the Creditanstalt. It will be remembered that the original claims of the foreign creditors, amounting to over 400 million Schillings, were the object of a Standstill Agreement of June 16th, 1931, to the effect that claims would be suspended for a period of two years, during which time a settlement would be negotiated.

After protracted negotiations, an agreement was arrived at on January 11th, 1933, details of which were given in the fifth quarterly report.

Broadly speaking, 70 million Schillings of the claims were converted into preference shares of the Creditanstalt, 140 millions into bonds and preference shares (130 and 10 millions) of a company to which the Creditanstalt transferred part of its assets mainly in the Succession States—i.e., outside Austria.

The balance of the claims (approximately 210 millions) were kept alive (live claims) as claims on the Creditanstalt, with the necessary safeguards in the interests of the bank and its depositors against enforcement. These claims were guaranteed by Government bonds transferred to the Creditanstalt and redeemable by varying annuities for interest and amortisation in twenty or seven years.

It will also be remembered that the Government, in view of the high expenses incurred in the reconstruction of the other two Viennese banks, declared itself unable to ratify the agreement until a new agreement, providing for a moratorium on the payment of the annuities until March 1st, 1935, was signed on April 27th, 1933. This moratorium was subsequently extended to March 1st, 1936.

The Government reserved the right to negotiate, before December 1st, 1935, a reduction or an adjustment of the payments to be effected.

After patient negotiations, an agreement was concluded by the Finance Minister on January 29th, 1936.

As the views held by the Austrian Government and the foreign creditors regarding Austria's capacity to pay were at variance, a compromise had to be found on a broader basis than purely the settlement of the live claims. A combination was worked out by which the Austrian Government benefited by a substantial reduction of the payments to be effected, the Creditanstalt's status was very much improved, and the position of the creditors and the Austrian Government as preferred and deferred shareholders of the bank thereby considerably strengthened.

This was accomplished as follows :

Instead of the annuity payments amounting to over 400 million Schillings (the long plan, twenty years) or 185.5 million Schillings (the short plan, seven years) (see fifth quarterly report, page 6), the Treasury undertook to effect a cash payment to the foreign creditors of 60 million Schillings and, in addition, twenty annuities of 2 million Schillings—a total of 100 million Schillings. The present value of these payments (discounted at 5%) is approximately 86.3 million Schillings, as against the value of the live claims prior to the present arrangement, 152.5 million Schillings in the short plan (seven years) or 201.1 million Schillings in the long plan (twenty years).

The moneys required for the cash payment have been secured by an agreement with the Creditanstalt, under which the Treasury undertakes to pay to a Pensions Fund of the Creditanstalt forty annuities of 3 million Schillings in the form of 60 million Schillings 4% Government bonds.

By transferring these 60 million Schillings 4% forty-year Government bonds, together with other assets, valued at some 14 million Schillings—which belonged to a Pensions Fund already existing—to an independent Pensions Fund, the Creditanstalt frees itself of about 60 to 70% of its present obligations to its pensioners; by this transaction, the profit-and-loss account of the Creditanstalt will be relieved of part of the pensions burden.

The Creditanstalt has thus made further progress towards the ultimate elimination of pensions payments from its profit-and-loss account and of the capital debt, which such pensions represent, from its balance-sheet. The elimination of all fixed charges will establish the Creditanstalt on an orthodox banking basis, as fixed charges are essentially incompatible with sound banking policy.

By the settlement of the live claims, the balance-sheet has been cleaned up and a further step taken towards the establishment of the Creditanstalt on Western banking principles.

(e) FEDERAL RAILWAYS, 1935.

Car-loadings.

	Year	September	January-September	October	November	December	January-December	Year	January
Total goods traffic	1934	170,739	1,414,229	218,008	183,661	165,661	1,981,559	1935	146,451
	1935	177,526	1,421,783	214,839	199,209	173,919	2,009,750	1936	143,524
Internal traffic ..	1934	121,474	999,387	166,942	133,378	115,460	1,415,167	1935	105,158
	1935	125,256	1,015,077	160,460	145,372	119,319	1,440,228	1936	101,458
Of which :									
Customers' traffic.	1934	108,647	906,299	152,447	121,976	109,821	1,290,543	1935	101,249
	1935	110,708	923,566	145,675	135,515	114,127	1,318,883	1936	96,208
Railways' own traffic	1934	12,827	93,088	14,495	11,402	5,639	124,624	1935	3,909
	1935	14,548	91,511	14,785	9,857	5,192	121,345	1936	5,250
Foreign traffic :									
Import	1934	27,316	211,597	28,171	28,128	28,243	296,139	1935	22,368
	1935	28,908	204,877	30,418	26,930	28,023	290,248	1936	22,952
Export	1934	11,415	98,882	13,046	11,740	10,660	134,328	1935	9,583
	1935	9,967	104,751	10,760	13,270	14,303	143,084	1936	10,623
Transit	1934	10,534	104,363	9,849	10,415	11,298	135,925	1935	9,342
	1935	13,395	97,078	13,201	13,637	12,274	136,190	1936	8,491

Traffic Receipts.

(In thousands of Schillings.)

	Year	September	January-September	October	November	December	January-December	Year	January
Goods ..	1934	22,968	195,328	27,627	24,844	23,562	271,362	1935	20,793
	1935	23,938	194,024	28,402	26,917	24,531	273,874	1936	20,501
Passengers	1934	13,818	110,820	9,720	8,119	10,126	138,785	1935	9,007
	1935	13,753	109,399	10,164	8,355	10,190	138,108	1936	8,741
Total ..	1934	36,786	306,148	37,347	32,963	33,688	410,147	1935	29,800
	1935	37,691	303,423	38,566	35,272	34,721	411,982	1936	29,242

Railway traffic during 1935 developed on the same lines as State revenue. Passenger and goods traffic was poor during the first and second quarters, but the volume of transport improved during the third quarter. Goods traffic reached its peak in the last quarter and passenger traffic in the third, as shown by the following table :

	Passengers		Goods		Total	
	1935	1934	1935	1934	1935	1934
	(In thousands of Schillings)					
First quarter	26,941	29,260	62,925	64,733	89,866	93,993
Second quarter	34,114	34,598	62,207	64,000	96,321	98,598
Third quarter	48,343	46,962	68,893	66,596	117,236	113,558
Fourth quarter	28,709	27,965	79,850	76,033	108,559	103,998
Total	138,107	138,785	273,875	271,362	411,982	410,147

Not only has it been possible to cover the short fall in revenue during the first half-year, but the improvement during the second half-year has been sufficient to raise total revenue over the whole year slightly above the 1934 level.

On the other hand, expenditure has been higher, so that the total result of the operating account is less favourable than in 1934.

Operating Account.

	Closed accounts, 1934	Provisional results, 1935
Receipts :	(In millions of Schillings)	
Passengers	138.8	138.1
Goods	271.3	273.9
Total traffic receipts	410.1	412.0
Other receipts	16.3	16.0
Total operating receipts	426.4	428.0
Operating expenditure (gross)	446.6	451.1
Deficit	20.2	23.1

The following table shows the various sections of operating expenditure :

	1934	1935
	(In millions of Schillings)	
Operating expenses (gross)	446.6	451.1
Deduct : Contributions from subsidiary concerns to debt service	12.2	10.8
Operating expenses (net)	434.4	440.3
Salaries	195.0	195.2
Pensions	138.7	141.1
Coal and fuel	22.9	21.4
Sundry material expenditure	50.4	55.9
General expenditure	27.4	26.7
Total	434.4	440.3

The profit-and-loss account is estimated to show the following results :

<i>Debit.</i>	1934 (In millions of Schillings)	1935
1. Operating expenses	20.2	23.1
2. Debt service	70.7	48.3
3. Interest account	7.0	5.9
4. Amortisation of deficiency of renewals prior to 1932 ..	5.0	5.0
5. Depreciation of plant (deficiency of renewals in the financial year)	3.3	17.0
6. Other items	4.4	2.0
Total	110.6	101.3
 <i>Credit.</i>		
1. Contributions from subsidiary concerns to debt service	12.3	10.9
2. Services rendered to State or State undertakings for which no cash payment is received	21.4	18.0
3. Profit on exchange	4.2	1.0
4. Loss	72.7	71.4
Total	110.6	101.3

The loss shown in the profit-and-loss account represents the figure calculated on the basis of sound business principles. It does not correspond to the figure included in the State closed accounts for the deficit of the Railways, which is calculated in the following way :

	1934 (In millions of Schillings)	1935
Loss on Austrian Railways as per profit-and-loss account	72.7	71.4
<i>Deduct</i> : Depreciation of plant	4.7	17.4
Financial deficit	68.0	54.0

	1934 (In millions of Schillings)	1935
Contribution <i>sub 2</i> , Credit of profit-and-loss account	21.4	18.0
<i>Less sub 4</i> , Debit of profit-and-loss account	5.0	5.0
Deficit included or to be included in closed accounts of State	16.4	13.0
	84.4	67.0

The commercial loss is approximately the same in 1935 as in 1934, though the debt service was 22.4 millions less on account of the conversion of the League Loan at the end of 1934, by which interest charges were reduced and amortisation suspended over the period 1935-1937. In 1938, amortisation will be resumed and the debt service increased by about 6 millions a year. It will be difficult to make a corresponding reduction in expenditure on items other than salaries and pensions; salaries, however, show a tendency to rise owing to periodical increases (every two years), most of the pensioners are young and the death rate is low. Expenditure in general is therefore inelastic.

(f) FEDERAL RAILWAYS, 1936.

Estimates for the operating account are as follows :

Operating expenditure :	1936 (In millions of Schillings)
Salaries	195.7
Pensions	140.8
Fuel	20.9
Sundry material expenditure	68.6
General expenditure	27.6
Total	453.6
Operating receipts (excluding transport tax)	402.1
Operating deficit	51.5
Debt service	49.1
Interest account	5.8
Deficit of subsidiary concerns	0.9
Loss	107.3

As mentioned under Chapter 2(b), Federal Budget, 1936, the transport tax from 1936 onwards is to be paid to the Treasury. This increases the deficit of the Railways by 17.3 million Schillings.

The following table shows expenditure on staff :

	Number (yearly average)		Total expenditure		Borne by :	
	1936	Difference from 1935	1936	Difference from 1935	Federal Railways	State
(In millions of Schillings)						
<i>Active Staff.</i>						
Permanent	51,226	— 1,974	191.4	— 2.0	191.4	—
Permanent auxiliary	857	+ 57	1.9	+ 0.1	1.9	—
Additional	3,812	+ 1,938	7.3	+ 3.7	7.3	—
Other			3.1	+ 0.5	3.1	—
Total	55,895	+ 21	203.7	+ 2.3	203.7	—
<i>Deduct: Expenditure borne by other railways and private accounts</i>	—	—	8.0	—	8.0	—
Net total	55,895	+ 21	195.7	+ 2.3	195.7	—
<i>Pensioners.</i>						
Old	29,500	— 1,400	60.6	— 5.2	10.1	50.5
New	50,500	+ 1,800	130.7	+ 6.4	130.7	—
Total	80,000	+ 400	191.3	+ 1.2	140.8	50.5
Total	135,895	+ 421	387.0	+ 3.5	336.5	50.5

Staff has been continuously reduced since 1933. The Railway Administration does not contemplate further substantial reductions.

Old pensioners are those pensioned off before October 1st, 1923, when the present undertaking of the Austrian Federal Railways was commercialised. These are paid mainly by the State, which will contribute 50.5 million Schillings during 1936. As the death rate is rather high, it is anticipated that the contribution of the Railways, which is estimated for 1936 at 10.1 million Schillings, will disappear in a few years' time.

It will be seen that the number of new pensioners is almost equal to that of the permanent staff. This is one of the reasons why the Austrian Railways are so heavily deficitary.

3. LOCAL FINANCE.

(a) VIENNA.

In November 1935, the municipal administration published the closed accounts for the year 1934 and the budget for the year 1936. The accounts are not comparable in every detail, as there have been certain rearrangements in the various sections. The following table shows certain selected items compared over a series of years :

Selected Items of Receipts and Expenditure of the Municipality of Vienna.

(In millions of Schillings.)

	1933	1934	1935	1936
	Closed accounts		Estimates	
<i>Receipts.</i>				
Rent tax	50.84	41.54	36.—	36.—
Supplementary rent tax (<i>Hausgroschenabgabe</i>)	—	—	—	8.8
Real-estate tax	5.57	6.11	3.—	3.3
Tax on salaries paid	47.40	43.29	41.—	41.5
Entertainment tax	10.02	6.27	6.—	6.—
Tax on foodstuffs	4.66	0.22	—	—
Unearned increment tax	5.97	2.51	1.—	1.2
Domestic servants tax	0.87	0.12	—	—
Beer tax	7.60	3.94	—	—
Surcharges to Federal taxes	3.48	4.22	2.41	2.91
Share in Federal taxes	47.46	52.07	53.18	54.44

Selected Items of Receipts and Expenditure of the Municipality of Vienna (concluded).
(In millions of Schillings.)

	1933	1934	1935	1936
	Closed accounts		Estimates	
<i>Expenditure.</i>				
Salaries and pensions	166.84	142.78	144.34	144.25
Housing	34.80	23.34 ¹	17.33 ¹	18.39 ¹
Welfare	103.33	104.98	106.82	108.44
Debt service	19.12	16.79	31.32	42.80
Capital expenditure :				
Ordinary investments	10.96	3.25	2.45	2.25
Extraordinary work programme..	—	10.38	44.91	55.09
Total receipts	369.48	360.41	299.62	376.91
Total expenditure	381.04	360.35	315.71	392.61
Balance	— 11.56	+ 0.06	— 16.09	— 15.70

SOURCE : Published closed accounts and estimates of the Municipality of Vienna.

¹ Ordinary expenditure only ; the extraordinary expenditure (1.3 million Schillings in 1934, 10.16 million Schillings in 1935, and 15.95 million Schillings in 1936) is included in the amounts shown above for extraordinary capital expenditure.

The totals for expenditure and revenue during the years 1934 to 1936 include revenue from Treasury-bill operations and mortgage loans, as well as the costs of capital expenditure under the works programme, of which full details are given below. If this revenue and expenditure were excluded, the figures for 1934 and 1936 would be as follows :

	Expenditure (In millions of Schillings)	Revenue
Closed accounts, 1934	349.97	320.98
Budget estimates, 1936	337.52	321.81

The figures for the year 1935 have been repeatedly revised since the budget was drawn up. We therefore compare the budget for 1936 with the closed accounts for 1934.

The main changes occur in "Debt service" and in "Capital expenditure". Debt service has increased on account of the Treasury-bill issues in the years 1934 and 1935 (on which redemption alone will amount to about 17 million Schillings in 1936) and of the mortgage loan contracted for the execution of the works programme. This programme, which was initiated in 1934, will have been executed completely at the end of 1936, as shown in the following table :

Public Works Programme of the Municipality of Vienna.

<i>Expenditure.</i>	Total require- ments of the increased extraordinary investments programme, 1934-35	Spent in the year 1934	Probable requirements in the year 1935	Estimates, 1936 (remainder of credit)	Estimates, 1936 (new)
	(In thousands of Schillings)				
Construction of the high-road Cobenzl-Leopoldsberg	10,040	380	2,977	6,683	—
Construction of the motor-road in the Vienna valley	6,300	—	2,077	4,223	—
Modernisation of important roads	19,596	4,614	8,628	6,353	4,000
Rebuilding of old bridges in Vienna	6,065	2	2,862	3,201	—
House-repairing fund	15,350	1,300	8,740	5,310	4,665
Arrears in municipal buildings, gardens and monuments	8,056	1,984	5,734	339	3,230
Renewal of heating-systems in schools	2,500	981	1,269	250	400
Waterworks	9,833	617	5,516	3,700	615
Automobile service	2,209	354	1,686	169	120
Family poor-houses	5,400	—	1,418	3,982	—
Drainage	2,762	—	2,062	700	2,050
<i>Carried forward</i>	88,111	10,232	42,969	34,910	15,080

Public Works Programme of the Municipality of Vienna (concluded).

	Total require- ments of the increased extraordinary investments programme, 1934-35	Spent in the year 1934	Probable requirements in the year 1935	Estimates, 1936 (remainder of credits)	Estimates, 1936 (new)
(In thousands of Schillings)					
<i>Expenditure (concluded).</i>					
<i>Brought forward</i>	88,111	10,232	42,969	34,910	15,080
Preparatory work for a new flower, fruit and vegetable market	50	—	—	50	—
Improvement of garbage-collec- tion service	1,134	—	1,134	—	580
Improving municipal office ac- commodation	50	—	3	47	—
Improvement of street lighting ..	50	—	—	50	200
Participation in the Federal works for protection against floods	180	150	30	—	—
Fire-brigade equipment	675	—	390	285	153
Enlargement of shelters for home- less persons	450	—	230	220	—
Real-estate purchases	—	—	—	—	300
Housing for persons temporarily homeless owing to reconstruc- tion work	—	—	—	—	1,100
Extra-urban small holdings ..	—	—	—	—	900
Cemeteries	—	—	—	—	765
Smoke abatement	—	—	—	—	250
Other items	300	—	150	150	54
Total	91,000	10,382	44,906	35,712	19,382
				55,094	

Receipts.

Remainder of net receipts of Treasury bills, 1935	9,050
Mortgage credits, 1934 and 1935	46,044
Total	55,094

By the execution of these works, Vienna has given invaluable assistance to the works programme of the Government and has contributed to the reduction in unemployment.

(b) BUDGETS OF THE PROVINCES (LÄNDER) COMPARED WITH THE BUDGET OF VIENNA.

In the first section of this chapter we examined the accounts of Vienna and the system of budget and closed accounts adopted by the municipal administrator. The following table, drawn up by the Ministry of Finance, compares the budgets of the provinces and Vienna on the basis of a unified system. Gross expenditure and revenue are given wherever possible; for instance, for the undertakings of the various local administrations. On the other hand, net figures are included where contributions to expenditure are received from the State or from other sources. The totals of expenditure and receipts do not therefore correspond with those published in the individual accounts of the provinces and Vienna. The table enables one to judge the financial and social points of view from which the various administrations consider their budget policy. It will be seen that Vienna will cover 65 million Schillings by credit operations, mainly by mortgage loans on real estate belonging to the municipality. Carinthia is negotiating a loan of 3½ million Schillings for the purpose of consolidating certain debts and also a loan of 200 thousand Schillings to cover its requirements for 1936.

Budgets of Local Authorities.

	Vienna	Lower Austria	Upper Austria	Salzburg	Styria	Carinthia	Tyrol	Vorarlberg	Burgenland	Total
(In thousands of Schillings)										
<i>Receipts.</i>										
Local taxes	111,920	37,880	15,450	4,456	15,963	7,735	4,534	1,698	5,184	204,820
Shares in joint taxes	55,240	30,621	17,555	5,957	17,688	7,570	7,021	3,017	3,736	148,405
Compensation for the taking-over of the Political Administration ..	—	5,650	3,063	1,803	3,863	2,192	2,307	833	2,349	22,060
Yield of property	26,468	320	1,500	1,137	1,530	204	585	1,471	133	33,348
Receipts of undertakings, etc. ..	74,985	1,197	683	767	1,684	223	790	66	—	80,395
Contributions, refunds, fines ..	25,190	7,844	7,308	2,775	15,221	4,178	3,786	1,973	2,286	70,561
Other revenues	107	2	18	15	317	14	18	2	5	498
Total receipts	293,910	83,514	45,577	16,910	56,266	22,116	19,041	9,060	13,693	560,087
<i>Expenditure.</i>										
General Administration	71,382	14,993	7,029	2,253	7,254	4,020	4,675	1,416	2,737	115,759
Health and welfare	116,172	21,966	13,471	4,482	19,737	7,115	4,164	1,452	3,306	191,865
Church, Education, Fine Arts ..	54,208	36,448	17,377	4,969	19,756	7,637	6,506	3,408	4,956	155,265
Agriculture	194	3,726	1,799	993	2,040	907	658	810	385	11,512
Industry, Commerce and Mining ..	1,844	245	251	64	205	87	66	30	30	2,822
Communications	32,279	3,972	2,516	1,453	1,862	986	849	863	1,541	46,321
Public debt	27,685	1,667	2,704	2,031	2,511	1,471	1,368	948	655	41,040
Property	18,688	151	452	115	1,293	31	3	63	58	20,854
Expenditure of the undertakings, etc.	41,691	1,085	513	612	2,110	99	736	66	—	46,912
Other expenditure	567	110	9	10	21	18	13	4	22	774
Total expenditure	364,710	84,363	46,121	16,982	56,789	22,371	19,038	9,060	13,690	633,124
Deficit	—70,800	—849	—544	—72	—523	—255	—	—	—	—73,043
Surplus	—	—	—	—	—	—	+ 3	—	+ 3	+ 6
<i>Covered by :</i>										
Cash reserves	5,706	—	—	—	—	—	—	—	—	5,706
Loans	65,094	—	—	—	—	200	—	—	—	65,294
Sundry economies	—	849	544	72	523	55	—	—	—	2,043
Total	70,800	849	544	72	523	255	—	—	—	73,043

Local Tax Revenue.

	Vienna		Provinces	
	1935	1936	1935	1936
(In millions of Schillings)				
Surcharges on Federal land taxes ..	2.21	2.81	4.98	5.71
Surcharge on Federal betting tax ..	0.20	0.10	0.01	0.01
Land taxes	3.48	3.78	32.75	33.01
Taxes on buildings and rent tax ..	37.20	45.60	14.76	15.29
Tax on salaries	41.00	41.50	22.12	22.45
Tax on increment in value	1.00	1.20	0.04	0.03
Tax on concessions	0.33	0.30	—	—
Advertisement tax	1.60	1.60	0.02	0.02
Consumption tax on cereals and flour	—	—	4.43	4.29
Taxes on gas and electricity	4.00	4.00	6.74	7.29
Entertainment tax	6.00	6.00	0.07	0.07
Game and fishing taxes	—	—	1.29	1.25
Administrative dues	0.80	0.90	1.47	1.49
Fire-insurance tax	3.10	3.00	1.17	1.15
Other taxes	1.12	1.13	0.17	0.84
Total	102.04	111.92	90.02	92.90

The question of the control of the Federal Government over the financial administration of the provinces has been newly regulated by promulgation of a Federal Law on November 25th, 1935 (B.G.Bl. 432/35). The new law entitles the Federal Government to withhold the payment of a quarter of the Federal contribution to the administrative costs of the provinces, should conditions the Federal Government may find necessary to stipulate in view of reaching or maintaining the budgetary equilibrium of the provincial households not be fulfilled within a fixed delay.

4. POSITION OF THE CENTRAL BANK.

(Appendix III, Columns 15 to 22.)

(This chapter has been drawn up in consultation with the Adviser to the National Bank, M. Maurice Frère.)

	End of								
	1934		1935					1936	
	Third quarter	Fourth quarter	First quarter	Second quarter	Third quarter	October	November	December	January
	(In millions of Schillings)								
Notes issued	964	964	914	937	953	963	952	976	929
Sight liabilities.. .. .	174	154	199	237	274	254	254	216	224
Total circulation	1,138	1,118	1,113	1,174	1,227	1,217	1,206	1,192	1,153
Gold and foreign exchange	283	277	274	324	381	379	366	354	316
Bills discounted	254	236	234	232	230	229	227	226	222

The figures in this table present interesting evidence of the continuous, though slightly reduced, liquidity of the Viennese money market. Notes issued increased very little during the fourth quarter and sight liabilities substantially decreased, with the result that the total circulation was lower at the end of December than at the end of the previous three months. This reduction in the total circulation, amounting to 35 million Schillings as between the end of September and the end of December, is mainly due to an outflow of foreign exchange (26 million Schillings) during that period in connection with increased purchases of raw materials. The further contraction of 38 millions in the foreign-exchange holdings and 39 millions in the total circulation, which appears at the end of January, is largely due to the agreement reached with the foreign creditors of the Creditanstalt, involving a cash payment of 60 millions in foreign exchange at the end of that month. This payment reduced the sight deposits of the Creditanstalt with the National Bank, although the normal seasonal flow of notes to the Bank has, on balance, slightly raised sight deposits.

Recent transactions in foreign exchange have again shown an active balance.

With regard to the January reduction, the National Bank issued the following statement:

In the final agreement with the live-claim creditors of the Creditanstalt-Wiener Bankverein, the Government undertook to pay immediately after signing the agreement the sum of 60 million Schillings, the amount to be divided proportionally in the currency of the respective claims among the various creditors. The agreement was signed on January 29th, and on the same day the necessary sums in foreign exchange were deposited with the Bank for International Settlements. The transfer was made by the Austrian National Bank. The necessary Schillings for the purchase of the foreign exchange were obtained by the Government through a transaction, the terms of which have been published, with the Creditanstalt-Wiener Bankverein. The Bank was able to provide 12 million Schillings out of its own funds and transfer was thus considerably facilitated. It was further facilitated by special arrangements with live-claim creditors, whose share of the total payment of 60 million Schillings amounted to about 9.2 millions. The Austrian National Bank had therefore to provide for the transfer of the remainder—about 38.8 millions. The expenditure in foreign exchange occasioned by this transaction in the last week of January was offset by receipts amounting to 0.8 million Schillings out of current business. The weekly balance-sheet published on January 31st accordingly showed a deficit of about 38 million Schillings in the item "Foreign exchange other than gold and cover exchange" compared with the weekly balance-sheet of January 23rd. The increase in the effective note circulation, 89.5 million Schillings, and the decrease in sight liabilities, 127.1 million Schillings, give a decrease in the total circulation of 37.6 million Schillings, mainly caused by the Schilling requirements of the Creditanstalt-Wiener Bankverein, which, by order of the Government, had to be provided for by the National Bank. The changes in the other items of the balance-sheet of January 31st are unimportant and do not require further explanation.

5. ECONOMIC SITUATION.

(a) FOREIGN TRADE.

(Appendix III, Columns 1 to 5.)

(Weight in thousands of metric tons; value in millions of Schillings.)

Classes of the International (Brussels) Classification	January-December									
	Imports				Exports				Import surplus	
	1934		1935		1934		1935		1934	1935
	Weight	Value	Weight	Value	Weight	Value	Weight	Value	Value	Value
I. Live animals..	90.7	79.3	103.7	94.8	3.4	4.9	5.0	5.9	74.4	88.9
II. Articles of food and drink..	1,219.9	251.6	1,040.6	249.2	78.7	22.8	57.5	24.8	228.8	224.4
III. Mineral fuel and turf ..	3,083.3	105.1	3,019.2	101.4	1.1	—	1.1	—	105.1	101.4
Other raw material ..	1,131.4	345.9	1,226.0	375.8	2,177.3	234.2	2,288.9	246.5	111.7	129.3
IV. Finished goods..	126.8	370.9	139.2	384.5	324.9	595.1	347.0	617.6	224.2 ¹	233.1 ¹
V. Gold and silver ..	—	18.3	—	13.6	0.1	17.3	0.1	12.2	1.0	1.4
Total ..	5,652.1	1,171.1	5,528.7	1,219.3	2,585.5	874.3	2,699.6	907.0	296.8	312.3
Total, excluding gold and silver ..	5,652.1	1,152.8	5,528.7	1,205.7	2,585.5	857.0	2,699.6	894.8	295.8	310.9

¹ Export surplus.

As seen from the table, exports rose by 32.6 million Schillings during 1935, due entirely to increased exports to Italy; during the last quarter alone they rose by nearly 20 millions. Exports to Italy were particularly heavy during November and December; the Italian quotas came into force on November 1st and the Austrian exporters secured their permits at once. The view is held in Government and certain other quarters that these exports will slow down in the coming months. Meanwhile, certain difficulties have arisen with regard to the payment for these Italian purchases. An attempt has been made to settle these claims by means of a clearing agreement concluded in December last (see Chapter 5 (h), Commercial Treaties).

Exports to Germany and Italy taken together have reached approximately the same volume as the total exports to the Danubian States, as shown in the following table:

(Merchandise only. In millions of Schillings.)

January-December	Imports				Exports				Balance	
	Value		Percentage		Value		Percentage		Value	
	1934	1935	1934	1935	1934	1935	1934	1935	1934	1935
Hungary ..	129.1	114.8	11.2	9.5	98.3	96.3	11.5	10.8	— 30.8	— 18.5
Roumania ..	64.9	84.1	5.6	7.0	53.6	55.8	6.3	6.2	— 11.3	— 28.3
Czechoslovakia ..	158.5	154.8	13.7	12.9	64.2	63.8	7.5	7.1	— 94.3	— 91.0
Yugoslavia ..	97.9	82.4	8.5	6.8	53.2	54.2	6.2	6.1	— 44.7	— 28.2
Total ..	450.4	436.1	39.0	36.2	269.3	270.1	31.5	30.2	— 181.1	— 166.0
Germany ..	197.6	200.5	17.2	16.6	136.4	139.6	15.9	15.6	— 61.2	— 60.9
Poland ..	72.5	76.5	6.3	6.3	31.4	35.4	3.7	4.0	— 41.1	— 41.1
Italy ..	49.6	57.4	4.3	4.8	91.3	127.3	10.6	14.2	+ 41.7	+ 69.1
Switzerland ..	44.3	39.8	3.8	3.3	63.7	51.0	7.4	5.7	+ 19.4	+ 11.2
United Kingdom ..	44.5	48.7	3.9	4.0	43.0	38.6	5.0	4.3	— 1.5	— 10.1
France ..	34.6	35.1	3.0	2.9	32.5	32.5	3.8	3.6	— 2.1	— 2.6
Netherlands ..	17.4	21.6	1.5	1.8	16.3	14.8	1.9	1.7	— 1.1	— 6.8
U.S.A. ..	61.9	70.7	5.4	5.9	12.9	16.9	1.5	1.9	— 49.0	— 53.8
Other countries ..	180.0	219.3	15.6	18.2	160.2	168.6	18.7	18.8	— 19.8	— 50.7
Total ..	1,152.8	1,205.7	100.0	100.0	857.0	894.8	100.0	100.0	— 295.8	— 310.9

(b) PRODUCTION.

(Appendix III, Columns 10 to 13.)

		August	September	October	November	December
Pig-iron (1923-1932 = 100)	{ 1934	49	43	46	45	42
	{ 1935	81	79	85	82	69
Steel (1923-1932 = 100)	{ 1934	71	57	52	62	35
	{ 1935	82	63	80	73	69
Industrial fuel requirements (in thousands of tons) :						
Foodstuffs industry	{ 1934	19	20	42	48	41
	{ 1935	20	27	42	46	—
Iron and metal industry	{ 1934	47	53	53	57	56
	{ 1935	59	65	74	67	—
Chemical industry	{ 1934	14	15	17	18	17
	{ 1935	13	14	19	17	—
Cotton yarn (1923-1931 = 100) ..	{ 1934	118	124	115	141	130
	{ 1935	142	146	154	171	—

The production index reached a new high level in November, 108, which is 11 points higher than in November 1934. Though admittedly temporary causes have largely contributed to this very remarkable rise, this development has helped considerably to alleviate the economic and financial pressure on the country. Production of iron ore and steel was doubled in December, as compared with the same month in 1934. Iron rose by 60% and textiles also flourished.

(c) LABOUR MARKET.

Unemployed receiving Benefit in Austria.

	1931	1934	1935	Decrease between 1934 and 1935		1936	Decrease between 1935 and 1936	
End of :					%			%
January	331,239	357,291	334,337	22,954	6.4	317,200	17,137	5.1
February	334,041	352,451	334,658	17,793	5.0			
March	304,084	325,657	314,923	10,734	3.3			
April	246,845	295,814	286,748	9,066	3.1			
May	208,852	273,576	255,746	17,830	6.5			
June	191,150	263,883	238,030	25,853	9.8			
July	194,364	257,213	220,598	36,615	14.2			
August	196,321	248,028	209,493	38,535	15.5			
September	202,130	243,874	204,908	38,966	16.0			
October	228,101	249,275	213,881	35,394	14.2			
November	273,658	275,148	242,759	32,389	11.8			
December	329,595	308,116	284,914	23,202	7.5			

Unemployment increased more during the last months of 1935 than during the corresponding period of the year before. Nevertheless, at the end of January the number of unemployed is 17,000 less than the year before, 40,000 less than in 1934 and 80,000 less than in 1933. It will be interesting to see whether the reduction of the public works programme under the new budget will have any notable effect on unemployment.

The following table shows the number of unemployed in the important branches of economic activity in Austria :

Unemployed receiving Benefit in Austria.
(Classified according to branches of employment.)

		End of												Average
		January	February	March	April	May	June	July	August	Sept.	October	Nov.	Dec.	
Agriculture ..	1934	5,256	5,139	4,708	3,882	3,064	2,495	2,226	2,129	2,254	2,551	3,762	4,613	3,507
	1935	5,200	5,253	4,887	4,252	3,264	2,683	2,254	2,077	2,158	2,512	—	—	—
Mining	1934	3,740	4,135	3,894	3,678	3,782	3,493	3,254	2,900	2,788	2,768	3,096	3,620	3,429
	1935	3,845	4,169	4,243	3,938	3,467	3,136	2,706	2,510	2,351	2,307	—	—	—
Quarries	1934	16,847	16,246	14,371	11,388	8,989	7,641	7,119	6,946	7,142	8,498	10,652	13,488	10,777
	1935	15,201	15,287	12,956	10,012	7,314	6,747	6,145	5,881	6,006	6,977	—	—	—
Buildings ..	1934	81,902	80,424	71,775	57,910	48,464	45,384	43,898	41,712	41,900	44,654	56,790	69,677	57,041
	1935	78,185	78,387	71,991	59,212	45,421	37,705	32,515	30,301	30,066	35,368	—	—	—
Iron and metal	1934	63,352	62,482	58,172	55,019	52,535	50,327	48,365	46,890	45,656	45,190	46,575	50,241	52,067
	1935	53,416	53,371	51,551	49,054	45,839	43,658	40,213	37,831	36,832	36,564	—	—	—
Wood	1934	24,607	23,948	22,224	20,298	18,485	17,210	16,720	15,828	15,635	15,910	17,160	19,733	18,979
	1935	21,566	21,039	20,005	18,119	15,676	14,262	13,065	12,372	12,415	13,177	—	—	—
Textiles	1934	14,299	14,301	14,666	14,276	13,881	13,911	14,196	14,051	13,281	12,748	12,851	13,868	13,86
	1935	14,621	14,406	13,951	13,797	13,960	13,810	13,014	12,025	11,627	11,146	—	—	—
Clothing	1934	23,439	22,072	16,723	15,120	15,085	18,176	19,369	17,736	15,136	13,902	15,435	17,764	17,497
	1935	20,488	19,489	15,906	14,357	13,993	15,099	16,756	15,728	12,892	12,276	—	—	—
Paper	1934	6,074	6,067	5,451	5,209	5,443	5,261	5,206	5,098	4,806	5,042	5,328	5,785	5,39
	1935	6,346	6,170	5,795	5,489	4,988	4,845	4,646	4,774	4,950	5,033	—	—	—
Printing	1934	4,163	4,264	4,401	4,378	4,312	4,221	4,192	4,259	4,285	4,195	3,947	4,066	4,22
	1935	4,178	4,176	4,090	4,091	3,800	3,531	3,350	3,422	3,521	3,612	—	—	—
Chemical	1934	3,423	3,419	3,172	3,113	2,988	3,037	3,139	2,857	2,753	2,729	2,799	3,227	3,05
	1935	3,575	3,579	3,312	3,181	3,090	3,171	3,129	2,890	2,698	2,791	—	—	—
Foodstuffs ..	1934	11,828	11,993	11,246	10,803	9,907	9,427	8,984	9,079	9,285	9,444	9,868	10,768	10,217
	1935	11,815	12,690	12,608	12,098	11,320	10,504	9,640	9,408	9,236	9,286	—	—	—
Hotels, restau- rants, etc. ..	1934	16,012	16,223	16,004	15,413	14,083	12,575	10,798	10,318	11,131	13,345	14,564	15,042	13,79
	1935	15,112	15,132	14,765	14,240	12,977	11,564	9,708	9,171	9,891	12,161	—	—	—
Commerce ..	1934	8,722	8,712	8,439	8,414	8,167	7,658	7,758	7,613	7,666	7,874	7,869	7,635	8,04
	1935	8,394	8,607	8,434	8,272	7,994	7,642	7,357	7,276	7,224	7,195	—	—	—
Traffic	1934	11,908	11,870	11,486	10,276	9,372	8,805	8,372	8,132	8,162	8,255	9,663	11,089	9,78
	1935	11,915	12,067	11,705	10,261	8,871	7,950	7,336	6,813	6,877	7,179	—	—	—

Short-time labour has also been considerably reduced :

Employment according to Hours of Work.

	Janu- ary	Febru- ary	March	April	May	June	July	August	Sep- tember	October	No- vember	De- cember	Average	
													Janu- ary to June	Janu- ary to De- cember
Number of employed, 1934	125,107	122,534	121,663	124,969	129,583	131,624	132,232	134,034	135,339	141,124	143,698	139,832	125,913	131,812
Of which :														
Under 48 hours	26.20	17.59	16.89	29.13	31.77	21.38	17.52	19.54	17.51	15.39	17.73	18.71	23.90	20.67
Over 48 hours	66.76	76.40	77.05	65.57	62.83	72.90	77.15	74.78	76.86	75.34	70.61	72.51	70.18	72.43
Number of employed, 1935	134,585	132,187	134,389	134,929	137,867	139,479	143,334	147,603	148,124	151,906	—	—	135,373	—
Of which :														
Under 48 hours	21.62	16.48	15.99	16.53	14.67	14.44	12.39	11.91	12.35	10.71	—	—	16.60	—
Over 48 hours	70.36	78.01	78.31	77.14	79.48	79.47	80.53	81.53	80.71	82.64	—	—	77.15	—
	8.02	5.51	5.70	6.33	5.85	6.09	7.08	6.56	6.94	6.65	—	—	6.25	—

(d) PRICES.

(Appendix III, Columns 8 and 9.)

Whereas the index of sensitive prices (*Reagible Warenpreisindex*) rose sharply from July to November, it fell by one point in December and remained at 66 (1923-1931 = 100) in January. Nevertheless, it stands seven points higher than a year ago.

The movements of the sensitive-price index are in sympathy with those of identical indices in other countries. It is interesting to note that the wholesale-price index in Austria has not moved at all. The cost-of-living index has also maintained its rigidity, though some progress was made, by recent changes in the prices of margarine and bread, in the attempt to lower the cost of living.

The following table shows the wholesale prices in Vienna of certain "key" agricultural and industrial articles, as published by the Federal Statistical Office :

	Price in Schillings per 100 kg.							
	Middle of							
	1932	1933	1934	1935			1936	
	Dec.	Dec.	Dec.	Oct.	Nov.	Dec.	January	
Wheat (domestic)	34.40	35.40	35.85	36.10	36.30	35.95	36.05	
Potatoes	9.25	9.90	10.50	10.50	11.50	11.50	11.50	
Sugar	119.00	119.25	No change					
Beef	240.00	230.00	220.00	160.00	160.00	130.00	130.00	
Cotton	111.80	129.00	151.40	134.40	140.70	142.05	141.50	
Wool	755.00	1,158.00	790.00	941.00	1,043.00	1,112.00	1,099.00	
Rubber	76.80	143.60	178.60	162.20	170.35	172.05	182.90	
Hard coal	8.56	No change						
Copper	98.00	99.00	88.00	123.00	111.00	107.00	107.00	
Lead	51.00	52.00	51.00	64.00	59.00	59.00	54.00	
Foodstuffs	1914	102.00	99.00	101.70	99.70	99.80	98.80	98.60
Industrial articles } = 100		120.00	126.50	124.00	127.40	128.00	128.10	127.40

(e) CONSUMPTION.

The following table shows the turnover in certain consumption and other goods :

Various Index Figures on Trend of Trade and Turnover (1923-1931=100).

	Average for the year						1934				1935			
	1929	1930	1931	1932	1933	1934	August	September	October	November	August	September	October	November
	(Average 1923-1931 = 100)													
General trend of trade .. .	118.70	106.70	92.80	75.20	70.70	70.80	68.30	68.70	74.60	74.00	74.30	72.60	79.60	—
Turnover in production goods	118.73	95.89	76.22	68.37	67.43	74.90	78.50	76.26	75.76	80.07	88.21	86.49	89.28	—
Sales in consumption goods	119.40	117.10	111.80	94.10	82.80	79.90	75.60	71.90	85.70	85.90	84.20	79.10	86.10	99.70
Sales in household furniture	118.40	113.50	117.00	89.40	65.80	58.00	56.30	56.70	59.20	56.90	64.20	61.70	60.10	78.30
Sales in clothing .. .	122.50	115.30	106.10	81.40	71.80	70.50	53.20	54.80	75.70	93.70	65.20	68.90	67.20	82.20
Retail turnover in boots and shoes .. .	114.00	115.60	120.10	106.20	97.20	84.00	87.00	97.50	97.20	83.30	80.70	89.00	95.40	183.20
Beer production (wort in 1,000 hectolitres) .. .	435.33	424.00	332.19	257.42	191.80	202.16	162.95	56.49	114.74	152.60	191.48	81.72	140.42	—

(f) STOCK EXCHANGE.

End of :	1934-1959 Conversion Loan, Austrian tranche, 5% (issued at 87)	1930 Loan, Austrian tranche, 7%	1933 Lottery Loan, 4% (issued at 98)	1931 Building Loan, 5%	Niederösterreichische Mortgage Bonds, 5%	Internal Loan, 1935 (Arbeitsanleihe), 5½% (issued at 86)
	(Percentage of face value)					
1934 :						
June	—	82.42	82.50	59.71	66.80	—
December	—	94.53	88.75	64.65	73.83	—
1935 :						
June	95.00	102.73	92.00	73.63	77.73	86.50
July	98.50	102.54	93.00	73.71	78.12	86.25
August	95.90	100.79	91.75	72.66	78.12	86.25
September	97.10	99.22	90.75	71.68	78.12	84.00
October	96.65	100.74	91.00	73.125	78.125	84.25
November	97.75	101.015	93.25	72.54	78.125	84.10
December	98.75	101.60	94.50	72.97	78.71	84.20
1936 :						
January	99.25	102.54	100.50	76.25	80.08	87.00

		September	October	November	December		January
Bond index (I.f.K.), average 1927 = 100	1934	96.2	101.1	107.2	108.6	1935	111.8
	1935	102.2	100.2	103.4	104.3	1936	103.7
Index of 35 industrial shares, 1923-1932 = 100 (I.f.K.) .. .	1934	49.4	50.6	53.5	55.4	1935	61.3
	1935	67.5	65.1	67.7	70.8	1936	72.1
Turnover from security transactions (million Schillings) .. .	1934	14.3	25.2	37.6	34.7	1935	43.3
	1935	27.9	29.9	25.1	29.6	1936	—

The table shows that Austrian State bonds have recovered from the low level to which they had fallen in the autumn owing to uncertainty regarding the international political situation. The continued improvement in the financial situation of the State and the absence of any borrowing operations by the Treasury during December and January will no doubt foster further improvement.

Shares continued to rise slowly with the improved prospects of Austrian trade and industry, but the volume of transactions has shrunk in comparison with last year.

(g) TOURIST TRAFFIC.

*Registered Visitors.*¹

	July					August					September							
	1935	1934	Differ- ence	Of which foreigners		Differ- ence %	1935	1934	Differ- ence %	Of which foreigners		Differ- ence %	1935	1934	Differ- ence %	Of which foreigners		Differ- ence %
				1935	1934					1935	1934					1935	1934	
	(In thousands)																	
Lower Austria	31.4	27.0	+ 16	5.1	3.8	+ 33	28.0	26.1	+ 7	5.2	3.4	+ 54	14.0	13.5	+ 4	2.1	1.9	+ 8
Upper Austria	67.1	47.2	+ 42	14.1	8.1	+ 74	63.6	47.9	+ 33	16.8	8.0	+ 111	32.2	30.8	+ 4	5.1	3.2	+ 60
Salzburg	59.1	41.4	+ 43	23.8	14.1	+ 69	89.8	53.8	+ 67	42.4	18.5	+ 128	35.8	24.0	+ 50	12.2	5.8	+ 111
Styria	50.6	39.0	+ 30	7.8	6.8	+ 14	63.7	47.6	+ 34	9.6	6.1	+ 58	39.7	37.9	+ 5	3.6	3.1	+ 16
Carinthia	37.2	30.9	+ 20	11.2	8.1	+ 38	48.7	34.7	+ 40	14.4	7.5	+ 92	26.8	18.5	+ 44	4.6	3.2	+ 41
Tyrol	50.9	39.6	+ 29	25.9	19.0	+ 36	69.9	46.3	+ 51	38.3	22.6	+ 69	31.2	26.4	+ 18	14.8	10.7	+ 39
Vorarlberg	11.1	9.0	+ 23	4.9	3.8	+ 30	15.0	10.6	+ 42	7.2	4.7	+ 53	8.2	6.6	+ 25	2.5	2.1	+ 25
Burgenland	3.8	4.1	- 8	0.3	0.4	- 30	3.0	3.7	- 19	0.3	0.4	- 15	1.6	1.9	- 18	0.1	0.2	- 41
Vienna	37.0	29.5	+ 25	28.5	21.6	+ 32	48.2	32.1	+ 50	39.6	23.8	+ 66	48.5	42.1	+ 15	35.1	26.8	+ 31
Total	348.2	267.7	+ 30	121.6	85.7	+ 42	429.9	302.8	+ 42	173.8	95.0	+ 83	238.0	201.7	+ 18	80.1	57.0	+ 41

¹ SOURCE: *Verkehrswerbung*.

The development of tourist traffic in the month of September was the same as for July and August; the increase in comparison with last year has been very considerable.

The *Statistische Nachrichten* recently published an interesting analysis of tourist traffic in Vienna showing that, during the winter months between November 1934 and November 1935, the number of tourists registered in Vienna rose very little, but during the summer months there was a considerable increase—15.4%. This is entirely due to the increased number of non-Austrian visitors—24%. The number of nights passed by registering visitors has, however, fallen off by 3.8%, due to a decrease in Austrian visitors.

(h) COMMERCIAL POLICY.

On December 17th, 1935, an agreement was concluded with Italy concerning the regulation of payments for the mutual exchange of goods.

On the basis of this agreement, Austrian exporters' bills will be paid three months after maturity—*i.e.*, bills maturing in October 1935 will be paid in January 1936 and so on.

In order to meet arrears in payments fallen due up to December 31st, 1935, the Istituto Nazionale per i Cambi con l'Estero will furnish the necessary foreign exchange. Arrears in lire will be paid in Schillings, the rate of exchange being the weekly rate in force at the moment of transfer; this rate of exchange is to be settled each week by the Istituto Nazionale in agreement with the Austrian National Bank.

From the beginning of April 1936 onwards, all bills will be paid in Schillings. Bills in currencies other than lire or Schillings will be converted on the basis of the weekly rate of exchange on the Milan Stock Exchange of the day preceding the transfer. The conversion of debts in lire will be made on the basis of the weekly rate of exchange mentioned above.

The Istituto Nazionale will open an account in Schillings with the Austrian National Bank, and the Austrian Government will pay into it the sums due to Italy for the service

of the Austrian loans issued in Italy. Into this account will also be paid the Schillings collected by Italian banks for Italian exports to Austria. The conversion of lire into Schillings will be made at the weekly rate of exchange mentioned above.

The agreement applies also to subsidiary commercial costs, such as transport costs, commission charges and insurance.

The agreement is to remain in force until September 30th, 1936, and may be prolonged tacitly, with one month's notice of denunciation.

On November 25th, 1935, a modification of the Austro-Hungarian clearing was agreed upon, with the object of liquidating the existing balance in pengö and facilitating the exchange of goods in the ratio 100 : 150 provided for in the Treaty of Commerce.

The rate originally agreed upon—100 pengö = 124.295 Schillings—for payments under the clearing will be maintained; but, from November 27th, 1935, onwards, the Hungarian National Bank charges an additional 13% (*Kompensationszuschuss*) on payments made into the clearing account in Budapest. From the fund thus accumulated, the Hungarian National Bank will pay an additional 10% on sums paid out of the clearing. In the case of a debt expressed in pengö, the Hungarian debtor pays only the amount indicated in the invoice, 88.5% of which is credited on the clearing account and 11.5% added to the fund mentioned above (*Kompensationszuschuss*). From the clearing balance in pengö existing on November 27th in Budapest, 5.75% is deducted by the Hungarian National Bank, and corresponding payments in Schillings in Vienna to the Austrian creditors will also be made with a deduction of 5.75%; the Austrian creditor may not claim indemnity for this loss.

The preparatory work for a commercial treaty with the Argentine has been begun.

Appendix I.

ANALYSIS OF ANNUAL AND QUARTERLY BUDGET ACCOUNTS.

RECEIPTS (In millions of Schillings)	1934	1935		1936	First quarter			Second quarter			Third quarter			Fourth quarter		
	Closed accounts	Estimates	Provisional results	Estimates	1934	1935		1934	1935		1934	1935		1934	1935	
					Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results
ORDINARY BUDGET.																
A. Administration:																
Direct taxes	280.10	269.00	299.41	289.15	66.96	69.00	75.50	67.21	69.00	71.85	69.85	68.00	73.06	75.65	70.00	79.00
Customs	182.69	173.76	177.96	180.20	39.39	42.00	42.23	51.61	46.00	47.22	39.24	44.50	42.36	46.79	44.60	46.13
Import tax on cattle fodder	21.05	22.00	32.83	35.00	3.05	5.00	7.06	7.67	6.30	6.96	4.49	7.00	7.62	5.87	8.10	11.20
Excise duties	171.46	186.80	182.23	192.60	35.37	40.20	37.96	37.30	42.51	43.24	50.14	46.96	52.41	48.63	48.02	48.61
Turnover tax	139.32	133.50	152.43	135.00	35.19	33.70	33.23	32.96	31.90	41.39	32.68	33.05	36.27	36.78	36.50	41.53
Turnover tax, emergency surtax	122.77	124.00	125.22	131.00	31.22	31.60	31.45	28.79	30.90	23.73	29.90	31.45	32.10	34.51	35.10	37.94
Taxes on transactions, legal fees, etc.	99.77	98.71	100.09	120.10	25.51	24.30	25.51	24.89	24.50	23.44	22.39	22.20	23.49	26.34	25.40	27.65
Other receipts	2.93	2.72	3.43	2.72	0.58	0.81	0.69	0.57	0.69	0.88	0.78	0.66	0.81	1.01	0.66	1.06
Total taxes	1,020.09	1,010.49	1,073.60	1,085.77	237.27	246.61	253.63	251.00	251.80	258.71	249.47	253.82	268.12	275.58	268.38	293.12
Deduct:																
Shares of local authorities	173.33	180.13	194.94	183.18	42.24	47.65	46.48	35.78	40.63	40.58	43.67	51.64	51.67	51.55	51.14	56.19
Total : State taxation	846.76	830.36	878.66	902.59	195.03	198.96	207.15	215.22	211.17	218.13	205.80	202.18	216.45	224.03	217.24	236.93
Receipts of Social Administration	195.04	188.84	197.76	196.25	48.83	44.11	50.86	47.14	46.70	45.20	49.57	44.24	49.66	49.52	50.12	50.84
Other administrative receipts	159.07	91.14	98.25	75.65	30.45	36.13	33.37	39.21	22.54	31.88	40.83	14.65	20.66	40.60	14.41	19.83
Contribution towards Debt Service	110.38	79.88	80.48	77.83	21.59	19.64	20.38	31.57	19.69	21.70	28.63	18.65	19.41	28.62	18.77	18.98
Total receipts of the Administration	1,311.25	1,190.22	1,255.15	1,252.32	295.90	298.84	311.76	333.14	300.10	316.91	324.83	283.72	306.18	342.86	300.54	326.58
B. Monopolies:																
Tobacco	308.05	316.33	292.46	294.24	72.23	71.35	64.87	76.98	71.47	74.16	79.15	74.36	77.96	79.63	76.10	75.47
Salt	28.95	29.29	28.24	28.89	7.57	7.46	7.77	6.88	6.66	6.82	6.85	6.83	6.50	7.63	7.75	7.15
Lotteries and gunpowder	58.76	54.44	60.12	57.11	15.82	15.10	15.99	13.20	13.15	13.59	15.66	15.57	16.03	14.10	14.03	14.49
Total : Monopolies	395.76	400.06	380.82	380.24	95.62	93.91	88.63	97.06	91.28	94.57	101.66	96.67	100.49	101.36	97.88	97.11
C. Public Undertakings:																
Posts and Telegraphs	208.17	223.56	213.20	216.50	51.31	51.67	51.68	49.60	50.89	51.17	52.13	53.41	54.75	54.84	55.56	55.61
Forests	10.12	10.25	10.38	10.09	1.84	2.20	2.49	2.01	2.40	2.13	2.62	2.40	2.55	3.61	3.20	3.22
Federal theatres	5.98	6.19	5.79	6.09	1.90	1.84	1.78	1.51	1.53	1.45	0.81	0.77	0.81	1.67	1.57	1.69
Other	16.68	16.37	16.80	16.19	3.50	3.98	4.00	3.93	4.38	4.34	3.99	4.00	4.08	5.20	3.99	4.43
Total : Public Undertakings	240.95	256.37	246.17	248.87	58.55	59.69	59.95	57.05	59.20	59.09	59.55	60.58	62.19	65.32	64.32	64.95
D. Railways:																
Federal Railways	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other railways	0.02	—	0.01	—	—	—	—	0.02	—	—	—	—	—	—	—	0.01
Total: Railways	0.02	—	0.01	—	—	—	—	0.02	—	—	—	—	—	—	—	0.01
Total ordinary receipts	1,947.98	1,846.65	1,882.15	1,881.43	450.07	452.44	460.34	487.27	450.58	470.57	486.04	441.06	468.86	509.54	462.74	488.65

Appendix II.

MONTHLY ESTIMATES AND PROVISIONAL RESULTS.

RECEIPTS (In millions of Schillings)	August		September			October			November			December			January			February		
	1934	1935		1934	1935		1934	1935		1934	1935		1934	1935		1935	1936		1935	1936
	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates
ORDINARY BUDGET																				
A. Administration:																				
Direct taxes	20.43	19.50	19.45	24.86	26.00	25.50	25.06	23.00	26.79	22.70	21.00	22.14	27.89	26.00	30.07	26.87	26.00	30.6	19.87	20.00
Customs	12.33	14.50	11.82	13.04	15.50	12.28	16.75	15.50	15.78	15.06	14.50	14.04	14.98	14.60	16.31	14.81	14.60	15.4	13.22	14.40
Import tax on cattle fodder	1.14	2.00	2.24	1.81	2.70	2.40	1.48	2.70	3.40	1.94	2.70	3.84	2.45	2.70	3.96	2.88	2.90	2.9	2.15	2.90
Excise duties	17.64	16.49	18.61	16.50	15.92	16.75	15.46	16.80	18.22	17.11	16.57	16.36	16.06	14.65	14.03	13.60	14.36	15.6	12.17	13.30
Turnover tax	10.94	10.95	11.30	10.80	11.10	11.52	11.82	11.70	13.63	12.45	12.10	13.33	12.51	12.70	14.57	12.19	12.50	12.8	11.39	11.00
Turnover tax, emergency surtax	10.00	10.45	11.04	9.77	10.50	11.56	11.09	11.30	12.44	11.62	11.70	12.85	11.80	12.10	12.65	11.74	12.00	12.7	10.64	10.50
Taxes on transactions, legal fees, etc. .. .	6.64	6.60	6.59	6.73	6.70	6.82	10.51	9.70	9.89	7.68	7.70	8.63	8.15	8.00	9.13	9.60	11.25	9.8	8.46	9.50
Other receipts	0.26	0.22	0.28	0.27	0.22	0.27	0.33	0.22	0.35	0.37	0.22	0.33	0.31	0.22	0.38	0.20	0.22	0.2	0.22	0.27
Total taxes	79.38	80.71	81.33	83.78	88.64	86.90	92.50	90.92	100.50	88.93	86.49	91.52	94.15	90.97	101.10	91.89	93.83	100.0	79.12	81.87
Deduct:																				
Shares of local authorities	16.05	15.65	15.76	16.72	19.14	19.17	14.04	15.14	15.16	16.40	17.33	20.21	21.11	18.67	20.82	14.50	15.22	14.8	16.20	18.11
Total : State taxation	63.33	65.06	65.66	67.06	69.50	67.73	78.46	75.78	85.34	72.53	69.16	71.31	73.04	72.30	80.28	77.39	78.61	85.2	62.92	63.76
Receipts of Social Administration	16.52	16.03	18.26	17.04	16.02	16.80	15.83	15.90	17.29	18.17	16.57	19.14	15.52	17.65	14.41	19.97	17.44		17.07	17.10
Other administrative receipts	15.16	3.68	5.55	13.96	4.67	6.69	18.58	3.53	3.75	11.73	3.84	7.32	10.38	7.04	6.76	8.39	5.95		8.62	5.89
Contribution towards Debt Service	9.02	6.18	6.27	8.96	6.13	6.43	8.98	6.13	6.13	9.10	6.20	6.44	10.54	6.42	6.41	6.78	6.44		6.87	6.46
Total receipts of the Administration .. .	104.03	90.95	95.74	107.02	96.32	97.65	121.85	101.36	114.51	111.53	95.77	104.21	109.48	103.41	107.86	112.53	108.44		95.48	93.21
B. Monopolies:																				
Tobacco	26.32	24.67	24.92	23.77	23.86	24.56	27.14	24.65	25.22	24.04	23.82	22.42	28.45	27.63	27.83	21.87	21.30	20.9	20.86	20.19
Salt	2.37	2.29	2.22	2.33	2.40	2.11	2.45	2.57	2.31	2.82	2.63	2.38	2.36	2.55	2.46	3.05	3.00		2.51	2.54
Lotteries and gunpowder	5.18	5.16	5.60	5.42	5.05	5.01	5.42	5.33	5.34	2.78	3.09	3.05	5.90	5.61	6.10	5.37	5.02		5.16	5.32
Total : Monopolies	33.87	32.12	32.74	31.52	31.31	31.68	35.01	32.55	32.87	29.64	29.54	27.85	36.71	35.79	36.39	30.29	29.32		28.53	28.05
C. Public Undertakings:																				
Posts and Telegraphs	16.06	16.60	16.82	18.53	18.52	18.39	18.57	18.91	18.72	16.22	16.40	16.02	20.05	20.25	20.87	17.48	17.49		15.18	15.49
Forests	0.81	0.80	0.77	0.70	0.80	0.97	1.19	0.90	0.93	0.88	0.90	0.82	1.54	1.40	1.47	0.88	0.80		0.90	0.80
Federal theatres	0.08	0.08	0.11	0.59	0.60	0.60	0.56	0.56	0.56	0.57	0.54	0.55	0.54	0.47	0.58	0.75	0.73		0.50	0.51
Other	1.34	1.23	1.14	1.56	1.23	1.34	1.52	1.25	1.37	1.07	1.32	1.45	2.61	1.42	1.61	1.13	1.25		1.39	1.44
Total : Public Undertakings	18.29	18.71	18.84	21.38	21.15	21.60	21.84	21.62	21.58	18.74	19.16	18.84	24.74	23.54	24.53	20.24	20.27		17.97	18.24
D. Railways:																				
Federal Railways	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other railways	—	—	—	—	—	—	—	—	—	—	—	0.01	—	—	—	—	—	—	—	—
Total Railways	—	—	—	—	—	—	—	—	—	—	—	0.01	—	—	—	—	—	—	—	—
Total ordinary receipts	156.19	141.78	147.32	159.02	148.78	151.15	178.70	155.53	168.06	159.91	144.47	150.91	170.93	162.74	168.78	163.06	158.03		141.98	139.50

Geneva, April 18th, 1936.

LEAGUE OF NATIONS

**FINANCIAL POSITION OF HUNGARY
IN THE FIRST QUARTER OF 1936**

EIGHTEENTH QUARTERLY REPORT

by Mr. Royall Tyler, the Representative in Hungary
of the Financial Committee

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1936. II. A. 4.

I. GENERAL.

I. INTRODUCTORY.

(1) Provisional returns for three quarters of the fiscal year ending on June 30th next show budgetary receipts 4.8% higher than they were for the same period last year. Actual expenditure, including advances to cover losses by the Undertakings, is 2.6% higher. The balance is thus slightly better than it was a year ago.

(2) The deficit has, broadly speaking, been covered by reborrowing pengő deposited in respect of non-transferred foreign debt service. Recourse has not been had to the market to cover ordinary expenditure.

(3) Estimates for 1936-37 were introduced into Parliament on April 1st. The estimated deficit for Administration and Undertakings together is a shade lower than for the current year :

Combined Budgets of the Administration and Undertakings.

	1936-37	1935-36	Difference for 1936-37
		(In millions of pengő)	
Estimated expenditure	1,211.7	1,176.0	+ 35.7
Estimated receipts	1,136.1	1,100.2	+ 35.9
Balance	—75.6	—75.8	

(4) As in previous years, the estimates provide in full for the service of the State's foreign debts. It is intended, where the greater part of this service is concerned, again to reborrow the pengő deposited.

(5) The Agrarian Fund (formerly Boletta) remains outside the budget, but is fed by taxation. Its turnover for 1935-36 was estimated at 49.5 million pengő. Estimates for 1936-37 are not yet available.

(6) Also outside the budget is the bulk of expenditure on the Agrarian Debt Relief and Land Settlement schemes and on capital investments, which is mostly covered by internal borrowing. The internal floating debt, which has increased fourfold since the 1931 crisis, will thus continue to expand.

(7) The stamping of all bonds except State issues and of arbitrage shares in the possession of residents in Hungary has been required. The numbers of bonds stamped show a certain reduction, through repatriation, of Hungary's long-term foreign debt.

(8) The turnover, in values, of Hungary's foreign trade is some 12% higher in the January-March quarter this year than last. The increase is mostly in transactions giving rise to no available exchange. There has been no increase in the quantities of exports.

The short maize crop of 1935 resulted in abnormally large imports of this commodity.

(9) There has been a marked decline in cereal prices, but the general trend of prices, both agricultural and industrial, is decidedly upward.

(10) Industrial production, especially in the iron and machine industries, is increasing. There are few signs of improvement in retail consumption.

(11) A boom on the Stock Exchange took prices, in January and February, to the highest levels recorded since the Bourse reopened in 1932. Since February, there has been no general increase.

(12) A Bill has been introduced into Parliament providing for a merger of land-mortgage institutes.

(13) I am indebted to Mr. Henry J. Bruce, Adviser to the National Bank, for the data on which are based the sections of this report dealing with the Bank and exchange control.

2. STATE BUDGET.

(a) *Budget of the Administration.*

The position at March 31st, with nine months' provisional returns for the fiscal year begun on July 1st last in hand, may be roughly estimated as follows :

	1935-36	July 1st to March 31st	
		1934-35	1933-34
<i>Expenditure :</i>			
Actual budgetary	547.0	523.8	520.4
Deferred budgetary :			
(a) Administration	19.2	22.6	21.8
(b) Undertakings	1.1	—	1.8
Actual extra-budgetary	57.5	62.2	54.6
Total	624.8	608.6	598.6
<i>Receipts :</i>			
Actual budgetary	600.0	573.0	563.7
Refunds	4.6	6.7	5.1
Borrowings	15.1	22.3	16.5
Total	619.7	602.0	585.3
Balance	— 5.1	— 6.6	— 13.3

The budget estimates for the current year, reproduced in (b) below, are thus far borne out by results—*i.e.*, total expenditure, including extra-budgetary items, which are mainly advances to the Undertakings, has been at a rate approximately corresponding to the Administration's estimated expenditure for the whole year, plus the estimated deficit of the Undertakings.

Actual expenditure is 2.6% higher than it was for the same period last year ; budgetary receipts are 4.8% higher.

The balance at March 31st is much the same as it was a year ago. If expenditure and receipts continue at the same rate as for the first three quarters of the fiscal year, it may be expected that the cash deficit for the whole year will not be more than it was for 1934-35, and that the Treasury will not have recourse to internal borrowing. As explained in (b) below, the greater part of the deficit is covered by reborrowing the non-transferred service of State debts. In the above table, expenditure includes the whole service of the Reconstruction Loan, 1924, and receipts include the part of that service which has not been transferred and has been reborrowed. Treasury bills deposited in respect of other State debts are not included ; these amounted to 13.7 million pengö at March 31st this year, as against 14.5 million pengö at March 31st, 1935.

An analysis of receipts will be found in Appendix I. The chief increases as compared with last year are in turnover tax and consumption taxes, where they are at a rate nearly corresponding to the increase in the wholesale-price index. There have also been increases, less marked, in direct taxes, dues and the receipts of the Tobacco Monopoly. Customs receipts alone show no increase, but a very small falling-off.

(b) *Budget for 1936-37.*

The estimates for the next fiscal year, beginning July 1st, 1936, were introduced into Parliament on April 1st, together with closed accounts for 1934-35 (see Fifteenth Report, page 5). The estimates compare as follows with the estimates for the current year and for 1934-35 :

	1936-37	1935-36	1934-35
<i>Administration :</i>			
(In millions of pengö)			
Expenditure	788.1	766.5	746.6
Receipts	771.6	748.0	740.6
Balance	— 16.5	— 18.5	— 6.0
<i>Undertakings :</i>			
Expenditure	423.6	409.5	404.1
Receipts	364.5	352.2	343.9
Balance	— 59.1	— 57.3	— 60.1
Total deficit	75.6	75.8	66.1

As in previous years, estimated expenditure provides in pengö, at the official rate, for the full service of the State debts (83.4 million pengö, as against 86.7 million pengö for 1935-36). It is intended, however, to reborrow the pengö deposited in respect of the untransferred part

of the Reconstruction Loan service, and also those deposited in respect of other debts, except where special agreements may be concluded. Thus, on the analogy of recent years, and assuming that expenditure does not exceed the estimate, most of the deficit will be covered by reborrowing the non-transferred service of the State's foreign debts.

On the expenditure side, all the departments except the Ministry of Justice, where there is a small decrease, show an increase, as compared with 1935-36. The service of State debts being entered at 3.3 million pengö less, the increase in administrative expenditure really amounts to 24.9 million pengö—3.2% more than for the current year. The scale of salaries has remained unchanged; a net increase of 1.2 million pengö in active personnel expenditure is caused partly by the State's taking over the medical services of the municipalities. Pensions cost 4 million pengö more, and here expenditure may be expected to rise, numbers of beneficiaries continuing to increase, for several years more, after which a downward tendency should set in. The bulk of the increase from 1935-36 to 1936-37, nearly 20 million pengö, is to be found in material and maintenance (+ 16.5 million pengö) and investments (+ 3.1 million pengö). Maintenance of public buildings has been deferred for years past. An increase of roughly 5 million pengö for the Ministry of Finance goes mostly to the Tobacco and Salt Monopolies, whose receipts are more than correspondingly increased. Then come the Ministries of National Defence (+ 4.4 million pengö), Commerce (+ 3.7 million pengö), Agriculture (+ 3.4 million pengö), Interior (+ 1.9 million pengö) and Public Instruction (+ 1.8 million pengö).

The Undertakings expenditure increases at almost exactly the same rate (3.4%). Here there is a decrease of 1.2 million pengö in active personnel expenditure and an increase of 2.5 million pengö in pensions, most of the total increase being accounted for by material and maintenance (+ 8.5 million pengö) and investments (+ 1.8 million pengö). The Undertakings debt service increases by 2.4 million pengö.

Taking the expenditure of Administration and Undertakings together, personnel expenditure accounts for 53.4% of the whole. This is a slightly lower proportion than that reached last year (54.5%), but is still extremely heavy. On the other hand, debt service amounts to 8.1% of the total, and, as stated above, only a part of the vote in question gives rise to actual cash disbursements. Of the total estimated deficit, 78% is caused by the losses of the State Undertakings. Besides the burden of taxation, which is very heavy having regard to the country's capacity, attention should be paid to the internal floating debt, which has increased about fourfold since the 1931 crisis, and reached a total of 345.4 million pengö at March 31st. Outside the budget is the expenditure of the Agrarian Relief Fund (formerly Boletta, not to be confused with the Agrarian Debts Relief Act), the budget of which for 1936-37 has not yet been prepared, but for the current year amounts to 49.5 million pengö and is covered by taxation.

Important additions thus have to be made to the State's expenditure as shown by the budget in order to arrive at the total charge to be carried by the community, over and above the expenditure of the local authorities (see I, 3 below). Some of these additions take the form of actual contributions, others that of increases in the floating debt.

Receipts are cautiously estimated. For the Administration, at 771.6 million pengö, they are forecast at a monthly average lower than that actually achieved in three quarters of 1935-36. For the Undertakings, the actual increase in receipts in eight months of the current year as compared with the last is larger than the estimated increase for the whole year, 1935-36 to 1936-37. It may be expected that the modest rate of increase in receipts shown so far in the current fiscal year will continue, as higher prices will doubtless tell on revenue, although consumption hardly appears to be rising.

(c) *State Undertakings.*

Some improvement is shown by provisional returns for eight months to the end of February this year compared with last, normal receipts having increased by 9% as against an increase of 2.9% in expenditure, the balance being better and less having been borrowed :

<i>Expenditure :</i>	1935-36	July-February 1934-35 (In millions of pengö)	1933-34
Actual, current budgetary	273.7	259.3	255.6
Actual, current, in excess of monthly budgets	—	2.0	—
Deferred, current budgetary	—	—	1.8
Actual, capital expenditure budgetary ..	4.6	8.1	8.4
Actual, capital expenditure from borrowings	4.8	4.6	1.0
Deferred capital expenditure	—	—	—
Refunds to the Treasury	4.6	5.7	3.6
	<hr/> 287.7	<hr/> 279.7	<hr/> 270.4
<i>Receipts :</i>			
Actual budgetary	253.4	231.7	230.5
Balance	— 34.3	— 48.0	— 39.9
<i>Borrowings :</i>			
Advances for the Treasury	42.1	48.0	38.1
Treasury bills, placed with banks	—	5.0	—

The Railways' losses are considerably less, so far, this year than last, and the Post, Telegraph and Telephone's profits are larger. The Ironworks, however, have lost more. Actual results for the chief individual undertakings are as follows :

	Railways		July-February Post, Telegraph, Telephone		Ironworks	
	1935-36	1934-35	1935-36	1934-35	1935-36	1934-35
	(In millions of pengö)					
Current expenditure	169.7	169.8	53.5	52.6	34.2	25.8
Current receipts	148.3	136.6	64.4	61.4	24.6	17.9
Balance, current items	— 21.4	— 33.2	+ 10.9	+ 8.8	— 9.6	— 7.9
Capital expenditure	2.7	4.1	1.9	3.1	—	—
Balance, all items	— 24.1	— 37.3	+ 9.0	+ 5.7	— 9.6	— 7.9

(d) *Situation of the Treasury.*

(1) The cash position has weakened a little, seasonally, over the last quarter, but is stronger than it was at the end of March 1935. Advances to the State Undertakings and for capital investments have been at a lower rate than they were last year, and less has been borrowed from the Foreign Credits Cash Office and the Pledged Revenue Account :

	November 30th, 1935	December 31st, 1935	January 31st, 1936	February 29th, 1936	March 31st, 1936
	(In thousands of pengö)				
<i>Receipts :</i>					
Balance at the beginning of the month	67,553	90,192	100,349	98,234	101,691
Budget account	81,119	79,866	63,299	69,274	61,061
Repayment of advances	1,054	—	—	—	—
Loan account	1,678	3,290	5,828	1,679	2,028
Surplus of Agricultural Fund	—	3,152	4,122	2,448	—
Total	151,404	176,500	173,598	171,635	164,780

Expenditure :

Budget account	57,133	62,368	62,931	64,206	55,919
Capital expenditure from loans	1,589	526	181	678	2,753
Advances	1,410	11,646	8,102	5,060	8,769
Deficit of the Agricultural Fund	1,080	—	—	—	795
Loans	—	1,611	4,150	—	352
Balance at the end of the month	90,192	100,349	98,234	101,691	96,192
Total	151,404	176,500	173,598	171,635	164,780

(2) *Administrative Claims and Liabilities.*—Tax arrears were 282.9 million pengö at the end of February last, as against 290.6 million pengö at February 28th, 1935. Commitments have declined over the last year by 22 million pengö to 169.2 million pengö.

Commitments outstanding at March 31st, 1936.

	Foreign	Domestic	Total
	(In millions of pengö)		
<i>State Administration :</i>			
Expenditure connected with the land reform	—	58.9	58.9
Investments for road construction	—	22.9	22.9
Other administrative investments	—	12.8	12.8
For purposes of the Central Corporation of Banking Companies	—	30.6	30.6
Other liabilities	—	20.8	20.8
Total	—	146.0	146.0
<i>State Undertakings :</i>			
Investments of Post, Telegraph and Telephone	—	2.7	2.7
Investments of State Railways	—	0.3	0.3
Investments of the forest exploitation	—	0.1	0.1
Working capital for State Railways	0.1	7.8	7.9
Working capital for the State Ironworks	1.9	10.3	12.2
Total	2.0	21.2	23.2
Grand total	2.0	167.2	169.2

(e) *Debt Position.*

Foreign funded debt has remained at virtually the same level over the past quarter : 918 million pengö at March 31st. Domestic funded debt has declined by 0.9 million pengö to 110.6 million pengö. Over the same period, foreign floating debt declined by 1.1 million pengö to 349.1 million pengö, internal floating debt increasing by 2.1 million pengö to 345.4 million pengö. As compared with March 31st, 1935, there has been practically no change in the floating debt owed abroad, but internal floating debt has increased by 76.7 million pengö (26%). State guarantees stood practically unchanged at 101.4 million pengö ; the figure of 96.1 million pengö given for December 31st last was incorrect, and should have been 101.7 million pengö. No loans or credits have been guaranteed during the period under review. The State remains under obligation to pay to the Foreign Credits Cash Office, in the event of the latter's liquidation, the loans obtained from it for public works (see 5(c) below).

Floating Debt of the State on March 31st, 1936.

(a) <i>State Administration :</i>	Foreign	Domestic	Total
	(In millions of pengö)		
1. £3 million Treasury Bills, 1930	64.6	—	64.6
2. £5 million Treasury Bills, 1931	100.8	43.1	143.9
3. 5% Foreign Currency Loan, 1931	—	5.3	5.3
4. Treasury Bills, 1932 ¹	—	90.8	90.8
5. Treasury Bills, 1933 :			
(a) 5% bills placed with industry, agriculture, etc.	—	39.4	39.4
(b) 3% bills representing loan for investments from Foreign Credits Cash Office	—	13.0	13.0
(c) Interest on 4% bills to face value of 24,602,887 pengö : loan from Foreign Credits Cash Office, 1932-33 ²	21.2	—	21.2
6. Treasury bills, 1933-34 :			
(a) Interest on 2% bills to face value of 20,419,079 pengö : loan from Foreign Credits Cash Office, 1933-34 ²	16.8	—	16.8
(b) Interest on 2% bills to face value of 12,934,601.52 pengö : loan from Foreign Credits Cash Office, 1933-34 ²	0.8	—	0.8
7. Treasury bills, 1934-35 :			
(a) Interest on 2% bills to face value of 17,448,968 pengö : loan from Foreign Credits Cash Office, 1934-35 ²	14.1	—	14.1
(b) Interest on 2% bills to face value of 20,050,230.40 pengö : loan from Foreign Credits Cash Office, 1934-35 ²	7.3	0.1	7.4
(c) 3½% Treasury bills deposited with Foreign Credits Cash Office	—	12.0	12.0
8. Treasury bills, 1935-36 :			
(a) Interest on 2% bills to face value of 13,703,369 pengö : loan from Foreign Credits Cash Office 1935-36 ²	10.5	—	10.5
(b) Interest on 2% bills to face value of 15,109,588.96 pengö : loan from Foreign Credits Cash Office, 1935-36 ²	5.6	0.1	5.7
9. Loan in connection with Agrarian Debt Relief (Act XXVII, 1933)	—	38.8	38.8
10. Book debt taken over by the Treasury in settle- ment of small farmers' debts (Act XXVII, 1933)	—	8.4	8.4
11. 3½% Treasury Bills representing loan from Foreign Credits Cash Office for investments (Act XXVII, 1933)	—	12.5	12.5
12. Loan for co-operative societies (Act XXI, 1934) ..	—	8.4	8.4
13. 3½% Treasury Bills representing loan from Foreign Credits Cash Office for investments (Act XXI, 1934)	—	8.0	8.0
14. Loans for the repurchase of State bonds	24.1	—	24.1
15. Loans for road-building	7.6	—	7.6

¹ Total arrears of dues amounted to 95.1 million pengö at December 31st, 1935.

² Treasury bills deposited in respect of amortisation are included in the capital amounts outstanding.

	Foreign	Domestic	Total
	(In millions of pengö)		
16. Loans for other investments of Administration ..	4.7	—	4.7
17. Loans for working balance of State Administration	25.7	0.9	26.6
(a) Total	303.8	280.8	584.6

(b) *State Undertakings:*

1. Loans for investments of State Railways	28.1	21.0	49.1
2. Loans for investments of State Ironworks	1.8	3.0	4.8
3. Loans for working balance of State Railways ..	0.6	38.2	38.8
4. Loans for working balance of State Ironworks ..	14.8	2.4	17.2
(b) Total	45.3	64.6	109.9
Grand total	349.1	345.4	694.5

(f) *Reconstruction Loan, 1924, and Assigned Revenues.*

Transfers in the appropriate currency have been made month by month by the National Bank to the Trustees of this loan, towards payment of 50% of the coupon for the current service year ending August 1st next, as announced by the League Loans Committee (London) in its *communiqué* of July 5th last (see Fifteenth Report, page 8).

Proceeds of the revenues assigned to the service of this loan have been as follows:

	1935-36					1934-35				
	Cus- toms	To- bacco	Sugar	Salt	Total	Cus- toms	To- bacco	Sugar	Salt	Total
	(In millions of pengö)									
July-December	20.6	56.3	23.8	11.3	112.0	20.9	53.9	23.6	9.8	108.1
January	3.5	8.3	3.4	2.1	17.3	3.6	9.0	3.1	2.5	18.3
February	3.2	7.8	3.3	1.6	15.9	3.1	7.1	3.5	2.2	15.8
March	3.8	10.4	4.6	1.2	20.0	3.9	9.7	3.9	1.4	18.9
July-March	31.1	82.8	35.1	16.2	165.2	31.5	79.7	34.1	15.9	161.1

3. BUDGETS OF THE LOCAL AUTHORITIES.

Results for 1935 and budget estimates are now available. These compare as follows with figures for the previous year:

Results for 1934 and 1935.

	Budapest		Ten cities		Counties		County towns		Communes	
	1935	1934	1935	1934	1935	1934	1935	1934	1935	1934
	(In millions of pengö)									
Expenditure	149.2	158.9	42.9	42.4	19.0	18.4	39.3	40.1	73.3	71.3
Receipts	151.1	158.1	43.2	42.7	20.1	18.6	41.5	42.0	78.3	74.7
Balance	+1.9	-0.8	+0.3	+0.3	+1.1	+0.2	+2.2	+1.9	+5.0	+3.4

Budgets for 1935 and 1936.

	1936		1935		1936		1935		1936	
	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935
	(In millions of pengö)									
Expenditure	153.6	151.4	41.5	41.6	19.5	18.7	39.6	39.3	73.3	74.0
Receipts	147.7	145.9	41.5	41.6	19.5	18.7	39.6	39.3	78.3	74.0
Balance	-5.9	-5.5	—	—	—	—	—	—	+5.0	—

As on former occasions, the estimated deficit of the City of Budapest for 1936 may be reduced in the course of the year. The expenditure of the local authorities involves a heavy addition to the Hungarian taxpayer's burden. It has been steadily reduced over the past four years, but in the meantime the floating debt has increased, except in the case of the counties and communes.

Changes in the wealth and debts of the local authorities over recent years may be judged by the following estimates. These figures are not in all cases compiled on an identical basis, and cannot pretend to strict accuracy.

	Wealth		Debts	
	(In millions of pengö)			
City of Budapest	end 1930	1,673.0	end 1930	685.0
	end 1934	1,713.6	end 1934	847.8
Ten cities	end 1931	621.3	end 1931	117.4
	end 1934	667.5	end 1934	148.8
Counties	end 1925	45.0	end 1931	76.7
	end 1934	82.9	end 1935	62.5
County towns	end 1931	359.9	end 1931	89.9
	end 1934	377.8	end 1934	111.1
Communes	end 1927	262.3	end 1931	45.5
	end 1934	283.0	end 1935	37.2

The estimates of wealth include investments in the shape of public utility works. The large increase in the counties' wealth from 1925 to 1935 corresponds to the investment of loan proceeds. In the case of the cities and towns, most of the investments had already been carried out by the earlier date for which wealth is estimated.

The debts of the counties and communes have decreased ; those of all the local authorities together are shown by the latest figures available to have increased considerably. The greater part of the debts of Budapest and the ten cities at the earlier date were funded pre-war debts. The later additions are floating debts.

4. STATE BORROWING.

The table on the Treasury situation (I, 2(d), above) shows increases in the floating debt. There has been no other State borrowing over the quarter, nor have any loans or credits been guaranteed by the State.

5. MONETARY AND FINANCIAL.

(a) Position of the National Bank.

The returns of the National Bank for the last quarter, summarised in Appendix IV, show a note circulation between 6% and 11% higher than in the corresponding period last year. For the first two weeks of April, the increase was only 3%. Here, the increase is of roughly the same order as in the wholesale-price index. Public deposits are approximately 50% more than a year ago ; private deposits are only slightly higher. Rediscounts are on an appreciably lower level. The metal reserve as shown has scarcely changed over the quarter, but is 10% higher than it was a year ago, the actual gold included in it remaining unchanged. The State's debt to the Bank increases according to programme as advances are made in connection with the Agrarian Debt Relief Scheme, and now stands at 80.5 million pengö, as against 58.5 million pengö at March 31st, 1935.

An arrangement has been reached by the National Bank and the Bank of Italy, with the approval of the Bank for International Settlements and the Central Banks participating in the credits granted to the National Bank of Hungary in the summer of 1931 (see Ninth Report, page 7), by which the National Bank of Hungary is to repay the Bank of Italy's participation in those credits out of its lire balances with the Istituto Nazionale per i Cambi con l'Estero. The amount of the Bank of Italy's participation outstanding when this agreement was concluded was 1,159,548.50 gold dollars. The exchange rate applicable to the transaction is the gold parity rate—i.e., roughly 1 dollar = 19 lire. No repayment under this agreement had been made up to March 31st. The amount of the 1931 Bank for International Settlements and Central Bank credits outstanding at that date was 16.5 million gold dollars.

(b) Foreign Exchange Control.

Foreign exchange incomings from all sources were 32% higher in the first quarter of this year than in the corresponding period of 1935, and its allotments 24% higher. Most of the increase is in the clearing accounts—i.e., not actually received but only recorded. In free accounts there is also a considerable increase, but here exchange is included which is of limited availability. Exports to Germany, it will be seen in Section II, 2, below, have continued to expand, and in January and February this year amounted to roughly 35% of Hungary's total exports. Export against pengö has decreased sharply. The decrease in export against

pengö was already taking place in 1935 ; compensations had increased until recently. The following table shows the position in its main lines :

Incomings :

		First quarter, 1936	First quarter, 1935
		(In millions of pengö)	
I. Receipts of the National Bank :			
1. From exports :			
	(a) Through clearings and on blocked accounts	79.16	58.95
	(b) On free accounts	17.05	10.92
2. Receipts through other sources (obligatory declaration, State, etc.) :			
	(a) On blocked accounts	3.18	1.89
	(b) On free accounts	7.11	2.61
	Total of I	106.50	74.37
II.	Compensations	15.04	14.09
III.	Export against pengö	2.86	5.09
IV.	Purchases by authorised banks	0.70 ¹	1.00
	Grand total	125.10	94.55

Outgoings :

I. Allotments of the National Bank :			
1. For imports :			
	(a) Through clearings and from blocked accounts	68.57	52.22
	(b) From free accounts	15.95	8.88
2. For Debt service :			
	(a) From blocked accounts	0.99	0.16
	(b) From free accounts	1.69	1.56
3. To the State :			
	(a) From blocked accounts	0.31	1.92
	(b) From free accounts	2.53	2.33
4. To others :			
	(a) From blocked accounts	3.12	2.56
	(b) From free accounts	1.76	2.23
	Total of I	94.92	71.86
II.	Compensations	15.04	14.09
III.	Import through merchandise, pengö	0.39	2.32
IV.	Sales by authorised banks	0.46 ¹	1.00
	Grand total	110.81	89.27

The working of the Compensation Office, which came into existence on December 1st, 1932, is illustrated by the following figures. It will be recalled that export premia in pengö are given to exporters, and paid for by a surcharge on the exchange allotted to importers. Export premia and import surcharges were unified in November last, at rates for which see Seventeenth Report, page 9.

	1.	2.	3.	4.	5.
	Value of ex- change delivered to the Bank	Average of premium on exports ^a	Value of exchange allotted	Average of surcharge on import exchange	Allotments by the office for raw materials ^b (included in 3)
	(Values in millions of pengö ; premium and surcharge in percentages)				
1934 :					
January	9.4	17.9	7.6	22.9	—
February	6.9	18.3	7.1	22.8	—
March	7.9	18.9	6.4	20.2	—
April	6.9	18.7	6.2	23.1	—
May	5.5	18.9	6.7	22.1	—
June	7.6	18.0	6.5	21.9	—
July	11.6	18.9	7.8	21.7	—
August	9.6	17.9	5.9	21.3	—
September	7.7	17.6	8.3	21.6	—
October	9.4	20.0	6.3	23.5	—
November	12.7	21.0	7.8	27.6	—
December	12.7	25.9	11.4	26.1	—

¹ Provisional figure.

^a Calculated on the certificates issued by the office.

^b Including only *Edeldevisen* allotted by the office in connection with its raw-material scheme, but no exchange applied to raw-material purchases through the clearings and other compensation agreements.

	1.	2.	3.	4.	5.
	Value of exchange delivered to the Bank	Average of premium on exports ¹	Value of exchange allotted	Average of surcharge on import exchange	Allotments by the office for raw materials ² (included in 3)
	(Values in millions of pengö ; premium and surcharge in percentages)				
1935 :					
January	10.6	23.2	9.1	27.7	2.6
February	7.2	24.0	9.4	26.4	1.9
March	9.7	24.7	6.9	28.5	2.1
April	10.3	22.2	7.6	28.5	2.6
May	8.0	23.5	10.4	26.9	2.5
June	8.7	24.8	8.5	26.3	1.9
July	8.7	21.7	10.6	24.8	2.3
August	9.3	22.6	9.3	25.4	2.2
September	9.0	23.4	10.4	25.2	2.1
October	14.1	24.7	11.9	24.6	2.3
November	14.8	22.6	17.3	21.6	2.1
December	11.0	27.2	15.7	25.7	3.1
1936 :					
January	12.3	27.0	14.1	27.3	3.4
February	9.6	23.1	16.5	26.9	4.0
March	9.8	24.5	15.0	25.4	3.2

(c) *Foreign Debts.*

The position on March 31st, 1936, of the Foreign Credits, Cash Office into which the pengö equivalent of the untransferred service of long-term loans is paid, was as follows :

I. Receipts and Payments of the Office.

	State loans	Municipal and other public loans	Other loans	Total
A. Under Order-in-Council 6.900/M.E. ex 1931 :				
1. Receipts of the Office :				
(In millions of pengö)				
(a) In cash	21.3	92.3	109.5	223.1
(b) In Treasury Bills	76.2	—	—	76.2
Total	97.5	92.3	109.5	299.3
2. Payments by the Office :				
(a) Coupons and bonds redeemed	15.8	65.3	92.4	173.5
(b) Advances to redemption offices	—	3.6	—	3.6
Total	15.8	68.9	92.4	177.1
3. Balance held :				
(a) In cash	5.5	23.4	17.1	46.0
(b) In Treasury Bills	76.2	—	—	76.2
Total	81.7	23.4	17.1	122.2
B. Other receipts of the office				
Revenue of the office				37.6
				10.9
Balance (net)				170.7

II. Present Position of the Office.

Balance held by the office :		(In millions of pengö)
(a) In cash		94.5
(b) In Treasury Bills		76.2
Total		170.7

Investments out of cash :

(a) Loans to State for productive investments (33.5 million pengö) and for the payment of certain commitments (12 million pengö) (secured by Treasury Bills of same amounts)		45.5
(b) Call-money and deposits		31.5
		77.0

Net amount at present held in cash		17.5
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¹ Calculated on the certificates issued by the office.

² Including only *Edelweissen* allotted by the office in connection with its raw-materials scheme, but no exchange applied to raw-material purchases through the clearings and other compensation agreements.

On State loans there are no arrears to the office. On other loans, the arrears increased over the quarter to March 31st by 4.2 million pengő to 35.5 million pengő, as against 27 million pengő a year ago.

The credits granted by the office to the State have decreased by 0.5 million pengő. Other investments of the office have not altered since the last report.

In addition to the loans from the Foreign Credits Cash Office already reported (Eighth Report, page 14, and Fourteenth Report, page 10) for investment programmes, amounting respectively to 15 million pengő, 15 million pengő and 10 million pengő, and which are nearing completion, two further programmes, towards which no advance has yet been made by the office, have been assented to by the management of the office.

The first of these, planned to absorb 15 million pengő during 1935-36, was as follows :

	(In millions of pengő)
Investments of the State Railways	6.80
Extension of Budapest telephone system	1.43
Road-building	2.00
Bridge-building	0.45
Maintenance of MFTR shipping	1.00
Building of sea-going steamers.. .. .	1.00
Regulation of watercourses	0.70
Loans to flood-protection societies	0.20
Cold-storage plant for agriculture	0.42
Regroupment of smallholdings	1.00
Total	15.00

The second programme, for 13.6 million pengő, is to be carried out in 1936-37 :

	(In millions of pengő)
Irrigation in the Alföld	5.00
Investments of the State Railways	5.00
Investments of the MFTR Steamship Co.	1.00
Regulation of the watercourses	0.70
Loans to flood-protection societies	0.50
Regroupment of smallholdings.. .. .	0.50
Water-works at Wekerle-telep	0.30
Enlargement of granary at Szolnok	0.35
Cold-storage plant for agriculture	0.25
Total	13.60

The investment programmes for which loans have been approved by the management of the office have thus far (March 31st last) been availed of as follows :

	Programme	Borrowed from		Credits opened by the Finance Ministry	Credits utilised
		the Foreign Credits Cash Office	Credits		
(In millions of pengő)					
I	15.0	13.5 ¹	14.6	14.4	
II	15.0	12.5	13.9	13.8	
III	10.0	8.0	9.7	9.7	
IV	15.0	—	8.7	8.4	
V	13.6	—	—	—	

The amounts deposited up to March 31st, 1936, under the Standstill Agreements in pengő with the National Bank of Hungary to cover interest and commission on short-term banking debts, not satisfied in foreign exchange, totalled 63.9 million pengő, out of which 58.94 millions had been paid to creditors accepting such payments in satisfaction. The balance held by the National Bank thus amounted to 4.96 millions. The amount paid up to March 31st, 1936, under the same agreements for capital repayments in pengő to the National Bank totalled 25.32 millions, out of which 23.58 millions had been disposed of by the creditors. The balance held by the National Bank amounted to 1.74 million pengő.

(d) *New Legislation.*

(1) *Stamping of Securities.*—In order to make clear the circumstances in which the National Bank required the deposit, not later than February 1st last, for registration and stamping of certain securities, it may be well to recall the chief measures regulating the payment of securities and coupons taken since the Transfer Suspension Decree, issued on December 23rd, 1931. That Decree provided for the payment in pengő, into a Foreign Creditors' Fund set up at the National Bank, of amounts payable on all bonds (with the one exception of the Reconstruction Loan, 1924), matured obligations and coupons having to be presented for encashment

¹ Of this amount, 0.5 million pengő have been repaid to the Cash Office.

at the fund, and the management of the fund deciding whether and to what extent payment in pengő might take place. The management of the fund ruled that payment in free pengő might be made in the case of bonds belonging to residents in Hungary, payment in the case of bonds belonging to non-residents being made into a blocked account to be disposed of only with the consent of the National Bank.

With a view to enforcing this provision, the National Bank issued a circular on October 31st, 1932, requiring, when coupons were presented for encashment, the deposit for eight days of the appurtenant bond, or proof that the bond was in the custody, in Hungary, of a notary public, a public authority or office, or a qualified bank, and reserving to itself the faculty, if not satisfied that the owner was a *bona-fide* resident in Hungary, of either refusing payment or of making payment into a blocked account available subject to the consent of the National Bank.

Under powers conferred on it by a Decree issued on February 24th, 1935, the National Bank, by circulars dated February 24th and March 7th, 1935, instructed all Hungarian banks to encash share-coupons only in cases where the share itself was deposited for eight days, or proof was supplied that the share was in the custody, in Hungary, of a notary public, a public authority or office or a qualified bank.

On January 22nd last, a Decree was issued forbidding the import of all securities and regulating the payment of matured obligations and coupons, as well as the settlement in pengő of foreign merchandise debts. This Decree may be summarised as follows :

I. As from January 22nd, 1936, it is forbidden to import into Hungary bonds, shares, Treasury bills or other securities, whether issued in Hungary or abroad. The import of non-matured coupons is also forbidden. The Hungarian National Bank may grant exception from the above prohibition, and the Minister of Finance may suspend it in part or wholly.

The proceeds of encashed coupons may only be paid into a free (not blocked) account if the security itself is in the possession of a resident in Hungary and this has been proved on presentation of the coupon in the manner prescribed by the National Bank. Otherwise, the proceeds may only be paid into a blocked account to be opened for this exclusive purpose and subject to the consent of the National Bank.

II. Foreign currency debts in respect of imports, commissions, freight, etc., if paid in pengő, are to be paid at the rate of exchange quoted by the National Bank on the previous day, plus the surcharge determined by the National Bank, and into a blocked account with an authorised bank.

In the case of claims dating from before the entry into force of this Decree, the above provisions are only applicable where the claim arose after January 31st, 1932, and had not been extinguished by January 22nd, 1936.

The above provisions apply even if the creditor has declared, before the entry into force of this Decree, that he was willing to accept in satisfaction the pengő equivalent of his claim calculated at the National Bank's rate.

They also apply in cases where a Hungarian court of law had already given a legally binding decision, unless the decision fixed the precise pengő amount involved. In cases pending at the time when this Decree entered into force, it remains open to the creditor to request the court to fix the precise pengő amount.

If the claim falls under the first paragraph of this section, the present provisions for the determination of the pengő amount are to be applied, even if an authorisation issued by the National Bank, previously to the entry into force of this Decree, laid it down that payment was to be made at the exchange rate stated in the authorisation.

Debtors who have settled their foreign currency debts by means of bills of exchange are obliged to meet the bills in pengő as defined above. Creditors, in this case, can only enforce their rights by bringing a suit in law.

The Minister of Finance, in agreement with the Minister of Justice, may extend the above provisions to other claims than those mentioned above, but not to claims arising out of loans of money, insurance or claims represented by securities or coupons, or, in general, to claims between residents in Hungary.

III. Offences against this Decree are punishable by imprisonment up to two months and a fine up to 8,000 pengő, together with confiscation of the securities involved.

For the purpose of this Decree, residents abroad (*Ausländer*) are natural or legal persons domiciled outside Hungary, and residents in Hungary (*Inländer*) are natural or legal persons domiciled in Hungary, regardless of nationality.

On January 24th, the National Bank issued directions as to the manner in which the possession of securities by residents in Hungary was to be proved. With the exception of Hungarian State bonds and certain pre-war issues, all fixed-interest-bearing securities and a specified list of shares (equities) were to be deposited with banks designated by the National Bank, not later than February 1st last, for registration and stamping. Securities, in order to be of good delivery on the Budapest Stock Exchange, had thus to be stamped if they were among those to which the National Bank's order applied.

The shares (equities) the stamping of which was required are those of four banks : Commercial Bank of Pest, Credit Bank, Discount and Exchange Bank and British Hungarian Bank, and the following industrial companies : Bauxit, Danube-Save-Adriatic, Vereinigte Glühlampen, Wollindustrie, Hungaria Kunstdünger, Allgemeine Kohlen, Ungarische Zuckerrfabrik, Ungarische Eisenbahnverkehrsgesellschaft, Ofa, Trust, Rimamurany, Salgotarjan, Oesterreich-Ungarische Staatsbahngesellschaft, Nasic, Urikany.

With regard to securities other than those specified by the National Bank in its circular of January 24th, the prescriptions in force continues to apply. Payment on maturity and encashment of coupons are subject to the instructions issued or to be issued by the National Bank.

Returns recently published show that securities of a face value of the following amounts have been stamped :

	(In millions of pengö)
Bonds of the City of Budapest and other local authorities ..	219.1
Mortgage bonds of financial institutions	154.2
Communal and other securities issued by banks	32.7
Other bonds	15.6
	421.6

The stamped bonds of the cities and other local authorities amount to 46% of the total in circulation at the end of February 1936 ; mortgage bonds, 53% ; bonds issued by financial institutions, 45% ; and others, 11% ; 43% of the total securities of these categories in circulation at the end of February last having thus been stamped. Shares to a total nominal value of 166.2 million pengö were stamped.

(2) *Land Settlement Bill.*—A Bill has passed through the Lower House of Parliament and is at present before the Upper House, which, if it becomes law in its present form, will involve an annual credit in the budget of 2 million pengö for ten years, and then of 2.5 million pengö for ten further years. It will further absorb 15 million pengö out of the 100 million pengö advance from the National Bank arranged for in connection with the Agrarian Debts Relief Scheme (Eighth Report, page 16). Land acquired by the State in respect of tax arrears is also to be used for the purposes of this measure.

II. ECONOMIC SITUATION.

I. GENERAL.

Estimates of the gross national income derived from production and trade have been published up to 1932 by the Hungarian Statistical Office, and for the subsequent years, calculated on the same basis and with assistance from the same office, in the Pester Lloyd annual—*Die Volkswirtschaft Ungarns* :

	1935	1934	1933	1931	1929
I. Primary production :			(In millions of pengö)		
Agriculture	1,109.8	985.2	860.2	1,134.8	1,819.2
Game and fish	6.1	5.6	6.3	9.8	13.6
Mines	100.0	80.6	42.3	89.1	108.6
	1,215.9	1,071.4	908.8	1,233.8	1,941.5
II. Industry :					
Factories	972.3	898.7	826.1	957.2	1,252.1
Minor industry	410.5	391.0	362.0	455.4	632.1
	1,382.8	1,289.7	1,188.1	1,412.6	1,884.2
III. Trade and distribution :					
Trade	200.0	169.7	212.7	214.3	256.7
Distribution	165.0	149.6	139.2	182.5	225.5
	365.0	319.3	351.9	396.8	482.3
Total	2,967.7	2,680.4	2,448.9	3,043.3	4,308.1

The annual average of the Hungarian Statistical Office's wholesale monthly price index for the same years was : 1935, 90 ; 1934, 79 ; 1933, 76 ; 1931, 95 ; 1929, 121.

National income, as shown by these figures, reached its lowest point in 1933. From 1933 to 1935, there was an increase of 21.2%. Over the same period, the wholesale-price index rose by 17.1%. Primary production, industry and distribution improved between 1933 and 1934 ; trade still showed a decline in 1934, but recovered in 1935. In 1935, in pengö values, mines had increased to 92% of the 1929 level, industry to 76%, agriculture to 60% and trade and distribution to 75%. The total income for 1935 represents 68.8% of the average 1935 price-level 73.5% of the 1929 figures.

Industrial unemployment, according to the Socialist Union's figures, increased unevenly from 1928 to 1933, and has continued to fall since them. For February this year, it is not much above the point reached in February 1929. Membership of the Union declined from 127,400 in 1927 to 88,700 in 1930, and rose again to 111,700 in 1935.

Other indices of economic activity also point to some recovery in the last two years ; this is the case with the Railways and the Post, Telegraph and Telephone. Certain branches of industry, especially iron and steel, have made rapid progress, the increase thus having been chiefly in capital goods.

The most recent reports of the Ministry of Agriculture show that winter wheat is doing well. Some damage to fruit-trees and vineyards has lately been done by frost.

Tourist expenditure in Hungary is increasing. The Budapest Municipal Tourist Office estimates gross expenditure of tourists in Hungary in 1935 at 32.5 million pengő, as against 26 million pengő in 1934. In 1934, almost the whole amount—that is, 25 million pengő—came from blocked pengő balances, the foreign exchange therefore not being acquired by Hungary. In 1935, the amount proceeding from blocked pengő balances declined to 17 million pengő. Up to the present, Hungary has spent more than she received on tourist traffic. The League of Nations *Monthly Bulletin of Statistics* estimates for 1934, the last year available, foreign tourists' expenditure in Hungary at 5.3 and Hungarian tourists' expenditure abroad at 6.8 million gold dollars.

2. TRADE.

The distribution of Hungary's foreign trade has continued to shift, as the following table shows :

	Average 1925-1930		Whole year of			
	Imports	Exports	1934		1935	
	(In millions of pengő and in percentages of total imports and exports)					
Austria :						
Value	164.0	291.6	81.8	99.3	75.9	86.7
Per cent	16.9	32.9	23.7	24.5	19.1	18.9
Italy :						
Value	47.5	61.2	41.2	33.5	29.3	60.8
Per cent	4.8	6.2	12.0	8.2	7.4	13.3
Germany :						
Value	193.3	106.6	62.7	89.5	89.9	109.1
Per cent	18.3	11.6	18.2	22.1	22.6	23.9
Switzerland :						
Value	36.0	33.4	8.0	19.7	12.4	18.5
Per cent	3.4	3.4	2.3	4.9	3.1	4.0
Czechoslovakia :						
Value	234.0	159.2	24.1	20.1	19.1	20.8
Per cent	23.1	18.6	7.0	5.0	4.8	4.5
France :						
Value	27.7	9.4	10.3	13.9	4.6	10.7
Per cent	2.5	0.9	3.0	3.4	1.1	2.3
England :						
Value	32.3	28.6	18.0	31.5	20.2	36.8
Per cent	2.0	2.9	5.2	7.8	5.1	8.1
Yugoslavia :						
Value	48.0	50.2	14.4	11.8	24.6	10.9
Per cent	4.4	6.1	4.2	2.9	6.2	2.4
Roumania :						
Value	84.6	38.6	30.5	19.8	53.6	24.9
Per cent	8.2	4.3	8.9	4.9	13.5	5.5
Poland :						
Value	46.8	19.6	3.7	3.2	3.7	3.6
Per cent	4.8	2.7	1.1	0.8	0.9	0.8
Other countries :						
Value	79.8	93.0	50.1	63.0	64.1	74.8
Per cent	11.2	10.1	14.4	15.5	16.1	16.3
Total :						
Value	1,014.5	884.7	344.8	405.3	397.4	457.7
Per cent	100	100	100	100	100	100
Quantities (in millions of quintals)						
Value	57.3	23.3	23.7	16.6	27.9	16.3

Germany, which in the years 1925-1930 took on an average 11.6% of Hungary's exports, took 22.2% in 1934 and 23.9% in 1935, thus becoming Hungary's chief customer, as well

as supplying a greater part of Hungary's imports than any other country. Even in absolute figures (values) Hungary's exports to Germany have increased, although there has, of course, been a heavy decrease in total export values over recent years. As will be seen below, Germany's share in Hungary's trade increased still further in the opening months of 1936. On the whole, the percentage of Hungary's trade transacted with her immediate neighbours and with Switzerland has declined. With some more distant countries, it has risen. The United Kingdom has increased her imports from Hungary more than any other country —i.e., from an average for 1925-1930 of 28.6 million pengő to 36.8 million pengő in 1935.

1935 was the first complete calendar year during which the Rome Agreements between Hungary, Italy and Austria (see Tenth Report, page 18, and Eleventh Report, page 14) were in force, their application dating from July 1st, 1934. Hungary's trade transacted with these two countries together is shown by the following figures :

Hungary's Foreign Trade (Imports and Exports together).

	All countries	Austria and Italy	
	(In millions of pengő)	% of total values	
1929.. .. .	2,102.2	574.1	27.3
1930.. .. .	1,743.3	512.5	29.4
1933.. .. .	703.9	225.0	32.0
1934.. .. .	749.1	254.3	33.9
1935.. .. .	855.1	252.7	29.5

As the first table reproduced in this section shows, Hungary's trade with Italy has increased both in absolute values and in percentages of the total, but this increase has not sufficed to offset the decline in Hungary's exchanges with Austria. Moreover, the balance of trade which Hungary had with Austria, and which the commercial treaty now in force aimed at stabilising at a ratio of 1 : 1.5 in Hungary's favour, declined to 1 : 1.2 in 1934 and to 1 : 1.1 in 1935.

Import and export values for the first three months of 1936, given in Appendix III, show some increase over the same months last year. In quantities, there has been a heavy increase in imports, largely accounted for by purchases of maize, and a decrease in exports.

	1936		1935		1934	
	Imports	Exports	Imports	Exports	Imports	Exports
	(In millions of quintals)					
January	2.69	0.80	1.38	0.90	1.28	1.30
February	1.86	0.89	1.44	0.91	1.43	1.11
March	2.16	0.95	1.60	1.40	1.64	2.31

In January and February, the percentage, in values, of Hungary's trade transacted with Italy and Austria declined to 24.3%, and the ratio of exchanges with Austria dropped to 1 : 1.01 in Hungary's favour. The percentage of Hungary's trade transacted with Germany, in these two months, was 29.6%, Germany taking 35% of Hungary's total exports and supplying 23.8% of her imports.

Traffic and receipts of the State Railways and the Post, Telegraph and Telephone, which increased very slightly in 1935 as compared with 1934, have latterly been rather stronger :

State Railways.

	Ton-kilometres		Passenger-kilometres		Receipts	
	(In millions)				(In millions of pengő)	
	1936	1935	1936	1935	1936	1935
January	141.4	130.6	142.1	139.2	16.3	14.0
February	141.5	128.7	138.3	128.1	15.5	13.4

Post, Telegraph and Telephone.

	Registered letters		Parcels		Telegrams		Inter urban telephone calls		Receipts (In millions of pengő)	
	(In thousands)									
	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935
January	666.5	640	683.5	696.0	126.6	130.6	309.2	276.8	8.2	8.0
February	761.7	588	660.8	611.4	129.9	120.7	294.3	279.1	7.4	6.8

3. PRODUCTION AND CONSUMPTION.

In general, industrial production is increasing. Such data on consumption as are available referring chiefly to food and drink point to little if any improvement down to the end of the economic year 1934-35.

The output of the heavy industries continues to rise :

Fourth quarter of					Output of coal	Output of		Steel
					(Millions of tons)	Iron	(Thousands of tons)	
1933	..	..	..	..	2.2	26.4		67.7
1934	..	..	..	..	2.1	35.1		87.2
1935	..	..	..	..	2.5	54.0		137.6

Hungarian industry's consumption of coal and coke has also risen :

					Coal consumed by all branches	Hungarian coal delivered to industry		
						All branches	Heavy industry	Textiles, leather and rubber
1929	..	..	..	..	4.3	3.4	0.79	0.30
1931	..	..	..	..	3.1	2.5	0.61	0.27
1932	..	..	..	..	2.6	2.1	0.48	0.27
1933	..	..	..	..	2.7	2.2	0.51	0.32
1934	..	..	..	..	3.0	2.4	0.61	0.35
1935	..	..	..	..	3.4	2.7	0.76	0.37

1929 was the peak year of coal consumption. After a steep decline to 1932, the last three years have seen a considerable rise. Coal from all sources consumed by Hungarian industry and Hungarian coal deliveries to industry were still, in 1935, well below the 1929 point ; but Hungarian coal deliveries to heavy industry had nearly reached it, and deliveries to textiles, leather and rubber had passed it. According to the Hungarian Economic Research Institute, employment in all branches of industry, with the one exception of artificial silk, is less good than it was in 1929, but the general tendency is decidedly a rising one.

Electric current delivered in Budapest has more than doubled over the last ten years. The crisis of 1931 delayed this development but did not stop it, and in the last two years progress has been rapid. In the provinces, on the other hand, there has been little increase. The increase in Budapest has gone entirely to industrial concerns and municipal undertakings; private consumption has actually decreased over the last ten years. A similar development may be observed where milk consumption is concerned. The City of Budapest's statistical publications show that milk consumption fell from 0.37 litre *per capita* daily in 1929 to 0.23 in 1934. According to the Hungarian Economic Research Institute's indices, private consumption of milk in Budapest declined heavily from 1933 to 1935, quantities of milk used by industry having varied over the period, but reaching at the end of 1935 approximately the same level as at the end of 1933. The price of milk for private consumption in Budapest was reduced, last year, from 32 to 28 fillér. On the other hand, the prices of butter and cheese increased.

The data published by the Hungarian Statistical Office, now available up to and including 1934-35, do not point to any marked recovery in the consumption of staple articles of food and drink. Sugar consumption, after declining to a low point in 1932-33, has recovered slightly since then, standing at 9.69 kilogrammes *per capita* in 1934-35. Beer consumption sank, until 1932-33, far below its former level, and has since then increased a little. Tea and coffee, imported articles which in Hungary do not mean as much as they do in Western countries, continue to decline down to the latest period for which returns are available. The most recent traffic returns of the Budapest tramways show a very slight increase from last year to this, corresponding roughly to the increase in the population.

4. PRICES.

The Hungarian Statistical Office's wholesale index (see Appendix III) averaged 79 in 1934 and 90 in 1935. In the January-March quarter 1935, it averaged 85.7 and, in the same months this year, 92.7. As will be seen below, there has recently been an appreciable fall in wheat prices, and wheat weighs heavily in the index. Other prices have, on the whole, tended upwards.

1935	Wheat (per 100 kg.)	Live cattle (middling quality) (Pengö)	Calves (Per kg.)	Pigs
October	18.23	0.49	0.73	1.04
November	18.23	0.48	0.81	0.96
December	18.45	0.50	0.88	0.96
1936				
January	18.33	0.50	0.92	0.89
February	17.93	0.58	0.95	0.94
March	16.90	0.62	0.84	1.05

The inland prices of several important export articles have latterly been so high as to make it difficult to sell them on some of Hungary's nearest markets. This circumstance

should serve as a reminder that constant attention should be paid to foreign price-levels. If this is not done, inland prices may easily get out of touch with those obtaining abroad, to the detriment of the export trade.

The Statistical Office's cost-of-living index averaged 88.5 in January and February last year and 95.7 in the same months of 1936. The Statistical Office's monthly returns of industrial and agricultural prices continue to show an increase in retail prices of industrial goods, as well as in food. There was an attenuation of the disparity between agricultural and industrial prices from 1934 to 1935, the Statistical Office's index (annual average) declining from 38.5 to 28.2, the most recent figure available, that for January, being 27.

5. STOCK EXCHANGE.

Prices of securities declined on the whole, from the reopening of the Bourse in September 1932, when the eighteen-securities index (1926 = 100) stood at 97.9, through 1933 and until the latter part of 1934 (66.3 in August 1934). Since then, the tendency has been unevenly upward, with a sharp rise amounting to a boom in January and February :

	1936	1935 (1926 = 100)	1934
January	109.7	85.9	77.5
February	115.4	89.5	80.0
March	115.3	104.0	79.1

Daily quotations show that there has been no general rise since March.

6. COMMERCIAL BANKS.

The balance-sheets of the chief Budapest banks for the end of 1935 do not give any clear indication of the extent to which these banks have shared in such business improvement as has taken place. Dividends have remained the same as for 1934 and 1933, when they were reduced appreciably from the 1932 level (see Tenth Report, page 18). In general, the changes from the end of 1934 to the end of 1935 are slight. Cash and money at call have increased, mortgage loans and "other" creditors have decreased, in the aggregate. Savings deposits and current accounts show some increase. Bills discounted have risen a little ; but there has been a decrease in "other" debtors. Improved liquidity is claimed, and writings-off may have been larger than the published figures indicate. These balance-sheets do not show bills rediscounted with the National Bank, and therefore the variations of discounts as published do not supply a complete picture.

It has been noted that there has been some increase in savings deposits and current accounts. Since the banking crisis in 1931, 1932 was the year at the end of which these deposits were lowest (in the Postal Savings Bank and twelve important banks). From the end of 1932 to the end of 1935, there has been an increase of 22% in savings deposits and of 2% only in current accounts, the increase in total deposits being 11%. Over the same period, the note circulation has increased by 18%.

Land-mortgage Merger. — A Bill was introduced into Parliament on April 1st providing for the creation of the National Land-mortgage Institute (Országos Földhitelintézet) by the fusion of the National Association of Hungarian Land-mortgage Institutes (Altruista Bank) and the Farmers' National Mortgage Institute (Kisbirtokosok), the new bank to take over the management of the Hungarian Land-mortgage Institute (Magyar Földhitelintézet), which institute, however, is for the present to retain its corporate existence, all mortgages constituting the underlying security for bonds issued abroad for the Hungarian Land-mortgage Institute's remaining registered in that institute's name and the liability of borrowers and members of the institute remaining unchanged. It is contemplated that a complete amalgamation of the Hungarian Land-mortgage Institute with the newly created National Land-mortgage Institute will ensue when a complete and definitive settlement with the creditors of the Hungarian Land-mortgage Institute has been achieved. The new bank is to be strengthened by a considerable contribution from the Treasury, and by means of the settlement by agreement with the chief creditors, including the State and the foreign banking creditors, of a large part of the short-term liabilities. It is also to enjoy exemption from taxation.

This merger is to be welcomed, as it promises to improve the land-mortgage bank position in Hungary and to make for economy in management. It is a step towards concentration in the banking mechanism of the country and the reduction of overhead, which the Government has recognised as necessary (Ninth Report, page 13).

7. COMMERCIAL POLICY.

On March 24th last, three protocols additional to the Rome Agreements of 1934 (see Tenth Report, page 18, and Eleventh Report, page 14) were signed by the Prime Ministers of Italy, Hungary and Austria. These protocols record the contracting parties' agreement (1) to uphold the principles of the 1934 Agreements, increasingly and in all spheres to harmonise their action with whatever developments the European situation may produce, to form a

group and to create a permanent organism of reciprocal consultation to this end ; (2) to engage in no important political negotiations referring to the Danubian question without previous consultation among themselves, it being recognised that, although the three Governments are at one as to the utility of developing their economic relations with the other Danube States, such extension can for the present only be realised by bilateral agreements ; and (3) to instruct their Foreign Ministers to constitute the permanent organism provided for under (1).

Negotiations are pending for the taking over by Austria of wheat and flour in completion of the annual quota settled by the 1934 Agreement. As noted under II, 2, above, the balance of trade between Hungary and Austria is now far from the ratio of 1 : 1.5 in Hungary's favour that was to be maintained. The clearing agreement still fails to work satisfactorily. The amount of uncleared claims of Austrian exporters on the clearing account in the Austrian National Bank steadily increases.

During the period under review, payment agreements have been negotiated with the United Kingdom, Greece, Czechoslovakia and Roumania.

Appendix I.

MONTHLY (QUARTERLY) RESULTS FOR THE YEAR 1935-36 COMPARED WITH THE RESULTS FOR THE YEAR 1934-35.

	July to December		January		February		March	
	1934	1935	1935	1936	1935	1936	1935	1936
(In millions of pengó)								
A. ADMINISTRATION.								
<i>Receipts.</i>								
Direct taxes	122.6	125.2	15.1	17.2	24.1	23.3	13.2	13.9
Customs duties	20.9	20.7	3.6	3.5	3.1	3.2	3.9	3.8
Excise duties	45.7	48.3	6.8	7.8	6.5	7.2	7.1	8.6
Turnover tax	54.4	57.0	9.6	10.3	9.2	12.0	9.3	10.8
Dues	47.8	48.9	8.6	8.7	9.2	10.1	6.5	7.9
Tobacco Monopoly	53.9	56.3	9.0	8.2	7.1	7.8	9.7	10.4
Salt Monopoly (gross)	13.1	14.6	2.9	2.7	2.5	1.9	1.7	1.4
Saccharine and lotteries	1.0	1.0	0.1	0.2	0.1	0.1	0.2	0.1
Administrative receipts	32.3	34.4	4.3	4.7	3.4	3.6	4.5	4.2
Total receipts	391.7	406.4	60.0	63.3	65.2	69.2	56.1	61.1
<i>Expenditure.</i>								
Army	39.1	42.9	7.5	6.8	6.5	9.1	8.3	
Foreign Affairs	4.4	4.8	1.2	1.5	0.5	0.5	0.6	
Justice	16.5	16.5	2.7	2.6	2.6	2.6	2.6	
Supreme organs of the State ¹ ..	—	—	—	—	—	—	—	
Interior	55.9	57.8	11.1	10.6	9.4	9.7	10.6	
Agriculture	16.6	13.2	2.0	2.8	2.1	2.6	1.9	
Commerce	17.3	20.6	2.4	1.5	6.6	6.1	2.0	
Education	31.0	32.0	5.7	5.7	5.3	5.3	5.3	
Finance	39.9	38.2	7.2	8.4	5.5	6.9	5.3	
Industry	—	2.9	—	0.7	—	0.6	—	
Smaller departments	5.4	5.8	1.4	1.6	0.7	0.7	0.7	
Subsidies to local authorities ..	24.2	26.4	3.9	3.9	5.6	3.5	3.6	
Pensions	70.8	72.2	12.3	12.7	11.9	12.2	11.3	
Charges under the Peace Treaty	—	—	—	—	—	—	—	
Debt service	27.1	30.7	3.4	4.1	4.0	4.4	1.9	
Investments	—	—	—	—	—	—	—	
Total expenditure	348.2	364.0	60.8	62.9	60.7	64.2	54.1	55.9
Balance	+ 43.5	+ 42.4	— 0.8	+ 0.4	+ 4.5	+ 5.0	+ 2.0	+ 5.2
B. UNDERTAKINGS.								
<i>Receipts.</i>								
Post and Telegraph	46.4	48.8	8.1	8.2	6.9	7.4	7.7	
Railways ²	109.0	116.4	15.6	16.3	12.0	15.6	13.6	
Ironworks	12.0	16.2	2.9	2.7	3.0	5.7	2.3	
Other undertakings	12.5	12.3	1.7	2.1	1.6	1.7	1.3	
Total receipts	179.9	193.7	28.3	29.3	23.5	30.4	24.9	
<i>Expenditure.</i>								
Post and Telegraph	43.1	43.5	6.7	6.0	5.9	5.9	5.9	
Railways ²	132.9	128.5	21.0	22.8	20.0	21.1	21.4	
Ironworks	18.3	24.3	3.6	4.3	3.9	5.6	3.8	
Other undertakings	10.7	10.0	1.4	1.8	1.9	4.5	4.0	
Total expenditure	205.0	206.3	32.7	34.9	31.7	37.1	35.1	
Balance	— 25.1	— 12.6	— 4.4	— 5.6	— 8.2	— 6.7	— 10.2	

¹ Included in "Smaller departments".

² Returns of the Railways for current fiscal year are provisional.

Appendix II.

BUDGET OF THE ADMINISTRATION FOR 1936-37.

		Budget as voted for the year 1935-36	Budget as submitted to Parliament for the year 1936-37
A. EXPENDITURE.		(In millions of pengö)	
Supreme organs of the State	{ Personnel	0.5	0.5
	{ Material	0.3	0.3
Parliament	{ Personnel	3.3	3.4
	{ Material	0.7	0.7
High Court of Accounts	{ Personnel	0.4	0.4
	{ Material	0.1	0.1
Administrative Tribunal	{ Personnel	0.6	0.6
	{ Material	0.04	0.07
Prime Minister's Office	{ Personnel	1.3	1.3
	{ Material	3.4	3.4
Ministry for Foreign Affairs	{ Personnel	4.9	5.1
	{ Material	4.9	5.0
Ministry of the Interior	{ Personnel	69.7	70.1
	{ Material	45.8	47.7
Ministry of Finance	{ Personnel	33.6	33.7
	{ Material	55.9	59.4
Ministry of Commerce	{ Personnel	9.2	5.2
	{ Material	23.9	19.7
Ministry of Industry	{ Personnel	—	3.3
	{ Material	—	7.7
Ministry of Agriculture	{ Personnel	8.1	8.1
	{ Material	18.9	21.7
Ministry of Education and Worship	{ Personnel	41.0	42.1
	{ Material	21.7	22.7
Ministry of Justice	{ Personnel	26.3	26.2
	{ Material	5.9	6.0
Ministry of National Defence	{ Personnel	58.1	58.8
	{ Material	33.3	37.0
State debts		86.7	83.4
Charges under the Peace Treaty		1.1	1.1
Subsidies to autonomous Administrations (personnel)		47.2	46.8
Pensions		141.1	145.1
Investments		18.4	21.4
Total		766.5	788.1
B. RECEIPTS.			
Direct taxes		219.0	221.8
Tax on business turnover		101.5	109.0
Stamps and dues		95.0	95.0
Excise		86.1	87.7
Customs		38.0	40.0
Tobacco Monopoly		107.4	112.0
Salt Monopoly		25.3	25.5
Saccharine and lottery monopolies		2.0	2.9
Departmental receipts		73.7	77.7
Total		748.0	771.6

Appendix III.

ECONOMIC INDICES.

(End of date given.)

		Fourth quarter	January	February	March
Index of industrial production ¹ ..	1936	—	—	—	—
	1935	127.6	—	—	100.7
	1934	110.6	—	—	88.0
(1927 = 100)					
Output of coal ²	1936	—	73,203	63,959	—
	1935	239,885	70,324	62,422	67,504
	1934	211,001	72,961	62,049	54,126
Unemployment ³	1936	—	18,480	18,521	—
	1935	18,318	20,953	21,059	19,777
	1934	20,986	26,280	26,066	24,235
Prices (1913 = 100) : Wholesale ..	1936	—	94	93	91
	1935	97	86	86	85
	1934	84	71	74	74
Retail	1936	—	101.67	101.56	101.76
	1935	102.23	96.63	96.94	96.54
	1934	96.72	97.16	98.66	97.12
Stock-Exchange index (1926 = 100)	1936	—	109.7	115.4	115.3
	1935	104.7	85.9	89.5	104.0
	1934	78.1	77.5	80.0	79.1
		(In millions of pengö)			
Savings deposits at the Post Office	1936	—	633.6	637.6	634.6
	1935	627.2	594.8	596.5	605.3
	1934	587.9	546.0	545.6	547.7
Savings Bank and the twelve leading commercial banks ..	1936	—	680.4	674.1	677.0
	1935	686.7	650.1	642.3	662.5
	1934	662.2	660.8	642.5	645.9
Current accounts at the Post Office	1936	—	1,314.0	1,311.7	1,311.6
	1935	1,313.9	1,244.9	1,238.8	1,267.8
	1934	1,205.1	1,206.8	1,188.1	1,193.6
Savings Bank and the twelve leading commercial banks ..	1936	—	—	—	—
	1935	—	—	—	—
	1934	—	—	—	—
Total	1936	—	—	—	—
	1935	—	—	—	—
	1934	—	—	—	—
		%	%	%	%
Official discount rates	1936	—	4.0	4.0	4.0
	1935	4.0	4.5	4.5	4.5
	1934	4.5	4.5	4.5	4.5
Market discount rates : ⁴	1936	—	6.5	6.5	6.5
	1935	7.0	7.5	7.5	7.5
	1934	—	4.0	4.5	4.5
3-month bills (maximum) ..	1936	—	4.0	4.5	4.5
	1935	4.0	4.5	4.5	4.5
3-month bills (minimum) ..	1936	—	—	—	—
	1935	4.0	—	—	—
		(In millions of pengö)			
<i>Foreign trade : ⁵</i>					
Imports	1936	—	40.6	30.6	35.0
	1935	130.0	27.2	27.4	29.4
	1934	97.8	23.1	22.0	29.5
Exports	1936	—	34.9	41.2	38.0
	1935	158.6	29.8	29.2	40.8
	1934	125.8	28.6	28.8	38.6
Difference	1936	—	— 5.7	+ 10.6	+ 3.0
	1935	+ 28.6	+ 2.6	+ 1.8	+ 11.4
	1934	+ 28.0	+ 5.5	+ 6.8	+ 9.1

¹ The Hungarian Economic Research Institute now publishes indices calculated on a new basis, which cannot be compared with those published in previous reports.

² Coal output in hundreds of quintals.

³ Unemployed members of the Social-Democratic Union.

⁴ Returns of the National Bank of Hungary.

⁵ Figures for 1934 and 1935 are now definitive.

Appendix IV.

NATIONAL BANK.

		December 31st		January 31st	February 29th	March 31st
(In millions of pengö)						
Note circulation	{ 1935	417.4	1936	390.8	392.6	391.0
	{ 1934	381.4	1935	352.6	352.5	369.8
Sight liabilities :						
Public	{ 1935	104.6	1936	99.1	100.5	96.6
	{ 1934	71.6	1935	67.8	65.5	65.0
Private	{ 1935	42.1	1936	19.4	21.9	24.7
	{ 1934	34.0	1935	19.2	18.2	20.5
Cash certificates ¹	{ 1935	104.3	1936	104.3	104.3	104.3
	{ 1934	115.1	1935	115.1	115.1	115.1
Other liabilities (net)	{ 1935	77.4	1936	73.5	73.6	64.3
	{ 1934	150.1	1935	151.6	144.0	96.3
Metal reserve as shown	{ 1935	121.2	1936	126.8	124.7	124.5
	{ 1934	109.0	1935	114.2	112.0	111.8
Thereof gold	{ 1935	78.9	1936	78.9	78.9	78.9
	{ 1934	78.9	1935	78.9	78.9	78.9
Commercial bills discounted	{ 1935	574.4 ²	1936	606.3 ²	513.8 ²	502.0 ²
	{ 1934	619.5 ⁴	1935	568.4 ⁵	557.4 ⁵	523.0 ⁵
Advances in securities ⁶	{ 1935	12.4	1936	12.4	12.4	12.4
	{ 1934	11.8	1935	11.8	11.8	11.8
Government debt	{ 1935	77.0	1936	81.0	80.5	80.5
	{ 1934	50.0	1935	50.0	52.5	58.5
		Per cent		Per cent		
Ratio of cover	{ 1935	24.9	1936	29.4	28.7	28.8
	{ 1934	24.9	1935	29.3	29.2	28.2

¹ Issued in connection with the consolidation of the Bank for International Settlements and Central Bank credits.

² Thereof Treasury bonds 32.6 million pengö.

³ " " " 27.6 " "

⁴ " " " 34.1 " "

⁵ " " " 34.7 " "

⁶ All Treasury bonds.

Appendix V.

FOREIGN EXCHANGE : PURCHASES AND SALES OF THE NATIONAL BANK OF HUNGARY FOR THE YEAR 1935 AND FOR THE FIRST QUARTER OF 1936.

	1936		
	January	February	March
<i>Purchases :</i>	(In millions of pengő)		
(a) Export <i>Devisen</i> received ¹	32.80	25.65	37.76
(b) Under obligatory declaration	0.74	0.64	0.60
(c) From the State	0.90	0.63	0.51
(d) From others	2.10	1.77	2.40
Total	36.54	28.69	41.27
Excess of sales	—	0.84	—
<i>Sales :</i>			
(a) For loan service	0.52	0.63	1.53
(b) For imports ¹	31.97	26.27	26.28
(c) To the State	1.00	0.98	0.86
(d) To others	1.38	1.65	1.85
Total	34.87	29.53	30.52
Excess of purchases	1.67	—	10.75

	1935					1936
	First quarter	Second quarter	Third quarter	Fourth quarter	Total year	First quarter
<i>Purchases :</i>	(In millions of pengő)					
(a) Export <i>Devisen</i> received ¹	69.87	61.14	56.09	105.34	292.44	96.21
(b) Under obligatory declaration	0.83	0.78	1.08	4.51	7.20	1.98
(c) From the State	0.61	0.97	1.11	1.52	4.21	2.04
(d) From others	3.06	3.63	4.98	5.99	17.66	6.27
Total	74.37	66.52	63.26	117.36	321.51	106.50
Excess of sales	—	6.30	4.44	—	—	—
<i>Sales :</i>						
(a) For loan service	1.72	10.45	1.89	4.21	18.27	2.68
(b) For imports	61.10	53.15	50.39	71.02	235.66	84.52
(c) To the State	4.25	4.34	4.76	4.39	17.74	2.84
(d) To others	4.79	4.88	10.66	4.19	24.52	4.88
Total	71.86	72.82	67.70	83.81	296.19	94.92
Excess of purchases	2.51	—	—	33.55	25.32	11.58

¹ Including clearings.

Appendix VI.
FOREIGN EXCHANGE CONTROL.

	Actual exports	Exports notified, including compensations and exports against pengö	Percentage of column 2 to column 1	Export Devisen received by the National Bank	Certified compensation and certified exports against pengö	Columns 4 + 5—i.e., total of foreign exchange derived from exports	Percentage of column 6 to column 1	Actual imports	Import Devisen allotted by the National Bank	Certified compensation and import through merchandise pengö	Columns 9 + 10—i.e., total of foreign exchanges used for import	Percentage of column 11 to column 8
	1	2	3	4	5	6 (In millions of pengö)	7	8	9	10	11	12
1934 :												
January	28.6	33.1	115.7	25.1	6.8	31.9	111.5	23.1	19.5	5.6	25.1	108.7
February	28.8	32.7	113.5	20.4	10.1	30.5	105.9	22.0	18.0	10.0	28.0	127.3
March	38.6	41.8	108.3	21.0	11.3	32.3	83.7	29.5	20.3	10.0	30.3	102.7
April	30.9	32.1	103.9	15.4	11.4	26.8	86.7	29.6	15.5	11.0	26.5	89.5
May	26.5	28.0	105.7	17.9	5.0	22.9	86.4	28.5	16.5	3.6	20.1	70.5
June	29.4	30.8	104.7	17.5	7.7	25.2	85.7	30.7	14.3	6.1	20.4	66.4
July	28.0	32.3	114.9	19.0	6.6	25.6	91.1	28.2	13.8	5.2	19.0	67.4
August	32.4	33.6	103.7	18.0	4.8	22.8	70.4	27.6	13.5	3.8	17.3	62.7
September	35.2	37.6	106.8	18.4	5.6	24.0	68.2	27.9	18.8	4.7	23.5	84.2
October	37.0	36.7	99.2	22.3	6.6	28.9	78.1	33.1	18.8	5.5	24.3	73.4
November	42.2	46.4	109.9	23.1	4.3	27.4	64.9	33.8	18.2	3.0	21.2	62.7
December	46.6	44.4	95.3	24.8	5.8	30.6	65.6	30.9	19.7	4.6	24.3	78.6
1935 :												
January	29.8	35.4	119.0	26.4	5.1	31.5	105.7	27.2	22.6	4.0	26.6	97.8
February	29.2	31.8	109.0	18.6	8.6	27.2	93.2	27.4	20.6	7.5	28.1	102.6
March	40.8	36.1	88.5	24.8	5.4	30.2	74.0	29.4	17.9	4.9	22.8	77.6
April	31.1	35.0	112.5	24.8	4.1	28.9	92.9	31.8	18.4	2.8	21.2	66.7
May	31.7	33.8	106.2	18.1	5.9	24.0	75.7	31.1	18.4	4.8	23.2	74.6
June	29.8	27.2	91.3	18.2	5.1	23.3	78.2	26.4	16.4	3.7	20.1	76.1
July	32.3	36.3	112.3	19.0	7.5	26.5	82.0	31.1	16.7	6.2	22.9	73.6
August	32.0	33.5	104.7	18.0	2.7	20.7	64.7	30.0	15.6	1.6	17.2	57.3
September	42.4	42.8	100.9	19.1	9.6	28.7	67.7	33.0	18.1	8.2	26.3	79.7
October	53.3	52.7	98.9	31.8	6.5	38.3	71.9	39.2	21.6	5.4	27.0	68.9
November	54.1	55.9	103.3	41.3	5.1	46.4	85.8	43.5	24.8	4.2	29.0	66.7
December	52.3	49.6	94.8	32.2	7.1	39.3	75.1	48.3	24.6	6.1	30.7	63.6
1936 :												
January	34.9	36.7	105.1	32.8	6.7	39.5	113.2	40.6	32.0	6.0	38.0	93.6
February	41.2	47.4	115.0	25.7	6.3	32.0	77.7	30.6	26.3	4.9	31.2	102.0
March	38.0	39.9	105.0	37.8	4.9	42.7	112.4	35.0	26.3	4.5	30.8	88.0

Genève, le 20 avril 1936.

SOCIÉTÉ DES NATIONS

**TRENTE-HUITIÈME RAPPORT
DU COMMISSAIRE DE LA SOCIÉTÉ DES NATIONS EN BULGARIE**

(PÉRIODE NOVEMBRE 1935-FÉVRIER 1936.)

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INTRODUCTION.

1. Le budget 1935 a été clôturé à la fin de la période complémentaire le 29 février 1936. Le déficit de l'exercice, en tenant compte d'une part de l'excédent des décaissements sur les encaissements normaux au titre du budget ordinaire et d'autre part des dépenses non réglées restées en souffrance, s'élève à 919,5 millions. La gestion courante se traduit par un déficit de caisse de 278 millions.

2. Les recettes et les dépenses de l'exercice 1935, en exceptant les recettes et les dépenses extraordinaires et d'ordre, sont sensiblement comparables à celles de l'exercice 1934. Par contre, les recettes effectives sont inférieures de plus de 700 millions aux prévisions insérées dans le budget de 1935.

3. Le nouveau budget pour 1936 apparaît équilibré en recettes et en dépenses, tant en ce qui concerne le budget de l'Etat que celui des chemins de fer et des ports et des fonds autonomes.

4. Le nouveau budget consacre la réintégration d'un grand nombre de fonds jusqu'ici gérés en dehors du budget ordinaire et souvent même en dehors des budgets des fonds autonomes. Un premier regroupement des recettes a été fait et la nomenclature des chapitres a été modifiée en conséquence.

5. Le nouveau budget prévoit plus de 800 millions de ressources nouvelles. Une augmentation importante des rentrées doit résulter de nouvelles taxes, du renforcement de certains taux anciens et d'une refonte d'impôts existants. Le surplus est attendu de l'amélioration incontestable de la situation économique du pays. Les recouvrements des deux premiers mois de l'exercice, légèrement inférieurs à ceux de 1935, ne justifient pas jusqu'à présent l'espoir d'accroissement des recettes sur lequel a été fondé en partie l'équilibre du nouveau budget.

6. Le total des prévisions de dépenses pour 1936 est à peu près le même qu'en 1935. Les crédits pour 1936 sont, en réalité, sensiblement inférieurs à ceux ouverts en 1935, si l'on tient compte d'une dépense extraordinaire de 200 millions mise à la charge de 1936 pour l'amortissement de bons du Trésor escomptés en 1935.

7. Des crédits budgétaires supplémentaires pour un montant de 300 millions ont été ouverts trois mois après la promulgation du budget ordinaire. Ils sont destinés à des dépenses ayant un caractère extraordinaire. Les dépenses seront couvertes par des ressources d'emprunt de même montant.

8. L'exercice 1935 a laissé des engagements non réglés pour un total de 317 millions, sur lesquels les engagements envers les particuliers, pris presque uniquement par les chemins de fer, représentent une fraction assez peu importante que l'on espère régler prochainement au moyen d'économies à réaliser sur le nouveau budget.

L'exercice 1935 et les exercices antérieurs ont laissé, en outre, à la charge du Trésor des dettes envers les fonds, administrations ou caisses publiques, dont la plus grande partie a déjà été consolidée.

9. La balance favorable du commerce extérieur au cours de l'année 1935 s'est élevée à 244 millions contre 287 en 1934, mais le chiffre d'affaires total s'est accru de près d'un tiers. Les deux premiers mois de 1936 montrent une augmentation très sensible sur les mois correspondants de 1935.

10. L'état actuel des récoltes est bon, mais il est encore trop tôt pour apprécier leur rendement.

11. Les délégués des associations de porteurs des emprunts extérieurs bulgares ont discuté avec les délégués du Gouvernement bulgare le 25 mars dernier sur le service des emprunts, et ils ont conseillé aux porteurs d'accepter l'arrangement proposé par le Gouvernement bulgare pour une période qui s'achèvera à la fin de l'année courante.

12. Le présent rapport a été établi par M. Pierre Cheysson, Commissaire de la Société des Nations en Bulgarie, avec la collaboration de M. Köstner, Conseiller auprès de la Banque nationale de Bulgarie.

I. BUDGET.

a) Résultats provisoires du budget 1935.

1. Le budget 1935 porte sur un exercice de douze mois, du 1^{er} janvier au 31 décembre 1935. A la fin de la période complémentaire se terminant du 29 février 1936 (cf. appendice I, a)), les *recettes globales* ordinaires effectivement encaissées sur la gestion courante du budget 1935 étaient :

	Millions de leva
Pour le budget de l'Etat	5.399,1
Pour le budget des chemins de fer	1.214,8
	<hr/>
	6.613,9

Les dépenses globales effectivement payées sur la gestion courante du budget 1935 (y compris la période complémentaire janvier-février 1936) étaient de :

	Millions de leva
Budget de l'Etat	5.684,9
Budget des chemins de fer	1.207,0
	<hr/>
	6.891,9
Le déficit de caisse qui en résultait était de	278,0

Il est à remarquer que dans la somme de 6.613,9 millions de leva de recettes encaissées sont inscrits comme recettes ordinaires du budget :

	Millions de leva
a) Les soldes au 31 décembre des fonds incorporés au budget de 1936	125
b) Le produit d'un emprunt à la Caisse d'amortissement	200
	<hr/>
	325

Les recettes et les dépenses comprennent un montant de 532 millions correspondant à la reprise en recettes des soldes non transférés ou non effectivement versés du service de la dette extérieure.

2. La comparaison des recettes encaissées au titre du budget de 1935 avec les recettes 1934 et les prévisions budgétaires 1935, est faite ci-après sans tenir compte des recettes d'ordre (leva non transférés) ni des ressources provenant des fonds incorporés et de la Caisse d'amortissement (325 millions).

	1934	1935	Prévisions 1935
Les chiffres de recettes sont alors de	4.571,6	4.542,1	5.264,3

Ils montrent que les recettes 1935 sont sensiblement comparables à celles de 1934, bien que les impôts directs aient donné au Trésor, en 1935, 143 millions de moins qu'en 1934, du fait, entre autres, de l'abandon aux communes du produit de diverses taxes.

Les recettes effectives du budget 1935 sont inférieures de 720 millions aux prévisions budgétaires. Ce résultat avait été prévu, et, lors de la promulgation du budget, on avait souligné l'optimisme peu justifié des prévisions de recettes (cf. trente-quatrième rapport), et indiqué le caractère fictif de l'équilibre budgétaire escompté.

3. Si l'on retranche du montant des dépenses celui des mandats émis pour ordre et correspondant aux soldes non transférés et non versés de la dette extérieure, on trouve les chiffres suivants pour :

Dépenses 1934.	Dépenses 1935	Crédits ouverts par le budget 1935
6.335,4	6.359,9	6.856,8

Les dépenses de 1934 et de 1935 sont sensiblement comparables. Mais, étant donné que les déclassements des chemins de fer en 1935 ont augmenté de 144 millions par rapport à 1934, les dépenses du budget de l'Etat pour 1935 sont inférieures de 119,5 millions à celles de 1934.

Par rapport aux crédits ordinaires et supplémentaires autorisés, les dépenses effectives font apparaître une différence en moins de 496,9 millions ; mais si l'on tient compte de ce que l'exercice 1935 a laissé 316,5 millions de dépenses en souffrance, l'économie sur les crédits ouverts est seulement de 180,4 millions.

Les dépenses autorisées par budgets mensuels s'élevaient à 6.804 millions, dont 430,8 pour le service non transféré et non versé de la dette extérieure, soit 6.373,6 millions en dehors de cette dépense d'ordre. Les dépenses effectives ont été de 6.359,9 millions (compte non tenu des leva non transférés et non versés) auxquelles il convient d'ajouter les dépenses en souffrance de l'exercice, soit 316,5 millions, au total 6.676,4 millions. Le dépassement des dépenses effectives sur les crédits mensuels est de 302,8 millions.

b) Budget 1936.

	Millions de leva
I. Prévisions.	
En recettes, le budget de l'Etat pour 1936 s'élève à	6.163
» des chemins de fer s'élève à	1.393
» des fonds autonomes s'élève à	2.009
	<hr/>
	9.565
et en dépenses, le budget de l'Etat pour 1936 s'élève à	6.163
» des chemins de fer s'élève à	1.393
» des fonds autonomes s'élève à	2.037
	<hr/>
	9.593

En 1935, les prévisions de <i>recettes</i> étaient :		Millions de leva
Budget de l'Etat		5.695
Budget des chemins de fer		1.478
Budget des fonds		2.094
		<hr/>
		9.267
et les prévisions de <i>dépenses</i> étaient :		
Budget de l'Etat		5.695
Budget des chemins de fer		1.454
Budget des fonds		2.110
		<hr/>
		9.259

mais les chiffres ainsi donnés ne sont pas comparables.

2. Recettes.

Le budget ordinaire de l'Etat pour 1936 prévoit, en effet, les recettes de certains fonds autonomes qui, auparavant, étaient gérés en dehors de lui.

Le budget des fonds autonomes pour 1936 ne comprend plus les fonds qui ont été incorporés au budget ordinaire, mais, par contre, on y a introduit quelques fonds dont les budgets ne figuraient ni au budget ordinaire ni au budget des fonds.

Après correction des chiffres de 1935, de façon à les rendre comparables à ceux de 1936, les budgets 1935 et 1936 se présentent comme suit en recettes (cf. appendice I, b)).

Recettes	1935 Prévisions	Résultats provisoires	1936 Prévisions
Budget de l'Etat	5.974,5	5.722,8	6.163,5
Budget des chemins de fer	1.478,0	1.306,8 ¹	1.393,0
Budget des fonds autonomes	1.857,4	1.857,4 ²	2.003,3 ³
	<hr/>	<hr/>	<hr/>
	9.309,9	8.887,0	9.559,8

On a adopté pour le budget de 1936 une nouvelle classification des recettes en onze chapitres où l'on a regroupé des recettes de même nature, telles que les accises, les recettes administratives, celles provenant des monopoles et des entreprises d'Etat.

Pour pouvoir comparer les prévisions de recettes 1936 avec les chiffres de 1935, l'on a dû ventiler ces derniers, en tenant compte de la nouvelle classification adoptée. C'est le résultat de ce travail qui figure dans le tableau de l'appendice I, b) et qui donne la comparaison, par chapitres du nouveau budget de l'Etat, des recettes prévues pour 1936 avec les recettes prévues par le budget de 1935 et les recettes effectives encaissées en 1935.

Les prévisions de recettes 1936 sont supérieures aux rentrées effectives de 440,7 millions de leva, et, même de 552,7, si l'on excepte les recettes d'ordre provenant des soldes non transférés et non versés du service de la dette extérieure de l'Etat. Il est rappelé que parmi les recettes effectives de 1935 figurent 325 millions de recettes extraordinaires (200 millions provenant d'emprunt à la Caisse d'amortissement et 125 millions des soldes des fonds incorporés au budget). C'est donc 877,7 millions de plus qu'en 1935 que l'on escompte faire rentrer dans les caisses du Trésor en 1936 au titre du budget de l'Etat. Ces nouvelles ressources sont attendues de :

I. Recettes normales permanentes nouvelles.

<i>Impôts indirects.</i>		Millions de leva
1. Douanes		98,2
Une partie de la plus-value est escomptée d'une augmentation des droits <i>ad valorem</i> (25 millions).		
2. Accises		249,7
Augmentation résultant d'une aggravation des taxes ou de nouvelles taxes, en particulier sur le vin, les huiles minérales lourdes		111,5

	Millions de leva
a) Recettes ordinaires du budget des chemins de fer	1.214,8
A déduire sommes prélevées sur les fonds et emprunt à la Caisse d'épargne (23 millions)	<hr/> — 52,5
	1.161,3
b) Budget des fonds des chemins de fer	160,0
Dont on déduit les recettes extraordinaires	<hr/> — 14,5
	145,5
	<hr/>
	1.306,8

¹ Chiffre non connu estimé égal aux prévisions de 1935. Celles-ci comprennent les recettes des fonds autonomes de 1935 qui ont été maintenues comme telles en 1936, et en sus les recettes du fonds pour la construction des édifices judiciaires prévu pour 25 millions en 1935.

² Les prévisions de recettes du budget des fonds autonomes pour 1936 sont de 2.008,6; elles comprennent les recettes attendues de deux fonds s'élevant à 5,3 millions qui, en 1935, ne figuraient ni au budget ordinaire ni au budget des fonds autonomes.

	Millions de leva	
et d'une amélioration de la perception et du rendement des droits sur le tabac, le sucre	156,5	
	<hr/>	
	268,0	
Par contre, certaines moins-values ont été estimées à	— 18,3	
3. Enregistrement et timbre		56,9
<i>Entreprises d'Etat</i>		82,2
dont 21,5 millions attendus de l'amélioration du service télé- phonique et 48,2 millions des mines de Pernik, des forêts d'Etat.		
<i>Augmentation de la participation des communes aux appointements des instituteurs</i>		125,2
<i>Loterie nationale</i>		25,0
<i>Nouveaux fonds et divers</i>		37,8
		<hr/>
II. <i>Ressources extraordinaires.</i>		675,0
Liquidation du monopole de l'alcool		20,0
Liquidation du monopole du tabac		28,0
Contribution extraordinaire du fonds des routes		60,0
Contribution extraordinaire des mines de Pernik		60,0
Divers		4,0
		<hr/>
		172,0
		<hr/>
Total		847,0
Par contre, des moins-values sont prévues dans la rentrée des impôts directs et sur des exercices clos pour		54,6
qui doivent résulter de l'abandon aux communes de l'impôt foncier bâti et non bâti dont la rentrée constitue la majeure partie des rentrées sur exercices clos.		
Les prévisions de rentrées des recettes administratives sont inférieures aux rentrées effectives de 1935 d'une somme de		238,0
Il a été dit plus haut que ces rentrées effectives comprennent 325 millions de ressources extraordinaires. C'est donc en réalité 87 millions que l'on attend en plus de ces ressources administratives pour 1936; à provenir, espère-t-on, de vente de matériaux divers (tuyaux) aux communes, et des recettes des anciens fonds incorporés.		
Diverses moins-values sont prévues pour		1,7
		<hr/>
Total des moins-values		— 294,3
		<hr/>
Ressources nouvelles escomptées		552,7

L'amélioration des recettes des *chemins de fer* espérée en 1936 est de 1.393 millions moins 1.306,8, soit 86,2 millions. Elle est attendue de diverses taxes nouvelles, mais surtout de l'augmentation du trafic marchandises qui doit résulter de l'accroissement de l'activité économique dans le pays.

L'augmentation des prévisions de recettes des *fonds autonomes* pour 1936 est de 145,9 millions ; elle provient surtout de l'augmentation de la dotation du fonds « Traitements des instituteurs » (+ 116 millions), prévue au budget ordinaire du Ministère de l'Instruction publique et qui est consécutive à l'augmentation de la contribution des communes, ou plutôt du fonds « des taxes communales » au budget général (+ 125,2).

L'analyse donnée ci-dessus des augmentations de recettes prévues dans le budget de 1936 fait apparaître un réel optimisme. Une grande partie des recettes nouvelles à attendre des droits de douanes et d'accises, des entreprises d'Etat et du trafic ferroviaire doivent résulter uniquement d'une amélioration de la situation économique du pays. L'on verra plus loin, dans les chapitres consacrés au crédit, au commerce et à l'agriculture, que cette amélioration existe. Dans quelle mesure le Trésor en bénéficiera-t-il ? Il est difficile de le dire aujourd'hui, et l'on doit faire des réserves sur le bien-fondé absolu des évaluations de recettes du budget de 1936 et par conséquent sur l'équilibre même de ce budget.

3. Dépenses.

Le tableau de l'appendice I, c) donne le détail des crédits ouverts en 1936 aux différentes administrations publiques et établit la comparaison avec les crédits ordinaires et supplémentaires du budget ordinaire 1935 auxquels ont été ajoutés les crédits ouverts en 1935 aux fonds qui ont été incorporés depuis lors au budget 1936.

Le budget de l'Etat pour 1936 s'élève au total de 6.163,6 millions de leva, en légère diminution de 173,6 millions sur les crédits ouverts en 1935 (6.337,2 millions). Sur les dépenses à la charge des fonds en 1935 et incorporées maintenant dans les budgets ordinaires de différents départements ministériels, une économie de 151,7 millions (39,3%) a été réalisée.

Le budget de la dette publique est en augmentation de 41 millions. L'amortissement et le service complets de la dette extérieure y sont prévus. L'amortissement de la partie de l'emprunt

1923 remise en paiement par les bénéficiaires de l'emprunt des réfugiés y est également prévu, alors qu'il avait été suspendu, au cours des années précédentes, et qu'il demeure suspendu pour le reste de l'emprunt.

L'amortissement des bons du Trésor « escomptés avec l'autorisation du Comité financier près la Société des Nations » est prévu à concurrence de 200 millions, comme il avait été fixé lors de cette autorisation.

Un crédit de 200 millions est ouvert, de même qu'en 1935, « pour versement à la Caisse d'amortissement créée par le décret-loi du 7 août 1934 en vue de l'allégement des débiteurs ». Le décret-loi en question édicte, article 42b), que :

« Les ressources de la Caisse d'amortissement sont :

- « a)
- « b) Les revenus de l'Etat provenant de l'impôt sur les professions et de l'impôt global sur le revenu, qui sont versés par la Banque nationale de Bulgarie automatiquement à la Caisse d'amortissement. »

Or, le budget 1936, comme le budget 1935, a conservé pour l'Etat la totalité desdits revenus dont il a prévu la rentrée aux recettes ; par contre, il a ouvert, comme il vient d'être dit, un crédit à la Direction générale de la Dette publique pour le versement à la Caisse d'une allocation fixe de 200 millions, indépendante du produit des impôts abandonnés à la Caisse. Les textes de la loi sur l'allégement des dettes et celui des lois budgétaires 1935 et 1936, sont donc en contradiction. Cette contradiction est soulignée par la façon dont sont gérées les sommes encaissées au titre des impôts en question. Ces sommes sont bien versées au Trésor, mais dans un sous-compte qui est automatiquement débité en fin de mois par le crédit du compte de la Caisse d'amortissement à la Banque agricole et coopérative ; elles ne font donc que passer dans le compte du Trésor et ne peuvent être considérées comme un avoir disponible pour lui.

4. Crédits budgétaires extraordinaires.

Un décret-loi du 20 mars a ouvert des crédits budgétaires « supplémentaires » pour un total de 300 millions.

Les dépenses prévues seront couvertes par des ressources extraordinaires à provenir de deux emprunts :

a) Le premier doit être émis à concurrence de 200 millions en vertu d'une loi du 10 mars 1936. Il sera amorti en six ans par tirages semestriels, portera intérêt à 5% et est offert au public. La Caisse d'épargne postale a garanti le placement de l'emprunt ;

b) Le deuxième est de 100 millions, porte intérêt à 3% et est remboursable en trois ans par semestrialités égales. Il a été souscrit intégralement par la succursale de Sofia de la Banque anglo-tchèque et de Crédit de Prague. Il apparaît que cette banque remploie ainsi les soldes créditeurs du clearing tchéco-bulgare.

Les 300 millions de crédits sont répartis entre :

	Millions de leva
la Direction générale de la Dette publique pour assurer le service et l'amortissement des deux nouveaux emprunts ;	32,9
le Ministère des Affaires étrangères pour l'achat d'un immeuble à usage de légation à Berlin ;	9,8
le Ministère de la Guerre et la Direction de l'Aviation	220,0
la Direction des Prestations	22,0
le fonds des routes	14,0
divers	1,3
	<hr/> 300,0

Les dépenses à effectuer tant par le Ministère de la Guerre que par les Directions de l'Aviation et des Prestations sont considérées comme ayant un caractère extraordinaire et comme ne relevant pas du budget ordinaire. Les autres dépenses apparaissent comme occasionnelles.

c) Trésorerie.

Le tableau donné en appendice I, f) donne la situation de trésorerie au 29 février 1936.

	Millions de leva
Les gestions 1934 et 1935 ont laissé un déficit de caisse de	657,6
Par contre, la gestion des deux premiers mois de 1936 a fait apparaître un excédent des encaissements de	423,3
Si l'on y ajoute des rentrées extra-budgétaires en 1935 et 1936	776,6
	<hr/> 1.119,9
Le solde du Trésor à la Banque était de	542,3

Le 29 février, il était du (cf. le tableau) :

	Millions de leva	
1. En dettes consolidées ou à terme		1.626,5
Parmi celles-ci, certaines sont réellement consolidées ; c'est le cas des :		
emprunts récemment conclus	300	
bons du Trésor émis	600	
	<hr/>	900
Certaines dettes sont contractées à l'égard d'adminis- trations ou de caisses publiques avec lesquelles l'Etat est en compte, et avec lesquelles il devra conclure des arrangements ; c'est le cas :		
de la dette envers la Caisse d'amortissement des dettes privées	200	
de la dette envers les fonds réintégrés dans le budget . .	125	
	<hr/>	325
de la dette envers la Direction des Céréales 84 + 15 (la deuxième somme figure dans les arriérés budgé- taires 1935).	99	
de la dette envers le fonds des pensions (figurant dans les arriérés budgétaires 1935)	102	
de la dette envers des administrations d'Etat dont Pernik (dette des chemins de fer).	79,2	
	<hr/>	280,2
Les autres dettes en souffrance de la gestion 1935 incombent aux chemins de fer ; la plus grosse partie sera payée sur les économies du budget 1936		121,2
2. En dettes exigibles		725,1

Ce sont des dépenses en souffrance au 29 février. On y a fait figurer les pensions pour 170 millions. Les pensions exigibles dans le courant du trimestre sont régulièrement payées en fin de trimestre, et l'ont été fin mars 1936. Dans les états présentés jusqu'à présent par le ministre des Finances, la fraction non encore échue des pensions ne figurait pas dans les dépenses en souffrance.

Les salaires impayés à fin février s'élevaient à 180 millions. Il s'agit des salaires payables à cette date et qui, pour une raison ou une autre, n'avaient pas encore été réglés. Ils l'ont été au courant des jours suivants.

Les mandats en retard ont été également réglés, et l'on peut dire qu'à l'heure actuelle, aucune dépense n'est en souffrance, à l'exception de celles qui d'ont pu être réglées pour des raisons indépendantes du payeur.

L'on a inscrit parmi les dettes exigibles les sommes dues à différentes caisses par le Trésor et qui sont, du reste, versées à des sous-comptes spéciaux du Trésor, dont le nombre est assez grand. Les uns sont de simples comptes de passage, et les soldes qui y figurent ne peuvent être considérés à aucun titre comme des disponibilités du Trésor ; c'est le cas, par exemple, du sous-compte de la Caisse d'amortissement des dettes privées, dont il a déjà été parlé plus haut ; d'autres servent à constituer des provisions pour le règlement de certaines catégories de dépenses (telles que les salaires, les pensions, etc.), dont plusieurs ne sont pas exigibles ; enfin, d'autres servent à bloquer certaines recettes affectées en gage au service ou à l'amortissement d'emprunts, et seul l'excédent du gage est disponible. Le mode de comptabilisation actuelle prête souvent à confusion et permet difficilement de dégager la véritable « disponibilité du Trésor ». Une modification de cette façon de faire est indispensable si l'on veut arriver à une appréciation simple et claire de la gestion du budget par le rapprochement des écritures de la Banque nationale, payeur, et de la Cour des comptes, chargée de contrôler l'émission des mandats de paiement et de tenir la comptabilité des engagements de l'Etat.

d) Les délégués du Gouvernement bulgare ont discuté avec les représentants des Associations de porteurs les modalités du *service des emprunts extérieurs bulgares* après l'expiration des arrangements des 20 avril et 17 mai 1934.

Le Gouvernement bulgare a proposé :

1° De maintenir en vigueur les arrangements des 20 avril et 17 mai 1934. Tant qu'un accord ne sera pas intervenu relativement à la fraction (17 1/2 %) non payée sur les coupons échus, les bons du Trésor 67 1/2 % de l'intérêt et la totalité de l'amortissement seront retenus par le Commissaire de la Société des Nations, pour autant qu'ils s'appliquent à des coupons échus et non payés à 32 1/2 % ;

2° De verser dans les comptes respectifs ouverts à la Banque nationale de Bulgarie en « leva effectifs » 32 1/2 % du service des intérêts ; 21 1/2 % de ces versements seront transférés en monnaies étrangères aux échéances régulières ; les 11 % restant resteront bloqués dans les différents comptes.

Le Gouvernement bulgare remettra au Commissaire de la Société des Nations des bons du Trésor sans intérêts pour un montant représentant pour la durée du nouvel arrangement la totalité du solde du service des intérêts non réglés, c'est-à-dire 67 1/2 %, et de l'amortissement intégral des emprunts considérés. Ces bons seront restitués au

Gouvernement bulgare lorsque les coupons correspondants auront été payés à 32½%. Les coupons sur lesquels un acompte de 21½% aura été payé ne seront pas annulés ; ils seront estampillés d'une mention indiquant l'acompte versé et retournés aux porteurs ;

3° De n'accorder aucun traitement plus favorable à aucune obligation contractée par l'Etat bulgare ou garantie par lui sans en faire bénéficier les porteurs d'emprunts visés dans le nouvel arrangement ;

4° D'engager de nouveaux pourparlers avec les associations de porteurs avant l'élaboration du budget de l'exercice 1937 et, en tout cas, avant la fin de la première semaine de décembre 1936.

Les Associations de porteurs ont exprimé le regret de n'avoir pu obtenir une offre plus avantageuse, mais tenant compte des circonstances et des renseignements qu'ils ont pu recueillir, ils conseillent aux porteurs d'accepter les offres du Gouvernement bulgare.

e) *Législation.*

1. Le régime de l'imposition des revenus a été profondément modifié par une loi parue au *Journal officiel* du 3 février 1936.

Suivant l'origine du revenu, l'impôt est représenté, soit par une fraction du revenu, soit par une somme forfaitaire (patente), soit par une fraction du chiffre d'affaires.

Les traitements fixes, les revenus des capitaux sont passibles d'un impôt qui varie de 10 à 3% ; ce dernier taux est appliqué aux salaires et émoluments des fonctionnaires des administrations publiques. La patente annuelle est appliquée aux revenus des professions libérales et aux revenus des professions commerciales lorsqu'ils sont inférieurs à 100.000 leva.

Les revenus du commerce supérieurs à 100.000 leva, ceux des entreprises industrielles, à l'exception des entreprises artisanales et de faible importance, ne sont pas directement atteints ; l'impôt est fixé d'après le chiffre d'affaires effectif ou d'après le mouvement et le volume des principaux articles traités, comme c'est le cas pour le tabac, pour les dérivés du naphte pour le commerce d'exportation. Les banques et établissements de crédit paient une double taxe, calculée sur l'importance moyenne des placements et sur le revenu net des commissions ; les compagnies d'assurance sont imposées sur le montant des primes encaissées au cours de l'année.

Un impôt complémentaire sur le revenu global dont le taux varie de 2 à 5%, frappe tout ressortissant bulgare ou étranger habitant en Bulgarie pour ses revenus en Bulgarie et à l'étranger, et les ressortissants étrangers habitant à l'étranger pour leurs revenus en Bulgarie.

L'innovation principale est l'introduction du chiffre d'affaires comme assiette de l'impôt dans un très grand nombre de cas. En outre, le calcul et la perception de l'impôt ont été notablement simplifiés.

2. *Fonds des routes.*

Un décret-loi du 6 février 1936 (*Journal officiel* N° 27) a transformé le fonds des routes en un établissement autonome et lui a donné la personnalité juridique : il peut acquérir, emprunter et percevoir des taxes. Il est géré par un conseil d'administration sous la surveillance du ministre des Travaux publics. Il est alimenté, en dehors du revenu de ses biens propres, par les taxes fixées par le budget des fonds autonomes à son profit et par des subventions de l'Etat, des communes, etc. Ses disponibilités sont versées à la Banque nationale.

3. *Allègement des communes.*

Une loi de mars 1933 avait accordé aux communes certaines facilités pour le règlement de leurs dettes à l'Etat et aux banques d'Etat.

Un décret-loi du 4 mars 1936 accorde la prorogation à trente-cinq ans, au taux de 6½% et parfois de 5%, des dettes des communes aux fonds des pensions d'Etat, aux fonds « pour la construction des écoles primaires », d'« assurance sociale » et pour « traitements des instituteurs », à la Banque nationale et à la Banque agricole et coopérative.

La loi distingue entre :

1° Les communes dont la situation financière n'est pas difficile ; ce sont celles dont le service de la dette ne dépasse pas 30% du revenu budgétaire annuel ;

2° Les communes en situation difficile ; ce sont celles dont le service de la dette excède 30% du revenu annuel et qui, en outre, ont été reconnues comme telles par une commission ministérielle spéciale ;

3° Certaines communes désignées par la loi comme étant en situation particulièrement critique.

Suivant la catégorie à laquelle elles appartiennent, les communes peuvent ou non limiter le service de leur dette à une fraction de leur revenu annuel.

L'allègement apporté par la nouvelle loi aux communes ne paraît pas devoir apporter la solution définitive du problème posé par la détresse financière de certaines communes ; beaucoup d'entre elles ont été conduites à la situation actuelle par le désordre de leur gestion et par l'emploi souvent inconsidéré de leurs ressources en travaux sans rentabilité.

L'endettement des communes, en exceptant la Ville de Sofia, est estimé comme suit à l'égard :

	Millions de leva
des banques d'Etat	955
des banques privées.	106
de l'Etat pour fourniture de canalisation	332
des fournisseurs publics et privés	208
d'employés pour salaires en retard	122

1.723

La Ville de Sofia devait, à la fin de 1934 :

Aux banques d'Etat	99
A différents fonds	463
A des banques étrangères	276
A des banques privées indigènes	29

867

La loi d'allégement des communes intéresse environ 955 millions de dettes communales. Le revenu annuel des communes (Sofia exceptée) est voisin de 1.600 millions. L'endettement n'excède donc pas une année de revenu. Il est vrai qu'il est réparti très inégalement entre les communes.

II. CRÉDIT.

a) Banque nationale.

Le rapport annuel de la Banque pour 1935 montre un bénéfice net de 54,2 millions de leva contre 47,6 pour 1934 et 41,1 pour 1933. Le bénéfice sur les opérations de change en constitue la plus grande part (51,4 millions contre 38,2 en 1934 et 43,3 en 1933) ; il est dû à l'importance accrue des opérations sur devises. En outre, les frais généraux ont été réduits.

L'appendice II, a) permet de comparer la situation de la Banque au 15 mars dernier avec la situation au 15 décembre 1935 et avec les situations aux 15 mars 1934 et 1935. Le montant des devises, du portefeuille commercial et des avances, ainsi que des billets de banque en circulation est sensiblement le même que l'année précédente à la même date. Les variations depuis décembre sont surtout saisonnières. Le poste de l'actif qui a subi la modification la plus importante est celui des bons du Trésor escomptés ou réescomptés qui, à la suite des facilités accordées au Trésor public, s'est accru en trois mois de 155 millions et en douze mois de 355 millions. La circulation des billets a diminué de 178 millions. C'est là un phénomène saisonnier. Par contre, le poste « autres exigibilités » s'est enflé de près de 500 millions. Dans ce poste entrent, entre autres, les comptes bloqués et comptes de clearing qui n'ont pas le caractère de comptes courants. Ces comptes bloqués et de clearing sont devenus un des éléments déterminants de la circulation monétaire : du 15 mars 1935 au 15 mars 1936, le total des avances consenties par la Banque s'est accru de 318 millions, alors que les dépôts en comptes courants diminuaient de 138 millions et que, toutefois, la circulation n'augmentait que de 93 millions.

La situation des devises, telle qu'elle résulte des rapports hebdomadaires successifs, est dominée par la question des marks crédités aux comptes de clearing. La réduction du poste « autres devises » de 192 millions au cours des deux premiers mois de l'année 1936 marque le succès remporté par la Banque dans son effort de disposer d'une partie des marks en question. Elle a réussi, pour les marks restants, à se couvrir contre tous risques par des opérations à terme.

L'appendice II b) fait connaître le mouvement des devises au cours de l'année 1935 en comparaison avec celui des années précédentes. Le mode de répartition en « devises libres » et « devises bloquées » a été modifié depuis le début de 1935 ; aussi s'est-on borné à donner, pour 1935 seulement, la décomposition en devises libres et devises bloquées des devises achetées et vendues suivant leur origine et leur destination. Les devises « libres » sont celles qui peuvent être librement transférées et les « devises bloquées » comprennent tous les soldes de comptes et toutes les devises pour lesquels il existe des restrictions de transfert ou qui ne peuvent être échangés aux taux officiels. Il va sans dire que, dans bien des cas, la Banque a pu employer des devises bloquées au règlement de dettes ou à des achats pour lesquels des devises libres étaient demandées.

Les devises pour ordre, telles que celles provenant de crédits à court terme, de dépôts en monnaies étrangères et des transactions de la Banque hypothécaire de Bulgarie ne figurent pas dans l'appendice ; les chiffres qui y sont donnés ne sont donc pas absolument comparables à ceux des rapports de la Banque et des précédents rapports.

Les devises procurées par les compensations privées ne rentrent pas dans le total des devises achetées aux exportateurs ni dans celui des devises vendues aux importateurs ; aussi l'examen des tableaux en annexe permet-il d'évaluer les disponibilités en devises de la Banque nationale et non celles du pays. Quoique la valeur en leva des devises reçues par la Banque dépasse d'environ 800 millions celle de l'année dernière, le pourcentage des devises libres est tombé à 10% du total des devises provenant de l'exportation. Les importateurs ne reçoivent en devises libres que 6% du total des devises qui leur sont cédées par la Banque.

Pour autant qu'une comparaison puisse être faite, les chiffres de l'année 1935 se présentent comme suit par rapport à ceux de 1934 :

	1934 (En millions de leva.)	1935
<i>Total des devises achetées</i>	2.073,3	2.867,5
dont : livres	426,9	405,4
bloquées	1.646,4	2.462,1
<i>Total des devises vendues</i>	2.089,1	2.422,2
dont : livres	609,2	358,7
bloquées	1.479,9	2.063,5

Bien que l'exportation ait augmenté de 700 millions, le total des devises livres achetées a diminué, de peu il est vrai. Le déficit de 1934 a été comblé par des économies très importantes des devises livres vendues.

Un amendement aux statuts a réduit le pourcentage de la couverture légale à 25%. Le texte paru au *Journal officiel*, N° 7, du 13 janvier 1936 est conforme à celui qui a été proposé au Comité financier et approuvé par lui dans sa session de septembre 1934.

Jusqu'à présent, le pourcentage de la couverture légale est resté au-dessus de 33%. Il était de 35,18% au 15 mars 1936.

b) *Banques privées.*

L'année 1935 a été marquée par une consolidation de la situation des banques privées. Fermeture de différentes banques, liquidation amiable de petites banques provinciales, restriction de l'activité de plusieurs banques étrangères ont caractérisé cette période. La Banque générale de Bulgarie, où le capital français et hongrois est prépondérant, et la Banque bulgare de commerce, où les intérêts français sont importants, ont décidé leur fusion ; les modalités en sont à l'étude.

Le total des dépôts des banques bulgares, des avances et placements faits par elles apparaît comme suit :

	31 décembre 1933	31 décembre 1934	31 décembre 1935
A. Dépôts.			
Grandes banques privées	2.374,6	2.482,9	2.586,1
Autres banques privées de Sofia	377,4	306,8	384,3
Autres banques privées de province	595,6	488,3	405,6
Total	<u>3.347,6</u>	<u>3.278,0</u>	<u>3.376,0¹</u>
Banque agricole	5.287,2	—	—
Banque coopérative	740,3	6.580,8	6.880,1
Banques populaires	1.992,9	2.156,1	2.139,8 ²
Toutes banques en Bulgarie³	<u>11.368,0</u>	<u>12.014,9</u>	<u>12.395,9</u>
B. Avances et placements.			
Grandes banques privées	2.331,1	2.396,9	2.388,5
Autres banques privées de Sofia	601,0	446,0	432,8
Autres banques privées de province	892,9	736,2	629,4
Total	<u>3.825,0</u>	<u>3.579,1</u>	<u>3.450,7¹</u>
Banque agricole	5.433,0	—	—
Banque coopérative	860,3	6.428,6	6.410,8
Banques populaires	2.666,5	2.699,6	2.809,4 ²
Toutes banques en Bulgarie³	<u>12.784,8</u>	<u>12.707,3</u>	<u>12.670,9</u>

c) *Banque municipale de Sofia.*

Cette banque a été créée par une loi du 24 décembre 1935 (*Journal officiel*, N° 290) avec un capital de 20 millions de leva souscrit par la Ville de Sofia : 5 millions doivent être versés immédiatement, le reste le sera par versements annuels de 5 millions.

Le rôle principal attribué à la Banque est l'octroi aux habitants de Sofia de prêts sur objets mobiliers. Subsidièrement, la Banque peut donner des avances gagées sur les salaires pour les employés de la ville et sur les titres de pensions pour les autres habitants.

La Banque peut recevoir des dépôts d'épargne (à terme et en compte courant) et fera fonction de caisse pour la municipalité.

Le Conseil d'administration est composé du maire, de deux adjoints et de représentants du ministre des Finances, de la Banque nationale et de la Banque agricole. La direction comprend trois membres.

¹ 30 décembre 1935.

² 30 novembre 1935.

³ A l'exception des banques hypothécaires, des coopératives agricoles de crédit et de la Caisse d'épargne postale.

La Banque a le droit :

1° De constituer en gage les objets garantissant le prêt accordé par une simple décision de la direction sans autre formalité ;

2° D'obliger sur sa seule notification les caisses chargées du paiement des salaires ou pensions donnés en gage, à retenir les sommes dues à la Banque ;

3° D'obtenir des tribunaux sur une seule notification les jugements d'exécution contre ses débiteurs.

La Banque doit commencer ses opérations en avril 1936. Le besoin d'un établissement prêteur sur gages se faisait sentir depuis longtemps ; l'on peut se demander, toutefois, s'il était utile d'autoriser la Banque à recevoir des dépôts d'épargne, et s'il est sage de considérer les salaires et les pensions comme pouvant servir de gage à des avances.

d) *Banque hypothécaire de Bulgarie.*

Le 1^{er} avril 1936, la Banque agricole et coopérative a signé un contrat avec les actionnaires et créanciers étrangers de la Banque hypothécaire de Bulgarie en vue du rachat du total de leurs intérêts et droits dans cette banque. Ce total, qui s'élève à environ 17,5 millions de francs suisses, est racheté au prix de 5,2 millions de francs suisses, dont la contre-valeur en dollars devra être payée avant le 1^{er} janvier 1937. Le capital versé de la Banque au 31 décembre 1935 était de 3,3 millions de francs suisses, dont 2 millions appartenaient au groupe étranger. La Banque devait à l'étranger 12,4 millions de francs suisses en obligations et en crédits à court terme et, en outre, 2 millions de francs suisses d'intérêts et dividendes non transférés. Toutes les dettes, mais non le capital, étaient garanties par l'Etat bulgare. Le transfert des intérêts et du dividende représente environ 1 million de francs suisses par an, qui sera économisé à l'avenir.

La Banque est bien organisée pour les prêts hypothécaires dans les villes, et à cet égard il y aurait avantage à n'apporter aucun changement à l'organisation actuelle et à maintenir la Banque indépendante de la Banque agricole et coopérative qu'elle ne doit ni remplacer ni doubler dans aucune de ses tâches. L'état actuel de la législation ne permet pas à une banque hypothécaire, dont le financement est assuré par l'émission d'obligations, de pratiquer le prêt hypothécaire rural.

e) *Loi d'allégement des débiteurs.*

Deux nouveaux amendements ont été apportés à la loi au cours de la période considérée, l'un le 21 janvier et l'autre le 21 février 1936. Les changements les plus importants sont les suivants :

1° Les débiteurs déclarés en banqueroute avant le 7 août 1934 ont pu réclamer le bénéfice de l'allégement durant le mois qui a suivi la promulgation de la loi. S'ils sont admis à ce bénéfice, la banqueroute est levée automatiquement. Si l'ancien banqueroutier fait défaut au paiement de deux échéances consécutives du plan d'allégement, le créancier peut exiger que la banqueroute suspendue reprenne son cours normal.

2° Le même traitement est accordé aux « concordats préventifs » qui avaient été jusque-là laissés en dehors de la loi d'allégement.

3° Les dispositions relatives aux avaliseurs et aux débiteurs indirects sont élargies et clarifiées.

4° Le calcul du montant de la dette est à nouveau modifié et les règles applicables à la Banque agricole, aux banques populaires et privées seront valables pour la Banque nationale. Il s'agit du taux d'intérêt applicable à la période du 1^{er} janvier 1931 au 7 août 1934.

5° Les paiements dus par les débiteurs bénéficiant du « concordat préventif » sont prorogés automatiquement au 30 juin 1939 s'ils échoient avant cette date. C'est la quatrième prorogation accordée par les lois successives depuis le début de 1934. Tous les débiteurs en « concordat préventif » profitent ainsi d'un moratoire complet. De telles dispositions affaiblissent la confiance dans le respect de contrats dont les législations successives modifient, sans intervention des parties intéressées, les clauses les plus essentielles et l'esprit même.

Les amendements nombreux apportés à la loi d'allégement des débiteurs ont rendu inutile une partie du travail fait, et en créant de nouvelles catégories de débiteurs ont entraîné retard et confusion dans l'exécution de la loi.

Il a été signalé plus haut (cf. Budget) le désaccord entre la loi d'allégement des débiteurs et les deux dernières lois de budget, en ce qui concerne les ressources de la Caisse d'amortissement créée par la loi.

La situation des demandes d'allégement au 15 mars était la suivante :

	Nombre	Montant en millions de leva
A. Total des demandes	283.662	9.260,2
dont :		
B. Allégement accordé :		
a) Par transfert à la Caisse	199.015	4.978,0
b) Aux débiteurs hypothécaires, débiteurs ouvriers, pensionnaires, employés, appartenant aux pro- fessions libérales, commerçants	18.773	1.050,0
C. Allégement refusé	46.022	2.377,5
D. Décisions en instance, à prendre :		
a) En exécution de la législation antérieure au 21 janvier 1936	8.896	529,5
b) En exécution de la législation postérieure au 21 janvier 1936	10.956	325,2

Ces chiffres sont en augmentation sensible sur ceux donnés dans le trente-septième rapport, page 7. Si l'on suppose que les décisions encore à prendre mettront à la charge de la Caisse des dettes en proportion sensiblement égale à celle qui résulte des cas jugés, le montant total des obligations à émettre par la Caisse atteindra 5,5 milliards de leva. En outre, des débiteurs pour un montant de 1,2 milliard bénéficieront d'un allégement, sans émission d'obligations, sous forme de réductions d'intérêts et de prorogations. La Banque agricole et coopérative et les coopératives contrôlées par elle recevront, pour environ 2,6 à 2,7 milliards, des obligations et devront accorder des réductions d'intérêt et des prorogations à des débiteurs pour 250 millions.

Les demandes présentées en exécution de la nouvelle loi du 21 janvier 1936 sont au nombre de 11.729, représentant 333,2 millions. Ce chiffre n'est pas définitif, puisque les délais pour présenter de nouvelles requêtes ne sont pas encore tous prescrits.

III. COMMERCE EXTÉRIEUR.

a) Commerce extérieur en 1935.

L'année 1935 s'est terminée avec une balance du commerce favorable s'élevant à 244,3 millions de leva contre 287,3 en 1934. Le montant total a augmenté de 1½ milliard de leva ou d'un tiers, comme on peut le constater d'après les chiffres suivants (en millions de leva) :

	1933	1934	1935	Augmentation 1934-35
Importations	2.202,3	2.247,2	3.009,0	761,7
Exportations	2.846,3	2.534,6	3.253,3	718,7
Surplus des exportations	644,0	287,4	244,3	

Le service des recherches de la Banque nationale a établi la même statistique, non seulement en valeur mais en volume, pour chacune des années depuis 1929 (valeurs en millions de leva) :

	1929	1930	1931	1932	1933	1934	1935
Total des importations	8.325	4.590	4.660	3.471	2.202	2.247	3.009
Total des exportations	6.397	6.191	5.934	3.383	2.846	2.535	3.253
Volume des importations	100	65	82	74	50	52	73
Volume des exportations	100	127	157	135	124	119	127

Le volume des importations de 1935 a atteint le niveau de 1932, alors que les exportations de 1935 sont restées au niveau de 1930, année au cours de laquelle, du reste, la valeur des exportations était sensiblement égale au double de la valeur des exportations de 1935.

L'augmentation du commerce extérieur est principalement due :

a) A l'affaire de compensation des tabacs des vieilles récoltes qui a accru l'exportation du tabac de 3.500 tonnes en tonnage de 400 millions de leva, en valeur. Les importations correspondantes peuvent difficilement être ventilées de l'ensemble des importations, mais on peut en estimer la valeur à environ 500 millions.

b) A l'accord de clearing avec l'Allemagne, qui tend à accroître les exportations vers ce pays et au fait que, pour éviter de laisser les marks s'accumuler au crédit du compte de clearing, la Banque nationale est amenée à faciliter l'importation de produits allemands.

c) A l'élévation des prix de certains produits exportables.

Les importations d'Allemagne se sont accrues de 709 millions de leva depuis 1934 (79%) et représentent avec 1.610 millions de leva 54% du total des importations. Les importations de Tchécoslovaquie et d'Autriche dépassent sensiblement les importations de l'année précédente.

Les exportations vers l'Allemagne ont augmenté de 479 millions ou les deux tiers de l'augmentation totale de l'exportation. Viennent ensuite : la Tchécoslovaquie avec 123 millions ; la Grande-Bretagne avec 89 ; la Hongrie avec 66 et l'Italie avec 53 millions. Par contre, les difficultés de fonctionnement des clearing avec les pays sans restrictions de change ont considérablement restreint les échanges de la Bulgarie avec ces pays.

La balance du commerce avec les pays à « devises libres » montre, en moyenne, une tendance meilleure et, pour la première fois depuis que les statistiques existent, les exportations bulgares vers la Grande-Bretagne sont supérieures aux importations provenant d'elle. La balance avec plusieurs pays « à clearing » est fortement déficitaire et la Bulgarie éprouve les plus grandes difficultés à combler les arriérés, spécialement ceux des clearing avec les pays qui ont une monnaie-or.

L'augmentation des importations porte sur tous les articles, à l'exception des textiles. Il en est de même pour l'exportation des produits bulgares, sauf l'exportation des céréales et de quelques produits agricoles : l'exportation des tabacs est passée de 20.800 tonnes en 1934 à 24.300 en 1935 en poids, et de 982 millions (39% de l'exportation totale) à 1.384 (45%) millions ; 34.000 tonnes de raisins ont été exportées pour une valeur de 248 millions de leva contre 19.000 tonnes en 1934 ; les raisins occupent la troisième place sur la liste des produits exportés classés par importance. L'exportation du bacon a commencé en 1935, ainsi que celle du soya (cf. appendice III, b)).

b) Développement du commerce extérieur au cours des deux premiers mois de 1936.

Les chiffres sont très sensiblement supérieurs à ceux relatifs aux mois correspondants de 1935, aussi bien pour l'exportation que pour l'importation. L'accroissement porte principalement sur le tabac, la viande et les œufs, pour les articles exportés, et, sur les métaux, les machines, les wagons, les automobiles, pour les articles importés. La part de l'Allemagne dans le total des transactions s'est accrue rapidement et atteint 65% des importations et 73% des exportations. Le chiffre d'affaires de la Bulgarie avec l'Allemagne a été de 775 millions de leva pour les deux premiers mois de 1936 contre 289 millions pour la même période de 1935. L'accroissement (486 millions) dépasse l'augmentation totale du commerce bulgare en janvier-février 1936 sur janvier-février 1935 (471 millions).

Commerce extérieur de la Bulgarie en janvier-février 1935 et 1936 :

	1936		1935		Augmentation 1935-36	
	Total	Allemagne	Total	Allemagne	Total	Allemagne
Importations . . .	484,3	315,6	365,8	165,7	+ 118,5	+ 149,9
Exportations . . .	626,2	459,6	274,0	123,6	+ 352,2	+ 336,0
Balance . . .	+ 141,9	+ 144,0	- 91,8	- 42,1	+ 233,7	+ 186,1

IV. INDUSTRIE.

a) Généralités.

L'activité industrielle a considérablement repris en automne 1935, après la dépression constatée pendant la première moitié de l'année. Néanmoins, la production de l'année entière 1935 est inférieure, pour la plupart des industriels, à celle de 1934 :

Production de :	1935	1934
Ciment (1.000 tonnes)	124,3	130,3
Bière (100 hectolitres)	31,9	45,7
Cigarettes (tonnes)	3.248	3.129
Fils de coton (tonnes)	6.161	6.940
Tissus de coton (1.000 mètres)	17.920	19.230
Etoffes de laine (1.000 mètres)	3.249	3.017
Sacs en jute (tonnes)	379	654
Semelles de cuir (tonnes)	1.515	1.184
Galoches (1.000 paires)	814	934
Huile de tournesol raffinée (tonnes)	7.415	6.102
Savon (tonnes)	6.042	6.026
Energie électrique (millions kWh.)	140	138

b) Bâtiment.

L'activité du bâtiment a considérablement diminué par rapport à 1934, aussi bien à Sofia qu'en province, et il semble que le « boom » de la construction qui s'est manifesté depuis 1932

touche à sa fin. Le service des recherches de la Banque nationale estime comme suit la valeur des nouveaux bâtiments, des additions et des réparations au cours des trois dernières années (en millions de leva) :

	Sofia	Province	Total
1933	804,5	529,9	1.334,4
1934	524,9	518,3	1.043,2
1935	466,5	411,1	877,6

c) *Loi sur la « saturation » de l'industrie.*

D'après une loi du 12 octobre 1935, le Gouvernement peut déclarer « saturée » une industrie, soit pour le pays tout entier, soit pour une localité déterminée. La construction de toute nouvelle usine destinée à une industrie « saturée » est interdite. Les industries de la meunerie, de la sucrerie, de l'huile végétale, de la décortication du riz, du vin, des fils et clous, de la verrerie, les manufactures d'étoffes de laine, de tissus de coton et d'objets en cuir sont d'ores et déjà déclarées saturées.

Le ministre du Commerce étudie la possibilité de dispositions analogues pour le commerce.

Cette politique est la suite logique des mesures accordant un moratorium partiel prises en faveur des industriels et des commerçants en difficultés.

d) *Sucre.*

Chaque année, à l'époque où la betterave doit être semée, des négociations ont lieu entre le Gouvernement et les fabriques de sucre pour déterminer la superficie qui devra être enssemencée avec les semences fournies par les sucriers, le prix auquel les fabriques doivent s'engager à acheter au paysan les betteraves d'une région déterminée et le prix maximum auquel le sucre sera vendu au consommateur.

Cette année, les négociations viennent d'échouer et les pourparlers ont été rompus. La Bulgarie n'ensemencera pas de betterave à sucre en 1936, à l'exception de la betterave destinée à une fabrique coopérative dont la capacité de production représente seulement 50 tonnes par jour, soit 8% de la capacité des autres sucreries (750 tonnes par jour). Le sucre nécessaire à la consommation sera importé de l'étranger, pour autant que les stocks détenus par les sucreries (26.000 tonnes) ne seront pas utilisés à satisfaire les besoins du pays qui s'élèvent à environ 22.000 tonnes (3½ kg. par tête). La surface enssemencée en betterave a varié comme suit au cours des années 1930-35 :

	Production (1.000 tonnes)	Consommation	Superficie ensemencée (betteraves) (1.000 hectares)
1930	52,0	29,1	23,5
1933	37,8	21,9	12,2
1934	4,8	20,8	1,7
1935	16,1	21,4	7,0

e) *Billes de noyer.*

Le commerce des billes de noyer et des feuilles de placage a été réglementé par une loi du 4 mars 1936.

La législation concernant ces articles a été modifiée à maintes reprises : l'exportation des billes de noyer a été successivement autorisée, puis interdite, celle des feuilles de placage a été rendue impossible par des taxes d'exportation prohibitives ; le commerce des billes de noyer a été confié à la Banque agricole, à laquelle un véritable droit d'exportation était donné.

Toutes ces dispositions sont abolies. L'exportation des billes de noyer devient libre contre paiement d'un droit d'exportation de 1.200 leva par tonne et la taxe sur les billes destinées aux fabriques locales de bois de contre-placage est réduite de 1.000 à 500 leva.

La Banque nationale n'autorise l'exportation des billes de noyer que contre paiement de 100% en devises libres.

V. AGRICULTURE.

a) *Etat des récoltes.*

Les semailles d'automne ont été considérablement moins étendues que celles de l'automne précédent. La raison principale en est la sécheresse pendant le temps des semailles.

	Semailles d'automne en 1.000 hectares.		
	1935 (Chiffres provisoires)	1934	1934 (Chiffres définitifs)
Blé	1.050	1.218	1.152
Seigle	163	184	169
Orge	154	174	174

L'état actuel des récoltes est bon, mais il est encore trop tôt pour émettre une opinion sur le rendement de cette récolte.

b) *Direction des céréales.*

Jusqu'à présent, la Direction des céréales était un organisme temporaire dont les conditions d'existence étaient prorogées chaque année et modifiées suivant les circonstances. La loi du 7 février 1936 (*Journal Officiel* N° 28) lui donne un statut permanent. En vertu de cette loi, la Direction devient un établissement d'Etat autonome, doué de la personnalité juridique et commerciale au sens de la loi de commerce ; elle exerce son activité sous le contrôle du Conseil des ministres par l'intermédiaire du Ministre du commerce. Son objet est d'assurer l'amélioration et la stabilité des prix des produits agricoles énumérés et de garantir l'alimentation du pays en ces produits. La Direction est chargée du commerce intérieur du blé, du seigle, du méteil, de la graine de tournesol, du chanvre, du riz brut, du coton et de la graine de coton. La Direction détient, de droit ou de fait, un monopole pour ces différents articles.

Les opérations de la Direction sont financées soit directement par l'Etat, soit au moyen d'emprunts contractés par elle, tous ses profits sont employés à ce financement. La direction est confiée à un directeur et à deux conseillers, nommés par le Conseil des ministres. L'activité de la Direction est comptabilisée par exercice, courant du 1^{er} juillet au 30 juin de l'année suivante ; un rapport en est fait qui doit être présenté avant le 1^{er} octobre. Toutes les opérations financières doivent passer par la Banque agricole et coopérative. La Direction est exemptée de toutes taxes, droits de timbres et frais judiciaires, ce qui constitue à son profit une subvention indirecte du Trésor.

Au 15 mars, la situation comparée de l'activité de la Direction était la suivante :

	Récolte 1934	Récolte 1935
Total acheté	250,3	315,5
Total cédé.	160,4	195,4
dont :		
a) Vendu aux moulins pour la consommation intérieure	127,3	147,6
b) A la population « improductive »	2,9	3,5
c) Pour fonds « Calamités publiques »	3,3	0,0
d) Service militaire et de prestation	4,6	9,6
e) Aux malheureux	—	0,5
f) Avances pour alimentation et semences	22,3	10,8
g) Exporté	—	23,4
Stocks	89,8	120,1

Les achats de la récolte 1935 dépassent de 65.200 tonnes ceux de la récolte précédente. Les ventes ont augmenté de 35.000 tonnes ; 20.000 tonnes sont allées à la consommation par les voies du commerce normal, 23.400 ont été exportées et les troupes ont reçu 5.000 tonnes de plus qu'en 1934. Ces augmentations sont en partie compensées par une diminution des céréales données à titre d'avance pour l'alimentation et les semences et par la suppression de celles remises au « fonds des Calamités ».

VI. DIVERS.

Une comparaison entre l'index des prix de gros et l'index du coût de la vie montre que l'écart entre les deux a pratiquement disparu au cours de 1935. Le coût de la vie a eu, pendant l'année, une tendance à diminuer (65,9 en janvier 1936, contre 70,6 en janvier 1935), alors que depuis 1933, qui a marqué le point bas de la courbe de variation, les prix de gros n'ont cessé de monter.

	Indice des prix de gros	Indice du coût de la vie
	(1926 = 100)	
1927	102,4	107,3
1928	109,8	109,3
1929	117,0	111,8
1930	94,6	102,3
1931	79,1	89,3
1932	70,3	82,2
1933	61,6	76,3
1934	63,6	71,2
1935	65,1	66,6

Le Commissariat au ravitaillement et à la réduction du coût de la vie, dont les pouvoirs en matière de fixation des prix étaient grands, a été supprimé et un service spécial des prix a été chargé au Ministère du Commerce d'exercer ses attributions anciennes. Ce service doit soumettre au Conseil des ministres toutes ses décisions, ce qui semble indiquer le désir de limiter ses interventions en ce qui concerne la réglementation des prix (*Journal Officiel*, N° 17, du 24 janvier 1936).

VII. ÉTABLISSEMENT DES RÉFUGIÉS BULGARES.

1. *Position au 29 février 1936 du compte bloqué de l'emprunt 1926.*

	Leva
Produit net	1.614.296.149
Dont mis à la disposition du service d'établissement	1.610.824.302
	<hr/>
Solde en dépôt à la Banque nationale	3.471.847

2. *Rendement des revenus gagés.*

(En millions de leva.)

Chapitres du budget 1935	Encaissements		1/12 des évaluations budgétaires
	Novembre	Décembre	
13. Accise sur le sel, le café, les boissons, etc., importés	18,2	15,8	17,5
14. Accise sur le vinaigre, la bière, etc. indigènes et versement remplaçant l'accise sur l'alcool	2,3	5,2	4,2
17. Accise sur le sel, le sucre, etc., indigènes	33,2	26,3	29,2
19. Vente des allumettes	6,7	5,8	6,8
Total	60,4	53,1	57,7

Chapitres du budget 1936	Encaissements		1/12 des évaluations budgétaires
	Janvier	Février	
11. Accise sur le sel étranger, le café et autres marchandises et boissons étrangères	15,6	9,2	15,9
12. Accise sur le vinaigre, la bière, l'acide carbonique et autres boissons indigènes et accise sur l'alcool	1,7	3,3	4,7
15. a) Accise sur le sel	3,6	1,7	4,2
b) Accise sur le sucre et la glucose	24,8	21,4	22,7
c) Accise sur le riz et autres marchandises indigènes	1,4	0,6	3,8
31. Vente des allumettes	6,7	5,5	6,7
Total	53,8	41,7	58,0

Les versements des réfugiés affectés au remboursement des dépenses d'établissement ont atteint les montants ci-après (en leva) :

	Novembre 1935	Décembre 1935	Janvier 1936	Février 1936	Antérieurs	29 février 1936
Intérêts	107.934	171.442	42.764	96.201	5.416.795	5.835.136
Amortissement et impôt foncier	16.698	30.758	8.727	25.751	19.805.045	19.886.979
Total	124.632	202.200	51.491	121.952	25.221.840	25.722.115

3. *Utilisation de l'emprunt.*

Les engagements restant à régler au 29 février 1936 s'élèvent à 5.703.036 leva. Pour y faire face, la Direction générale de la Dette publique dispose de :

	Leva
Banque nationale, compte Commissariat	3.471.847
Banque nationale.	2.231.189
	<hr/>
	5.703.036

VIII. EMPRUNT DE STABILISATION 7½% 1928.

1. *Position au 29 février 1936 du compte bloqué de l'emprunt.*

	Leva
Produit net	3.370.065.553
Dont mis à la disposition des administrations	3.370.065.553
	<hr/>
Compte soldé	—

2. *Rendement des revenus gagés (douanes).*

(En millions de leva)					
Novembre 1935	Décembre 1935	Janvier 1936	Février 1936	1/12 des évaluations budgétaires	
				1935	1936
61,9	68,8	60,9	54,4	61,29	60,75

3. *Utilisation du produit de l'emprunt.*

I. *Chemins de fer et ports.*

	Leva
La totalité de cette tranche s'est montée à	672.300.000
dont engagés au 29 février 1936	672.051.940
	<hr/>
Solde non engagé	248.060
Reste à payer sur engagements opérés	876.639
	<hr/>
Solde à engager ou à payer	1.124.699
Sommes aux mains de l'Administration.	2.548.733

II. *Routes et ponts.*

	Leva
La totalité de cette tranche s'est montée à	182.031.732
dont engagés au 29 février 1936	181.844.182
	<hr/>
Solde non engagé	187.550
Reste à payer sur engagements opérés	—
Sommes aux mains de l'Administration.	187.550
Solde à recevoir du produit de l'emprunt	—
	<hr/>
	187.550

Appendice I.

**a) RÉSULTATS PROVISOIRES DE L'EXERCICE 1935 COMPARÉS AUX
RÉSULTATS DES EXERCICES PRÉCÉDENTS.**

(En millions de leva.)

	Résultats définitifs		Résultats provisoires 1935	Prévisions budgétaires 1935	% des prévisions	
	1933-34	1934				
I. RECETTES.	(12 mois)	(12 mois)	(12 mois)	(12 mois)		
A. Budget de l'Etat :						
Impôts directs	455,7	537,3	394,4	432	91,3	
Douanes	626,3	881,9	821,8	945,5	86,9	
Accises	1.315,1	1.198,4	1.264,5	1.375	91,9	
Taxes et droits de timbre .	552,5	446,9	458,7	568	80,7	
Amendes et confiscations .	71,9	95,5	88,5	92	96,1	
Annuité des chemins de fer et recettes ports	118,6	52,5	164,8	163,9	100,5	
P. T. T.	259,2	258	271,9	280	97,1	
Domaines et capitaux	189,9	253,9	274,3	331,3	82,7	
Participation des communes aux appointements des instituteurs et médecins .	329,6	297	286,8	320	89,6	
Recettes diverses	488,3	82,5	372,4	251,5	148	
Anciens fonds incorporés .	286	170,9	176,8	185,1	95,5	
Recettes sur exercices clos		296,8	292,2	320	91,3	
Reprises en recettes des soldes non transférés du service de la dette extérieure .	293,8	426,7	532	430,8	123,4	
Total	4.986,9	4.998,3	5.399,1	5.695,1	94,8	
Total des recettes ordinaires (sans les soldes non transférés)	(4.693,1)	(4.571,6)	(4.867,1)	(5.264,3)	(92,4)	
B. Budget des chemins de fer et ports	1.276,1	1.204,7	1.214,8	1.275,6	95,2	
Total général	6.263	6.203	6.613,9	6.970,7	94,8	
Total général des recettes ordinaires (sans les soldes non transférés)	(5.969,2)	(5.776,3)	(6.081,9)	(6.539,9)	(92,9)	
	Résultats définitifs		Résultats provisoires 1935	Prévisions budgétaires 1935	% des prévisions	Dépenses autorisées par budgets mensuels
	1933-34	1934				
II. DÉPENSES.	(12 mois)	(12 mois)	(12 mois)	(12 mois)		
A. Budget de l'Etat :						
Pouvoir suprême	66,9	49,4	39,4	46,5	84,7	39,9
Cour des comptes	15,2	15	19	21,5	88,4	20,4
Affaires étrangères et Cultes	140,4	143,5	146,9	158,2	92,9	152,2
Intérieur et Santé publique	367,9	359,4	352,6	393,4	89,6	274,4
Instruction publique	838,3	758,2	720,6	785,4	91,7	765
Finances et Dette publique	2.037,8	1.955,4	2.325,2	2.210,6	105,1	2.185,7
Justice	178,8	166,9	161,1	167,7	96	168,2
Guerre	793	922,2	1.006,7	1.010	99,7	1.039,1
Economie nationale	328	299,9	300,5	365	82,3	339,8
Communications	499,7	512,1	478,2	536,8	89	505,7
Crédits supplémentaires divers	125,6	517,1	134,7	256,2	—	—
Total A	5.391,6	5.699,1	5.684,9	5.951,3	95,5	5.590,4
B. Budget des chemins de fer et ports	1.104,3	1.063	1.207	1.437,5	84	1.214
Total général	6.495,2	6.762,1	6.891,9	7.388,8	93,2	6.804,4
Déficit budgétaire	232,9	559	278	—		

**b) RECETTES EFFECTIVES ET PRÉVISIONS DU BUDGET 1935 RÉPARTIES
D'APRÈS LA CLASSIFICATION ADOPTÉE POUR LE BUDGET 1936 ET
COMPARAISON AVEC LES PRÉVISIONS DU BUDGET 1936.**

(En millions de leva.)

Chapitres	1936	1935		Prévisions 1936 comparées aux recettes effectives 1935 + ou -
	Prévisions	Prévisions	Recettes effectives	
I. Impôts directs	382,0	432,0	394,4	- 12,4
II. a) Douanes	920,0	945,5	821,8	+ 98,2
b) Accises	1.464,6	1.302,0	1.214,9	+ 249,7
c) Enregistrement	102,0	105,0	90,0	+ 12
d) Timbre	330,0	370,0	285,1	+ 44,9
III. Amendes	87,0	92,0	88,5	- 1,5
IV. Monopoles	125,0	125,0	117,2	+ 7,8
V. Exercices clos	250,0	320,0	292,2	- 42,2
VI. Entreprises d'Etat :				
b) Chemins de fer	177,2	164,0	164,8	+ 12,4
c) P. T. T.	293,5	280,0	271,9	+ 21,6
a) Pernik				
d) Imprimerie nationale	159,0	155,0	110,8	+ 48,2
f) Sources minérales				
g) Forêts d'Etat				
e) Loterie nationale	25,0	—	—	+ 25,0
VII. Instituteurs	412,0	320,0	286,8	+ 125,2
VIII. Recettes administratives	467,6	545,9	705,6	- 238,0
IX. Nouveaux fonds	376,8	387,3	346,8	+ 30,0
X. Recettes extraordinaires	172,0	—	—	+ 172,0
XI. Sommes non transférées	419,8	430,8	531,9	- 112,1
Total	6.163,5	5.974,5 ¹	5.722,8 ²	+ 440,7
Total (sans les soldes non transférés)	5.743,7	5.543,7	5.191,0	+ 552,7

¹ Ce total auquel on ajoute :

a) Les recettes prévues par la Convention gréco-bulgare	82,9
b) Les recettes du fonds pour la construction d'édifices judiciaires	25,0
	<u>107,9</u>

qui ne figurent pas au budget 1936 et dont on retranche les nouveaux fonds incorporés (387,3), est égal au total des prévisions budgétaires : 5.695,1.

² Ce montant dont on retranche les recettes des nouveaux fonds (346,8) et auquel on ajoute la recette du fonds des édifices judiciaires, 20,6 + 2,6 = 23,2, est égal aux recettes effectives de l'exercice, 5.399,1.

c) COMPARAISON DES CRÉDITS OUVERTS PAR LES BUDGETS 1935 ET 1936.

(En millions de leva.)

	Budget 1935			Budget 1936		
	Budget ordinaire	Budget des fonds incorporés en 1936	Total	Crédits ouverts	Comparaison avec 1935	Nouveaux fonds incorporés au budget ordinaire
1. Pouvoir suprême	40,7	—	40,7	37,6	— 3,1	—
2. Dette publique	2.202,0	—	2.202,0	2.243,1	+ 41,1	—
3. Cours des comptes	21,4	—	21,4	20,4	— 1,0	—
4. Affaires étrangères	89,8	—	89,8	87,3	— 2,5	—
Eglise	69,6	—	69,6	69,5	— 0,1	—
5. Intérieur :						
a) Administration et police	219,3	150,0	369,3	288,3	— 81,0	75,0
b) Santé publique	177,7	—	177,7	187,7	+ 10,0	—
6. Instruction publique	788,0	109,7	897,7	873,9	— 23,8	84,4
7. Finances	205,0	—	205,0	200,3	— 34,7	—
8. Justice	173,1	—	173,1	166,3	— 6,7	—
9. Guerre	1.060,0	—	1.060,0	1.051,8	— 8,2	—
10. Commerce	62,5	3,1	65,6	69,7	+ 4,2	3,9
11. Agriculture	303,4	59,6	363,0	327,2	— 35,8	46,6
12. Travaux publics	115,8	53,4	169,2	142,3	— 26,9	17,6
Prestations	133,0	—	133,0	109,5	— 23,5	—
13. Chemins de fer :						
Police	42,2	—	42,2	42,2	—	—
P. T. T.	192,8	10,1	202,9	206,5	+ 3,6	6,7
Aviation.	55,0	—	55,0	40,0	— 15,0	—
Total	5.951,3	385,9	6.337,2	6.163,6	— 173,6	234,2

d) RÉSULTATS MENSUELS DES DEUX PREMIERS MOIS DE L'EXERCICE.
(En millions de leva.)

	Janvier			Février			Janvier et février		+ ou moins
	1935	1936	Budget mensuel 1936	1935	1936	Budget mensuel 1936	1935	1936	
RECETTES.									
A. Budget de l'Etat :									
I. Recettes fiscales :									
1° Impôts directs . . .	24,4	22,6	28	37,4	41,3	35	61,8	64	+ 2,2
2° Impôts indirects :									
Douanes	66,8	76,5	70	82,8	63,6	74	149,6	140	— 9,6
Accises	85,2	107,2	120	140,1	88,4	112	225,3	195,6	— 29,7
Enregistrement . . .	9,8	6,3	8	8,8	7	8	18,6	13,3	— 5,3
Timbre	21,3	25	25	28,2	23,2	26	49,5	48,2	— 1,3
3° Amendes et con- fiscations	6,3	6,1	6	11	6,9	8	17,3	12,9	— 4,4
4° Monopoles	8	10,1	8	9,8	9,2	9	17,9	19,3	+ 1,4
5° Exercices clos . . .	18	15,6	18	52,7	45,3	25	70,7	60,9	— 9,8
II. Autres recettes :									
6° Entreprises d'Etat	31,1	35,9	53,8	33,3	26,5	51,8	64,4	62,4	— 2,4
7° Participation des communes aux appointements des instituteurs et médecins	20,6	22,2	34	55,4	28,7	30	75,9	51	— 24,9
8° Recettes diverses . .	27,6	32	37,2	52,4	49,7	36,2	80	81,6	+ 1,6
9° Nouveaux fonds incorporés	14,1	17,9	30	36	37,3	35	50,2	55,2	+ 5
III. 10° Recettes extraordi- naires	—	0,6	12	—	5,3	10	—	6	+ 6
IV. Recettes d'ordre :									
11° Reprise en recet- tes des soldes non transférés de la dette publique extérieure	—	—	35	—	9,6	35	—	9,6	+ 9,6
Total	333,2	378	485	547,9	442	495	881,2	820	— 61,2
Total des recettes réelles (sans les soldes non transférés N° 11) . . .	(333,2)	(378)	(450)	(547,9)	(432,4)	(465)	(881,2)	(810,4)	(— 70,8)
B. Chemins de fer et ports .	76,7	81,6	100	97,9	88,6	100	174,7	170,2	— 4,5
Total mensuel général . .	409,9	459,6	585	645,8	530,6	595	1.055,9	990,2	— 65,7
Total mensuel, non compris les sommes récupérées	(409,9)	(459,6)	(550)	(645,8)	(521)	(565)	(1.055,9)	(980,6)	(— 75,3)
DÉPENSES.									
A. Budget de l'Etat	228,5	138,2	485	260,4	344,4	495	488,9	482,6	— 6,3
B. Chemins de fer et ports .	—	2,6	100	—	81,8	100	—	84,4	+ 84,4
Total des dépenses réglées .	228,5	140,8	585	260,4	426,2	595	488,9	567	+ 78,1
Dépenses en souffrance (+ ou — au cours du mois)	466,8	444,2	—	129,7	238,5	—	596,5	682,7	+ 86,2
Total mensuel général . . .	695,3	585	585	390	664,7	595	1.085,4	1.249,7	+ 164,3
Total mensuel, non compris la reprise en recettes .	(695,3)	(585)	(550)	(390)	(655,1)	(560)	(1.085,4)	(1.249,7)	(+ 154,7)

e) SITUATION DÉTAILLÉE ET COMPARÉE DES RECOUVREMENTS DES IMPÔTS DIRECTS POUR LES DEUX PREMIERS MOIS DE L'EXERCICE 1936.

(En millions de leva.)

Impôts	Résultats 1 ^{er} janvier-29 février				Prévisions 1936	
	1935	1936	+ ou -	% de 1936 par rapport à 1935	Quote-part exigible	% des recouvrements
Impôts cédulaires	38,3	47,8	+ 9,5	125	32	149
Impôt global sur le revenu	1,2	1,8	+ 0,6	156	2,5	72
Impôt sur les sociétés	0,9	1,2	+ 0,3	136	3,2	38
Impôt sur les brebis et les chèvres	0,2	0,2	—	100	7,2	3
Impôt sur l'exemption de la prestation	2,9	5	+ 2,1	173	7,2	69
Impôt militaire	3,4	3,9	+ 0,5	114	4	97
Impôt sur les successions	5,6	4	- 1,6	71	5,6	71
Total	52,5	63,9	+ 11,4	122	61,7	104
Impôts arriérés	64,4	58,2	- 6,2	90,4	41,7	139,3
Amendes et intérêts de retard sur impôts arriérés	11,1	7,3	- 3,8	65,8	9,2	79,3
Total général	128	129,4	+ 1,4	101	112,6	114,9

f) SITUATION DE LA TRÉSORERIE AU 29 FÉVRIER 1936.

(En millions de leva.)

		Excédent de caisse	Déficit de caisse
<i>Budget 1934</i>			379,7
<i>Budget 1935 (14 mois) :</i>			
Encaissements	6.613,9		
Décaissements	6.891,8		
<i>Budget 1936 (2 mois) :</i>			277,9
Encaissements	990,2		
Décaissements	566,9		
<i>Ressources extrabudgétaires :</i>		423,3	
1935		775,3	
1936		1,3	
		1.199,9	657,6
Solde Trésor		542,3	

DETTES DU TRÉSOR AU 29 FÉVRIER 1936.

<i>Sur exercices antérieurs à 1935</i>	Consolidées ou à terme
Direction céréales	84
<i>Sur exercice 1935 :</i>	
Bons Trésor	600
Emprunts aux fonds	125
Caisse d'amortissement	200
Arriérés budgétaires non réglés :	
Etat	133,5
Chemins de fer	183,9
	<u>317,4</u>
A reporter	1.326,4

Sur exercice 1936 :

	Report	Consolidées ou à terme	Exigibles
1 ^o Emprunts pour crédits extraordinaires		1.326,4	
2 ^o En souffrance au 29 février :		300	
Dépenses ayant donné lieu à émission de mandats	332,7		
Dépenses n'ayant pas donné lieu à émission de mandats :			
Pensions	170		
Salaires	180		
	<hr/>		682,7
3 ^o A diverses caisses :			
Caisse d'amortissement dettes privées (sous-compte 8)	28,9		
Fonds d'amortissement emprunt 1934 (sous-compte 17)	12		
Budget supplémentaire de la Direction des P. T. T. (sous- compte 18)	1,5		
	<hr/>		42,4
		<hr/>	<hr/>
		1.626,4	725,1

Appendice II a.

SITUATION DE LA BANQUE NATIONALE DE BULGARIE EN 1934, 1935 ET 1936.

(En millions de leva.)

	15 mars 1934	15 mars 1935	15 décembre 1935	15 mars 1936
ACTIF.				
Or monnayé et non monnayé	1.547	1.552	1.591	1.591
Devises-or.	51	7	19	11
Autres devises	79	397	594	402
Monnaies divisionnaires	322	539	456	579
Portefeuille et avances de commerce.	352	243	493	206
Bons du Trésor.	768	655	855	1.010
Dettes de l'Etat.	2.783	2.698	2.671	2.671
PASSIF.				
Capital versé et réserve	1.735	1.760	1.751	1.749
Billets de banque en circulation	2.438	2.145	2.280	2.102
Comptes courants et de dépôts	1.914	2.243	2.091	2.105
dont de banques	(1.016)	(871)	(729)	(933)
Exigibilités en devises.	41	96	142	122
Couverture %	35,77	33,34	33,58	35,18
Taux de l'escompte	7	7	6	6
Circulation totale.	3.357	3.247	3.466	3.340

Appendice II b.

DEVICES ÉTRANGÈRES : ACHATS ET VENTES DE LA BANQUE NATIONALE
DE BULGARIE EN 1933, 1934 ET 1935.

	1935			1934	1933
	Libres	Bloquées Clearing	Total	Total	Total
<i>Change acheté.</i>					
Exportations	253,8	2.283,5	2.537,3	1.766,7	1.864,5
Services privés	45,9	57,4	103,3	66,4	74,5
Services d'Etat	23,9	5,9	29,8	18,9	20,4
Voyageurs	11,3	35,4	46,7	57,6	35,1
Frêts	1,6	—	1,6	3,9	3,1
Investissements à l'étranger	1,7	5,0	6,7	7,3	15,8
Emigrants et jardiniers	16,8	44,3	61,1	69,6	63,5
Autres revenus d'Etat	3,0	0,0	3,0	14,2	0,4
Importations de capital	1,9	0,0	1,9	1,0	1,3
Profits de change	4,2	2,4	6,6	14,1	26,6
Non classifiés	41,3	28,2	69,5	53,6	240,2
Total	405,4	2.462,1	2.867,5	2.073,3	2.345,4
<i>Change vendu.</i>					
Importations	112,5	1.779,7	1.892,2	1.565,2	1.614,2
Services	3,3	35,7	39,0	16,0	16,2
Voyageurs et malades	6,3	52,2	58,5	26,2	27,7
Etudiants	12,2	14,7	26,9	43,4	61,4
Autres dépenses de particuliers	6,8	16,2	23,0	11,3	18,3
Service de dettes privées	6,5	7,5	14,0	14,9	24,1
Service de dettes d'Etat	137,8	68,7	206,5	214,6	178,2
Légations	29,6	21,0	50,6	54,0	57,5
Bourses, missions, etc.	9,5	7,2	16,7	73,8	42,6
Chemins de fer et ports	12,2	33,7	45,9	—	—
Exportations de capital	0,4	—	0,4	0,0	—
Remboursements de capital	2,7	0,1	2,2	5,6	9,9
Non-classifiés	19,5	26,8	46,3	64,1	255,1
Total	358,7	2.063,5	2.422,2	2.089,1	2.305,2

Appendice II c.

ENGAGEMENTS DE LA BULGARIE EN EFFETS COMMERCIAUX ENVERS
L'ÉTRANGER.

(En millions de leva.)

	1 ^{er} avril 1933	1 ^{er} mars 1934	1 ^{er} mars 1935	1 ^{er} mars 1936
1. Italie	271,4	192,6	308,1	4,2
2. Empire britannique	148,9	109,8	105,9	98,6
3. Tchécoslovaquie	239,3	85,7	64,6	22,6
4. France	64,0	49,3	28,2	18,5
5. Suisse	34,4	81,9	0,2	0,5
6. Etats-Unis	28,1	17,1	16,4	9,9
7. Hollande	22,4	13,4	12,3	21,1
8. Autriche	13,5	—	50,8	1,7
9. Pologne	10,3	4,5	2,7	1,7
10. Turquie	10,7	1,8	2,5	0,4
11. Roumanie	9,5	7,9	4,5	0,4
12. Suède	5,5	3,9	2,9	2,7
13. Yougoslavie	3,6	2,0	3,6	—
14. Egypte	3,3	2,6	0,3	0,1
15. Espagne	2,4	—	0,8	1,0
16. Argentine	—	3,0	3,8	1,1
17. Allemagne	118,5	0,1	0,0	—
18. Belgique et Luxembourg	61,2	—	0,9	0,6
19. Hongrie	18,8	2,2	0,6	0,4
20. Grèce	10,5	2,1	0,3	0,6
Total	1.095,7¹	583,5	612,5	189,2

¹ Chiffre record.

Appendice III a.

COMMERCE EXTÉRIEUR, PAR PAYS, EN 1933, 1934 ET 1935.

(En millions de leva.)

	Exportations			Importations			Balance		
	1933	1934	1935	1933	1934	1935	1933	1934	1935
Allemagne	1.025	1.083	1.562	841	902	1.610	+184	+181	— 48
Italie	258	233	285	281	176	94	— 23	+ 57	+191
Autriche	277	135	149	137	107	193	+140	+ 28	— 44
Tchécoslovaquie	99	91	224	106	85	294	— 7	+ 6	— 70
Angleterre	50	53	142	152	143	141	—102	— 90	+ 1
Suisse	148	122	93	151	132	161	— 3	— 10	— 68
Belgique	238	89	31	62	167	36	+176	— 78	— 5
Espagne	144	80	45	5	51	44	+139	+ 29	+ 1
France	93	53	60	96	86	43	— 3	— 33	+ 17
Egypte	65	98	110	7	13	14	+ 58	+ 85	+ 96
Hongrie	33	11	78	19	23	53	+ 14	— 12	+ 25
Hollande	97	79	47	28	28	38	+ 69	+ 51	+ 9
Pologne	50	41	68	24	47	36	+ 26	— 6	+ 32
Etats-Unis	32	16	34	49	51	39	— 17	— 35	— 5
Palestine	32	50	67	3	3	4	+ 29	+ 47	+ 63
Roumanie	17	19	10	109	95	94	— 92	— 76	— 84
Danemark	42	59	55	1	1	1	+ 41	+ 58	+ 54
Suède	1	9	37	10	15	12	— 9	— 6	+ 25
Grèce	4	18	32	18	21	14	— 14	— 3	+ 18
Turquie	18	36	16	27	31	19	— 9	+ 5	— 3
Yougoslavie	2	5	22	8	9	8	— 6	— 4	+ 14
Autres pays	24	36	58	67	63	58	— 43	— 27	0
Indéterminé	97	120	27	—	—	—	+ 97	+120	+ 27
Total	2.846	2.535	3.253	2.202	2.247	3.009	+644	+288	+244

Appendice III b.

MOUVEMENT DES PRINCIPAUX ARTICLES D'EXPORTATION
EN 1933, 1934 ET 1935.

	Poids (Milliers de tonnes)			Valeur (Millions de leva)		
	1933	1934	1935	1933	1934	1935
Blé et farine	104	37	35	205	57	61
Orge	17	12	2	25	14	3,4
Maïs	100	126	5,2	150	182	8
Haricots	33	16	19	72	45	63
Son.	10	12	5,1	9	10	4,7
Colza	0,5	2,2	15	2,7	11	50
Tournesol	11	12	47	34	31	118
Vesce	29	22	3,6	65	43	11
Tourteaux	25	29	28	45	51	47
Tabac	23	21	24	1.184	990	1.390
Charbon de bois	8	9	11	10	10	10
Essence de roses (tonnes)	1,4	1,2	1,7	52	36	45
Cocons (tonnes)	394	27	112	26	1,5	9
Noix	2	2,1	3,1	25	20	31
Gros bétail (1.000 têtes)	5	16	18	21	53	53
Menu bétail (1.000 têtes)	1,5	31	55	1	11	14
Volailles (1.000 têtes)	1.090	1.040	1.164	34	34	35
Volailles abattues	1,9	2,9	3,7	54	86	114
Fromage	1,2	1,2	1,9	34	35	50
Raisins	11	19	34	85	140	248
Œufs	16	15	13	457	341	401
Peaux brutes	1,8	2,3	1,8	123	137	112
Divers	34	49	64	134	197	376
Total	431	396	327	2.847	2.535	3.253

Appendice III c.

MOUVEMENT DES PRINCIPAUX ARTICLES D'IMPORTATION EN 1933, 1934 ET 1935.

	Poids (Tonnes)			Valeur (Millions de leva)		
	1933	1934	1935	1933	1934	1935
Animaux vivants	42	10	335	1,4	1	2,9
Produits aliment. d'animaux	381	778	926	2,6	11	11
Céréales, graines potagères	36	35	39	6	6	6
Fruits, légumes, grains	347	236	269	6	3,2	3,1
Produits coloniaux	2.204	2.461	2.447	35	33	34
Boissons	1	3	3	0	1	1
Conserves et confitures	655	999	687	7,6	13	8,5
Engrais	175	200	331	2,3	3,3	3,4
Matières combustibles	4.505	3.639	4.768	4,2	3,1	3,5
Produits chimiques	13.879	14.670	18.010	110	98	131
Matières à tanner et teindre.	3.479	3.550	4.378	99	107	108
Gommes, huiles minérales	67.830	67.492	77.957	105	107	110
Graisse, cire, etc.	3.389	3.897	3.153	55	49	44
Médicaments	130	141	137	56	66	67
Parfums	4	7	8	2,9	3,1	3,5
Pierres, terres, verres, etc.	4.215	2.872	4.292	46	47	52
Métaux et produits	63.424	66.918	83.913	379	389	597
Menuiserie, vannerie	851	1.069	1.647	21	22	31
Papeterie et produits	10.739	12.704	15.202	85	92	99
Peaux et leurs ouvrages	1.613	1.659	2.043	64	61	68
Textiles et produits	12.207	13.868	12.969	705	757	703
Caoutchouc, guttapercha.	720	475	486	28	32	31
Autos, wagons, vaisseaux	1.618	6.072	8.713	32	30	221
Machines, munitions	6.022	4.245	11.149	299	244	582
Bijouterie et mercerie	6	19	28	4,1	8,3	11
Livres et produits d'art	35	35	54	17	14	20
Autres marchandises	32.351	37.789	22.458	31	55	65
Total	230.859	245.843	276.403	2.202	2.247	3.009

Appendice IV.

	Commerce extérieur					Indices économiques							Banque nationale							Caisse d'épargne postale		
	Valeur (millions de leva)			Poids (1.000 t.)		Trans- port sur chemin de fer. Mar- chan- dises arrivées (1.000 tonnes)	Production		Person- nes en- gagées dans l'indus- trie (1.000)	Prix de gros, 1926 = 100	Coût de la vie 1926 = 100	Salaires d'ou- vriers non qualifiés 1926 = 100	Or	Mon- tant net des devises	Porte- feuille commer- cial *	Dette cou- rante du gou- vernement	Circulation		Couver- ture %		Taux d'es- compte	Dépôts (en mil- lions de leva)
	Impor- tations	Expor- tations	Balance + ou -	Impor- tations	Expor- tations		Houille (1.000 tonnes)	Etoffe de coton (vente) (1.000 mètres)									de bank- notes	totale				
(En millions de leva.)																						
	Moyenne mensuelle					Moyenne mensuelle							Fin							Fin		
1931	388	495	+ 107	24,6	64,1	366	127	—	66	79,1	90,1	78,7	1.511	257	579	279	2.919	3.629	37,69	9½	907	
1932	289	282	— 7	21,8	49,0	376	147	—	68	70,3	83,1	71,3	1.519	123	427	423	2.035	3.521	36,07	8	1.054	
1933	184	237	+ 53	19,2	35,9	335	131	—	59	61,8	77,2	68,6	1.545	141	473	818	2.984	3.971	35,39	8	1.171	
1934	187	211	+ 24	20,5	33,0	327	130	1.647	60	63,6	72,1	63,0	1.547	121	373	655	2.449	3.736	35,71	7	1.377	
1935	251	271	+ 20	23,0	27,3	344	137	1.577	63	65,1	68,3	57,6	1.591	448	612	910	2.497	3.731	33,37	6	1.512	
1934 :																						
1 ^{er} trimestre .	166	220	+ 54	17,1	40,8	281	120	1.668	48	61,1	75,9	64,3	1.547	112	314	718	2.603	3.580	37,03	7	1.339	
2 ^e trimestre .	181	165	— 16	20,0	33,7	298	107	1.444	54	62,9	73,3	64,5	1.547	33	367	693	2.604	3.546	35,34	7	1.325	
3 ^e trimestre .	197	154	— 43	23,2	25,4	367	130	1.743	66	65,1	73,3	61,6	1.547	99	478	665	2.859	4.000	33,38	7	1.345	
4 ^e trimestre .	199	306	+ 107	21,7	32,2	361	164	1.732	70	64,9	70,9	61,5	1.547	121	373	655	2.449	3.736	35,71	7	1.377	
1935 :																						
I	198	129	— 69	18,6	17,6	222	129	935	65	64,5	70,9	58,0	1.547	118	285	655	2.226	3.409	35,12	7	1.423	
II	168	145	— 23	17,2	12,6	235	141	1.189	45	64,3	71,0	58,0	1.547	271	264	655	2.176	3.342	33,40	7	1.443	
III	185	192	+ 7	16,1	9,7	238	102	1.168	52	64,2	70,3	58,6	1.552	358	181	616	2.140	3.258	34,06	7	1.444	
IV	254	443	+ 189	22,0	15,6	267	100	985	50	66,0	68,4	56,7	1.568	317	208	416	2.173	3.344	36,20	7	1.435	
V	283	265	— 18	27,4	23,2	302	106	1.004	54	64,7	68,1	57,4	1.583	299	218	666	2.123	3.234	33,13	7	1.429	
VI	281	195	— 86	21,4	13,7	329	127	1.250	63	64,3	68,3	61,2	1.583	174	281	670	2.152	3.286	33,69	7	1.452	
VII	199	177	— 22	22,5	18,5	374	141	1.626	67	64,2	68,7	58,6	1.583	85	281	600	2.133	3.287	35,79	7	1.470	
VIII	268	151	— 117	26,6	16,6	401	125	2.157	71	64,0	67,9	58,6	1.583	73	391	600	2.266	3.448	35,53	6	1.468	
IX	215	304	+ 89	20,8	44,0	465	144	2.968	75	64,4	67,7	57,4	1.583	93	589	605	2.408	3.669	34,79	6	1.477	
X	314	556	+ 242	27,7	76,0	507	157	2.568	75	66,6	65,7	56,1	1.583	112	605	755	2.413	3.681	33,65	6	1.474	
XI	355	401	+ 45	30,6	56,6	425	185	1.753	70	66,9	66,1	55,5	1.583	373	554	755	2.303	3.521	33,71	6	1.487	
XII	288	296	+ 8	25,5	23,0	359	183	1.325	66	66,7	66,2	55,5	1.591	448	612	910	2.497	3.731	33,37	6	1.512	
1936 :																						
I	181	376	+ 195	17,4	15,3	229	102	1.284	54	65,8	65,9	54,8	1.591	383	294	1.010	2.177	3.296	34,18	6	1.574	
II	303	250	+ 53	22,7	14,6	235	126		57	65,2	66,3	54,8	1.591	329	216	1.010	2.113	3.221	35,13	6	1.599	
III									57													

¹ Chiffres révisés.

² Tous les actifs en devises (libres et bloquées) moins les exigibilités en devises.

³ Escompte et avances.

⁴ Escompte et réescompte des bons du Trésor.

Geneva, April 24th, 1936.

LEAGUE OF NATIONS

5

**FINANCIAL POSITION OF AUSTRIA
IN THE FIRST QUARTER OF 1936**

EIGHTEENTH QUARTERLY REPORT

by M. Rost van Tonningen, the Representative
of the League of Nations in Austria

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1936. II.A. 6.

I. INTRODUCTION.

1. The budget position progressed well during the first quarter of the year 1936. The closed accounts of the first two months are more favourable by 35 million Schillings than last year and show a surplus for the first time for many years.

2. Owing to the sound development of State revenue, the Treasury position has remained easy. Up to the end of March, only 10 million Schillings of Treasury bills were issued to cover seasonal requirements.

3. The revenue of the Federal Railways contrasts with the development of State revenue, in that it has slightly fallen off as compared with last year. As the results remain within the frame of the budget estimates, there is no reason to revise the budget of this undertaking.

4. The bankruptcy of the Phoenix Life Insurance Company was supported by the country without great disturbance. There is no doubt, however, that considerable damage was done to Austrian insurance business in foreign countries.

5. The position of the National Bank showed no important changes during the period under review.

6. Trade continued to be very favourable during the first quarter of 1936, although the substantial rise in exports is again due mainly to temporary causes. The delay in payments for deliveries made by Austrian exporters is rather on the increase. It is hoped by the Government that the trade agreement with Czechoslovakia will further improve Austria's exports.

7. Production in the heavy industries rose in sympathy with the same industries abroad.

8. On the Stock Exchange, the improvement in these industries was discounted by a substantial rise in the quotations for shares. State securities show a certain firmness after the weakness of last autumn.

2. FEDERAL BUDGET.

(a) FEDERAL BUDGET, 1936.

Details for the 1936 budget, as revised by the new Minister of Finance, Dr. Draxler, are given in the seventeenth quarterly report. The position may be summarised as follows :

	Millions of Schillings
Deficit in the ordinary budget	21.06
Investments	36.59
Total deficit	57.65
Credits for public works transferred from 1935 to 1936 budget year (Reduced, see page 4)	14.26
Total amount to be covered	71.91

These estimates mark great progress as compared with the year 1935, for which the total deficit will probably amount to some 160 million Schillings. The final 1935 accounts established by the Audit Office may be published in the next quarterly report.

The following table shows that State taxation, as compared with budget estimates, has already exceeded the results of the year 1935 for the period under review :

<i>Receipts :</i>	January-March (Provisional results)		Increase (+) or decrease (—)
	1936	1935	
In millions of Schillings			
Direct taxes	88.70	75.50	+ 13.20
Customs	41.84	42.23	— 0.39
Tax on cattle fodder	9.80	7.06	+ 2.74
Excise duties	41.44	37.96	+ 3.48
Turnover tax	35.62	33.23	+ 2.39
Turnover tax (emergency tax)	34.56	31.45	+ 3.11
Taxes, transactions, legal fees, etc.	31.80	25.51	+ 6.29
Other receipts	0.76	0.69	+ 0.07
Total taxes	284.52	253.63	+ 30.89
<i>Deduct :</i> Shares of local authorities	50.59	46.48	+ 4.11
Net receipts, State taxation	233.93	207.15	+ 26.78

As may be seen from the table, the final results for the first quarter for State taxation alone exceeded by nearly 25 million Schillings the revenue in the same period of last year. If this development continues, the surplus revenue from State taxation should be sufficient in the course of the year to cover the total deficit shown in the budget estimates. This, however, presupposes the maintenance of the appropriations for expenditure laid down in the budget.

The following table shows the results for the first two months of the current year, which are by 35 million Schillings more favourable than in the same period of 1935 :

		January and February 1936		
		Difference as against		
Ordinary budget :		Provisional	Two-twelfths of	Closed accounts
Expenditure :		results	budget, 1936	January and
		(In millions of Schillings)		
				February 1935
Personnel		118.25	+ 1.76	+ 1.62
Material		209.47	+ 8.88	— 9.02
Total		327.72	+ 10.64	— 7.40
Receipts		334.65	+ 21.08	+ 29.60
Surplus		6.93	+ 10.44	+ 37.00
Investments :				
Expenditure		4.62	— 1.48	+ 1.42
Net surplus		2.31	+ 11.92	+ 35.58

Further interesting evidence of the improvement in the position of State finances is given by the estimates for the first five months, as shown in the following table :

		January to May 1936		
		Difference as against		
Ordinary budget :		Estimates	Five-twelfths	Closed accounts
Expenditure :			of budget, 1936	January to
		(In millions of Schillings)		
				May 1935
Personnel		294.74	+ 3.52	+ 3.58
Material		519.02	+ 17.54	— 19.39
Total		813.76	+ 21.06	— 15.81
Receipts		786.44	+ 2.52	+ 17.02
Deficit		27.32	+ 18.54	— 32.83
Investments :				
Expenditure		12.04	— 3.21	— 5.18
Total deficit		39.36	+ 15.33	— 38.01

The development during the first half of the month of April would appear to justify the optimistic forecast for that month, and, as the estimates of revenue for the month of May have been drawn up with great caution, it can be safely expected that the deficit of 39.36 million Schillings shown in the above table will be substantially reduced by excess revenue.

Public Works Expenditure in 1935 and 1936.

	1936				1935			Differ- ence between totals 1936 and 1935
	Estimates				Provisional Results			
	Ordinary budget	Invest- ments	Credits transfer- red from 1935 as reduced by Finance Minister	Total	Ordinary budget	Extraor- dinary budget	Total	
(In millions of schillings)								
Church buildings	0.206	—	—	0.206	0.131	—	0.131	+ 0.075
Social Administration :								
Productive unemployment relief	3.000	—	—	3.000	12.000	—	12.000	— 9.000
Voluntary labour corps	4.120	—	—	4.120	9.975	—	9.975	— 5.855
Housing	0.600	—	—	0.600	6.487	—	6.487	— 5.887
Hospitals	0.709	—	—	0.709	1.276	—	1.276	— 0.567
Extra-urban small holdings ..	—	—	1.500	1.500	—	4.500	4.500	— 3.000
Carried forward	8.635	—	1.500	10.135	29.869	4.500	34.369	— 24.234

Public Works Expenditure in 1935 and 1936 (continued).

	1936				1935			Diffe- rence between totals 1936 and 1935
	Estimates				Provisional Results			
	Ordinary budget	Invest- ments	Credits transfer- red from 1935 as reduced by Finance Minister	Total	Ordinary budget	Extraor- dinary budget	Total	
(In millions of schillings)								
<i>Brought for ward</i>	8.635	—	1.500	10.135	29.869	4.500	34.369	— 24.234
Agriculture :								
Stream regulation	10.000	—	—	10.000	4.721	24.946	29.667	— 19.667
Other	0.863	—	0.700	1.563	1.861	0.500	2.361	— 0.798
Roads	26.000	—	5.700	31.700	22.500	31.100	53.600	— 21.900
Bridges	6.000	—	1.790	7.790	0.630	5.540	6.170	+ 1.620
Buildings	5.180	—	0.840	6.020	3.140	0.410	3.550	+ 2.470
Buildings administration	3.220	—	0.360	3.580	3.470	1.440	4.910	— 1.330
Traffic	0.170	—	—	0.170	0.150	—	0.150	+ 0.020
National Defence	34.850	—	—	34.850	27.291	—	27.291	+ 7.559
Tobacco Monopoly	1.010	2.100	—	3.110	0.950	5.500	6.450	— 3.340
Salt Monopoly	0.180	0.093	—	0.273	0.170	0.420	0.590	— 0.317
Posts and Telegraphs	6.700	8.330	0.190	15.220	6.660	6.690	13.350	+ 1.870
Forests	6.000	—	—	6.000	6.800	—	6.800	— 0.800
Mines	—	0.100	0.040	0.140	—	0.050	0.050	+ 0.090
Railways	24.100	18.600	—	42.700	15.300	22.100	37.400	+ 5.300
Total	132.908	29.223	11.120¹	173.251	123.512	103.196	226.708	— 53.457

¹ This total does not correspond with the figure of 14.26 million Schillings mentioned on page 2. A part of the latter figure represents debts to be paid. This amount of 3.34 million Schillings has therefore been deducted as not representing effective new work, leaving a balance of 11.12 million Schillings.

In the last report, a table was included giving a comparison between public works expenditure in 1935 and 1936. The Minister of Finance, in the meantime, proceeded to an examination of all public works directly contributing to employment and has substantially modified the figures in the last report.

The above table shows the estimated expenditure in 1936 as compared with the provisional results of 1935. It appears from this table that the reduction in expenditure employing labour is 53 million Schillings, or over 20%.

(b) TREASURY POSITION.

Owing to the favourable development in State revenue, the Treasury position has been fairly easy during the first quarter of the current year. It has been possible to abstain from issuing Treasury bills during January and February, though for many years it has been usual to do so at this period.

It will be remembered that, under the Law of March 1933, the Government issued 67 million Schillings to the Gesellschaft für Revision und Treuhändige Verwaltung to finance the expenses of banking reform. Since their issue, these Treasury bills have been held in portfolio, but in March of this year it was decided to place 17 million Schillings on the market, a proceeding which met with a welcome reception by banking and credit organisations.

The following table shows the position at the end of the first quarter of 1936 :

Floating debt :	End of March 1936 (In millions of Schillings)
(1) Collateral loan from Post Office Savings Bank	25.00
(2) Treasury bills issued under the Law of March 1933 for banking reconstruction	67.00
(3) Treasury bills issued under the Law of 1927 for strengthening cash reserves	30.00
(4) Treasury bills authorised by the Committee of Control in September 1935 and issued under the Law of October 1935	20.00
(5) Treasury bills issued under authorisation of the Committee of Control (1934)	—
Total floating debt	142.00

In the beginning of April, a further issue of 8.7 million Schillings was made to finance the works programme. By this issue, the total was brought up to the 28.7 million Schillings authorised by the Committee of Control in September 1935. It was hoped at that time that these Treasury bills could be consolidated by the release of the reserve fund which is still in

the hands of the Trustees of the 1923-1943 Guaranteed Loan. Unfortunately, the question of this release has made no progress whatsoever in the period under review. As the authorisation of the Committee of Control was made for a period of six months only, it will now be necessary to prolong this period or to find some other solution, pending the decision of the Trustees.

(c) FEDERAL RAILWAYS, 1936.

Car-loadings.

	Year	January-December	Year	January	February	March	January-March
Total goods traffic	1934	1,981,559	1935	146,451	137,843	153,106	437,400
	1935	2,009,750	1936	143,524	140,952	154,532	439,008
Internal traffic	1934	1,415,167	1935	105,158	94,084	106,480	305,722
	1935	1,440,228	1936	101,458	101,611	110,825	313,894
Of which :							
Customers' traffic	1934	1,290,543	1935	101,249	89,689	100,376	291,314
	1935	1,318,883	1936	96,208	95,772	102,919	294,899
Railways' own traffic ..	1934	124,624	1935	3,909	4,395	6,104	14,408
	1935	121,345	1936	5,250	5,839	7,906	18,995
Foreign traffic :							
Import	1934	296,139	1935	22,368	21,952	22,759	67,079
	1935	290,248	1936	22,952	20,128	21,823	64,903
Export	1934	134,328	1935	9,583	10,860	12,877	33,320
	1935	143,084	1936	10,623	10,639	12,776	34,038
Transit	1934	135,925	1935	9,342	10,947	10,990	31,279
	1935	136,190	1936	8,491	9,574	9,108	26,173

Traffic Receipts.

(In thousands of Schillings.)

	Year	January-December	Year	January	February	January-February
Goods	1934	271,361	1935	20,793	20,073	40,866
	1935	274,360	1936	20,501	19,991	40,492
Passengers	1934	138,786	1935	9,007	8,315	17,322
	1935	137,880	1936	8,741	8,665	17,406
Total	1934	410,147	1935	29,800	28,388	58,188
	1935	412,240	1936	29,242	28,656	57,898

During the first months of 1936, the volume of goods traffic remained below the level of last year, though internal traffic showed an increase over last year's level. There has, however, been a heavy falling-off in transit traffic, which explains the unfavourable position of the final results. Passenger traffic was also below last year's level, account being taken of the fact that February 1936 had one working day more than February 1935.

While it would be premature to draw conclusions from figures covering only two or three months, it is surprising to find this contrast in railway receipts with the very favourable evolution of State revenue (see under Chapter (a) above).

During January and February, the total revenue of the railways was approximately within the estimates made for the year, so there is no need so far to revise in any way the budget estimates for the whole year 1936, as given in the last report.

3. THE PHOENIX LIFE INSURANCE COMPANY.

In the second half of March, the Phoenix Life Insurance Company collapsed. This company was by far the largest insurance company in Austria. Its growth proceeded at a pace which required that the greatest skill and caution should be exercised in investing the funds which clients had entrusted in good faith to the company's administration. Unfortunately, the heads of the company lacked this caution and indulged in methods which are open to the most severe criticism.

The following table shows the growth of the company since 1913 :

Year	Capital amount of insurance ¹	Revenue from premiums	Reserve
	Krone	Krone	Krone
1913	228,353,389	9,733,268.07	60,502,808.81
	Schillings	Schillings	Schillings
1924	431,942,883	27,541,688.77	53,051,954.77
1926	1,085,723,424	49,481,725.88	149,308,416.44
1928	1,802,281,675	85,477,026.47	242,111,271.97
1930	2,579,538,342	130,176,228.69	377,673,853.64
1932	2,728,531,690	150,512,096.99	526,946,302.46
1934	2,997,565,520 ²	152,309,772.51 ²	699,026,751.99 ²

¹ Including the value of annuities converted into capital.

² Foreign exchange and gold schillings converted at the private clearing and gold exchange rates of December 31st, 1934, as stipulated by the Vienna Stock Exchange.

It carried on business in the following countries :

	%		%
Austria	32.3	Netherlands	
Czechoslovakia	19.4	Belgium	
Germany	19.2	France	
		Italy	
Hungary	14.6	Spain	14.5
Poland		Liechtenstein	
Yugoslavia		Bulgaria	
Roumania		Greece	
		Turkey	
	Syria		
	Palestine		
	Iraq		
	Egypt		
	Algiers		
	Morocco		
	Tunis		

It had been known for some years that the position of the company was difficult ; but even the blackest of pessimists did not expect a collapse of such magnitude as the first investigations into the business of the company revealed. An attempt was made to save the company, but this was bound to fail in view of the enormous losses. Even at the time of writing, the total losses are not yet known. A balance-sheet is being drawn up, but it will be some months before the work is completed.

The solution which was finally arrived at was to declare bankruptcy, and a new company, the " Evag " was created to take over the Austrian business of the Phoenix. It was the purpose of the Government to protect the insured persons of Austrian nationality without imposing any charges on the Treasury. In order to fill the gap in the Phoenix Insurance reserves and to provide for other similar purposes, an autonomous fund, with legal personality, was created, with the right to issue bonds. This fund, though formed in connection with the Phoenix crisis, is therefore general in scope, and its support can be given to any insurance company which needs it. The service of the bonds will be secured by a special contribution from insurance companies and insured persons in Austria. As the total annual payment is considerable, and as in the interest of the competitive capacity of Austrian insurance companies it is necessary to avoid a substantial increase in costs, it was decided to dissolve employment contracts, either individual or collective, and thereby obtain a drastic reduction of overhead expenses. By this a first step was made towards re-establishing order in the chaos left by the old administration of the Phoenix.

The position of the Phoenix Life Insurance Company in other countries is, however, still unsettled. Negotiations have been opened with the various interests concerned, so as to arrive at a speedy settlement ; but, obviously, some time will be required to liquidate the claims put forward in the various countries in which the company was active. Some progress has already been made, the method being to transfer the business abroad to foreign insurance companies. This method would appear to be in accordance with the principles adopted in 1931 in the reconstruction of Austria—i.e., that Austria should not extend its activities beyond its frontiers whenever such activities imply unduly high risks. At the same time, the Government availed itself of the opportunity to reorganise the whole insurance business in Austria and to increase its supervision.

However regrettable the Phoenix affair may be, these general measures are to be welcomed, as they establish order in a very important part of the financial business of the country. The various measures taken by the Austrian Government had the effect of averting a panic which was threatening the country. So far, no serious cancellation of contracts or presentation of claims for cash payment has occurred ; but the Government has, in any case, protected the new company against a run by a provision in the law concerning the Phoenix, enabling the company to refuse payment of moneys if claimed before the contract has fallen due.

4. POSITION OF THE CENTRAL BANK.

(Appendix III, Columns 15 to 22.)

(This chapter has been drawn up in consultation with the Adviser to the National Bank, M. Maurice Frère.)

	End of							
	1934	1935				1936		
	Fourth quarter	First quarter	Second quarter	Third quarter	Fourth quarter	January	February	March
Notes issued	964	914	937	953	976	929	931	929
Sight liabilities	154	199	237	274	216	224	233	234
Total circulation	1,118	1,113	1,174	1,227	1,192	1,153	1,164	1,163
Gold and foreign exchange ..	277	274	324	381	354	316	325	323
Bills discounted	236	234	232	230	226	222	220	218

The figures in this table reflect the continued liquidity of the Austrian money market. The crisis of the Phoenix Insurance Company had, at the end of March, no apparent influence on the bank's position. On the whole, sight liabilities have a tendency to remain at the present level, and, as notes issued have not increased, the total circulation shows great stability.

Gold and foreign exchange show no important changes. The rapid increase which occurred during the first three quarters of last year has ceased, and it may be assumed that the repatriation of Austrian capital, to which the rapid increase was mainly due, has now stopped. The stable figures of gold and foreign exchange reflect therefore a certain equilibrium in Austria's balance of payments.

Bills discounted have fallen slightly and continue therefore the downward trend which has been witnessed since 1934. It will be remembered that the greater part of these bills were issued by the Niederösterreichische Escompte Gesellschaft, and liquidation of these more or less frozen bills can only proceed slowly.

In view of the favourable position of the Treasury, it will now be desirable to examine the question of State indebtedness to the National Bank and its ultimate amortisation. In this connection it should be mentioned that the State will have again to pay this year an interest on the State debt A, in order to enable the National Bank to pay a dividend of 4½%.

5. ECONOMIC SITUATION.

(a) FOREIGN TRADE.

(Appendix III, Columns 1 to 5.)

(Weight in thousands of metric tons. Value in millions of Schillings.)

Classes of the International (Brussels) Classification	January-March									
	Imports				Exports				Import surplus	
	1935		1936		1935		1936		1935	1936
	Weight	Value	Weight	Value	Weight	Value	Weight	Value	Value	Value
I. Live animals ..	22.9	19.1	26.8	24.3	1.0	1.6	2.1	2.4	17.5	21.9
II. Articles of food and drink	256.0	57.3	211.8	51.6	20.9	7.1	16.9	8.3	50.2	43.3
III. Mineral fuel and turf	651.0	21.7	624.2	21.1	0.1	—	—	—	21.7	21.1
Other raw material	288.9	91.4	326.6	111.1	486.4	59.9	481.4	64.6	31.5	46.5
IV. Finished goods ..	28.1	87.5	34.9	97.9	73.6	139.2	79.8	150.1	51.7 ¹	52.2 ¹
V. Gold and silver ..	—	1.7	—	6.2	—	1.6	—	4.9	0.1	1.3
Total	1,246.9	278.7	1,224.3	312.2	582.0	209.4	580.2	230.3	69.3	81.9
Total, excluding gold and silver	1,246.9	277.0	1,224.3	306.0	582.0	207.8	580.2	225.4	69.2	80.6

¹ Export surplus.

There was a further rise in the volume of foreign trade during the first quarter of the current year, mainly due to increased trade with Germany and Italy.

The following table shows the growth of the company since 1913 :

Year	Capital amount of insurance ¹	Revenue from premiums	Reserve
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		Palestine	
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		Egypt	
		Algiers	
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It had been known for some years that the position of the company was difficult ; but even the blackest of pessimists did not expect a collapse of such magnitude as the first investigations into the business of the company revealed. An attempt was made to save the company, but this was bound to fail in view of the enormous losses. Even at the time of writing, the total losses are not yet known. A balance-sheet is being drawn up, but it will be some months before the work is completed.

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5. ECONOMIC SITUATION.

(a) FOREIGN TRADE.

(Appendix III, Columns 1 to 5.)

(Weight in thousands of metric tons. Value in millions of Schillings.)

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	Imports				Exports				Import surplus	
	1935		1936		1935		1936		1935	1936
	Weight	Value	Weight	Value	Weight	Value	Weight	Value	Value	Value
I. Live animals ..	22.9	19.1	26.8	24.3	1.0	1.6	2.1	2.4	17.5	21.9
II. Articles of food and drink	256.0	57.3	211.8	51.6	20.9	7.1	16.9	8.3	50.2	43.3
III. Mineral fuel and turf	651.0	21.7	624.2	21.1	0.1	—	—	—	21.7	21.1
Other raw material	288.9	91.4	326.6	111.1	486.4	59.9	481.4	64.6	31.5	46.5
IV. Finished goods ..	28.1	87.5	34.9	97.9	73.6	139.2	79.8	150.1	51.7 ¹	52.2 ¹
V. Gold and silver ..	—	1.7	—	6.2	—	1.6	—	4.9	0.1	1.3
Total	1,246.9	278.7	1,224.3	312.2	582.0	209.4	580.2	230.3	69.3	81.9
Total, excluding gold and silver	1,246.9	277.0	1,224.3	306.0	582.0	207.8	580.2	225.4	69.2	80.6

¹ Export surplus.

There was a further rise in the volume of foreign trade during the first quarter of the current year, mainly due to increased trade with Germany and Italy.

As may be seen from the table below, exports to Italy increased by 7 million Schillings during the first two months, mainly in the month of January, as mentioned in the last report. Imports from Italy were 7.9 millions in the first two months of 1936 against 8.3 in 1935. Exports to Germany increased. The volume of exports to Germany and Italy taken together (approximately 35%) is well above present exports to the four Danubian States (28.7%). These six countries absorb almost two-thirds of the total exports of the present Austria. Exports to Czechoslovakia also increased during the first two months. It is to be hoped that the new Treaty of Commerce recently concluded with that country will further foster the increase in Austria's exports. Exports to Czechoslovakia in the first two months amounted to little over half the amount of exports to that country in the same period in 1932, whereas exports to Germany and Italy are well above the 1932 level. With Hungary, trade is shrinking, both for exports and imports, but it is hoped that in the course of time trade with that country will revive.

(Merchandise only. In millions of Schillings.)

January-February	Imports				Exports				Balance	
	Value		Percentage		Value		Percentage		Value	
	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936
Hungary	19.4	14.9	10.7	7.6	15.1	10.8	12.0	7.7	— 4.3	— 4.1
Roumania	12.4	16.6	6.8	8.5	6.3	11.2	5.0	8.1	— 6.1	— 5.4
Czechoslovakia ..	23.3	24.8	12.9	12.6	8.6	9.8	6.8	7.1	— 14.7	— 15.0
Yugoslavia	14.7	9.6	8.1	4.9	7.1	8.0	5.7	5.8	— 7.6	— 1.6
Total	69.8	65.9	38.5	33.6	37.1	39.8	29.5	28.7	— 32.7	— 26.1
Germany	27.5	30.2	15.2	15.4	25.2	27.3	20.0	19.7	— 2.3	— 2.9
Poland	11.7	12.3	6.5	6.3	4.2	4.3	3.3	3.1	— 7.5	— 8.0
Italy	8.3	7.9	4.6	4.0	13.7	20.7	10.9	14.9	+ 5.4	+ 12.8
Switzerland	6.1	6.2	3.4	3.2	7.2	5.9	5.7	4.3	+ 1.1	— 0.3
United Kingdom ..	7.2	8.5	4.0	4.3	5.0	5.7	4.0	4.1	— 2.2	— 2.8
France	6.2	5.7	3.4	2.9	4.0	6.0	3.2	4.3	— 2.2	+ 0.3
Netherlands	3.4	3.5	1.9	1.8	2.8	2.3	2.2	1.7	— 0.6	— 1.2
U.S.A.	10.2	13.9	5.6	7.1	2.7	2.7	2.2	1.9	— 7.5	— 11.2
Other countries ..	30.6	41.9	16.9	21.4	23.9	24.0	19.0	17.3	— 6.7	— 17.9
Total	181.0	196.0	100.0	100.0	125.8	138.7	100.0	100.0	— 55.2	— 57.3

(b) PRODUCTION.

(Appendix III, Columns 10 to 13.)

	September	December		January	February
Pig-iron (1923-1932 = 100)	43 79	42 69	1934	42 74	39 80
			1935		
Steel (1923-1932 = 100)	57 63	35 69	1934	49 85	60 84
			1935		
Industrial fuel requirements (in thousands of tons) :					
Foodstuffs industry	20 27	41 33	1934	21 19	16 —
			1935		
Iron and metal industry	53 65	56 66	1934	57 67	54 —
			1935		
Chemical industry	15 14	17 18	1934	17 16	14 —
			1935		
Cotton yarn (1923-1931 = 100)	124 146	130 165	1934	139 163	143 —
			1935		

As shown by the table, production, particularly of iron and steel, increased further in January and February. The production of pig-iron has almost doubled since last year, and at the same time the orders placed in the iron industry increased from 31 to 47% of above normal.

The only industry in which activity is less than last year is the paper industry. Other industries have maintained or increased their level, so that the production index in January reached 108, a level which was only reached in November and slightly exceeded in December of last year.

(c) THE LABOUR MARKET.

Unemployed receiving Benefit in Austria.

	1931	1934	1935	Decrease between 1934 and 1935		1936	Decrease between 1935 and 1936	
End of :					%			%
January	331,239	357,291	334,337	22,954	6.4	317,200	17,137	5.1
February	334,041	352,451	334,658	17,793	5.0	321,529	13,129	3.9
March	304,084	325,657	314,923	10,734	3.3	298,714	16,209	5.1
April	246,845	295,814	286,748	9,066	3.1			
May	208,852	273,576	255,746	17,830	6.5			
June	191,150	263,883	238,030	25,853	9.8			
July	194,364	257,213	220,598	36,615	14.2			
August	196,321	248,028	209,493	38,535	15.5			
September	202,130	243,874	204,908	38,966	16.0			
October	228,101	249,275	213,881	35,394	14.2			
November	273,658	275,148	242,759	32,389	11.8			
December	329,595	308,116	284,914	23,202	7.5			

The trend of the labour market is not quite clear. The spread between unemployed receiving benefit this year and last year narrowed up to February; in March, it widened again. In the middle of April, the number of unemployed was 16,000 lower than last year. As often mentioned in these reports, these figures do not include unemployed not receiving benefit.

Unemployed receiving Benefit in Austria.

(Classified according to branches of employment.)

		End of				Average of the year
		June	October	November	December	
Agriculture	{ 1934	2,495	2,551	3,762	4,613	3,507
	{ 1935	2,683	2,512	3,392	4,671	3,350
Mining	{ 1934	3,493	2,768	3,096	3,620	3,429
	{ 1935	3,136	2,307	2,498	2,797	3,164
Quarries	{ 1934	7,641	8,498	10,652	13,488	10,777
	{ 1935	6,747	6,977	9,062	12,391	9,498
Buildings	{ 1934	45,384	44,654	56,790	69,677	57,041
	{ 1935	37,705	35,368	48,659	66,886	51,225
Iron and metal	{ 1934	50,327	45,190	46,575	50,241	52,067
	{ 1935	43,658	36,564	38,925	43,776	44,253
Wood	{ 1934	17,210	15,910	17,160	19,733	18,979
	{ 1935	14,262	13,177	15,110	18,148	16,246
Textiles	{ 1934	13,911	12,748	12,851	13,868	13,861
	{ 1935	13,810	11,146	11,243	12,047	12,971
Clothing	{ 1934	18,176	13,902	15,435	17,764	17,496
	{ 1935	15,099	12,276	13,544	15,949	15,540
Paper	{ 1934	5,261	5,042	5,328	5,785	5,398
	{ 1935	4,845	5,033	5,308	5,996	5,362
Printing	{ 1934	4,221	4,195	3,947	4,066	4,224
	{ 1935	3,531	3,612	3,469	3,667	3,742
Chemical	{ 1934	3,037	2,729	2,799	3,227	3,055
	{ 1935	3,171	2,791	2,852	3,009	3,106

Unemployed receiving Benefit in Austria (continued).
(Classified according to branches of employment.)

		End of				Average of the year
		June	October	November	December	
Foodstuffs	1934	9,427	9,444	9,868	10,768	10,219
	1935	10,504	9,286	9,872	10,804	10,774
Hotels, restaurants, etc.	1934	12,575	13,345	14,564	15,042	13,792
	1935	11,564	12,161	13,953	14,148	12,735
Commerce	1934	7,658	7,874	7,869	7,635	8,044
	1935	7,642	7,195	7,433	7,161	7,749
Traffic	1934	8,805	8,255	9,663	11,089	9,782
	1935	7,950	7,179	8,808	10,474	9,188

(d) PRICES.

(Appendix III, Columns 8 and 9.)

The following table shows the wholesale prices in Vienna of certain "key" agricultural and industrial articles, as published by the Federal Statistical Office :

	Price in Schillings per 100 kg.							
	Middle of							
	1932	1933	1934	1935	1936			
	Dec.	Dec.	Dec.	Dec.	January	February	March	
Wheat (domestic)	34.40	35.40	35.85	35.95	36.05	36.15	36.15	
Potatoes	9.25	9.90	10.50	11.50	11.50	11.50	11.50	
Sugar	119.00	119.25			No change			
Beef	240.00	230.00	220.00	130.00	130.00	120.00	120.00	
Cotton	111.80	129.00	151.40	142.05	141.50	138.00	134.18	
Wool	755.00	1,158.00	790.00	1,112.00	1,099.00	1,155.00	1,203.00	
Rubber	76.80	143.60	178.60	172.05	182.90	194.10	200.40	
Hard coal	8.56			No change				
Copper	98.00	99.00	88.00	107.00	107.00	107.00	113.00	
Lead	51.00	52.00	51.00	59.00	54.00	57.00	57.00	
Foodstuffs	1914	102.00	99.00	101.70	98.80	98.60	97.10	96.90
Industrial articles } = 100		120.00	126.50	124.00	128.10	127.40	127.70	127.70
Sensitive price index (Reagible Warenpreisindex) ¹ (1923-1931 = 100)		55	62	57	68	68	68	67

¹ Institut f. Konjunkturforschung.

(e) CONSUMPTION.

The following table shows the turnover in certain consumption and other goods :

Various Index Figures on Trend of Trade and Turnover.

	Average		November		December		January		February	
	1934	1935	1934	1935	1934	1935	1935	1936	1935	1936
	General trend of trade	70.8	74	74.0	83	69.9	78	73.0	77	70.1
Turnover in production goods	74.9	83	80.07	90	77.66	89	78.0	85	79.0	—
Sales in consumption goods ..	79.9	84	85.9	100	78.5	83	86.0	78	79.0	—
Sales in household furniture ..	58.0	63	56.9	78	63.4	74	66.0	71	63.0	—
Sales in clothing	70.5	76	93.7	82	79.2	78	83.0	85	85.0	97
Retail turnover in boots and shoes	84.0	90	83.3	183	76.7	86	89.0	59	69.0	—
Beer production (wort in 1,000 hectolitres)	202.16	195	153.0	155	153.0	161	225.0	196	209.0	—

(f) STOCK EXCHANGE.

	1934-1959 Conversion Loan, Austrian tranche, 5% (issued at 87)	1930 Loan, Austrian tranche, 7%	Internal Loan, 1935 (Arbeitsan- leihe), 5½% (issued at 86)	1933 Lottery Loan, 4% (issued at 98)	1931 Building Loan, 5%	Niederöster- reichische Mortgage Bonds, 5%
(Percentage of face value)						
End of :						
1934 :						
June	—	82.42	—	82.50	59.71	66.80
December	—	94.53	—	88.75	64.65	73.83
1935 :						
June	95.00	102.73	86.50	92.00	73.63	77.73
September	97.10	99.22	84.00	90.75	71.68	78.12
December	98.75	101.60	84.20	94.50	72.97	78.71
1936 :						
January	99.25	102.54	87.00	100.50	76.25	80.08
February	100.00	103.09	90.00	98.75	77.34	80.08
March	100.25	103.05	93.90	99.50	81.05	80.47

		September	December		January	February	March
Bond index (I.f.K.), average 1927 = 100	1934	96.2	108.6	1935	111.8	113.2	116.1
	1935	102.2	104.3	1936	103.7	106.9	106.4
Index of 35 industrial shares, 1923- 1932 = 100 (I.f.K.)	1934	49.4	55.4	1935	61.3	59.2	59.2
	1935	67.5	70.8	1936	72.1	76.4	77.2
Turnover from security transac- tions (million Schillings)	1934	14.3	34.7	1935	43.3	36.5	38.8
	1935	27.9	29.6	1936	31.1	49.4	—

The Stock Exchange showed great activity at the end of last and in the beginning of this year. The index of industrial shares further increased and about the middle of March reached a new high level of 77.2. Shares of the heavy industries, particularly, have been booming to a surprising extent. It is not clear whether the rise is entirely justified.

(g) TOURIST TRAFFIC.

Number of Nights passed by Registering Visitors.¹

	November-October		Difference %	Of which foreigners		Difference %
	1934-35	1933-34		1934-35	1933-34	
Vienna	2,383.3	2,476.5	— 37.6	2,153.1	2,225.3	— 3.2
Lower Austria	5,455.7	4,685.1	+ 16.4	521.6	391.7	+ 33.2
Upper Austria	2,241.2	1,865.6	+ 20.1	288.8	185.7	+ 55.5
Salzburg	1,755.4	1,266.8	+ 38.6	539.3	298.4	+ 80.7
Styria	2,421.2	2,071.9	+ 16.8	266.8	199.9	+ 33.5
Carinthia	1,585.1	1,397.6	+ 13.4	346.8	221.1	+ 56.8
Tyrol	1,788.1	1,293.6	+ 38.2	766.0	489.4	+ 56.5
Vorarlberg	693.2	545.2	+ 27.1	460.0	341.1	+ 35.0
Burgenland	310.0	298.2	+ 4.1	29.2	31.7	— 7.9
Total	18,633.2	15,900.5	+ 17.2	5,371.6	4,384.3	+ 22.5

¹ Source : *Statistische Nachrichten*.

The present table completes the tourist traffic for a period between November 1934 and October 1935. As may be seen from the table, the number of nights spent by visitors in Austria again considerably increased in the period under review as compared with the preceding year. It may be, however, that the winter tourist traffic will not compare so favourably with the preceding year, as the season has been bad for winter sports.

(h) COMMERCIAL POLICY.

After protracted negotiations, a Treaty of Commerce was concluded with Czechoslovakia on April 2nd. Of late years, Austria's trade balance with Czechoslovakia has been passive by over 90 million Schillings, and, even if part of this amount were to be covered by tourist traffic, relief payments or payments of capital and interest, Austria declared herself incapable of supporting such an adverse balance. The treaty contains a number of special stipulations concerning tariffs and import allowances on prohibited goods, and the question of preference has been introduced for the first time in commercial relations between Austria and Czechoslovakia. On the basis of the recommendations of the Stresa Conference, both parties grant preferential treatment for certain categories of goods—Czechoslovakia for a number of Austrian industrial products and Austria for some of Czechoslovakia's agrarian products. Negotiations have also been concluded with Czechoslovakia regarding mutual tourist traffic and the delivery of coal. It has been agreed that commissions of experts will meet periodically to examine the results obtained from the Treaty of Commerce and to consider the possibility of granting further facilities. Negotiations for reciprocal payment clearings, which were begun at the same time, have not yet been concluded.

It has been agreed with Hungary that the Customs duty on Vitapric tinned vegetables will be reduced to 20 gold crowns. In April, an understanding was reached regarding the delivery of wheat from Hungary up to the end of the season. At the same time, an agreement was concluded regarding tourist traffic between Austria and Hungary during the summer months, 1936.

The Lithuanian Government has been granted permission to export to Austria 100,000 kilogrammes of dead geese at the Customs rate of 15 gold crowns per 100 kilogrammes during the year 1936.

An agreement has been concluded with Greece regarding the mutual exemption from duty on material connected with tourist traffic propaganda.

Negotiations have been begun with Roumania regarding the future regulation of payments; negotiations with the Argentine for a treaty of commerce, with Denmark for the regulation of the mutual traffic of goods and with Turkey for a modification of the rate of clearing are continuing.

Appendix I.—ANALYSIS OF ANNUAL AND QUARTERLY BUDGET ACCOUNTS.

RECEIPTS (In millions of Schillings)	1935		1936	Fourth quarter			First quarter		
	Estimates	Provisional results	Estimates	1934	1935		1935	1936	
				Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results
ORDINARY BUDGET.									
A. Administration:									
Direct taxes	269.00	299.41	289.15	75.65	70.00	79.00	75.50	73.50	88.70
Customs	173.76	177.96	180.20	46.79	44.60	46.13	42.23	43.50	41.84
Tax on cattle fodder	22.00	32.83	35.00	5.87	8.10	11.20	7.06	8.80	9.80
Excise duties	186.80	182.23	192.60	48.63	48.08	48.61	37.96	40.21	41.44
Turnover tax	133.30	152.43	135.00	36.78	36.50	41.33	33.23	34.10	35.62
Turnover tax, emergency surtax	124.00	125.22	131.00	34.51	35.10	37.94	31.45	32.60	34.56
Taxes on transactions, legal fees, etc.	98.71	100.09	120.10	26.34	25.40	27.65	25.51	30.05	31.80
Other receipts	2.72	3.43	2.72	1.01	0.66	1.06	2.69	0.76	0.76
Total taxes	1,010.49	1,073.60	1,085.77	275.58	268.38	293.12	253.63	263.52	284.52
Deduct: Shares of local authorities	180.13	194.94	183.18	31.55	31.14	36.19	46.48	52.01	50.59
Total : State taxation	830.36	878.66	902.59	244.03	237.24	256.93	207.15	211.51	233.93
Receipts of Social Administration	188.84	197.76	196.25	49.52	50.12	50.84	50.86	50.15	—
Other administrative receipts	91.14	98.25	75.65	40.69	14.41	13.53	33.57	19.32	—
Contribution towards Debt Service	79.88	80.48	77.83	28.62	18.77	18.98	20.58	19.33	—
Total receipts of the Administration	1,190.22	1,255.15	1,252.32	342.86	300.54	320.28	311.76	300.31	—
B. Monopolies: Tobacco	316.33	292.46	294.24	79.63	76.10	73.47	64.87	63.33	66.53
Salt	29.29	28.24	28.89	7.63	7.75	7.15	7.77	8.27	8.25
Lotteries and gunpowder	54.44	60.12	57.11	14.10	14.05	14.49	15.99	15.44	17.16
Total : Monopolies	400.06	380.82	380.24	101.36	97.88	97.11	88.63	87.04	91.94
C. Public Undertakings: Posts and Telegraphs	223.56	213.20	216.50	54.84	55.56	55.61	51.68	51.84	—
Forests	10.25	10.38	10.09	3.61	3.20	3.22	2.49	2.40	—
Federal theatres	6.19	5.79	6.09	1.67	1.57	1.69	1.78	1.83	—
Other	16.37	16.80	16.19	5.20	3.99	4.43	4.00	3.90	—
Total : Public Undertakings	256.37	246.17	248.87	65.32	64.32	64.93	59.95	59.97	—
D. Railways: Federal Railways	—	—	—	—	—	—	—	—	—
Other railways	—	0.01	—	—	—	—	—	—	—
Total: Railways	—	0.01	—	—	—	—	—	—	—
Total ordinary receipts	1,846.65	1,882.15	1,881.43	500.54	462.74	485.65	460.34	447.32	—
EXPENDITURE									
ORDINARY BUDGET.									
A. Administration:									
Interior:									
Police	67.97	70.25	65.72	19.94	17.04	17.43	17.66	16.71	—
Gendarmerie	37.54	38.34	37.74	9.31	9.25	9.16	9.82	9.48	—
Auxiliary Defence Corps	11.05	16.11	5.00	9.79	2.49	2.91	5.07	1.63	—
Other political authorities	0.48	0.42	0.46	0.11	0.12	0.11	0.08	0.14	—
Total : Interior	117.04	125.02	108.92	38.55	28.90	29.61	32.65	27.96	—
Army	115.91	122.33	126.43	29.31	32.57	33.13	29.66	33.40	—
Foreign Affairs	6.46	6.46	6.09	1.56	1.59	1.57	1.60	1.55	—
Justice	51.17	50.26	49.13	12.99	12.83	12.78	12.64	12.62	—
Supreme organs	3.21	2.99	3.03	0.79	0.74	0.65	0.73	0.67	—
Chancellor's Office	13.54	23.68	13.07	6.49	4.45	5.25	4.57	4.70	—
Social Administration	392.80	398.72	374.63	101.49	94.32	98.19	113.01	110.17	—
Agriculture	50.00	49.15	41.31	16.82	13.74	13.55	11.69	10.52	—
Commerce and Traffic	63.22	65.06	68.44	20.06	14.64	15.68	15.58	17.59	—
Education, Science, Church	72.01	71.76	70.56	18.04	18.10	18.00	18.01	17.69	—
Finance	61.91	63.95	55.92	23.95	14.23	13.96	16.84	13.80	—
Subsidy to Postal Savings Bank	4.20	5.10	3.60	1.57	1.05	1.05	1.05	0.89	—
Payments to local authorities	24.06	23.37	24.17	7.13	4.58	6.08	5.54	7.55	—
Pensions	213.34	217.66	214.58	53.15	53.75	53.88	53.08	53.43	—
Charges under the Peace Treaty	4.57	3.09	3.94	0.58	0.63	0.62	0.07	0.10	—
Debt Service	175.85	178.14	188.23	54.01	46.20	46.47	48.95	44.05	—
Total : Administration	1,369.29	1,406.74	1,352.07	386.29	342.12	350.47	367.45	358.69	—
B. Monopolies: Tobacco	112.75	109.53	110.21	30.14	30.20	30.06	24.09	25.93	—
Salt	14.94	15.07	14.93	3.93	3.85	3.69	3.85	3.84	—
Lotteries	32.45	33.28	33.64	8.69	8.85	9.53	8.57	8.33	—
Gunpowder	5.81	7.08	5.98	1.87	2.14	2.02	1.28	1.39	—
Total : Monopolies	165.95	164.96	164.76	44.63	45.04	45.30	37.79	39.49	—
C. Public Undertakings: Posts and Telegraphs	222.01	227.06	217.00	58.49	56.34	56.49	58.35	54.61	—
Forests	20.73	20.63	19.68	5.42	5.40	5.40	4.79	4.91	—
Federal theatres	9.95	9.89	9.95	2.71	2.60	2.65	2.62	2.64	—
Other undertakings	15.53	16.47	15.19	4.75	3.96	4.12	4.17	3.82	—
Total : Public Undertakings	268.22	274.05	261.82	71.37	68.30	68.72	69.95	65.98	—
D. Railways: Federal Railways	79.00	77.62	107.30	24.94	19.05	19.05	19.75	28.82	—
Charges under the Südbahn Convention	13.99	13.40	13.38	4.29	3.29	3.27	3.08	3.10	—
Other railways	3.48	3.22	3.16	0.86	0.59	0.59	1.15	0.79	—
Total : Railways	96.47	94.24	123.84	30.09	22.93	22.91	23.96	32.71	—
Total ordinary expenditure	1,899.93	1,939.99	1,902.49	532.38	478.38	487.40	499.13	496.87	—
Total ordinary receipts	1,846.65	1,882.15	1,881.43	509.54	462.74	482.35	460.34	447.32	—
Ordinary budget balance	— 53.28	— 57.84	— 21.06	— 22.84	— 15.65	— 5.05	— 38.79	— 49.55	—
EXTRAORDINARY BUDGET. ¹									
National Defence	—	0.08	—	—	—	0.08	—	—	—
Bank reorganisation	—	—	—	20.00	—	—	—	—	—
Extra-urban small holdings	6.00	4.50	—	—	1.10	1.10	—	—	—
Commerce and Traffic	28.70	31.92	—	10.29	9.91	4.44	11.66	—	—
Agriculture	18.00	24.95	—	3.73	6.50	5.44	3.53	—	—
Posts and Telegraphs	9.46	8.28	9.00	3.40	2.38	2.26	1.66	1.48	—
Railways	22.27	26.49	21.70	2.96	0.28	0.28	2.70	6.59	—
Monopolies and Undertakings	15.57	7.35	5.89	—	2.15	2.35	1.52	1.56	—
Other investments	—	—	—	—	0.78	—	—	—	—
Total extraordinary expenditure	100.00	103.57	56.59	40.38	23.10	15.95	21.07	9.65	—
Total budget balance	— 153.28	— 161.41	— 57.65	— 63.22	— 38.75	— 21.00	— 59.86	— 59.18	—

¹ In 1936, the "Extraordinary budget" is partly included in the "Ordinary budget" and partly accounted for under the new heading "Investments"

Appendix II.
MONTHLY ESTIMATES AND PROVISIONAL RESULTS.

RECEIPTS (In millions of Schillings)	December			January			February			March			April	
	1934	1935		1935	1936		1935	1936		1935	1936		1935	1936
	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates
ORDINARY BUDGET														
A. Administration:														
Direct taxes	27.89	26.00	30.07	26.87	26.00	30.76	19.87	20.00	29.23	28.76	27.50	28.71	24.17	24.50
Customs	14.98	14.60	16.31	14.81	14.60	14.37	14.22	14.40	13.90	13.20	14.50	13.57	15.39	14.50
Import tax on cattle fodder	2.45	2.70	3.96	2.88	2.90	3.93	2.15	2.90	3.11	2.03	3.00	2.76	2.38	2.90
Excise duties	16.06	14.65	14.03	13.60	14.36	15.49	12.17	13.30	13.23	12.19	12.55	12.72	13.52	15.06
Turnover tax	12.51	12.70	14.57	12.70	12.70	12.70	11.39	11.00	11.71	9.65	10.60	11.21	10.65	11.00
Turnover tax, emergency surtax	11.80	12.10	12.65	11.74	12.00	12.58	10.64	10.50	11.05	9.07	10.10	10.93	10.37	10.60
Taxes on transactions, legal fees, etc.	8.15	8.00	9.13	9.60	11.25	11.67	8.46	9.50	10.30	7.45	9.30	9.83	8.66	10.62
Other receipts	0.31	0.22	0.38	0.20	0.22	0.26	0.22	0.27	0.24	0.27	0.27	0.26	0.27	0.26
Total taxes	94.15	90.97	101.10	91.89	93.83	101.76	79.12	81.87	92.77	82.62	87.82	89.99	85.41	89.44
Deduct:														
Shares of local authorities	21.11	18.67	20.82	14.50	15.22	14.74	16.20	18.11	17.21	15.78	18.68	18.64	11.81	15.48
Total : State taxation	73.04	72.30	80.28	77.39	78.61	87.02	62.92	63.76	75.56	66.84	69.14	71.35	73.60	73.96
Receipts of Social Administration	15.52	17.65	14.41	19.97	17.44	22.20	17.07	17.10	17.40	13.82	15.61		15.37	15.32
Other administrative receipts	10.38	7.04	0.46	8.39	5.95	8.31	8.62	5.89	12.95	16.36	7.48		8.39	3.28
Contribution towards Debt Service	10.54	6.42	6.41	6.78	6.44	6.49	6.87	4.6	6.53	6.73	6.43		6.89	6.44
Total receipts of the Administration	109.48	103.41	105.16	112.53	108.44	124.02	95.48	93.21	112.46	103.75	98.66		104.25	99.00
B. Monopolies:														
Tobacco	28.45	27.63	27.83	21.87	21.90	20.95	20.86	20.19	21.31	22.14	21.84	24.27	25.59	24.10
Salt	2.36	2.55	2.46	3.05	3.00	2.92	2.51	2.54	2.42	2.21	2.73	2.91	2.48	2.42
Lotteries and gunpowder	5.90	5.61	6.10	5.37	5.02	5.56	5.16	5.32	5.92	5.46	5.10	5.68	5.50	5.34
Total : Monopolies	36.71	35.79	36.39	30.29	29.92	29.43	28.53	28.05	29.65	29.81	29.67	32.86	33.57	31.95
C. Public Undertakings:														
Posts and Telegraphs	20.05	20.25	20.87	17.48	17.49	17.35	15.18	15.49	15.88	19.02	18.86		17.84	17.82
Forests	1.54	1.40	1.47	0.88	0.80	1.04	0.90	0.80	0.87	0.71	0.80		0.53	0.80
Federal theatres	0.54	0.47	0.58	0.75	0.73	0.75	0.50	0.51	0.56	0.53	0.59		0.55	0.60
Other	2.61	1.42	1.61	1.13	1.25	1.11	1.39	1.44	1.53	1.48	1.21		1.45	1.30
Total : Public Undertakings	24.74	23.54	24.53	20.24	20.27	20.25	17.97	18.24	18.84	21.74	21.46		20.37	20.52
D. Railways:														
Federal Railways	—	—	—	—	—	—	—	—	—	—	—		—	—
Other railways	—	—	—	—	—	—	—	—	—	—	—		—	—
Total : Railways	—	—	—	—	—	—	—	—	—	—	—		—	—
Total ordinary receipts	170.93	162.74	162.48	163.06	158.03	173.70	141.98	139.50	160.95	155.30	149.79		158.19	151.47

MONTHLY ESTIMATES AND PROVISIONAL RESULTS (concluded).

EXPENDITURE (In millions of Schillings)	December		January			February			March			April		
	1934	1935		1935	1936		1935	1936		1935	1936		1935	1936
	Provi- sional results	Esti- mates	Provi- sional results	Provi- sional results	Esti- mates	Provi- sional results	Provi- sional results	Esti- mates	Provi- sional results	Provi- sional results	Esti- mates	Provi- sional results	Provi- sional results	Esti- mates
ORDINARY BUDGET														
A. Administration:														
Interior: Police	6.94	5.84	5.94	5.81	5.51	5.74	5.90	5.57	5.57	5.95	5.63		5.93	5.58
Gendarmerie	3.06	3.40	3.41	3.09	3.13	3.09	3.23	3.13	3.34	3.50	3.22		3.29	3.02
Auxiliary Defence Corps	4.42	0.80	0.87	1.62	0.60	0.70	1.64	0.57	0.65	1.81	0.46		1.63	0.34
Other political authorities	0.05	0.03	0.03	0.04	0.04	0.04	0.04	0.05	0.05	—	0.03		0.03	0.03
Total Interior	14.47	10.07	10.25	10.56	9.28	9.57	10.81	9.32	9.61	11.26	9.36		10.88	8.97
Army	10.50	11.38	11.82	11.61	11.93	12.02	8.88	10.03	9.99	9.17	11.44		9.03	10.37
Foreign Affairs	0.54	0.56	0.54	0.51	0.59	0.59	0.50	0.48	0.48	0.59	0.48		0.55	0.48
Justice	4.66	4.66	4.67	4.19	4.22	4.16	3.99	3.95	3.87	4.46	4.45		4.11	4.09
Supreme organs	0.36	0.23	0.20	0.23	0.24	0.23	0.24	0.21	0.21	0.26	0.22		0.25	0.22
Chancellor's Office	3.12	1.68	2.33	1.30	1.47	2.13	2.00	1.87	1.86	1.27	1.36		1.13	0.93
Social Administration	38.71	34.99	37.00	39.65	38.23	38.88	33.82	35.44	34.91	39.54	36.51		32.40	32.22
Agriculture	5.03	4.35	4.21	3.73	3.66	3.39	3.76	3.04	3.02	4.20	3.82		3.52	4.03
Commerce and Traffic	8.48	4.64	5.14	5.42	7.29	6.31	4.62	5.37	4.39	5.34	4.93		4.40	5.02
Education, Science, Church	6.92	6.86	6.80	5.75	5.70	5.76	5.45	5.45	5.47	6.81	6.54		5.64	5.62
Finance	14.32	5.04	4.59	5.68	4.84	4.80	4.94	4.36	4.44	6.22	4.60		4.74	4.60
Subsidy to Postal Savings Bank	0.40	0.35	0.35	0.35	0.30	0.30	0.35	0.30	0.30	0.29	0.29		0.85	0.29
Payments to local authorities	2.69	0.47	2.30	1.84	3.68	1.84	1.86	1.98	1.98	1.84	1.89		1.88	1.88
Pensions	17.22	17.42	17.49	15.87	19.03	19.05	18.07	18.19	18.18	18.14	18.21		18.11	18.11
Charges under the Peace Treaty	0.34	0.29	0.34	—	0.02	0.02	0.04	0.03	0.02	0.03	0.05		0.23	0.33
Debt Service	18.29	15.73	14.95	25.18	21.65	21.17	12.05	11.68	11.16	11.72	10.72		17.00	17.01
Total: Administration	146.05	118.72	122.78	134.87	132.12	130.22	111.38	111.70	109.89	121.20	114.87		114.72	114.17
B. Monopolies:														
Tobacco	10.96	10.64	10.44	8.28	9.06	9.17	8.17	8.23	8.42	7.64	8.64	8.73	7.62	9.06
Salt	1.35	1.31	1.28	1.32	1.29	1.26	1.27	1.26	1.26	1.26	1.29	1.26	1.21	1.25
Lotteries	1.47	1.53	1.93	1.93	1.60	1.90	2.01	1.89	2.03	4.63	4.84	5.27	6.19	6.30
Gunpowder	0.79	0.79	0.67	0.39	0.50	0.49	0.40	0.45	0.59	0.49	0.44	0.44	0.58	0.47
Total: Monopolies	14.56	14.27	14.32	11.92	12.45	12.82	11.85	11.83	12.30	14.02	15.21	15.70	15.60	17.08
C. Public Undertakings:														
Posts and Telegraphs	20.29	19.57	19.73	22.18	18.21	18.16	17.90	18.30	18.30	18.27	18.10		18.33	18.17
Forests	2.03	1.93	2.01	1.42	1.64	1.61	1.70	1.64	1.62	1.67	1.63		1.63	1.64
Federal theatres	0.86	0.87	0.90	0.91	0.91	0.92	0.88	0.88	0.87	0.83	0.85		0.87	0.90
Other undertakings	1.90	1.32	1.38	1.31	1.29	1.25	1.30	1.26	1.33	1.56	1.27		1.36	1.36
Total: Public Undertakings	25.08	23.69	24.02	25.82	22.05	21.94	21.78	22.08	22.12	22.33	21.85		22.19	22.07
D. Railways:														
Federal Railways	8.36	6.35	6.35	6.58	8.94	8.94	6.58	8.94	8.94	6.59	10.94		6.58	8.94
Charges under the Südbahn Convention	4.29	3.10	3.27	—	—	—	—	—	—	3.08	3.10		—	—
Other railways	0.29	0.22	0.22	0.35	0.28	0.28	0.32	0.26	0.26	0.46	0.25		0.37	0.30
Total: Railways	12.94	9.67	9.84	6.93	9.22	9.22	6.90	9.20	9.20	10.13	14.29		6.95	9.24
Total ordinary expenditure	198.63	166.35	170.96	179.54	175.84	174.20	151.91	154.81	153.51	167.68	166.22		159.46	162.56
Total ordinary receipts	170.93	162.74	162.48	163.06	158.03	173.70	141.98	139.50	160.95	188.90	149.79		158.19	151.47
Ordinary budget balance	-27.70	-3.61	-8.48	-16.48	-17.81	-0.50	-9.93	-15.31	+7.44	-12.38	-16.43		-1.27	-11.09
EXTRAORDINARY BUDGET¹														
National Defence	—	—	0.08	—	—	—	—	—	—	—	—		—	—
Bank reorganisation	20.00	—	—	—	—	—	—	—	—	—	—		—	—
Extra-urban small holdings	—	—	—	—	—	—	—	—	—	—	—		—	—
Commerce and Traffic	3.10	3.66	2.86	1.29	—	—	0.76	—	—	9.61	—		1.47	—
Agriculture	0.86	1.00	0.65	0.62	—	—	0.97	—	—	1.94	—		2.41	—
Posts and Telegraphs	1.46	0.96	0.95	0.65	0.58	0.38	0.68	0.44	0.43	0.33	0.46		0.99	0.67
Railways	0.17	0.28	0.28	—	2.00	2.00	1.00	1.00	1.00	1.70	3.59		4.16	—
Monopolies and Undertakings	—	0.76	1.00	0.44	0.53	0.48	0.43	0.52	0.52	0.65	0.71		0.48	0.71
Other investments	—	0.18	—	—	—	—	—	—	—	—	—		—	—
Total extraordinary expenditure	25.59	6.84	0.10	3.00	3.11	2.86	3.84	1.76	1.75	14.23	4.76		8.91	1.38
Total budget balance	-53.29	-10.45	-8.58	-19.48	-20.92	-3.36	-13.77	-17.07	+5.69	-26.61	-21.19		-10.18	-1.47

¹ In 1936, the "Extraordinary budget" is partly included in the "Ordinary budget" and partly accounted for under the new heading "Investments".

Appendix III.

	Foreign Trade ¹ (Merchandise only)						Economic Indices								National Bank						Discount rate Per cent	Savings Bank deposits (mil- lions of Schillings) ²	
	Value (millions of Schillings)			Weight (thousands of tons)			Railways		Wholesale price index January- June 1914 = 100 ³	Cost-of- living index July 1914 = 100 ³	Industrial production index ⁴ 1923-1931 = 100 ⁵	Production of			Unemployed receiving benefit (thousands)	Gold and over exchange	Other exchange	Bills discounted	Government Debt	Note circulation and sight liabilities			Total cover Per cent
	Imports	Exports	Excess Imports	Imports	Exports	Total traffic receipts (million Schillings)	Goods traffic (million net ton kms.)	Cotton-yarn per spindle ⁶ 1923-1931 = 100 ⁵				Cellulose (wagons)	Electric power (million kwhs.)										
															(In millions of Schillings)								
1	2	3	4	5	6	7	8	9	10 (Monthly Average)	11	12	13	14	15	16	17	18 (End of)	19	20	21 (Averag)	22 (End of)		
1924	3,447	1,970	1,477	8,951	2,563	37.4	297.9	136	—	83	—	—	95	488	—	188	218	894	34.6	11.37	—		
1925	1,833	1,923	910	8,240	3,246	40.9	307.2	136	—	96	111	1,464	150	499	59	180	188	945	59.1	10.86	—		
1926	2,766	1,733	1,033	8,263	3,228	44.4	331.1	123	103	96	95	1,522	177	537	143	124	177	985	69.0	7.50	—		
1927	3,088	2,037	1,051	8,754	3,929	46.0	350.0	133	106	109	118	1,605	172	464	274	132	173	1,043	70.6	6.34	—		
1928	3,239	2,208	1,031	9,063	4,718	48.0	351.4	130	108	119	111	1,725	156	411	386	208	116	1,124	70.9	6.27	1,755		
1929	3,268	2,188	1,074	10,278	4,109	52.6	369.4	130	111	122	110	1,870	164	406	334	306	109	1,158	61.9	7.33	2,119		
1930	2,609	1,851	848	8,272	3,315	49.3	314.0	117	111	104	102	1,779	208	412	518	148	101	1,181	78.6	5.75	2,419		
1931	2,161	1,291	870	7,996	2,538	42.9	270.6	109	106	91	96	1,796	253	292	26	908	96	1,311	24.2	7.04	2,025		
1932	1,383	764	619	6,091	1,879	36.3	208.9	112	108	79	91	1,664	304	188	.	379	663	1,132	16.6	6.83	2,064		
1933	1,148	772	373	5,688	2,098	35.0	209.9	108	103	81	98	1,850	329	189	13	275	624	1,093	18.4	5.23	2,056		
1934	1,153	857	296	5,652	2,585	34.2	222.3	110	105	88	122	1,988	287	242	35	236	624	1,118	24.8	4.71	2,113		
1935	1,206	895	311	5,529	2,700	34.3	222.4	110	105	97	141	2,119	262	242	112	226	624	1,192	29.7	3.80	2,236		
1933:																							
1st quarter	267	153	112	1,263	363	22.6	187.0	107	105	72	91	1,793	393	189	.	287	660	1,089	17.3	6	2,102		
2nd quarter	271	184	87	1,226	560	24.9	194.5	108	105	76	86	1,818	327	189	7	275	659	1,110	17.6	5	2,105		
3rd quarter	274	207	67	1,429	594	29.5	212.6	109	103	80	109	1,855	290	189	8	225	624	1,026	19.2	5	2,051		
4th quarter	334	225	109	1,679	490	27.3	248.7	108	106	91	129	2,042	305	189	13	275	624	1,095	18.4	5	2,050		
1934:																							
1st quarter	276	199	77	1,293	504	31.3	216.6	111	105	85	119	1,885	345	189	24	308	624	1,135	18.8	5	2,058		
2nd quarter	288	212	76	1,306	710	32.8	211.0	111	105	86	116	2,039	278	241	36	254	624	1,111	24.9	4 1/2	2,085		
3rd quarter	265	215	50	1,418	702	37.9	220.6	109	103	87	117	1,986	250	242	41	254	624	1,138	24.8	4 1/2	2,092		
4th quarter	324	231	93	1,636	670	34.8	243.8	109	105	94	135	2,041	277	242	35	236	624	1,118	24.8	4 1/2	2,113		
1935:																							
I ..	93	59	34	441	151	29.8	192.4	110	105	92	130	1,998	334	242	36	237	624	1,117	24.9	4 1/2	2,221		
II ..	83	67	21	414	178	28.4	191.2	109	104	89	143	1,887	335	242	38	234	624	1,114	25.1	4	2,248		
III ..	95	82	13	390	233	31.8	212.3	109	104	89	124	2,163	315	242	32	234	624	1,113	24.6	4	2,256		
IV ..	95	78	17	402	248	31.9	203.5	108	103	90	131	2,102	287	242	43	234	624	1,134	25.1	4	2,268		
V ..	94	72	22	409	261	31.2	223.0	110	104	94	132	2,320	256	242	61	232	624	1,159	26.2	4	2,259		
VI ..	92	65	27	435	238	33.9	211.1	111	106	89	115	2,134	238	242	82	232	624	1,174	27.6	4	2,245		
VII ..	98	67	31	428	244	39.6	216.1	112	105	97	130	2,215	221	242	101	233	624	1,192	28.8	3 1/2	2,244		
VIII ..	88	72	16	409	250	39.9	225.3	111	105	104	142	2,342	209	242	119	231	624	1,207	29.9	3 1/2	2,256		
IX ..	100	77	23	532	187	37.7	249.6	110	105	99	146	2,109	205	242	139	230	624	1,227	31.1	3 1/2	2,255		
X ..	120	82	38	612	206	38.6	286.9	109	106	102	154	2,020	214	242	137	229	624	1,217	31.1	3 1/2	2,244		
XI ..	118	83	35	526	228	35.3	281.4	109	106	108	171	2,000	243	242	124	227	624	1,206	30.3	3 1/2	2,257		
XII ..	125	90	35	531	255	34.7	248.0	108.5	105	109	165	2,136	285	242	112	226	624	1,192	29.7	3 1/2	2,236		
1936:																							
I ..	101	68	33	457	177	29.2	199.9	108.3	106	108	163	2,185	317	242	74	222	624	1,153	27.4	3 1/2	2,328		
II ..	95	71	24	374	184	28.7	—	107.4	105	—	—	—	322	242	82	220	624	1,163	27.9	3 1/2	2,347		
III ..	110	87	23	393	220	—	—	107.3	104	—	—	—	299	242	80	218	624	1,163	27.8	3 1/2	2,353		

¹ Only provisional figures after January 1935.
² Source : Bundesamt für Statistik.
³ Seasonally corrected index.
⁴ Source : Institut für Konjunkturforschung.
⁵ Source : National Bank.

Geneva, May 12th, 1936.

LEAGUE OF NATIONS

FINANCIAL COMMITTEE

**REPORT TO THE COUNCIL ON THE WORK
OF THE SIXTY-FIRST SESSION OF THE COMMITTEE**

(Geneva, April 29th-May 6th, 1936.)

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INTRODUCTION.

The Financial Committee has the honour to submit to the Council the following report on the various questions with which it has dealt during this session.

The following members were present :

- M. DAYRAS (*Chairman*) ;
- M. BRAMSNAES ;
- M. JANSSEN ;
- M. TER MEULEN ;
- M. MLYNARSKI ;
- Sir Otto NIEMEYER ;
- M. POSPIŠIL ;
- Sir Henry STRAKOSCH ;
- M. SWANIDZE ;
- M. TUMEDEI ;
- M. BLAU, delegate of the Fiscal Committee.

There were also present :

1. *For Austrian questions :*

- Dr. DRAXLER, Federal Minister of Finance ;
- Dr. KIENBÖCK, President of the Austrian National Bank ;
- M. ROST VAN TONNINGEN, Representative of the League of Nations in Austria ;
- M. FRÈRE, Adviser to the Austrian National Bank.

2. *For Bulgarian questions :*

- M. GOUNEFF, Minister of Finance ;
- M. STOYANOFF, Director-General of the Public Debt and Secretary-General of the Finance Ministry ;
- M. BOGILOFF, Governor of the National Bank of Bulgaria ;
- M. MOMTCHILOFF, Permanent Delegate to the League of Nations ;
- M. CHEYSSON, Commissioner of the League of Nations in Bulgaria ;
- Professor KÖSTNER, Adviser to the National Bank of Bulgaria.

3. *For Hungarian questions :*

- Dr. FABINYI, Minister of Finance ;
- Mr. TYLER, Representative of the Financial Committee in Hungary ;
- Mr. BRUCE, Adviser to the National Bank of Hungary.

Series of League of Nations Publications
II. ECONOMIC AND FINANCIAL
1936. II.A. 9.

I. AUSTRIA.

The Financial Committee, having before it the seventeenth and eighteenth quarterly reports of M. Rost van Tonningen, examined the financial situation of Austria together with Dr. Draxler, Federal Minister of Finance (assisted by Dr. Gruber and Dr. Rizzi of the Ministry of Finance), and Dr. Kienböck, President of the Austrian National Bank. It also heard M. Rost van Tonningen, Representative of the League of Nations in Austria, and M. Maurice Frère, Adviser to the Austrian National Bank.

1. Results for 1935 and estimates for 1936 were as follows :

	Provisional results 1935	Estimates 1936
	(In millions of schillings)	
(1) Expenditure	1,939.99	1,902.49
(2) Receipts	1,882.15	1,881.43
(3) Deficit of the ordinary budget	—57.84	—21.06
(4) Investments	103.57	36.59

2. The Finance Minister has, the Committee notes, been able to achieve valuable results in reducing expenditure. In the first two months of 1936, expenditure was 7.4 millions less and revenue 29.6 millions higher than in the same period of last year and, though complete figures are not yet available for the next two months, the tendency has been the same.

The improvement in the State finances during the first quarter of 1936 enabled the Finance Minister to limit the issue of Treasury bills to the amount of 10 million schillings, as against 23 million schillings in the first quarter of last year.

3. The original budget estimates for 1936 showed a prospective deficit of 21 million schillings on the ordinary budget, in addition to 36 million schillings for investments. The Austrian Government now finds it necessary to provide for further expenditure up to an amount not exceeding 45 million schillings. Consequently, as against the revenue resources originally forecasted, a total additional sum of some 100 million schillings has to be provided. The satisfactory revenue receipts since the original budget estimates were passed encourage the hope that at least the greater part of the excess expenditure can be met without further increase of taxes.

4. The Financial Committee thinks, therefore, that the hopes entertained for continued improvement of the public finances may be realised, but on the condition that further expansion of expenditure can be avoided. The maintenance of the budget equilibrium remains an essential condition of economic progress in Austria.

5. The position of the State railways remains difficult. Revenue receipts are here less satisfactory than in the case of the State, but the Committee is glad to note that, thanks to the efforts of the Administration to restrict expenditure, deterioration as compared with last year has been avoided.

6. The Austrian Government has informed the Committee that a way has been found to deal with the situation arising from the collapse of the Phoenix Life Insurance Company without financial aid from the Treasury.

7. As compared with the end of December, the National Bank's gold and foreign exchange reserves show a decrease of 32 million schillings at the end of April. This is due to the settlement arrived at in January between the Austrian Government and the foreign creditors of the Creditanstalt, which entailed the withdrawal of 39 million schillings from the Bank's reserves. It will be seen that the decrease in the foreign exchange holdings has already been made good to the extent of 7 millions.

The Bank's note circulation and sight liabilities show a decrease of 50 million schillings between the end of December and the end of April. Its gold and foreign exchange cover was 27.7% on April 23rd.

8. The foreign trade returns for the first quarter of the year show a further increase in the volume of trade. Exports showed a considerable progress, but it is clear that some of the elements which have contributed to this improvement may not be of a permanent character.

9. Industrial activity has further increased during the first quarter of 1936. The output of the iron and steel industry has almost doubled with regard to the same period of last year, but again it may be doubted whether this is due to permanent causes. With the exception of the paper industry, most of the other industries have also improved their activity. Tourist traffic has continued its upward trend during the months of October and November, but it may be that the statistics for the past winter, when available, will show a slowing-down on account of the unfavourable weather conditions for winter sports.

II. BULGARIA.

The Financial Committee examined the situation of Bulgaria with the Finance Minister of Bulgaria, M. C. Gouneff (assisted by the Director-General of the Public Debt and Secretary-General of the Finance Ministry, M. N. Stoyanoff, and the Permanent Delegate of Bulgaria accredited to the League of Nations, M. N. Momtchiloff) and with M. D. Bogiloff, Governor of the National Bank. It heard M. B. Cheysson, Commissioner of the League of Nations in Bulgaria, and M. Köstner, Adviser to the National Bank of Bulgaria, and took cognisance of the thirty-seventh and thirty-eighth reports of the Commissioner of the League of Nations, of a statement on the financial situation of Bulgaria, and of a statement on the Bulgarian public debt submitted by the Finance Minister.

1. *Budgets* (including railways and non-transferred leva). — According to the official monthly bulletins published by the Finance Ministry, the progression of Bulgarian budgets since 1932 has been as follows :

(In millions of leva.)

	1932/33		1933/34		1934 (9 months)		1935		1936
	Estimates	Results	Estimates	Results	Estimates	Results	Estimates	Results	Estimates
Expenditure	7,485.9	6,607.1	6,982.2	6,495.9	5,059.5	5,138.1	7,388.8	6,891.9	7,556.5
Revenue	7,393.7	5,856.1	6,981.5	6,263.-	4,996.0	4,888.3	6,970.7	6,613.9	7,556.5
Deficit	— 92.2	— 751.-	— 0.7	— 232.9	— 63.5	— 249.8	— 418.1	— 278.-	—

In 1936, various funds, hitherto outside the budget, were for the first time included in the budget and increased the expenditure total by 234.2 millions and the receipts total by 376.8 millions.

Revenue is nearly always over-estimated, as the Financial Committee has frequently pointed out. Consequently, the initial deficit has nearly always increased as the year went on and efforts to compress expenditure correspondingly have not been over-successful.

The cash deficit thus created has been from time to time covered by discounting Treasury bills, for the greater part directly with the Central Bank. The amounts of such bills outstanding have been, in 1931, about 600 millions; at December 31st, respectively, in 1933 : 950 millions; in 1934, 1,077.7 millions; at the end of March 1936, 1,632 millions.

The increase in Treasury bills over the amount existing in 1931 is thus over 1,000 millions; in addition to 538 million bills held for the untransferred foreign debts, 556 million bills in connection with the tobacco compensation, 300 millions from the recent three and six years' loans and other important short-term indebtedness.

It will be recalled that the budget figures are figures of a budget *d'exercice*, and, in the prevailing complexity of Bulgarian public finance, give an incomplete picture of the real *de facto* position. Revenue technically accounted for in the budget accounts of one year is, in fact — as cash in the hands of the Treasury — used to meet arrears proper to former budgets, and thus the actual cash position of the Treasury bears little relation to the apparent provisional results as revealed in the budget accounts. From the standpoint of actual financial administration in Bulgaria, the cash position is of far more importance than the purely accounting presentation exhibited in the budget figures. The real cash position — allowing in each case for outstanding arrears — on the basis of the Official Bulletins published by the Ministry of Finance, has been approximately as follows :

(In millions of leva.)

End of financial year	Commitments of the Treasury	Raised by Treasury bills or from special sources ¹	Arrears paid against later revenue
1932/33	1,614.2	562.7	1,051.5
1933/34	1,284.4	713.8	570.6
1934/35	820.4	440.7	379.7
1935	657.7	775.3	— ²

The Committee uses the word "approximately" with intention, because it is not possible to be certain that the figures are complete.

In view of the importance, in particular to the Bulgarian Administration itself, of securing both a clearer method of stating the essential figures and a more effective financial

¹ Issues of Treasury bills amounted to 408 millions in 1932/33, 601.9 millions in 1933/34, and 716.1 millions in 1935.

² Not including arrears for 317.4 millions.

administration, the Financial Committee, particularly in its report of September 1935, urged the necessity of a reform in the Bulgarian accounting system. Certain steps have now been taken in this direction and applied in the 1936 budget — *e.g.*, reintegration of certain funds in the ordinary budget, abolition of extra-budgetary credits, new distribution of budgetary receipts and expenditure, abolition of provisional acknowledgments, abolition of a certain number of special Treasury accounts, reintegration in the budget of receipts assigned to the "Caisse d'amortissement".

The Committee recognises the value of the reforms already carried out both to tighten up the control of the Finance Minister on expenditure commitments and the issue of payment orders and their payment, and to ensure a greater unity and clearness in the 1936 budget. It noted that all the receipts for the 1936 financial year will be exclusively used for the payment of expenditure due in the same year, and that the expenditure in arrears belonging to the 1935 budget still outstanding will be settled without drawing upon the 1936 receipts.

But the Committee is not sure that the reform has been fully carried out. They wish again to emphasise the importance of applying integrally this change and, further, of maintaining it consistently. They would be glad to receive from the Bulgarian Government at its next meeting further details of the exact application in Bulgaria of the revised system.

2. As indicated above, the results of the State budget and of the Railway budget for 1935 are as follows :

	Millions of leva
Receipts	6,613.9
Expenditure	6,891.9
	<hr/>
Deficit	— 278.—

The above figures include in receipts and expenditure a sum of 532 millions corresponding to the untransferred part of the service of the foreign debt.

It should further be noted that the 1935 financial year left a total of 317.4 millions of expenditure not met, and that the above-mentioned total receipts include 325 millions of exceptional receipts.

3. The 1936 budget is balanced as regards receipts and expenditure.

The estimates are :

		Millions of leva
Receipts —	State budget	6,163.5
	Railway budget	1,393.—
		<hr/>
		7,556.5
Expenditure —	State budget	6,163.5
	Railway budget	1,393.—
		<hr/>
		7,556.5

The receipts of the funds newly incorporated in the ordinary budget are included in the budget estimates at 376.8 millions. The expenditure previously defrayed out of these incorporated funds will henceforward be paid out of the credits granted to the different departments for this purpose, amounting to 234.2 millions. Apart from these funds incorporated in the budget, there are still funds kept outside the State budget, the receipts and expenditure of which amount to over 2,000 millions.

The estimates of receipts for 1936 exceed the actual comparable ordinary receipts of 1935 by about 800 millions. If part of the estimated increases are justified by the increase in existing tax-rates, the creation of new taxes, or the improvement in fiscal legislation, the greater part of the new receipts to be anticipated from Customs and Excise duties, State undertakings and railway traffic in particular, can only result from an improvement in the country's economic situation.

The budget's equilibrium is the more uncertain inasmuch as the 1936 financial period will have to bear additional expenditure over and above the estimated ordinary expenditure. An additional credit of 300 millions, largely intended for expenditure of the War Department and covered by the proceeds of two loans already concluded, will be insufficient to meet the whole of this expenditure, and a fresh budget of about 100 millions is to be anticipated.

4. The possible deficit in the ordinary budget on the one hand, and the necessity for defraying fresh expenditure on the other, are leading the Bulgarian Government to seek fresh resources. The changes already made in the fiscal legislation, or in preparation, do not hold out a prospect of finding the necessary sums within a sufficiently short period. The Finance Minister is accordingly asking for a suspension of the amortisation payment for Treasury bills, the discounting of which by the National Bank of Bulgaria was authorised in May and in September last by the Council of the League of Nations on the proposal of the Financial Committee.

It may be recalled that the Bulgarian Treasury is authorised to issue 1,700 millions of bills, of which 200 millions are not discountable at the National Bank, 1,000 millions are directly discountable, and 500 millions are rediscountable. On March 31st, 1,632 millions of bills had been issued, of which 927.5 millions had been discounted at the National Bank. In pursuance of Article 35, paragraph 9, of the Statutes, 600 millions of these bills must be reduced every three months, as from March 31st, 1936, by 37.5 millions, and every six months, as from June 30th, 1936, by 25 millions in 1936 and 1937, and by 50 millions in 1938 and 1939. The Financial Committee is prepared to recommend to the Council of the League of Nations to accede to the Bulgarian Government's request and to suspend in the current year the four quarterly payments of 37.5 millions, and the half-yearly payments of 25 millions each due on June 30th, 1936, and December 31st, 1936.

The granting of these Treasury facilities will have the effect of retarding by one year the execution of the plan of redemption of the two blocks of 300 millions each issued in 1935.

5. The Committee, however, wishes to draw the Bulgarian Government's attention to the following points :

The budgetary situation of the forthcoming financial periods should already be considered now. The present budget has the benefit of 152 millions of exceptional receipts which will not recur. The future budgets will, in addition to present burdens, have to bear fresh charges in respect of the redemption and service of the comparatively short-term obligations entered into. Apart from the 600 millions Treasury bills authorised by the Council, which were to be repaid in four years, the Bulgarian Government has recently contracted two loans, one of 100 millions repayable in three years and the other of 200 millions repayable in six years. The Treasury also owes at least 300 millions in respect of budget arrears which will have to be met within a short period. Improved receipts may be the result of a better distribution of fiscal burdens and a better organisation of tax collection ; but the efforts of the Bulgarian Government should mainly be directed towards a reduction of public expenditure. It should aim at a reform of the Administration, better control of the overhead charges of the State undertakings and particularly the Railways, and a definite estimate of the direct and indirect burdens placed on the budget by the policy of managed economy in all its forms. It will be necessary, in particular, to determine what are the results of the Cereals Directorate, to what risks its working exposes the budget, and what fiscal and other privileges it enjoys.

6. By its resolution of September 17th, 1935, the Council of the League of Nations, on the Financial Committee's recommendation, modified Article IX of the Protocol of March 10th, 1928, by raising to 1,700 millions the total amount of bills which the Treasury is authorised to issue. The said Article IX mentions not only Treasury bills, but all other similar short-term obligations. The Government has, however, entered into certain engagements in the form of Treasury bills or other obligations, particularly in connection with the tobacco clearing arrangement, which are not within the limits indicated above for these issues. The Committee proposes that the Council should take note of that fact.

7. In its report of January 17th, 1934, the Committee recommended to the Council, and the Council agreed, that the seignorage profits derived from the issue of subsidiary coinage during the years 1931/32 to 1933/34 should be provisionally left at the Bulgarian Government's disposal and reimbursed to the National Bank with a view to the application of Article IV, paragraph 7, of the Protocol of March 10th, 1928, during the 1935/36 financial year.

Owing to the cash situation described in the present report, the Committee proposes that the Council should authorise the Bulgarian Government to postpone until the matter is examined afresh by the Committee the payment of the said seignorage profits to the Bank.

8. In consequence of last year's satisfactory harvest and higher prices of staple commodities, the economic situation of Bulgaria shows gradual improvement since last autumn. The production and sales of local industries are higher than in the corresponding months of last year, the goods traffic and turnover of internal trade in general are on the increase, while the foreign trade figures for the first three months of 1936 compare favourably with those of the same period of 1935.

Some aspects of the situation need, however, to be stressed.

The foreign trade turnover, although higher by a third in 1935 in comparison with the year 1934, has not resulted in an increase inflow of free *Devisen*, the receipts of which by the National Bank were rather lower than in the previous year. This is due to the growing importance of certain clearing countries in the share of Bulgarian exports. But considerable economies in free *Devisen* payments have been achieved, substantiating to a certain extent the provisions and recommendations of the Financial Committee at its session of January last year. Better use was made of blocked and clearing currencies for the purpose of procuring raw materials for the industries of the country and in meeting obligations which in the normal course of events could only be paid for with free currencies. Nevertheless, the situation remains difficult.

More extensive application of the private compensation system in foreign trade has supplied the commerce of the country with a considerable amount of *Devisen* not passing through the National Bank and has had the result, among other things, of enabling the country to reduce its foreign commercial indebtedness to manageable figures. As a counterpart to this, however, important debit balances on clearing accounts await settlement, which is becoming difficult owing to the fact that premiums on foreign exchange are not applied to transactions passing through clearings. The tendency for Bulgarian exports to flow to clearing countries with weak currencies and, correspondingly, to increase the credit balances of the National Bank with those countries is thus accentuated, a situation which calls for close attention by the Bank.

9. The recent amendments to the regulations governing foreign trade and foreign exchanges simplifying further the procedure and enabling the Bank to intervene actively in the free market for *Devisen* accruing from private compensations with a view to stabilising the premiums are considered by the Committee as a step in the right direction, and the Committee hopes that further simplification in this respect will follow in due course, the aim of which should be to do away with the system of multiple premiums.

10. The Committee observes with regret that the legislation for the relief of debtors, which, it was hoped, would settle this question once for all at the beginning of 1934, has been subject to continuous and not always consistent amendments, the ultimate result of which has been the swelling of the commitments of the "Caisse d'amortissement" created for this purpose. More recent legislation has taken certain steps to protect the "Caisse" in this respect. The total commitments of the "Caisse" expressed in 3% bonds issued to the creditors may reach the large sum of 5½ milliard leva, which, in view of the number of debtors, who become the debtors of the "Caisse" (over 200,000), may create a formidable task for the "Caisse" in collecting these debts in half-yearly instalments. A further very important problem to be dealt with is that presented by the credit co-operatives of different types, whose uncollectable loans and advances are transformed in too big a proportion into bonds of the "Caisse".

The price-fixing policy of the Government and the creation of a number of monopolies and semi-monopolies for the purpose of buying up certain agricultural products at artificially high prices, to the dangers of which the Committee has drawn the attention of the Bulgarian Government many times, may tend to create discrimination against those parts of the country where the articles favoured by price regulation are not produced. The Committee wonders whether a more desirable policy would not be a gradual abandonment of excessive price-fixing schemes.

III. ESTONIA.

M. Janssen, having recently had occasion to proceed to Tallinn as Trustee of the Loan issued in 1927 under the auspices of the League of Nations, informed the Financial Committee of the conclusions which he had reached regarding the financial and economic position of Estonia. The Committee had also before it a report from the Bank of Estonia, as representative of the trustee, for the last quarter of 1935.

The public finances are in a very satisfactory position. Budget equilibrium has been maintained uninterruptedly since 1926 except for the years 1931/32 and 1932/33, which showed slight deficits. Some years ago the Committee had occasion to study the budgetary situation in detail. At that time, it expressed the opinion that the general level of the budget — in 1930/31, 97 million crowns, at a time when the gold parity of the currency was maintained — appeared to be too high in spite of the equilibrium between expenditure and revenue. Since then the budget has been reduced to 79.5 million paper crowns for 1935/36.

The Treasury is in an easy position and has been able in recent years to accumulate reserves which have steadily grown since 1933.

The internal debt is relatively low. The State has been able to pay off its debt to the Bank of Estonia in full.

Since the gold parity was abandoned in 1933, the national currency has been linked to the English pound. The general economic position of the country has improved in all respects. Foreign trade has developed and prices have been maintained at satisfactory levels.

IV. HUNGARY.

The Committee had the advantage of hearing Dr. Fabinyi, Minister of Finance. It had before it its representative's report on the first quarter of 1936, supplemented by verbal comments by Mr. Tyler and Mr. Bruce.

1. *State Finance.*

Provisional figures for the first ten months of the fiscal year ending on June 30th next (Administration and Undertakings together) show receipts higher by 6.8% than for the corresponding period of last year, and expenditure 3.3% higher. There has consequently been some improvement on balance. But expenditure, though it is not now increasing at the same rate as receipts, is rising, and neither the results of the current fiscal year nor the forecast for 1936/37 shown in the draft budget indicate any immediate prospect of the

restoration of budget equilibrium. At the present time, when receipts are increasing, every effort should be made to approach more nearly budget equilibrium by preventing further increases in expenditure. The deficit is chiefly caused by the losses of the State Undertakings. There has been some improvement in the Railways and the Post Office, but the losses of the State Iron Works continue to suggest the need for close examination.

The cash position of the Treasury is better than it was a year ago and there has been no State borrowing on the internal market during the current fiscal year. But the floating debt continues to increase by the funding of certain interests. Commitments of the State have been somewhat reduced, but still amount to a considerable sum.

2. *Foreign Credits Cash Office.*

The administration of the Office has continued to assent to loans from the pengö deposited in respect of non-transferred foreign debt service. At March 31st last, advances actually outstanding amounted to 33.5 million pengö for public works and 12 million pengö for paying off commitments of the State undertakings. A further 30 million pengö are placed as call money, 1.5 million pengö are on deposit with private banks, and the balance of 17.5 million pengö are held by the Office at the National Bank.

3. *Simplification of Foreign-exchange Policy.*

The National Bank has carried out the programme mentioned in the Committee's last report. There has been an increase both in the absolute foreign-exchange receipts and in the proportion of freely convertible exchange contained therein. This increase has been achieved in spite of adverse factors, such as the bad 1935 harvest and consequently the necessity to import large quantities of maize, for some of which freely convertible exchange had to be paid. The increased export of Hungarian agricultural products to Germany has resulted in a certain diversion of exports from Hungary's traditional markets and from markets yielding freely convertible exchange.

4. *Foreign Debt.*

To complete the measures previously taken for the prevention of the repatriation of Hungarian securities, and to ascertain the volume of those securities held in the country, the Hungarian authorities prohibited the import of all kinds of securities and made obligatory the registration of Hungarian securities (other than State issues) internationally quoted and held by persons domiciled in Hungary. Unregistered securities are not negotiable on the Budapest Stock Exchange.

The National Bank has regularly made transfers from the appropriate currencies towards the services of the Reconstruction Loan, 1934, in execution of the programme (50% of the coupon) announced on July 5th last to the League Loans Committee (London).

5. *Merger of Land-mortgage Institutions.*

With the aid of sacrifices on the part of both foreign and inland creditors, including the State, the three land-mortgage institutions have been amalgamated. The Committee welcomes this progress in rationalising one part of the Hungarian financial organisation and it hopes that it will now be possible to proceed further and carry out a satisfactory concentration among Hungarian banks generally.

6. *Economic Position*

There has been some revival of business activity, though less in Hungary than in some other countries. Industrial production has increased, but consumption shows little change. Imports of finished goods have decreased, while those of raw materials have risen. Foreign trade shows an increase in value, largely resulting from higher prices. In quantities, imports are higher than they were for the corresponding period of last year, but exports are declining.

The Clearing Agreement with Austria is still working badly, and the ratio of trade between the two countries, though slightly improving, is still less in Hungary's favour than 1 : 1.5, which was the ratio aimed at by the Commercial Treaty in force.

V. FINANCIAL STATISTICS.

In May of last year, the Third International Thrift Congress, which was held in Paris, adopted the following resolution :

“ The International Thrift Institute is requested to study, together with the League of Nations, the statistics of thrift in the various countries and to establish what deposits can be considered as savings deposits. As a result of these studies, the Institute should offer, at the earliest meeting of the Permanent Committee, a proposal for modifications concerning the standardisation of the official statistics on thrift in all countries.”

The motives which led to the adoption of the resolution were explained to the Financial Committee by Dr. Pospišil, who is a member of the Permanent Committee of the International Thrift Institute.

The Financial Committee has given careful consideration to this proposal and, in connection with it, to the whole question of the comparability of financial statistics. In accordance with the terms of the International Convention relating to Economic Statistics of December 14th, 1928, in January 1931, a Committee of Statistical Experts was appointed by the Council with a view to promoting the comparability of economic statistics, but at present financial statistics are excluded from its purview. The Financial Committee thinks the Council may consider it appropriate to request this Committee to extend its activities to financial statistics. If this recommendation is approved, the Financial Committee suggests that the Committee of Statistical Experts should deal first with the statistics relating to the formation of capital and the manner in which that capital is invested.

The Committee does not feel that, for the purpose of international comparisons, savings deposits as such—or, indeed, banking deposits as a whole—can usefully be treated separately from savings and investments as a whole, and it is for this reason that it thinks that the best method of approach would be by the procedure just indicated.

Geneva, July 28th, 1936.

LEAGUE OF NATIONS

**FINANCIAL POSITION OF AUSTRIA
IN THE SECOND QUARTER OF 1936**

NINETEENTH QUARTERLY REPORT

by M. Rost van Tonningen, the Representative
of the League of Nations in Austria

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I. INTRODUCTION.

By an unfortunate accident, the General Manager of the Creditanstalt Dr. A. J. van Hengel, was killed on June 3rd, and his many activities in Austria, which so greatly contributed to the success of the reconstruction work, were thus brought suddenly to an end. It will be remembered that Dr. van Hengel was called to Vienna in May 1931 to assist the Austrian Government and the Creditanstalt in the crisis which the collapse of the bank had provoked in Austria and in the whole of Europe. After a short interruption of his work, Dr. van Hengel was finally appointed, on February 15th, 1932, General Manager of the Creditanstalt, as it was generally recognised that he was the most capable man to deal with this very serious matter. The progress which Dr. van Hengel realised is outlined in another part of this report. It should also be remembered that quite recently he was able to render great service to the Austrian Government in the very difficult problem of the liquidation of the Phoenix Life Insurance bankruptcy. On his death, it became necessary to find a man who could continue the work for which he had laid such solid foundations, particularly in the Creditanstalt. From this point of view, the appointment of Dr. Josef Joham, Dr. van Hengel's closest collaborator in the Creditanstalt, as the General Manager of the bank must be welcomed.

1. The Federal budget for the year 1936 shows favourable results during the second quarter of the present year. For the first seven months, the probable deficit, of about 35 million Schillings, is 24 million Schillings below the estimated deficit for that period, and 60 million Schillings below the figure of last year. It must be remarked, however, that revenue, though still higher than in the corresponding months of 1935, has been coming in more slowly in May and June than in the first four months of 1936.

2. The Treasury position, though still good, is not as liquid as it was at the end of last quarter. The floating debt has increased from 142 million Schillings to 171 million Schillings by the issuing of new Treasury bills.

3. The Federal Railways show a slight fall of revenue in the first five months of 1936 as compared with the same period of last year.

4. The balance-sheets published by the various banks demonstrate the increasing liquidity of these banks and the prospects of better earnings in the future.

5. The National Bank has maintained its position and even slightly increased its gold and foreign-exchange holdings, notwithstanding the continued unrest on the various foreign-exchange markets abroad.

6. Foreign trade has further increased in value, though not in weight. It is hoped that the recent agreement with Germany will help to promote Austro-German trade.

7. The unemployment position is not altogether favourable. The spread between this year's and last year's unemployment is narrowing, though, at the end of June, unemployment was still 7,000 lower than last year.

2. FEDERAL BUDGET.

(a) FEDERAL BUDGET, 1936.

Shortly after the issue of the last quarterly report, the following new expenditure was voted by the Austrian Government :

	Millions of Schillings
National Defence	37
Children's Holidays	3
Social Insurance	1
Emergency Work Scheme	4
	—
Total new expenditure	45

This new expenditure is practically entirely labour-employing. A revised table has now been drawn up by the Finance Ministry comparing the public works expenditure of the years 1935 and 1936 and showing that the new credits voted by the Ministry for public works expenditure have risen again to the level of the previous year.

Public Works Expenditure in 1935 and 1936.

	1936				1935			Differ- ence between totals 1936 and 1935
	Estimates				Provisional results			
	Ordinary budget	Invest- ments	Credits transferred from 1935 as reduced by Finance Minister	Total	Ordinary budget	Extraor- dinary budget	Total	
(In millions of Schillings)								
Emergency work in the provinces	4.000			4.000				+ 4.000
Federal Chancery Children's Holidays								+ 3.000
Action	3.000			3.000	0.131		0.131	+ 0.075
Church buildings	0.206			0.206				
Social Administration :								
Productive unemployment relief ..	4.000			4.000	12.000		12.000	— 8.000
Voluntary labour corps	4.120			4.120	9.975		9.975	— 5.855
Housing	0.600			0.600	6.487		6.487	— 5.887
Hospitals	0.709			0.709	1.276		1.276	— 0.567
Extra-urban smallholdings			1.500	1.500		4.500	4.500	— 3.000
Agriculture :								
Stream regulation	10.000			10.000	4.721	24.946	29.667	— 19.667
Other	0.863		0.700	1.563	1.861	0.500	2.361	— 0.798
Roads	26.000		5.700	31.700	22.500	31.100	53.600	— 21.900
Bridges	6.000		1.790	7.790	0.630	5.540	6.170	+ 1.620
Buildings	5.180		0.840	6.020	3.140	0.410	3.550	+ 2.470
Buildings administration	3.220		0.360	3.580	3.470	1.440	4.910	— 1.330
Traffic	0.170			0.170	0.150		0.150	+ 0.020
National Defence	71.850			71.850	27.291		27.291	+ 44.559
Tobacco Monopoly	1.010	2.100		3.110	0.950	5.500	6.450	— 3.340
Salt Monopoly	0.180	0.093		0.273	0.170	0.420	0.590	— 0.317
Posts and Telegraphs	6.700	8.330	0.190	15.220	6.660	6.690	13.350	+ 1.870
Forests	6.000			6.000	6.800		6.800	— 0.800
Mines		0.100	0.040	0.140		0.050	0.050	+ 0.090
Railways	24.100	17.120	3.650 ¹	44.870	15.300	22.100	37.400	+ 7.470
Total	177.908	27.743	14.770	220.421	123.512	103.196	226.708	— 6.287

It is hoped that this additional expenditure can be covered by the surplus revenue over the budget estimates which will be realised in the year 1936.

The following table gives a comparison between the yield of State taxation only (as distinct from the total revenue of the budget) during the first half year of 1936 and the corresponding period of last year. Though this table shows that the yield has enormously improved, it should be mentioned that revenue, though still higher than in the corresponding period of 1935, has come in much more slowly in May and June than during the previous four months. It is as yet too early to draw conclusions from the decline in the trend of State revenue in the last two months.

<i>Receipts :</i>	January to June (Provisional results)		Increase (+) or decrease (—)
	1936	1935	
In millions of Schillings			
Direct taxes	175.85	147.35	+28.50
Customs	86.00	89.45	— 3.45
Tax on cattle fodder	19.33	14.02	+ 5.31
Excise duties	85.39	81.20	+ 4.19
Turnover tax	69.49	74.62	— 5.13
Turnover tax (emergency surtax)	68.58	55.18	+13.40
Taxes, transactions, legal fees	61.68	48.95	+12.73
Other receipts	1.53	1.57	— 0.04
Total taxes	567.85	512.34	+55.51
<i>Deduct :</i> Shares of local authorities	100.14	87.06	+13.08
Net receipts, State taxation	467.71	425.28	+42.43

¹ Subsequently corrected.

In order to give an impression of the present budget situation as compared with last year, a table is added showing estimates up to the month of July 1936 compared with the same period of 1935.

Ordinary budget : Expenditure :	January to July Difference as against		
	Estimates 1936 ¹	Seven-twelfths of budget, 1936	Closed accounts 1935
	(In millions of Schillings)		
Personnel	412.97	+ 5.25	+ 4.20
Material	735.07	+ 6.76 ²	- 25.74
Total	1,148.04	+ 12.01²	- 21.54
Receipts	1,129.80	+ 32.30	+ 28.44
Deficit	18.24	- 20.29	- 49.98
Investments :			
Expenditure	17.64	- 3.71	- 10.02
Total deficit	35.88	- 24.00	- 60.00

(b) TREASURY POSITION.

State revenue, though still above last year's level in May and June, was not as buoyant as during the first four months of the current year. Consequently, it was necessary to proceed to the issue of new Treasury bills. Such issues are made under the standing authorisation of the Law of 1927, which permits the issue of temporary bills redeemable, at the latest fifteen days after the budget year (calendar year), for a maximum amount of 75 million Schillings, of which 30 millions had been issued at the end of March, leaving a margin of only 45 million Schillings. It was felt in the Treasury that this margin should be reserved for the current needs of the Treasury. The Government therefore applied to the Committee of Guarantor States and obtained :

(1) Prolongation until December 31st, 1936, of those six-months' Treasury bills the issue of which was authorised on September 30th, 1935, by the Committee of Guarantor States for the amount of 28.7 million Schillings. It will be remembered that the yield of these Treasury bills was applied to financing the works programme of 1935. At the time of authorisation, it was hoped that the Treasury would be able to redeem these bills within six months by the release of the Reserve Fund in the hands of the Trustees of the 1923-1943 Guaranteed Loan. As this reserve has not yet been released, it was necessary to authorise a further prolongation of these Treasury bills to the end of next year.

(2) The issue of 36 million Schillings Treasury bills for the maximum duration of one year. These 36 million Schillings will serve to finance the investment expenditure of the same amount provided for in the 1936 budget.

On the basis of these two authorisations, the following amounts of Treasury bills were prolonged or issued :

	Millions of Schillings
1. For the financing of the 1935 works programme	23.7
2. For the financing of the investments of the 1936 budget	5.0

If we add to these figures :

3. The bills issued under the standing authorisation of the year 1927, which through new issues increased to	50.3
4. The Treasury bills issued in connection with the banking reconstruction of 1933—i.e.	66.9
and	
5. The collateral loan from the Post Office Savings Bank dating back from 1931	25.0
we find that the total floating debt of the Treasury has risen to	170.9
at the end of June as against	142.0
at the end of March.	

¹ January to April; provisional results; May to July: budget estimates.

² Including seven-twelfths of additional works programme voted by the Austrian Government (see page 4).

In the figure under heading 3, 5 million Schillings are included for financing the public works programme of the year 1935. These, on their maturity, will be transformed into Treasury bills issued under heading 1 of the above table. On completion of this transaction, 45.3 million Schillings will therefore have been issued under the standing authorisation, and a margin of 29.7 millions is left for the current needs of the Treasury, should such needs arise before the end of the year.

(c) FEDERAL RAILWAYS, 1936.

Car-loadings.

	Year	April	May	June	January-June
Total goods traffic	1935	153,256	162,725	150,633	904,014
	1936	150,503	154,910	154,259	898,680
Internal traffic	1935	110,798	118,680	105,495	640,695
	1936	112,804	114,519	108,971	650,188
Of which :					
Customers' goods traffic	1935	100,045	105,486	93,982	590,827
	1936	101,650	101,244	95,560	593,353
Railways' own traffic	1935	10,753	13,194	11,513	49,868
	1936	11,154	13,275	13,411	56,835
Foreign traffic :					
Import	1935	20,375	21,285	22,728	131,467
	1936	18,995	19,386	19,773	123,057
Export	1935	12,272	12,695	11,947	70,234
	1936	12,191	12,340	13,469	72,038
Transit	1935	9,811	10,065	10,463	61,618
	1936	6,513	8,665	12,046	53,397

Traffic Receipts.

(In thousands of Schillings.)

	Year	March	April	May	January-May
Goods	1935	22,059	20,973	21,089	104,987
	1936	21,517	20,002	20,225	102,182
Passengers	1935	9,619	10,793	9,844	47,578
	1936	9,401	10,497	10,837	48,124
Total	1935	31,678	31,766	30,933	152,565
	1936	30,918	30,499	31,062	150,306

Railway traffic was slightly disappointing during the first five months of the current year. In the last report, attention was drawn to the fact that the railway revenue was slightly lower in the first two months of 1936 than in the same period of 1935. The spread increased in the succeeding three months, so that revenue during the first five months was over 2 million Schillings less than in the same period of 1935. As may be seen from the above table, this is entirely due to a falling-off in revenue from goods traffic. The Railway Administration attributes this shortfall of revenue of goods traffic, not only to the reduced transit traffic, but also to the decreasing volume of customers' goods traffic. The period under review is, however, too short to draw any final conclusions. The Railway Administration considers that the reduction in customers' goods traffic was due to the very severe competition of motor traffic.

As mentioned in the seventh quarterly report, a decree was issued on June 26th, 1933, for the regulation of the competition between road traffic and railways. This decree fixed minimum freight charges for goods transported by road beyond one municipal boundary, and limited works traffic to a certain radius from an industrial factory.

This decree, which has been applied rather leniently, particularly in the present year, expired at the end of June 1936. If, as is the view of the Railway Administration, the inadequate application of its provisions reduced revenue in the last few months, the termination of the decree may lead to such fierce competition that a further drop in railway revenue will inevitably ensue.

In certain quarters, the view is held that the decree should not be renewed, so as not to hamper the recovery of natural resources of the country. Taking the broader view of State finance as a whole, including Federal Railways, a deviation of goods traffic from the railways to the motor traffic would increase the railway deficit, but, on the other hand, increase the revenue of tax on gasoline. In order to examine the problem more fully, the decree was provisionally prolonged to the end of September.

Notwithstanding the unfavourable development of goods traffic in the last few months, the revenue is still within the limits of the budget estimates for 1936, which have been drawn up very carefully.

3. THE VIENNESE BANKS.

(a) CREDITANSTALT—WIENER BANKVEREIN.

In the month of May, this bank published its annual report, which bears the signature of that very remarkable man Dr. A. J. van Hengel, whose admirable work of reorganisation secured such amazing progress during the five years of his activities.

When Dr. van Hengel was appointed General Manager of the Creditanstalt on February 15th, 1932, the bank was little more than the wreckage of a financial institution and seemed doomed to complete disappearance. A consistent run by depositors and creditors sucked funds out of the bank and would fatally have led to complete exhaustion. Through the untiring activity of the new General Manager, it became possible within a few months after his appointment to lift the pressure of depositors without having recourse to the National Bank, which up till then had provided the bank with the necessary liquid money to satisfy its requirements.

Dr. van Hengel thus secured a breathing-space for the various interests involved—*i.e.*, the Austrian State, which had guaranteed the deposits; the National Bank, which had a huge claim on the Creditanstalt; and the foreign creditors of over a hundred banks in various countries in the world. The work on which he embarked appeared almost superhuman; the vast majority of Western bankers brushed aside the idea of reconstructing a bank which had crashed in such an ominous way. It was not before the spring of 1933 that the persistent efforts of Dr. van Hengel to arrive at an agreement with the various interests concerned were crowned with full success.

By arrangements with different creditors and with the Austrian National Bank, the balance-sheet of the Creditanstalt was relieved from its obligations to the National Bank (approximately 600 million Schillings) and from its liabilities to the foreign creditors (approximately 400 million Schillings). Details of these agreements have been outlined in previous reports.

This first great clean-up demonstrated clearly the broad principles on which Dr. van Hengel tackled the problem, which were to lead finally to the goal which he had in view—*i.e.*, the reform of the Creditanstalt into a first-class liquid bank.

From then onwards, Dr. van Hengel applied himself with tenacity and ingenuity to the systematic cleaning-up of the balance-sheet. The results shown in the balance-sheet of December 31st, 1935, are surprising.

The entanglements contained in the first agreements made with the creditors in the spring of 1933 were removed by an arrangement with the foreign creditors in December 1935 and January 1936. At the same time, a great part (65%) of the huge burden of pensions was eliminated from the balance-sheet of the Creditanstalt. The details of this operation are not reflected in the balance-sheet, as the arrangement was only concluded in its final form in January of the present year. It has been fully commented on in the seventeenth quarterly report. This arrangement was the frame in which Dr. van Hengel further developed his idea of a liquid bank according to Western principles.

The fixed charges of the Creditanstalt are now reduced to the burden of pensions. They will eventually be further reduced by individual arrangements with the pensioners, involving cash payment of a lump sum instead of annual pensions. Such arrangements still weigh on the profit-and-loss account of the year 1935. Nevertheless, it was possible to secure a clear profit of over 1 million Schillings as against 118,000 Schillings in the year 1934. As the potential earning power of the bank is increased by the pension arrangement, the prospects of the Bank, if carried on by the future management on the same lines, can now be considered as promising.

The balance-sheet and the profit-and-loss account of the bank show the following results :

Balance-sheet, December 31st, 1935.

Liabilities :	Schillings
Share capital	167,000,000
General reserve fund	650,000
Savings deposits and cash certificates	132,731,451

Creditors :

	Schillings
(a) Current accounts :	
Public bodies	26,321,347
Savings banks	76,492,442
Banks	56,849,398
Others	172,442,293
(b) Cheques outstanding and domiciled bills	1,269,379
(c) Other creditors	59,479,971
	<hr/>
	392,854,830
Mortgage bonds outstanding	21,999,116
Liability under Government Housing Scheme	44,272,329
Profit-and-loss account	1,282,860
	<hr/>
Total	760,790,586

Assets :

Cash on hand and at bankers	88,926,963
Balances with banks abroad	11,482,146
Bills	59,658,397

Investments :

	Schillings
(a) Listed	21,924,729
(b) Not listed, including nominal 15,000,000 Schilling shares of Oesterreichische Realitäten A. G.	37,471,263
(c) Agreement securities (Government bonds, shares and bonds of Société continentale de Gestion, Monaco, etc.)	16,583,506
	<hr/>
	75,979,498

Syndicate participations :

(a) Listed	13,849,540
(b) Not listed	4,671,188
	<hr/>
	18,520,728

Debtors :

(a) Participation debtors (legally debtors, but in effect participations)	122,709,561
(b) Public bodies	42,579,915
(c) Savings banks	2,089,142
(d) Banks	10,454,977
(e) Loans and advances to other customers	232,053,444
(f) Sundry debtors	15,761,322
	<hr/>
	425,648,361
Loans granted by Mortgage Department	29,614,464
Loans granted under Government Housing Scheme	44,291,935
Bank premises and other properties	6,668,093
Furniture and fittings	1,282,860
	<hr/>
Total	760,790,586

Profit-and-loss Account, December 1935.

Dr.	Schillings	Cr.	Schillings
Interest on deposits and cash certificates	3,516,195	Balance brought forward from 1934	118,337
Salaries	12,316,204	Interest	21,312,037
Pensions	10,769,035	Commissions	6,601,713
Other expenses	3,755,394	Stocks and shares, syndicate participations	820,553
Taxes and duties	1,466,823	Foreign exchange	4,124,468
Payment to Oesterreichische Industrie-Kredit A.G. for 1935	1,000,000	Mortgage department	92,426
Profit	1,282,860	Sundry profits and losses	1,036,977
	<hr/>		<hr/>
	34,106,511		34,106,511

Let us now consider each item of the balance-sheet separately :

Assets :

Cash Balances.—Cash money has increased to 88.9 million Schillings, as against 51.4 millions last year. The following table shows the details of this item :

	Schillings
Coin and bank-notes in Austrian currency	13,372,363
Gold bullion	10,028,623
Foreign-currency notes	1,333,151
Balances with the Post Office Savings Bank, Vienna, Austrian National Bank and Giro- und Cassenverein	63,355,315
Balances with foreign post office savings banks, banks of issue and other central banking institutions	551,624
Coupons and drawn bonds	285,886
	88,926,962

Bills.—Bills have been slightly reduced during the period under review. Of their total amount of 59.7 million Schillings, approximately 54.5 million Schillings are ninety-day bills or shorter, and constitute first-class commercial banking bills.

Investments.—These comprise the following groups :

	1935	1934
	Schillings	
Fixed-interest-bearing securities	17,308,063	10,472,343
Shares	42,087,929	41,125,899
Austrian Government bonds issued under the Agreement dated January 11th, 1933, shares and bonds of Société continentale de Gestion, Monaco	16,583,506	13,000,000
Total	75,979,498	64,598,242

The increase in the figure of Austrian fixed-interest-bearing securities, not listed, is due to the bank's having taken over City of Vienna Treasury bills to an amount of about 10 million Schillings, and Province of Upper Austria Treasury bills of 875,000 Schillings. On the other hand, the whole of the 3 million Schillings Austrian Government Treasury bills shown in the 1934 balance-sheet were redeemed.

Syndicate Participations.—Syndicates have increased by some 7 million Schillings on account of the participation in the issue of the Austrian Public Works Loan, 1935, of which 7 millions were held by the Creditanstalt up to the end of the year. This holding has meanwhile been liquidated.

Debtors.—The debtors compare as follows with the 1934 balance-sheet :

	End of 1935	End of 1934
	Schillings	
In Schillings	343,350,093	379,029,705
In foreign currencies (including 4,944,077 Schillings, as against 4,775,640 Schillings in 1934, balances with banks abroad which are subject to exchange restrictions)	66,536,946	91,791,303
Pre-war accounts, transitory items, etc	15,761,322	26,742,124
	425,648,361	497,563,132

The debtors may be analysed as follows :

(a) Participation debtors (legally debtors, but in effect participations)	122,709,561	141,029,021
(b) Public bodies	42,579,915	43,630,061
(c) Savings banks	2,089,142	6,436,140
(d) Banks	10,454,977	31,055,288
(e) Loans and advances to other customers	232,053,444	248,670,498
(f) Sundry debtors	15,761,322	26,742,124
	425,648,361	497,563,132

It appears from this table that the debtors have been reduced by approximately 72 million Schillings.

The proportion of current-account credits (Loans and advances to other customers, item (e) of above table) to the whole amount of credits allowed has again improved during 1935, but the total of general current-account credits is 16.6 million Schillings lower as a

result of considerable repayments of credits (70 million Schillings), which were, however, partly counterbalanced by new credits (53.4 million Schillings).

Mortgage Credits.—Mortgage credits were again reduced in 1935, as also the bonds previously issued by the bank for the financing of such credits.

Pensions.—The arrangements with pensioners necessitated paying out 3.2 million Schillings during the year 1935. Of this total, 1.9 million Schillings were debited to the profit-and-loss account. This amount represents the annual saving secured by the arrangements since they were first made. The balance of 1.2 million Schillings, as well as the amount of 5 million Schillings originating from lump-sum payments to pensioners made in previous years was debited to reserves.

Liabilities.

Share Capital.—Attention must again be drawn to the high share capital of the Creditanstalt, which constitutes one of the guarantees to depositors for the safety of their money. It will be remembered that 70 million out of 167 million Schillings are preferred shares held by foreign creditors, the others being in the hands of the Government and the Austrian National Bank. The chances of a dividend on the ordinary shares appear still remote, but, on the other hand, the foreign creditors may hope for an ultimate profit on their investment. They will thus recuperate part of the sacrifices which they made at the time of the first arrangement in the spring of 1933, when they turned 70 million Schillings worth of credits into the preferred-share holding.

Savings Deposits.—The increasing confidence of depositors is shown by another rise in savings deposits.

Savings deposits and cash certificates amounted to 132,731,451 Schillings as against 114,671,819 Schillings in 1934, composed as follows :

	End of 1935	End of 1934
	Schillings	
Savings deposits in Schillings	102,566,411	80,355,777
Savings deposits in foreign currencies with foreign branches	3,636,059	3,163,103
Cash certificates	26,528,981	31,152,939
	<u>132,731,451</u>	<u>114,671,819</u>

Creditors.—Creditors have been reduced by 50 million Schillings, as shown by the following table :

	End of 1935	End of 1934
	Schillings	
Current accounts in Schillings	295,180,821	315,886,359
Current accounts in foreign currencies	36,924,659	59,296,881
	<u>332,105,480</u>	<u>375,183,240</u>
Cheques outstanding, domiciled bills and other creditors	60,749,350	67,855,409
	<u>392,854,830</u>	<u>443,038,649</u>

These figure comprise :

(a) Deposits on current account :

Public bodies	26,321,347	14,480,309
Savings banks	76,492,441	105,416,933
Banks	56,849,399	86,021,569
Other deposits	172,442,293	167,940,780
(b) Cheques outstanding and domiciled bills	1,269,379	1,323,649
(c) Other creditors (transitory items, reserves for contingencies, etc.)	59,479,971	67,855,409
	<u>392,854,830</u>	<u>443,038,649</u>

It will be seen that this fall is due to the efforts of the Creditanstalt to reduce the deposits originating from the liquid reserves of other banks.

(b) THE ZENTRAL-EUROPÄISCHE LÄNDERBANK, VIENNA BRANCH.

The Zentral-Europäische Länderbank—which has been skilfully manœuvred through the crisis since the year 1931—showed further progress last year.

During the crisis, the bank was reluctant to indulge in considerable expansion of credits, and, if the balance-sheet at the end of 1935 shows an increase of debtors by approximately 13 million Schillings, it may be assumed that the new credits are sound. On the other hand, the total balance-sheet figure shows but little expansion. The liquid investments in bills show a reduction of about 8 million Schillings by the redemption of Treasury bills of the Federal State. The bank has co-operated with the Creditanstalt and taken over 10 million Treasury bills floated by the municipality of Vienna.

Deposits have not further increased during the year under review, as the Länderbank followed the same policy as the Creditanstalt in this matter in discouraging big deposits originating from the liquid reserves of concerns.

The profits of the bank rose again and are now almost double those for the year 1933. This development is reassuring, as it must result in a further strengthening of the intrinsic position of the bank.

		<i>Balance-sheet, December 31st, 1935.</i>											
<i>Liabilities :</i>												Schillings	
Drafts	633,691
Deposits	130,197,231
Creditors	165,065,438
Profit	347,725
Total		<u>296,244,086</u>
<i>Assets :</i>													
Cash in hand	38,527,958
Balances with other banks	8,244,593
Bills receivable	66,079,036
Securities	1,855,960
Participations	26,647,131
Debtors	154,764,985
Coupons	124,423
Total		<u>296,244,086</u>

		<i>Profit-and-loss Account, December 31st, 1935.</i>																				
<i>Dr.</i>												<i>Cr.</i>										
												Schillings										
Salaries	4,609,530	Interest	.. .. .	..	..	..	..	..	4,551,080	
General expenses	1,188,499	Commission	.. .. .	..	..	..	..	..	2,905,871	
Taxes	1,432,099	Sundry	.. .. .	..	..	..	..	..	1,862,109	
Pensions	1,741,205									
Profit	347,727									
Total		<u>9,319,060</u>	Total		<u>9,319,060</u>

(c) THE OESTERREICHISCHE INDUSTRIEKREDIT AKTIENGESELLSCHAFT
(FORMERLY NIEDERÖSTERREICHISCHE ESCOMPTE-GESELLSCHAFT).

This bank, which originated from the liquidation of the Niederösterreichische Escompte-Gesellschaft and took over the non-liquid assets from this concern, succeeded in the year 1935 in reducing some of its frozen assets abroad and within Austria. The policy of the management is to withdraw from foreign activities and thus avoid risks, and to comply with the leading principles set by the Austrian banking authorities since the big crisis of the year 1931.

When we compare the balance-sheet below with that published last year in the fifteenth quarterly report (page II), we find the following changes :

Bills.—Bills receivable have slightly increased on account of the growing requirements of the clients of the bank.

Participations.—Participation and other debtors were reduced as a result of the liquidation, mentioned above, of frozen assets in Austria and abroad. As a consequence of this liquidation, it was possible to repay creditors, so that this item shows a reduction of approximately 16 million Schillings.

Profit-and-loss Account.—The profit-and-loss account was drawn up on approximately the same basis as last year—i.e., it contains only the results of the operating account, whereas the changes in the valuations of assets are debited or credited to the reserve account, which is contained in the item "Creditors".

It must be borne in mind that the Austrian State is interested in the final results of this bank on account of its guarantee of 20 million Schillings for possible losses on the assets of the bank. From this point of view as well as in the interests of the bank itself, the fact that operating expenditure has been lowered by the reduction of staff during the years 1934 and 1935 is to be welcomed.

The National Bank remitted to the bank 9.6 million Schillings in bills as a contribution to the losses and operating expenses of the bank. From this amount, 4.9 million Schillings were applied to the amortisation of losses on various assets, whereas the rest was set off against interest due to the National Bank.

Balance-sheet, December 31st, 1935.

		Schillings
Liabilities.		
Share capital		10,000,000
Creditors		272,710,000
	Schillings	
State guarantee		20,000,000
		<hr/>
Total		282,710,000
Assets.		
Cash		1,094,918
Bills receivable		5,932,255
Investments		16,726,415
Participations		38,909,765
Debtors		218,208,950
Real estate and inventory		1,830,000
	Schillings	
Loss		12,724
Deduct profit in 1935		5,027
		<hr/>
State guarantee		20,000,000
		<hr/>
Total		282,710,000

Profit-and-loss Account, December 31st, 1935.

Dr.	Schillings	Cr.	Schillings
Loss carried forward from 1934	12,724	Interest	7,433,215
Salaries	1,618,923	Commission	1,372,214
Pensions	774,526	Real estate	145,042
Social charges	438,875		Schillings
General expenditure	1,084,219	Loss	12,724
Taxes	38,901	Deduct profit in 1935	5,027
			<hr/>
Written off real estate and inventory	60,000		7,697
Written off on other accounts	4,930,000		
			<hr/>
Total	8,958,168	Total	8,958,168

(d) THE MERCURBANK.

This bank was reorganised in the beginning of 1932, but, during 1932 and 1933, abstained from any considerable expansion of business. During the year 1934, the management considered the position sufficiently stabilised and new business sufficiently attractive to relax its restrictive policy and to undertake new business. This policy was continued in the year 1935, when expansion has been considerable.

The balance-sheet below, when compared with the one on page 12 in the fifteenth quarterly report, shows that bills increased by 5 million Schillings, debtors by 8 million Schillings and participations by 4 million Schillings. The increase in participations is due to syndicate operations, which were in the course of liquidation at the time of the drawing-up of the balance-sheet.

Since the time of reorganisation in 1931, the balance-sheet figure has increased by 34 million Schillings—i.e., by over 40%. Consequently, the earning capacity has also risen and the bank shows, after amortisation and reserves, a profit of 425,000 Schillings, including an amount of 160,000 Schillings carried forward from last year. From this profit, 250,000 Schillings will be booked on the special Reserve Account No. 2; the balance will be carried forward to next year. This policy seems wise from the point of view of a further strengthening of the position of the bank, and it may also promote amortisations on the item "Bank buildings", which still appears on the balance-sheet for the amount of 2.4 million Schillings.

Balance-sheet, December 31st, 1935.

Liabilities.

	Schillings	
Share capital		15,000,000
Reserves		1,300,000
Deposits		21,089,973
Creditors		75,926,002
Drafts		18,744
Profit		425,105
Total		113,759,824

Assets.

Cash	9,734,520
Bills receivable	23,452,173
Investments	589,725
Participations	7,832,089
Debtors	69,751,317
Bank buildings	2,400,000
Total	113,759,824

Profit-and-loss Account, December 31st, 1935.

	Schillings			Schillings	
Dr. Salaries	2,066,991		Cr. Profit carried forward		160,066
Taxes	419,306		Commission		1,542,246
Pensions	776,734		Investments		260,866
General expenses	611,965		Interest		2,336,923
Profit	425,105				
Total	4,300,101		Total		4,300,101

4. POSITION OF THE CENTRAL BANK.

(Appendix III, Columns 15 to 22.)

(This chapter has been drawn up in consultation with the Adviser to the National Bank, M. Maurice Frère.)

(In million of Schillings.)

	End of							
	1935				1936			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	First Quarter	April	May	June
Notes issued	914	937	953	976	929	952	958	950
Sight liabilities	199	237	274	216	234	210	213	221
Total circulation	1,113	1,174	1,227	1,192	1,163	1,162	1,171	1,171
Gold and foreign exchange	274	324	381	354	323	325	329	330
Bills discounted	234	232	230	226	218	218	220	220

The liquidity shown in the various balance-sheets of commercial banks, commented upon in Chapter 3 of this report, permits the banks to finance the requirements of their customers, even at the end of the month, without having recourse to the Austrian National Bank. Consequently, the value of the bills discounted shows no fluctuations of any importance in the balance-sheet of the National Bank. The value of the portfolio at the end of the second quarter was only 2 millions higher than at the end of the first quarter and 12 millions lower than the amount at the end of June 1935.

5. ECONOMIC SITUATION.

(a) FOREIGN TRADE.

(Appendix III, Columns 1 to 5.)

(Weight in thousands of metric tons. Value in millions of Schillings.)

Classes of the International (Brussels) Classification	January-May									
	Imports				Exports				Import surplus	
	1935		1936		1935		1936		1935	1936
	Weight	Value	Weight	Value	Weight	Value	Weight	Value	Value	Value
I. Live animals ..	38.8	32.8	41.7	38.0	2.1	2.9	2.8	3.1	29.9	34.9
II. Articles of food and drink ..	469.2	101.0	363.6	87.8	30.7	11.1	23.0	12.8	89.9	75.0
III. Mineral fuel and turf ..	1,017.7	33.3	987.3	32.1	0.3	—	0.3	—	33.3	32.1
Other raw material ..	477.1	148.6	521.5	179.5	927.2	103.0	869.7	110.3	45.6	69.2
IV. Finished goods	53.5	150.1	62.7	164.3	130.7	241.5	139.3	257.2	91.4 ¹	92.9 ¹
V. Gold and silver	—	8.5	—	10.8	—	4.1	—	11.2	4.4	0.4 ¹
Total ..	2,056.3	474.3	1,976.8	512.5	1,091.0	362.6	1,035.1	394.6	111.7	117.9
Total, excluding gold and silver	2,056.3	465.8	1,976.8	501.7	1,091.0	358.5	1,035.1	383.4	107.3	118.3

¹ Export surplus.

Trade by Principal Countries.

(Merchandise only. In millions of Schillings.)

January-May	Imports				Exports				Balance			
	Value		Percentage		Value		Percentage		Value			
	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936		
Hungary	48.4	38.0	10.4	7.6	40.7	32.2	11.4	8.4	—	7.7	—	5.8
Roumania	29.5	38.8	6.3	7.7	17.3	29.9	4.8	7.8	—	12.2	—	8.9
Czechoslovakia ..	58.7	58.8	12.6	11.7	25.4	28.1	7.1	7.3	—	33.3	—	30.7
Yugoslavia	35.4	26.9	7.6	5.4	21.6	20.2	6.0	5.3	—	13.8	—	6.7
Total	172.0	162.5	36.9	32.4	105.0	110.4	29.3	28.8	—	67.0	—	52.1
Germany ¹	74.9	83.1	16.0	16.6	64.8	63.4	18.0	16.5	—	10.1	—	19.7
Poland	28.1	27.6	6.0	5.5	13.9	14.8	3.9	3.9	—	14.2	—	12.8
Italy	24.0	23.9	5.2	4.8	48.8	61.9	13.6	16.2	+	24.8	+	38.0
Switzerland	15.8	15.3	3.5	3.0	20.3	17.8	5.7	4.7	+	4.5	+	2.5
United Kingdom ..	19.1	22.9	4.1	4.6	14.3	16.6	4.0	4.3	—	4.8	—	6.3
France	15.0	15.6	3.2	3.1	12.0	16.1	3.4	4.2	—	3.0	+	0.5
Netherlands	8.2	9.2	1.8	1.8	6.3	6.6	1.8	1.7	—	1.9	—	2.6
U.S.A.	27.2	33.9	5.8	6.7	6.8	7.0	1.8	1.8	—	20.4	—	26.9
Other countries ..	81.5	107.7	17.5	21.5	66.3	68.8	18.5	17.9	—	15.2	—	38.9
Total	465.8	501.7	100.0	100.0	358.5	383.4	100.0	100.0	—	107.3	—	118.3

¹ For purpose of comparison, the 1935 figures for Germany also include the trade with the Saar territory during January and February 1935.

The table shows that the volume of Austrian trade further increased the first five months of the present year; imports are 35 million and exports 25 million Schillings higher than last year. The rise in imports is mainly due to increased purchases of raw materials—a healthy sign. Imports of finished goods increased by 13 million Schillings.

The rise of imports from Germany is particularly striking; imports from Italy remained fairly stable. When we turn to exports, we find just the reverse. Italy increased its imports from Austria by 13 million Schillings, whereas the Austrian exports to Germany slightly declined in the first five months. Exports from Austria to Italy are now nearly as large as

those to Germany, and over the period of March to May they even exceeded German exports. The prospects of Austrian trade with Italy have given rise to much discussion, particularly since the lifting of sanctions. It is thought in some quarters that, the expedition in Ethiopia being now terminated, Italian requirements must fall off. There is a surprising increase in exports to Roumania, due to a windfall export during the sanction period—mainly of cotton yarn—when Roumanian purchases of textiles were switched from Italy to Austria. This export is expected to dry up in the course of time.

Fears have been expressed for Austrian commerce owing to the competition of German goods on the world markets, but so far this competition has not resulted in any substantial loss. Attention is, however, drawn to the fact that, whereas values of both imports and exports have increased, weights have been reduced, so that the increase is at least in part due to a rise in prices. From the point of view of employing labour, the mere increase of values of exported goods provided no substantial relief; unless the quantities exported increase steadily, there is no hope that a substantial part of the unemployed will be absorbed. The Austrian Government is therefore continuing its efforts to find new outlets.

(b) PRODUCTION.

(Appendix III, Columns 10 to 13.)

	January	February	March	April	May
Pig-iron (1923-1932 = 100) { 1935	42	39	44	47	48
.. .. { 1936	74	80	85	81	79
Steel (1923-1932 = 100) { 1935	49	60	70	83	76
.. .. { 1936	85	84	106	103	99
Industrial fuel requirements (in thousands of tons) :					
Foodstuffs industry { 1935	21	16	18	20	20
.. .. { 1936	19	18	18	16	—
Iron and metal industry { 1935	57	54	55	53	51
.. .. { 1936	67	61	65	62	—
Chemical industry { 1935	17	14	14	13	11
.. .. { 1936	16	13	13	12	—
Cotton yarn (1923-1931 = 100) { 1935	139	143	124	131	132
.. .. { 1936	163	181	168	162	—

(c) THE LABOUR MARKET.

Unemployed receiving Benefit in Austria.

	1931	1934	1935	Decrease between 1934 and 1935		1936	Decrease between 1935 and 1936	
End of :					%			%
January	331,239	357,291	334,337	22,954	6.4	317,200	17,137	5.1
February	334,041	352,451	334,658	17,793	5.0	321,529	13,129	3.9
March	304,084	325,657	314,923	10,734	3.3	298,714	16,209	5.1
April	246,845	295,814	286,748	9,066	3.1	267,047	19,701	6.9
May	208,852	273,576	255,746	17,830	6.5	242,227	13,519	5.3
June	191,150	263,883	238,030	25,853	9.8	230,944	7,086	3.0
July	194,364	257,213	220,598	36,615	14.2			
August	196,321	248,028	209,493	38,535	15.5			
September	202,130	243,874	204,908	38,966	16.0			
October	228,101	249,275	213,881	35,394	14.2			
November	273,658	275,148	242,759	32,389	11.8			
December	329,595	308,116	284,914	23,202	7.5			

Employment according to Hours of Work.

	Septem-ber	October	Novem-ber	Decem-ber	Average		1935	January	February
					July to December	January to December			
Number of employed in 1934	135,339	141,124	143,756	139,873	137,776	131,872	1935	134,761	132,352
Of which :									
Under 48 hours (%)	17.51	15.39	17.83	18.81	17.82	20.77		21.72	16.57
48 hours (%)	76.86	75.34	70.52	72.41	74.40	72.34		70.28	77.94
Over 48 hours (%) ..	5.63	9.27	11.65	8.78	7.78	6.89		8.00	5.49
Number of employed in 1935	148,124	151,906	158,502	155,519	150,940	143,319	1936	147,275	144,109
Of which :									
Under 48 hours (%)	12.35	10.71	9.56	10.22	11.20	13.80		16.48	14.89
48 hours (%)	80.71	82.64	80.87	79.47	80.91	79.10		76.39	79.76
Over 48 hours (%) ..	6.94	6.65	9.57	10.31	7.89	7.10		7.13	5.35

Source : Quarterly report of the " Arbeiterkammer ".

The spread between unemployed receiving benefit this year and last year narrowed further during May and June. Notwithstanding the increased labour-employing activity of the Government, which is discussed elsewhere in the present report, the number of unemployed at the end of June was near to the level of last year. As has often been pointed out in previous reports, it is impossible to draw conclusions from the statistics of unemployed receiving benefit. There do not exist in Austria statistics on unemployment which permit of definite conclusions being drawn. The table above shows the number of unemployed applicants for work. These statistics, again, are rather inaccurate, as many unemployed do not apply for work through the labour office, even when they are not receiving the dole. On the other hand, it sometimes happens that unemployed who have received work fail immediately to notify the labour office of their new employment. In this way, considerable discrepancies occur between the real situation and the number of applicants shown in the official statistics. Nevertheless, the figures of unemployed receiving benefit and those applying for work show the same trend. The number of applicants is also only slightly below that of last year.

It may seem surprising that the further improvement shown in the activity of the heavy industries in Austria, in foreign trade figures and in the tourist traffic last year is not fully reflected in the figures of unemployment. It is difficult to ascertain the causes underlying this phenomenon. Two explanations are offered which are not entirely convincing. It is said that the generation, small in number, born between the years 1914 and 1920 is now practically absorbed, and the more numerous generations of subsequent years are now increasing the pressure on the labour market. If this is true, pressure will rather increase than diminish in the next few years. The other explanation offered is the progressive rationalisation of Austrian industry and the introduction of labour-saving machines. This would mean that increased economic activity does not necessarily augment the demand for labour. In such conditions, the very serious problem of high permanent unemployment in Austria will not find a solution unless tourist traffic and foreign trade can be improved to such an extent as to open new outlets for labour. As will be seen in the chapter on commercial policy and in the statistics on foreign trade, the present outlook is rather uncertain.

(d) PRICES.

(Appendix III, Columns 8 and 9.)

The following table shows the wholesale prices in Vienna of certain "key" agricultural and industrial articles, as published by the Federal Statistical Office :

	Price in Schillings per 100 kg.						
	Middle of						
	1934	1935	1935	1936			
	Dec.	June	Dec.	March	April	May	June
Wheat (domestic)	35.85	37.45	35.95	36.15	35.65	35.25	34.50
Potatoes	10.50	11.50	11.50	11.50	11.50	10.50	* 31.50
Sugar	119.25			No change			
Beef	220.00	200.00	130.00	120.00	130.00	150.00	160.00
Cotton	151.40	140.20	142.05	134.18	135.25	137.10	139.95
Wool	700.00	929.00	1,112.00	1,203.00	1,203.00	1,203.00	1,143.00
Rubber	178.60	162.70	172.05	200.40	202.25	196.65	199.85
Hard coal	8.56			No change			
Copper	88.00	98.00	107.00	113.00	113.00	111.00	113.00
Lead	51.00	56.00	59.00	57.00	57.00	52.00	56.00
Foodstuffs } 1914	101.70	103.70	98.80	96.90	97.80	98.20	100.00
Industrial articles } = 100	124.00	125.30	128.10	127.70	127.60	127.40	127.00
Sensitive price index (Reagible Warenpreisindex) ¹ (1923- 1931 = 100)	57	61	68	67	67	67	65

¹ Institut für Konjunkturforschung.
² New Italian potatoes.

(e) CONSUMPTION.

The following table shows the turnover in certain consumption and other goods :

Various Index Figures on Trend of Trade and Turnover.

(1923-1931 = 100.)

	Average		January		February		March		April		May	
	1934	1935	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936
General trend of trade	70.8	74	73	77	70	78	69	76	71	77	72	—
Turnover in production goods	74.9	83	78	85	79	90	76	88	77	87	80	—
Sales in consumption goods ..	79.9	84	86	78	79	81	76	82	83	82	80	—
Sales in household furniture	58.0	63	66	71	63	69	48	72	61	70	60	67
Sales in clothing	70.5	76	83	85	85	97	80	81	78	70	76	76
Retail turnover in boots and shoes	84.0	90	89	59	69	66	73	79	86	78	72	70
Beer production (wort in 1,000 hectolitres)	202.16	195	225	196	209	215	230	273	248	269	233	—

(f) STOCK EXCHANGE.

	1934-1959 Conversion Loan, Austrian tranche, 5% (issued at 87)	1930 Loan, Austrian tranche, 7%	Internal Loan, 1935 (<i>Arbeitsan- leihe</i>), 5½% (issued at 86)	1933 Lottery Loan, 4% (issued at 98)	1931 Building Loan, 5%	Niederöster- reichische Mortgage Bonds, 5%
	(Percentage of face value)					
End of :						
1935 :						
June	95.00	102.73	86.50	92.00	73.63	77.73
December	98.75	101.60	84.20	94.50	72.97	78.71
1936 :						
January	99.25	102.54	87.00	100.50	76.25	80.08
February	100.00	103.09	90.00	98.75	77.34	80.08
March	100.25	103.05	93.90	99.50	81.05	80.47
April	100.60	103.515	91.75	99.50	77.93	80.625
May	100.40	103.015	90.00	100.50	77.93	81.445
June	100.60	103.515	91.75	103.25	78.125	81.445

		Dec.		Jan.	Feb.	March	April	May	June
Bond index (I. f. K.) average 1927 = 100	1934	108.6	1935	111.8	113.2	116.1	113.0	112.1	104.8
	1935	104.3	1936	103.7	106.9	106.4	106.8	105.9	106.6
Index of 35 industrial shares, 1923-1932 = 100 (I. f. K.)	1934	55.4	1935	61.3	58.9	59.0	60.1	63.9	63.4
	1935	70.8	1936	71.6	75.9	76.8	83.9	77.2	76.9
Turnover from security transactions (million Schillings)	1934	34.7	1935	43.3	36.5	38.8	34.1	31.4	24.9
	1935	29.6	1936	31.1	49.4	60.0	56.6	39.0	—

(g) COMMERCIAL POLICY.

As mentioned in the eighteenth quarterly report, an additional Agreement with Czechoslovakia was concluded on April 2nd, 1936, wherein, among other stipulations, mutual preferential Customs were agreed upon. As certain difficulties arose in respect of the preferential clauses, an additional protocol to this Agreement was signed on July 9th, 1936. Both these new Agreements should come into force on August 1st.

The Clearing Agreement between Austria and Czechoslovakia came into force on May 15th, 1936. This Agreement includes goods-traffic (transit traffic excluded) and all other payments. Austrian debtors will make their payments into an account of the Czechoslovak Bank at the Austrian National Bank. Czechoslovak debtors will make their payments into a special account (*Evidenz-Konto*) at the Czechoslovak National Bank. Out of the payments made in Prague to the special account of the Austrian National Bank (*Evidenz-Konto*), the Czechoslovak National Bank will pay to the Czechoslovak creditors the counter-value in Czechoslovak crowns of the Schillings received, in so far as the Czechoslovak National Bank requires the Schillings received for payments to Austrian creditors. The amounts to be paid out will be calculated at the official exchange rate in Prague for payments to Vienna. Both National Banks may permit mutual payments outside the clearing.

The negotiations with Poland in Vienna and Warsaw in May 1936 led to an agreement concerning a revision of the Austro-Polish Commercial Treaty of October 11th, 1933. At the same time, certain questions concerning goods traffic about which difficulties had arisen were regulated.

Simultaneously, negotiations were begun with Poland as to a Clearing Agreement which proved necessary owing to the foreign-exchange restrictions introduced by Poland. This Austro-Polish Clearing Agreement came into force on June 12th, 1936. Its construction is similar to the Austro-Czechoslovak Clearing Agreement. It is also valid for all payments, transit traffic excluded. As a result of this Agreement, the Austrian National Bank opened an account for the Polish National Bank, to which account all payments of the Austrian debtors are to be made. The Polish National Bank will use these Schillings for payments to Austrian creditors, in whose favour it receives zloty from Polish debtors. The accounts

are settled on the basis of the last Warsaw official exchange rate for payments to Vienna. Both banks may permit mutual payments outside the clearing.

Arrangements have been agreed upon to bring the existing Austro-Italian agreements into line with the new import regulations introduced in Italy. The contingent periods, which up till now were from November 1st till October 31st, will in future begin on July 1st of each year, to conform with the new Italian import regulations.

The 1934 Agreement with Hungary on wheat imports has again been renewed for the economic year 1936-37. At the same time, arrangements were agreed upon for the financing of Austro-Hungarian tourist traffic for the winter season 1936-37.

The calculating basis of the Clearing Agreement of 1934 with Turkey has been modified as regards the currency. The accounts were hitherto kept on both sides in French francs. From June 1st, 1936, the account of the Turkish Central Bank at the Austrian National Bank will be in Turkish pounds, and the account of the Austrian National Bank at the Turkish Central Bank will be in Austrian Schillings.

The Brazilian Government, in reorganising its foreign-trade policy, has denounced the existing most-favoured-nation agreement with Austria and negotiations for a fresh settlement have been begun.

Appendix I.—ANALYSIS OF ANNUAL AND QUARTERLY BUDGET ACCOUNTS,

RECEIPTS (In millions of Schillings)	1935		1936		First quarter		Second quarter		
	Estimates	Provisional results	Estimates	Provisional results	1935		1936		
					Provisional results	Estimates	Provisional results	Estimates	Provisional results
ORDINARY BUDGET.									
A. Administration:									
Direct taxes	269.00	299.41	289.15	75.50	73.50	88.70	71.85	75.00	87.15
Customs	173.76	177.96	180.80	42.33	43.50	43.84	47.22	45.00	44.16
Tax on cattle fodder	22.00	31.83	35.00	7.06	8.80	9.80	6.96	8.70	9.53
Excise duties	186.80	182.25	192.60	37.96	40.21	41.44	43.24	45.48	43.95
Turnover tax	133.90	152.43	155.08	33.23	34.10	35.62	41.99	33.80	33.87
Turnover tax, emergency surtax	124.00	125.22	131.00	31.43	32.60	34.56	25.73	32.80	34.02
Taxes on transactions, legal fees, etc.	98.71	200.09	180.10	25.51	30.05	31.80	23.44	29.16	29.88
Other receipts	2.72	3.43	2.72	0.69	0.76	0.76	0.88	0.80	0.77
Total taxes	1,010.49	1,073.60	1,085.77	253.63	265.52	284.32	258.71	270.74	283.33
Deduct: Shares of local authorities	180.13	194.94	185.18	46.48	52.01	50.59	40.58	49.92	49.55
Total: State taxation	830.36	878.66	900.59	207.15	213.51	233.93	218.13	220.82	233.78
Receipts of Social Administration	188.84	197.76	196.25	50.86	50.15	55.85	45.20	45.39	
Other administrative receipts	91.14	98.25	75.65	33.37	19.32	31.30	31.88	13.76	
Contributions towards Debt Service	79.88	80.48	77.83	20.38	19.33	19.49	21.70	19.46	
Total receipts of the Administration	1,190.22	1,255.15	1,252.52	311.76	300.31	340.57	316.91	299.43	
B. Monopolies: Tobacco	316.33	292.46	294.24	64.87	63.33	66.53	74.16	73.03	71.63
Salt	29.29	28.24	28.89	7.77	8.27	8.25	6.82	6.98	
Lotteries and gunpowder	54.44	60.12	57.11	15.99	15.44	17.16	13.59	13.82	
Total: Monopolies	400.06	380.82	380.24	88.63	87.04	91.94	94.57	93.83	
C. Public Undertakings: Posts and Telegraphs	223.56	213.20	216.50	51.68	51.84	51.24	51.17	51.31	
Forests	20.25	20.58	20.09	2.49	2.40	2.88	2.13	2.40	
Federal theatres	6.19	5.79	6.09	1.78	1.83	1.80	1.45	1.62	
Other	16.37	16.80	16.19	4.00	3.90	4.15	4.34	3.87	
Total: Public Undertakings	256.37	246.17	248.87	59.95	59.97	60.07	59.09	59.20	
D. Railways: Federal Railways	—	—	—	—	—	—	—	—	
Other railways	—	0.01	—	—	—	—	—	—	
Total: Railways	—	0.01	—	—	—	—	—	—	
Total ordinary receipts	1,846.65	1,882.15	1,881.43	460.34	447.32	492.58	470.57	452.46	
EXPENDITURE									
ORDINARY BUDGET.									
A. Administration:									
Interior: Police	67.97	70.15	65.72	17.66	16.71	16.99	17.50	16.63	
Constabulary	37.54	38.34	37.74	9.82	9.48	9.63	9.67	9.40	
Auxiliary Defence Corps	11.05	16.11	5.00	5.07	1.63	1.85	4.36	1.02	
Other political authorities	0.48	0.42	0.46	0.08	0.14	0.14	0.10	0.09	
Total: Interior	117.04	125.02	108.92	32.63	27.96	28.61	32.13	27.14	
Army	115.91	122.33	126.43	29.66	33.40	33.39	28.79	32.35	
Foreign Affairs	6.46	6.46	6.09	1.60	1.55	1.54	1.65	1.49	
Justice	51.17	50.26	49.13	12.64	12.62	12.44	12.34	12.36	
Supreme organs	3.21	2.99	3.03	0.73	0.67	0.65	0.69	0.64	
Cancellor's Office	13.54	23.68	13.07	4.57	4.70	5.85	5.59	3.06	
Social Administration	392.80	398.72	374.63	112.01	110.17	109.57	96.47	93.02	
Agriculture	50.00	49.15	41.31	11.69	10.52	11.48	10.66	13.07	
Commerce and Traffic	63.22	65.06	68.44	15.38	17.59	15.23	15.30	16.84	
Education, Science, Church	71.01	71.76	70.56	18.01	17.69	17.80	18.10	17.86	
Finance	61.91	63.95	55.92	16.84	13.80	14.38	15.84	14.35	
Subsidy to Postal Savings Bank	4.20	5.10	3.60	1.05	0.89	0.89	1.95	0.87	
Payments to local authorities	24.06	23.37	24.17	5.54	7.55	5.70	6.22	6.15	
Finances	213.34	217.66	214.58	55.08	55.43	55.45	54.33	54.38	
Charges under the Peace Treaty	4.57	3.09	3.94	0.97	0.10	0.08	1.76	2.70	
Debt Service	175.85	178.14	188.25	48.95	44.05	42.67	44.99	47.10	
Total: Administration	1,369.29	1,406.74	1,352.07	367.45	358.69	355.73	346.81	343.38	
B. Monopolies: Tobacco	112.75	109.53	110.21	24.09	25.93	26.32	25.34	28.11	
Salt	14.94	15.07	14.93	3.85	3.84	3.78	3.79	3.67	
Lotteries	32.45	33.28	33.64	8.57	8.33	9.20	8.16	9.23	
Gunpowder	5.81	7.08	5.98	1.28	1.39	1.52	1.73	1.36	
Total: Monopolies	165.95	164.96	164.76	37.79	39.49	40.82	39.02	42.39	
C. Public Undertakings: Posts and Telegraphs	222.01	227.06	217.00	58.35	54.61	54.56	55.61	54.55	
Forests	20.73	20.63	19.68	4.79	4.91	4.87	5.26	4.98	
Federal theatres	9.95	9.89	9.95	2.62	2.64	2.63	2.49	2.58	
Other undertakings	15.53	16.47	15.19	4.17	3.82	3.83	4.08	4.50	
Total: Public Undertakings	268.22	274.05	261.82	69.93	65.98	65.89	67.44	66.43	
D. Railways: Federal Railways	79.00	77.62	107.30	19.75	28.82	28.82	19.75	26.82	
Charges under the Sadbhaha Convention	13.99	13.40	13.38	3.08	3.10	3.09	3.08	3.10	
Other railways	3.48	3.22	3.16	1.13	0.79	0.79	0.99	0.80	
Total: Railways	96.47	94.24	123.84	23.96	32.71	32.70	23.82	30.72	
Total ordinary expenditure	1,870.93	1,879.99	1,902.49	490.15	496.87	495.14	477.09	482.90	
Total ordinary receipts	1,846.65	1,882.15	1,881.43	460.34	447.32	492.58	470.57	452.46	
Ordinary budget balance	— 53.28	— 57.84	— 21.06	— 38.79	— 49.55	— 2.56	— 6.52	— 30.44	
EXTRAORDINARY BUDGET,¹⁾									
National Defence	—	0.08	—	—	—	—	—	—	
Bank reorganization	—	—	—	—	—	—	—	—	
State-owned land holdings	6.00	4.50	—	—	—	—	—	—	
Commerce and Traffic	28.70	31.92	—	11.66	—	—	0.40	—	
Agriculture	18.00	24.95	—	3.53	—	—	4.33	—	
Posts and Telegraphs	9.46	8.28	—	1.66	—	—	8.18	—	
Railways	21.27	26.49	21.70	2.70	1.48	1.06	3.72	1.91	
Monopolies and Undertakings	15.57	7.35	5.89	1.52	0.59	0.59	14.10	2.54	
Other investments	—	—	—	—	1.36	1.49	1.70	1.96	
Total extraordinary expenditure	100.00	103.57	36.59	21.07	9.63	9.34	30.63	6.41	
Extraordinary budget balance	— 100.00	— 103.57	— 36.59	— 21.07	— 9.63	— 9.34	— 30.63	— 6.41	
Total budget balance	— 153.28	— 161.41	— 57.65	— 59.86	— 59.18	— 11.90	— 37.15	— 36.85	

¹⁾ In 1936, the "Extraordinary budget" is partly included in the "Ordinary budget" and partly accounted for under the heading "Investments".

Appendix II.

MONTHLY ESTIMATES AND PROVISIONAL RESULTS.

RECEIPTS (In millions of Schillings)	March			April			May			June			July	
	1935	1936		1935	1936		1935	1936		1935	1936		1935	1936
	Provi- sional results	Estim- ates	Provi- sional results	Provi- sional results	Estim- ates	Provi- sional results	Provi- sional results	Estim- ates	Provi- sional results	Provi- sional results	Estim- ates	Provi- sional results	Provi- sional results	Estim- ates
ORDINARY BUDGET														
A. Administration:														
Direct taxes	28.76	27.50	28.71	24.17	24.50	26.14	21.46	21.50	23.61	26.22	29.00	27.40	28.11	28.00
Customs	13.20	14.50	13.57	13.39	14.50	15.33	13.71	14.50	13.73	18.12	16.00	15.10	18.26	16.50
Import tax on cattle fodder	2.03	3.00	2.76	2.38	2.90	3.15	2.35	2.90	3.48	2.23	2.90	2.90	2.98	3.00
Excise duties	12.19	12.55	12.72	13.52	15.06	15.63	15.30	15.20	14.02	14.42	15.22	14.30	17.05	16.57
Turnover tax	9.65	10.60	11.21	10.65	11.00	10.97	19.35	11.50	11.30	11.39	11.30	11.60	13.45	11.60
Turnover tax, emergency surtax	9.07	10.10	10.93	10.37	10.60	11.76	3.34	11.20	10.96	10.02	11.00	11.30	9.70	11.30
Taxes on transactions, legal fees, etc. .. .	7.45	9.30	9.83	8.66	10.62	11.03	7.90	9.44	9.45	6.88	9.10	9.40	10.08	10.80
Other receipts	0.27	0.27	0.26	0.27	0.26	0.28	0.31	0.27	0.29	0.30	0.27	0.20	0.20	0.27
Total taxes	82.62	87.82	89.99	85.41	89.44	104.29	83.27	86.51	86.84	89.58	94.79	92.20	99.89	98.04
Deduct:														
Shares of local authorities	15.78	18.68	18.64	11.81	15.48	15.46	13.88	14.38	14.09	14.89	20.06	20.00	16.83	15.82
Total: State taxation	66.84	69.14	71.35	73.60	73.96	88.83	69.39	72.13	72.75	74.69	74.73	72.20	83.06	82.22
Receipts of Social Administration	13.82	15.61	16.23	15.37	15.32	15.45	14.82	14.41	15.93	15.01	15.66		14.60	16.13
Other administrative receipts	16.36	7.48	10.04	8.39	3.28	5.99	11.74	3.51	5.10	11.75	6.97		8.42	8.27
Contribution towards Debt Service	6.73	6.43	6.45	6.89	6.44	6.51	7.26	6.43	6.45	7.55	6.59		6.71	6.54
Total receipts of the Administration .. .	103.75	98.66	104.09	104.25	99.00	116.78	103.66	96.48	100.23	109.00	103.95		112.79	113.16
B. Monopolies:														
Tobacco	22.14	21.84	24.27	25.59	24.19	25.14	23.49	24.46	23.80	25.08	24.38	24.7	28.48	27.53
Salt	2.21	2.73	2.91	2.48	2.42	2.52	2.22	2.35	2.04	2.12	2.21		2.17	2.17
Lotteries and gunpowder	5.46	5.10	5.68	5.50	5.34	6.18	2.64	2.93	3.24	5.45	5.55		5.42	5.63
Total: Monopolies	29.81	29.67	32.86	33.57	31.95	31.84	28.35	29.74	29.08	32.65	32.14		36.07	35.33
C. Public Undertakings:														
Posts and Telegraphs	19.02	18.86	18.01	17.84	17.82	17.90	16.07	16.29	16.07	17.26	17.20		19.04	18.61
Forests	0.71	0.80	0.97	0.53	0.80	0.78	0.86	0.80	0.76	0.74	0.80		0.81	0.80
Federal theatres	0.53	0.59	0.49	0.55	0.60	0.55	0.47	0.54	0.51	0.43	0.48		0.10	0.10
Other	1.48	1.21	1.51	1.45	1.30	1.31	1.46	1.28	1.24	1.43	1.29		1.60	1.40
Total: Public Undertakings	21.74	21.46	20.98	20.37	20.52	20.34	18.86	18.91	18.58	19.86	19.77		21.55	20.91
D. Railways:														
Federal Railways	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Other railways	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total: Railways	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Total ordinary receipts	155.30	149.79	157.93	158.19	151.47	168.96	150.87	145.13	147.89	161.51	155.86		170.41	169.40

MONTHLY ESTIMATES AND PROVISIONAL RESULTS (continued).

EXPENDITURE (In millions of Schillings)	March			April			May			June		July	
	1935	1936		1935	1936		1935	1936		1935	1936	1935	1936
	Provi- sional results	Esti- mates	Provi- sional results	Provi- sional results	Esti- mates	Provi- sional results	Provi- sional results	Esti- mates	Provi- sional results	Provi- sional results	Esti- mates	Provi- sional results	Esti- mates
ORDINARY BUDGET													
A. Administration:													
Interior: Police	5.05	5.65	5.78	5.03	5.58	5.50	5.87	5.54	5.48	5.70	5.51	5.87	5.52
Gendarmery	3.30	3.88	3.80	3.29	3.08	3.00	3.04	3.00	2.98	3.14	3.38	3.28	3.05
Auxiliary Defence Corps	1.81	0.40	0.50	1.03	0.54	0.53	1.05	0.19	0.51	1.58	0.39	1.89	0.26
Other political authorities	—	0.05	0.08	0.03	0.03	0.03	0.04	0.09	0.03	0.03	0.03	0.03	0.03
Total Interior	10.16	9.96	9.43	10.38	8.07	9.06	10.00	8.86	8.80	10.65	9.31	10.47	8.86
Army	9.17	11.44	11.58	9.05	10.37	10.35	9.55	10.49	10.40	10.31	11.49	10.19	12.07
Foreign Affairs	0.50	0.48	0.47	0.55	0.48	0.48	0.55	0.50	0.51	0.55	0.51	0.55	0.50
Justice	4.40	4.45	4.41	4.11	4.00	4.00	3.87	3.88	3.84	4.30	4.39	4.13	4.12
Supreme organs	0.86	0.82	0.81	0.85	0.82	0.81	0.88	0.80	0.79	0.82	0.81	0.86	0.87
Chancellor's Office	1.87	1.36	1.85	1.13	0.93	1.22	1.09	0.80	0.79	1.37	1.33	1.45	1.80
Social Administration	39.34	36.31	35.78	39.40	38.88	31.71	38.56	30.91	29.88	31.51	29.85	29.02	27.08
Agriculture	4.80	3.82	3.07	3.58	4.05	3.77	3.50	4.55	4.55	3.04	4.49	4.27	4.13
Commerce and Traffic	3.34	4.93	4.53	4.40	3.08	3.31	3.75	3.59	3.96	3.15	6.23	6.10	8.10
Education, Science, Church	6.81	6.34	6.37	3.04	3.68	3.61	3.49	3.49	3.46	6.07	6.75	5.51	5.65
Finance	6.82	4.60	3.14	4.74	4.60	4.62	3.30	4.57	4.55	7.80	5.18	4.55	4.57
Subsidy to Postal Savings Bank	0.35	0.89	0.89	0.85	0.89	0.89	0.75	0.89	0.89	0.35	0.29	0.35	0.28
Payments to local authorities	1.84	1.89	1.88	1.88	1.88	1.87	1.86	1.87	1.87	2.48	2.40	1.86	1.89
Pensions	18.14	18.21	18.28	18.11	18.11	18.05	18.08	18.11	18.11	18.14	18.16	18.07	18.10
Charges under the Peace Treaty	0.05	0.05	0.04	0.23	0.35	0.80	0.02	0.61	0.52	1.51	1.76	0.39	0.03
Debt Service	11.72	10.78	10.84	17.00	17.01	18.00	10.08	14.35	14.58	17.91	15.74	14.83	16.56
Total Administration	121.80	114.87	115.68	114.78	114.17	115.44	107.27	111.11	109.06	124.82	118.10	114.13	115.49
B. Monopolies:													
Tobacco	7.64	8.64	8.73	7.68	9.06	9.81	8.54	9.76	9.82	9.18	9.29	11.19	14.54
Salt	1.86	1.20	1.26	1.21	1.25	1.25	1.33	1.21	1.19	1.23	1.21	1.28	1.25
Lotteries	4.63	4.84	5.27	6.19	6.30	6.47	6.84	1.31	0.93	1.13	1.64	1.24	1.81
Gunpowder	0.49	0.44	0.44	0.38	0.47	0.64	0.60	0.47	0.38	0.55	0.42	0.50	0.42
Total Monopolies	14.02	15.12	15.70	15.60	17.08	18.17	17.31	12.75	12.32	12.11	12.56	14.27	18.02
C. Public Undertakings:													
Posts and Telegraphs	18.27	18.10	18.10	18.33	18.17	18.13	18.32	18.23	18.17	18.96	18.15	19.74	19.86
Forests	1.67	1.63	1.64	1.63	1.64	1.60	1.86	1.71	1.69	1.77	1.63	1.74	1.64
Federal theatres	0.83	0.85	0.84	0.87	0.90	0.92	0.81	0.84	0.87	0.81	0.84	0.66	0.67
Other undertakings	1.56	1.27	1.25	1.36	1.36	1.53	1.32	1.36	1.35	1.40	1.58	1.56	1.65
Total Public Undertakings	22.33	21.85	21.83	22.19	22.07	21.98	22.31	22.14	22.08	22.94	22.20	23.70	23.82
D. Railways:													
Federal Railways	6.59	10.94	10.94	6.58	8.94	8.94	6.58	8.94	8.94	6.59	8.94	6.35	8.94
Charges under the Südbahn Convention	3.08	3.10	3.09	—	—	—	—	—	—	3.08	3.10	—	0.78
Other railways	0.46	0.25	0.25	0.37	0.30	0.30	0.34	0.25	0.26	0.28	0.25	0.16	0.23
Total Railways	10.13	14.29	14.28	6.95	9.24	9.24	6.92	9.19	9.20	9.95	12.29	6.51	9.95
Total ordinary expenditure	167.68	166.22	167.43	159.46	162.56	164.83	147.81	155.19	152.66	169.82	165.15	158.61	167.28
Total ordinary receipts	155.50	149.79	157.93	138.19	151.47	168.96	150.87	145.13	147.89	161.51	155.86	170.41	169.40
Ordinary budget balance	- 12.18	- 16.43	- 9.50	- 1.27	- 11.09	+ 4.13	+ 3.06	- 10.06	- 4.77	- 8.31	- 9.29	+ 11.80	+ 2.12
EXTRAORDINARY BUDGET													
National Defence	—	—	—	—	—	—	—	—	—	—	—	—	—
Bank reorganisation	—	—	—	—	—	—	—	—	—	—	—	—	—
Extra-urban small holdings	—	—	—	—	—	—	0.40	—	—	—	—	—	—
Commerce and Traffic	9.61	—	—	1.47	—	—	0.88	—	—	2.18	—	3.59	—
Agriculture	1.94	—	—	2.41	—	—	2.79	—	—	2.98	—	2.82	—
Posts and Telegraphs	0.33	0.46	0.45	0.39	0.67	0.67	0.79	0.46	0.36	0.54	0.78	0.45	0.59
Railways	1.70	3.59	3.59	4.16	—	—	4.94	—	—	3.00	3.54	3.21	1.00
Monopolies and Undertakings	0.65	0.71	0.69	0.48	0.71	0.69	0.58	0.82	0.66	0.64	0.43	0.60	0.29
Other investments	—	—	—	—	—	—	—	—	—	—	—	—	—
Total extraordinary expenditure	14.23	4.76	4.73	8.91	1.38	1.36	10.38	1.28	1.02	11.34	3.75	10.67	1.88
Extraordinary budget balance	- 14.23	- 4.76	- 4.73	- 8.91	- 1.38	- 1.36	- 10.38	- 1.28	- 1.02	- 11.34	- 3.75	- 10.67	- 1.88
Total budget balance	- 26.61	- 21.19	- 14.23	- 10.18	- 12.47	+ 2.77	- 7.32	- 11.34	- 5.79	- 19.65	- 13.04	+ 1.13	+ 0.24

Appendix III.

	FOREIGN TRADE ¹ (Merchandise only)					ECONOMIC INDICES									NATIONAL BANK						Savings Bank depo- sits (mil- lions of Schillings) ⁶	
	Value (millions of Schillings)			Weight (thousands of tons)		Railways		Wholesale price index January- June 1914 = 100 ²	Cost-of- living index July 1914 = 100 ²	Industrial production index ³ 1923-1931 = 100 ²	Production of			Unemployed receiving benefit (thousands)	Gold and cover exchange	Other exchange	Bills discounted	Government Debt	Note circulation and sight liabilities	Total cover Per cent		Discount rate Per cent
	Imports	Exports	Excess imports	Imports	Exports	Total traffic receipts (million Schillings)	Goods traffic (million net ton kms.)				Cotton-yarn per spindle ⁴ 1923-1931 = 100 ²	Cellulose (wagons)	Electric power (million kwbs.)									
												(In millions of Schillings)										
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
									(Monthly Average)								(End of)			(Average)	(End of)	
1924	3,447	1,970	1,477	8,951	2,565	37.4	297.9	136	—	83	84	1,245	—	95	488	—	188	218	894	54.6	11.57	—
1925	2,813	1,923	910	8,240	3,246	40.9	307.2	136	—	96	111	1,464	—	150	499	59	180	188	945	59.1	10.86	—
1926	2,766	1,733	1,033	8,263	3,228	44.4	332.1	123	103	96	94	1,522	—	177	537	143	124	177	985	60.0	7.50	—
1927	3,088	2,037	1,051	8,754	3,929	46.0	350.0	133	106	109	118	1,605	80	172	464	274	132	173	1,045	70.6	6.34	—
1928	3,239	2,208	1,031	9,063	4,718	48.0	351.4	130	108	119	111	1,725	91	156	411	386	208	116	1,124	70.9	6.27	1,755
1929	3,262	2,188	1,074	10,272	4,109	52.6	369.4	130	111	122	110	1,870	96	164	406	334	306	109	1,158	61.9	7.33	2,119
1930	2,609	1,851	848	8,272	3,515	49.3	314.0	117	111	104	102	1,779	97	208	412	518	148	101	1,183	78.6	5.75	2,419
1931	2,161	1,291	870	7,996	2,538	42.9	270.6	109	106	91	96	1,796	93	253	292	26	908	96	1,311	24.2	7.04	2,025
1932	1,383	764	619	6,091	1,879	36.3	208.9	112	108	79	95	1,664	90	304	188	—	379	663	1,132	16.6	6.83	2,064
1933	1,148	775	373	5,688	2,098	35.0	209.9	108	105	81	98	1,850	89	329	189	13	275	624	1,095	18.4	5.23	2,056
1934	1,153	857	296	5,652	2,585	34.2	222.3	110	105	88	122	1,988	92	287	242	35	236	624	1,118	24.8	4.71	2,113
1935	1,206	895	311	5,529	2,700	34.3	223.4	110	105	97	141	2,119	97	262	242	112	226	624	1,192	29.7	3.80	2,236
1933:																						
1st quarter	267	155	112	1,263	363	22.6	187.0	107	103	72	91	1,793	89	393	189	—	287	660	1,039	17.3	6	2,102
2nd quarter	271	184	87	1,226	560	24.9	194.5	108	105	76	86	1,818	84	327	169	7	275	659	1,110	17.6	5	2,105
3rd quarter	274	207	67	1,429	594	29.5	212.6	109	105	80	109	1,855	84	290	189	8	225	624	1,026	19.2	5	2,051
4th quarter	334	225	109	1,679	490	27.3	248.7	108	106	91	129	2,042	98	305	189	13	275	624	1,095	18.4	5	2,050
1934:																						
1st quarter	276	199	77	1,293	504	31.3	216.6	111	105	85	119	1,885	88	345	189	24	308	624	1,135	18.8	5	2,058
2nd quarter	288	212	76	1,306	710	32.8	211.0	111	105	86	116	2,030	88	278	241	36	254	624	1,111	24.9	4 1/2	2,085
3rd quarter	265	215	50	1,418	702	37.9	220.6	109	105	87	117	1,986	93	250	242	41	254	624	1,138	24.8	4 1/2	2,092
4th quarter	324	231	93	1,636	670	34.8	243.8	109	105	94	135	2,041	100	277	242	35	236	624	1,118	24.8	4 1/2	2,113
1935:																						
I ..	93	59	34	441	151	29.8	192.4	110	105	92	139	1,998	100	331	242	36	237	624	1,117	24.9	4 1/2	2,221
II ..	83	67	21	414	178	28.4	191.2	109	104	89	143	1,887	89	335	242	38	234	624	1,114	25.1	4	2,218
III ..	95	82	13	390	253	31.8	212.3	109	104	89	124	2,163	95	315	242	32	234	624	1,113	24.6	4	2,256
IV ..	95	78	17	402	248	31.9	203.5	108	103	90	131	2,102	93	287	242	43	234	624	1,134	25.2	4	2,268
V ..	94	72	22	409	261	31.2	223.0	110	104	94	132	2,320	93	256	242	61	232	624	1,159	26.2	4	2,259
VI ..	92	65	27	435	238	33.9	211.1	111	106	89	115	2,134	87	238	242	82	232	624	1,174	27.6	4	2,245
VII ..	98	67	31	428	244	39.6	216.1	112	105	97	130	2,215	104	221	242	101	213	624	1,192	28.8	3 1/2	2,244
VIII ..	88	72	16	409	250	39.9	225.3	111	105	104	142	2,342	96	209	242	119	231	624	1,207	29.9	3 1/2	2,250
IX ..	103	77	23	532	187	37.7	249.6	110	105	99	146	2,109	96	205	242	139	230	624	1,227	31.1	3 1/2	2,255
X ..	120	82	38	612	206	38.6	286.9	109	106	102	154	2,020	104	214	242	137	229	624	1,217	31.1	3 1/2	2,214
XI ..	118	83	35	526	228	35.3	281.4	107	105	108	171	2,000	102	243	242	124	227	624	1,206	30.3	3 1/2	2,257
XII ..	125	90	35	531	255	34.7	248.0	108.5	105	109	165	2,136	104	265	242	112	226	624	1,192	26.7	3 1/2	2,236
1936:																						
I ..	101	68	33	457	177	29.3	199.9	108.3	106	108	163	2,185	101	317	242	74	222	624	1,153	27.4	3 1/2	2,328
II ..	95	71	24	374	184	28.6	190.8	107.4	105	107	181	1,870	95	322	242	82	220	624	1,163	27.9	3 1/2	2,347
III ..	110	87	23	392	219	30.9	214.0	107.3	104	101	168	1,866	98	299	242	81	218	624	1,163	27.8	3 1/2	2,352
IV ..	101	81	20	362	225	30.5	198.6	107.9	104	104	162	2,187	91	267	243	82	218	624	1,163	27.9	3 1/2	2,337
V ..	96	77	19	391	230	31.1	—	108.1	104	—	—	—	92	242	243	86	220	624	1,171	28.0	3 1/2	2,327
VI ..	—	—	—	—	—	—	—	109.2	106	—	—	—	—	231	243	87	220	624	1,171	28.2	3 1/2	—

¹ Only provisional figures after January 1935.
² Source: Bundesamt für Statistik.
³ Seasonally corrected index.
⁴ Source: Institut für Konjunkturforschung.
⁵ Source: National Bank.

Genève, le 28 juillet 1936.

SOCIÉTÉ DES NATIONS

**TRENTE-NEUVIÈME RAPPORT
DU COMMISSAIRE DE LA SOCIÉTÉ DES NATIONS EN BULGARIE**

(PÉRIODE MARS-MAI 1936.)

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INTRODUCTION.

1. M. Kiosséivanov a présenté le 4 juillet la démission du Cabinet qu'il présidait. M. Kiosséivanov a été chargé par le roi de former le nouveau Cabinet, qui comprend cinq nouveaux ministres dont trois anciennes personnalités politiques, chargées des Ministères de l'Instruction publique, de l'Agriculture et des Communications, et deux magistrats occupant les Ministères de la Justice et de l'Intérieur.

2. Le nouveau Cabinet doit poursuivre la « normalisation » politique du pays. Depuis le 15 mai 1934, la Constitution a été suspendue et le régime parlementaire aboli : le nouveau Cabinet a annoncé des élections législatives pour le mois d'octobre prochain. Tant en politique étrangère qu'en matière économique et financière, le nouveau gouvernement entend suivre les traditions du précédent ; la meilleure garantie en est que M. Kiosséivanov est le président du nouveau Conseil comme il était président de l'ancien, et qu'en dehors de lui, quatre ministres, et en particulier M. Gounev, ministre des Finances, appartenaient au précédent Cabinet.

3. A fin mai, la gestion du budget se solde par un déficit de 330 millions. Depuis la dernière session du Comité financier qui avait pris connaissance des résultats fin mars, la situation ne s'est pas sensiblement améliorée.

4. Les recouvrements sont supérieurs à ceux correspondants de l'année précédente, mais restent inférieurs aux prévisions budgétaires. En particulier, le rendement des droits d'accise et les recettes des chemins de fer n'ont pas répondu aux espérances.

5. Des crédits supplémentaires ont été accordés pour des montants importants. Les uns complètent le crédit de 300 millions dont il a été question précédemment (trente-huitième rapport). Les autres doivent faciliter la résorption du chômage par l'exécution de travaux sur les routes ou la construction de bâtiments destinés aux administrations publiques.

6. Les nouvelles lois fiscales, tendant surtout à la codification des textes anciens et dont le ministre des Finances a indiqué au Comité financier qu'il attendait de nouvelles rentrées, seront probablement promulguées à bref délai.

7. Des simplifications et des améliorations dans la présentation des comptes budgétaires et de la situation du Trésor ont été apportées.

8. Le commerce extérieur de la Bulgarie a continué à se développer favorablement, se totalisant à fin mai par 2.569 millions contre 2.262 millions l'année précédente. L'excédent des exportations sur les importations est de 30,2 millions (86,3 millions en mai 1935).

9. Les symptômes de l'activité commerciale du pays et de l'amélioration de sa situation économique apparaissent dans le bilan de la Banque nationale, de la Banque agricole et coopérative et des banques privées.

10. Les récoltes s'annoncent belles, surtout pour les céréales et le tournesol. Toutefois, les pluies et les orages ont causé quelques dégâts.

11. Le présent rapport a été établi par M. Pierre Cheysson, Commissaire de la Société des Nations en Bulgarie, avec la collaboration de M. Köstner, Conseiller auprès de la Banque Nationale de Bulgarie.

I. BUDGET.

1. Les résultats de la gestion du budget de l'Etat et des chemins de fer à la fin de mai 1936 sont les suivants (en millions de leva) :

	Etat	Chemins de fer	Total
Recettes effectives.	2.251,0	474,6	2.725,6
Dépenses :			
effectives	2.035,3	465,6	2.500,9
en souffrance	450,1	104,6	554,7
Total	<u>2.485,4</u>	<u>570,2</u>	<u>3.055,6</u>
Déficit budgétaire	234,4	95,6	330,0

Les recettes et les dépenses comprennent les recettes et les dépenses non seulement du budget ordinaire, mais du budget extraordinaire de 300 millions de leva promulgué le 20 mars dernier.

L'évolution du déficit depuis le début de l'année a été la suivante :

	Etat	Chemins de fer	Total	+ ou -
Janvier	106,9	18,5	125,4	125,4
Février	229,7	29,7	259,4	+ 134,0
Mars	215,6	48,8	264,5	+ 5,0
Avril	258,8	89,2	348,1	+ 83,6
Mai	234,4	95,6	330,0	- 18,1

Le déficit du budget de l'Etat à fin mai est à peu près le même qu'à fin février (9% environ) après avoir augmenté sensiblement en avril. Le déficit des chemins de fer s'accroît chaque mois, il est à fin mai de 17% environ.

A la même date de l'année dernière, le déficit des budgets de l'Etat et des chemins de fer était de 235,5 millions ; à fin février, il était de 74,9 millions ; il avait donc augmenté de février à juin 1935 de 160,6 millions, alors qu'en 1936, l'augmentation correspondante n'est que de 706 millions (dont 65,9 millions pour les chemins de fer).

2. Recettes.

Les recettes marquent par rapport à celles de la même période de 1935, une augmentation de 461,8 millions (21%). La proportion des rentrées de 1936 par rapport aux rentrées de 1935 n'a cessé de s'accroître de mois en mois, de 2,2% fin janvier, à 6,4% fin février, à 13% fin mars, à 17% fin avril, à 21% fin mai. L'accroissement porte sur tous les chapitres de recettes, à l'exception des amendes et des impôts arriérés.

Le produit des impôts directs pour les cinq mois considérés est de 298,4 millions, représentant 13,7% du total des ressources du budget de l'Etat (exception faite de la reprise des leva non transférés). Le pourcentage de plus-value des impôts directs, par rapport à 1935, abstraction faite des amendes et des impôts arriérés, ressort à près de 40% (cf. appendice 1 c)). L'augmentation des rentrées des impôts cédulaires et sur le revenu paraît due en partie aux dispositions fiscales nouvelles adoptées en février dernier (cf. trente-huitième rapport, page 8.), et qui ont substitué dans un grand nombre de cas à l'impôt sur le bénéfice ou le revenu, l'impôt sur le chiffre d'affaires.

Les impôts indirects ont rapporté jusqu'à fin mai 1.077,3 millions, contre 933,7 millions l'année précédente, soit une augmentation de 143,6 millions (15,4%) ; ils constituent 49,6% des ressources du budget de l'Etat (compte non tenu de la reprise des leva non transférés).

Les monopoles d'Etat (allumettes, cartes à jouer, quinine) ne représentent que 2,2% du budget des recettes ; leur produit est en augmentation.

Parmi les entreprises d'Etat, les Postes, Télégraphes et Téléphones ont rapporté 106,4 millions, en légère plus-value sur l'année dernière (3%). La loterie nationale, qui fonctionne pour la première fois, rencontre un succès grandissant, et a déjà contribué au budget pour 15 millions de leva alors que les prévisions budgétaires étaient de 25 millions pour l'année entière.

Les nouveaux fonds incorporés ont produit 157,4 millions, contre 111,3 millions en 1935 (+ 41%).

Les revenus des chemins de fer sont en progression assez régulière depuis le début de l'année, et, à fin mai, ils sont supérieurs de 52,6 millions (12%) aux revenus des mois correspondants de 1935.

La comparaison des recettes effectives avec les prévisions budgétaires est moins favorable.

Si l'on ne tient compte ni de la reprise en solde des leva non transférés ni du prélèvement sur le produit de l'emprunt 1936, les recettes et prévisions sont (en millions de leva) pour

	Recettes réelles budgétaires	Prévisions	En moins	%
le budget de l'Etat . .	2.171,4	2.393,3	221,9	90,8
le budget des chemins de fer	474,6	580,4	105,8	81,7
	<u>2.646,0</u>	<u>2.973,7</u>	<u>327,7</u>	<u>88,9</u>

Lors de la dernière session du Comité financier, le ministre des Finances avait indiqué dans son exposé (document F.1521, du 30 avril 1936) que les rentrées à fin mars étaient inférieures de 367,7 millions aux prévisions (dont 285,6 millions pour le budget de l'Etat et 82,3 millions pour le budget des chemins de fer) ; en réalité, si l'on ne tenait pas compte de la reprise des leva non transférés, les rentrées étaient inférieures aux prévisions de 272,5 millions (190 millions pour le budget de l'Etat et 82,3 millions pour le budget des chemins de fer). Entre fin mars et fin mai, le pourcentage des rentrées par rapport aux prévisions a légèrement augmenté : 88,9% fin mai au lieu de 84,7% pour les recettes globales, 90,8% au lieu de 86,7% pour les recettes de l'Etat, 81,7% au lieu de 76,3% pour les recettes des chemins de fer. Sur les accises seules, la moins-value par rapport aux prévisions est de 93,3 millions représentant plus de 40% de la moins-value totale à fin mai. Il est rappelé que le budget 1936 avait escompté, par rapport au budget 1935, une augmentation du produit des accises de 254,6 millions pour l'année entière ; l'augmentation s'est produite (+ 54,2 millions), mais n'a pas, jusqu'à présent, complètement justifié les prévisions.

3. Dépenses.

Les dépenses des cinq premiers mois s'élèvent à 3.055,6 millions, ou, si on retranche le montant des dépenses correspondant aux soldes non transférés de la dette publique (28,2 millions), et les dépenses du budget extraordinaire couvertes par des ressources spéciales (51,4 millions), à 2.976 millions. Ce chiffre fait ressortir un excédent de dépenses par rapport à la période correspondante de 1935 de 581 millions portant principalement sur les Ministères de l'Intérieur et de la Santé publique, de l'Agriculture et des Communications, ainsi que sur le service de la Dette publique.

Le total des crédits autorisés par budgets mensuels à fin mai était de 2.785,1 millions, inférieur de 191 millions aux dépenses réellement effectuées au cours des mêmes mois. Le montant des dépenses en souffrance (cf. appendice I, b)) a diminué depuis le mois de février. A fin mai, elles s'élèvent à 554,7 millions, dont 174,5 millions représentent des traitements ou pensions à la disposition des ayants droit et 380,2 millions de sommes exigibles. Le retard au paiement des mandats est faible, puisque, le 8 juillet, la Banque nationale payait les mandats émis du 24 au 30 juin.

Les relevés établis par le Ministère des Finances fournissent à la fin de chaque mois l'état au titre du budget ordinaire des engagements pris, des mandats émis, et le solde des crédits budgétaires disponibles. Voici le relevé à fin mai :

	(Millions de leva)		
	Etat	Chemins de fer	Total
Mandats émis	2.053,6	527,6	2.581,3
Dettes exigibles ne donnant pas lieu à émission de mandats	380,4	42,6	422,9
	-----	-----	-----
Total des dépenses budgétaires	2.434,0	570,2	3.004,2 ¹
Engagements échéant après le 1 ^{er} juin	239,2	119,6	358,8
	-----	-----	-----
Total	2.673,2	689,8	3.363,0
Crédits budgétaires disponibles	3.490,4	722,4	4.212,8
	-----	-----	-----
Crédits autorisés par le budget	6.163,6	1.412,2	7.575,8

4. Trésorerie.

L'appendice I, d) expose la situation de la Trésorerie à la fin de chacun des mois de mars, d'avril et de mai.

Le trente-huitième rapport, page 22, a donné un relevé des dettes du Trésor à terme, consolidées ou en cours de consolidation. Ce relevé est incomplet et ne comprend pas en particulier l'état de dettes garanties par le Trésor, entre autres les dettes envers la Banque agricole et coopérative, dont il est question plus loin (Banques et Crédit, b)). Le bilan complet de la situation du Trésor est en cours d'établissement.

La situation des dettes consolidées s'est modifiée depuis l'exposé fait dans le trente-huitième rapport, page 7, en ce qui concerne la dette de 200 millions de l'Etat envers la Caisse d'amortissement des dettes privées. Des décrets-lois du 1^{er} mai 1936 (*Journal officiel*, N° 95) et du 20 juin 1936 (*Journal officiel* N° 135) ont éteint la dette de l'Etat envers la Caisse et suppriment tout abandon de recettes spéciales du budget de l'Etat à la Caisse ; l'Etat, à l'avenir, fera les versements nécessaires pour compléter les provisions exigées pour le service et l'amortissement des emprunts émis par la Caisse.

Parmi les ressources extrabudgétaires inscrites à l'appendice I, d), ne figurent pas les ressources des emprunts récemment émis pour un montant de 300 millions (cf. trente-huitième rapport, page 6) qui sont affectées au budget extraordinaire de même montant et sur le produit desquels des sommes ne sont prélevées qu'au moment où les mandats correspondants sont émis. Ces montants prélevés (51,4 millions fin mai) figurent dans le total des encaissements budgétaires, de même que les dépenses correspondantes sont comprises dans le total des décaissements budgétaires.

Le ministre des Finances, répondant aux suggestions du Comité financier, a poursuivi les simplifications et les améliorations de la présentation des comptes budgétaires et du Trésor.

Comme il a été indiqué plus haut, chaque mois un relevé des engagements pris, comparés aux crédits budgétaires, est publié par le Ministère des Finances.

Un certain nombre des sous-comptes du Trésor à la Banque nationale, dont le trente-huitième rapport, page 7, avait signalé la complication, ont été supprimés.

Comme il a été dit ci-dessus, le bilan général des engagements du Trésor va être mis à jour et publié.

La Banque nationale, enfin, donne le relevé quotidien des mandats et ordres de paiement restant à payer par elle.

¹ Si l'on ajoute à ce chiffre le montant des dépenses effectuées sur budget extraordinaire 51,4 millions, on obtient un montant de 3.055,6 millions représentant le total des paiements réellement effectués et des dépenses en souffrance à fin mai.

5. *Crédits budgétaires supplémentaires.*

Comme il était prévu lors de la dernière session du Comité financier, un nouveau budget supplémentaire de 123,6 millions a été promulgué le 2 juin, accordant des crédits :

	Millions de leva
au Ministère des Affaires étrangères, rachat d'une légation	3,5
au Ministère de la Guerre, nourriture et équipement	100,0
à la Direction de l'Aviation, fourniture d'appareils moteurs	20,0
	<hr/>
	123,5

Les dépenses doivent être couvertes par les « recettes libérées du fait de la suspension pendant l'année 1936 de l'amortissement de bons escomptés en 1935, avec l'autorisation du Comité financier... », montant dont est réduit le crédit correspondant ouvert à la Direction de la Dette publique ».

Par ailleurs, on cherche par l'organisation de grands travaux à employer la main-d'œuvre en chômage.

Le fonds des routes a été autorisé à emprunter 100, puis 600 millions par les décrets-lois du 2 juin et du 26 juin. La seule opération réalisée jusqu'à présent consiste en un prêt de 100 millions couvert par le fonds des « Assurances sociales » (*Journal Officiel*, N° 95, 1^{er} mai 1936) ; ce prêt est à 5% d'intérêts et est remboursable en dix années après le dernier prélèvement effectué par le fonds des routes.

Le fonds « Construction d'édifices judiciaires » a reçu de la Caisse d'épargne postale un prêt de 70 millions de leva, remboursable dans les quatre années qui suivront le dernier prélèvement effectué par le fonds « Edifices judiciaires », et portant un intérêt semestriel de 1% supérieur au taux payé par la Caisse d'épargne à ses déposants. Cet emprunt est destiné à l'achèvement du palais de justice de Sofia et à la construction d'édifices judiciaires en province.

Les fonds « Construction de bâtiments de l'Administration centrale de la Caisse d'épargne » et le fonds de « Réserve du service des chèques » avancent 25 millions pour la construction d'un nouveau bâtiment de la Caisse d'épargne et du Service des chèques à Sofia.

On entreprend la construction de nouveaux immeubles pour les Ministères de la Justice (7,5 millions), de l'Intérieur (8,3 millions) et pour la Direction de la Dette publique (18 millions). Les dépenses sont couvertes soit par les disponibilités de fonds existants, soit par des emprunts aux fonds des « Calamités publiques » (8 millions) et des Pensions (18 millions). L'amortissement de certains de ces emprunts sera, en totalité ou en partie, assuré au moyen des crédits qui servaient à payer la location des locaux où les services étaient jusqu'à présent installés.

II. BANQUES ET CRÉDIT.

a) *Banque nationale.*

Le seul changement notable dans la situation de la Banque nationale de Bulgarie est une augmentation du portefeuille commercial de 155 millions qui se produit plus tôt que les autres années et qui est caractéristique de l'activité économique. Il en résulte une élévation de la circulation de 74 millions, les comptes courants s'augmentant de la différence. La réserve d'or de la Banque a été renforcée de 16 millions d'or achetés sur le marché intérieur ; la couverture est de 32,9%, sensiblement égale à l'ancien minimum statutaire. Le montant de la circulation est pratiquement le même qu'en 1935 à pareille date.

Quelques modifications importantes ont été apportées dans le contrôle du commerce extérieur et des changes par un nouveau règlement du 25 avril 1936 (*Journal officiel*, N° 90). Les listes des articles pouvant donner lieu à compensation ont été réduites de trois à deux (cf. le trente-cinquième rapport). La première liste comprend les articles qui peuvent donner lieu à compensation pour l'importation de marchandises étrangères dans la limite des contingents accordés ou pour le paiement de dettes commerciales régulièrement enregistrées. Y figurent les principaux produits bulgares d'exportation, tels que les céréales (à l'exception du blé qui ne peut être exporté que contre paiement à la Banque nationale de 100% du prix en devises), le tabac, les œufs, les volailles. La deuxième liste renferme tous les autres articles ; le produit de leur vente peut être en partie ou en totalité employé à des importations hors contingent, aussi bien qu'au paiement de dettes commerciales non inscrites et de dettes financières. Le pourcentage de devises qui doivent être remises à la Banque nationale et qui varie pour chaque article, est resté pratiquement sans changement.

L'on a cherché ainsi à simplifier la procédure et à égaliser les primes à payer par les importateurs. En vue de stabiliser les cours des primes, la Banque a été autorisée à intervenir sur le marché libre comme acheteur et vendeur de devises avec primes, et elle a été chargée de fixer leurs cours maxima (décret-loi du 29 mai, *Journal officiel*, N° 117). Ces cours, au 15 juin, début de l'activité en la matière de la Banque, ont été établis à 35% ; la prime réellement pratiquée sur le marché est d'environ 5% inférieure au maximum. Les primes de compensation relatives aux devises libres avaient été, en moyenne, pendant le mois d'avril, de 31% sur la première liste, 33% pour la deuxième et 37% pour la troisième liste.

Un relevé des achats et ventes de devises par la Banque nationale pendant les quatre premiers mois de 1935 et 1936 est donné dans l'appendice II b. Le total du change acheté a diminué de 90 millions de leva, mais cette diminution ne porte que sur les devises bloquées ; les achats de devises libres ont augmenté de 40 millions, bien que le change libre provenant de l'exportation

soit moins important que l'année précédente ; tout l'accroissement provient des crédits à court terme (cf. huitième et onzième lignes du tableau). Le total des devises vendues dépasse de 248 millions celui de l'année dernière ; l'augmentation porte principalement sur les devises bloquées. La diminution comptable des réserves en devises de la Banque résultant de l'excès des ventes sur les achats, s'élève à 142 millions de leva, et provient surtout de la réalisation d'une partie des marks accumulés au compte du clearing. La cession de devises libes sous différents titres demeure sensiblement la même au cours des deux périodes considérées et les variations sont dues uniquement aux opérations de crédit (septième et onzième lignes « Change vendu » du tableau).

b) Banque agricole et coopérative.

Le rapport de la Banque agricole et coopérative pour l'année 1935 annonce un profit net de 44,5 millions de leva, contre 45,3 millions en 1934. La Banque a continué à capitaliser les intérêts non encaissés sur les prêts et les profits, tels qu'ils apparaissent au bilan, ne permettent pas d'apprécier la réelle situation de la Banque. En sus des intérêts capitalisés s'élevant à près de 800 millions, les prêts figurent au bilan pour 6,411 millions de leva, dont 263 millions sont échus et font l'objet de poursuites (contre 236 à la fin de 1934).

Les chiffres du bilan de la Banque au 31 décembre 1935 (cf. appendice II c), ne peuvent être comparés aux chiffres précédents, puisque en 1934 la Banque agricole et la Banque coopérative étaient indépendantes et que le rapport de 1934 présenta deux bilans séparés. L'Etat a reçu 17% du total des prêts accordés par la Banque agricole, et les autres établissements publics, 8% ; on doit y ajouter des avances consenties sous la garantie de l'Etat à concurrence de 72 millions à des particuliers, et à des coopératives pour des montants importants mais non indiqués. Les prêts à l'Etat figurent sous quarante-deux titres divers dont les plus importants sont : cinq à la Direction des céréales (272 millions), treize au Ministère de l'Agriculture (115 millions) et quinze à la Direction de la Dette publique (90 millions). Des prêts consentis individuellement aux coopératives, le plus important est celui qui a été accordé à l'Entreprise hydroélectrique de Vatcha (536 millions) ; il était à l'origine de 300 millions, ce qui semble indiquer que les intérêts arriérés non payés s'élèvent à 236 millions. Les emprunts d'Etat effectués par l'intermédiaire de la Banque ont évolué comme suit :

	31 décembre 1934	31 décembre 1935
	(Millions de leva)	
Prêts aux communes, réfugiés, invalides	437,0	422,6
Prêts sur le produit de l'Emprunt des réfugiés . . .	670,0	790,6 ¹
Prêts de semences donnés par la Direction des céréales	52,1	74,2

Les dépôts ont augmenté au cours de l'année de 314 millions pour les dépôts à terme et de 42 millions pour les dépôts d'épargne.

La Banque fait remarquer dans son rapport que sa liquidité est restreinte par le moratorium résultant de la loi sur l'allégement des débiteurs, mais que, néanmoins, elle est en état d'assurer le financement saisonnier de l'agriculture, et de trouver en même temps les sommes « énormes » nécessaires à l'Etat, aux entreprises d'Etat et aux quasi-monopoles dont diverses lois lui ont imposé la gestion (essence de rose, coton, riz, chanvre, cocons de soie, billes de noyer). La Banque indique que les prêts aux cultivateurs doivent être, de préférence, donnés par l'intermédiaire des coopératives locales qui sont en contact direct avec le débiteur, connaissent mieux ses besoins et qui peuvent mieux contrôler l'emploi des avances faites. Mais c'est là une politique qui ne pourra être réalisée que progressivement et lorsque le crédit des coopératives sera restauré. Cette politique évitera à l'avenir la concurrence entre les coopératives et la Banque dans l'octroi d'avances aux paysans, concurrence qui, bien souvent, a mis les coopératives locales en difficulté.

L'obligation pour la Banque d'acheter le coton et le chanvre a été transférée à la Direction des céréales, dont l'activité s'étend et qui tend à centraliser la gestion de tout le commerce monopolisé par l'Etat. Malheureusement, la Banque a encore conservé un certain nombre de ses attributions commerciales, et entre autres, le commerce de l'essence de roses, dans lequel, d'après son rapport, la Banque a investi 210 millions de leva, et qui porte sur la production d'au moins quatre ans (8.125 kg.), stock invendu dans les caves de la Banque.

Un département d'assurance rattaché à la Banque agricole et coopérative pratique depuis des années, l'assurance des récoltes contre la grêle et du bétail. En outre, il y a deux ans, ce département a reçu le monopole de l'assurance contre l'incendie des propriétés de l'Etat et des communes. Le Gouvernement devait fournir le capital nécessaire à son fonctionnement, fixé à 45 millions, mais il n'en a versé que 1,5 million, ce qui permet difficilement de faire face aux risques acceptés. 255.000 hectares de récoltes ont été assurés en 1935 contre la grêle, dont 27.000 ont été détruites ; le capital assuré était de 801 millions de leva et l'indemnité qui a été payée pour dégâts de 36 millions, alors que la prime était de 26 millions. La réserve totale pour l'assurance contre la grêle est de 52 millions, dont 46 millions représentent des primes non payées. Pour les dix années de 1926-1935, le montant total des primes a été de 253 millions (dont 46 millions non payées) et les indemnités réglées de 230 millions. L'assurance des récoltes paraît reposer surtout sur les subsides de l'Etat et des communes.

¹ Le bilan de la Banque ne fait apparaître que la dette en capital (502,6 millions), les intérêts capitalisés (288 millions) ne sont pas compris.

Il en est de même pour l'assurance du bétail, qui portait, à la fin de 1935, sur 148.000 têtes, et 367 millions de leva. La prime était de 6,2 millions et les indemnités réglées de 6,6 millions ; pour les dix années 1926-1935, le total des primes a été de 49,4 millions et les sinistres payés de 55,2 millions.

Les risques incendie s'élèvent à 8,9 milliards de leva pour une prime de 12 millions ; les réassurances auprès de compagnies privées bulgares ne portent que sur 6 milliards, et le département de l'assurance de la Banque agricole et coopérative assume un risque de 2,9 milliards avec une réserve de 8,7 millions ; il semble que c'est uniquement au retard mis par certaines administrations à accomplir les formalités nécessaires, que la Banque agricole et coopérative doit d'avoir évité les pertes importantes qui auraient résulté de l'incendie de bâtiments d'Etat brûlés, mais non encore assurés.

c) *Banques privées.*

Le bilan d'ensemble des banques privées en Bulgarie au 31 mars 1936 (cf appendice II d) montre, si on le compare au bilan à la même date de 1935, des symptômes favorables. Les dépôts sont en augmentation, le portefeuille aussi, de plus de 200 millions ; les prêts ont diminué de 250 millions, indice d'une liquidation progressive des dettes anciennes envers les banques ; les créances douteuses sont en légère diminution. Le capital des banques a été réduit de près de 100 millions, en liaison probablement avec la consolidation et la liquidation de petites banques de province et de leur fusion avec le Crédit bulgare. La situation varie cependant d'un groupe de banques à l'autre. Les banques travaillant avec du capital étranger réduisent leurs affaires et perdent une partie de leurs dépôts ; leurs prêts ont diminué de près de 250 millions ; l'amélioration économique du pays se traduit chez elles uniquement par un accroissement du portefeuille d'escompte. Le Crédit bulgare manifeste une grande activité et montre, entre autres, une augmentation considérable des dépôts (près de 200 millions). La liquidation progressive de petites banques provinciales se poursuit.

d) *Allégement des débiteurs.*

La situation au 1^{er} juin des demandes d'allégement était la suivante :

	Nombre	Sommes (Millions de leva)
A. Demandes	278.776	10.841,0
B. Allégement accordé :		
a) Par transfert à la Caisse	207.145	5.481,8
b) Aux débiteurs hypothécaires, employés, professions libérales.	17.757	1.337,6
C. Allégement refusé	48.564	3.310,9
D. Procédures en cours	5.310	710,7
E. Demandes nouvelles faites en vertu des amende- ments du 21 janvier 1936 et non comprises dans		
A (avaliseurs, concordataires, banqueroutiers)	18.481	719,0
dont : a) Allégement accordé	361	13,9
b) Allégement refusé	442	9,2

Le nombre des demandes est inférieur de 5.000 à celui indiqué dans le précédent rapport (page 12) pour la situation au 15 mars, et le total auquel il s'applique supérieur de 1,6 milliard. Le total des allégements transférés à la Caisse atteint 5,5 milliards, et des demandes pour 1,4 milliard n'ont pas encore été jugées ; il est probable qu'un certain nombre d'entre elles seront transférées à la Caisse.

La Banque agricole et coopérative ne distingue pas dans son rapport les prêts qui sont ou non susceptibles d'allégement. Elle donne seulement un exposé à la fin de 1935 de la situation des banques populaires qui apparaissent comme le groupe de coopératives le moins atteint par les mesures d'allégement. Si l'on compare les chiffres de cet exposé avec ceux des prêts consentis par les banques populaires à la fin de 1934 (publiés dans les statistiques des coopératives), on en déduit que les prêts se répartissent ainsi :

	1934	1935
	%	%
a) En cours normal	46	45
b) Exigibles	34	20
c) Faisant l'objet de poursuites	20	15
d) Passibles de l'allégement résultant de la loi des dé- biteurs	—	20

Les 20% de créances auxquelles la loi d'allégement est applicable comprendraient donc 14% d'arriérés de créances échues et exigibles, 5% de créances qui avaient fait déjà l'objet de poursuites et 1% de créances qui n'étaient pas encore exigibles. Il est peu probable que la liquidation définitive des demandes d'allégement modifie notablement ce pourcentage. Les banques populaires ont donc à résoudre le grave problème de trouver le moyen de payer la différence entre le taux consenti par elles aux déposants et les 3% qu'elles reçoivent sur les obligations de la Caisse d'amortissement, alors que la loi d'allégement n'a pas sensiblement amélioré pour elles la liquidation des créances douteuses. La situation des coopératives de crédit agricole est encore plus sérieuse, puisque le portefeuille de mauvaises créances représente, d'après les statistiques, 80% du total des créances au lieu de 55% pour les banques populaires.

III. COMMERCE EXTÉRIEUR.

La balance du commerce extérieur est devenue négative en avril et en déficit de 92,5 millions de leva pour mai. Pour les cinq premiers mois, la balance globale se présente comme suit :

Total, en millions de leva . . .	1936			1935		
	Importations	Exportations	Plus (+) Moins (—)	Importations	Exportations	Plus (+) Moins (—)
	1.269,4	1.299,6	+ 30,2	1.087,9	1.174,2	+ 86,3
Allemagne . . .	799,9	738,2	— 61,7	485,8	659,1	— 173,3
Allemagne, % du total	(63)	(57)		(45)	(59)	

Le pays qui vient le premier après l'Allemagne est l'Angleterre pour l'importance des exportations, avec 6%, et la Tchécoslovaquie pour les importations, avec 7%.

L'augmentation des exportations porte surtout sur les œufs, le saindoux, le bacon, la viande fraîche, l'huile de tournesol et le maïs ; par contre, les exportations de tabac ont diminué de 15% et celles de semence de tournesol de 72%.

Les importations de machines et de matériel de chemins de fer ont continué à s'accroître.

De nouveaux aménagements des clearings avec l'Allemagne, la Hongrie et la Suisse ont été négociés au cours de la période qui fait l'objet du rapport.

IV. DIRECTIONS DES CÉRÉALES.

Le monopole du commerce du coton a été transféré de la Banque agricole et coopérative à la Direction des céréales par le décret-loi du 19 juin (*Journal officiel*, N° 134). Tout le coton produit dans le pays et la graine de coton doivent être achetés par la Direction des céréales qui seule peut les vendre aux fabriques. La Banque agricole et coopérative a dû donner 60 millions de leva pour le financement des achats de coton. Les prix d'achat fixés par la Direction pour le coton égrené sont actuellement les suivants :

	Leva, le kg.
Régions de Plovdiv, Stara Zagora et Sofia	34
Régions de Bourgas	32
Régions de la Bulgarie du Nord.	30

Le coton est livré non égrené, l'égrenage est fait par la Direction sans qu'elle ait à payer un surplus pour la graine obtenue.

La Direction avait acheté et vendu au 15 juin 1935 et 1936 les quantités suivantes de céréales, principalement de blé, des récoltes 1934 et 1935 (par 1.000 tonnes) :

	15 juin 1936	15 juin 1935
<i>Achats</i>	341,4	276,5
<i>Ventes</i> :		
1° Consommation intérieure	220,2	188,8
2° Population improductive	5,6	5,5
3° Fonds « Calamités publiques »	0,3	4,2
4° Militaires et troudevaks	17,0	11,1
5° Distributions aux nécessiteux	2,4	10,0
6° Distributions pour semences	10,6	16,1
7° Exportation	26,9	10,0
Total	283,0	245,7
<i>Stocks</i>	58,4	30,8

La Direction disposait donc, au 15 juin, de stocks dépassant de près de 30.000 tonnes les stocks de l'année précédente à la même époque.

Les prix pour les achats des céréales au cours des prochains mois sont les mêmes que précédemment. Toutefois, une différence a été établie, qui n'existait pas au préalable, entre le blé tendre et le blé dur, pour lequel le prix est légèrement plus élevé.

V. QUESTIONS ÉCONOMIQUES DIVERSES.

a) Prix.

La Direction générale de la Statistique a calculé des indices nouveaux et en plus grand nombre (sur la base 1934-35 × 100) qui donnent des renseignements intéressants sur l'évolution économique du pays depuis 1933, année au cours de laquelle a été atteint le point le plus bas de la courbe caractéristique de cette évolution. L'étude de ces indices, dont un extrait est donné ci-dessous, montre que le niveau général des prix était en mai 1936 supérieur d'environ 8% à celui de 1933. Les prix des produits exportés se sont élevés de 19% alors que les prix des articles importés ont baissé de 7% ; l'évolution des prix depuis 1933 a donc été favorable au commerce d'exportation bulgare d'environ 27%.

Quelques prix-indices en Bulgarie.

(Base : 1934/35 × 100)

	1933	1934	1935	Mai 1935	Mai 1936
Indice général des prix de gros	96,1	98,8	101,2	100,6	103,1
Articles exportés	95,2	93,1	106,9	105,6	113,4
importés	104,4	101,7	98,3	98,7	97,2
produits dans le pays	95,6	100,6	99,4	99,0	99,9
de consommation	95,4	98,8	101,3	100,6	102,2
d'investissement	100,8	99,3	100,7	100,7	108,9
Produits agricoles du pays	92,3	97,4	102,6	101,7	105,2
dont : Céréales	65,3	95,1	104,9	108,8	98,1
Autres produits et bois	104,5	96,8	103,2	104,2	121,8
Animaux	106,8	100,8	99,2	90,0	91,1
Articles industriels du pays	100,6	100,6	99,4	93,3	100,8
Indice des prix de détail	94,3	99,1	100,9	100,1	97,2
Coût de la vie (ville)	110,5	103,3	96,7	97,6	91,7
Prix-indice des produits achetés par le paysan ¹	103,0	101,5	98,5	99,0	99,8

Les prix des articles produits et consommés dans le pays ont augmenté de 5% au cours de la période considérée ; les articles de consommation et d'investissements ont enchéri les uns et les autres de la même façon. Les prix des produits agricoles du pays ont augmenté de 14%, mais leur mouvement varie d'une branche à l'autre : plus élevés de 50% pour les céréales et de 16% pour les autres produits agricoles et forestiers, ils ont diminué de 15% pour le bétail, les laitages et les volailles ; cette diminution est due, probablement, à la politique des hauts prix pratiquée pour les céréales, et compense en partie pour le consommateur le prix élevé du pain. Les articles industriels fabriqués dans le pays ont conservé un prix à peu près stable.

L'indice du coût de la vie dans les villes aussi bien que celui des produits achetés par les cultivateurs montre une baisse, le premier de 20% et le second de 3% entre 1933 et mai 1936. Pour l'habitant des villes, les avantages de la diminution du coût de la vie ont probablement été annulés par une réduction des traitements et salaires ; pour le paysan, au contraire, l'abaissement du prix des articles achetés par lui a été accompagné d'une augmentation du prix des produits agricoles de 15% ; la situation du paysan depuis 1933 paraît certainement améliorée.

b) Evolution de la production, du commerce et de la consommation.

Les indices relatifs à cette évolution indiquent une tendance presque générale à l'amélioration tant de la production que des chiffres d'affaires et de la consommation.

	1933	1934	1935	1935 (1 ^{er} trimestre)	1936
Valeur de la production industrielle (en millions de leva)	—	4.847	5.162	999	1.177
Indice des ventes d'usines (1934/35 × 100)	—	96,5	103,6	83,9	100,5
dont : pour la consommation :					
a) Produits alimentaires	—	93,4	106,6	95,8	101,2
b) Autres produits	—	99,2	101,8	83,6	105,4
Chiffres d'affaires des bourses, moyenne mensuelle (en millions de leva)	46,5	102,4	162,9	115,2	123,2
Billets de cinéma, de théâtre vendus, moyenne mensuelle (en millions de leva)	217,8	238,8	253,5	270,1	335,2

c) Sociétés anonymes en Bulgarie.

Les statistiques de la Banque nationale donnent les renseignements suivants sur l'activité des sociétés par actions en Bulgarie au cours de 1934 :

	Nombre	Capital versé et fonds	Total des bilans	Comptes de profits et pertes
		(Millions de leva)		
Banques	107	1.222	5.509	— 12
Compagnies d'assurance	20	206	1.222	— 0,4
Sociétés industrielles	401	4.185	7.051	— 69
Sociétés commerciales	352	833	2.113	— 73
Sociétés de transport	25	118	150	+ 0,6
Total	905	6.565	16.043	— 153,5

¹ Moyenne des prix-indices pour les cultivateurs de tabac et de céréales avec excédents.

Il est intéressant de remarquer que le groupe le plus important, celui de l'industrie, paraissait présenter, à la fin de la cinquième année de la crise, une situation saine. Le capital fixe, comprenant les immeubles, les machines et les droits de concession, s'élevait à 3,7 milliards alors que le capital versé et les réserves représentaient 4,2 milliards; les dettes étaient bien couvertes par des avoirs mobilisables représentés par les stocks, les matières premières, le portefeuille commercial et la caisse.

L'on a cherché à déterminer l'importance du capital étranger investi en Bulgarie et, dans ce but, l'on a qualifié de société étrangère toute société où le capital étranger excède 80%. En 1932, il y avait en Bulgarie 120 sociétés étrangères avec 2.291 millions de capital versé (46,5% du total); en 1935, leur nombre était tombé à 102 et le capital à 2.067 millions (41% du total). Ce montant ne représente pas tout le capital étranger en Bulgarie, puisqu'on néglige ainsi le capital investi dans les sociétés bulgares pour une proportion inférieure à 80% du capital de la société; l'on se fera une idée assez exacte, semble-t-il, en considérant que le capital étranger représente environ 50% du capital des sociétés par actions. C'est dans les sociétés de transport que la participation étrangère est la plus élevée (il représente plus de 80% dans 47% des sociétés). Les capitaux sont pour un quart de nationalité belge, un quart suisse, et un dixième pour chacun des deux pays France et Italie. Il est à remarquer que l'Allemagne, qui tient une place importante dans le commerce et la Banque, n'a qu'une très faible participation dans l'industrie bulgare.

d) *Sucre.*

Le dernier rapport avait signalé (page 14) que la Bulgarie n'ensemencerait pas de betterave en 1936 dans les régions des sucreries; l'interdiction était accompagnée de lourdes pénalités en cas d'infraction. Un accord est intervenu ultérieurement entre le Gouvernement et les sucreries leur donnant à ensemercer pour cette année un territoire de 8.400 hectares. La betterave doit être achetée par les sucreries à 420 leva la tonne (450 leva étaient demandés par le Gouvernement); le prix de vente du sucre est réduit de 0,70 leva par kilo dont bénéficiera le Gouvernement, qui reçoit, en outre, le droit d'accise ancien (13,20). Le consommateur paiera le sucre au prix antérieur.

Lorsque intervint cet accord à une date tardive, les terres généralement réservées à la betterave étaient pour partie plantées d'autres cultures, et malgré diverses mesures prises pour encourager ou même pour contraindre le paysan à ensemercer de la betterave, la moitié à peine des superficies de l'année dernière produiront cette année de la betterave.

VI. ÉTABLISSEMENT DES RÉFUGIÉS BULGARES.

1. *Position au 31 mai 1936 du compte bloqué de l'emprunt 1929.*

	Leva
Produit net	1.614.296.149
Dont mis à la disposition du service d'établissement	1.610.824.302
	<hr/>
Solde en dépôt à la Banque nationale	3.471.847

2. *Rendement des revenus gagés.*

(En millions de leva.)

Chapitres du budget	Encaissements			1/12 des évaluations budgétaires
	Mars	Avril	Mai	
11. Accise sur le sel étranger, le café et autres marchandises et boissons étrangères	13,0	9,6	10,2	15,9
12. Accise sur le vinaigre, la bière, l'acide carbonique et autres boissons indigènes et accise sur l'alcool	4,5	4,9	4,9	4,7
15. a) Accise sur le sel	2,2	6,0	4,4	22,7
b) Accise sur le sucre et la glucose	22,8	22,4	21,1	22,7
c) Accise sur le riz et autres marchandises indigènes	2,2	1,5	1,0	3,8
31. Vente des allumettes	5,8	6,9	6,5	6,7
Total	50,5	51,3	48,1	58,0

Les versements des réfugiés affectés au remboursement des dépenses d'établissement ont atteint les montants ci-après (en leva) :

	Mars	Avril	Mai	Antérieurs	31 mai 1936
Intérêts	93.733	104.067	2.395.141	5.835.136	8.428.077
Amortissement et impôt foncier	1.007.464	43.913	15.126	19.886.979	20.953.482
Total	1.110.197	147.980	2.410.267	25.722.115	29.381.559

3. *Utilisation de l'emprunt.*

Les engagements restant à régler au 31 mai 1936 s'élèvent à 5.154.844 leva.
Pour y faire face, la Direction générale de la Dette publique dispose de :

	Leva
Banque nationale, compte Commissariat	3.471.847
Banque nationale.	1.682.997
	<hr/>
	5.154.844

VII. EMPRUNT DE STABILISATION 7½% 1928.

Le compte bloqué de l'emprunt est soldé.

Rendement des revenus gagés (douanes).

	(En millions de leva)			
Mars	Avril	Mai		1/12 des évaluations budgétaires
65,5	82,5	73,3		60,75

3. *Utilisation du produit de l'emprunt.*

I. *Chemins de fer et ports.*

	Leva
La totalité de cett tranche s'est montée à	672.300.000
dont engagés au 31 mai 1936	672.051.940
	<hr/>
Solde non engagé	248.060
Reste à payer sur engagements opérés	565.259
	<hr/>
Solde à engager ou à payer	813.319
Sommes aux mains de l'Administration.	2.214.878
Solde à recevoir du produit de l'emprunt	—

II. *Routes et ponts.*

	Leva
La totalité de cette tranche s'est montée à	182.031.732
dont engagés au 31 mai 1936	181.844.182
	<hr/>
Solde non engagé	187.550
Reste à payer sur engagements opérés	—
Sommes aux mains de l'Administration.	187.550
Solde à recevoir du produit de l'emprunt	—
	<hr/>
	187.550

Appendice I.

**a) RÉSULTATS PROVISOIRES DES CINQ PREMIERS MOIS DE L'EXERCICE 1936
COMPARÉS AUX RÉSULTATS DES EXERCICES PRÉCÉDENTS.**

	Données annuelles			Résultats provisoires 1 ^{er} janvier-31 mai 1936			
	Résultats définitifs		Prévisions budgétaires 1936	1935	1936		%
	1934	1935			Effectives	5/12 des prévisions 1936	
I. RECETTES.	(9 mois)	(12 mois)	(12 mois)				
A. Budget de l'Etat :							
I. Recettes fiscales :							
1. Impôts directs		394,4	382	136,4	178,4	159,2	112
2. Impôts indirects :							
Douanes		821,8	920	326,4	394,1	383,3	102,8
Accises		1.214,9	1.464,6	462,8	517	610,3	84,7
Enregistrem ^t		90,0	102	36	37,6	42,5	88,3
Timbre		285,1	330	108,5	128,6	137,5	93,5
3. Amendes et con- fiscations		88,5	87	36,4	28,7	36,2	79,1
4. Monopoles		117,2	125	41,9	47,6	52,1	91,3
5. Exercices clos		292,2	250	121,9	109,7	104,2	105,2
II. Autres recettes :							
6. Entreprises d'Etat		547,6	654,7	133,5	216	272,8	
7. Participation des communes aux appointements des instituteurs et médecins		286,8	412	116,9	138,6	171,7	80,7
8. Recettes diverses		705,6	467,6	158,4	174,5	194,8	89,5
9. Nouveaux fonds incorporés		346,8	376,8	111,3	157,4	157	100,2
III. 10. Recettes extra- ordinaires		—	172	—	43,2	71,7	60,3
IV. Recettes d'ordre :							
II. Reprises en re- cettes des sol- des non trans- férés du service de la dette ex- térieure		531,9	419,8	—	28,2	174,9	16,1
V. Ressources d'emprunts 1936		—	—	—	51,4	—	—
Total	4.114,2¹	5.722,8¹	6.163,5	1.790,4	2.251	2.568,2	85,6
Total des recettes réelles	3.938,6¹	5.191,0¹	5.743,7	1.790,4	2.222,8	2.393,3	90,8
B. Budget des chemins de fer et ports	915,5	1.214,8	1.393	421,9	474,6	580,4	81,7
Total général	5.029,7¹	6.937,6¹	7.556,5	2.212,3	2.725,6	3.148,6	84,9
Total général non compris N° II	4.854,1¹	6.405,6¹	7.136,7	2.212,3	2.697,4	2.973,7	89,9

¹ Pour rendre possible la comparaison des budgets 1934/35 (9 mois) et 1935 avec le budget 1936, il a été ajouté en recettes et en dépenses un montant de 323,6 millions pour le budget 1935 représentant, approximativement, les recettes et les dépenses des fonds qui sont incorporés dans le budget 1936 et étaient gérés en dehors des budgets 1934/35 et 1935.

Appendice I (suite).

	Données annuelles			Résultats provisoires 1 ^{er} janvier - 31 mai 1936		
	Résultats définitifs		Prévisions budgétaires 1936	1935	1936	
	1934	1935			Dépenses effectives	Dépenses autorisées par budgets mensuels
II. DÉPENSES.	(9 mois)	(12 mois)	(12 mois)			
A. Budget de l'Etat :						
Pouvoir suprême		39,4	37,6	13,5	15,3	16
Cour des comptes		19	20,4	6,7	7,6	8,5
Affaires étrangères et Cultes . .		146,9	156,8	26,8	44,3	66,3
Intérieur et Santé publique . .		352,6	476	76,6	147,9	185,9
Instruction publique		720,6	873,9	153,3	327,7	367
Finances et Dette publique . .		2.325,2	2.443,4	531,8	787,2	905,1
Justice		161,1	166,3	36,4	59	69,4
Guerre		1.006,7	1.051,8	250,3	279,4	437
Commerce					21,7	28,2
Agriculture		300,5	396,9	57,9	102,3	129
Communications		478,2	540,5	93	159,4	217,6
Crédits supplémentaires divers.	—	134,7	—	163,5	83,5	—
	—	323,7 ¹	—	69,7 ²	—	—
Total	4.492,6¹	6.008,6¹	6.163,5	1.477,7	2.035,3	2.430
B. Budget des chemins de fer . . .	786,9	120,7	1.393	123,1	465,6	530
C. Dépenses en souffrance	—	—	—	794,3	554,7	—
Total général	5.279,5¹	7.215,6	7.556,5	2.395,1	3.055,6	2.960
Total général non compris les dé- penses correspondant aux sol- des non transférés de la Dette publique	5.103,9¹	6.683,6¹	7.136,7	2.395,1	3.027,4	2.785,1
Déficit	249,8	278	—	183,8	330	—

¹ Pour note 1, voir page précédente.

² Somme correspondant à des dépenses supportées par le budget 1936 qui ne l'étaient pas en 1935.

b) RÉSULTATS MENSUELS DES TROIS DERNIERS MOIS.
(En millions de leva.)

	1936	Mars		Avril		Mai				
	1/12 du budget autorisé	1935	1936		1935	1936				
			Effec- tives	Budget mensuel		Effec- tives	Budget mensuel	1935	1936	
								Effec- tives	Budget mensuel	
RECETTES.										
A. Budget de l'Etat :										
I. Recettes fiscales :										
1° Impôts directs . . .	31,8	16,2	25,7	25	21,4	31,9	30	36,9	56,8	28
2° Impôts indirects :										
Douanes	76,7	41	78,5	75	65,5	92,1	70	70,4	83,5	76
Accises	122,1	61	106,6	110	87,3	113,2	110	89,2	101,5	106
Enregistrement . . .	8,5	4,6	7,6	7,5	6,4	8,4	7	6,5	8,3	7,5
Timbre	27,5	13,4	26,1	25	21,8	29	25	23,8	25,4	26
3° Amendes et con- fiscations	7,2	6,2	5,1	7	6,6	4,9	7	6,3	5,7	6,5
4° Monopoles	10,4	4,9	8,7	10	8,2	10,4	10	10,9	9,2	9,5
5° Exercices clos . . .	20,8	16,5	19,5	18	20,1	14,3	20	14,7	15	20
Total des recettes fiscales	305	163,8	277,8	277,5	237,2	304,2	279	258,7	305,4	279,5
II. Recettes diverses :										
6° Entreprises d'Etat	54,6	21,7	30,6	51,3	25,6	37,1	56,3	21,7	85,9	56,6
7° Participation des communes aux appointements des instituteurs et médecins . . .	34,3	0,2	34,9	30	18,5	23,6	32,7	22,4	29,3	32
8° Recettes diverses .	39	19,1	31,7	36,2	32,9	30,4	40	26,4	30,7	32,9
9° Nouveaux fonds incorporés	31,4	17,6	44,8	38	19,6	25,4	35	25,7	31,9	30
Total des recettes diverses	159,3	58,6	142	155,5	96,6	116,5	164	96,2	177,8	151,5
III. 10° Recettes extraordi- naires	14,3	—	15,5	12	—	5,2	12	—	16,6	14
IV. Recettes d'ordre :										
11° Reprise en recet- tes des soldes non transférés de la dette publique extérieure	35	—	—	35	—	—	35	—	18,5	35
Total	513,6	222,4	435,3	480	333,8	425,9	490	354,9	518,3	480
Total des recettes réelles (sans les soldes) (N° II)	(478,6)	(222,4)	(435,3)	(445)	(333,8)	(425,9)	(455)	(354,9)	(499,8)	(445)
B. Chemins de fer et ports .	116,1	58,8	95,8	100	87,2	105,7	100	93,8	103	130
Total mensuel général . . .	629,7	281,2	531,1	580	421	531,6	590	448,7	621,3	610
Total mensuel, non compris les sommes récupérées	(594,7)	(281,2)	(531,1)	(545)	(421)	(531,6)	(555)	(448,7)	(602,8)	(575)
DÉPENSES.										
A. Budget de l'Etat										
B. Chemins de fer et ports .										
Total des dépenses	629,7	183,5	758,7	580	426,3	486,3	590	434	637,6	610
Dépenses en souffrance (+ ou — au cours du mois).	—	+144	-222,5	—	+7,5	+128,8	—	+46,3	-34,4	—
Total mensuel général . . .	629,7	327,5	536,2	580	433,8	615,1	590	480,3	603,2	610
Total mensuel, non compris les dépenses correspon- dant aux soldes non transférés de la dette publique extérieure. . .	(594,7)	(327,5)	(536,2)	(545)	(433,8)	(615,1)	(555)	(480,3)	(584,7)	(575)

c) SITUATION DÉTAILLÉE ET COMPARÉE DES RECOUVREMENTS DES IMPÔTS DIRECTS POUR LES CINQ PREMIERS MOIS DE L'EXERCICE 1936.

Impôts	Résultats 1 ^{er} janvier-31 mai				Prévisions 1936	
	1935	1936	+ ou -	% de 1936 par rapport à 1935	Quote-part exigible	% des recouvrements
Impôts cédulaires	81,6	110,9	+ 29,3	136	83	134
Impôt global sur le revenu	1,5	2,9	+ 1,4	189	6,2	46
Impôt sur les sociétés	1,6	12,3	+ 10,7	770	10	123
Impôt sur les brebis et les chèvres	12,7	13,5	+ 0,8	107	18	75
Impôt sur l'exemption de la prestation	9,4	18,0	+ 8,6	191	18	100
Impôt militaire	8,5	10,7	+ 2,2	126	10	107
Impôt sur les successions	11,8	10,1	- 1,7	86	14	72
Total	127,1	178,4	+ 51,3	140	159,2	112
Impôts arriérés	113,0	102,4	- 10,6	91	1.425,6 104,1 ¹	7
Amendes et intérêts de retard sur impôts arriérés	23,7	17,6	- 6,1	79	22,9 ¹	76
Total général	263,8	298,4	+ 34,6	113	286,2¹	104

¹ Cinq douzièmes des prévisions budgétaires.

d) SITUATION DE LA TRÉSORERIE MARS-MAI 1936.

(En millions de leva.)

	Mars	Avril	Mai
Solde au début du mois du compte du Trésor à la Banque nationale	542,2	421,5	652,2
Budget de l'Etat et des chemins de fer :			
Encaissements	531,1	531,5	621,3
Décaissements	- 758,7	- 504,5	- 670,7
	- 227	+ 27,0	- 49,4
Ressources extrabudgétaires :			
Diverses	106,9	185,5	- 22,0
Emission de bons du Trésor	—	—	—
Emission d'obligations (emprunt 1936)	—	18,2	+ 33,2
	+ 106,9	+ 203,7	+ 11,2
Solde en fin de mois du compte du Trésor	425,1	652,2	614,0
Paiements exigibles en souffrance (non compris les dettes à long terme consolidées ou en suspens)	460,2	589,0	554,7
Solde	- 38,7	+ 63,2	+ 59,3

Appendice IIa.

SITUATION DE LA BANQUE NATIONALE DE BULGARIE.

(En millions de leva.)

	15 juin 1934	15 juin 1935	15 mars 1936	15 juin 1936
ACTIF.				
Or monnayé et non monnayé	1.547	1.583	1.591	1.607
Devises-or.	12	20	11	5
Autres devises	96	354	402	450
Monnaies divisionnaires	314	536	579	591
Portefeuille et avances de commerce.	349	242	206	361
Bons du Trésor.	668	666	1.010	1.027
Dette de l'Etat.	2.783	2.698	2.671	2.671
Autres avoirs	554	549	501	548
	<u>6.343</u>	<u>6.648</u>	<u>6.971</u>	<u>7.261</u>
PASSIF.				
Capital versé et réserve	1.737	1.760	1.749	1.746
Billets de banque en circulation . . .	2.589	2.096	2.102	2.188
Comptes courants et de dépôts . . .	1.661	2.249	2.105	2.269
dont de banques	(816)	(802)	(933)	(954)
Exigibilités en devises.	44	127	122	145
Autres exigibilités	313	417	893	912
Couverture %	35,65	33,98	33,18	35,91
Taux de l'escompte	7	7	6	6
Circulation totale.	3.515	3.201	3.164	3.238

Appendice IIb.

**CHANGE ACHETÉ ET VENDU PAR LA BANQUE NATIONALE DE BULGARIE
PENDANT LA PÉRIODE JANVIER-AVRIL 1935 ET 1936.**

(En millions de leva.)

	1935			1936		
	libres	bloquées	total	libres	bloquées	total
<i>Change acheté.</i>						
Exportation	64,4	751,3	815,7	57,8	611,3	669,1
Services privés	12,0	10,7	22,7	12,2	18,8	31,0
Services publics.	11,1	1,7	12,8	8,3	3,7	12,0
Voyageurs	2,6	4,7	7,3	4,8	3,8	8,6
Revenus de placements à l'étranger	1,1	6	1,7	2	7,5	7,7
Autres revenus privés	5,4	4,6	10,0	4,0	6,7	10,7
Importations de capitaux à long terme	1,8	21,7	23,5	2,5	21,2	23,7
Crédits étrangers à court terme . .	31,7	3,0	34,7	41,3	—	41,3
Réévaluation.	10,2	10,4	20,6	9,2	14,2	23,4
Non indiqués	9,3	10,2	19,5	8,7	1,9	10,6
Dépôts retirés de la Banque natio- nale bulgare	4,5	1,1	5,6	45,2	1,4	46,6
Total	154,1	820,0	974,1	194,2	690,5	884,7
<i>Change vendu.</i>						
Importation	41,9	455,4	497,3	41,2	704,1	745,3
Services publics.	8	6,0	6,8	5	4,7	5,2
Dépenses de particuliers	8,6	23,0	31,6	8,1	37,4	45,5
Intérêts et dividendes	3,2	1,7	4,9	7	2,7	3,4
Service de la dette publique. . . .	34,1	8,1	42,2	30,5	3,1	33,6
Autres dépenses de l'Etat	16,3	28,5	44,8	17,9	27,4	45,3
Remboursement de crédits à court terme	28,3	42,2	70,5	45,2	1,3	46,5
Remboursement de crédits à long terme et exportation de capi- taux	1,6	26,0	27,6	1,5	31,7	33,2
Réévaluation.	3,7	8,6	12,3	1,9	11,0	12,9
Non indiqués	4,4	6,0	10,4	10,2	4,6	14,8
Dépôts reçus par la Banque natio- nale bulgare	30,4	—	30,4	41,1	—	41,1
Total	173,3	605,5	778,8	198,8	828,0	1.026,8

Appendice IIc.

BANQUE AGRICOLE ET COOPÉRATIVE DE BULGARIE.

Bilan au 31 décembre 1933.

(En millions de leva.)

ACTIF.		PASSIF.	
Caisse et Banque nationale	368,1	Capital et réserves	1.098,1
Placements :		Emprunts à obligations :	
Prêts hypothécaires	381,1	5% emprunt agricole,	
à des particuliers	2.014,0	1896	116,4
aux coopératives	2.658,3	7½% emprunt de stabi-	
à l'Etat	658,7	lisation 1928	358,6
aux communes	113,8		
<i>dito</i> pour cons-			475,0
tructions d'éco-		Dépôts et comptes courants :	
les primaires	462,2	Dépôts d'orphelins	275,2
Bons du Trésor, escomp-		Dépôts à terme	3.711,1
tés à la Banque natio-		Dépôts d'épargne	1.036,7
nale	500,0	Comptes courants à	
Bons du Trésor non		intérêts	1.497,4
escomptés	25,0	Excédents de coopéra-	
Portefeuille contentieux	262,7	tion	249,2
		Dépôts en garanties	67,7
	7.075,8	Service d'assurance près	
Titres d'Etat	26,6	la Banque	42,7
Participations financières :			
Banque hypothécaire		Autres passifs	6.880,1
bulgare	17,9	Passifs conventionnels :	257,6
Crédit bulgare	10,0	Garanties	171,3
		Réescompte	140,0
	27,9	Réescompte de bons du	
Immeubles et mobiliers	109,8	Trésor	50,0
Fournitures :		Prêts garantis par l'Etat	
Outils agricoles	33,3	aux communes, réfu-	
Achats de produits agri-		giés, etc.	422,6
coles	287,1	Prêts de l'emprunt pour	
		les réfugiés	502,6
	320,4	Semences distribuées	
Autres actifs	972,2	par la Direction des	
Actifs conventionnels :		céréales	74,2
Garanties	171,3	Effets à encaisser	32,0
Prêts garantis par l'Etat		Déposants	1.615,8
aux communes, réfu-			
giés, etc.	422,6		3.008,5
Prêts de l'emprunt pour		Total	11.719,4
les réfugiés	502,6	Divers comptes statistiques	2.598,5
Semences distribuées			
par la Direction des		Total général	14.317,8
céréales	74,2		
Effets à encaisser	32,0		
Déposants	1.615,8		
	2.818,5		
Total	11.719,3		
Divers comptes statistiques	2.598,5		
Total général	14.317,8		

Appendice IIa.

SITUATION DES BANQUES PRIVÉES EN BULGARIE AUX 31 MARS 1935
ET 31 MARS 1936.

(En millions de leva.)

ACTIF.	1935	1936
1° Caisse et Banque nationale	496,0	365,0
2° Autres banques	119,7	305,8
3° Effets escomptés	1.055,8	1.265,6
4° Avances	1.842,0	1.591,5
5° Gages	310,7	235,6
6° Placements	240,0	256,1
7° Immeubles et mobilier	253,0	255,6
8° Contentieux et effets protestés	647,5	587,1
9° Divers	460,9	496,6
Balance	5.425,6	5.358,9
PASSIF.		
1° Capitaux	1.116,9	1.026,8
2° Dépôts d'épargne	1.230,4	1.287,4
3° Dépôts commerciaux	1.358,9	1.430,7
4° Autres créditeurs	551,3	541,2
5° Banques	46,8	44,8
6° Réescompte	212,7	288,5
7° Gages	310,7	235,6
8° Succursales	204,6	225,5
9° Divers	393,3	278,4
Encaisse envers dépôts	19,2 1/2	13,4%
Contentieux envers avances et effets escomptés	21,4%	20,5%

Appendice III.

	Commerce extérieur					Indices économiques							Banque nationale							
	Valeur (millions de leva)			Poids (1.000 t.)		Trans- port sur chemin de fer. Mar- chan- dises arrivées (1.000 tonnes)	Volume de la produc- tion indus- trielle 1934/35 = 100	Ventes de détail des coopé- ratives (mil- lions leva)	Prix de gros, 1926 = 100	Coût de la vie 1926 = 100	Total des dépôts ¹ (millions leva)	Total des place- ments ² (millions leva)	Or	Mon- tant net des devises ³	Porte- feuille commer- cial ⁴	Dette cour- rante du gou- verne- ment ⁴	Circulation		Couver- ture %	Taux d'es- compte
	Impor- tations	Expor- tations	Balance + ou -	Impor- tations	Expor- tations												de bank- notes	totale		
	(En millions de leva.)																			
	Moyenne mensuelle					Moyenne mensuelle							Fin							
1931	388	495	+ 107	24,6	64,1	366	—	—	79,1	90,1	—	—	1.511	257	579	279	2.919	3.629	37,69	9 1/2
1932	289	282	— 7	21,8	49,0	376	—	—	70,3	83,1	—	—	1.519	123	427	423	2.035	3.521	36,07	8
1933	184	237	+ 53	19,2	35,9	335	—	31,3	61,8	77,2	9,391	10,427	1.545	141	473	818	2.984	3.971	35,39	8
1934	187	211	+ 24	20,5	33,0	327	98,3	31,1	63,6	72,1	9,722	10,454	1.547	121	373	655	2.449	3.736	35,71	7
1935	251	271	+ 20	23,0	27,3	344	101,7	51,4	65,1	68,3	10,323	10,426	1.591	448	612	910	2.497	3.731	33,37	6
1935 :																				
I	198	129	— 69	18,6	17,6	222	72,2	37,9	64,5	70,9	10,254	10,426	1.547	118	285	655	2.226	3.409	35,12	7
II	168	145	— 23	17,2	12,6	235	79,3	39,4	64,3	71,0	10,320	10,413	1.547	271	264	655	2.176	3.342	33,40	7
III	185	192	+ 7	16,1	9,7	238	84,6	55,2	64,2	70,3	10,226	10,281	1.552	358	181	616	2.140	3.258	34,06	7
IV	254	443	+ 189	22,0	15,6	267	86,1	53,9	66,0	68,4	10,206	10,272	1.568	317	208	416	2.173	3.344	36,20	7
V	283	265	— 18	27,4	23,2	302	92,1	53,0	64,7	68,1	10,254	10,268	1.583	299	218	666	2.123	3.234	33,13	7
VI	281	195	— 86	21,4	13,7	329	92,9	55,9	64,3	68,3	10,209	10,342	1.583	174	281	670	2.152	3.286	33,69	7
VII	199	177	— 22	22,5	18,5	374	93,0	47,4	64,2	68,7	10,262	10,398	1.583	85	281	600	2.133	3.287	35,79	7
VIII	268	151	— 117	26,6	16,6	401	100,5	54,0	64,0	67,9	10,246	10,474	1.583	73	391	600	2.266	3.448	35,53	6
IX	215	304	+ 89	20,8	44,0	465	140,4	49,3	64,4	67,7	10,236	10,640	1.583	93	589	605	2.408	3.669	34,79	6
X	314	556	+ 242	27,7	76,0	507	147,3	47,7	66,6	65,7	10,219	10,553	1.583	112	605	755	2.413	3.681	33,65	6
XI	355	401	+ 45	30,6	56,6	425	109,7	56,2	66,9	66,1	10,453	10,470	1.583	373	554	755	2.303	3.521	33,71	6
XII	288	296	+ 8	25,5	23,0	359	122,1	68,5	66,7	66,2	10,871	10,578	1.591	448	612	910	2.497	3.731	33,37	6
1936 :																				
I	181	376	+ 195	17,4	15,3	229	78,9	48,4	65,8	65,9	10,961	10,552	1.591	383	294	1.010	2.177	3.296	34,18	6
II	303	250	+ 53	22,7	14,6	235	90,9	42,1	65,2	66,3	11,184	10,618	1.591	329	216	1.010	2.113	3.221	35,13	6
III	220	232	+ 12	18,9	17,6	258	108,3	54,1	64,7	66,0			1.591	237	239	928	2.293	3.417	36,06	6
IV	270	238	— 32	24,8	26,1	255	95,2	55,6	66,4	64,0			1.591	247	344	1.028	2.252	3.349	33,65	6
V	296	203	— 93	27,0	31,5	326		61,2	66,3	64,0			1.607	353	358	1.028	2.247	3.323	33,39	6

¹ Des institutions observées.

² Tous les actifs en devises (libres et bloqués) moins les exigibilités en devises.

³ Escompte et avances.

⁴ Escompte et réescompte des bons du Trésor.

Geneva, July 29th, 1936.

LEAGUE OF NATIONS

**FINANCIAL POSITION OF HUNGARY
IN THE SECOND QUARTER OF 1936**

NINETEENTH QUARTERLY REPORT
by Mr. Royall Tyler, the Representative in Hungary
of the Financial Committee

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I. GENERAL.

I. INTRODUCTORY.

(1) The Administration's budgetary deficit for the fiscal year to June 30th last, the losses of the State undertakings included, amounts to 18 million pengő. This is the lowest deficit since the 1931 crisis. It has been covered by reborrowing pengő deposited for non-transferred debt service.

(2) In 1935/36, for the first time for several years, there was no Treasury borrowing on the internal market. However, there was borrowing from the Foreign Credits Cash Office for investments outside the budget, and from the National Bank, in accordance with an arrangement concluded in 1933, for the Agrarian Debts Relief Scheme. The floating debt thus continued to increase, though at a lower rate.

(3) Budgetary receipts of the Administration for 1935/36, at 811.7 million pengő, were 5.5% higher than for the previous year. Expenditure, 829.7 million pengő, including advances to the State undertakings, increased by 2.1%.

(4) The State undertakings did somewhat better in the past year. The losses of both the Railways and the Ironworks were reduced, and the profits of the Post, Telegraph and Telephone increased. In spite of this improvement, net Treasury advances to the undertakings in 1935/36 amounted to 53.8 million pengő.

(5) The estimates for 1936/37 were voted by Parliament before June 30th, no change having been made in the figures as published in the last report.

(6) These estimates provide, as in past years, for the full service of the State's foreign debts, and it is intended to continue to reborrow the pengő deposited in respect of non-transferred service. On the basis of results for the past year, it may be expected that the deficit will be covered in this manner.

(7) The measures unifying exchange premia and surcharges introduced by the National Bank late in 1935 have made for some improvement in the Bank's foreign exchange position.

(8) There has been a considerable increase in imports during the past months, as compared with last year, largely in fodder, to make up for the poor crop of 1935. The values of exports have increased, but quantities have diminished. The six months to June 30th this year leave an import surplus of 3.5 million pengő as against export surpluses of 19.1 million pengő for the same period in 1935, 19.4 million pengő for that in 1934, and 14.9 million pengő in 1933.

(9) An agreement between Hungarian banks and foreign banking creditors, in respect of short-term debts (standstill), has been initialled, to run until July 15th, 1937. This agreement has been initialled, not only by the British and American creditors, but, for the first time, by the French, Swiss and Dutch together. In the main lines, it continues last year's agreement.

(10) 50% of the coupon of the Reconstruction Loan, 1924, as foreshadowed in the *communiqué* issued by the League Loan Committee (London) on July 5th, 1935, has been transferred in the respective currencies for the service year 1935/36.

A *communiqué* issued on July 2nd states that the Government hopes to make transfers at the same rate for the service year 1936/37.

(11) The Rome agreements between Hungary and Italy and Hungary and Austria have been renewed, with no essential changes, for a further year as from July 1936.

(12) Provisional estimates point to a cereal crop above the average. The prospects for autumn crops are thus far satisfactory.

(13) I am indebted to Mr. Henry J. Bruce, Adviser to the National Bank, for the data on which are based the sections of this report dealing with the Bank and exchange control.

2. STATE BUDGET.

(a) Administration Budget, 1935/36.

Provisional returns for the fiscal year ended on June 30th last (for details, see Appendix I) show an increase, as compared with 1934/35, of 2.1% in budgetary and extra-budgetary expenditure, and of 5.5% in budgetary receipts, with a decrease in the adverse balance from 42.6 million pengö to 18 million pengö. These figures refer to the Administration, without the State undertakings, returns for which for the whole year are not yet available. For returns for eleven months to May 31st, see I, 2(c), below. Extra-budgetary expenditure of the Administration, as given below, includes advances to cover the undertakings' losses for the year.

The 1935/36 results compare as follows with those for the four previous years :

	Expenditure			Receipts			Balance
	Budget	Extra-budget	Total	Budget	Extra-budget	Total	
	(In millions of pengö)						
1931/32	863.1	52.9	922.3	781.3	16.8	798.1	— 124.2
1932/33	733.0	70.7	803.7	708.9	6.9	715.8	— 87.9
1933/34	717.0	86.4	803.4	758.6	6.6	765.2	— 38.2
1934/35	728.1	84.2	812.3	762.9	6.8	769.7	— 42.6
1935/36	753.5	76.2	829.7	803.1	8.6	811.7	— 18.0

The 1935/36 estimates provided for 766.5 million pengö budgetary expenditure and 748 million pengö budgetary receipts. Actual expenditure was thus slightly under the estimate, and actual receipts were 55.1 million pengö, or 7.3%, more than the estimate.

The estimate, however, included the full service of the State debts. Now, a considerable part of the State's foreign debt service was deposited in the form of Treasury bills in the Foreign Credits Cash Office, or was the object of special agreement. Actual disbursements in respect of State debt service were 56 million pengö, as against 86.8 million pengö provided in the estimates. Consequently, while expenditure at 753.5 million pengö was 13 million pengö less than the estimate (766.5 million pengö), a total of 30.8 million pengö debt service was either reborrowed or not paid. Thus, expenditure on other objects than State debt appears to have exceeded the estimates by 17.8 million pengö. It should also be remembered that, although the whole of the Reconstruction Loan, 1924, service figures under expenditure, 20.2 million pengö out of the 28.6 million pengö were reborrowed. These 20.2 million pengö do not figure under receipts as given above.

The above table does not include Treasury bills deposited in respect of non-transferred service of the State's foreign debt other than the Reconstruction Loan, or in respect of borrowings from the Foreign Credits Cash Office, or interest added to capital amounts outstanding. These additions to the State's floating debt, together with internal borrowings, may be followed in the tables reproduced in former reports and in I, 2(e), and I, 4, below.

The fiscal year 1935/36, although it brought no change in the practice of reborrowing most of the service of State foreign debt, marks some progress. There has been no actual borrowing of cash on the internal market, as distinct from the Foreign Credits Cash Office, apart from advances from the National Bank under the Agricultural Debts Relief Scheme, as arranged in October 1933 (Eighth Report, page 16). During the previous fiscal year, 1934/35, internal borrowings of the Treasury amounted to 20.4 million pengö. The fact that the market has not had to provide cash to cover deficits of the public enterprises this year has somewhat eased the rigidity from which the financial mechanism of the country has long been suffering.

It may be of interest to glance at a table showing, for the past three years, the State's expenditure and receipts, together with amounts borrowed by the Treasury to cover the undertakings' losses and for public works. These borrowings do not include amounts advanced by the National Bank in connection with the Agrarian Debts Relief Scheme :

State Administration.

Expenditure :	1935/36	1934/35		1933/34
		(In millions of pengö)		
Actual budgetary expenditure	753.5	728.1		717.0
Actual extra-budgetary expenditure .	72.6	84.2		86.4
Together	829.7	812.3		803.4
Receipts :				
Actual budgetary receipts	803.1	762.9		758.6
Actual extra-budgetary receipts (re-funds)	8.6	6.8		6.6
	811.7	769.7		765.2
Balance	— 18.0	— 42.6		— 38.2

	1935/36	1934/35 (In millions of pengö)	1933/34
Treasury bills deposited in respect of service of State's foreign debts other than Reconstruction Loan, 1924	17.0	17.5	20.4
Treasury advances to cover deficit of the State undertakings	62.4	70.8	73.0
Loans from Foreign Credits Cash Office for investments of the undertakings	6.3	5.7	4.5
Loans from Foreign Credits Cash Office for investments of the Administration	7.5	7.7	8.9
	<u>76.2</u>	<u>84.2</u>	<u>86.4</u>

Borrowings :

Treasury bills deposited in respect of non-transferred Reconstruction Loan service (included in actual budgetary expenditure)	20.2	20.3	19.6
Treasury bills deposited in respect of State's foreign debt other than Reconstruction Loan	17.0	17.5	20.4
Borrowings for public works	11.5	16.0	7.5
Borrowings to cover deficit : Foreign Currencies Loan	—	—	0.1
Internal borrowings on basis of arrears of dues (Law XXVI, 1931)	—	—	20.0
Loan to State Railways from banks (Law XIV, 1934)	—	20.0	—
Treasury bills placed internally with industry, banks, etc.	—	0.4	2.3
Loan from Foreign Credits Cash Office to repay certain short-term internal debts	—	12.0	—
Together	<u>48.7</u>	<u>86.2</u>	<u>69.9</u>

Treasury advances to the undertakings have decreased appreciably from 1934/35 to 1935/36, and the latter year has given rise to no internal borrowings against arrears of dues.

A detailed statement of expenditure by departments, and of receipts, will be found in Appendix I. It may be useful to supplement this by an analysis of receipts for the whole year, side by side with the relevant figures for the two preceding years :

Receipts of the Administration.

	1935/36	1934/35 (In millions of pengö)	1933/34
Direct taxes	229.6	225.1	228.4
Turnover taxes	119.0	108.8	99.0
Dues	100.0	94.4	99.3
Consumption taxes	92.8	85.0	84.0
Customs	42.1	42.4	36.4
Tobacco	111.6	106.5	105.8
Salt	26.1	26.2	24.7
Saccharine and Lottery	2.1	2.0	2.0
Departmental receipts	79.4	72.2	78.7
Total	<u>803.1</u>	<u>762.8</u>	<u>758.6</u>

The appreciable increase in receipts from 1934/35 to 1935/36 has taken place chiefly in indirect taxes and taxes on consumption. Direct taxes have risen very slightly and the yield of Customs has declined a shade, though the pengö value of imports has risen considerably, the increase being largely in fodder, imported duty-free. The percentage of total receipts represented by direct taxes was 28.6% in 1935/36, as compared with 29.5% in 1933/34. In view of the general increase in business activity shown by the returns for the past year, it may be hoped that direct taxation will give an increased yield in the coming year.

(b) *Budget for 1936-37.*

The estimates reproduced and commented on in my last report were voted without change by Parliament and became law before the fiscal year ended on June 30th. They compare as follows with estimates for the two previous years :

	1936/37	1935/36	1934/35
	(In millions of pengő)		
<i>Administration :</i>			
Expenditure	788.1	766.5	746.6
Receipts	771.6	748.0	740.6
Balance	— 16.5	— 18.5	— 6.0
<i>Undertakings :</i>			
Expenditure	423.6	409.5	404.1
Receipts	364.5	352.2	343.9
Balance	— 59.1	— 57.3	— 60.1
Total deficit ..	75.6	75.8	66.1

In view of the rising tendency in receipts, the estimate for 1936/37 is on the conservative side ; but it must be remembered that these estimates were introduced into Parliament on April 1st—that is, at a time when nothing could be predicted about this year's harvest, favourable prospects for which have since then begun to influence conditions.

Some internal improvement is perceptible in Hungary at present, but it is not on a scale that would warrant increasing the burdens imposed on the taxpayer. It must be remembered that, over and above the Administration's budget and the deficit of the State undertakings which ultimately has to be covered out of taxation, there is the Agricultural Relief Fund (formerly Boletta, see (f) below), which is fed out of taxation and this year adds 51 million pengő (as against 49.5 million pengő last year) to public charges. There are also the local authorities' budgets, which total 327.5 million pengő for the calendar year 1936. With a national income recent estimates of which (for 1934/35 or for 1935) vary between 3 thousand million pengő and 3.6 thousand million pengő, it appears that a large share of the national income is absorbed by public contributions in one form or another. And increases in the floating debt, in spite of this year's welcome respite, have been at such a rate since 1931 that no further recourse can safely be had to the market. It would thus be very imprudent to assume that the present internal improvement in business and in revenue warrants any relaxation where public spending is concerned.

(c) *State Undertakings.*

There has been an appreciable improvement here over the last year. Expenditure has increased somewhat (3.8%), but receipts more (10%), and it will have been seen above that the burden on the Treasury caused by the undertakings' losses has decreased. Returns for eleven months, to May 31st, compare as follows for this year and the two previous years :

	1935/36	July 1st-May 31st 1934/35	1933/34
	(In millions of pengő)		
<i>Expenditure :</i>			
Actual current budgetary	374.8	361.1	353.9
Actual capital expenditure budgetary	6.7	9.4	7.3
Actual capital expenditure from borrowings	5.7	5.4	3.9
Refunds to the Treasury	8.5	6.8	6.6
Total	395.7	382.7	371.7
<i>Receipts :</i>			
Actual current budgetary	342.9	311.1	308.1
Balance	— 52.8	— 71.6	— 63.6
<i>Borrowings :</i>			
Advances from the Treasury	61.0	59.4	65.2
Treasury bills placed with banks ..	—	18.0	—

Actual Results for the Chief Individual Undertakings.

	Railways		Post, Telegraph, Telephone		Ironworks	
	1935/36	1934/35	1935/36	1934/35	1935/36	1934/35
	(In millions of pengö)					
Current expenditure	235.3	232.6	72.0	70.0	46.8	38.3
Current receipts	198.1	179.6	88.2	84.5	35.7	26.5
Balance, current items.. .. .	—37.2	—53.0	+16.2	+14.5	—11.1	—11.8
Capital expenditure	4.3	5.3	2.3	3.2	—	—
Balance, all items	—41.5	—58.3	+13.9	+11.3	—11.1	—11.8

Advances from the Treasury to the various undertakings for the year to June 30th last amounted to 62.4 million pengö, and refunds to the Treasury to 8.6 million pengö. In addition to this, 6.3 million pengö were advanced to the undertakings for investments. Details of the advances compare as follows with those for 1934/35 and 1933/34 :

	1935/36	1934/35	1933/34
	(In millions of pengö)		
To the State Railways	54.9	57.6	62.2
To the Ironworks	11.9	14.3	14.7
To the Post, Telegraph and Telephone	1.4	4.0	—
To the silk industry	0.5	0.6	0.6
Total	68.7	76.5	77.5

(d) *Situation of the Treasury.*

(1) There is a decided improvement here as compared with the corresponding months last year :

	March 31st	1936		
		April 30th	May 31st	June 30th
	(In thousands of pengö)			
<i>Receipts :</i>				
Balance at the beginning of the month ..	101,691	96,192	87,167	103,193
Budget accounts	61,061	55,441	73,427	74,196
Repayment of advances	2,028	4,082	5,180	10,625
Loan account	—	—	3,948	88
Surplus of the Agricultural Relief (Boletta) Fund	—	1,720	—	2,145
Total	164,780	157,435	169,722	190,247
<i>Expenditure :</i>				
Budget accounts	55,919	61,724	58,052	86,679
Capital expenditure from loans	2,753	42	723	47
Advances	8,769	6,100	4,107	7,660
Deficit of the Agricultural Relief Fund ..	795	—	3,647	—
Loans	352	2,402	—	904
Balance at end of month	96,192	87,167	103,193	94,957
Total	164,780	157,435	169,722	190,247

(2) *Administrative Claims and Liabilities.*—Tax arrears stood at 289.9 million pengö at May 31st last, as against 298.2 million pengö at May 31st, 1935. Most of the decrease is in direct taxes.

Commitments have decreased from 191.9 million pengö at March 31st, 1935, to 169.6 million pengö at June 30th last.

Commitments outstanding at June 30th, 1936.

<i>State Administration :</i>	Foreign	Domestic	Total
	(In millions of pengö)		
Expenditure connected with land reform	—	61.2	61.2
Road-building	—	23.5	23.5
Other administrative investments	—	11.3	11.3
Due to the Central Corporation of Banking Companies	—	30.8	30.8
Other liabilities	—	20.6	20.6
Total	—	147.4	147.4

<i>State Undertakings:</i>	Foreign	Domestic (In millions of pengö)	Total
Investments of Post, Telegraph and Telephone..	—	2.7	2.7
Investments of State Railways	—	0.3	0.3
Forestry investments	—	0.1	0.1
Working capital for State Railways	—	6.3	6.3
Working capital for the State Ironworks	2.2	10.6	12.8
Total	2.2	20.0	22.2
Grand total	2.2	167.4	169.6

(e) *Debt Position.*

Foreign funded debt, at 918.3 million pengö, shows practically no change over the last quarter. Domestic funded debt declined by a shade to 110.2 million pengö.

Foreign floating debt, over the same period, rose by 4.6 million pengö, as a result of the accumulation of interest. Internal floating debt increased by 21.1 million pengö. Of this increase, 10 million pengö is in advances from the National Bank in connection with the Agrarian Debt Relief Scheme and most of the rest in borrowings for investments from the Foreign Credits Cash Office. State guarantees remain almost unchanged at 101.6 million pengö. No loans or credits have been guaranteed during the last quarter. The State is under obligation to pay to the Foreign Credits Cash Office, should the Office be liquidated, the loans obtained from it for public works (see 5(c) below).

Floating Debt of the State on June 30th, 1936.

<i>(a) State Administration:</i>	Foreign	Domestic (In millions of pengö)	Total
1. £3 million Treasury bills, 1930	64.6	—	64.6
2. £5 million Treasury bills, 1931	100.8	43.0	143.8
3. 5% Foreign Currency Loan, 1931	—	5.3	5.3
4. Treasury bills, 1932 ¹	—	90.8	90.8
5. Treasury bills, 1933 :			
(a) 5% bills placed with industry, agriculture, etc.	—	39.4	39.4
(b) 3% bills representing loan for investments from Foreign Credits Cash Office	—	14.0	14.0
(c) Interest on 4% bills to face value of 24,640,737 pengö : loan from Foreign Credits Cash Office, 1932/33 ²	21.2	—	21.2
6. Treasury bills, 1933/34 :			
(a) Interest on 2% bills to face value of 20,564,730 pengö : loan from Foreign Credits Cash Office ²	16.9	—	16.9
(b) Interest on 2% Treasury Bonds to face value of 12,934,601.52 pengö, in connection with League Loan service for 1933/34 ²	0.7	0.1	0.8
7. Treasury bills, 1934/35 :			
(a) Interest on 2% bills to face value of 17,726,232 pengö : loan from Foreign Credits Cash Office, 1934/35 ²	14.2	—	14.2
(b) Interest on 2% Treasury bills to face value of 20,050,230.40 pengö in connection with League Loan service for 1934/35 ²	7.3	0.1	7.4
(c) 3½% Treasury bills deposited with Foreign Credits Cash Office	—	12.0	12.0
8. Treasury bills, 1935/36 :			
(a) Interest on 2% bills to face value of 16,548,222 pengö : loan from Foreign Credits Cash Office, 1935/36 ²	13.3	—	13.3
(b) Interest on 2% bills to face value of 20,160,981.81 pengö deposited in connection with League Loan service for 1935/36 ²	7.5	0.1	7.6
9. Loan in connection with Agrarian Debt Relief (Act XXVII, 1933)	—	48.8	48.8

¹ Total arrears of dues amounted to 93.2 million pengö at May 31st last.

² Treasury bills deposited in respect of amortisation are included in the capital amounts outstanding. In the last report, items 6(b), 7(b) and 8(b) were erroneously stated to be loans from the Foreign Credits Cash Office.

	Foreign	Domestic	Total
	(In millions of pengö)		
10. Book debt taken over by the Treasury in settlement of small farmers' debts (Act XXVII, 1933)	—	8.8	8.8
11. 3 % Treasury bills representing loan from Foreign Credits Cash Office for investments (Act XXVII, 1933)	—	13.5	13.5
12. Loan for co-operative societies (Act XXI, 1934) ..	—	8.2	8.2
13. 3½% Treasury bills representing loan from Foreign Credits Cash Office for investments (Act XXI, 1934)	—	9.5	9.5
14. 3½% Treasury bills representing loan from Foreign Credits Cash Office for investments (Act X, 1935)	—	8.0	8.0
15. Loans for repurchase of bonds	24.1	—	24.1
16. Loans for road-building	7.6	—	7.6
17. Loans for other administrative investments ..	4.7	—	4.7
18. Loans for working balance of the State Administration	25.3	1.0	26.3
	<hr/>	<hr/>	<hr/>
(a) Total	308.2	302.6	610.8

(b) *State Undertakings:*

1. Loans for investments of State Railways	28.1	20.3	48.4
2. Loans for investments of the State Ironworks ..	1.8	3.0	4.8
3. Loans for working balance of the State Railways	0.6	38.2	38.8
4. Loans for working balance of the State Ironworks	15.0	2.4	17.4
	<hr/>	<hr/>	<hr/>
(b) Total	45.5	63.9	109.4
	<hr/>	<hr/>	<hr/>
Grand total	353.7	366.5	720.2

The floating debt stood as follows on September 30th, 1931, and at June 30th of the following years.

	Foreign	Domestic	Total
	(In thousands of pengö)		
September 30th, 1931	313,500	89,000	402,500
June 30th, 1932	302,195	131,178	433,373
June 30th, 1933	292,997	203,734	496,731
June 30th, 1934	337,071	240,603	577,674
June 30th, 1935	342,852	318,550	661,402
June 30th, 1936	353,690	366,526	720,216

(f) *Agricultural Relief Fund (formerly Boletta).*

The 1936/37 estimates of this fund, which is outside the budget but is fed by taxation, show a 3% increase as compared with last year:

	(In millions of pengö)
<i>Receipts:</i>	
1. Turnover tax on flour	24.3
2. Turnover tax on polished rice	0.9
3. Turnover tax on textiles and other goods and contribution from textile firms	15.0
4. Turnover tax on groceries and spices	0.4
5. Cartel dues	1.5
6. Coal tax	1.7
7. Contribution from firms liable to company tax	5.0
8. Increase of turnover tax on yeast	1.4
9. Contribution on sale of hogs	0.7
10. Dues for marking export goods	0.1
	<hr/>
Total	51.0
<i>Expenditure:</i>	
1. Refund of tax on exported flour	5.2
2. Refund of land tax	8.6
3. Refund of contribution in place of labour	5.0
4. Reduced railway rates for agricultural produce	4.0
5. Promotion of marketing and other relief to agriculture	23.0
6. Administrative expenses	3.5
7. Compensation to communes for their share in turnover tax on flour ..	1.0
8. Promotion of products manufactured from hogs	0.7
	<hr/>
Total	51.0

(g) *Reconstruction Loan, 1924, and Assigned Revenues.*

The following *communiqué* was issued on July 2nd by the League Loans Committee (London) :

" State Loan of the Kingdom of Hungary, 1924.

" 1. The League Loans Committee have the pleasure to announce that the Hungarian Government has duly carried out to date, and is continuing to carry out, the arrangements announced on July 6th, 1935, for the service of this League of Nations Loan for the period to August next. Consequently, the Trustees were able to pay the coupon due February 1st, 1936, at 50% of its value ; and it may be anticipated that they will in due course pay the coupon due August 1st, 1936, at 50% also.

" 2. The Hungarian Government has recently been in communication with the League Loans Committee regarding the future service and now announces that it again expressly recognises the special position and claims of this loan ; and it confidently hopes and will use its best endeavours to carry out the following arrangements for the service during the period August 2nd, 1936, to August 1st, 1937, inclusive :

" ' The Hungarian Government will transfer to the Trustees in foreign exchange 50% of the interest service. It will continue to provide in its budget in pengö the equivalent of the full service of the loan, including interest and sinking fund, and to deposit these amounts as at present in an account at the National Bank of Hungary. It will be entitled as hitherto to reborrow the untransferred portion of the service against the deposit of 2% one-year pengö Treasury bills.

" ' The 2% pengö Treasury bills representing the untransferred service of the years 1934/35 and 1935/36 will be renewed for a further year at the same rate of interest.

" ' For the Royal Hungarian Government :
(Signed) Dr. T. FABINYI,
Minister of Finance. ' "

" 3. In the circumstances, the Committee consider that bondholders would be well advised to accept the present proposals of the Hungarian Government.

" For the League Loans Committee (London) :
(Signed) Austen CHAMBERLAIN,
Chairman. "

Assigned Revenues.—There has been a slight increase in these in 1935/36 as compared with 1934/35 :

	1935/36					1934/35				
	Cus- toms	To- bacco	Sugar	Salt	Total	Cus- toms	To- bacco	Sugar	Salt	Total
	(In millions of pengö)									
July-March	31.2	82.7	35.1	16.1	165.1	31.5	79.7	34.0	15.9	161.1
April	4.0	8.9	3.2	1.3	17.4	4.3	9.0	2.7	1.3	17.3
May	3.7	10.1	3.4	1.4	18.6	4.3	9.0	3.2	1.2	17.7
June	3.3	9.9	3.9	1.6	18.7	2.4	8.9	3.2	2.7	17.2
Total	42.2	111.6	45.6	20.4	219.8	42.5	106.6	43.1	21.1	213.3

3. BUDGETS OF THE LOCAL AUTHORITIES.

The local authorities' fiscal year is the calendar year. There is no information as yet available on the execution of their budgets for 1936 (see Eighteenth Report).

Measures adopted by the Chief Mayor of Budapest under special powers conferred upon him for a limited period are expected, when they have taken full effect, to improve the balance of the city's budget by 6.9 million pengö on an annual basis. Adjustments in salaries and allowances are to reduce expenditure by 4.8 million pengö (net), and receipts are to be increased by 2.5 million pengö by raising tram and autobus fares and other measures in the city's transportation department. In the City's budget as finally approved for 1936, expenditure stands at 153.6 million pengö, leaving a deficit of 1.6 million pengö to be covered.

4. STATE BORROWING.

Additions to the State's floating debt for the fiscal year 1935/36, totalling 72.3 million pengö, were as follows. As mentioned in 2(e), above, there was no internal borrowing during

1935/36, apart from advances from the National Bank towards the Agrarian Debts Scheme, and some insignificant amounts provided for in previous years but actually taken up in 1935-36 :

State Borrowing, 1935/36.

Description	Amount (In millions of pengö)	Maturity
1. Treasury bills, placed under Law VIII of 1935 :		
(a) 2% bills deposited with the Foreign Credits Cash Office in respect of State debt service (interest only)	13.32	December 23rd, 1936
(b) 2% bills deposited in respect of non-transferred service of Reconstruction Loan, 1924 (interest only)	7.60	From August 2nd, 1936, to August 1st, 1937
2. Treasury bills, placed under Law II of 1933 :		
(a) 5% bills (placed internally with banks, industry, etc.)	0.03	April 25th, 1937
(b) 3% bills (Foreign Credits Cash Office, for investments 1932/33 programme)	1.00	October 15th, 1936
3. (a) Interest on 5% Treasury bills deposited under Law II of 1933	0.03	December 23rd, 1936
(b) Interest on 5% Treasury bills deposited under Law IX of 1933	0.04	December 23rd, 1936
(c) Interest on 5% Treasury bills deposited under Law XIV of 1934	0.03	December 23rd, 1936
4. Advances from the National Bank in connection with Agrarian Debts Scheme	32.00	December 31st, 1943
5. Debts of small landowners taken over by the State in connection with Agrarian Debts Scheme ..	7.73	December 31st, 1955
6. 3% Treasury bills deposited under Law XXVII of 1933 for investments (1933/34 programme) ..	1.00	February 1st, 1937
7. 3½% Treasury bills deposited under Law XXI of 1934 for investments (1934/35 programme) ..	1.50	September 1st, 1936
8. 3½% Treasury bills deposited under Law X of 1935 for investments (1935/36 programme)	8.00	July 1st, 1937
Total	72.31	

This figure of 72.3 million pengö represents total additions to the State debt, without making allowance for reductions, which amount to a total of 13.5 million pengö. Thus, the net increase in the debt for the year to June 30th last is 58.8 million pengö, as shown by the table in the middle of page 9.

5. MONETARY AND FINANCIAL.

(a) *Position of the National Bank.*

The condensed statement of the National Bank reproduced in Appendix III shows note circulation on a level, over the last quarter, some 6% higher than it was during the corresponding period of 1935. Both public and private deposits have increased. The metal reserve (including certain foreign currencies) has declined over the last quarter; it now stands on a slightly higher level than a year ago. Gold remains unchanged. The State debt to the Bank having risen as a result of advances under the Agrarian Debts Relief Scheme, the percentage of cover has only declined by a trifle since June 30th, 1935. The discount rate has remained unchanged at 4%.

The cash certificates issued in connection with the consolidation of the Bank for International Settlements and Central Bank credits (see Ninth Report, page 7) have decreased as a result of the repayment, with the assent of the other participants, of the Italian part of the Central Bank credit.

(b) *Foreign Exchange Control.*

The rate of increase in foreign exchange receipts from all sources, as compared with last year, was 32% for the first quarter of 1936 and rose to 34% for the first half-year. There has been an increase in all the important categories. Export against pengö has declined from 9.8 million pengö to 5.6 million pengö. In the first half of 1934, export against pengö amounted to 20 million pengö. "Free accounts", in the following table, are not exclusively made up

of *Edelweissen*; they also contain currencies of limited availability. Hungary's exports to Germany rose sharply during the first months of this year (see II, 2, below). However, this table (see also that reproduced in Appendix IV) suggests that there has been a real improvement in the National Bank's foreign exchange position as a result of the unification of premium and surcharge rates (see Seventeenth Report, page 9).

On the outgoings side, allotments for imports have increased by an amount which corresponds roughly to the imports of fodder made necessary by the poor maize and fodder crops of 1935. The following table shows results for six months to June 30th, this year as compared with last :

Incomings :

I. Receipts of the National Bank :	First half-year 1936	First half-year 1935 ¹
	(In millions of pengö)	
1. From exports :		
(a) Through clearings and on blocked accounts	135.56	109.70
(b) On free accounts	32.13	21.31
2. Receipts from other sources (obligatory declaration, State, etc.):		
(a) On blocked accounts	8.53	3.72
(b) On free accounts	16.59	6.16
Total of I	192.81	140.89
II. Compensations	36.21	24.48
III. Export against pengö	5.63	9.81
IV. Purchases by authorised banks	0.80	1.16
Grand total	235.45	176.34

Outgoings :

I. Allotments of the National Bank :		
1. For imports :		
(a) Through clearings and from blocked accounts	129.05	97.03
(b) From free accounts	29.61	17.23
2. For debt service :		
(a) From blocked accounts	8.78	0.25
(b) From free accounts	5.09	11.92
3. To the State :		
(a) From blocked accounts	0.77	3.86
(b) From free accounts	5.36	4.74
4. To others :		
(a) From blocked accounts	8.06	5.38
(b) From free accounts	3.98	4.27
Total of I	190.70	144.68
II. Compensations	36.21	24.48
III. Import through merchandise, pengö	1.74	3.22
IV. Sales by authorised banks	0.46	1.66
Grand total	229.11	174.04

The table given in previous reports showing the average rates of premium and surcharge is discontinued, as, under the new system of unified premia varying according to countries, average rates have little significance. The Compensation Office ceased to exist at the end of April.

(c) *Foreign Debts.*

The position on June 30th, 1936, of the Cash Office for Foreign Credits, into which the pengö equivalent of the untransferred service of long-term loans is paid, was as follows :

I. *Receipts and Payments of the Office.*

A. Under Order-in-Council 6900/M.E. ex 1931 :	State loans	Municipal and other public loans	Other loans	Total
1. Receipts of the Office :				
(a) In cash		(In millions of pengö)		
(b) In Treasury bills	22.6	100.0	112.9	235.5
	80.3	—	—	80.3
Total	102.9	100.0	112.9	315.8

¹ Revised figures.

	State loans	Municipal and other public loans	Other loans	Total
2. Payments by the Office :				
		(In millions of pengö)		
(a) Coupons and bonds redeemed ..	16.7	67.6	95.3	179.6
(b) Advances to redemption offices ..	—	2.3	—	2.3
Total	<u>16.7</u>	<u>69.9</u>	<u>95.3</u>	<u>181.9</u>
3. Balance held :				
(a) In cash	5.9	30.1	17.6	53.6
(b) In Treasury bills	80.3	—	—	80.3
Total	<u>86.2</u>	<u>30.1</u>	<u>17.6</u>	<u>133.9</u>
B. Other receipts of the Office				37.6
Revenue of the Office				11.4
Balance (net)				<u>182.9</u>

II. *Present Position of the Office.*

	(In millions of pengö)
Balance held by the Office :	
(a) In cash	102.6
(b) In Treasury bills	80.3
Total	<u>182.9</u>
Investments out of cash :	
(a) Loan to State for productive investments (secured by Treasury bills of same amounts)	57.0
(b) Call-money and deposits	31.5
	<u>88.5</u>
Net amount at present held in cash	<u>14.1</u>

On State loans there are no arrears to the Office. Other arrears stand at 20.5 million pengö. The net amount held in cash has decreased from 22.2 million pengö a year ago to 14.1 million pengö.

The credits granted by the Office to the State have increased by 11.5 million pengö ; other investments of the Office have not altered since the last report.

The amount deposited in pengö up to June 30th, 1936, under the Standstill Agreement, in respect of interest and commission on short-term banking debts, not satisfied in foreign exchange, totalled 67.35 million pengö, of which 64.62 million pengö had been paid to creditors accepting such payments in satisfaction. The balance held by the National Bank thus amounted to 2.73 million pengö. The amount paid up to June 30th, 1936, under the same agreements for capital repayments in pengö to the National Bank totalled 26.67 million pengö, out of which 25.45 million pengö had been disposed of by the creditors. The balance held by the National Bank amounted to 1.22 million pengö.

(d) *New Standstill Agreement.*

A new Standstill Agreement was initialled on July 6th, to run until July 15th, 1937. The Agreement was initialled, not only by the British and American short-term banking creditors, but by the Dutch, French and Swiss, this being the first time that the Dutch, French and Swiss have all become parties to the Hungarian Standstill.

The rules governing rates of interest payable under it, and obligatory capital repayment, remain the same as they were for 1935/36 (see Fifteenth Report, page 11). The new agreement differs from the former one in certain respects, however :

(1) The rate of obligatory capital repayment on debts of State undertakings, municipalities, and municipal undertakings if guaranteed by a Hungarian bank is raised from 1% to 3%, which is the rate applicable to other Standstill debts ;

(2) The right of any foreign bank creditor to call for repayment in pengö may be transferred to any other (adherent) foreign bank creditor, whether in the same country or not, such transfer being notified to the National Bank ;

(3) Pengö balances accruing to foreign bank creditors under a new clause permitting, in circumstances, commercial or industrial debtors to discharge all or part of their debt may be utilised, subject to the National Bank's consent, for various purposes, including investment in shares quoted or dealt in on the Budapest Bourse, all such purchases being carried out by the Central Corporation of Banking Companies, and the shares so purchased being blocked for three years.

It is calculated that the volume of debts subject to the Standstill is now in the neighbourhood of 320 million pengő.

(e) *Land Settlement Bill.*

The Bill mentioned in the last report has now become law. It was amended in the Upper House in several respects. Noteworthy changes are that a period of three years is fixed during which owners must be notified what parts of their estates are to be expropriated, and that, in the category including the greater part of the land subject to expropriation—*i.e.*, estates of over 3,000 cadastral *joch* of agricultural land—the owner may demand full payment of the expropriation price before the land to be ceded by him ceases to be his legal property. No change was made as to the charges on the Treasury involved: 2 million pengő yearly in the budget for ten years and then 2.5 million pengő yearly for ten further years, plus a sum of 15 million pengő out of the 100 million pengő advance from the National Bank in connection with the Agrarian Debts Relief Scheme.

It is calculated that the land subject to expropriation under this measure from large estates (of over 3,000 cadastral *joch*) will amount to 18% of the total agricultural acreage of such estates. Land available for the scheme, including that taken over in respect of capital-levy and other taxation arrears, is expected to amount to 420,000 *joch*, of which 270,000 *joch* for small proprietary holdings and 150,000 *joch* to be rented in small lots, together 34,000 to 35,000 in number. Payment is to be spread over twenty-five years. Estimates of the compensation to be paid to owners work out on the basis of the above figures at a mean expropriation price of 450 pengő per *joch*. According to the National Chamber of Agriculture, the average price of agricultural land declined from 767 pengő in 1928 to 448 pengő in 1934 and rose to 482 pengő in 1935.

(f) *Hungarian Branch of the Phoenix Insurance Co.*

In connection with the difficulties of the Central Austrian Company and other branches of the Phoenix, a deficiency was revealed in the premium reserves of the Hungarian branch. The deficiency cannot yet be exactly stated, but it is estimated at 12 million pengő, or some 36% of the premium reserves, in addition to which liquidation and other expenses will amount to a further 3 or 4 million pengő.

The assets of the Hungarian branch were attached when the trouble first became known, and its management was placed in the hands of a trustee appointed by the Minister of Finance. A decree providing for the carrying-on of its business was reported to the Committee of Thirty-three on June 28th last. Roughly 6 million pengő of the deficiency in the premium reserve is to be made good at the expense of the insured parties of the Phoenix. Another 6 million pengő is to be contributed in yearly instalments over twenty years, plus 4% interest, by the other insurance companies operating in Hungary, this charge not to be passed on to the insured parties. The rest is to be supplied by the price to be paid for the stock of insurances to be taken over by a new company, "Unitas", founded to continue the business of the Hungarian Phoenix.

II. ECONOMIC SITUATION.

I. GENERAL.

An official estimate issued on July 11th forecasts a considerably better cereal crop than last year's. This latest wheat estimate is roughly 1 million quintals higher than that issued on June 28th, and the actual yield may be better still. The following table shows how this estimate compares with the yield for previous years:

	Estimate July 11th, 1936	Actual yield		Average 1931-1933	Average 1926-1930
		1935	1934		
(In millions of quintals)					
Wheat	24.0	22.9	17.6	21.1	22.3
Rye	7.9	7.2	6.2	7.6	7.4
Barley	6.1	5.5	5.4	7.1	6.0
Oats	2.4	2.4	2.6	2.8	3.5

Agreements have been concluded with Italy, Austria, Switzerland, Holland and Belgium for the placing of this year's exportable surplus of wheat, which may amount to some 8 million quintals.

Fruit, early vegetables and hay are abundant.

No estimates for maize, potatoes and sugar-beet have yet been published. Reports on these autumn crops are good.

The present tendency in internal business is a rising one. Foreign trade is stationary. The last report of the Hungarian Economic Research Institute, issued on May 31st, shows advances in all branches of industry except flour-milling, which is declining, and sugar, unchanged. Even these two branches have improved since the low point of 1932/33. Industrial

employment is rising. Progress is still mainly in capital goods ; consumption goods show a much slower advance. Broadly speaking, Hungarian industry is supplying more and more of the demand for finished goods, which were formerly imported from abroad ; but the purchasing power of the population remains much lower than it was when Hungary bought foreign finished goods and exported, not only far greater quantities than at present, but goods in more valuable forms—*e.g.*, flour instead of grain, and prepared meats instead of live hogs and cattle.

In the last report, estimates of Hungary's gross national income derived from production, trade and distribution were published. Since then, other estimates have been worked out, this time by the Hungarian Economic Research Institute, on an enlarged basis, as the increase of tax-receipts, rents and domestic service are included. Allowing for the difference in the basis of calculation, both sets of estimates follow roughly parallel curves. The degree of recovery shown for 1935 (column 1) is more pronounced than that for 1934/35 (column 2), as prosperity was increasing throughout 1935. The Hungarian Economic Research Institute produces two sets of estimates : one in actual pengő values and the other showing what the national income would have been had prices remained on the average level of 1924/25-1926/27. It may be of interest to compare these three sets of estimates :

				1			2	3
				Hungarian Statistical Office (till 1932) and Volkswirtschaft Ungarns :			Hungarian Economic Research Institute :	
				Production, trade and distribution			Production, trade, distribution, increase of tax-receipts, rents and domestic service	
							Actual pengő values	Pengő values calculated on average prices, 1924/25-1926/27
				(In millions of pengő)				
1929	..	..	..	4,308	1928/29		5,776	5,728
1931	..	..	..	3,043	1930/31		4,541	5,404
1933	..	..	..	2,463	1932/33		3,587	5,167
1934	..	..	..	2,680	1933/34		3,522	5,682
1935	..	..	..	2,964	1934/35		3,666	5,559

It is noteworthy that the national income for 1934/35, calculated on average 1924/25-1926/27 prices (column 3), should show a slight decrease as compared with the previous year, whereas there was an increase in actual pengő values (column 2).

2. TRADE.

Hungary's imports and exports in values, month by month, down to and including June, are shown in Appendix II. For the first half-year, the totals (values) compare as follows with those for January-June 1935 :

	Imports	Exports	Export (+ or —)
(In millions of pengő)			
January-June 1936	219.6	216.1	— 3.5
January-June 1935	173.3	192.4	+ 19.1

Quantities, in millions of quintals, were :

January-June 1936	15.8	6.7
January-June 1935	10.3	6.9

Import quantities for the six months to June 30th last reached the highest figure recorded for any first half-year since 1931. This is largely to be explained by fodder imports, which were abnormally large in the past months. Export quantities are slightly less than they were for the same period last year, and are only a trifle above the lowest—*i.e.*, 6.1 million quintals for January-June in 1933.

The following table illustrates the trend in the distribution of Hungary's foreign trade. Trade with Austria has continued to decline. In the period under review, last year, Hungary took 23.7% of her imports from Austria and sold 20.5% of her exports to Austria ; this year, these percentages have fallen to 13.6% and 14%. With Italy, Hungary's trade has remained on approximately the same level, in percentages of the total. There has been a further big increase in the case of Germany, with which country Hungary now transacts more of her foreign trade than with Austria and Italy together. The United Kingdom, whose share has increased very much of late, now comes fourth on the list of importers from Hungary. Hungary

imported more, in the first quarter of 1936, from Roumania than from any other country except Germany, the increase here being in fodder :

Hungary's Foreign Trade.

(In percentages of total import and export values.)

	Imports				Exports			
	Average	Average	First quarter		Average	Average	First quarter	
	1925-1930	1931-1935	1935	1936	1925-1930	1931-1935	1935	1936
Austria	16.9	17.6	23.7	13.6	32.9	26.0	20.5	14.0
Italy	4.8	7.6	10.3	9.3	6.2	9.8	13.6	14.7
Germany	18.3	21.8	22.2	25.2	11.6	16.9	22.1	31.9
Switzerland	3.4	2.7	2.0	1.8	3.4	5.1	2.2	1.6
Czechoslovakia	23.1	8.2	4.6	3.5	18.6	5.4	5.0	3.9
France	2.5	3.2	1.7	1.0	0.9	3.9	3.0	1.9
England	2.9	4.6	6.7	4.7	2.9	8.3	9.6	9.9
Yugoslavia	4.4	6.0	3.4	4.6	6.1	4.5	2.8	1.8
Roumania	8.2	11.1	5.1	16.8	4.3	4.1	6.0	5.1
Poland	4.8	2.2	0.9	1.4	2.7	0.9	0.8	0.6
Other countries	11.7	15.0	19.4	18.1	10.4	15.1	14.4	14.6
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total values in millions of pengö	1,014.5	384.5	84.0	105.8	884.7	431.6	99.8	114.1
Quantities in millions of quintals	57.3	24.8	4.5	6.7	23.3	16.7	3.3	2.6

The traffic and receipts of the State Railways show a good increase over the corresponding months last year :

State Railways.

	Ton-kilometres		Receipts	
	1935	1936	1935	1936
	(Millions)		(In millions of pengö)	
January	140.7 ¹	141.4	14.0	16.3
February	137.2	141.5	13.4	15.5
March	155.3	156.8	13.6	16.5
April	146.2	152.2	13.6	15.7
May	162.0	171.5	15.7	17.2

Receipts of the Post, Telegraph and Telephone have been slightly higher this year than last :

Post, Telegraph and Telephone.

	Receipts	
	1935	1936
	(In millions of pengö)	
January	8.0	8.1
February	6.8	7.4
March	7.6	8.0
April	7.8	7.8
May	7.5	7.8

3. PRODUCTION AND CONSUMPTION.

The advance in heavy industry continues :

First quarter of :	Output of coal (In millions of tons)	Output of	
		Iron (In thousands of tons)	Steel
1933	1.68	11	37
1934	1.87	26	60
1935	1.91	39	87
1936	1.96	66	137

¹ Corrected figures.

Coal and coke consumption is rising :

First quarter of :						Coal and coke consumed by all branches of industry	Hungarian coal delivered to industry		
							All branches	Heavy industry	Textiles, leather and rubber
1932	..	..	..	..	..	642	528	146	76
1933	..	..	..	..	..	588	474	114	80
1934	..	..	..	..	..	692	558	153	95
1935	..	..	..	..	..	758	604	181	105
1936	..	..	..	..	..	855	679	199	110

The Economic Research Institute's indices show an increase in the consumption of industrial goods, but a much lower increase than in production of the same goods. According to indices prepared by the same Institute, industrial prices (factory prices), which had been declining for some years past, are now rising again.

Internal consumption of certain staple articles of food is increasing. From September 1st last to June 30th, sugar consumption was 8% higher than in the corresponding period in the previous year, and beer 28% higher. Milk consumption, which had been declining unevenly for several years, took an upward turn towards the end of 1935, and for the first four months of this year was 30% higher than for the same period last year. Rising prices appear, so far, to have prevented a corresponding rise in consumption of meat.

4. PRICES.

The Statistical Office's wholesale-price index (see Appendix II) declined considerably from last January to June, standing for the latter month slightly lower than for June 1935. The reason for this decline was the fall taking place at the time in wheat. Latterly, however, wheat has stiffened again. Prices of cattle and pigs range decidedly higher than they did last year, as does the Statistical Office's cost-of-living index, which in the last couple of months has been on the highest level reached for the season since 1932. It is to be hoped that an abundant harvest will tend to send prices down; they are now so high in several branches as to prevent Hungarian goods from competing on certain important foreign markets.

	Wheat		Live cattle, middling quality		Calves		Pigs	
	Per 100 kg.		Per kg.		Per kg.		Per kg.	
	1936	1935	1936	1935 (Pengő)	1936	1935	1936	1935
January	18.33	17.65	0.50	0.45	0.92	0.75	0.89	0.80
February	17.93	17.93	0.58	0.47	0.95	0.76	0.94	0.74
March	16.90	16.95	0.62	0.47	0.80	0.72	1.05	0.75
April	16.08	16.88	0.66	0.49	0.89	0.74	1.01	0.73
May	14.88	16.85	0.69	0.52	0.95	0.75	1.02	0.73
June	14.83	16.38	0.66	0.48	0.78	0.71	1.03	0.73

5. STOCK EXCHANGE.

Prices of shares have continued strong, the increase since April having been still more pronounced than it was during the first quarter :

						1936	1935
						(1926 = 100)	
January .. ..	..	..	..	..	..	109.7	85.9
February .. ..	..	..	..	..	..	115.4	89.5
March .. ..	..	..	..	..	..	115.3	104.0
April .. ..	..	..	..	..	..	115.4	112.3
May .. ..	..	..	..	..	..	118.5	103.3
June .. ..	..	..	..	..	..	121.7	104.7

Since the end of June, there have been further advances in industrial shares.

6. COMMERCIAL BANKS.

Since the beginning of the year, savings deposits and current accounts in the Postal Savings Bank and the Budapest banks have been at a standstill, and they show an increase of only some 4% as compared with the same months in 1935.

The Bill merging the three chief land-mortgage banks into a new National Land-mortgage Institute (Országos Földhitelintézet) mentioned in my last report has now become law, and the new Institute has begun business.

7. COMMERCIAL POLICY.

Negotiations are constantly proceeding to adapt Hungary's complicated network of trade and payment agreement to changing circumstances.

The *Rome Agreements* between Hungary and Italy and Hungary and Austria, which first took effect on July 1st, 1934, and were renewed in 1935, have now been extended for a further year without essential change.

As from April 1st last, 30% of petroleum and petroleum products imported from *Roumania* have to be paid for in *Edeldevisen*.

An agreement with *Switzerland* provides for the export of 600,000 quintals of 1935 wheat. Of the proceeds, after deduction of the free quotas, one-third is to go to the settlement of finance debts and two-thirds to merchandise debts through the clearing.

With *France*, the arrangement in force up to June 30th last provided that the proceeds of Hungarian exports not subject to quota went to pay current imports, while those subject to quota were applicable to the reduction of arrears of merchandise debts dating from before April 9th, 1934. Of these exports subject to quota after deduction of a freely available percentage, 20% was applicable to the settlement, at 100%, of old claims, by order of priority, and 80% was applicable to the payment of old merchandise debts on which the creditor granted a reduction not exceeding 30%. This arrangement has now been modified, as from July 1st, so as to increase the above 20% to 25%, and correspondingly reduce the 80% to 75%. The maximum reduction on claims to be settled out of the order of priority is increased from 30% to 35%.

The payment agreement with *Poland* which was to have expired on April 30th last was renewed for a further year. As from May 15th, the surcharge payable on zloty for Hungarian tourist purposes was increased from 32% to 42%. The premium on exports to Poland was fixed at 40%, and the surcharge on import allotments at 43%, as from June 3rd.

Appendix I.

**MONTHLY (QUARTERLY) RESULTS FOR THE YEAR 1935/36 COMPARED WITH
THE RESULTS FOR THE YEAR 1934/35.**

	July to March		April		May		June	
	1934/35	1935/36	1935	1936	1935	1936	1935	1936
A. ADMINISTRATION.								
<i>Receipts.</i>								
Direct taxes	175.0	179.6	11.8	11.8	25.3	24.9	13.0	13.4
Customs duties	31.5	31.2	4.3	4.0	4.3	3.7	2.4	3.3
Excise duties	66.1	71.9	5.9	6.5	6.6	6.9	6.5	7.5
Turnover tax	82.5	90.1	7.2	9.2	10.2	11.1	8.9	8.7
Dues	72.1	75.6	7.3	8.3	7.5	8.4	7.5	7.7
Tobacco Monopoly	79.7	82.7	9.0	8.9	9.0	10.1	8.9	9.9
Salt Monopoly (gross)	20.2	20.6	1.6	1.7	1.5	1.8	2.9	2.0
Saccharine and lotteries	1.4	1.4	0.5	0.5	0.01	0.02	0.1	0.3
Administrative receipts	44.5	46.9	3.5	4.5	3.8	6.6	20.4	21.4
Total receipts	573.0	600.0	51.1	55.4	68.2	73.5	70.6	74.2
<i>Expenditure.</i>								
Army	61.4	66.0	6.5	6.7	9.3	8.2	13.1	
Foreign Affairs	6.7	7.6	1.1	1.3	0.6	0.5	0.9	
Justice	24.4	24.4	2.7	2.6	2.7	2.6	2.8	
Supreme organs of the State ¹ ..	—	—	—	—	—	—	—	
Interior	87.0	88.4	10.1	10.5	9.4	9.2	12.6	
Agriculture	22.6	21.3	3.4	2.8	3.4	2.5	3.0	
Commerce	28.3	29.0	3.7	2.5	3.0	1.7	7.4	
Industry	—	6.1	—	0.8	—	0.5	—	
Education	47.4	48.3	5.1	5.1	5.4	5.0	5.7	
Finance	57.9	59.9	6.4	7.3	7.6	6.2	9.0	
Smaller departments	8.2	8.7	1.4	1.3	0.7	1.2	1.6	
Subsidies to local authorities ..	37.3	37.4	4.4	3.7	4.2	3.7	3.7	
Pensions	106.3	108.9	12.5	12.6	12.1	12.5	12.2	
Debt service	36.4	40.9	4.9	4.6	2.9	4.3	8.8	
Total expenditure	523.8	547.0	62.2	61.8	61.3	58.1	80.8	86.6
Balance	+ 49.2	+ 53.0	- 11.1	- 6.4	+ 6.9	+ 15.4	- 10.2	- 12.4
B. UNDERTAKINGS.								
<i>Receipts.</i>								
Post and Telegraph	69.0	72.4	7.9	7.9	7.6	7.9	7.3	
Railways ²	150.2	165.2	13.7	15.7	15.7	17.2	16.6	
Ironworks	20.2	27.8	2.7	3.4	3.6	4.5	3.3	
Other undertakings	17.2	17.8	1.7	1.7	1.6	1.4	3.7	
Total receipts	256.6	283.2	26.0	28.7	28.5	31.0	30.9	
<i>Expenditure.</i>								
Post and Telegraph	61.5	61.5	5.8	6.3	5.9	6.5	12.5	
Railways ²	195.3	193.9	20.9	22.4	21.7	23.3	27.8	
Ironworks	29.6	38.6	3.8	3.5	4.9	4.7	3.9	
Other undertakings	18.1	17.7	1.6	1.6	1.4	1.5	2.4	
Total expenditure	304.5	311.7	32.1	33.8	33.9	36.0	46.6	
Balance	- 47.9	- 28.5	- 6.1	- 5.1	- 5.4	- 5.0	- 15.7	

¹ Included in "Smaller departments".

² Returns of the Railways for current fiscal year are provisional.

Appendix II.

ECONOMIC INDICES.

(End of date given.)

		First quarter	April	May	June	
Index of industrial production ¹ .. (1927 = 100)	1936	121.5	—	—	—	
	1935	100.7	—	—	105.8	
	1934	88.0	—	—	103.0	
Output of coal ²	1936	196.3	53.9	51.5	—	
	1935	191.7	50.8	51.1	45.3	
	1934	187.2	45.2	46.8	46.6	
Unemployment ³	1936	17,887	17,350	16,718	—	
	1935	19,777	19,750	18,952	18,952	
	1934	24,235	23,586	22,848	22,467	
Prices (1913 = 100) : Wholesale ..	1936	91	88	86	85	
	1935	85	86	88	87	
	1934	74	75	83	81	
Retail	1936	100.76	101.56	100.69	99.98	
	1935	96.54	97.18	96.63	96.98	
	1934	97.12	97.76	98.90	97.23	
Stock-Exchange index (1926 = 100)	1936	115.3	115.4	118.5	121.7	
	1935	104.0	112.3	103.3	99.6	
	1934	79.1	76.7	72.4	68.0	
(In millions of pengö)						
Savings deposits at the Post Office Savings Bank and the Budapest banks members of the Central Corporation of Banking Companies ⁴	1936	685.4	686.3	686.5	—	
	1935	652.3	649.4	652.0	662.5	
	1934	590.8	595.4	596.7	611.2	
Current accounts at the Post Office Savings Bank and the Budapest banks members of the Central Corporation of Banking Companies ⁴	1936	684.5	688.0	685.5	—	
	1935	669.4	669.3	665.4	684.9	
	1934	699.8	666.6	671.9	648.1	
Total	1936	1,369.9	1,374.3	1,372.0	—	
	1935	1,321.7	1,318.7	1,317.4	1,374.4	
	1934	1,290.6	1,262.0	1,268.6	1,259.3	
%						
Official discount rates	1936	4.0	4.0	4.0	4.0	
	1935	4.5	4.5	4.5	4.5	
	1934	4.5	4.5	4.5	4.5	
Market discount rates : ⁵						
	3-month bills (maximum) ..	1936	6.5	6.5	6.5	6.5
		1935	7.5	7.5	7.5	7.5
3-month bills (minimum) ..	1936	4.0	4.0	4.0	4.0	
	1935	4.5	4.5	4.5	4.5	
(In millions of pengö)						
Imports	1936	105.8	40.3	38.8	34.7	
	1935	84.0	31.8	31.1	26.4	
	1934	74.6	29.6	28.5	30.7	
Exports	1936	114.1	32.9	31.8	37.3	
	1935	99.8	31.1	31.7	29.8	
	1934	96.0	30.9	26.5	29.4	
Difference	1936	+ 8.3	— 7.4	— 7.0	+ 2.6	
	1935	+ 15.8	— 0.7	+ 0.6	+ 3.4	
	1934	+ 21.4	+ 1.3	— 2.0	— 1.3	

¹ The Hungarian Economic Research Institute now publishes indices calculated on a new basis, which cannot be compared with those published in previous reports.

² Coal output in hundreds of thousands of quintals.

³ Unemployed members of the Social-Democratic Union.

⁴ These figures are not comparable with those given in this place in former reports, which included the deposits of the Post Office Savings Bank and twelve leading Budapest banks.

⁵ Returns of the National Bank of Hungary.

⁶ Figures for 1935 and 1934 are now definitive.

Appendix III.

NATIONAL BANK.

	December 31st		March 31st	April 30th	May 31st	June 30th
	(In millions of pengö)		(In millions of pengö)			
Note circulation	{ 1935 417.4	1936 391.0	389.7	384.9	393.2	
Sight liabilities :	{ 1934 381.4	1935 369.8	368.6	359.3	375.4	
Public	{ 1935 104.6	1936 96.6	89.0	98.3	98.4	
	{ 1934 71.6	1935 65.0	61.1	77.9	70.7	
Private	{ 1935 42.1	1936 24.7	20.4	20.6	35.5	
	{ 1934 34.0	1935 20.6	17.4	20.3	29.5	
Cash certificates ¹	{ 1935 104.3	1936 104.3	104.3	97.7	97.7	
	{ 1934 115.1	1935 115.1	109.1	109.1	109.1	
Other liabilities (net)	{ 1935 77.4	1936 64.3	60.0	62.6	54.6	
	{ 1934 150.1	1935 96.3	103.9	100.7	85.6	
Metal reserve as shown	{ 1935 121.2	1936 124.5	122.2	116.7	116.1	
	{ 1934 109.0	1935 111.8	113.1	112.0	111.7	
Thereof gold	{ 1935 78.9	1936 78.9	78.9	78.9	78.9	
	{ 1934 78.9	1935 78.9	78.9	78.9	78.9	
Commercial bills discounted	{ 1935 574.4 ²	1936 502.0 ³	486.8 ⁴	493.4 ⁴	499.4 ⁴	
	{ 1934 619.5 ⁵	1935 523.0 ⁶	515.0 ⁶	521.3 ⁶	524.7 ⁷	
Advances in securities ⁸	{ 1935 12.4	1936 12.4	12.4	12.4	12.4	
	{ 1934 11.8	1935 11.8	11.8	11.8	11.8	
Government debt	{ 1935 77.0	1936 80.5	80.5	80.1	90.1	
	{ 1934 50.0	1935 58.5	58.5	60.4	60.4	
	Per cent		Per cent			
Ratio of cover	{ 1935 24.9	1936 28.8	29.2	27.5	26.6	
	{ 1934 24.9	1935 28.2	29.1	28.2	26.9	

¹ Issued in connection with the consolidation of the Bank for International Settlements and Central Bank credits.

² Thereof Treasury bonds 32.6 million pengö.

³ " " " 27.6 " "

⁴ " " " 26.8 " "

⁵ " " " 34.1 " "

⁶ " " " 34.7 " "

⁷ " " " 24.7 " "

⁸ All Treasury bonds.

Appendix IV.

FOREIGN EXCHANGE : PURCHASES AND SALES OF THE NATIONAL BANK OF HUNGARY IN THE SECOND QUARTER OF 1936 AND IN THE FIRST HALF-YEAR OF 1935¹ AND 1936.

	1936		
	April	May	June
<i>Purchases :</i>	(In millions of pengő)		
(a) Export <i>Devisen</i> received ²			
(b) Under obligatory declaration	25.29	24.94	21.53
(c) From the State	0.54	0.48	0.46
(d) From others	1.60	0.18	1.45
	2.35	4.25	3.52
Total			
Excess of sales	29.78	29.85	26.96
	—	6.99	3.04
<i>Sales :</i>			
(a) For loan service	1.33	7.95	1.91
(b) For imports ¹	24.20	25.90	24.04
(c) To the State	1.16	1.09	1.04
(d) To others	2.25	1.90	3.01
Total	28.94	36.84	30.00
Excess of purchases	0.84	—	—

	1935	1936		
	First half-year	First quarter	Second quarter	First half-year
<i>Purchases :</i>	(In millions of pengő)			
(a) Export <i>Devisen</i> received ²	131.01	95.93	71.76	167.69
(b) Under obligatory declaration	1.61	1.98	1.48	3.46
(c) From the State	1.58	2.04	3.23	5.27
(d) From others	6.69	6.27	10.12	16.39
Total	140.89	106.22	86.59	192.81
Excess of sales	3.79	—	9.19	—
<i>Sales :</i>				
(a) For loan service	12.17	2.68	11.19	13.87
(b) For imports ¹	114.25	84.52	74.14	158.66
(c) To the State	8.59	2.84	3.29	6.13
(d) To others	9.67	4.88	7.16	12.04
Total	144.68	94.92	95.78	190.70
Excess of purchases	—	11.30	—	2.11

¹ Revised figures.

² Including clearing.

Appendix V.
FOREIGN EXCHANGE CONTROL.

	Actual exports	Exports notified, including compensations and exports against pengö	Percentage of column 2 to column 1	Export <i>Devisen</i> received by the National Bank	Certified compensation and certified exports against pengö	Columns 4 + 5—i.e., total of foreign exchange derived from exports	Percentage of column 6 to column 1	Actual imports	Import <i>Devisen</i> allotted by the National Bank	Certified compensation and import through merchandise pengö	Columns 9 + 10—i.e., total of foreign exchanges used for import	Percentage of column 11 to column 8
	1	2	3	4	5	6	7	8	9	10	11	12
1934 :						(In millions of pengö)						
January	28.6	33.1	115.7	25.1	6.8	31.9	111.5	23.1	19.5	5.6	25.1	108.7
February	28.8	32.7	113.5	20.4	10.1	30.5	105.9	22.0	18.0	10.0	28.0	127.3
March	38.6	41.8	108.3	21.0	11.3	32.3	83.7	29.5	20.3	10.0	30.3	102.7
April	30.9	32.1	103.9	15.4	11.4	26.8	86.7	29.6	15.5	11.0	26.5	89.5
May	26.5	28.0	105.7	17.9	5.0	22.9	86.4	28.5	16.5	3.6	20.1	70.5
June	29.4	30.8	104.7	17.5	7.7	25.2	85.7	30.7	14.3	6.1	20.4	66.4
July	28.0	32.3	114.9	19.0	6.6	25.6	91.1	28.2	13.8	5.2	19.0	67.4
August	32.4	33.6	103.7	18.0	4.8	22.8	70.4	27.6	13.5	3.8	17.3	62.7
September	35.2	37.6	106.8	18.4	5.6	24.0	68.2	27.9	18.8	4.7	23.5	84.2
October	37.0	36.7	99.2	22.3	6.6	28.9	78.1	33.1	18.8	5.5	24.3	73.4
November	42.2	46.4	109.9	23.1	4.3	27.4	64.9	33.8	18.2	3.0	21.2	62.7
December	46.6	44.4	95.3	24.8	5.8	30.6	65.6	30.9	19.7	4.6	24.3	78.6
1935 :												
January	29.8	35.4	119.0	26.4	5.1	31.5	105.7	27.2	22.6	4.0	26.6	97.8
February	29.2	31.8	109.0	18.6	8.6	27.2	93.2	27.4	20.6	7.5	28.1	102.6
March	40.8	36.1	88.5	24.8	5.4	30.2	74.0	29.4	17.9	4.9	22.8	77.6
April	31.1	35.0	112.5	24.8	4.1	28.9	92.9	31.8	18.4	2.8	21.2	66.7
May	31.7	33.8	106.2	18.1	5.9	24.0	75.7	31.1	18.4	4.8	23.2	74.6
June	29.8	27.2	91.3	18.2	5.1	23.3	78.2	26.4	16.4	3.7	20.1	76.1
July	32.3	36.3	112.3	19.0	7.5	26.5	82.0	31.1	16.7	6.2	22.9	73.6
August	32.0	33.5	104.7	18.0	2.7	20.7	64.7	30.0	15.6	1.6	17.2	57.3
September	42.4	42.8	100.9	19.1	9.6	28.7	67.7	33.0	18.1	8.2	26.3	79.7
October	53.3	52.7	98.9	31.8	6.5	38.3	71.9	39.2	21.6	5.4	27.0	68.9
November	54.1	55.9	103.3	41.3	5.1	46.4	85.8	43.5	24.8	4.2	29.0	66.7
December	52.3	49.6	94.8	32.2	7.1	39.3	75.1	48.3	24.6	6.1	30.7	63.6
1936 :												
January	34.9	36.7	105.1	32.8	6.7	39.5	113.2	40.6	32.0	6.0	38.0	93.6
February	41.2	47.4	115.0	25.7	6.3	32.0	77.7	30.2	26.3	4.9	31.2	103.3
March	38.0	39.9	105.0	37.8	4.8	42.6	112.1	35.0	26.3	4.5	30.8	88.0
April	32.9	31.4	95.4	25.4	12.8	38.2	116.1	40.3	24.2	12.2	36.4	90.3
May	31.8	31.9	100.3	25.1	5.1	30.2	95.0	38.8	25.9	4.7	30.6	78.9
June	37.3	37.8	107.3	21.7	6.1	27.8	74.5	34.7	24.0	5.6	29.6	85.3

Geneva, September 21st, 1936.

LEAGUE OF NATIONS

FINANCIAL COMMITTEE

**REPORT TO THE COUNCIL ON THE WORK
OF THE SIXTY-SECOND SESSION OF THE COMMITTEE**

(Geneva, September 14th - 19th, 1936.)

CONTENTS.

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INTRODUCTION.

The Financial Committee has the honour to submit to the Council the following report on the various questions with which it has dealt during this session.

The following members were present :

- M. DAYRAS (*Chairman*) ;
- M. BRAMSNAES ;
- M. JANSSEN ;
- M. TER MEULEN ;
- M. MLYNARSKI ;
- Sir Otto NIEMEYER ;
- M. POSPIŠIL ;
- Sir Henry STRAKOSCH ;
- M. SWANIDZE ;
- M. TUMEDEI ;
- M. BLAU, delegate of the Fiscal Committee.

There were also present :

1. *For Austrian questions :*

- Dr. DRAXLER, Federal Minister of Finance ;
- Dr. KIENBÖCK, President of the Austrian National Bank ;
- M. ROST VAN TONNINGEN, Representative of the League of Nations in Austria ;
- M. FRÈRE, Adviser to the Austrian National Bank.

2. *For Bulgarian questions :*

- M. STOYANOFF, Director-General of the Public Debt and Secretary-General of the Finance Ministry ;
- M. MOMTCHILOFF, Permanent Delegate to the League of Nations ;
- M. CHEYSSON, Commissioner of the League of Nations in Bulgaria ;
- Professor KÖSTNER, Adviser to the National Bank of Bulgaria.

3. *For Hungarian questions :*

- Dr. FABINYI, Minister of Finance ;
- Mr. TYLER, Representative of the Financial Committee in Hungary ;
- Mr. BRUCE, Adviser to the National Bank of Hungary.

I. PRESENT PHASE OF INTERNATIONAL ECONOMIC RELATIONS.¹

The Economic Committee has rendered a great service by presenting its Report on the Present Phase of International Economic Relations, which has been submitted to the Financial Committee for comments.

The Financial Committee has no hesitation in recording that it is in general agreement with the conclusions reached by the Economic Committee. It endorses in particular its view that it is indispensable for the restoration of normal international economic intercourse to close the abnormal gap which separates the price-levels of different countries. It also fully shares the view that it is for each country to deal with its own monetary problems and that a world conference would not at this stage prove helpful and that any attempt at international economic collaboration should be confined in the first instance to a limited number of countries likely to have a decisive influence on the course of events. It wishes finally to emphasise its agreement with the view that no currency adjustment can bring about any improvement in the economic situation unless it is accompanied by a relaxation — leading we should hope to ultimate abolition — of exceptional import restrictions (quotas and exchange control, etc.).

The task of adjusting the level of prices ruling in various countries so that such adjustment may be as stable and lasting as possible calls for special comment.

In all countries, the fall of prices had profoundly disturbed the relations between the cost of production and the prices of the goods produced and between the burden of debt and the reduced incomes which the fall of prices had occasioned. Certain countries, by allowing their currencies to depreciate, were able first to stop a further fall of the price-level and then to induce a moderate rise. The general effect of this and the earlier measures of deflation was to restore to a greater or less extent equilibrium between costs and prices and between the burden of debt and incomes — that is, to achieve internal economic equilibrium.

The extent to which this equilibrium has been attained in many countries is demonstrated by the steady and substantial progress of their internal production and trade, by the achievement of budgetary equilibrium, by the funding of short-term debt and the conversion of long-term loans to a lower rate of interest and by the setting free of hoarded savings. In a number of these countries, the volume of production has indeed exceeded that achieved in the years immediately preceding the depression (see the Secretary-General's Report to the Assembly).²

The experience of recent years has clearly demonstrated that there are limits to the extent to which a stable internal equilibrium is attainable by a process of deflation (reduction of costs).

It may well be thought that the dollar and sterling countries, which have attained so great a progress in their economic activity, would hardly wish deliberately to embark upon a policy of further devaluation, provided of course that the measures chosen by other countries to adjust their price-level do not exceed what is required for their internal equilibrium.

If international stability is established on sound and enduring foundations, it should ultimately also help to promote resumption of international lending—a potent factor in the development of international exchange of goods and services.

* * *

The Financial Committee endorses wholeheartedly the opinion expressed by the Economic Committee that to restore international stability and to liberate international trade from the stranglehold of the restrictions which are suffocating it would greatly contribute, not only to the economic prosperity of a large part of the world, but also to the maintenance of peace.

II. AUSTRIA.

1. The Financial Committee has examined the financial situation of Austria together with Dr. Draxler, Federal Minister of Finance (assisted by Dr. Rizzi and Professor Pfaundler of the Ministry of Finance), and Dr. Kienböck, President of the Austrian National Bank. It also heard M. Rost van Tonningen, Representative of the League of Nations in Austria, and M. Maurice Frère, Adviser to the Austrian National Bank. It had before it the nineteenth report of M. Rost van Tonningen.

¹ See Report of the Economic Committee to the Council (document C.377.M.248.1936.II.B).

² Document A.8(a).1936, Annex II.

2. It is now possible to foresee more definitely the probable results of the budget of 1936. Moreover, the Government has already elaborated the budget for 1937. The closed accounts for 1935 are also available. This allows the following comparison, which shows the development of the situation of the public finances :

	Closed accounts 1935	Probable results 1936 ¹	Draft budget 1937
	(In millions of schillings)		
<i>Ordinary budget :</i>			
Expenditure :			
Personnel	701.10	707.00	727.18
Material	1,247.40	1,266.75	1,253.05
Total	<u>1,948.50</u>	<u>1,973.75</u>	<u>1,980.23</u>
Receipts	1,894.70	1,947.11	1,940.00
Deficit	53.80	26.64	40.23
<i>Investments :</i>			
Expenditure	102.99	35.97	17.49
Total deficit	<u>156.79</u>	<u>62.61</u>	<u>57.72</u>

It will be noted that the total deficit, including investments, has diminished from 156.8 millions in 1935 to probably 62.6 millions in 1936, and is estimated at 57.7 millions for next year.

This deficit includes the deficit on the Railways and, of course, amortisation of existing indebtedness.

The total deficit for 1935 (amounting to 156.8 millions) was covered out of the reserves of the 1923 League Loan which became available by the conversion of that Loan (50.3 millions), cash reserve of the Treasury (8.8 millions), the remainder of the 1923 Lottery Loan (11.8 millions), part of the proceeds of the Internal Loan 1935 (66.1 millions) and by the issue of Treasury Bills (19.8 millions).

Up to September 10th, 1936, Treasury Bills have been issued up to an amount of 145 millions of schillings (as against 125 millions at the same period of last year).

In view of the rising trend of revenue, it is likely that the final results for 1936 will be somewhat more favourable than the estimates made above for the last months of the year. The favourable development of revenue can be seen from the following table :

	Provisional results 1936 (7 months, January-August)	1935 (7 months, January-August)
	(In millions of schillings)	
Direct taxes	229.09	194.91
Customs (including tax on cattle fodder)	141.70	138.77
Excise duties	121.68	116.87
Turnover tax	93.83	99.38
Turnover emergency surtax	91.28	75.92
Taxes on transactions, legal fees, etc.	83.90	65.62
Other receipts	2.05	2.10
Total: Taxes	<u>763.53</u>	<u>693.57</u>
<i>Deduct :</i>		
Shares of local authorities	130.22	119.58
Net receipts, State taxation	633.31	573.99

3. In the draft budget for 1937, revenue has been conservatively estimated, so that, if the present trend continues, the results may show a further improvement. In this connection, the Financial Committee would like to repeat what it stated in its previous report to the effect that it is essential that further expansion of expenditure be avoided. It should also be taken into consideration that, in 1938, the amortisation will begin on several of the State Loans issued in recent years.

4. The National Bank shows a continuation in the increase of the gold and foreign exchange reserves which has made good the withdrawal of 39 million schillings in February from the Bank's reserves to meet special payments under the settlement arrived at between

¹ January-June : Provisional results. July-September : Probable results, including provisional results for receipts of the Administration for July and August. October-December : Monthly budget estimates.

the Austrian Government and the foreign creditors of the Creditanstalt. The gold and foreign exchange reserve shows the following movement :

	Million schillings
December 31st, 1935	354
March 31st, 1936	323
August 31st, 1935	372

The Bank's note circulation and sight liabilities have slightly increased to 1,211 millions at the end of August as against 1,163 millions at the end of March, but are at the same level as the corresponding period last year. Its gold and foreign exchange cover was 29.9 per cent on August 31st.

5. The foreign trade returns show the following results :

Merchandise only :	1935		1936	
	(First seven months)			
	Value (Value in millions of schillings)	Weight (Weight in millions of metric tons)	Value (Value in millions of schillings)	Weight (Weight in millions of metric tons)
Imports	655.7	2.92	683.9	2.81
Exports	490.7	1.57	529.5	1.53
Excess imports	165.0		154.4	

The value of trade has increased in 1936 as against the corresponding period in 1935 : imports by about 4 %, exports about 7 % ; the adverse balance has diminished by about 6 %. The weight figures show a slight decrease in 1936.

6. The industrial activity shows a satisfactory trend. The industrial production index (average 1923-1931 = 100) was 98 in May, and 95 in June 1936, as against 94 and 89 last year. The index of 34 selected industrial shares (average 1923-1932 = 100) was during the first eight months of 1936 well above the level of 1935, and was at end of August 1936 at 79.7 against 64.5 in 1935. The amelioration is mainly to be felt in the iron and steel industry, and the textile industry ; the paper industry is suffering from export difficulties.

Tourist traffic since November 1935 reached the highest figures for the last three years.

Savings deposits were, during the first eight months of 1936, higher than last year, and amounted to 2.338 millions at the end of August 1936, as against 2.256 millions in August 1935.

7. The Secretary-General transmitted to the Financial Committee a letter in which the Representative of the League of Nations in Austria requests the Council to accept his resignation as from October 1st.

Following upon this letter, the Austrian Minister of Finance put forward a request that the Council should terminate the two appointments of the Representative of the League of Nations in Austria and the Adviser to the National Bank.

The Council will recall that these two appointments were made in accordance with the terms of Article 7 of the Protocol of 1932 prior to the issue of the new guaranteed loan of approximately 300 million Austrian schillings.

In Annex III of this Protocol (paragraphs 8, 9 and 10) are set out the conditions for the termination of these appointments and the procedure to be adopted thereafter. The articles in question read as follows :

" 8. The Council shall terminate the appointment of the representative of the League of Nations and of the Adviser to the Bank when it decides that their services are no longer required.

" 9. The Council shall have the right, if it considers it necessary having regard to the financial situation, to reappoint the representative of the League of Nations or the Bank Adviser, or both ; but such a measure may only be taken if the funds borrowed either in virtue of the present Protocol or through the Guaranteed Loan of 1923-1943 have not been entirely repaid.

" 10. After the termination of the appointment of the representative of the League of Nations, contact shall be maintained between the Austrian Government and the Financial Organisation of the League of Nations by the preparation and publication of periodical statement on Austrian public finances by the Financial Organisation of the League of Nations. The Austrian Government agrees to send a Treasury representative to discuss the statement so prepared with the Financial Organisation."

It will be observed that the decision relating to the termination of these appointments lies unconditionally with the Council and is not made specifically dependent upon the execution of a detailed programme of financial measures, as was termination of the appointments made under the Protocol of October 1922.

8. There is one other clause in the Protocol of 1932 to which the Financial Committee desires to draw the attention of the Council. This clause, which relates to the Committee of Guarantor States, reads as follows :

“ All borrowing operations of the Austrian State, whether external or internal (other than those under the standing authority to issue Treasury Bills up to 75 million schillings), remain subject to the approval of the Committee of Guarantor States. The Austrian State Railways shall for this purpose be regarded as a part of the Austrian State and shall not be authorised to contract any loan unless the Minister of Finance certifies that the approval of the Committee of Guarantor States has been duly obtained.

“ As regards contracts on a credit basis for supplies or works which involve a substantial charge on future budgets, including the budget of the Railways, the representative of the League of Nations shall determine whether these operations present an exceptional character warranting recourse to the procedure provided for in the preceding paragraph.

“ Having regard to the provisions of Annex I, no issue of Treasury Bills or other similar short-term operation shall be carried out by the Austrian Government on the home market unless the prior consent of the representative of the League has been given.” (Annex II, Article 3.)

In the execution of the powers given to it under this article, the Committee of Guarantor States has been in the habit of consulting the representative of the League of Nations in connection with applications from the Austrian Government, and the representative has approved all issues or prolongations of Treasury Bills for which the approval of the Committee of Guarantor States was obtained.

III. BULGARIA.

The Financial Committee considered the situation of Bulgaria with M. Stoyanoff, Director-General of the Public Debt and Secretary-General of the Finance Ministry, and M. Momtchiloff, Permanent Delegate of Bulgaria accredited to the League of Nations. It heard M. P. Cheysson, Commissioner of the League of Nations in Bulgaria, and M. Köstner, adviser to the National Bank of Bulgaria, and took cognisance of the thirty-ninth report of the League's Commissioner, of a statement on the financial situation of Bulgaria and of a statement on the Bulgarian public debt submitted by the Finance Minister and by the Director-General of the Public Debt.

1. *Budget.* — Up to the end of the seventh month of the financial year (July 31st, 1936) the results of the administration of the 1936 budget are as follows :

	State	Railways	Total
	(In millions of leva)		
Revenue ¹	3,431.9	909.4	4,141.3
Expenditure ¹	3,584.6	814.0	4,398.6
Deficit	152.7	104.6	257.3

Certain receipts are due which should have been entered in the accounts before July 31st, so that actually the deficit is smaller than the figure mentioned.¹

The improvement in the situation since April and the fact that larger receipts are usually obtained during the second half of the year encourage the hope that the excess of expenditure over receipts will not show any appreciable increase up to the end of the year and that the deficit on the 1936 budget will be smaller than that on the 1935 budget.

2. The receipts are about 15% higher than those for the corresponding period of 1935. The increase relates to all the chapters of receipts ; it is due in part to the new fiscal laws, although they have only been in force during a few months of the financial year, but is mainly the result of the improvement in the economic situation of Bulgaria. It should be noted that the increase in expenditure from year to year has been as rapid as, if not more rapid than, the increase in receipts, even if the supplementary expenditure met out of the loan funds is left out of account.

Notwithstanding their increase during the current financial year, the receipts are, as the Financial Committee feared (cf. Report to the Council, May 1936), about 8% below the budgetary estimates ; chiefly receipts from indirect taxation are below the estimates.

The new laws relating to Customs and Excise did not come into force until September 1st, 1936. They contain drastic changes in the Customs tariff in particular and for the moment it is not possible to foresee the precise effect which they will have on budgetary receipts ; the Finance Minister expects them to yield increased revenue.

¹ The figures represent not only the revenue and expenditure in respect of the ordinary budget, but also as regards expenditure, expenditure in respect of the supplementary budget promulgated on March 20th, 1936, up to 94.3 millions, and as regards receipts, an appropriation of the same sum from the funds obtained from the loans concluded for the payment of this extraordinary expenditure. Funds to meet the remaining expenditure under the extraordinary budget up to the end of the year — namely 300 — 94.3 millions — have been blocked against the cash balance of the Treasury with the National Bank.

The Committee has also recently been informed of the very large commitments entered into by the Bulgarian Government, which will involve a charge on the 1937 budget of 350 millions and possibly even greater charges on the budgets of the following years.

Although these commitments will have no direct influence on the 1936 budget, it will affect during a shorter or longer period the situation of the public finances of next year and during future years.

3. In view of the exceptional nature of certain receipts of this year and probable increases in expenditure, already known, the Committee, in its report of May last, laid special stress on the necessity for a careful examination at the present juncture of the probable budgetary situation after 1936.

By contracting new obligations, the Bulgarian Government has increased still further the burden on the budgets of the coming years. The whole benefit of the efforts so far made with a view to improving the budgetary situation is thus likely to be lost at the very moment when the improvement in the general economic situation has spread to Bulgaria, particularly as regards agricultural prices and production.

The Financial Committee is not in a position for the moment to see how the Bulgarian Government proposes to balance the next budget.

It considers, however, that, as soon as the Finance Minister is in possession of less fragmentary information than that so far available, the principles on which the budget is at present based will have to be drastically revised.

4. The Committee has learnt with satisfaction that the general economic situation of the country is still improving. The harvest of cereals has been good and a satisfactory crop of tobacco is expected. As at the same time the price structure has turned in favour of agricultural producers, the purchasing power of the countryside has increased proportionally more than the volume of production. This has resulted in higher demand for industrial goods and in a corresponding rise in local industrial production. The exports of staple agricultural products are rising and marketing difficulties are at present less acute than they were recently.

5. In consequence of these developments and of the simplifications introduced into the control of foreign exchange and foreign trade by the National Bank in the spring, the exchange situation of the Bank has improved and it can further be noted that the total of free exchange available for meeting the obligations of the country shows a marked increase. (A considerable part of these exchange receipts arises out of compensation and does not reach the National Bank.) This has enabled the country to deal satisfactorily with the problem of old commercial and clearing debts, the total of which has been substantially reduced.

6. Although the increased credit facilities granted to the Treasury have not yet brought about an undue increase of circulation of banknotes, all effects of these credits are not yet felt by the Bank.

To preserve its freedom of action, to satisfy legitimate requirements of expanding trade, the Bank should therefore carefully avoid further commitments of a non-commercial nature. It is to be remembered in this connection that in agreeing to the reduction of the legal minimum cover for current liabilities of the Bank from 33 to 25%, the Committee was assured by the Government that this amendment should be interpreted in the sense of the resolution, adopted on June 28th, 1933, of the Second Monetary and Financial Sub-Commission of the Monetary and Economic Conference¹ and that the Government would not alter the general provisions of the Bank's statutes concerning the control of credit in Bulgaria.

7. The Cereal Board, which in the meantime has been authorised to deal in and control the prices of a number of other agricultural articles (hemp, cotton, rice, sunflower seed), seems to have adopted a conservative line of policy and is endeavouring to bring its transactions more into line with existing market conditions and put them on a commercial basis.

It is clear, however, that the tendency is still towards centralising the important branches of trade in the hands of this State institution; this policy taken in conjunction with the trading activities of the Agricultural Bank and the licensing activities of another Government Department — the Export Institute — is more and more eliminating private enterprise and limiting the scope of private initiative in Bulgarian trade.

8. The debtors' relief schemes have not yet quite emerged from their preparatory stage and only a small part of the bonds (which should amount finally to about 5½ milliard leva) of the Caisse d'Amortissement has been issued to the creditors. It is, however, clear already that the annuity payments of the debtors under the scheme are badly in arrears and that the Treasury will have to provide at least 100 million leva a year to meet the coupons on these bonds.

¹ This resolution approved the principle of reducing the percentage cover, but emphasised that such reduction should not be used as a pretext for unduly increasing the volume of notes and credits; in other words, the effect of the resolution should be to increase the free resources of the central banks and thus strengthen their position.

(Communicated to the Council
and the Members of the League.)

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Corrigendum to the English text.

LEAGUE OF NATIONS

Geneva, October 5th, 1936.

FINANCIAL COMMITTEE

REPORT TO THE COUNCIL ON THE WORK OF THE SIXTY-SECOND

SESSION OF THE COMMITTEE

(Geneva, September 14th-19th, 1936)

CORRIGENDUM

Page 5 - Second column of Table, under Railways, read
709.4 instead of 909.4.

Series of League of Nations Publications

II. ECONOMIC AND FINANCIAL
1936. II.A. 17.

The Committee feels that this law, which aimed at reducing debtors' payments in accordance with their capacity to pay, should now be strictly enforced. The law once having been applied, it is not in the interests of the country that it should be relaxed further.

The Committee is informed that certain new measures for debtors' relief are contemplated by the Government. It is with grave concern that it has noted that some of these measures may further burden the Treasury, while others will involve losses to the Mortgage Bank which recently came under the control of the Government. The old debts of the tobacco co-operatives it is intended to cover by imposing a new export tax on tobacco. The Committee wonders whether this will not do more harm to Bulgarian foreign trade than the recovery of old losses of the Agricultural Bank would justify.

9. A reform of the Agricultural and Central Co-operative Bank is contemplated by the Government. The Committee recalls in this connection that certain engagements of the Bulgarian Government in this respect have been fixed in the Protocol of September 8th, 1928, Article V. It therefore expresses the wish that it be given an opportunity to discuss with the representatives of the Bulgarian Government the amended statutes before the contemplated changes take place.

IV. ESTONIA.

The Financial Committee has examined the ninth annual report by the Trustee of the 7% Estonia Banking and Currency Reform Loan of 1927. This report does not require any action on the part of the Council.

The Committee, in its last report, referred to the satisfactory position of the finances of Estonia. It is happy to observe that this progress has continued. The State budget shows the following results :

	1933/34 Closed accounts	1934/35	1936/36 Provisional results	1936/37 Estimates
	(In millions of Estonian crowns)			
Total revenue	65.2	73.9	79.5	78.1
Ordinary expenditure.	61.1	64.3	64.7	70.7
Extraordinary expenditure.	4.1	9.5	4.8	7.4
Total expenditure	65.2	73.8	69.5	78.1

The revenue received during the first four months (April to July) of the current fiscal year shows a continuation of the favourable trend. In addition, the Treasury holds considerable cash balances at the Bank of Estonia and has been able to pay off completely its debt to the bank.

The banking position is characterised by signs of great liquidity, showing considerable increase in deposits and cash holdings, and reimbursement of rediscounts and other borrowings.

International trade continues to increase. The quantum of Estonian exports in 1935 exceeded by 8% the previous record level reached in 1928. The export surplus in 1935 amounted to 11.4 million crowns, as compared with 13.7 in 1934 and 6.5 in 1933. During the first half of the present year, exports further increased in comparison with last year, though as a result of the greater increase in imports, there is for the first time for several years a small import surplus during the first half of the calendar year.

V. HUNGARY.

The Committee had the advantage of hearing Dr. Fabinyi, Minister of Finance. It had before it its representative's report on the second quarter of 1936, including provisional results for the fiscal year 1935/36, which was supplemented by verbal comments by Mr. Tyler and Mr. Bruce.

1. *State Finance.*

The Committee is glad to note that recent results and expectations indicate that the increase in receipts is now substantially greater than the increase in expenditure.

The budget deficit is tending to decrease; it has fallen from 42.6 million pengö in 1934/35 to 18 million pengö in 1935/36 and is not likely to reach that figure for 1936/37.

The provisional figures for 1935/36, actual budget expenditure together with actual extra-budget expenditure, compare as follows with the 1934/35 results :

	1934/35 (In millions of pengö)	1935/36
Expenditure	812.3	829.7
Receipts	769.7	811.7
	<hr/>	<hr/>
Balance	— 42.6	— 18.0

Expenditure as given above includes Treasury advances to cover the deficit of the State undertakings.

The deficit for the year 1935/36 was in fact covered by borrowing the pengö deposited by the State on account of the untransferred part of the League Loan service, which is not included in the expenditure figures quoted above.

The improving tendency is continued in the provisional results of the first two months of the fiscal year 1936/37, beginning July 1st.

It is satisfactory to recall that the Treasury has had no recourse to the market since the beginning of the year 1935/36. In view of this improvement, it is to be expected that the Treasury will be able to avoid increasing internal market borrowing in excess of present commitments and may even be able to reduce outstanding debts.

The Committee understands that the Hungarian Government has already taken certain measures with a view to clarifying the system of tax and stamp dues assessment, and that further steps in the same direction are contemplated.

2. *National Bank.*

The National Bank continues to benefit by the unified premium system which the Committee referred to in its last report. The foreign exchange position has improved, both globally and as regards convertible exchange. Practically all the foreign exchange resulting from exports is now either received or recorded by the National Bank.

The arrangement for the service of the League loan was renewed for a further year on the same terms. A standstill agreement to which the Dutch, French and Swiss creditors have also adhered was concluded in August for a further year.

3. *Economic Situation.*

Production and consumption are continuing to increase, as is shown by the yield in recent months of consumption and turnover taxes, as well as by the traffic and receipts of the Railways and Post, Telegraph and Telephone. The spending power of the population is being increased this year by a good harvest. Wheat, though only slightly better than last year, is above the average, and fodder and autumn crops, which failed last year, are abundant. But owing to marketing difficulties and the existence of clearings, the improvement in the country's convertible foreign exchange position will not be proportionally great.

Genève, le 29 octobre 1936.

SOCIÉTÉ DES NATIONS

QUARANTIÈME RAPPORT

DU COMMISSAIRE DE LA SOCIÉTÉ DES NATIONS EN BULGARIE

(PÉRIODE JUIN-AOÛT 1936.)

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INTRODUCTION.

1. Au 31 août 1936, à la fin du huitième mois de l'exercice, l'excédent des dépenses sur les recettes des budgets de l'Etat et des chemins de fer est de 357 millions de leva. L'amélioration constatée à cet égard au mois de juin ne s'est pas poursuivie.

2. Les recouvrements sont supérieurs de 556 millions à ceux de l'année précédente, mais ils restent sensiblement inférieurs aux prévisions.

3. Les dépenses dépassent de 658 millions les dépenses correspondantes de l'exercice précédent. Elles excèdent les crédits accordés par les budgets mensuels.

4. De nouvelles lois codifient, simplifient et réadaptent aux conditions nouvelles de l'économie internationale et nationale les droits de douane et d'accise ; elles réglementent l'industrie bulgare et la protection qui lui est accordée.

5. Les déclarations du Ministre des Finances et du Gouverneur de la Banque nationale de Bulgarie affirment le maintien de la monnaie bulgare à sa parité ancienne par rapport à l'or.

6. La politique adoptée par la Banque nationale en avril dernier et l'accroissement des exportations bulgares ont eu pour résultat une amélioration dans la situation des devises du pays.

7. Les exportations et les importations ont augmenté parallèlement par rapport à l'année précédente ; la balance commerciale est à fin août déficitaire de 101 millions.

8. L'alignement d'un certain nombre de monnaies a atteint plusieurs exportateurs bulgares qui avaient vendu en monnaies dévaluées depuis. L'importance des pertes et les mesures qui seront prises pour en atténuer les conséquences n'ont pas encore été fixées.

9. La récolte de céréales est belle ; les achats de la Direction des céréales sont beaucoup plus importants que l'année dernière à la même époque.

10. Le présent rapport a été établi par M. Pierre Cheysson, Commissaire de la Société des Nations en Bulgarie, avec la collaboration de M. Köstner, Conseiller auprès de la Banque nationale de Bulgarie.

I. BUDGET.

1. Les résultats de la gestion du budget de l'Etat et des chemins de fer au 31 août 1936 (huit mois de l'exercice), sont les suivants (cf. appendice I a) :

	Etat	Chemins de fer (En millions de leva)	Total
Recettes effectives	3.857,1	831,6	4.688,7
Dépenses :			
effectives	3.610,2	830,3	
en souffrance	509,2	95,8	
Total	<u>4.119,4</u>	<u>926,1</u>	<u>5.045,5</u>
Excédent des dépenses	262,3	94,5	356,8

Ces chiffres font état, en recettes et en dépenses, des soldes non transférés de la Dette publique. Ils représentent le résultat global du budget ordinaire primitif et du budget extraordinaire promulgué le 20 mars 1936 : en dépenses, ils comprennent 109 millions de dépenses relatives au budget extraordinaire, et en recettes, un prélèvement de même somme sur le produit des emprunts conclus en 1936 pour alimenter le budget extraordinaire. La provision destinée à faire face aux dépenses restant à engager sur ce budget jusqu'à la fin de l'année, soit 300 — 109 = 191 millions, est bloquée dans l'encaisse du Trésor à la Banque nationale.

Depuis le début de l'année, l'excédent des dépenses sur les recettes a évolué comme suit :

	Etat	Chemins de fer (En millions de leva)	Total	+ ou — par rapport au mois précédent
Janvier	106,9	18,5	125,4	+ 125,4
Février	229,7	29,7	259,4	+ 134,0
Mars	215,6	48,8	264,5	+ 5,0
Avril	258,8	89,2	348,1	+ 83,6
Mai	234,4	95,6	330,0	— 18,1
Juin	97,8	97,7	195,5	— 134,5
Juillet	152,7	104,7	257,4	+ 61,9
Août	262,3	94,5	356,8	+ 99,4

Les mois de mai et de juin surtout avaient marqué une amélioration sensible qui n'a pas persisté ; l'excédent des dépenses pour les deux mois de juillet et août est de 161,3 millions, représentant près de la moitié de l'excédent total des huit premiers mois, et le déficit, qui avait fortement diminué, a atteint et même dépassé, fin août, le déficit à fin avril.

L'excédent des dépenses au 31 août 1935 était de 349,5 millions (356,8 au 31 août 1936).

2. Recettes (cf. appendice I a et b).

Dans ce qui suit, il n'est pas tenu compte de la reprise en recettes des soldes non transférés du service de la dette extérieure.

Les recettes totales (Etat et chemins de fer), à l'exception du prélèvement sur le produit des emprunts 1936 (109 millions), s'élèvent à 4.393,1 millions contre 3.836,7 millions pour la période correspondante de 1935, soit une augmentation de 556,4 millions (+15%).

L'accroissement des recettes est particulièrement important en ce qui concerne la rentrée des impôts directs (+ 26%), des droits de douane (+ 17%), de timbre (+ 21%), de la participation des communes aux appointements des instituteurs et médecins (+ 31%).

Les recettes des chemins de fer pour les huit premiers mois sont de 75 millions supérieures à celles de 1935 (10%) ; celles des trois derniers mois sont exactement les mêmes que celles des mois correspondants de 1935.

La comparaison avec les prévisions des recettes de l'Etat et des chemins de fer, à l'exception du prélèvement sur le produit des emprunts 1936 (et de la reprise en recettes des soldes non transférés du service de la dette extérieure, comme il a été dit plus haut), donne les résultats suivants :

	Recettes effectives	8/12 des prévisions du budget 1936	En moins	% des recettes effecti- ves par rapport aux prévisions
		(En millions de leva)		
Etat	3.561,5	3.829,2	267,7	92,9
Chemins de fer	831,6	928,7	97,1	89,5
Total	4.393,1	4.757,9	364,8	92,3

La comparaison des recettes réelles aux prévisions des trois derniers mois donne un résultat moins défavorable :

	Recettes effectives	3/12 des prévisions du budget 1936	+ ou —	% des recettes effecti- ves par rapport aux prévisions
Etat	1.390,2	1.435,8	— 45,6	97,0
Chemins de fer	356,9	348,3	+ 8,6	102,4
Total	1.747,1	1.784,1	— 37,0	97,9

3. Dépenses.

Les dépenses de l'Etat et des chemins de fer au cours des huit mois s'élèvent à 4.859 millions (compte non tenu des dépenses d'ordre correspondant aux soldes non transférés du service de la Dette publique). Ce chiffre comprend 109 millions de dépenses effectuées sur crédits extraordinaires couverts par les emprunts 1936. Les dépenses comparables aux dépenses effectuées pendant la même période en 1935 s'élèvent à 4.749 millions, dépassant de 658,3 millions (+ 16,1%) ces derniers.

Les chiffres donnés dans l'appendice I a permettent difficilement de comparer les dépenses de chaque ministère d'une année à l'autre ; en effet, la ventilation des dépenses en souffrance n'est pas donnée, ni celle des dépenses qui ont été effectuées en 1935 sur les fonds rattachés au budget 1936, et qui ont été réparties en 1936 entre les différents ministères. Néanmoins, l'on peut considérer que les augmentations de dépenses portent sur tous les départements ministériels, et particulièrement sur les Ministères de l'Agriculture, du Commerce et des Communications (environ 50%), puis sur les Ministères de la Justice (environ 35%) et de la Guerre (environ 25%).

La différence entre le montant des dépenses (Etat et chemins de fer) effectuées au cours des trois derniers mois et celle de la période correspondante de 1935 est relativement faible (78,2 millions) (+ 5%).

Le total des crédits accordés à fin août était de 3.710 millions pour l'Etat et de 900 millions pour les chemins de fer ; les dépenses effectives ordinaires (non compris les dépenses extraordinaires) s'élevaient à la même date à 4.010,4 millions pour l'Etat et 926,1 millions pour les chemins de fer, supérieures par conséquent de 300,4 millions pour l'Etat et de 26,1 millions pour les chemins de fer aux crédits accordés. La comparaison des dépenses et des crédits des trois derniers mois fait, au contraire, ressortir une économie (10,2 millions).

4. Trésorerie.

La situation de Trésorerie (cf. appendice I d) est affectée par l'augmentation de l'excédent des dépenses sur les recettes au cours des mois de juillet et d'août. La Trésorerie, qui avait reçu au titre des emprunts 1936, 60 millions en mars et 200 millions en avril, a encaissé en juillet le solde du produit des emprunts (40 millions) (cf. trente-huitième rapport, page 6). Il est rappelé que ces sommes sont bloquées dans un compte du Trésor à la Banque nationale ; ce compte est débité chaque mois d'une somme qui est versée au budget pour payer les dépenses de même montant effectuées au titre du budget extraordinaire du 20 mars 1936. Si l'on veut comparer la situation du Trésor en 1935 et en 1936, il convient de tenir compte de ce fait : la situation de Trésorerie, déficitaire de 389,5 millions le 31 août 1935, est bénéficiaire de 30,5 millions au 31 août 1936, ou est déficitaire de 160,8 millions, si l'on réserve la somme de 191,3 millions ci-dessus, bloquée et affectée à des paiements déterminés.

Le Trésor conserve la possibilité d'escompter 68,8 millions de bons du Trésor, dont 37,5 à la Banque nationale.

Les paiements en souffrance s'élèvent à fin août à 605 millions, dont 95,8 dus par les chemins de fer. Les traitements et pensions, pour un montant de 131,2 millions, étaient à la disposition des ayants droit. Les mandats pour fournitures de matériel..., représentaient à fin août 429,4 millions ; ils ont été mis en paiement le 9 septembre.

II. LÉGISLATION.

Trois lois, qui se complètent et dont l'élaboration a demandé de longues études, ont été promulguées à la fin d'août.

Le Ministre des Finances, dans son exposé au Comité financier, lors de la session de mai 1936, en avait indiqué les grandes lignes et les avantages qu'il en attendait pour le fisc et pour l'économie du pays.

1. Décret-loi sur les accises et privilèges (*Journal officiel* 196, du 1^{er} septembre 1936).

Il codifie dans une première partie les textes dispersés dans de nombreuses lois sur les privilèges de l'Etat en matière fiscale.

La seconde partie est relative aux accises proprement dites. Les droits sont désormais fixés en leva-papier et non plus en leva-or. Le Conseil des Ministres pourra limiter le prix de vente en Bulgarie des marchandises passibles de droits. Les pouvoirs de réglementation du Ministre des Finances, en vue d'améliorer le contrôle sur les marchandises passibles de droits ou sur leur production, sont augmentés et définis à nouveau. Les droits d'accise sur certains produits couramment utilisés par la classe pauvre sont réduits (sel, pétrole, clous, vin, alcool). Pour compenser en partie cette diminution de recettes, une taxe *ad valorem* variant de 3 à 5 % est créée sur les tissus de laine, de coton et de soie, sur les tricots de coton et de soie, sur les bas et sur les fils de laine, à l'exception de ceux qui sont destinés aux filatures (*Journal officiel* 212, du 19 septembre 1936).

La troisième partie traite des patentes. Elle simplifie et codifie les textes anciens, augmente le contrôle de l'Etat sur les débitants d'alcool, modifie certains droits de patente sur les jeux, les tissages de jute, de lin, de chanvre.

Les trois autres parties sont relatives aux pénalités, à la constatation des infractions et aux dispositions transitoires.

2. a) Décret-loi sur les droits de douane (*Journal officiel* 194, du 29 août 1936).

Il supprime les taxes *ad valorem* qui frappaient jusqu'à présent les matières premières destinées à l'industrie et exemptées de droits de douane. Il les remplace par de nouveaux droits de douane spécifiques dont le produit doit être supérieur à celui des taxes supprimées. Les droits de transit sont supprimés. La loi accorde de nouvelles facilités pour l'importation temporaire de matières premières ou de demi-produits destinés à être transformés par l'industrie bulgare et réexportés. Les formalités de dédouanement, les déclarations, sont simplifiées.

b) Modification du tarif douanier (*Journal officiel* 195, du 31 août 1936).

Le Conseil des Ministres reçoit des pouvoirs très larges en matière de tarif douanier. Il peut élever les droits pour répondre à un dumping ou pour protéger contre la concurrence étrangère la production nationale. Il peut les abaisser jusqu'à 25 % de la valeur des marchandises importées pour combattre les prix élevés pratiqués dans le pays.

Comme il a été dit plus haut, les matières premières destinées à l'industrie sont désormais passibles d'un droit spécifique qui est d'environ 30 % de leur valeur. Une refonte du tarif est faite, destinée à tenir compte des modifications survenues dans les prix des marchandises et à réadapter la protection accordée aux industriels du pays à la situation économique actuelle.

3. Décret-loi relatif à l'industrie (*Journal officiel* 193, du 27 août 1936).

La première partie réglemente l'industrie ; elle reprend et corrige les textes anciens relatifs à la création, à l'agrandissement d'usines en cas de « saturation » de la branche de l'industrie où elles travaillent : Le Ministre du Commerce et de l'Industrie centralise et dirige toute cette réglementation.

La deuxième partie institue, sous le contrôle du Ministre du Commerce et de l'Industrie, une politique de rationalisation destinée à améliorer les prix de revient de la production.

La troisième partie traite de l'encouragement à l'industrie indigène. A l'exception de certaines facilités pour l'acquisition des terrains et l'approvisionnement en matières premières indigènes, la loi n'accorde d'autre avantage que la protection douanière. Toutefois, la loi prévoit que, pour certaines industries présentant un grand intérêt pour l'économie nationale, un encouragement pourra être donné par des lois spéciales.

III. BANQUES ET CRÉDIT.

a) Banque nationale.

Les rapports hebdomadaires de la Banque ne font pas apparaître de grands changements de l'actif. Du côté passif, l'on remarque une diminution des dépôts depuis le milieu de mai d'environ 220 millions, correspondant à une augmentation sensiblement égale de la circulation. La couverture reste voisine de 33%, avec une tendance, toutefois, à une baisse due à l'augmentation de la circulation résultant de l'accroissement des besoins du commerce.

La situation « devises » de la Banque est plus facile, malgré la demande importante de devises libres résultant de l'achat de la Banque hypothécaire. Il n'est pas possible de dire encore dans quelle proportion cette amélioration est due, d'une part, à la modification du régime des devises introduit le 1^{er} avril dernier et, d'autre part, aux dispositions favorables au commerce bulgare du marché international. Une partie des devises a été achetée avec prime sur le marché libre où la Banque cherche à maintenir le cours des primes aux environs de 24% pour la première liste et aux environs de 32% pour la seconde. Le relevé des opérations en devises au cours des huit premiers mois est donné dans l'appendice II b). La position exacte de la Banque en devises ne ressort pas, du reste, des rapports hebdomadaires où les devises bloquées et libres sont confondues dans le même poste. La position en marks est sensiblement la même que celle indiquée dans le précédent rapport ; bien que le montant des marks à l'actif de la Banque oscille entre 6 et 8 millions, celle-ci s'est pratiquement couverte contre les risques par des opérations diverses en marks avec les importateurs de produits allemands. Il est bon de rappeler aussi que les comptes de clearing figurent à l'actif des situations hebdomadaires en devises, alors qu'ils sont comptabilisés au passif dans les postes « dépôts » ou « autres exigibilités ». S'il est exact qu'au regard de la Banque les engagements soient des engagements en leva, il convient de les considérer comme des dettes en devises si l'on veut avoir un aspect réel de la position en devises du pays.

b) Clearings.

Tous les clearings, à l'exception du clearing bulgare-allemand, travaillent avec plus ou moins de difficultés. A l'occasion des nouveaux accords négociés par la Banque avec différents pays, celle-ci s'est efforcée d'élargir les possibilités de transactions par compensations directes. Elle y a réussi avec la Belgique, la France, l'Autriche et la Tchécoslovaquie. La Suisse a refusé de sortir des règles strictes du clearing ; toutefois, elle a donné certaines compensations destinées à remédier aux difficultés du commerce bulgare-suisse sous la forme de contingents accordés pour certains produits particulièrement importants pour l'exportation bulgare. La Banque a pu diminuer sensiblement les soldes débiteurs des clearings avec certains pays à devises libres (Belgique, France) et a liquidé ainsi presque complètement ses anciennes dettes commerciales.

c) Compensations.

Les résultats de la politique qui vient d'être indiquée et d'un relâchement de certaines formalités ont accru le volume des transactions par compensation dont l'importance peut aujourd'hui être évaluée à 40% du commerce extérieur total.

Les primes moyennes sur les compensations conclues en devises libres seulement ont varié comme suit :

1936	Première liste	Deuxième liste	Moyenne
Janvier	—	—	33,1
Février	—	—	31,1
Mars	—	—	29,1
Avril	—	—	34,0
Mai	31,3	35,0	32,6
Juin	28,2	34,2	32,8
Juillet	25,6	33,9	32,7
Août	25,0	32,7	30,6

Les fluctuations des primes en devises bloquées sont importantes et varient entre — 7,5% (lire italienne) et + 35% (dollar et franc suisse).

La politique de la Banque de discriminer les transactions sur la première liste et sur la seconde liste ressort nettement des chiffres donnés ci-dessus ; l'écart entre les primes sur l'une et l'autre liste a augmenté sensiblement, en effet, dès que la Banque est intervenue effectivement sur le marché des primes.

IV. COMMERCE EXTÉRIEUR.

La comparaison du commerce extérieur au cours des huit premiers mois de 1936 et au cours des mêmes mois de 1935 montre un accroissement en valeur d'environ 10%. Les importations augmentent de 129 millions, les exportations de 167 millions, et la balance défavorable à fin août 1935 de 139 millions l'est cette année de 102. Les exportations de tabac ont diminué de 260 millions, mais les exportations de maïs ont augmenté de 100 millions, celles de graines de tournesol de 31 millions, de viande de 25, de graisse de 30, d'œufs de 80, ainsi que celles d'autres produits agricoles ; l'exportation des tomates a doublé ; d'autres primeurs ont trouvé un marché extérieur avec des perspectives favorables pour les prochaines années. Par contre, l'exportation du raisin, qui avait augmenté si rapidement l'année dernière, est cette année en sensible diminution. Du côté importation, les fournitures importantes de matériel de chemins de fer, de machines et de produits métallurgiques se poursuivent.

Commerce extérieur de la Bulgarie. (Janvier-août.)

	1936	1935	Augmentation en 1936
		(En millions de leva)	
Importations	1.965	1.836	129
Exportations	1.864	1.697	167
Excédent des importations	101	139	

V. DIRECTION DES CÉRÉALES.

La récolte de cette année est bonne ; mais les chiffres définitifs n'ont pas encore été donnés. Les achats des nouvelles récoltes effectués cette année par la Direction dépassent nettement ceux de l'année dernière : au 15 septembre 1936, ils s'élevaient à 338.000 tonnes contre 198.000 en 1935. D'après les renseignements publiés, les achats de blé de la récolte 1935 ont été de 313,5 mille tonnes contre 299,1 mille tonnes de la récolte 1934 : ces chiffres ne sont pas, du reste, tout à fait comparables, étant donné que les achats de la récolte 1934 furent poursuivis jusqu'en août 1935, tandis que les achats furent arrêtés cette année au 30 juin. Il résulte des chiffres donnés que 24% de la récolte 1935 a été vendu à la Direction des céréales, alors qu'elle avait reçu 26% de la précédente récolte.

VI. ÉTABLISSEMENT DES RÉFUGIÉS BULGARES.

	Leva
1. <i>Position au 31 août 1936 du compte bloqué de l'emprunt 1926.</i>	
Produit net	1.614.296.149
Dont mis à la disposition du service d'établissement	1.610.824.302
	<hr/>
Solde en dépôt à la Banque nationale	3.471.847

2. Rendement des revenus gagés.

Chapitres du budget	Encaissements			1/12 des évaluations budgétaires
	Juin	Juillet	Août	
	(En millions de leva.)			
11. Accise sur le sel étranger, le café et autres marchandises et boissons étrangères	12,1	7,7	10,2	15,9
12. Accise sur le vinaigre, la bière, l'acide carbonique et autres boissons indigènes et accise sur l'alcool	7,5	6,5	8,8	4,7
15. a) Accise sur le sel	4,3	3,3	3,3	4,2
b) Accise sur le sucre et la glucose	24,8	17,7	18,4	22,7
c) Accise sur le riz et autres marchandises indigènes	3,2	1,4	2,2	3,8
31. Vente des allumettes	6,6	7,7	7,6	6,7
Total	58,5	44,3	50,5	58,0

Les versements des réfugiés affectés au remboursement des dépenses d'établissement ont atteint les montants ci-après (en leva) :

	Juin	Juillet	Août	Antérieurs	31 août 1936
Intérêts	45.531	2.218.250	17.615	8.428.077	10.709.473
Amortissement et impôt foncier	12.272	18.409	2.033.941	20.953.482	23.018.104
Total	57.803	2.236.659	2.051.556	29.381.559	33.727.577

3. *Utilisation de l'emprunt.*

	Leva
Les engagements restant à régler au 31 août 1936 s'élèvent à	5.096.746
Pour y faire face, la Direction générale de la Dette publique dispose de :	
Banque nationale, compte Commissariat	3.471.847
Banque nationale.	1.624.899
	<hr/>
	5.096.746

VII. EMPRUNT DE STABILISATION 7½% 1928.

Position au 31 août 1936 du compte bloqué de l'emprunt.

Rendement des revenus gagés (douanes).

	(En millions de leva.)			
Juin	Juillet	Août		1/12 des évaluations budgétaires
59,2	53,4	56,7		60,75

Utilisation du produit de l'emprunt.

I. *Chemins de fer et ports.*

	Leva	Leva
La totalité de cette tranche s'est montée à		672.300.000
dont engagés au 31 août 1936		672.300.000
		<hr/>
Solde non engagé		—
Reste à payer sur engagements pris		218.906
		<hr/>
Solde à engager ou à payer		218.906
Sommes aux mains de l'Administration.	1.656.255	
Solde à recevoir du produit de l'emprunt.	—	

II. *Routes et ponts.*

	Leva	Leva
La totalité de cette tranche s'est montée à		182.031.732
dont engagés au 31 août 1936		181.844.182
		<hr/>
Solde non engagé		187.550
Reste à payer sur engagements opérés		—
Sommes aux mains de l'Administration.	187.550	
Solde à recevoir du produit de l'emprunt	—	
	<hr/>	187.550

Appendice I.

**a) RÉSULTATS PROVISOIRES DES HUIT PREMIERS MOIS DE L'EXERCICE 1936
COMPARÉS AUX RÉSULTATS DES EXERCICES PRÉCÉDENTS.**

	Données annuelles			Résultats provisoires 1 ^{er} janvier-31 août 1936			
	Résultats définitifs		Prévisions budgétaires 1936 (12 mois)	1935	1936		%
	1934 (9 mois)	1935 (12 mois)			Recettes effectives	8/12 des prévisions 1936	
(En millions de leva.)							
I. RECETTES.							
A. Budget de l'Etat :							
I. Recettes fiscales :							
1. Impôts directs . . .		394,4	382	276,6	349,4	254,7	137,1
2. Impôts indirects :							
Douanes		821,8	920	505,3	593,4	613,3	96,7
Accises		1.214,9	1.464,6	791	857,8	976,4	87,8
Enregistrem.		90	102	58,3	59,2	68	87
Timbre		285,1	330	178,2	216,9	220	98,5
3. Amendes et con- fiscations		88,5	87	53,2	44,8	58	77,2
4. Monopoles		117,2	125	71,9	78,9	83,3	94,7
5. Exercices clos		292,2	250	178,5	166,5	166,7	99,8
II. Autres recettes :							
6. Entreprises d'Etat		547,6	654,7	317,1	355,5	436,5	81,4
7. Participation des communes aux appointements des instituteurs et médecins		286,8	412	183,8	241	274,7	87,7
8. Recettes diverses		705,6	467,6	261,3	270,9	311,7	86,9
9. Nouveaux fonds incorporés		346,8	376,8	204,9	239,9	251,2	95,4
III. 10. Recettes extra- ordinaires		—	172	—	87,3	114,7	76,1
IV. Recettes d'ordre :							
II. Reprises en re- cettes des sol- des non trans- férés du service de la dette ex- térieure		531,9	419,8	199,4	186,6	279,9	66,6
V. Ressources d'emprunts 1936		—	—	—	109 ³	—	—
Total	4.114,2¹	5.722,8¹	6.163,5	3.279,5²	3.857,1	4.109,1	94
Total des recettes réelles (sans N° II)	3.938,6¹	5.191¹	5.743,7	3.080,1	3.670,5	3.829,2	—
B. Budget des chemins de fer et ports	915,5	1.214,8	1.393	756,6	831,6	928,7	89,5
Total général	5.029,7¹	6.937,6¹	7.556,5	4.036,1	4.688,7	5.037,8	93,6
Total général non compris N° II	4.854,1¹	6.405,6¹	7.136,7	3.836,7	4.502,1	4.757,9	—

¹ Pour rendre possible la comparaison des budgets 1934/35 (9 mois) et 1935 avec le budget 1936, il a été ajouté en recettes et en dépenses un montant de 323,7 millions pour le budget 1935 représentant, approximativement, les recettes et les dépenses des fonds qui sont incorporés dans le budget 1936 et qui étaient gérés en dehors des budgets 1934/35 et 1935.

² Ce total comprend, pour un montant de 234,4 millions de leva, des recettes qui avaient été faites hors budget au titre, en particulier, de fonds incorporés par la suite au budget de 1936.

³ Montant du prélèvement effectué au 31 août sur le produit des emprunts (300 millions) destinés à régler les dépenses du budget extraordinaire promulgué le 20 mars 1936.

Appendice I (suite).

a) RÉSULTATS PROVISOIRES DES HUIT PREMIERS MOIS DE L'EXERCICE 1936
COMPARÉS AUX RÉSULTATS DES EXERCICES PRÉCÉDENTS (suite).

	Données annuelles			Résultats provisoires 1 ^{er} janvier - 31 août 1936		
	Résultats définitifs		Prévisions budgétaires 1936 (12 mois)	1935	1936	
	1934 (9 mois)	1935 (12 mois)			Dépenses effectives	Dépenses autorisées par budgets mensuels
(En millions de leva.)						
II. DÉPENSES.						
A. Budget de l'Etat :						
Pouvoir suprême	39,4	37,6	27,4	24,5	25,2	
Cour des comptes	19	20,4	11,2	12,3	13,3	
Affaires étrangères et Cultes . . .	146,9	156,8	73,7	91,1	103,2	
Intérieur et Santé publique . . .	352,6	476	163,3	259,9	311,2	
Instruction publique	720,6	873,9	448	552,1	580	
Finances et Dette publique . . .	2.325,2	2.443,4	1.220,7	1.377,5	1.493	
Justice	161,1	166,3	75,4	103,1	110,5	
Guerre	1.006,7	1.051,8	429,7	540,1	746	
Commerce	300,5	396,9	137,8	38,9	44,1	
Agriculture	478,2	540,5	193,8	174,7	212	
Communications	—	—	103	295,5	351,5	
Crédits supplémentaires divers . .	—	134,7	—	140,5 ²	—	
	—	323,7 ¹	—	—	—	
Total	4.492,6¹	6.008,6¹	6.163,5	3.022,8	3.610,2	3.990
B. Budget des chemins de fer . . .	786,9	1.207	1.393	549,5	830,3	900
C. Dépenses en souffrance	—	—	—	717,8	605	—
Total général	5.279,5¹	7.215,6	7.556,5	4.290,1	5.045,5	4.890
Total général non compris les dé- penses correspondant aux sol- des non transférés de la Dette publique	5.103,9¹	6.683,6¹	7.136,7	4.090,7	4.859	4.610
Déficit	249,8	278	—	254	356,8	—

¹ Pour rendre possible la comparaison des budgets 1934/35 (9 mois) et 1935 avec le budget 1936, il a été ajouté en recettes et en dépenses un montant de 323,7 millions pour le budget 1935 représentant, approximativement, les recettes et les dépenses des fonds qui sont incorporés dans le budget 1936 et qui étaient gérés en dehors des budgets 1934/35 et 1935.

² Dépenses effectuées en dehors du budget ordinaire 1935, au titre, en particulier, de fonds incorporés par la suite au budget 1936.

³ Dont 109,0 sur crédits extraordinaires alimentés par des ressources d'emprunt (voir note 2 de la page précédente).

Appendice I (suite).

b) RÉSULTATS MENSUELS DES TROIS DERNIERS MOIS.

	1936	Juin			Juillet			Août		
	1/12 du budget autorisé	1935	1936		1935	1936		1935	1936	
				Effec- tives	Budget mensuel		Effec- tives	Budget mensuel		Effec- tives	Budget mensuel
RECETTES. (En millions de leva.)										
A. Budget de l'Etat :										
I. Recettes fiscales :										
1° Impôts directs . . .	31,8	77,1	95,3	35	37,9	47,4	50	25,2	28,3	40
2° Impôts indirects :										
Douanes	76,7	56,7	71,3	78	58,1	61,1	85	64	66,9	82
Accises	122,1	104,2	120,4	114	115,4	110,7	115	108,6	109,7	115
Enregistrement . . .	8,5	7,4	8,4	8,5	7,4	6,8	8	7,5	6,4	8,5
Timbre	27,5	22,1	27,2	28	23,8	34,5	30	23,9	26,5	30
3° Amendes et con- fiscations	7,2	6,5	6,1	6	4,7	4,8	6	5,6	5,2	5,5
4° Monopoles	10,4	8,8	9,2	10	10,2	11	10	11	11,2	10
5° Exercices clos . . .	20,8	26,2	29,8	25	12,4	15,1	18	17,9	11,9	20
Total des recettes fiscales	305	309	367,7	304,5	269,9	291,4	322	263,7	266,1	311
II. Recettes diverses :										
6° Entreprises d'Etat	54,6	93	44	59,6	50,4	49,8	60,8	40,3	45,8	64
7° Participation des communes aux appointements des instituteurs et médecins . . .	34,3	16,8	29,7	29	27,5	40,2	34	22,5	32,5	32
8° Recettes diverses .	39	40	33,6	37,9	33,4	34,2	31,2	29,5	28,6	33
9° Nouveaux fonds incorporés	31,4	33,5	30	30	39,5	36,9	33	20,6	15,6	30
Total des recettes diverses	159,3	183,3	137,3	156,5	150,8	161,1	159	112,9	122,5	159
III. 10° Recettes extraordi- naires										
	14,3	—	11,9	14	—	18,1	14	—	14,1	15
IV. Recettes d'ordre :										
11° Reprise en recet- tes des soldes non transférés de la dette publique extérieure	35	199,4	150,6	35	—	—	35	—	7,8	35
V. Prélèvement sur produits emprunts 1936										
	—	—	24,8	—	—	18,1	—	—	14,7	—
Total	513,6	691,8	692,3	510	420,7	488,7	530	376,6	425,2	520
Total des recettes réelles (sans les soldes) (N° 11)	(478,6)	(492,4)	(541,7)	(475)	(420,7)	(488,7)	(495)	(376,6)	(417,4)	(485)
B. Chemins de fer et ports .										
	116,1	109,1	111,3	130	105,2	123,4	120	142,2	122,2	120
Total mensuel général . .	629,7	800,9	803,6	640	525,9	612,1	650	518,8	547,4	640
Total mensuel, non compris les sommes récupérées	(594,7)	(601,5)	(653)	(605)	(525,9)	(612,1)	(615)	(518,8)	(539,6)	(605)
DÉPENSES.										
A. Budget de l'Etat										
	513,6	770,1	606,8	510	411,2	515,4	530	345,5	452,8	520
B. Chemins de fer et ports .										
	116,1	224,5	115,3	130	93	155,9	120	127,3	93,4	120
Total des dépenses	629,7	994,6	722,1	640	504,2	671,3	650	472,8	546,2	640
Dépenses en souffrance (+ ou — au cours du mois).	—	-173	-53	—	+54,2	+2,6	—	+42,3	+100,7	—
Total mensuel général . . .	629,7	821,6	669,1	640	558,4	673,9	650	515,1	646,9	640
Total mensuel, non compris les dépenses correspon- dant aux soldes non transférés de la dette publique extérieure. .	(594,7)	(622,2)	(518,5)	(605)	(558,4)	(673,9)	(615)	(515,1)	(639,1)	(605)

Appendice I (fin).

c) SITUATION DÉTAILLÉE ET COMPARÉE DES RECOUVREMENTS DES IMPOTS DIRECTS POUR LES HUIT PREMIERS MOIS DE L'EXERCICE 1936.

Impôts	Résultats 1 ^{er} janvier-31 août				Prévisions 1936	
	1935	1936	+ ou -	% de 1936 par rapport à 1935	Quote-part exigible	% des recouvrements
	(En millions de leva.)					
Impôts cédulaires	147,8	197,8	+ 50	134	133	150
Impôt global sur le revenu	9,6	8,8	- 0,8	93	10	88
Impôt sur les sociétés	11,1	33,8	+ 22,7	304	13,2	256
Impôt sur les brebis et les chèvres	41,3	39,9	- 1,4	97	44,2	90
Impôt sur l'exemption de la prestation	23,6	34,7	+ 11	146	29,2	120
Impôt militaire	14,2	15,7	+ 1,4	109	16	97
Impôt sur les successions	19,6	18,7	- 0,9	96	24	78
Total	267,3	349,4	+ 82	130	269,6	130
Impôts arriérés	166,1	154,9	- 11,2	93	1.425,6 166,5 ¹	11 94
Amendes et intérêts de retard sur impôts arriérés	33	25,7	- 7,3	78	36,6 ¹	70
Total général	466,4	530	+ 63,5	114	472,7	112

¹ 8/12 des prévisions budgétaires.

d) SITUATION DE LA TRÉSORERIE EN JUIN-AOÛT 1936.

	Juin	Juillet	Août
	(En millions de leva.)		
Solde au début du mois du compte du Trésor à la Banque nationale	614	677,1	645,6
Budget de l'Etat et des chemins de fer :			
Encaissements	803,6	612,1	547,4
Décaissements	- 722,1	671,3	546,2
	+ 81,5	- 59,2	+ 1,2
Ressources extrabudgétaires :			
Diverses	+ 6,4	+ 5,7	+ 3,3
Emission de bons du Trésor	-	-	-
Emission d'obligations (emprunt 1936)	- 24,8	+ 22	- 14,6
	- 18,4	+ 27,7	- 11,3
Solde en fin de mois du compte du Trésor	677,1	645,6	635,5
Paiements exigibles en souffrance (non compris les dettes à long terme consolidées ou en suspens)	501,7	504,3	605
Solde	+ 175,4	+ 141,3	+ 30,5

Appendice IIa.

SITUATION DE LA BANQUE NATIONALE DE BULGARIE.

(En millions de leva.)

ACTIF.	30 septembre 1934	30 septembre 1935	30 juin 1936	30 septembre 1936
Or monnayé et non monnayé	1.547	1.583	1.607	1.616
Devises-or.	7	19	2	14
Autres devises	150	173	446	476
Monnaies divisionnaires	349	380	544	342
Portefeuille et avances de commerce.	477	589	370	649
Bons du Trésor.	666	605	1.032	1.235
Dette de l'Etat.	2.755	2.671	2.671	2.671
Autres avoirs	406	314	373	294
Balance	6.659	6.616	7.340	7.650
PASSIF.				
Capital versé et réserve	1.738	1.756	1.746	1.742
Billets de banque en circulation . . .	2.859	2.408	2.453	2.790
Comptes courants et de dépôts	1.623	1.911	2.051	2.055
dont de banques	(538)	(493)	(843)	(795)
Exigibilités en devises.	58	99	142	84
Autres exigibilités	239	313	825	858
Couverture %	33,38	34,79	32,56	31,92
Taux de l'escompte	7%	6%	6%	6%
Circulation totale.	4.000	3.669	3.551	4.090

Appendice IIb.

**CHANGE ACHETÉ ET VENDU PAR LA BANQUE NATIONALE DE BULGARIE
PENDANT LA PÉRIODE JANVIER-AOÛT 1935 ET 1936.**

	1935			1936		
	Devises libres	Devises bloquées	Total	Devises libres	Devises bloquées	Total
	(En millions de leva.)					
<i>Change acheté.</i>						
Exportation	129,0	1.217,7	1.346,7	200,4	1.253,1	1.453,5
Services privés	31,5	33,5	65,0	28,1	49,0	77,1
Services publics.	21,0	3,3	24,3	20,2	7,7	27,9
Voyageurs	7,7	22,4	30,1	9,6	12,2	21,8
Revenus de placements à l'étranger	1,3	4,0	5,3	0,6	9,4	10,0
Autres revenus privés	12,0	7,6	19,6	8,9	7,6	16,5
Importations de capitaux à long terme	1,9	29,8	31,7	2,5	30,6	33,1
Crédits étrangers à court terme . .	44,6	57,3	101,9	145,6	—	145,6
Réévaluation.	12,7	16,0	28,7	12,2	25,4	37,6
Non indiqués	27,2	25,2	52,4	15,9	6,1	22,0
Dépôts retirés de la Banque natio- nale bulgare	7,0	1,2	8,2	149,0	1,3	150,3
Total	296,0	1.418,0	1.714,0	593,0	1.402,4	1.995,4
<i>Change vendu.</i>						
Importation	75,9	1.087,2	1.163,1	84,0	1.334,0	1.418,0
Services publics.	1,3	13,3	14,6	0,8	10,5	11,3
Dépenses de particuliers	17,7	59,5	77,2	18,4	80,8	99,2
Intérêts et dividendes	4,4	2,8	7,2	1,0	5,7	6,7
Service de la dette publique. . . .	64,6	68,7	133,3	73,5	5,6	79,1
Autres dépenses de l'Etat	33,3	42,6	75,9	38,2	56,7	94,9
Remboursement de crédits à court terme	52,8	42,5	95,3	148,9	1,4	150,3
Remboursement de crédits à long terme et exportation de capi- taux	2,5	37,0	39,5	2,3	38,2	40,5
Réévaluation.	5,8	19,0	24,8	3,2	12,5	15,7
Non indiqués	9,1	25,8	34,9	21,0	6,2	27,2
Dépôts reçus par la Banque natio- nale bulgare	43,0	54,2	97,2	145,4	—	145,4
Total	310,4	1.452,6	1.763,0	536,7	1.551,6	2.088,3

Appendice III.

Années et mois	Commerce extérieur					Indices économiques							Banque nationale							
	Valeur (millions de leva)			Poids (1.000 t.)		Trans- port par chemin de fer. Mar- chan- dises arrivées (1.000 tonnes)	Volume de la produc- tion indus- trielle 1934/35 = 100	Ventes de détail des coopé- ratives (mil- lions de leva)	Prix de gros 1926 = 100	Coût de la vie 1926 = 100	Total des dépôts ¹ (millions de leva)	Total des place- ments ² (millions de leva)	Or	Mon- tant net des devises ³	Porte- feuille commer- cial ⁴	Dette cou- rante du gou- verne- ment ⁴	Circulation		Couver- ture %	Taux d'es- compte
	Impor- tations	Expor- tations	Balance + ou -	Impor- tations	Expor- tations												de billets de banque	totale		
(En millions de leva.)																				
	Moyenne mensuelle.					Moyenne mensuelle.							Fin.							
1931	388	495	+ 107	24,6	64,1	366	—	—	79,1	90,1	—	—	1.511	257	579	279	2.919	3.629	37,69	9 1/2
1932	289	282	— 7	21,8	49,0	376	—	—	70,3	83,1	—	—	1.519	123	427	423	2.035	3.521	36,07	8
1933	184	237	+ 53	19,2	35,9	335	—	31,3	61,8	77,2	9.706	10.985	1.545	141	473	818	2.984	3.971	35,39	8
1934	187	211	+ 24	20,5	33,0	327	98,3	31,1	63,6	72,1	10.024	10.867	1.547	121	373	655	2.449	3.736	35,71	7
1935	251	271	+ 20	23,0	27,3	344	101,7	51,4	65,1	68,3	10.597	10.907	1.591	448	612	910	2.497	3.731	33,37	6
1935 :																				
I	198	129	— 69	18,6	17,6	222	72,2	37,9	64,5	70,9	10.563	10.943	1.547	118	285	655	2.226	3.409	35,12	7
II	168	145	— 23	17,2	12,6	235	79,3	39,4	64,3	71,0	10.635	10.937	1.547	271	264	655	2.176	3.342	33,40	7
III	185	192	+ 7	16,1	9,7	238	84,6	53,2	64,2	70,3	10.524	10.782	1.552	358	181	616	2.140	3.258	34,06	7
IV	254	443	+ 189	22,0	15,6	267	86,1	53,9	66,0	68,4	10.513	10.785	1.568	317	208	416	2.173	3.344	36,20	7
V	283	265	— 18	27,4	23,2	302	92,1	53,0	64,7	68,1	10.564	10.786	1.583	299	218	666	2.123	3.234	33,13	7
VI	281	195	— 86	21,4	13,7	329	92,9	55,9	64,3	68,3	10.485	10.880	1.583	174	281	670	2.152	3.286	33,69	7
VII	199	177	— 22	22,5	18,5	374	93,0	47,4	64,2	68,7	10.534	10.911	1.583	85	281	600	2.133	3.287	35,79	7
VIII	268	151	— 117	26,6	16,6	401	100,5	54,0	64,0	67,9	10.515	10.970	1.583	73	391	600	2.266	3.448	35,53	6
IX	215	304	+ 89	20,8	44,0	465	140,4	49,3	64,4	67,7	10.497	11.117	1.583	93	589	605	2.408	3.669	34,79	6
X	314	556	+ 42	27,7	76,0	507	147,3	47,7	66,6	65,7	10.484	10.998	1.583	112	605	755	2.413	3.681	33,65	6
XI	355	401	+ 45	30,6	56,6	425	109,7	56,2	66,9	66,1	10.713	10.867	1.583	373	554	755	2.303	3.521	33,71	6
XII	288	296	+ 8	25,5	23,0	359	122,1	68,5	66,7	66,2	11.136	10.912	1.591	448	612	910	2.497	3.731	33,37	6
1936 :																				
I	181	376	+ 195	17,4	15,3	229	78,9	48,4	65,8	65,9	11.265	10.865	1.591	383	294	1.010	2.177	3.296	34,18	6
II	303	250	— 53	22,7	14,6	235	90,9	42,1	65,2	66,3	11.452	10.917	1.591	329	216	1.010	2.113	3.221	35,13	6
III	220	232	+ 12	18,9	17,6	258	108,3	54,1	64,7	66,0	11.360	10.920	1.591	237	239	928	2.293	3.417	36,06	6
IV	270	238	— 32	24,8	26,1	255	95,2	55,6	66,4	64,0	11.285	10.963	1.591	247	344	1.028	2.252	3.349	33,65	6
V	296	203	— 93	27,0	31,5	326	104,0	61,2	66,3	64,0	11.167	10.866	1.607	353	358	1.028	2.247	3.323	33,39	6
VI	291	179	— 112	25,9	39,9	389	109,4	56,9	66,0	64,1	11.273	10.916	1.607	306	370	1.032	2.453	3.551	32,56	6
VII	195	164	— 31	22,9	41,4	359	101,7	48,1	66,6	64,5	11.424	10.982	1.607	302	334	932	2.304	3.422	34,41	6
VIII	209	221	+ 12	26,0	55,7	440			67,7	64,0			1.607	355	410	1.132	2.561	3.755	33,20	6
IX													1.616	406	649	1.235	2.790	4.090	31,92	6

¹ Des institutions observées (données révisées). ² Tous les actifs en devises (libres et bloqués) moins les exigibilités en devises. ³ Escompte et avances. ⁴ Escompte et réescompte des bons du Trésor.

Geneva, October 21st, 1936.

LEAGUE OF NATIONS

FISCAL COMMITTEE

**REPORT TO THE COUNCIL ON THE SIXTH SESSION
OF THE COMMITTEE**

Held at Geneva from October 15th to 21st, 1936.

INTRODUCTION.

The Fiscal Committee has the honour to submit to the Council the following report on its sixth session, held at Geneva from October 15th to 21st, 1936.

The following members of the Committee were present:

M. J. H. R. SINNINGHE DAMSTÉ, *Chairman*,
M. H. BLAU,
M. M. BORDUGE,
Mr. Mitchell B. CARROLL, accompanied by Mr. Eldon P. KING,
M. G. MANTZAVINOS,
M. R. PUTMAN,
Mr. C. H. WAKELY.

The meetings were also attended by:

M. C. JIMENEZ CORREA, corresponding member of the Committee,
M. Robert JULLIARD, representative of the International Chamber of Commerce.

I. TAX EVASION.

At its meeting on October 9th, 1936, the Assembly of the League of Nations adopted the following resolution:

" The Assembly,

" Considering that efforts to reduce the obstacle to the international circulation of capital must not have the effect of increasing fiscal fraud;

" Being of opinion that double taxation is both one of the causes of fiscal fraud and at the same time a serious obstacle to the development of international economic and financial relations;

" And holding that only concerted action based on specific agreements for international co-operation can ensure the accurate assessment and equitable allocation of taxes:

" Requests the Fiscal Committee to pursue vigorously its work for the avoidance of double taxation as far as possible, and also its work on the subject of international fiscal assistance, in order to promote practical arrangements calculated, as far as possible, to put down fiscal fraud."

At its present session, the Fiscal Committee at once proceeded to comply with this request. The present report contains an account of, and a commentary on, the first conclusions reached as a result of its work.

1. *Previous Work of the Fiscal Committee in the Matter of Fiscal Evasion.*

The fiscal experts have met periodically for more than twelve years under the League's auspices for the purpose of studying rules liable to ensure greater justice in the taxation of individuals and legal entities engaged in activities in different countries. The problem submitted to the experts was twofold: to ensure that a taxpayer should not be doubly taxed by two States on account of the same capital or the same income, and to ensure that no taxpayer should take advantage of different systems of fiscal law to evade his obligations.

Their work has been directed towards these two aims; and though, to judge from the records of the Fiscal Committee's meetings, it seems that the study of double taxation occupies the chief place, the investigation of methods of combating tax evasion has also not been neglected. The experts had to admit, however, that the practical application of their recommendations in regard to double taxation should precede the application of measures for the prevention of tax evasion, because the latter is, if not justified, at all events provoked in many cases, by double taxation. Being threatened by double taxation, the taxpayer tries to find a way of escape, and this motive too often leads him to resort to methods which, not only enable him to escape any excessive burden, but actually place him in a privileged position as compared with his fellow-taxpayers. To-day, the work of the Fiscal Committee in the field of double taxation has progressed sufficiently to enable the Committee to reconsider the problem of tax evasion. The different States are aware, thanks to the League, of the methods of preventing the unjust taxation of taxpayers; at all events, great progress has been made: while in 1923, when the League of Nations called together the first meeting of tax experts, very few conventions existed in the field of double taxation, more than a hundred and forty are now in force. Since taxpayers are now protected from unjust taxation, a higher standard of conscientiousness can be expected from them. Moreover, the States are in a position, prior to the application of measures to prevent tax evasion, to conclude conventions for the abolition of double taxation; this would make it easier for the taxpayer to bear the burden resulting from the measures set forth hereunder.

There is another and a very different consideration that justifies the fiscal experts in the circumspection they have shown regarding tax evasion. Such evasion is practised mainly in respect of income from movable capital, and the first paragraph of the resolution adopted by the League Assembly refers to this particular form of fraud, which is constantly increasing. For experts well acquainted with these questions, the problem of international tax evasion in respect of the income from movable capital is only one of the particular aspects of a more general problem—namely, the investigation of methods of preventing the frequent frauds that occur in the taxation of income from movable capital. The most ingenious solutions have been considered, and, technically speaking, the problem can be satisfactorily solved. But all the solutions available are open to the same objection—namely, that they disturb the circulation of capital, because they inevitably drive it to take refuge where it will be least heavily taxed. Accordingly, the various countries have hesitated to establish such control, as it would seriously affect their economic situation. Internal control is, if not inoperative, at all events very inadequate; and, in such circumstances, can international control be contemplated?

In point of fact, the two problems are interrelated. States hesitate to apply stricter internal control, because they fear that more lenient neighbouring States will benefit thereby and will drain off the main flow of capital. From the technical point of view, the principal States, realising these common dangers to which they are all liable, would have to adopt simultaneously similar methods of control for both national and international transactions. Is such simultaneous action possible? The fiscal experts are not qualified to answer that question. They emphasise the difficulty of the problem here, in order to explain the reason for the concern with which they have endeavoured to study it, as well as to show how serious the difficulty is.

2. *The Problem raised by the Assembly.*

The Assembly resolution is worded in very general terms; yet it conveys the wish that the Committee should study, in particular, measures for combating tax evasion in respect of income from movable capital. Even when thus circumscribed, the problem still remains a vast one; and the Committee, anxious to give its answer in the shortest possible time, has, for the present, confined its study to a particular kind of fraud which is very common and hence very disturbing. Subsequently, according to the manner in which its conclusions are received, the Committee will decide whether it will have to extend its work to the investigation of processes capable of eliminating other causes of tax evasion.

The following study will therefore relate to one of the best-known methods of fraud: a taxpayer, anxious, *inter alia*, to escape from some of the burdens to which he would be liable if he collected the income from his movable capital in the country where he resides, has recourse to a country where he knows that the tax is lower and that measures of supervision do not exist or are less severe.

Certain technical explanations are necessary. As a rule, States tax at source income from movable capital invested in national enterprises, and also, as a rule, there may be said to be no means whereby the taxpayer can escape such taxation. But, in order not to give any advantage to investments elsewhere than in national enterprises, some States impose a "compensatory" tax, which is often very heavy, upon income from capital invested by their nationals in foreign enterprises. The collection of this compensatory tax is an easy matter if the income is paid in the

territory of the State imposing the tax. It is much more uncertain, however, if interest is paid abroad in a State which is not concerned with the tax. Hence a first kind of tax evasion—namely, that practised by holders of foreign securities, who cash the income therefrom outside the country in which they reside.

There is a second kind of evasion, in respect of the supplementary tax (general income tax, super-tax) leviable in the taxpayer's country of residence upon the whole of his income. If he collects the whole of his income in the country in which he resides, the taxation problem is an internal one, and the various legislations, more or less strict, can make their demands proportionate to their needs. But, if the taxpayer receives part of his income abroad, the State of residence is often powerless and must apply to foreign countries for help, in order to restore fiscal equality between its nationals. To find such means of assistance has been one of the tasks of the Fiscal Committee.

3. *Opinion of the Fiscal Committee.*

Having considered this particular aspect of tax evasion—frauds in regard to the compensatory tax on income from foreign securities and frauds in regard to the supplementary tax—the Fiscal Committee is of opinion, subject to all the reservations in this report, that agreements based on the formula set forth below would, if generally accepted, lead to the desired result.

“ In each of the contracting States, rules shall be laid down that persons or companies who, in the course of their business, pay out income derived from movable capital must report every payment made to a person not resident in the State in which this payment is effected. The notice in question shall be given to this latter State, which shall transmit it to the State in which the recipient resides.

“ The term ‘ income derived from movable capital ’ shall, for the purpose of the present provisions, be taken to mean interest, dividends, and, in general, income from bonds, stocks and shares, and loans. The rule shall apply to every kind of payment, whether in cash or by transfer, cheque, or entry in a banking account.

“ For the purpose of the present provisions, persons not resident in a State shall be deemed to mean persons having their permanent home in another State.”¹

4. *Advantages of the Proposal.*

Were the more important States to adopt the Fiscal Committee's proposal, the frauds at present current in regard to the taxes with which we are now dealing would undoubtedly be considerably reduced, if not entirely eliminated. However incomplete the exchange of information, it is clear that, if the taxpayer knew that such a system was in force, he would be more careful and therefore more honest. Tax revenue would increase, and this would not apply merely to the revenue directly derived from the compensatory tax and supplementary tax, but also to that resulting from all taxes the assessment of which presupposes knowledge of the taxpayer's income. This rise in the yield of taxes, without any corresponding rise in rates, would increase the revenues of the contracting States and enable them to reduce taxation, thus lessening the attractions of other methods of evasion. This would meet the argument advanced in the Fiscal Committee and elsewhere that tax evasion is due to excessive rates of taxation and that its evils will continue until its attractions are lessened by a reduction in rates.

5. *Disadvantages of the Proposal.*

One obvious drawback has already been pointed out in the report: it would appear unreasonable for a State to request the assistance of neighbouring States in tightening up the collection of taxes on the income from movable capital while at the same time refraining, on excellent economic or financial grounds, from taking internal action to improve the yield of other taxes on the income from movable capital. To that, however, it may be replied that the convention is reciprocal, and that States are free to proceed with greater severity in regard to income derived from abroad.

A second objection immediately presents itself: while the State can enforce certain obligations upon persons or companies who openly pay, in the course of business, the income from securities, it will be relatively impotent against concealed intermediaries who lend their names or their services to foreigners and thereby escape the general regulations. It is at once clear, however, that recourse to these intermediaries is extremely dangerous to the taxpayer, who, having no title that he can produce in court, lays himself open to losses from fraud or otherwise.

A more serious objection is that of the danger resulting from the possibility that only a few States would adopt the methods recommended by the Fiscal Committee. If there are States that have not signed the convention, to which the taxpayer can resort, all those who seek to evade payment

¹ It will be observed that the above paragraph is based upon the conception of residence adopted in the report of the Government Experts on Double Taxation and Tax Evasion of 1928 (document C.562.M.178.1928.II.A).

will rush to take refuge there. A factitious movement of capital will develop, having nothing to do with the free play of economic laws, and the existing evil will be in no degree diminished. If, therefore, the suggested action is to be effectual, it ought to be taken by a very large number of States.

In this connection, it may be observed that as long ago as 1925 the technical experts on double taxation and tax evasion pointed out that:

" Unlike double taxation, in connection with which any problems arising between two States can be settled appropriately by means of bilateral conventions, the question of tax evasion can only be solved in a satisfactory manner if the international agreements on this matter are adhered to by most of the States and if they are concluded simultaneously. Otherwise, the interests of the minority of States, which would alone have signed the conventions, might be seriously prejudiced." (Document F.212.)

Such are the conclusions at which the Fiscal Committee has now arrived. It is not blind to their deficiencies and has, indeed, felt in duty bound to call attention to them. The importance and the difficulty of the problem would doubtless justify a more thorough examination. Before proceeding further with this question, however, the Fiscal Committee thinks that the Council may consider it advisable to ascertain the prospects of reaching, if not a general agreement, at all events one that would extend to a considerable number of States; for, if limited to a small number of countries, the agreement may prove more dangerous than effective, and, whatever be the system recommended, the same danger is to be feared.

II. EXAMINATION OF RECENTLY CONCLUDED INTERNATIONAL CONVENTIONS FOR THE AVOIDANCE OF DOUBLE TAXATION.¹

1. Since the last session of the Committee (June 1935), only one Convention² has been concluded for the purpose of preventing double taxation in respect of *all* direct taxes; this is the Convention concluded on September 25th, 1935, between Germany and Finland. Apart from a few differences of detail, this Convention applies the principles laid down in the model Conventions drawn up by the meeting of Government experts in 1928.

2. Conventions for the purpose of preventing double taxation in respect of certain specified forms of income have been concluded:

- (a) Between the United Kingdom and Finland, on February 21st, 1935;
- (b) Between the United Kingdom and the Netherlands, on June 6th, 1935.

These two Conventions deal with three important points:

- (i) The reciprocal exemption from taxation of profits arising through an agency, the term "agency" connoting the relation of agent and principal, and not that of servant and master.
- (ii) The taxation of profits arising from the sale of goods from a stock in the country.
- (iii) The purchasing of goods or material in one of the contracting countries by a person who is resident in the other country, for sale or manufacture in another country, does not involve taxation, notwithstanding that the purchase is effected through a branch or management or agency.

3. New measures are to be noted in the conclusion of conventions relating to assistance in the collection of taxes, administrative assistance, and legal safeguards in regard to taxation. On these subjects, the following Conventions have been concluded:

- (a) Between Roumania and Czechoslovakia, on June 20th, 1934;
- (b) Between Germany and Sweden, on May 14th, 1935;
- (c) Between Germany and Finland, on September 21st, 1935.

These Conventions are based generally on the drafts prepared by the meeting of Government experts in 1928.

4. The two following Conventions have been concluded for the purpose of preventing double taxation in the matter of death duties:

- (a) Between Germany and Sweden, on May 14th, 1935;
- (b) Between Roumania and Czechoslovakia, on June 20th, 1934.

5. A fair number of Conventions have also been concluded for the reciprocal exemption of maritime and air navigation enterprises and of motor and other vehicles.

¹ The agreements and Conventions herein mentioned may be found in the "Collection of International Agreements and Internal Legal Provisions for the Prevention of Double Taxation and Fiscal Evasion", Volumes VI and VII (the latter is in preparation).

² For previous Conventions, see chiefly the Committee's last report (document C.252.M.124.1935.II.A).

6. In its last report, the Committee drew attention to the large number of Conventions on double taxation that have been concluded since those model Conventions were drawn up by the general meeting of Government experts in 1928. The Committee has thought it desirable to undertake a comparative study of these Conventions, in order to bring to light the tendencies of international fiscal law and facilitate the conclusion of treaties on uniform lines. It has accordingly entrusted this task to its Technical Sub-Committee.

7. The Committee also notes with satisfaction that the fundamental clause in the model Conventions of 1928 relating to the taxation of business enterprises has been used as a basis for internal legal provisions. The United States, in the Revenue Act of June 22nd, 1936, has had in mind the principle that foreign enterprises are not taxable in respect of their business income except to the extent to which that income is attributable to a permanent establishment in United States territory. Consequently, foreigners and foreign companies are not taxable in the United States in respect of income arising from transactions in stocks and bonds and commodities usually dealt with on exchanges effected through a commission agent or broker resident in the United States.

8. The draft Convention for the Purpose of facilitating Commercial Propaganda, drawn up by the Government delegates assembled at Geneva on July 4th, 1935,¹ includes clauses concerning exemption from certain taxes. The following are exempt from Customs duties, and also from all duties and taxes which are payable at the time of, and by reason of, importation, subject to certain reservations:

- (a) Samples of goods of all kinds;
- (b) Catalogues, price-lists, and trade notices;
- (c) Printed matter and posters for propaganda, the essential purpose of which is to induce the public to visit foreign countries or fairs, exhibitions, etc.

Further, in Article 7, paragraph 3, it is stipulated that there shall be exemption from all taxes, duties or charges payable to any public authority whatsoever for persons engaged in industrial or business activities in the territory of any of the contracting parties who, either in person or by representatives or travellers, purchase goods in the territory of the other contracting parties either from merchants or in places where goods are on sale, or from producers, or who take orders from merchants and producers who trade in goods of the same kind.

These exemptions, which manifestly tend to encourage trade, are not inconsistent with the principles laid down by the Fiscal Committee, especially since they are applicable only in the absence of any permanent establishment.

III. ALLOCATION OF THE PROFITS AND PROPERTY OF INTERNATIONAL ENTERPRISES.

1. When it drew up the draft Convention for the allocation of business income between States for the purposes of taxation, the Committee decided to reserve the question of the treatment applicable to insurance enterprises for further study. It has now reconsidered this question and has come to the conclusion that, as a general rule, the principles laid down in its last report² for the allocation of the profits of business enterprises could be applied to insurance enterprises. Where it might not be possible to tax a branch of a foreign insurance enterprise on the basis of its separate accounts, it would seem that the procedure most likely to lead to satisfactory results would be to take as a basis the proportion between the premiums paid in respect of the transactions of the branch concerned and the total amount of the premiums paid to the enterprise as a whole. With this object, the Committee proposes to add to Article III, paragraph 4, of the "Revised Text of the Draft Convention for the Allocation of Business Income", which is embodied in its last report, the clause reproduced in Annex I to this document.

2. The Committee has also considered the question of the allocation of the assets of enterprises having permanent establishments in several countries, for the purposes of taxes on property, capital, or increases of property. It has come to the conclusion that the principles laid down in its draft Convention for the allocation of business income could be applied in a general way to the property and capital of business enterprises. It has accordingly drafted the clauses reproduced in Annex II to this document. Those clauses can either be incorporated, as an addition, in conventions for the allocation of business income, or be embodied in separate conventions.

3. In accordance with the procedure followed in the case of the draft Convention for the allocation of business income, contained in its last report, the Committee proposes to the Council that the separate clauses it has just drawn up for the allocation of the profits of insurance enterprises, and for allocation for the purposes of taxes on property, capital, or increases of property, of the property and capital of international enterprises, should be communicated to Governments

¹ Document C.271.M.138.1935.II.B.

² Document C.252.M.124.1936.II.A.

for their observations. Their attention should, at the same time, be drawn to the fact that the clauses which the Fiscal Committee has just drafted can be used as a model for bilateral agreements or multilateral conventions.

IV. EVOLUTION OF FISCAL SYSTEMS.

The results of various preliminary investigations into the behaviour of fiscal systems during the depression have enabled the Committee to clearly define the problem and draw up a programme of work. The Committee proposes to make arrangements, through its members and correspondents, for reports to be drafted on the basis of a common scheme in various representative countries. This scheme has been worked out in detail by the Committee at its present session. The Committee is of opinion that the information on the manner in which fiscal systems have reacted to economic fluctuations which will thus be assembled will be of real value to fiscal and budgetary authorities.

V. TECHNICAL QUESTIONS.

1. The Committee has in the past stressed the interest attaching to the definition of certain essential terms used, with various shades of meaning, in the different fiscal legislations. The first subject taken up by the Sub-Committee entrusted with this task was that of the concept of business income, which has an important place in the Conventions for the prevention of double taxation. An enquiry into the various aspects of this question from the fiscal standpoint was carried out with the co-operation of national experts in the following thirteen countries: Austria, Belgium, the United Kingdom, Danzig, Denmark, France, Greece, Hungary, Italy, Netherlands, Sweden, Switzerland and the United States of America. On the basis of the information compiled, the Committee has already been able to clarify some aspects of the problem, but it appeared necessary to proceed further with the work undertaken before attempting to reach definite conclusions as to the manner in which business income should be treated from the fiscal point of view.

2. The collection of taxes has, in recent years, been a subject of concern for all fiscal administrations. It therefore appeared advisable that the Committee should consider this question on the basis of the experience of different countries. This question was entrusted to the Technical Sub-Committee, which will report to the Committee next year. The study is intended to facilitate the drawing-up of general rules to enable rules to be laid down which, while helping the taxpayers to pay their fiscal debt, would ensure the effective collection of taxes.

3. During the present session, the attention of the Committee was also drawn to concepts of domicile and residence. It noted that divergences in these matters resulted in difficulties in course of the negotiation and the application of conventions on double taxation. The Committee therefore decided to undertake an examination of this question with a view to arriving at a definition of these concepts by a fairly early date, in respect of both individuals and legal entities.

VI. CONSTITUTION, PROCEDURE AND PRACTICE OF COMMITTEES OF THE LEAGUE OF NATIONS.

The Fiscal Committee has examined the Report on the Constitution, Procedure, and Practice of Committees of the League of Nations, which was adopted by the Council on January 24th, 1936. It finds that the general rules for Committees, contained in the report, involve no change in the statute of the Fiscal Committee as defined in the resolution adopted by the Council on December 14th, 1928. Moreover, the procedure hitherto followed by the Committee is in conformity with those rules. The Committee has therefore no observations to make on the subject.

Annex I.

ALLOCATION OF INCOME OF INSURANCE ENTERPRISES.

Proposed Addition to Article III, Paragraph 4, of the Revised Draft Convention for the Allocation of Business Income between States for the Purposes of Taxation.

In the case of insurance enterprises, and in particular those conducting the business of life assurance, such determination may be made by reference to the proportion between the premium received in respect of the permanent establishment and the total premiums received by the enterprise.

Annex II.

DRAFT CONVENTION FOR THE ALLOCATION OF PROPERTY AND CAPITAL BETWEEN STATES FOR THE PURPOSES OF TAXATION.

Being desirous of preventing the double taxation of the property and capital of business enterprises which results from conflicting principles and methods of allocating taxable property and capital, the High Contracting Parties have agreed to the following provisions:

Article I.¹

An enterprise having its fiscal domicile in one of the contracting States shall not be subject to taxes on property and capital in another contracting State except in respect of property situated and capital employed within its territory and, in the case of movable property and capital, allocable to a permanent establishment situated in such State.

Article II.

Contrary to the foregoing provisions, patents, trade-marks, copyrights and similar intangible property shall be taxable only in the State where the real centre of management is situated.

Article III.

In principle, the property and capital of the permanent establishment concerned will be taxed on the basis of the separate accounts pertaining to such establishment, subject to the necessary rectifications.

¹ If the contracting States should desire to avoid, by means of this Convention, the double taxation resulting from liability to the State of fiscal domicile in respect of its total taxable property or capital, as well as to the other States in which the property or capital of permanent establishments is taxable, one of the following clauses may be added to Article I:

"The State of fiscal domicile shall exempt from its tax the property or capital taxable in other contracting States in accordance with this article."

Or:

"The State of fiscal domicile shall deduct from its tax on the total taxable property or capital of the enterprise the lesser of the two following amounts:

"(a) The tax imposed by the other contracting State on the property or capital taxable therein, in accordance with this article; or

"(b) An amount which represents the same proportion of the tax payable on the total taxable property or capital as the taxable property or capital in the other contracting States in accordance with this article bears to the total taxable property or capital."

Geneva, October 20th, 1936.

LEAGUE OF NATIONS

**FINANCIAL POSITION OF HUNGARY
IN THE THIRD QUARTER OF 1936**

TWENTIETH QUARTERLY REPORT

by Mr. Royall Tyler, the Representative in Hungary
of the Financial Committee

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I. GENERAL.

I. INTRODUCTORY.

(1) The currency devaluation in countries which have latterly been taking, together, a quarter of Hungary's exports, has temporarily held up an important part of this country's trade. Negotiations for the necessary adjustments are being carried on.

It would be desirable that, when it is resumed, Hungary's trade with the free-exchange countries concerned should no longer be subject to clearing agreements.

The devaluation measures at first caused some nervousness in Hungary, but opinion was soon reassured by official statements that Hungary's monetary policy would be adhered to, together with explanations of the bearing of the unification of premia carried out last autumn on the present situation.

(2) Hungary has had a good harvest this year, both cereals and fodder crops being well above the average. Prices abroad of Hungary's chief agricultural exports are higher than they were last year.

(3) Up to the end of September, when the first devaluation measures were announced, Hungary's exports were expanding rapidly. For the July-September quarter, they were greater in quantities than they had been for the corresponding period in any year since 1929. Imports have not increased in the same proportions.

(4) Production, consumption and distribution inside the country are increasing.

(5) State revenues are, in general, on an appreciably higher level, for the first quarter of the fiscal year begun on July 1st last, than for the same months last year, and there is an improvement in the relation between expenditure and receipts.

(6) The State Undertakings are doing better this year, especially the Railways.

(7) The National Bank's foreign exchange position has been strengthened.

(8) Prices on the whole are firm. The Stock Exchange has experienced a boom, which, however, is showing signs of abating.

(9) General Gömbös, who had been Prime Minister for four years, died on October 6th. He has been succeeded by Dr. Kálmán Darányi, who has kept the Ministry of Agriculture, which he held in the previous Cabinet. Dr. Fabinyi remains Minister of Finance.

(10) I am indebted to Mr. Henry J. Bruce, Adviser to the National Bank, for the data on which are based the sections of this report dealing with the Bank and exchange control.

2. STATE BUDGET.

(a) Administration Budget, 1936/37.

The estimates for the current fiscal year, begun on July 1st last, were as follows, those for the foregoing year being also given :

	1936/37	1935/36
	(In millions of pengő)	
<i>Administration :</i>		
Expenditure	788.1	766.5
Receipts	771.6	748.0
Balance	— 16.5	— 18.5
<i>Undertakings :</i>		
Expenditure	423.6	409.6
Receipts	364.5	352.2
Balance	— 59.1	— 57.4

The greater part of the 75.6 million pengő deficit for 1936/37 is to be met by reborrowing part of the State's foreign debt service, as explained in my eighteenth report, I, 2(a). If receipts continue on the present level and expenditure does not exceed estimates, the Treasury should be able to avoid internal borrowing, during this fiscal year, for its ordinary requirements.

Provisional results for the Administration in the first quarter, ending September 30th, show expenditure, and still more receipts, at a rate in excess of estimates; the balance at September 30th, including extra-budgetary items and deferred expenditure, is decidedly more favourable than it was at the same date last year or the year before :

	1936	July to September 30th 1935 (In millions of pengö)	1934
Expenditure :			
Actual budgetary	191.7	180.8	174.8
Deferred budgetary :			
Administration	3.6	6.5	6.0
Undertakings	—	5.1	2.7
Actual extra-budgetary	6.8	14.5	12.0
Total	202.1	206.9	195.5
Receipts :			
Actual budgetary	200.5	180.0	179.8
Refunds	2.0	3.5	1.3
Borrowings (net)	5.1	5.0	7.1
Total	207.6	188.5	188.2
Balance	+ 5.5	— 18.4	— 7.3

The bulk of the deficit estimated for the year is, of course, caused by the Undertakings. It will be seen below, I, 2(b), from provisional results for July and August, which are all that is available at present, that the Undertakings also are doing better.

Borrowings in the above table include Treasury bills deposited in respect of the untransferred portion of the Reconstruction Loan 1924, but not Treasury bills deposited with the Cash Office for Foreign Credits in respect of other non-transferred foreign debt service. These latter amounted to 5.6 million pengö at September 30th last.

An analysis of receipts and expenditure reproduced in Appendix I shows that the increase in budget receipts, for the first quarter of 1936/37, as compared with the corresponding period in 1935/36, is mainly accounted for by consumption and turnover taxes. However, direct taxes, and Customs, which hardly increased at all in 1935/36, are now beginning to rise above last year's level.

Expenditure, including extra-budgetary items, is a shade lower than last year, advances to the Undertakings having been appreciably less.

(b) *State Undertakings.*

Results for 1935/36 are now available. They show a marked improvement over both the foregoing years, in the balance of current items as well as in borrowings :

	1935/36	1934/35	1933/34
Expenditure :			
	(In millions of pengö)		
Actual current budgetary	424.0	407.1	399.0
Actual capital expenditure in the budget	11.1	10.0	8.2
Actual capital expenditure from borrowings	6.3	6.2	4.5
Refunds to the Treasury	8.6	6.8	6.6
Total	450.0	430.1	418.3
Receipts :			
Actual current budgetary	380.6	343.0	341.2
Balance	— 69.4	— 87.1	— 77.1
Borrowings :			
Advances from the Treasury	68.7	76.5	77.5
Treasury bills placed with banks	—	20.0	—

The chief individual Undertakings—the Railways, Post, Telegraph and Telephone and Ironworks—all make a better showing, the improvement being largest in the case of the Railways, whose deficit declined by 16.7 million pengö to 51.8 million pengö. The Railways, in spite of this improvement, still account for the greater part of the total deficit. The losses of the Ironworks are a little lower, and the Post, Telegraph and Telephone's profits increased :

	Railways			Post, Telegraph and Telephone			Ironworks		
	1935/36	1934/35	1933/34	1935/36	1934/35	1933/34	1935/36	1934/35	1933/34
Current expenditure	262.0	259.9	261.0	84.8	82.4	83.7	52.9	42.2	31.9
Current receipts	218.2	197.2	209.1	95.9	91.8	92.4	41.4	29.8	17.3
Balance, current items	— 43.8	— 62.7	— 51.9	+ 11.1	+ 9.4	+ 8.7	— 11.5	— 12.4	— 14.6
Capital expenditure	8.0	5.8	4.9	3.2	3.3	3.5	—	—	—
Balance	— 51.8	— 68.5	— 56.8	+ 7.9	+ 6.1	+ 5.2	— 11.5	— 12.4	— 14.6

Results for July and August 1936 show a continuation of the improvement, these figures including all the Undertakings :

	1936	1935	1934
	(In millions of pengö)		
<i>Expenditure :</i>			
Actual current budgetary	67.0	60.6	58.6
Deferred current budgetary	0.1	3.7	1.8
Actual capital expenditure in the budget	2.0	1.9	2.9
Deferred capital expenditure	0.5	0.8	0.8
Refunds to the Treasury	1.5	2.0	0.2
Capital expenditure from loans	0.7	0.2	1.0
Total	71.8	69.2	65.3
<i>Receipts :</i>			
Actual current budgetary	72.5	64.2	58.1
Balance	+ 0.7	— 5.0	— 7.2
<i>Borrowings :</i>			
Advances from the Treasury	6.0	8.8	3.5
Treasury bills placed with banks	—	—	5.0

(c) *Situation of the Treasury.*

(1) The improvement of the Treasury position may be judged by a comparison of the following table with the corresponding figures reproduced in recent reports :

	July	August	September
	(In thousands of pengö)		
<i>Receipts :</i>			
Balance at the beginning of the month ..	94,957	90,921	97,315
Budget account	57,023	74,062	69,447
Repayment of advances	1,500	—	503
Loan account	6,776	1,692	2,174
Surplus of the Agricultural Fund	1,782	1,170	1,459
Total	162,038	167,845	170,898
<i>Expenditure :</i>			
Budget account	60,957	69,638	61,180
Capital expenditure from loans	1	4	875
Advances	5,076	888	—
Deficit of the Agricultural Fund	—	—	—
Loans	5,083	—	480
Balance at the end of the month	90,921	97,315	108,363
Total	162,038	167,845	170,898

(2) *Administrative Claims and Liabilities.*—Tax arrears declined over the year to the end of August last by 11 million pengö to 295.1 million pengö.

Commitments have continued to decrease slightly over the last quarter. At September 30th last, they stood at 161.9 million pengö, as against 169.6 million pengö at June 30th, and 171.1 million pengö at September 30th, 1935.

Commitments outstanding at September 30th, 1936.

	Foreign	Domestic	Total
	(In millions of pengö)		
<i>State Administration :</i>			
Expenditure connected with land reform	—	58.5	58.5
Investments for road construction	—	20.5	20.5
Other administrative investments	—	10.7	10.7
For purposes of the Central Corporation of Banking Companies	—	30.8	30.8
Other liabilities	—	20.0	20.0
Total	—	140.5	140.5
<i>State Undertakings :</i>			
Investments of Post, Telegraph and Telephone ..	—	1.2	1.2
Investments of State Railways	—	0.3	0.3
Investments of the Forest Exploitation	—	0.1	0.1
Working capital for State Railways	—	7.3	7.3
Working capital for the State Ironworks	2.5	10.0	12.5
Total	2.5	18.9	21.4
Grand total	2.5	159.4	161.9

(d) *Debt Position.*

Foreign debt as at September 30th last, calculated at the official rates, shows a decrease after French and Swiss depreciation. Funded foreign debt is down, in comparison with the June 30th figure, by 10%, floating debt by 6.7%. State guaranteed foreign debts are also lower, for the same reason. No loans or credits have been guaranteed during the period under review. These figures are calculated at the National Bank's official rates.

Internal funded debt has slightly declined over the past quarter to 108.2 million pengö; internal floating debt has increased by 9.6 million pengö to 376.1 million pengö, mainly as a result of further advances from the National Bank under the Agrarian Debt Relief Act, and of the assumption of a liability of 6 million pengö in connection with the National Land Mortgage Institute (see eighteenth report, II, 6).

Floating Debt of the State on September 30th, 1936.

(a) <i>State Administration:</i>	Foreign	Domestic	Total
	(In millions of pengö)		
1. £3 million Treasury bills, 1930	59.1	—	59.1
2. £5 million Treasury bills, 1931	100.3	43.0	143.3
3. 5% Foreign Currency Loan, 1931	—	4.2	4.2
4. Treasury bills, 1932 ¹	—	90.8	90.8
5. Treasury bills, 1933 :			
(a) 5% bills placed with industry, agriculture, etc.	—	39.3	39.3
(b) 3% bills representing loan for investments from Foreign Credits Cash Office	—	14.0	14.0
(c) Interest on 4% bills to face value of 24,640,737 pengö : loan from Foreign Credits Cash Office, 1932/33 ²	21.2	—	21.2
6. Treasury bills, 1933/34 :			
(a) Interest on 2% bills to face value of 20,564,730 pengö : loan from Foreign Credits Cash Office ²	16.9	—	16.9
(b) Interest on 2% Treasury Bonds to face value of 12,934,602 pengö, in connection with League Loan service for 1933/34 ²	0.7	0.1	0.8
7. Treasury bills, 1934/35 :			
(a) Interest on 2% bills to face value of 17,843,785 pengö : loan from Foreign Credits Cash Office, 1934/35 ²	14.2	—	14.2
(b) Interest on 2% Treasury bills to face value of 20,050,230 pengö in connection with League Loan service for 1934/35 ²	7.3	0.1	7.4
(c) 3½% Treasury bills deposited with Foreign Credits Cash Office	—	12.0	12.0
8. Treasury bills, 1935/36 :			
(a) Interest on 2% bills to face value of 16,920,175 pengö : loan from Foreign Credits Cash Office, 1935/36 ²	13.3	—	13.3
(b) Interest on 2% bills to face value of 20,160,982 pengö deposited in connection with League Loan service for 1935/36 ²	7.5	0.1	7.6
9. Treasury bills, 1936/37 :			
(a) Interest on 2% bills to face value of 5,073,581 pengö : loan from Foreign Credits Cash Office, 1936/37	3.7	—	3.7
(b) Interest on 2% bills to face value of 5,079,279 pengö deposited in connection with League Loan service, 1936/37	1.8	0.1	1.9
10. Loan in connection with Agrarian Debt Relief (Act XXVII, 1933)	—	53.7	53.7

¹ Total arrears of dues amounted to 91.8 million pengö at September 30th, 1936.

² Treasury bills deposited in respect of amortisation are included in the capital amounts outstanding.

	Foreign	Domestic	Total
	(In millions of pengö)		
11. Book debt taken over by the Treasury in settlement of small farmers' debts (Act XXVII, 1933)	—	9.4	9.4
12. 3% Treasury bills representing loan from Foreign Credits Cash Office for investments (Act XXVII, 1933)	—	13.0	13.0
13. Loan for co-operative societies (Act XXI, 1934) ..	—	8.2	8.2
14. 3% Treasury bills representing loan from Foreign Credits Cash Office for investments (Act XXI, 1934)	—	9.5	9.5
15. 3% Treasury bills representing loan from Foreign Credits Cash Office for investments (Act X, 1935)	—	8.0	8.0
16. Liabilities in connection with the National Land Mortgage Institute (Law XIV, 1936)	—	6.0	6.0
17. Loan for repurchase of bonds	1.72	—	17.2
18. Loans for road-building	5.4	—	5.4
19. Loans for other administrative investments ..	4.7	—	4.7
20. Loans for working balance of the State Administration	20.3	1.0	21.3
	<hr/>	<hr/>	<hr/>
(a) Total	293.6	312.5	606.1

(b) *State Undertakings:*

1. Loans for investments of State Railways	20.5	20.0	45.5
2. Loans for investments of the State Ironworks ..	1.8	3.0	4.8
3. Loans for working balance of the State Railways	0.6	38.1	38.7
4. Loans for working balance of the State Ironworks	14.8	2.5	17.3
	<hr/>	<hr/>	<hr/>
(b) Total	37.7	63.6	101.3
	<hr/>	<hr/>	<hr/>
Grand total	331.3	376.1	707.4

(e) *Reconstruction Loan, 1924, and Assigned Revenues.*

The recent measures of currency devaluation reduce the amount outstanding, reckoned in gold, of the Reconstruction Loan, 1924, of which there are Italian, Swiss, Czechoslovak and Dutch *tranches*. The reduction, in the aggregate, amounts to about 12%, on paper.

The National Bank has continued to transfer, month by month, the appropriate amounts in the various currencies in execution of the programme announced on July 2nd last.

Assigned Revenues.—These have been at a rate some 11% higher, during the July-September quarter, this year than last—*i.e.*, approximately the rate of increase shown by State revenues as a whole :

	1936					1935				
	Cus- toms	To- bacco	Sugar	Salt	Total	Cus- toms	To- bacco	Sugar	Salt	Total
	(In millions of pengö)									
July	3.6	9.9	5.1	1.3	19.9	3.0	10.1	3.5	1.5	18.1
August	3.2	10.0	4.6	1.7	19.5	2.9	9.9	3.6	1.5	17.9
September	3.6	9.4	7.6	1.7	22.3	3.1	9.0	5.6	1.7	19.3
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	10.4	29.3	17.3	4.7	61.7	9.0	29.0	12.7	4.7	55.3

3. BUDGETS OF THE LOCAL AUTHORITIES.

It is not yet possible to judge the effects, in the aggregate, of the measures applied in July last by the Chief Mayor of Budapest with a view to attaining budgetary equilibrium. The increase in tram and autobus fares do not, so far, appear to have caused a corresponding rise in receipts. The Budapest municipality's tax collections for the nine months to September 30th show a very small increase as compared with that revealed by the State's taxes.

The cities' and counties' fund for the relief of distress during the winter amounted in 1934/35 to 15 million pengö and in 1935/36 to 16.3 million pengö, the State's contribution in the latter year having risen to 4.7 million pengö. It is expected this year that the fund will not increase further.

4. STATE BORROWING.

The position of the funded and floating debt of the State is shown in I, 2(d) above.

There has been no borrowing during the period under review, except for the increase in the debt to the National Bank and a debt to the National Land Mortgage Institute already mentioned.

5. MONETARY AND FINANCIAL.

(a) Position of the National Bank.

The devaluation of several currencies at the end of September and beginning of October has, of course, decreased the gold pengö equivalents at which the National Bank's total holdings of these currencies are booked. Foreign exchange included in the metal reserve (Article 85 of the Statutes) stands, however, at a higher figure, reckoned in gold pengö, than it did before the devaluation took place, and the proportion of cover remains above the 24% at present required by the Statutes.

The strengthening of the Bank's position that has taken place over the past year also finds expression in the decrease in the net figure (Appendix III) representing "Other Liabilities", which stands at 28.2 million pengö at September 30th last, as against 88.8 million pengö a year previously.

Note circulation has increased, seasonally, over the last quarter, and ranges a little (7% at September 30th) higher than at this time last year, business having revived in the interval. State deposits (public liabilities) have increased considerably (see I, 2(c) above). Rediscounts have risen slightly over the quarter, but are a little lower than they were at September 30th, 1935. Advances to the Treasury under the Agrarian Debts Relief Scheme continue to increase the State's debt to the bank: 93.2 million pengö at September 30th last, as against 72.6 million pengö a year ago.

It may be recalled (ninth report, I, 5(a)) that an agreement took effect on October 18th, 1933, between the National Bank and the Bank for International Settlements and the Central Banks concerned, consolidating for three years credits granted to the National Bank in the summer of 1931. The original amount of these credits was roughly 25.5 million dollars gold. Under the 1933 agreement, capital repayments have been made, leaving the amount at present outstanding at roughly 15.3 million dollars gold. An agreement has now (October 18th) been reached renewing these credits for a further period of nine months.

(b) Foreign Exchange Control.

The nine months to September 30th last show a noteworthy improvement in the National Bank's foreign exchange position, attributable mainly to the measures unifying premia and surcharges adopted in the autumn of 1935 (seventeenth report, I, 5(d)). As the following figures and those in Appendix IV show, the general turnover has risen this year as compared with 1935, the increase in export exchange received on free accounts being at a higher rate (63%) than in that (32%) recorded through the clearings and received on blocked accounts. And there has been a handsome increase in exchange received on free accounts from other sources than exports. The exchange received on free accounts is, of course, not necessarily *Edel-devisen*. Compensations have also increased, and purchases from authorised banks once more represent an appreciable item. Exports against pengö are slightly lower. Exchange allotted for imports has increased by 44%, other allotments showing little change, except for those "to others" from blocked accounts. The relation between purchases and sales is much improved.

Incomings:

	First nine months 1936	First nine months 1935 ¹
	(In millions of pengö)	
I. Receipts of the National Bank:		
1. From exports:		
(a) Through clearings and on blocked accounts	204.61	154.99
(b) On free accounts	52.46	32.11
2. Receipts through other sources (obligatory declaration, State, etc.):		
(a) On blocked accounts	13.94	6.44
(b) On free accounts	27.84	9.75
Total of I	298.85	203.29
II. Compensations	65.29	39.50
III. Export against pengö	12.50	14.57
IV. Purchases by authorised banks	5.77	1.97
Grand total	382.41	259.33

¹ Revised figures.

Outgoings :

	First nine months	
	1936	1935 ¹
	(In millions of pengö)	
I. Allotments of the National Bank :		
1. For imports :		
(a) Through clearings and from blocked accounts	197.29	139.47
(b) From free accounts	40.09	25.18
2. For debt service :		
(a) From blocked accounts	9.18	0.34
(b) From free accounts	5.30	13.72
3. To the State :		
(a) From blocked accounts	1.95	6.43
(b) From free accounts	7.43	6.73
4. To others :		
(a) From blocked accounts	18.78	12.30
(b) From free accounts	6.90	6.92
Total of I	<u>286.92</u>	<u>211.09</u>
II. Compensations	65.29	39.50
III. Import through merchandise, pengö	2.57	4.06
IV. Sales by authorised banks	4.00	3.18
Grand total	<u>358.78</u>	<u>257.83</u>

(c) *Foreign Debts.*

The position on September 30th, 1936, of the Cash Office for Foreign Credits into which the pengö equivalent of the untransferred service of long-term loans is paid was as follows :

I. *Receipts and Payments of the Office.*

	State loans	Municipal and other public loans	Other loans	Total
A. Under Order-in-Council 6900/M.E. ex 1931 :				
1. Receipts of the Office :		(In millions of pengö)		
(a) In cash	22.7	101.1	122.5	246.3
(b) In Treasury bills	85.0	—	—	85.0
Total	<u>107.7</u>	<u>101.1</u>	<u>122.5</u>	<u>331.3</u>
2. Payments by the Office :				
(a) Coupons and bonds redeemed	17.4	73.5	101.6	192.5
(b) Advances to redemption offices	—	2.3	—	2.3
Total	<u>17.4</u>	<u>75.8</u>	<u>101.6</u>	<u>194.8</u>
3. Balance held :				
(a) In cash	5.3	25.3	20.9	51.5
(b) In Treasury bills	85.0	—	—	85.0
Total	<u>90.3</u>	<u>25.3</u>	<u>20.9</u>	<u>136.5</u>
B. Other receipts of the Office				37.6
Revenue of the Office				11.8
Balance (net)				<u>185.9</u>

II. *Present Position of the Office.*

	(In millions of pengö)
Balance held by the Office :	
(a) In cash	100.9
(b) In Treasury bills	85.0
Total	<u>185.9</u>
Investments out of cash :	
(a) Loan to State for productive investments (secured by Treasury bills of same amounts)	56.5
(b) Call-money and deposits	31.5
Total	<u>88.0</u>
Net amount at present held in cash	12.9

¹ Revised figures.

On State loans, there are no arrears to the Office. On other loans, the arrears amounted at the end of September 1936 to approximately 17 million pengő.

The credits granted by the Office to the State have decreased by 0.5 million pengő ; other investments of the Office have not altered since the last report.

Deposits up to September 30th, 1936, under the Standstill Agreement in pengő with the National Bank of Hungary, to cover interest and commission on short-term banking debts not satisfied in foreign exchange, totalled 71.68 million pengő, of which 70.79 million pengő had been paid to creditors accepting such payments in satisfaction. The balance held by the National Bank thus amounted to 0.89 million pengő. The amount paid up to September 30th, 1936, under the same agreements, for capital repayments in pengő to the National Bank totalled 27.89 million pengő, of which 26.74 million pengő had been disposed of by the creditors, leaving a balance with the National Bank of 1.15 million pengő.

(d) *Monetary Questions.*

Devaluation of the French franc, followed by that of the Swiss, Dutch, Italian and Czechoslovak currencies, caused some commotion in Budapest. Private rates for gold, silver and free exchange stiffened. They had been practically the same as the official rates for months before the French measure was announced.

It was promptly pointed out, in statements issued to the Press from an authorised source, that the Hungarian National Bank had already, by means of last autumn's unification of premia and surcharges, adapted its foreign exchange mechanism to the exigencies of the situation, that the measures taken last year had worked well and might also be relied upon to meet this recent emergency without departing from Hungary's monetary policy, which would be maintained. This declaration produced its effect. Private rates steadied, and have since begun to decline.

In trade with France, Switzerland, Italy and Czechoslovakia, the premia and surcharges hitherto applied in Hungary have been lower than the 50% and 53% ruling where non-clearing countries with freely convertible currencies (*e.g.*, the United Kingdom) are concerned : in certain cases, because the payment-agreements in force did not permit Hungary freely to dispose of the proceeds of exports ; in others, because the official quotation of the currency did not allow sufficiently for a decline in the internal purchasing power. There is thus a margin within which, as the new position warrants, adaptations are possible. The National Bank announced on October 9th, that the premium and surcharge on lire would be 40% and 43%, over and above the new official rate, and on Czechoslovak crowns, 45% and 46.5%. With Switzerland and France, negotiations are proceeding for the resumption of trade on a basis permitting the application of a premium of 50% and a surcharge of 53%, the rates applicable in the case of dollars and sterling, in place of the 38% and 41% that ruled heretofore.

It must be added that actual trade with the countries which have just devalued cannot again reach the former scale until a number of problems arising out of prices quoted in those currencies have been solved. Negotiations for the necessary adjustments have begun. When the lira was devalued, an official Italian statement reaffirmed the intention to maintain and extend the Rome Agreements (see Section II, 7, in reports Nos. 10, 11, 15, 19).

II. ECONOMIC SITUATION.

I. GENERAL.

The 1936 crop is, on the whole, an abundant one. An estimate prepared by the Ministry of Agriculture as at October 6th shows wheat a shade less good than in the July estimate reproduced in my last report but better than last year or than the average over several years before that. Maize and potatoes are also well above the average, and nearly double last year's yield, which was a weak one in both these articles. Sugar-beet and other crops are satisfactory, including all kinds of fodder :

	Estimate October 6th, 1936	Estimate, July 21st, 1936	Actual yield		Average	
			1935	1934	1931-1933	1926-1930
(In millions of quintals)						
Wheat	23.7	24.0	22.9	17.6	21.1	22.3
Rye	7.4	7.9	7.3	6.2	7.6	7.4
Barley	6.0	6.1	5.6	5.4	6.8	6.0
Oats	2.5	2.4	2.5	2.6	2.8	3.5
Maize	26.2	—	14.2	20.9	19.2	16.3
Potatoes	26.8	—	13.9	21.1	16.2	18.7
Sugar-beet	10.7	—	7.7	9.2	9.2	14.8

This good crop came at a time when the general tendency was already a strong one. An improvement in production and distribution is to be seen in many quarters. Foreign trade, thanks to the narrowing-down of the markets available to Hungary, has been much slower to profit by the revival than has business inside the country, but it was beginning to expand during the July-September quarter, when the currency devaluations caused an interruption ; temporarily, it is to be hoped.

Certain agricultural products are cheaper this year than they were last, but both wheat and meat are dearer. Industrial prices, in the aggregate, have been rising more than agricultural. There has been a boom on the stock exchange.

2. TRADE.

The countries which devalued their currencies at the end of September and beginning of October have latterly (in 1935 and the first half of 1936) been taking, together, 25% to 26% of Hungary's exports, and supplying 18% to 20% of Hungary's imports. They have contracted to take about two-thirds of Hungary's wheat export this year. Italy alone accounts for 14% of total exports and 8% of imports. The recent monetary measures will, in any case, have caused a loss to exporters in respect of goods shipped and not yet paid for, and again, though a smaller one, to importers. The clearing agreements between the devaluing countries and Hungary were temporarily suspended. There are price difficulties to be overcome before normal export can be resumed from this country to the others concerned. Tariff reductions may help towards an adjustment. The present hitch, if it lasted, might send some of Hungary's exports into other channels. In the long run, further progress being made with the abolition of quotas and clearings, Hungarian agricultural goods should gain fuller access to certain free currency markets which latterly have been in large part closed to them. Hungary's industrial exports may have to meet sharper competition from the devaluing countries, but chiefly on markets where the currency is subject to restrictions.

Foreign trade for the nine months to September 30th this year, up to the moment when the currency devaluations took place, showed a considerable increase in volume over the corresponding period in 1935. For month by month results, see Appendix II. Values and quantities for the first half year and the last three months :

	Imports		Exports		Imports		Exports	
	1936	1935	1936	1935	1936	1935	1936	1935
	(In millions of pengö)				(In millions of quintals)			
January-June ..	219.6	173.3	216.1	192.4	15.8	10.3	6.7	6.9
July	37.0	31.1	41.1	32.3	2.9	2.3	2.2	1.2
August	32.1	30.0	49.7	32.0	2.5	2.4	2.6	1.1
September	33.7	32.9	54.4	42.4	2.8	2.6	2.7	1.5
January-September	322.8	267.4	361.3	299.1	24.2	17.9	14.1	10.8

The abundance of the maize and fodder crop in Hungary this year is beginning to tell in the returns. From the summer of 1935 to that of 1936, imports, in quantities, tended to be much higher than exports, but, during the last two months, export and import quantities have been equal. In values, there is a slightly larger export surplus for the nine months than at September 30th, 1935.

The following table, illustrating the distribution of Hungary's foreign trade, if compared with that in my last report, shows that, for the first half year of 1936, trade with Austria has picked up a little in comparison with the first quarter, though it is not better than for the corresponding period last year. With Germany, the rate of expansion reached in the first quarter has not quite been maintained. Trade with the United Kingdom continues to increase.

Hungary's Foreign Trade.

(In percentages of total import and export values.)

	Imports				Exports			
	Average 1925-1930	Average 1931-1935	First half-year 1935	First half-year 1936	Average 1925-1930	Average 1931-1935	1935	1936
Austria	16.9	17.6	22.4	14.8	32.9	26.0	21.5	15.4
Italy	4.8	7.6	8.5	8.0	6.2	9.8	14.4	14.1
Germany	18.3	21.8	22.9	24.4	11.6	16.9	19.9	26.5
Switzerland	3.4	2.7	3.0	2.0	3.4	5.1	3.3	4.0
Czechoslovakia	23.1	8.2	4.6	4.4	18.6	5.4	4.4	3.8
France	2.5	3.2	1.8	1.1	0.9	3.9	2.6	1.9
England	2.9	4.6	6.0	5.2	2.9	8.3	8.6	10.0
Yugoslavia	4.4	6.0	4.3	5.5	6.1	4.5	2.7	2.0
Roumania	8.2	11.1	7.8	16.3	4.3	4.1	5.8	5.5
Poland	4.8	2.2	0.9	1.1	2.7	0.9	0.8	0.7
Other countries	11.7	15.0	17.8	17.8	10.4	15.1	16.0	16.1
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total values in millions of pengö	1,014.5	384.5	173.3	219.9	884.7	431.6	192.4	216.1
Quantities in millions of quintals	57.3	24.8	10.4	15.9	23.3	15.0	7.0	6.7

Increased business activity shows in the traffic and receipts of the State Railways this year as compared with last. Receipts of the Post, Telegraph and Telephone also tend to be higher.

	State Railways				Post, Telegraph and Telephone	
	Ton-kilometres		Receipts		Receipts	
	1936	1935	1936	1935	1936	1935
	(Millions)		(In millions of pengö)		(In millions of pengö)	
January	141.4	140.7	16.3	15.6	8.1	8.0
April	152.2	146.2	15.7	13.6	7.8	7.8
June	167.9	148.1	20.0	17.6	7.7	7.3
July.. .. .	166.2	163.6	20.6	17.9	8.4	8.0
August	201.9	190.8	22.0	19.2	8.0	7.7

3. PRODUCTION AND CONSUMPTION.

Production in heavy industry continues to rise, and appears now to be at a rate approaching what it was in the peak year 1929. Coal consumption in other manufacturing branches shows a similar trend, and, in textiles, leather and rubber, actually exceeds the 1929 mark.

		Output of		Output of	
		Coal	Iron	Steel	
		(In millions of tons)	(In thousands of tons)		
Whole year	1929	7.86	350	513	
Second quarter of	1933	1.26	23	56	
" " " " " " " " " " " "	1934	1.38	33	85	
" " " " " " " " " " " "	1935	1.47	37	96	
" " " " " " " " " " " "	1936	1.55	68	132	
		Coal and coke consumed by all branches of industry	Hungarian coal delivered to industry		Textiles, leather and rubber
			All branches	Heavy industry	
			(In thousands of tons)		
Whole year, 1929		4,388	3,427	7,796	302
Second quarter of 1933		565	442	106	70
" " " " " " " " " " " "	1934	682	539	133	75
" " " " " " " " " " " "	1935	740	580	158	78
" " " " " " " " " " " "	1936	873	660	174	82

The building trade was reviving up to quite recently ; both the number of building licences issued in Budapest and the sales of materials show a rising tendency, though the improvement here is not as marked as it is with textiles and the heavy industry.

Consumption is increasing. The Ministry of Finance's returns show, for eleven months to the end of August, an increase of 13% in sugar consumed (quantities), 19% in beer and 6% in motor-spirit. The numbers of motor vehicles have increased some 10% over the past year.

The increase in sugar is welcome, but consumption of this commodity is still extremely low.

4. PRICES.

The Statistical Office's wholesale-price index (see Appendix II), which, for a few months past, has been lower than for the corresponding period in 1935, rose with increased wheat prices from 86 for August to 87 for September (September 1935 : 92), and wheat has continued firm since then. Hungary has a good wheat crop this year and world wheat prices are relatively high : a favourable position for the wheat-grower that seldom occurs.

Fodder and potato prices are lower than at this time last year. The very cheapness of fodder induces farmers to rebuild their stocks, with the result that prices of cattle and hogs range higher.

Agricultural Prices.

	Wheat		Live cattle, middling quality		Calves		Pigs	
	Per 100 kg.		Per kg.		Per kg.		Per kg.	
	1936	1935	1936	1935	1936	1935	1936	1935
			(Pengö)					
June	14.83	16.38	0.66	0.48	0.78	0.71	1.03	0.73
July.. .. .	15.00	14.98	0.66	0.52	0.84	0.61	1.06	0.85
August	14.95	15.53	0.70	0.52	1.09	0.63	1.11	0.94
September	16.68	16.18	0.74	0.51	1.11	0.70	1.09	1.02

There has been a decided rise in some important groups of primary products and industrial prices ; coal, petroleum and firewood are among the few exceptions. Industrial and agricultural price-indices, which, during 1935, drew somewhat nearer together, thus showing an attenuation of the price disparity between these two groups, diverged again in the first half of 1936.

Retail prices of meat and meat products have risen; those of vegetables and fruit have fallen. Ready-made clothing and shoes are dearer. The Statistical Office's cost-of-living index, without rent, stands at 97 for September 1936 as against 93.2 for September 1935. It is clearly undesirable that the cost of living should increase further at present.

5. STOCK EXCHANGE.

Prices have ranged high on the bourse recently. The securities index for September has risen 47%, as compared with the figure for September 1935, and 100% since September 1934 :

	1936	1935 (1926 = 100)	1934
July.. .. .	127.2	96.8	67.9
August	136.4	99.8	66.3
September	138.7	94.0	68.0

Since September, there have been further increases, taking several important shares to prices (October 14th) at which the return, calculated on the last dividend, is, in most cases, well under 3%, and not unfrequently under 2%.

6. COMMERCIAL BANKS.

Current accounts, during the past few months, have tended to decline unevenly, ranging on about the same level as a year previously. This may be connected with the stock-exchange boom and, to some extent also, with building activity. Savings deposits are stationary at a level some 6 or 7% higher than this time last year. There is no change in interest rates.

7. COMMERCIAL POLICY.

The series of currency devaluations that began with the French franc has held up, for the time being, an important part of Hungary's trade with several countries. The Franco-Hungarian payment agreement was suspended on September 26th, and on September 28th the Swiss-Hungarian clearing was put out of operation, there being no authorised rate of exchange. At the same time, exporters were required to report outstanding credits expressed in French or Swiss francs, or in Dutch florins.

Negotiations are proceeding with the countries that have devalued, with the exception of the Netherlands, where the difficulties are less great than in the former clearing countries. It is to be hoped that, when trade is resumed between Hungary and the countries in question whose currencies are not subject to restrictions, the clearing problem will be satisfactorily disposed of.

In the case of Belgium, the former clearing was replaced, on July 15th last, by a payments agreement, the premium now being 50% as against the former 38%.

The Austrian clearing is working better: unsatisfied claims on the clearing account at the National Bank of Austria, arising out of exports to Hungary, which last May reached the highest point recorded, have since then been reduced by roughly one-third.

Appendix I.

MONTHLY (QUARTERLY) RESULTS FOR THE YEAR 1936/37 COMPARED WITH THE RESULTS FOR THE YEAR 1935/36.

	Financial year July-June		July		August		September	
	1934/35	1935/36	1935	1936	1935	1936	1935	1936
(In millions of pengó)								
A. ADMINISTRATION.								
<i>Receipts.</i>								
Direct taxes	225.1	229.7	10.8	11.9	25.1	25.5	16.0	19.0
Customs duties	42.5	42.2	3.0	3.6	2.8	3.2	3.1	3.7
Excise duties	85.1	92.8	7.3	8.9	7.3	8.7	9.3	12.2
Turnover tax	108.8	119.1	8.9	9.5	9.1	12.0	8.3	10.0
Dues	94.4	100.0	7.5	7.3	7.7	8.7	8.4	8.5
Tobacco Monopoly	106.6	111.6	10.1	9.9	9.9	10.1	9.0	9.4
Salt Monopoly (gross)	26.2	26.1	2.0	1.6	2.3	2.6	2.2	2.2
Saccharine and lotteries	2.0	2.2	0.1	0.2	0.2	0.2	0.1	0.2
Administrative receipts	72.2	79.4	3.7	4.1	3.1	3.1	2.7	4.2
Total receipts	762.9	803.1	53.4	57.0	67.5	74.1	59.1	69.4
<i>Expenditure.</i>								
Army	90.3	98.2	6.3	8.2	8.0	10.5	7.4	
Foreign Affairs	9.3	10.1	1.3	1.2	0.6	0.6	0.6	
Justice	32.6	32.4	2.9	2.9	2.5	2.4	2.6	
Supreme organs of the State ¹ ..	—	—	—	—	—	—	—	
Interior	119.1	120.2	8.8	8.6	8.5	8.6	9.0	
Agriculture	32.4	31.9	1.5	1.6	2.5	2.6	2.2	
Commerce	42.4	37.1	2.2	2.4	7.2	6.7	2.4	
Industry	—	10.7	—	0.5	—	0.6	0.5	
Education	63.5	65.6	5.4	5.2	4.6	4.8	5.3	
Finance	80.9	82.9	5.8	5.5	6.5	7.0	6.1	
Smaller departments	11.9	11.9	1.5	1.5	0.7	0.9	0.8	
Subsidies to local authorities ..	49.6	49.2	4.8	5.5	5.9	3.7	3.7	
Pensions	143.1	147.4	11.9	12.8	12.2	12.4	11.7	
Debt service	53.0	55.9	4.9	5.0	8.7	8.8	3.3	
Total expenditure	728.1	753.5	57.3	60.9	67.9	69.6	55.6	61.2
Balance	+ 34.8	+ 49.6	— 3.9	— 3.9	— 0.4	+ 4.5	+ 3.4	+ 8.2
B. UNDERTAKINGS.								
<i>Receipts.</i>								
Post and Telegraph	91.8	95.9	8.1	8.5	7.7	8.1	2.0	
Railways ²	197.2	218.2	18.0	20.6	19.2	22.0	20.7	
Ironworks	29.8	41.4	2.3	5.3	4.0	3.2	1.7	
Other undertakings	24.2	25.1	3.0	3.3	1.9	1.6	1.5	
Total receipts	343.0	380.6	31.4	37.7	32.8	34.7	31.9	
<i>Expenditure.</i>								
Post and Telegraph	85.7	88.0	6.6	7.4	6.6	6.7	6.2	
Railways	265.7	270.0	19.2	20.9	19.1	20.2	21.0	
Ironworks	42.2	53.0	3.6	6.1	4.1	4.3	4.7	
Other undertakings	23.5	24.1	1.7	1.8	1.6	1.6	1.5	
Total expenditure	417.1	435.1	31.1	36.2	31.4	32.8	33.4	
Balance	— 74.1	— 54.5	+ 0.3	+ 1.5	+ 1.4	+ 1.9	— 1.5	

¹ Included in "Smaller departments".

² Returns of the Railways for current fiscal year are provisional.

Appendix II.
ECONOMIC INDICES.
(End of date given.)

		Second quarter	July	August	September	
Index of industrial production ¹ .. (1927 = 100)	1936	130.8	—	—	—	
	1935	105.8	—	—	123.1	
	1934	103.0	—	—	102.4	
Output of coal ²	1936	156.1	55.0	58.2	—	
	1935	147.1	52.5	58.5	64.4	
	1934	138.7	48.3	52.9	57.5	
Unemployment ³	1936	15,771	14,651	13,690	—	
	1935	18,448	18,317	17,754	16,136	
	1934	22,467	21,212	20,737	20,058	
Prices (1913=100) : Wholesale ..	1936	85	86	86	87	
	1935	87	90	89	92	
	1934	81	79	81	83	
Retail	1936	99.98	98.87	99.85	101.10	
	1935	96.98	99.09	100.50	100.60	
	1934	97.23	97.17	96.34	97.76	
Stock-Exchange index ⁴ (1926=100)	1936	121.7	127.2	136.4	138.7	
	1935	99.6	96.8	99.8	94.0	
	1934	68.0	67.0	66.3	68.0	
		(In millions of pengo)				
Savings deposits at the Post Office Savings Bank and the Buda- pest banks members of the Central Corporation of Bank- ing Companies ⁵	1936	702.6	704.1	703.9	701.6	
	1935	662.5	662.3	660.2	653.8	
	1934	611.2	611.9	615.9	611.3	
Current accounts at the Post Office Savings Bank and the Buda- pest banks members of the Central Corporation of Bank- ing Companies ⁵	1936	671.7	675.9	678.6	686.7	
	1935	684.9	683.3	684.8	686.0	
	1934	648.1	647.6	645.5	658.0	
Total	1936	1,374.3	1,379.9	1,382.5	1,388.3	
	1935	1,347.4	1,345.6	1,345.0	1,339.8	
	1934	1,259.3	1,259.5	1,261.4	1,269.3	
Official discount rates	1936	% 4.0	% 4.0	% 4.0	% 4.0	
	1935	4.5	4.5	4.0	4.0	
	1934	4.5	4.5	4.5	4.5	
Market discount rates : ⁶						
	3-month bills (maximum) ..	1936	6.5	6.5	6.5	6.5
		1935	7.5	7.5	7.0	7.0
3-month bills (minimum) ..	1936	4.0	4.0	4.0	4.0	
	1935	4.5	4.5	4.0	4.0	
<i>Foreign trade :⁷</i>		(In millions of pengo)				
Imports	1936	113.8	37.0	32.1	33.7	
	1935	89.3	31.1	30.0	33.0	
	1934	88.8	28.2	27.6	27.9	
Exports	1936	102.0	41.1	49.7	54.4	
	1935	92.6	32.3	32.0	42.4	
	1934	86.8	28.1	32.5	35.3	
Difference	1936	— 11.8	+ 4.1	+ 17.6	+ 20.7	
	1935	+ 3.3	+ 1.2	+ 2.0	+ 9.4	
	1934	— 2.1	— 0.1	+ 4.9	+ 7.4	

¹ The Hungarian Economic Research Institute's indices cannot be compared with those published previous to the fourteenth report.

² Coal output in hundreds of thousands of quintals.

³ Unemployed members of the Social-Democratic Union.

⁴ Office of Statistics index, including eighteen shares.

⁵ These figures are not comparable with those given in this place in reports previous to the nineteenth, which included the deposits of the Post Office Savings Bank and twelve leading Budapest banks.

⁶ Returns of the National Bank of Hungary.

⁷ Figures for 1935 and 1934 are definitive.

Appendix III.

NATIONAL BANK.

	December 31st		June 30th	July 31st	August 31st	Septem- ber 30th
	(In millions of pengö)		(In millions of pengö)			
Note circulation	{ 1935 417.4 1934 381.4	1936 1935	393.2 375.4	396.3 375.8	410.2 390.6	417.4 388.7
Sight liabilities :						
Public	{ 1935 104.6 1934 71.6	1936 1935	98.4 70.7	89.3 57.8	107.4 65.8	129.7 75.0
Private	{ 1935 42.1 1934 34.0	1936 1935	35.5 29.5	21.6 20.4	23.6 24.6	24.6 22.0
Cash certificates ¹	{ 1935 104.3 1934 115.1	1936 1935	97.7 109.1	95.6 109.1	95.6 109.1	95.6 109.1
Other liabilities (net)	{ 1935 78.4 1934 150.1	1936 1935	54.6 85.6	50.6 85.3	48.3 89.6	28.2 88.8
Metal reserve as shown	{ 1935 121.2 1934 109.0	1936 1935	116.1 111.7	112.7 106.2	112.5 104.1	115.9 101.3
Thereof gold	{ 1935 78.9 1934 78.9	1936 1935	78.9 78.9	78.9 78.9	78.9 78.9	78.9 78.9
Commercial bills discounted	{ 1935 574.4 ² 1934 619.5 ⁶	1936 1935	499.4 ³ 524.7 ⁷	476.2 ⁴ 502.9 ⁷	505.1 ⁵ 536.3 ⁷	512.5 ⁵ 536.2 ⁷
Advances on securities ⁸	{ 1935 12.4 1934 11.8	1936 1935	12.4 11.8	12.4 11.8	12.4 11.8	12.4 11.8
Government debt	{ 1935 77.0 1934 50.0	1936 1935	90.1 60.4	90.7 65.8	93.6 65.7	93.2 72.6
	Per cent		Per cent			
Ratio of cover	{ 1935 24.9 1934 24.9	1936 1935	26.6 26.9	27.1 27.3	25.1 25.1	24.2 24.5

¹ Issued in connection with the consolidation of the Bank for International Settlements and Central Bank credits.

² Thereof Treasury bonds 32.6 million pengö.

³ " " " 26.8 " "

⁴ " " " 24.7 " "

⁵ " " " 28.7 " "

⁶ " " " 34.1 " "

⁷ " " " 24.7 " "

⁸ All Treasury bonds.

Appendix IV.

FOREIGN EXCHANGE : PURCHASES AND SALES OF THE NATIONAL BANK OF HUNGARY IN THE THIRD QUARTER OF 1936 AND IN THE FIRST NINE MONTHS OF 1935¹ AND 1936¹.

	1936		
	July	August	September
(In millions of pengő)			
<i>Purchases :</i>			
(a) Export <i>Devisen</i> received ²	28.63	27.14	37.98
(b) Under obligatory declaration	0.70	0.83	0.48
(c) From the State	0.85	0.35	0.41
(d) From others	3.49	3.89	6.08
Total	33.67	32.21	44.95
Excess of sales	2.66	—	—
<i>Sales :</i>			
(a) For loan service	0.63	0.63	0.63
(b) For imports ¹	26.83	24.27	29.39
(c) To the State	1.28	0.95	1.02
(d) To others	7.59	3.55	2.50
Total	36.33	29.40	33.54
Excess of purchases	—	2.81	11.41

	1935	1936			
	First nine months	First quarter	Second quarter	Third quarter	First nine months
(In millions of pengő)					
<i>Purchases :</i>					
(a) Export <i>Devisen</i> received ²	187.10	93.73	69.59	93.75	257.07
(b) Under obligatory declaration	2.69	1.98	1.48	2.01	5.47
(c) From the State	2.48	2.03	3.23	1.61	6.87
(d) From others	11.02	6.28	9.70	13.46	29.44
Total	203.29	104.02	84.00	110.83	298.85
Excess of sales	7.80	—	10.36	—	—
<i>Sales :</i>					
(a) For loan service	14.06	2.68	9.91	1.89	14.48
(b) For imports ²	164.65	82.89	74.00	80.40	237.38
(c) To the State	13.16	2.84	3.29	3.25	9.38
(d) To others	19.22	4.88	7.16	13.64	25.68
Total	211.09	93.29	94.36	99.27	286.92
Excess of purchases	—	10.73	—	11.56	11.93

¹ Revised figures.

² Including clearing.

Appendix V.
FOREIGN EXCHANGE CONTROL.

	Actual exports	Exports notified, including compensations and exports against pengö	Percentage of column 2 to column 1	Export <i>Devisen</i> received by the National Bank	Certified compensation and certified exports against pengö	Columns 4 + 5—i.e., total of foreign exchange derived from exports	Percentage of column 6 to column 1	Actual imports	Import <i>Devisen</i> allotted by the National Bank	Certified compensation and import through merchandise pengö	Columns 9 + 10—i.e., total of foreign exchange used for imports	Percentage of column 11 to column 8
	1	2	3	4	5	6 (In millions of pengö)	7	8	9	10	11	12
1934 :												
January	28.6	33.1	115.7	25.1	6.8	31.9	111.5	23.1	19.5	5.6	25.1	108.7
February	28.8	32.7	113.5	20.4	10.1	30.5	105.9	22.0	18.0	10.0	28.0	127.3
March	38.6	41.8	108.3	21.0	11.3	32.3	83.7	29.5	20.3	10.0	30.3	102.7
April	30.9	32.1	103.9	15.4	11.4	26.8	86.7	29.6	15.5	11.0	26.5	89.5
May	26.5	28.0	105.7	17.9	5.0	22.9	86.4	28.5	16.5	3.6	20.1	70.5
June	29.4	30.8	104.7	17.5	7.7	25.2	85.7	30.7	14.3	6.1	20.4	66.4
July	28.0	32.3	114.9	19.0	6.6	25.6	91.1	28.2	13.8	5.2	19.0	67.4
August	32.4	33.6	103.7	18.0	4.8	22.8	70.4	27.6	13.5	3.8	17.3	62.7
September	35.2	37.6	106.8	18.4	5.6	24.0	68.2	27.9	18.8	4.7	23.5	84.2
October	37.0	36.7	99.2	22.3	6.6	28.9	78.1	33.1	18.8	5.5	24.3	73.4
November	42.2	46.4	109.9	23.1	4.3	27.4	64.9	33.8	18.2	3.0	21.2	62.7
December	46.6	44.4	95.3	24.8	5.8	30.6	65.6	30.9	19.7	4.6	24.3	78.6
1935 :												
January	29.8	35.4	119.0	26.4	5.1	31.5	105.7	27.2	22.6	4.0	26.6	97.8
February	29.2	31.8	109.0	18.6	8.6	27.2	93.2	27.4	20.6	7.5	28.1	102.6
March	40.8	36.1	88.5	24.8	5.4	30.2	74.0	29.4	17.9	4.9	22.8	77.6
April	31.1	35.0	112.5	24.8	4.1	28.9	92.9	31.8	18.4	2.8	21.2	66.7
May	31.7	33.8	106.2	18.1	5.9	24.0	75.7	31.1	18.4	4.8	23.2	74.6
June	29.8	27.2	91.3	18.2	5.1	23.3	78.2	26.4	16.4	3.7	20.1	76.1
July	32.3	36.3	112.3	19.0	7.5	26.5	82.0	31.1	16.7	6.2	22.9	73.6
August	32.0	33.5	104.7	18.0	2.7	20.7	64.7	30.0	15.6	1.6	17.2	57.3
September	42.4	42.8	100.9	19.1	9.6	28.7	67.7	33.0	18.1	8.2	26.3	79.7
October	52.8	52.7	99.8	31.8	6.5	38.3	72.5	38.9	21.6	5.4	27.0	69.4
November	53.7	55.9	104.1	41.3	5.1	46.4	86.4	43.2	24.8	4.2	29.0	67.1
December	52.1	49.6	95.2	32.2	7.1	39.3	75.4	47.9	24.6	6.1	30.7	64.1
1936 :												
January	34.9	36.7	105.2	32.4	6.7	39.1	112.0	40.6	31.0	6.0	37.0	91.1
February	41.2	47.4	115.0	24.6	6.3	30.9	75.0	30.2	25.9	4.9	30.8	102.0
March	38.0	39.9	105.0	36.8	4.8	41.6	109.5	35.0	26.1	4.5	30.6	87.4
April	32.9	31.4	95.4	24.4	12.8	37.2	113.1	40.3	24.2	12.2	36.4	90.3
May	31.8	31.9	100.3	24.3	5.1	29.4	92.5	38.8	25.9	4.7	30.6	78.9
June	37.3	37.8	101.3	21.0	6.7	27.7	74.3	34.7	23.9	5.6	29.6	85.3
July	41.1	53.3	129.7	28.6	12.2	40.8	99.3	37.0	26.8	10.0	36.8	99.5
August	49.7	49.3	99.2	27.1	12.7	39.8	80.1	32.1	24.3	11.7	36.0	112.1
September	54.4	52.7	96.9	38.0	10.3	48.3	88.8	33.7	29.4	8.1	37.5	111.3

Geneva, October 30th, 1936.

LEAGUE OF NATIONS

COMMITTEE OF STATISTICAL EXPERTS

**REPORT TO THE COUNCIL
ON THE WORK OF THE FIFTH SESSION**

(Held in Geneva from October 12th to 17th, 1936.)

The following members of the Committee were present :

Sir Alfred W. FLUX (*Chairman*),
M. C. BRÜSCHWEILER,
Mr. R. H. COATS,
Mr. D. DURAND,
M. M. HUBER,
M. G. JAHN,
M. E. SZTUM DE SZTREM,
M. V. DORE,
Mr. J. W. NIXON.

The following associate members were also present :

M. O. ANDERSON,
M. GAYON,
M. PULINX,
Mr. Carl SNYDER.

I. STATISTICS OF OCCUPATIONS.

By Recommendation IV of the International Conference relating to Economic Statistics, the Committee was asked :

- “ (1) To prepare a detailed draft nomenclature of industries and occupations ;
- “ (2) To 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.) ”.

As the next returns of population according to occupations specified in Article 2, II, of the Convention of 1928, are to be compiled in 1940, or in a year as near as possible to 1940, a large part of the Committee's present session has been devoted to the consideration of the questions mentioned above.

The Committee has arrived at a definition of the occupied population which will facilitate international comparisons.

With regard to systems of classification of the occupied population, the Committee has accepted the view, already expressed by other conferences of statisticians, that a classification according to the three following principles :

- (a) By branches of economic activity,
- (b) By personal status,
- (c) By individual occupation,

would furnish all the elements necessary for a complete picture of the economic and social structure of the population.

The Committee has laid down the general lines of a future draft minimum international nomenclature of industries, and has adopted a classification according to personal status. As regards classification by individual occupations, the Committee is of opinion that, from the international standpoint, a very large part of the occupied population is sufficiently characterised by its place in the industrial classification and by personal status. Classification by individual occupations, in the Committee's view, is a question of national, rather than international, concern. For these reasons, the Committee does not contemplate making a detailed classification of occupations.

The Committee hopes to be able to make a complete report on all these questions during 1937, so that its recommendations can be taken into consideration by the various countries in their preparatory work for the censuses of 1940 or 1941.

II. INDICES OF INDUSTRIAL PRODUCTION.

By the terms of Article 2, V (C), and of Article 7 and Annex V of the International Convention relating to Economic Statistics, the parties to the Convention undertook to publish "statistical series in the form either of absolute figures or relative figures referring to a period taken as a basis of comparison, at regular intervals, if possible quarterly, or preferably monthly, showing variations of the industrial activity of the most representative branches of production".

The compilation of indices of industrial production has been undertaken in a steadily increasing number of countries, and the Committee has begun a study of this subject from the point of view more particularly of the international comparability of these indices. It has laid down the general outline of the work to be undertaken in this sphere and has instructed a special Sub-Committee to prepare the work with the help of some outside experts.

III. MINING AND METALLURGICAL STATISTICS.

By the terms of Article 2, IV, and Article 5 of the 1928 International Convention relating to Economic Statistics, the contracting parties undertook to publish statistical information regarding the production of certain minerals and metals and, so far as practicable, to follow, when drawing up these statistics, the principles underlying Annex III of the said Convention.

By the terms of this annex, the Committee was instructed to prepare certain definitions and to draw up certain classifications. In view of the technical nature of these problems, the Committee requested and obtained the help of technical experts, who were in part designated by the International Chamber of Commerce. The Committee drew up the recommendations set out in Appendix I of the present report. It requests the Council to recommend Governments who are parties to the Convention to adopt these definitions and classifications for the mining and metallurgical statistics which they prepare under the provisions of Article 2, IV, and Article 5, and of Annex III of the 1928 Convention.

IV. TIMBER STATISTICS.

The Committee has undertaken an examination of timber statistics in order to give effect to a resolution of the Monetary and Economic Conference of 1933 that :

" . . . each country, acting in concert with the League of Nations and the International Institute of Agriculture, should organise rational statistics of the production of, and international trade in, timber".

A special Sub-Committee, which includes representatives of the International Institute of Agriculture and the International Timber Committee at Vienna, has examined the various aspects of timber statistics and has presented a first report which the Committee discussed at its present meeting.

The statistics of timber resources (forest areas, ownership, total amount of standing timber, annual growth, etc.) and of the total cut of timber are dealt with by a mixed Commission on Forestry Statistics set up by the International Institute of Agriculture and the International Institute of Statistics. The Committee of Statistical Experts, in order to avoid overlapping, has accordingly concentrated its work on a statistical programme relating to timber which actually comes into the market and for which, on the whole, annual statistics are required.

The Committee prepared various recommendations relating to :

- (a) Timber *cut* for export or for industrial consumption within the country of production ;
- (b) Timber actually *consumed* for industrial and similar purposes ;
- (c) Output of and trade in timber products derived directly from unworked timber.

It further discussed statistics of the equipment of the industrial establishments manufacturing these timber products, statistics of the output of and trade in the more advanced timber products and the problem of the standardisation of wood measurements for statistical purposes.

Before making any definite recommendations in the field of timber statistics, the Committee ventures to hope that the Council will authorise the Secretary-General to undertake an enquiry with a view to obtaining the comments of Governments on the draft recommendations which it has prepared. The Committee hopes that, on the basis of the observations received, it will be in a position at its next session to present a final report on this subject.

V. MINIMUM LIST OF COMMODITIES FOR INTERNATIONAL TRADE STATISTICS.

By a resolution of September 17th, 1935, the Council expressed the hope that Governments would see their way to publishing, at least annually, supplementary statistics of their imports and exports classified in accordance with the Minimum List as drawn up by the Committee.

The Committee was glad to learn that, up to October 1936, the following countries had informed the Secretariat that they intended to publish statistics in conformity with the items of the Minimum List :

	Annually from		Annually from
1. Australia	1935	10. Irish Free State	1935
2. Belgium	1936	11. Iceland	1936
3. United Kingdom	1935	12. Lithuania	1936
4. Bulgaria	1936	13. Norway	1936
5. Canada	1935	14. New Zealand	1936
6. Denmark	1935	15. Poland	1935
7. United States of America	1935	16. Portugal	1935
8. France	1936	17. Sweden	1935
9. Iraq	1935/36	18. Yugoslavia	1936 ¹

In addition :

19. Hungary and 20. Czechoslovakia

accepted in principle, but made the actual application of the new list dependent on the termination of the Brussels Convention of 1913.

21. Austria and 22. Union of South Africa
postponed decision.

China, India, Switzerland, the Netherlands and the Netherlands Indies stated that they are not prepared for the moment to compile the supplementary statistics in question.

As a Conference of British Commonwealth Statisticians held in 1935 recommended to all countries belonging to the British Commonwealth to prepare trade statistics in accordance with the items of the Minimum List and on the basis of some additional information which members of the Committee had at their disposal, a still wider application of the Minimum List may be anticipated in the course of a few years.

VI. AUXILIARY INTERNATIONAL TRADE STATISTICS.

To give effect to a decision of the Council of May 14th, 1934, Governments were asked to prepare the basic data for the compilation of auxiliary international trade statistics in conformity with the instructions drawn up by the Committee. The object of these statistics is to secure, with the help of import statistics by countries of origin, more satisfactory information on the movement of certain basic commodities from the producing to the consuming countries. The Secretariat was entrusted with the task of collecting and publishing these statistics.

The Committee noted with satisfaction that, for the year 1935, about thirty countries have undertaken to prepare these statistics and that the results for 1935 will be published in the course of the current year.

The value of these statistics will be increased as the number of countries participating in the collection of the necessary data increases, and the Committee accordingly hopes that Governments which are not yet participating in this work will do so in future and will follow as nearly as possible the procedure indicated by the Committee, particularly with regard to the recording of the origin of goods imported.

VII. INTERNATIONAL TOURIST STATISTICS.

Following a suggestion of the Economic Committee of the League that the methods of compiling statistics of tourist traffic should be improved and standardised, the Council decided, on September 8th, 1934, to bring the matter to the notice of the Committee of Statistical Experts. In accordance with the usual procedure, a special Sub-Committee was appointed to enquire into the question with the help of outside experts.

¹ Sections and chapters only.

After a first meeting, the Sub-Committee undertook through the Secretariat an enquiry among certain statistical offices and bodies concerned in compiling statistics of tourist traffic, with the object of amplifying the material in their possession regarding methods in current use and obtaining preliminary information as to the possibilities of carrying out the contemplated recommendations. Through the courtesy of those organisations, the enquiry has yielded very interesting results. In the light of these results, the Committee has drawn up certain recommendations of a general character which are submitted to the Council in Appendix II to this report.

The Committee hopes that the Council will decide to communicate these recommendations and the accompanying statement to all Governments of States, Members and non-members of the League of Nations, inviting them to put the recommendations into effect.

The Committee wishes to make it clear that, in the present state of statistics of tourist traffic in different countries, it is not possible to make detailed recommendations covering all the aspects of the problem. The Committee believes, however, that these general recommendations will help to improve statistics of tourist traffic in the various countries, and that, at a later date, it will be able to take up the question again in the light of the experience gained in such countries as may carry out the recommendations.

VIII. FINANCIAL STATISTICS.

On May 13th, 1936, on the recommendation of the Financial Committee, the Council of the League of Nations requested the Committee of Statistical Experts to take up the question of financial statistics, and to study and report upon the methods by which the comparability of financial statistics might be improved. The Financial Committee also proposed that the Committee of Statistical Experts should deal first with the statistics relating to the formation of capital and the manner in which that capital is invested.

The Committee has engaged in a preliminary discussion on the best methods of approaching the somewhat intricate problem suggested to it by the Financial Committee. It has decided that a sub-committee, consisting of a few of its own members and some outside experts, should define the problems to be dealt with, and draw up a programme of work. It has empowered its Chairman, in contact with other members of the Committee and in consultation with the Secretary-General, to select experts qualified for this new task before the Committee.

IX. APPLICATION OF THE "GENERAL REGULATIONS ON COMMITTEES".

The Special Committee appointed to study the constitution, procedure and practice of Committees of the League of Nations made no particular recommendations as regards the Committee of Statistical Experts, whose composition and methods were considered as excellently suited to its work.¹ The Council had supported this opinion.² Whether the constitution and practice of the Committee entirely conforms with the General Regulation on Committees adopted by the Council on January 24th, 1936, may be questioned only as regards two points:

(a) The Committee was empowered by the Council on May 20th, 1931, to appoint persons other than members of the Committee as members of the sub-committees which it has set up or may wish to set up in the future.³ In view of the highly technical character of the problems referred to it, the Committee is convinced that the Council will, by derogation of Article 7, paragraph 2, of the General Regulations on Committees, maintain this authorisation.

(b) The Committee's function is to promote improvements in methods of compiling economic and financial statistics. In order to carry out this function, constant contact with national statistical offices is essential, and it has been the practice of the Committee to request the Secretariat to conduct enquiries among such offices when necessary. The Committee is confident that the Council will not see in Article 5, paragraph 3, of the General Regulations an obstacle to these contacts being maintained as in the past.

¹ Document A.16.1935, V, 2, last paragraph.
² Document C.71.1936, IV, 2.
³ Council /63rd Session/ P.V. 3 (1), item 2817.

Appendix I.

RECOMMENDATIONS ON MINING AND METALLURGICAL STATISTICS.¹

I. WEIGHTS OF THE VARIOUS ESSENTIAL CONSTITUENT ELEMENTS OF NON-METALLIC MINERALS (Annex III, Part I, 2 (b)).

By the terms of Annex III, Part I, 2 (b), the Committee of Statistical Experts is called upon to define in the case of non-metallic minerals, the essential constituent elements which are to be shown in addition to the returns of the total production of raw minerals. The recommendations of the Committee are as follows.

(a) In principle, any element which is actually recovered or commercially recoverable should be regarded as essential and accordingly be shown separately in the statistical returns.

(b) With regard to the non-metallic minerals of international importance enumerated below, the following constituent elements should be shown separately :

- (1) Nitrates : Nitrogen content (N) ;
- (2) Natural phosphates : Phosphoric acid content (P_2O_5) ;
- (3) Potash ores : Pure potash content (K_2O) ;
- (4) Sulphur ores : Pure sulphur content (S).

In the case of pyrites : the amount of sulphur and the amount of each metal recovered.

(c) Chemical formulæ or symbols should be added to the name of the constituent elements in order to facilitate the use of the statistics by readers of other languages.

II. CLASSIFICATION OF IRON ORES ACCORDING TO PHOSPHOROUS CONTENT (Annex III, Part II, B, 2 (b)).

By the terms of Annex III, Part II, B, 2 (b), the Committee of Statistical Experts is called upon to consider a classification of iron ores according to the phosphorus content. The Committee submits the following recommendations :

(a) A classification of iron ores according to the phosphorus content is desirable. The following limits, proposed by the International Chamber of Commerce should be observed in national classifications which may, of course, include a subdivision in greater detail.

- Less than 0.04% phosphorus content ;
- From 0.04-0.7% phosphorus content ;
- Over 0.7% phosphorus content.

Nevertheless, the Committee considers that the important point is that every country should show the nature of its various ores by indicating their phosphorus content and the reasons for which it is unable to adhere to the above-mentioned limits.

(b) For facilitating international comparisons, the phosphorus content should be indicated in relation to an iron content of 50%.

(c) Statistics of the phosphoric content of iron ores should refer to ores prepared for sale (*i.e.*, to the phosphorus contents of mixtures, concentrates or calcinates) and not to crude minerals.

III. DEFINITION OF MANGANIFEROUS, CHROMIFEROUS AND NICKELIFEROUS IRON ORES, AND OF MANGANESE ORES.

By the terms of Annex III, Part II, B, 2 (b), the Committee of Statistical Experts is asked to lay down a definition for manganiferous, chromiferous and nickeliferous iron ores and by the terms of Part II, D, I(i), (d) to give a definition of manganese ores. The Committee recommends the following definitions for adoption :

(a) *Manganiferous iron ores and manganese ores.*

1. *Manganiferous iron ores* are ores in which the ratio of manganese to iron exceeds 10% and does not exceed 80%, provided that the ore contains more than 40% of iron and manganese together.

¹ All references are to the International Convention relating to Economic Statistics.

2. All ores containing iron and manganese in which the manganese content exceeds the upper limit specified in the above definition are to be regarded as "*manganese ores*".

The Committee does not consider it necessary to recommend the adoption of a closer definition for manganese ores, as the definition given in paragraph 1 is only important from the standpoint of complete statistics concerning *iron ores*.

(b) *Chromiferous iron ores* are iron ores which do not contain more than 5% chromium.

(c) *Nickeliferous iron ores* are iron ores which do not contain more than 5% nickel.

IV. GENERAL CLASSIFICATION OF IRON ORES.

By the terms of Annex III, Part II, B, 2 (a), of the Convention, the following annual returns are required :

Total production of iron ore, and of the iron content of such ore, under each of the following headings :

Magnetite,
Hematite,
Carbonate,
Manganiferous iron ores,
Chromiferous iron ores,
Nickeliferous iron ores.

In order to facilitate the international use of national production statistics, the Committee submits the following recommendations :

(a) Within the framework of the classification of iron ores laid down in Annex III, Part II, B, 2 (a), precise denominations of ores concerned should be given together with a simple chemical notation of the characteristics of the ores.

(b) All returns should refer to saleable ores (*i.e.*, to mixtures, concentrates or calcinates) and not to crude ores as mined.

V. DEFINITION OF THE LIMIT OF PHOSPHORUS CONTENT FOR HEMATITE PIG-IRON.

By the terms of Annex III, Part II, D, I (i), (a), the Committee of Statistical Experts is called upon to define the limit of phosphorus content for hematite pig-iron. The Committee accepted the proposal submitted by the International Chamber of Commerce to the Statistical Conference of 1928, that only pig-iron of not more than 0.12% of phosphorus content should be regarded as hematite pig-iron.

VI. GENERAL CLASSIFICATION OF PIG-IRON.

The Committee recommends that the classification of pig-iron contained in Annex III, Part III, D, I (i), (a), to the Convention distinguishing between :

- (1) Hematite pig-iron,
- (2) Basic pig-iron for the manufacture of steel,
- (3) Ferro-alloys,
- (4) All other pig-iron,

should be replaced by the following classification :

- (1) Pig-iron for the manufacture of iron and steel :
 - (a) Hematite, including Bessemer pig-iron, with not more than 0.12% phosphorus content ;
 - (b) Thomas pig-iron ;
 - (c) All other sorts ;
- (2) Pig-iron for castings :
 - (a) Hematite (with not more than 0.12% phosphorus content) ;
 - (b) Phosphoric pig-iron ;
- (3) Ferro-alloys.

VII. CLASSIFICATION OF SEMI-FINISHED AND FINISHED PRODUCTS OF PUDDLED IRON AND STEEL.

By the terms of Annex III, Part II, D, I (ii), (f), the Committee of Statistical Experts was instructed to draw up a minimum list of semi-finished and finished products of puddled iron and of steel to be shown in monthly returns of production, and to specify also those additional classes of products for which separate returns would be desirable.

The Committee recommends the following classification, the numbered items representing the minimum list for the monthly returns, while the additional classes are indicated by lettered sub-items :

1. Sections, rolled or forged, girders, beams, joists, channels and sheet-piling.
2. Other rolled or forged shapes and sections (angles and tees, bars, rounds, squares, flats, etc.).
3. Wire rods.
4. Universal plates 3 mm. (1/8 of an inch) thick and over and 150 mm. (6 inches) wide and over.
5. Plates and sheets (5 mm. thick and over).
6. Tinned plates and tinned sheets.
7. Plates and sheets (all other categories) :
 - (a) Medium (3-5mm. thick) ;
 - (b) Thin (less than 3 mm. thick) ;
 - (c) Galvanised and lead-coated.
8. Hoop, band and strip hot-rolled, including strip for tubes.
9. Tubes exceeding 318 mm. (12½ inches) in exterior diameter.
10. Tubes of 318 mm. (12½ inches) exterior diameter or less.
11. Rails :
 - (a) 18 kg. and over per metre (36 lbs. and over per yard) ;
 - (b) Less than 18 kg. per metre (36 lbs. per yard).
12. Sleepers.
13. Soleplates and fishplates.
14. Tyres and wheels.
15. Axles.
16. Other forgings, not included in Nos. 1, 2, 14 and 15.

The Committee thinks that it would be desirable to show separately the special steels which form an independent item in the draft Customs Nomenclature ; but, in view of the difficulty of accurately defining these special steels — the number of which is continually increasing — it decided not to establish a separate group for special steels in the above classification.

Further, the Committee thought that this classification should remain in harmony with the international Customs nomenclature and that it should be modified if changes were made in that nomenclature.

VIII. SCOPE OF THE RETURNS ON SEMI-FINISHED PRODUCTS.

The Committee decided that the returns of the production of semi-finished products such as blooms and billets, slabs, blooms and flat-bars for sheet and tinsplate as foreseen under Annex III, Part II, D, I (ii), (a) and (b), should relate to deliveries and not to the total production, as the part utilised in the plant itself is shown in the lists of finished products. It is proposed to regard as "deliveries" that part of the quantity produced in the plant concerned which is delivered to commerce — *i.e.*, either to a merchant or to a plant which does not belong to the same company. A plant belonging to a subsidiary company should not be considered as belonging to the same company.

Appendix II.

INTERNATIONAL TOURIST STATISTICS.

I. PURPOSE OF INTERNATIONAL TOURIST STATISTICS.

Tourist statistics may be compiled for economic or demographic purposes.

Among the chief economic purposes for which such statistics are regarded as necessary or useful, estimating tourist expenditure, which is an important item in the balance of payments, and testing the results of travel propaganda may be mentioned in particular.

Among the chief demographic purposes, supplementing the statistics of migration may be mentioned.

The Committee felt that there should, if necessary, be definitions and limitations appropriate to the different purposes for which tourist statistics are required; but it believed that it was not advisable to make different recommendations according to the different purposes in view and that a more limited conception of tourist statistics was to be preferred. The Committee therefore decided to confine its recommendations to the international and economic aspects of the question.

The Committee did not overlook the fact that tourist statistics compiled on the lines laid down below would leave out of account various classes of persons who, even for certain economic purposes, should be included. This would be the case, for instance, in calculating the balance of payments, where it would be useful to include all persons who spend within a given country funds drawn from outside sources. Moreover, as will be seen later, certain groups of persons who do not appear in migration statistics would not be covered by the records of tourist traffic either. It may, however, be borne in mind that these classes of persons could not easily be covered by the methods proposed for compiling tourist statistics and that for them there exist other methods for securing the necessary information.

II. THE DIFFERENT FORMS OF TOURIST STATISTICS.

A survey of the available data by which tourist movements can be followed and the economic importance of the tourist traffic judged, shows that there are somewhat diverse sources of information — viz :

(a) *Migration statistics* or statistics of the *movement of travellers*, from which certain information on the tourist traffic could be extracted;

(b) *Tourist traffic statistics properly so-called* — viz., statistics collected for the purpose of showing the extent of the tourist traffic and often designed to show the number of the hotel clientele and the results of travel propaganda.

Further, the methods employed in collecting the data which form the basis of tourist statistics vary considerably. There are two chief methods of recording : at the moment of crossing the frontier and at hotels and boarding-houses, etc.

In some countries, the two methods may be applied simultaneously and thus supplement each other.

(a) *Records at the Moment of crossing the Frontier.*

The Committee believes that, from the purely theoretical standpoint, this method might be capable of furnishing the most complete data concerning the number of tourists and the length of their stay, seeing that it would be possible to ascertain in each case the length of the stay by comparing the dates of arrival and departure of each tourist.

The advantage of this method is that it includes all tourists; it covers not only the foreign tourists arriving in (or leaving) the country making the return, but also the nationals of that country who are going (or returning from) abroad.

The method of keeping records at the frontier is used in countries which are mainly or entirely surrounded by water or which can only be entered by land at comparatively few points.

The application of this method meets with insuperable practical difficulties in countries which have many routes of access by land, or, more particularly, whose frontier passes through built-up areas. Even where few railway lines enter a country, records would be far from easy to make and special difficulties would be met with in dealing with road traffic.

The Committee was of opinion that such a system could only be applied in cases where migration is already controlled or where passports are strictly examined. Such examination

is not, however, made in all countries, particularly on outward journeys. Furthermore, it would seem inadvisable to base records on a procedure which generally tends to hamper travel and its development.

(b) *Récords made within a Country.*

The above considerations show that the method of recording within a country is often the only method that can be employed in countries with land frontiers and many routes of access. The drawback of this method is that, in practice, the records can only be made in hotels and similar establishments, and would not cover a number of tourists staying with private individuals. It also seems hardly possible to distinguish persons staying at hotels by the purpose of their journey; thus, each visitor staying at a hotel is, in practice, regarded as a tourist. The method also requires the co-operation of hotel-keepers; this cannot always be secured, particularly if the country is large and the number of foreign tourists comparatively small, or if the country's administrative arrangements do not permit of uniform regulations being applied.

* * *

As the methods at present in force for recording tourist statistics depend on the geographical situation of each country, the Committee does not think it possible to recommend the exclusive employment of one or other of the two methods.

In countries where the geographical conditions permit of the preparation of records of persons crossing sea or land frontiers, that procedure might be used for preparing statistics of the tourist traffic without subjecting tourists to annoying formalities. Such conditions may be found, for instance, in countries which already prepare records of the arrival and departure of migrants.

In countries which do not meet the above requirements, the preparation of records in hotels and similar establishments is deemed to be the most appropriate.

As the number of countries which already prepare statistics of the journeys made by their own nationals to other countries is rather small, the Committee, in these recommendations, had mainly in mind countries which only keep a record of the foreign tourists entering their territory. It considers, however, that, wherever circumstances permit, particulars concerning the return of nationals to their own country would furnish very valuable supplementary information.

As it is impossible to advocate one method of recording only, the Committee's chief task has been to frame uniform definitions and recommend the compilation of certain essential data regarding the number and the length of their tourists' stay. The object of these recommendations is to achieve comparable results as far as possible, whatever the method followed.

III. DEFINITION OF THE TERM "TOURIST".

In view of the essential object of its work — namely, to secure greater comparability between the statistics of different countries, the Committee thought it necessary to frame a uniform definition of the term "tourist", to be applied whatever the method proposed for securing the statistical data.

It considered it unnecessary to lay down a definition which, while logically and theoretically satisfactory, was not practically applicable in the conditions in which the basic data must be procured. It would be undesirable, for instance, to prescribe that the term "tourist" should apply to any persons spending in the country money coming from outside — even though that definition might be useful for the calculation of the balance of payments — since a hotel proprietor or a port or frontier official would be unable to obtain a satisfactory reply to a question asked on that basis.

The Committee considered that the best solution was to decide on a theoretical definition and facilitate its practical application by enumerating both the classes of travellers who are undoubtedly tourists and those who clearly cannot be regarded as such.

The Committee recommends the following definition of a tourist :

To secure the comparability of international tourist statistics, the term "tourist" shall, in principle, be interpreted to mean any person travelling for a period of twenty-four hours or more in a country other than that in which he usually resides.

The following are to be regarded as tourists :

- (1) Persons travelling for pleasure, for domestic reasons, for health, etc.;
- (2) Persons travelling to meetings or in a representative capacity of any kind (scientific, administrative, diplomatic, religious, athletic, etc.);
- (3) Visitors travelling for business purposes;
- (4) Visitors arriving in the course of a sea cruise, even when they stay less than twenty-four hours. The latter should be reckoned as a separate group, disregarding, if necessary, their usual place of residence.

The following are not to be regarded as tourists :

- (1) Persons arriving, with or without a contract, to take up an occupation or engage in any business activity in the country;

- (2) Other persons coming to establish a residence in the country ;
- (3) Students and young persons in boarding establishments or schools ;
- (4) Residents in a frontier zone and persons domiciled in one country and working in an adjoining country ;
- (5) Travellers passing through a country without stopping, even if the journey takes more than twenty-four hours.

The above lists are not exhaustive ; there are still several cases in which it is hard to say whether a person is a tourist or not. The Committee trusts that, with the growth of experience the two lists will be gradually extended and the number of doubtful cases steadily reduced.

The Committee has classified visitors travelling on business as tourists, since it is usually impossible to distinguish them from tourists by referring to the ordinary statistical returns (*e.g.*, hotel register forms). Furthermore, their inclusion with tourists can be justified by the fact that the money spent by them comes directly from another country, even though it is offset later by profits realised in the country visited.

Students, etc., have been included in the group of persons not to be regarded as tourists since, in most countries, other statistical returns give the number of foreign students, etc.

The Committee has fixed the minimum limit of stay at twenty-four hours, except in the case of passengers on pleasure cruises, as it is impossible in practice to collect sufficient information regarding tourists not lodging in the country, although in districts in which there is active tourist traffic across the frontier considerable amounts are sometimes spent by such tourists. A night spent in a hotel or similar establishment is regarded as equivalent to a stay of more than twenty-four hours.

The Committee would point out that it has excluded tourists not staying in the country solely for material reasons. The Committee believes that if complete or sample returns of this category of tourists can be secured when they cross the frontier, they give very valuable information, more particularly from the standpoint of the balance of payments, but to enable such returns to be compared with the statistics of countries which do not include this group of tourists, their number should be returned separately.

The Committee does not think it possible to fix a common upper limit to the time after which tourists should be regarded as settled in the country. The Committee envisaged the period of twelve months, as tourists staying more than twelve months in a country are automatically excluded from the annual statistics if the latter are based on returns made when crossing the frontier. It recognised, however, that the shorter periods laid down in the legislative or administrative regulations of different countries make it impossible to fix a uniform limit.

IV. COUNTRIES OF PROVENANCE OF TOURISTS.

As regards the provenance of tourists arriving in a country, the Committee considers that the country of usual residence should be shown rather than the nationality, since a knowledge of the country in which the tourist usually resides is generally of greater importance than his nationality for the purpose of computing the balance of payments, concluding tourists agreements between different countries and testing the results of travel propaganda.

If, in special cases, the tourist has no habitual residence, the country of last permanent residence should be shown.

V. NUMBER OF TOURISTS AND LENGTH OF THEIR STAY.

(a) *Records at the Moment of crossing the Frontier.*

If the records are made when the travellers cross the frontier, the number of tourists corresponds to the number of arrivals.

The Committee considers that, in this case, the best way of determining the length of stay is to ask the tourist on leaving the country how many nights he has spent in the country and how many in a hotel or similar establishment. These particulars could be secured by means of a special form or in conjunction with other formalities. If the country also compiles statistics of the journeys of its own nationals, the latter should, on their return, be asked for similar information and, in addition, for particulars of the number of nights spent in each of the various countries they have just visited.

The distinction between nights passed in a hotel or similar establishment and nights spent with relatives or friends is essential if the returns are to be comparable with those of other countries made up by hotels. This distinction is also important in estimating expenditure.

The length of the stay might also be determined by means of cards, which could be issued to tourists on entering the country and withdrawn on leaving, or by comparing the dates of entry and departure when passports are being examined. To facilitate the application of the latter system, it is extremely desirable that the entry and exit stamps on passports should follow each other regularly in order of time. The two latter methods, however, do not easily enable the number of nights spent in a hotel to be determined.

(b) *Records made within the Country.*

The Committee considers that records of movements within a country can hardly show the number of tourists, but mainly :

- (1) The number of nights spent ;
- (2) The number of arrivals in hotels, etc.

From the strictly international standpoint, of course, the number of arrivals in the hotels of a country — which obviously does not correspond with the number of tourists entering the country, as a tourist may move from one hotel to another — is a matter of secondary importance. If, however, arrivals are published by towns, resorts or districts, they give a fairly accurate idea of the number of tourists who have come to that region, as it is comparatively rare for a visitor to change from one hotel to another in the same locality.

The Committee is of opinion that it is practically impossible to secure statistics of the number of tourists coming into a country on the basis of records made in hotels. Theoretically, such statistics could be compiled, either by asking the visitor the date of his last arrival in the country, or by tracing each visitor from one place to another in the country by means of individual vouchers which would later be collected and classified. The second method, although difficult and costly, is actually applied in some countries. In the recommendations given below, the Committee has refrained from proposing that the numbers of tourists should be determined by the system of records in hotels, in view of the obvious difficulties of that procedure. Moreover, a knowledge of the number of nights spent constitutes a definite and more satisfactory basis for estimating the importance of tourist traffic.

The Committee suggested two methods of recording the number of nights spent and of arrivals, without recommending more particularly the use of either of them ; according to the circumstances and conditions peculiar to each country or district one or other of the methods may be simpler to use.

1. *Records on the basis of Individual Vouchers.* — When a tourist arrives, the (arrival) half of a double voucher or card, bearing the date of arrival, is filled up with the necessary information regarding the visitor and transmitted to the competent authority. The other (departure) half, stamped with the same serial number, is, after the visitor's departure, sent to the same authority. On bringing together the two halves of the same voucher, the length of stay or the number of nights spent in the hotel or lodging in question can be determined.

2. *Records on the basis of Summary Tables prepared by Hotel-keepers.* — The forms used, for instance, in Switzerland for this purpose show, in their first column, the countries from which the tourists come and have one column for each day of the month. The hotel proprietor or boarding-house keeper must make daily entries in two tables, in the columns kept for the day in question ; in one table, there is entered the number of tourists arriving and, in the other, the number of nights spent. The Committee considers that a table which allows of the facts being recorded daily facilitates greatly the hotel-keepers' work ; by this procedure, fuller and more exact results can be obtained than, for instance, by asking for the same information only at the month's end.

Both these methods can, in principle, be applied by hotel-keepers and by other persons letting rooms or furnished apartments.

The Committee thinks it desirable to point out that in countries where the State or municipality levies a visitor's tax in certain localities, the number of nights spent could be calculated from the yield of that tax. This method, however, would make it impossible to classify tourists according to their places of provenance or even to distinguish foreign tourists from national tourists.

As regards the scope of the records compiled within a country, the Committee makes the following recommendations :

(1) Returns would be required from all hotels and similar establishments and from all private persons likely to let rooms to persons falling within the definition of a tourist given in paragraph III of this report.¹ It would be desirable for such returns to be made for the whole country ; where this is impossible, the Committee recommends that they should be made at least in health resorts, in tourist centres and in the large towns.

(2) The statistics should in any case be published for the whole country ; it would be very useful to have data also for each district or place of importance from the point of view of tourist travel.

(3) It would be desirable to regroup the statistics so as to show separate particulars for hotels of the various price categories. This would be helpful in estimating the expenditure of tourists.

VI. INTERVALS AT WHICH STATISTICS SHOULD BE PREPARED AND PUBLISHED.

Statistics should be published at least annually ; it would be extremely desirable if they could be prepared monthly, or, at any rate, quarterly, or for every tourist season.

¹ It is understood, of course, that persons staying permanently in a hotel and having no other domicile do not come within the definition of a " tourist ", and should not be included in the returns. When such persons are of foreign nationality, they usually hold a residence permit and can easily be omitted from the statistics.

VII. STANDARD LIST OF COUNTRIES OF PROVENANCE OF TOURISTS.

The countries and groups of countries of provenance shown in the standard list given below should appear separately in the statistics. Nevertheless, if the number of tourists from a given country or group of countries is less than 2% of the total, such a country or group may be combined with another heading in the standard list.

<i>Europe.</i>	23. Other European countries (including Turkey)
1. Germany	<i>Asia:</i>
2. Austria	24. China
3. Finland and Baltic countries (Estonia, Latvia, Lithuania)	25. British India and Ceylon
4. Belgium	26. Japan
5. British Isles (United Kingdom and Irish Free State)	27. Other Asiatic countries
6. Bulgaria	<i>Africa:</i>
7. Denmark	28. Egypt
8. Spain	29. Union of South Africa
9. France	30. Other African countries
10. Greece	<i>North America:</i>
11. Hungary	31. Canada and British possessions
12. Italy	32. United States (including Alaska)
13. Norway	33. <i>Central America (including Mexico and the West Indies)</i>
14. Netherlands	<i>South America:</i>
15. Poland	34. Argentine
16. Portugal	35. Brazil
17. Roumania	36. Other South-American countries
18. Sweden	37. <i>Oceania</i>
19. Switzerland	
20. Czechoslovakia	
21. Union of Soviet Socialist Republics	
22. Yugoslavia	

Note. — Colonies should not be grouped with the mother countries. For details of the classification by continents of all the countries and territories of the world, see International Convention relating to Economic Statistics, Annex I, Part II.

VIII. SUGGESTIONS FOR ESTIMATING TOURIST EXPENDITURE.

The Committee reviewed the methods employed for estimating tourist expenditure in various countries. These methods may be classified as follows :

(1) *Direct methods* based on data supplied by the tourists themselves as to the amount and distribution of their expenditure.

(2) *Indirect methods*, in which the total expenditure is computed by multiplying the number of nights spent in the country by an estimated average figure of daily expenditure based on the general information available on the subject. Instead of a single average figure of expenditure, different amounts may be taken for different classes of tourists ; in the estimates in which this procedure has been adopted, consideration has been given to different grades of expenditure estimated in accordance with :

- (a) The class of accommodation occupied by tourists in travelling ;
- (b) The prices paid for rooms in hotels or for room and board ;
- (c) The countries of provenance ;
- (d) The various classes of tourists.

(1) *Direct Methods.* — Some countries have tried the method of asking tourists individually, or groups of tourists, to state the total amount expended by them but they have, in general, confined their enquiries to their own nationals returning from abroad.

The method consists of distributing questionnaires to tourists asking them to complete them and send them direct, without giving any name, to the proper department. This method may supply very valuable information, provided the replies are optional and anonymous.

The Committee is of opinion that the replies would be of a strictly limited value if it was made compulsory to supply this information. It would then be practically impossible to test the accuracy of the replies and there are many reasons why travellers might not want to supply accurate information. Data so obtained would, in any case, have to be very carefully used. Moreover, such compulsory requests to tourists would represent an additional formality that would not fail to affect unfavourably the development of tourist traffic.

The Committee thinks that for certain groups of tourists — though not the most important groups — information may be obtained, without too much difficulty, by direct enquiry. Just as it is possible, with the co-operation of universities, to ascertain with reasonable accuracy the average expenditure of a student, it would be equally possible to obtain similar information regarding patients in sanatoria. Particulars of the amounts spent on tours at inclusive rates could also be obtained, the amount of the inclusive fare

being supplemented, where necessary, as regards the further outlay of tourists, by information obtained from the guides.

(2) *Indirect Methods.* — On the basis of the rates of charges for rooms in hotels, meals, means of transport, theatres and cinemas, etc., it is possible to estimate the average amount which a visitor may spend, but impossible to calculate the probable margin of error on one side or the other, and this margin may be so wide as to render the whole basis of calculation speculative in the extreme.

The Committee examined with critical attention the various possibilities which might be considered with a view to improving this rough method of estimation so as to make it, if possible, more definite and less precarious.

(a) The method based on differentiation according to the class of travelling accommodation used may afford useful information in the case of long journeys, for instance between America and Europe. In the case of shorter journeys, it is found, first, that it is difficult to secure the basic information and, secondly, that even if full returns can be obtained of the classes of railway accommodation used by tourists, the information thus available is manifestly inadequate and several factors, instead of a single average amount, must necessarily be estimated, without any assurance that such estimates will be more reliable than in the former case. Moreover, this method can only be taken into consideration if returns are based on records of transit over the frontier.

(b) The method based on differentiation according to the rates charged for hotel accommodation may give slightly more reliable data, particularly if the scales of charges considered are fairly numerous and not too divergent. The amounts paid to keepers of hotels and boarding-houses can be recorded fairly correctly, and this constitutes a substantial result. The difficulty due to uncertainty in the estimates of additional expenditure, however, remains. It is not easy to base a calculation of the amount of additional expenditure on the class of hotel, as the percentage to be added may, or may not vary according to the class of hotel, and there is nothing definite on which to base an estimate. It might be argued on equally good grounds that the percentage of additional expenditure should be higher in the case of persons staying in the more expensive hotels or that it should be the same for all.

(c) The method based on differentiation according to the countries from which tourists come — wealthy countries and less wealthy countries — also seems to be speculative in no small degree. There are, for instance, some classes of American tourists who spend their holidays in Europe without spending more than the nationals of other countries commonly regarded as less wealthy than America.

(d) The method based on differentiation according to the various categories of tourist implies a classification of tourists by occupations and by the social classes to which they belong. The Committee is not satisfied that the necessary basic data are available for making such distinctions, and has not taken them into account in its final recommendations.

Other indirect methods, such as estimates based on data obtained from banks regarding, for instance, payments made against travellers' credits and travellers' cheques, the purchase of foreign bank-notes, etc., are too dependent on the special conditions obtaining in a given country to form the subject matter of any suggestion of a general character.

* * *

In these circumstances, the Committee does not think it advantageous to present any suggestion as to the most appropriate procedure for estimating the expenditure of tourists. There is at present, in fact, no method which can be regarded as a satisfactory statistical method. Whatever the system considered, there will be found to remain in every case a considerable margin of error due to the elusive character of numerous factors which would require to be taken into consideration in preparing an estimate on a sufficiently reliable foundation. In the opinion of the Committee, it would be dangerous to create, or to spread, by making a definite recommendation, the impression that any one of the methods described would give results substantially better than those reached by any other of them. It holds the view, nevertheless, that it would be useful if all those persons or institutions that publish aggregate figures of tourist expenditure supplied at the same time detailed particulars of the methods used by them in forming their estimates. After a critical study and comparison of those methods and results, it might perhaps be possible to effect a notable improvement in the methods of calculation.

[Communiqué au Conseil
et aux Membres de la Société.]

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LEAGUE OF NATIONS

AUSTRIA - Public Finances

FIRST REPORT

by the Financial Organisation
of the League of Nations

July - October 1936

Geneva, December 1st, 1936.

Note.

In accordance with Article 10 of Annex III of the Austrian Protocol of July 15th, 1932, and the Council resolution of September 25th, 1936, contact is to be maintained between the Austrian Government and the Financial Organisation of the League of Nations by the preparation and publication of periodical statements on Austrian public finances by the Financial Organisation of the League of Nations, for which purpose it has been arranged that an official of that organisation will visit Vienna from time to time.

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I. INTRODUCTION.

1. By a resolution adopted on September 25th, 1936, the Council of the League of Nations decided that the posts of the Representative of the League of Nations in Austria and of the Adviser to the National Bank were to be terminated as from November 1st, 1936.
2. On November 3rd, 1936, the composition of the Austrian Federal Government was modified. On this occasion, Dr. Neumayer, the financial administrator of the City of Vienna, succeeded to Dr. Draxler as Federal Minister of Finance.
3. When, in October last, the Austrian Government decided to maintain the present gold value of the Schilling, it started an action to bring down prices.
4. Owing to the favourable flow of receipts, it will probably be possible practically to balance the 1936 Ordinary Budget.
5. The Treasury is in an easy situation. With the exception of 5 millions issued in October for investments, no Treasury bills have been issued since June, nor is any issue expected until the end of the year.
6. The 1937 draft Budget Estimates show a deficit of 40 millions in the Ordinary Budget to be covered by economies in expenditure and of 17 millions for Investments to be covered by credit operations.
7. The weekly statements of the National Bank show a considerable increase in the foreign exchange holdings during the summer followed by an outflow during the autumn.
8. Foreign trade is larger than last year, as regards both imports and exports. The month of October showed better results than were expected. An agreement was concluded with Italy under which it is expected that exports to Italy will be maintained notwithstanding the devaluation of the lira.
9. Most economic indices are more favourable than last year, with the exception of unemployment, which is at a slightly higher level.

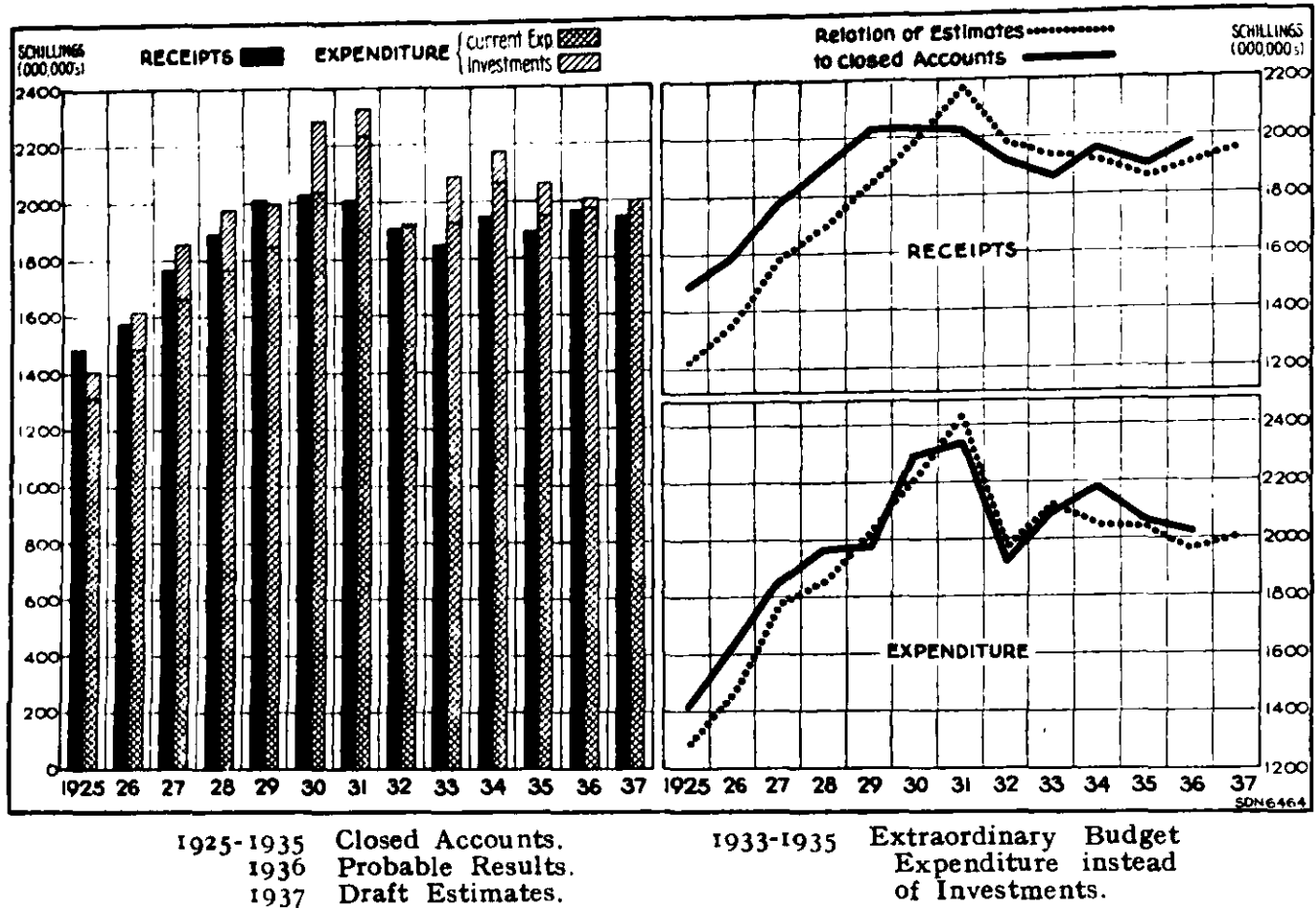
2. STATE FINANCES.

(a) GENERAL BUDGET TENDENCIES.

The Closed Accounts for 1935 and the draft Budget Estimates for 1937 have been published. Moreover, it is possible, on the basis of the results of the first nine months and estimates for the later months, to make an approximate calculation of the probable results for 1936. The detailed figures for these three years are shown in Appendix II.

The general tendencies of State receipts and expenditure since the first reconstruction period can be seen from the following graph (for detailed figures, see Appendix I) :

Development of the Austrian Budget, 1925-1937.



(b) 1935 CLOSED ACCOUNTS.

The Closed Accounts for 1935 were published by the Federal Audit Court on September 8th, 1936. They show the following results :

	Closed Accounts		Estimates	Difference between the Closed Accounts (Budget Accounts) and the Estimates
	Cash Account	Budget Account		
	Gross			
In millions of Schillings				
<i>Ordinary Budget.</i>				
Expenditure :				
Personnel	—	701.1	697.8	+ 3.3
Material	—	1,247.4	1,202.1	+ 45.3
Total	1,948.8	1,948.5	1,899.9	+ 48.6
Receipts	1,894.7	1,894.7	1,846.6	+ 48.1
Deficit	54.1	53.8	53.3	+ 0.5
<i>Extraordinary Budget.</i>				
Expenditure	102.5	103.0	130.3	— 27.3
Total deficit	156.6	156.8	183.6	— 26.8

The difference between the Closed Accounts and the Estimates is due to :

	Millions of Schillings
1. Higher Expenditure, chiefly on :	
(a) Interest on State debt	14.7
(b) Pensions	4.3
(c) "Heimatdienst"	3.9
(d) Children's Holiday Action	4.0
(e) Federal Police	2.5
(f) Voluntary Corps	4.9
(g) Agriculture	16.1
(h) Army	6.3
(i) Post and Telegraph Administration	13.6
2. Lower Expenditure, chiefly on :	
(a) Stream regulation	8.3
(b) Amortisation of State debt to National Bank	12.1
3. Higher Receipts, chiefly :	
(a) Direct taxes	31.2
(b) Customs	15.0
(c) Excise duties (including turnover tax)	22.4
(d) Federal Police	2.6
(e) Seignorage	8.2
(f) Treasury	5.3
(g) Agriculture	6.2
(h) State lotteries	3.5
4. Lower Receipts, chiefly :	
(a) Tobacco Monopoly	20.5
(b) Contribution from city of Vienna	8.0

The lower receipts and higher expenditure were covered, apart from the deficit, by higher receipts on account of most direct and indirect taxes due to the improvement in the economic situation and to the postponement of the expenditure on stream regulation, and of the amortisation of the State debt to the National Bank. The Extraordinary Budget Estimates contained 100 million Schillings expenditure for 1935. Moreover, Budget credits of 30.3 millions which had not been incurred during 1934 were transferred to 1935, making a total of 130.3 million Schillings. As only 103.0 millions were expended, a saving of 27.3 millions was effected, of which 21.2 millions were transferred to 1936, during which year they could still be spent.

The total deficit of 156.8 million Schillings was covered by :

	Millions of Schillings
Loan monies :	
Remainder of the 1933 Lottery Loan	11.8
Part of the 1935 Internal Loan (<i>Arbeitsanleihe</i>)	65.7
Treasury bills	33.0
	<u>110.5</u>
Monies which became available through the conversion of the 1923-1943 Guaranteed Loan :	
Amounts earmarked for the service of the 1923-1943 Guaranteed Loan	40.8
Liberation of part of the reserve in the hands of the Trustees	0.7
	<u>41.5</u>
Cash holdings	4.8
	<u>156.8</u>

This corresponds to the Treasury Cash Statements, which show that the Budget deficit (156.8 millions) together with the unfavourable balance of the Current Account (30.2 millions)—*i.e.*, together 186.9 millions—were covered by receipts from loan operations amounting to 101.3 millions, free cash balances of 4.8 millions and earmarked cash balances of 80.8 millions (together 186.9 millions).¹

(c) 1936 PROBABLE RESULTS.

Provisional results are available for the first nine months of 1936. They show a small surplus in the Ordinary Budget owing to the favourable flow of receipts. They compare as follows with nine-twelfths of the 1936 Budget Estimates and with the provisional results for the same period of last year :

Ordinary Budget:	Provisional results Jan.-Sept. 1936	Difference as against	
		Nine-twelfths of 1936 Estimates	Provisional results Jan.-Sept. 1935
In millions of Schillings			
Expenditure :			
Personnel	530.5	+ 6.3	+ 5.6
Material	939.2	+ 36.6	— 38.9
Total	1,469.7	+ 42.9	— 33.3
Receipts	1,474.1	+ 63.1	+ 74.3
Balance	+ 4.4	+ 20.2	+ 107.6
Investments	22.8	— 4.6	— 14.4
Total balance	— 18.4	+ 24.8	+ 122.0

The increase in expenditure of 42.9 millions over nine-twelfths of the Budget Estimates is due chiefly to increases in the following items :

	Millions of Schillings
Pensions	+ 3.2
Federal Chancery (Winter-aid, Children's Holiday Action, "Heimatsdienst)	+ 4.2
Social Administration	+ 1.2
Agriculture and Forests	+ 5.6
Commerce and Traffic	+ 2.7
Defence	+ 15.2
Post and Telegraph	+ 8.4

As against this, the service of the State debt required 11 millions less. The receipts show the following results as compared to nine-twelfths of the Estimates and the receipts obtained during the same period last year :

Receipts January-September 1936.

	As against	
	Nine-twelfths of the 1936 Estimates	The provisional results January- September 1935
In millions of Schillings		
Direct taxes	+ 41.9	+ 38.3
Customs	— 4.7	— 1.4
Tax on cattle fodder	+ 3.7	+ 8.4
Excise duties	— 5.9	+ 5.0
Turnover tax	+ 4.3	— 5.3
Emergency surtax on turnover tax	+ 4.8	+ 15.8
Taxes on transactions, legal fees, etc.	+ 3.2	+ 20.8
Other receipts	+ 0.3	— 0.1
Total taxes	+ 47.6	+ 81.5
Deduct: Shares of Local Authorities	+ 12.7	+ 11.4
Net receipts, State taxation	+ 34.9	+ 70.1

¹ Owing to the different methods of accounting, the Budget Account and the Treasury Cash Statements cannot be compared in their details.

During October 1936, receipts have again come in well, net receipts from State taxation bringing in 8 millions more than was estimated in the monthly Budget (for details, see Appendix III).

On the basis of the provisional monthly results for the first nine months of 1936, it is possible to make a fairly reliable estimate of the probable results for the whole year 1936. For the last three months of the year, there are available the provisional receipts during October, the monthly budgets approved for October and November and a preliminary estimate for December.

Together, these various figures give the following picture :

<i>Ordinary Budget:</i>		1936 Budget.	
		Estimates	Probable results
Expenditure :		In millions of Schillings	
Personnel		698.9 ¹	707.1
Material		1,216.6 ¹	1,267.0
Total		1,915.5	1,974.1
Receipts		1,881.4	1,969.8
Deficit		34.1	4.3
<i>Investments</i>		44.8 ¹	36.3
Total deficit		78.9	40.6

Thanks to the excellent flow of receipts in the course of 1936, it would seem possible for the first time for several years practically to balance the Ordinary Budget.

(d) 1937 BUDGET ESTIMATES.

The 1937 draft Budget Estimates were submitted by the Federal Government to the " Bundestag " on October 22nd, 1936—i.e., within the period prescribed by the Constitution. They show the following main figures :

	1936 Estimates	1936 Probable results	1937 Estimates	Difference as against	
				1936 Estimates	1936 Probable results
Gross : in millions of Schillings					
<i>Ordinary Budget :</i>					
Expenditure :					
Personnel	698.9 ²	707.1	726.6	+ 27.7	+ 19.5
Material	1,216.6 ²	1,267.0	1,253.6	+ 37.0	- 13.4
Total	1,915.5	1,974.1	1,980.2	+ 64.7	+ 6.1
Receipts	1,881.4	1,969.8	1,940.0	+ 58.6	- 29.8
Deficit	34.1	4.3	40.2	+ 6.1	+ 35.9
<i>Investments</i>	44.8 ²	36.3	17.5	- 27.3	- 18.8
Total deficit	78.9	40.6	57.7	+ 21.2	+ 17.1

¹ Including the expenditure foreseen in the Extraordinary Budget Estimates of 1935 which was not incurred during that year and transferred to 1936 (" Kreditreste "). The 1936 Estimates were thus increased by :

	Millions of Schillings
Transferred to the Ordinary Budget	13.0
Transferred to Investments	8.2
Total	21.2

It should further be remembered that, in the spring of 1936, the Austrian Government voted new expenditure amounting to 45 million Schillings in total. (See Nineteenth Quarterly Report of M. Rost van Tonningen, [Continuation of footnotes on following page.]

The Budget is divided in the same way as the Budget for 1936 (and contrary to the Budgets from 1933 to 1935) into " Ordinary Budget " and " Investments ". This division is based on the consideration that " the issue of new loans should be limited in future to cover capital expenditure for productive investments of the Monopolies, Federal Enterprises and Federal Railways, the interest and amortisation of which can be met out of future surplus revenues obtained through these investments. It is justified to cover such investments by borrowing operations ".³ Consequently, the draft Budget Law lays down (Article II) that the deficit of the Ordinary Budget (40.2 million Schillings) has to be met by economies in the ordinary expenditure—in so far as it cannot be covered by higher receipts—whilst only the investments may be covered by borrowing.

The main characteristic of the 1937 Budget is the increase of the expenditure for National Defence from 126.4 millions in the 1936 Budget to 210.1 millions in the 1937 Budget—*i.e.*, an increase of 83.7 millions. The Austrian Government has decided not to borrow for rearmament purposes, but to meet the necessary expenditure from current receipts. This necessitates a curtailment of expenditure for other purposes.

A comparison with 1931, when the level of expenditure was at its maximum, shows that, since that year, the expenditure of the Ordinary Budget was brought down from 2,232.2 millions (1931 Closed Accounts) to 1,980.2 (1937 Estimates)—*i.e.*, by 252 millions. As since 1931, expenditure for the State Railways has increased by 78.6 millions and for defence by 107.6 millions, together 186.2 millions; expenditure for the other branches of the Administration—apart from Railways and defence—has been reduced by 438.2 millions (*i.e.*, by roughly 20%) since 1931. In view of the devaluation of the Schilling during the same period, the gold level of expenditure was reduced considerably more than is indicated by that figure.

The principal differences in expenditure between the 1936 and 1937 Budgets are :

	Increase	Decrease
	In millions of Schillings	
State debt	+ 8.0	
Pensions	+ 3.6	
Defence	+ 83.7	
Social Administration		- 14.5
Agriculture and Forests	+ 8.4	
Commerce and Traffic		- 3.6
Post and Telegraph (net)	+ 7.0	
Federal Railways		- 22.3
Investments		- 29.3
Including—Tobacco Monopoly		- 1.4
Post and Telegraph Administration		- 7.6
Federal Railways.. .. .		- 18.5

The increase in the service of the State debt is chiefly due to the commencement of amortisation payments on the Creditanstalt bonds in foreign currencies (6 millions) and of interest payments on the 4% Creditanstalt bonds in Schillings (3.5 millions). The reduction of the service of the foreign debt resulting from the devaluation of certain foreign currencies in the autumn of 1936 has not been taken into account in the Estimates. In the course of the Budget debates (see below), these profits have been earmarked for other purposes.

The expenditure for pensions has been estimated more prudently than for 1936. The number of pensioners is estimated to increase from 51,491 to 51,825 persons.

Representative of the League of Nations in Austria, page 31.) As this decision did not receive the character of a formal modification of the Estimates, it was not taken into account in the above table.

³ Including the " Kreditreste " (see previous footnote). The 1937 Budget has broken with the practice of allowing the transfer of " Kreditreste ". This signifies a clarification of the accounting system as well as an economy in expenditure.

⁴ See " Erläuterungen zum Bundesfinanzgesetz ", 1937, page 3.

STATE FINANCES

The increase of expenditure for defence purposes during recent years is shown in the following table:

Expenditure.

	Personnel	Material		Total	Receipts
		Recurrent	Non-recurrent		
In millions of Schillings					
1934 Closed Accounts ..	52.4	52.1	—	104.5	2.4
1935 Closed Accounts ..	51.7	52.2	18.4	122.3	2.5
1936 Estimates	47.5	55.4	23.5	126.4	2.2
Provisional results ..	.	.	.	165.7	.
1937 Estimates.. .. .	50.8	88.1	71.2	210.1	2.2

The reduced estimates for social administration are based on an average number of 245,000 unemployed in receipt of benefit during 1937 as against 260,000 in the 1936 Budget. If unemployment does not show more than the seasonal increase during the last two months of the present year, the average number for 1936 will work out at just about that figure (260,000).

The new expenditure for Agriculture and Forests includes 8.1 millions for promoting these two branches of economic activity. In the course of the Budget debates (see below), modifications of these items were effected.

The increase in the estimates for the Post and Telegraph is due to better budgeting, the deficit for 1936 having been higher than had been estimated.

The reduction in the deficit of the Railways (which has to be met by the State) from 107.3 millions in the 1936 Estimates (100 millions in the 1936 probable results) to 85 millions in the 1937 Estimates has been obtained chiefly by estimating the receipts of the Railways during 1937 at 3.6 millions more than in 1936 and the material expenditure—other than purchase of coal—at 10.5 millions less. The latter deduction implies postponing certain renewals. In this way, the prospective Railways deficit is reduced to 86.5 millions. It will have to be further reduced in the course of the year by economies in expenditure of 1.5 millions to reach the level of the State subsidy of 85 millions included in the Estimates. The investments to be undertaken by the Railways have been reduced by 18.4 millions (including the "Kreditreste").

Investments in general have been heavily curtailed, not only directly but also by the abolition of the practice of allowing unspent "Kreditreste" to be transferred to the following year. This implies that investments which were budgeted for in 1936 but not completely paid during that year (12.5 millions) will have to be paid from the 1937 Budget, which automatically reduces the amounts available for new investments during 1937. A reduction of economic activity is not feared on this account, owing to the non-recurrent expenditure for the national defence. It is the intention of the Government to effect such expenditure as far as possible within the country.

The revenue Estimates for 1937 are based on the actual receipts obtained during the first nine months of the present year (see table on next page).

In connection with this method of estimating, it should be observed that the last quarter of the year produces higher revenues than the average of the first three quarters.

To secure that part of the burden of financing rearmament should be borne by the Local Authorities, it was decided to limit their share in the public taxes in the 1937 Estimates to the amounts which had been included in the 1936 Estimates. As the total receipts in the 1937 Estimates are higher than in the 1936 Estimates, this implies a reduction in the estimated shares of the Local Authorities from 201.2 to 187 millions.

STATE FINANCES

	1937		Results January- September 1936
	Estimates	Three-quarters of Estimates	
In millions of Schillings			
<i>Public taxes.</i>			
Direct taxes	320.6	240.5	258.7
Customs	176.2	132.2	130.4
Import duty on cattle fodder, etc.	38.5	28.9	30.0
Excise duties	194.4	145.8	138.6
Turnover tax	143.1	107.2	106.1
Emergency surtax on turnover tax	138.0	103.5	102.6
Taxes on transactions	120.6	90.4	93.2
Other receipts	3.2	2.4	2.4
Total	1,134.5	850.9	862.0
<i>Net receipts from Monopolies.</i>			
Tobacco	180.6	135.5	130.6
Salt	14.0	10.5	10.6
State lotteries	19.1	14.3	16.8
Gunpowder.. .. .	1.9	1.4	1.5
Total	215.6	161.7	159.5

In the course of the discussion of the draft Estimates in the Financial Commission of the "Bundestag", the Minister of Finance proposed certain changes in the Estimates which will be embodied in the final text :

(a) The savings in the service of the foreign debt (8 to 9 million Schillings) resulting from the devaluation of foreign currencies will be employed for the indemnification of part of the losses resulting for Austrian exporters from the devaluation in foreign countries.

(b) As part of the general scheme to lower prices, the Government has decided to bring down the price of polenta by reducing the "Lizenz-Gebühr" on maize. This implies a loss of revenue estimated at 800,000 Schillings, of which half will be covered by a reduction in the expenditure for the stimulation of agriculture and the remainder by higher receipts from the tax on cattle fodder.

(c) Gold mortgages on the basis of which gold-mortgage bonds are issued will be converted into mortgages in ordinary Schillings on the basis of one gold Schilling to one ordinary Schilling. In order to indemnify the holders of gold-mortgage bonds which will similarly be converted into bonds expressed in ordinary Schillings, the Government has decided to give these holders additional Government bonds bearing the same rate of interest as the mortgage bonds and amounting to 25% of the nominal capital of the latter. As the total amount of gold-mortgage bonds is estimated at about 240 million gold Schillings, this signifies the creation of Government bonds for some 60 million Schillings, the annual service of which will probably demand 3.4 million Schillings (1.6 millions in 1937). This increase in expenditure will be met for one-half by a diminution of the expenditure for the stimulation of agriculture and for the other by economies on other expenditure.

(e) TREASURY POSITION.

Owing to the favourable development of taxation receipts, the situation of the Treasury has been easy. During the second half of the present year, no Treasury bills were issued with the exception of 5 million Schillings in October for the financing of investments. No issue of Treasury bills is expected

STATE FINANCES

during November and, if any issue would have to be made during December, the amount would be relatively small. In view of the liquidity of the Austrian money market, the renewal of Treasury bills is not causing any difficulty.

Since the beginning of the year, the short-term debt (Treasury bills and loan from the Postal Savings Bank) increased from 132 millions to 175.1 millions—i.e., by 43.1 millions. From this sum about 21 millions were utilised for the repurchase of bonds of the Italian *tranche* of the Austrian 1930 7% International Loan. The remainder of the increase is smaller than the amount which will probably be spent for investments in the course of the present year (36.3 million Schillings). The Treasury situation thus confirms the expectations concerning the probable results of the 1936 Budget: namely, that it will be possible practically to balance the Ordinary Budget—in any case to meet without borrowing all Budget expenditure apart from investments.

Amongst the Treasury bills outstanding, 28 millions represent the countervalue of the reserve which is still in the hands of the Trustees of the 1923-1943 Guaranteed Loan. Although this loan was converted in 1934, certain legal difficulties have prevented the Trustees from taking a decision with reference to this considerable *reliquat* of 28 million Schillings: nor is it yet apparent what solution of this long-standing problem can be found.

(f) THE STATE RAILWAYS.

During the summer, the receipts of the Railways have been at about the same level as last year:

Railway Receipts.

	Goods traffic		Passenger traffic		Total	
	1935	1936	1935	1936	1935	1936
In millions of Schillings						
January-May	105.0	102.0	47.6	48.1	152.6	150.1
June	20.1	20.6	13.5	12.6	33.6	33.2
July	22.4	22.4	17.2	17.6	39.6	40.0
August	22.5	22.6	17.4	17.7	39.9	40.3
September	23.9	24.6	13.8	13.0	37.7	37.6
October	28.4	27.6	10.2	9.2	38.6	36.8

Expectations as regards the last months of the year are uncertain. Experience will have to show what effect the monetary devaluation in other countries will have on Austrian exports and on the tourist traffic. Transit traffic is not expected to suffer, as the countries which have devalued may obtain an increase in their foreign trade.

The second cause of uncertainty is the expiration at the end of September 1936 of the Decree issued on June 26th, 1933, for the regulation of the competition between road traffic and railways.¹ This will no doubt cause a certain loss to the Railways. As, however, a new regulation is expected in the not-distant future,² it is believed that the temporary establishment of complete freedom of competition will not lead to heavy investments in motor vehicles and that the loss to the Railways will not be excessive.

¹ See Nineteenth Report of M. Rost van Tonningen, Representative of the League of Nations in Austria, pages 6 and 7.

² Since this report was written, the old Decree was again put into force temporarily until July 1st, 1937. In the meantime, the Government will make an enquiry into the whole subject with a view to laying down definite regulations.

In any case, it is believed that it will be possible to maintain the total deficit of the Railways during the present year—and consequently the subsidy from the State—at about 100 millions as against 107 millions, which had been foreseen in the 1936 Estimates.

As to next year, as is explained above in the section of the 1937 Budget Estimates, it is hoped to limit the Railways deficit to 85 millions.

3. THE MONETARY SITUATION.

(a) GENERAL.

After examining the situation resulting from the monetary devaluation measures taken in various countries at the end of September and the beginning of October, the Austrian Government decided not to change the gold value of the Austrian Schilling. The reasons for this decision were explained in public declarations by the Minister of Finance, Dr. Draxler, and the President of the National Bank, Dr. Kienböck, on October 8th, 1936. In view of their importance, the principal passages of these declarations are given here in full.

Dr. Draxler declared, *inter alia* :

“ There are imperative reasons for the Federal Government's decision to maintain the existing gold parity of the Schilling. Austria, as a country largely dependent on the import of all kinds of commodities, cannot risk the price revolution which would be the direct sequel of currency depreciation. The average standard of life of the Austrian population is still, as a result of the country's sufferings since the war, so very low that to lower it still further by devaluation would inevitably cause serious social disturbances and could not therefore be justified. Austria has not the capital reserves which other countries possess to meet the first effects of the shock of devaluation. In our country, capital is only beginning to be reconstituted and this process should not be disturbed by any further blows to confidence.

“ We consider it to be the obvious duty of the Government to do everything that lies within the scope of State economic policy to restrict to the utmost degree possible the undeniable difficulties with which the present situation confronts us. In this connection, I consider it extremely important that, in spite of the certain rises in world-market prices which have recently occurred, the general price level in Austria should in no circumstances be further raised. As certain price movements of essential foreign raw materials cannot be influenced by us, it will be necessary to aim at lowering other prices on the fixing of which we can exert an influence. If our export industry is still to be in a position to compete in foreign markets, we must, wherever possible, assist it by reducing its manufacturing costs.

“ On my suggestion, the Federal Government has to-day decided to introduce a systematic supervision of price movements in Austria, and we are firmly determined also, so far as this seems possible and necessary, to draw the appropriate inferences from the results of such price supervision.

“ We can count on being helped by the development of prices on the world market and in countries which have depreciated their currencies, but we must realise that the initial difficulties will be considerable and that the Federal Government and the various economic organisations will have to set aside their special interests and do their best to see that Austrian production remains a competitive factor in foreign markets.”

These arguments were further developed by the President of the National Bank, Dr. Kienböck :

“ The disastrous currency depreciation of post-war years resulted in wholesale losses of capital and unprecedented destruction of values. We all have burning memories of those experiences. It was an inexpressibly laborious and difficult process to reorganise Austrian finances and recover a firm foothold with the Schilling. Since the violent movements of 1931, we have again been gradually allowing the currency to depreciate, so that 128 present Schillings correspond to 100 old Schillings. Since then it has been possible, at the cost of great sacrifices on the part of the population, again to build up the budget, restore confidence in the currency and reconstruct the system of credit. At the same time, Austria's financial policy has been a reasonable one as regards both her own people and foreign nations. We have learnt how hard it is for a country

which has suffered so much adversity as Austria to win confidence both at home and abroad. We feel it now to be our double duty to maintain this confidence and strengthen it still further. This confidence is necessary if frugality and thrift are to be preserved and increased.

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" We have also very dispassionately considered what another currency depreciation in Austria would mean to us. Our conclusion is as follows. As regards raw materials and other commodities which we import from oversea countries, a depreciation of the Schilling would in almost every case mean an equivalent increase in prices expressed in Schillings. As a great many of these commodities are imported free of duty, there can be no question here of reductions in Customs charges. We are not such large consumers of these commodities that we can hope, by our importance as consumers, to exert any pressure on prices. The same applies to goods whose international price is fixed by world markets and decisively controlled by them so far as we too are concerned. We could do nothing to avert such rises in prices at a time when the tendency in any case is upward. In the case of essential foodstuffs and forage materials, we buy from countries farther to the east, but the articles which we thus import have also eligible purchasers elsewhere. We cannot expect to be able to import these goods more cheaply in terms of gold than at present. We must therefore also reckon on the prices of these goods rising, and this, we should remember, would soon raise the cost of living in Austria. It would be unjustifiable to expose the consumer to such increases, or by unavoidable wage increases to endanger again the capacity of our industry to compete with countries where wages are on a low level.

" Nor can reductions of Customs duties be regarded as an effective means of preventing a rise in the prices of foodstuffs. Our agricultural population could only agree to the prices of their produce, as expressed in depreciated Schillings, remaining unchanged if the prices of the goods which they buy are not increased. That, however, we could not promise. There are so many important commodities which we must buy abroad that there would be at least a gradual rise in the prices of the goods which farmers have to buy. We cannot expose agriculture to the action of such ' price scissors '. It is thus impossible to prevent a rise in food prices by a general reduction of agricultural duties.

" Economic logic, therefore, categorically forbids us to devalue the Schilling. I declare again, therefore, that Austria refuses to adopt devaluation. I have felt it my duty to lay these urgent considerations before the public. From what has recently happened in other countries, some observers might infer that no reliance can be placed even on the explicit assurances of Governments that they will not devalue their currencies. In Austria, however, such an assumption would be wrong. It is not a theoretical preference for one or other method of treating the currency problem which is at present decisive for Austria, but the hard and incontestable facts of the situation. These facts must be appreciated by every thoughtful observer. They lead to the conclusion that Austria must and will adhere to her present policy.

" In following this policy, we shall not, of course, avoid every difficulty. But the difficulties must not be exaggerated. In our business relations with Western countries, which are on the whole the countries with no currency restrictions, the effect of foreign currency depreciation will depend on how price movements develop in these countries. This effect cannot so far be foreseen. As regards the debts service, we shall do everything in our power to go on discharging our obligations provided nothing unfair is demanded of us. Trade with countries which exercise strict currency control will, as hitherto, be regulated by special agreements. I have no reason to believe that our trade with Hungary, Yugoslavia, Roumania, Poland, Bulgaria, Greece or Turkey will encounter greater difficulties than hitherto. I even hope for an improvement. Similarly, I am expecting that economic relations with Germany will not only be maintained at their present volume, but will, as is the Government's wish, be extended. So far as the Italian market is concerned, the Italian Government has already indicated very emphatically that, on the basis of the Rome Protocols, it proposes to follow the policy of not only maintaining trade with Austria but of developing it further. The favourable experiences which we have had since the conclusion of the Rome Protocols justify the belief that really effective expression will be given to the spirit of those Protocols. The details will have to be given concrete shape in the course of the negotiations which are already being energetically conducted. I trust that a favourable solution will also be found in the case of Czechoslovakia, which is so important to us and with which in the changed circumstances negotiations will also be opened. I am fortified in this belief by the knowledge that this neighbouring country, as its Government freely admits, also attaches extreme importance to its economic relations with Austria. In all these directions there is much to be done. The Government will keep a close watch on price movements at home. If our manufactures meet with keener competition abroad, we must be all the more intent on producing cheaply and eliminating everything that tends to increase prices unjustifiably. The Government is giving its earnest attention to this task."

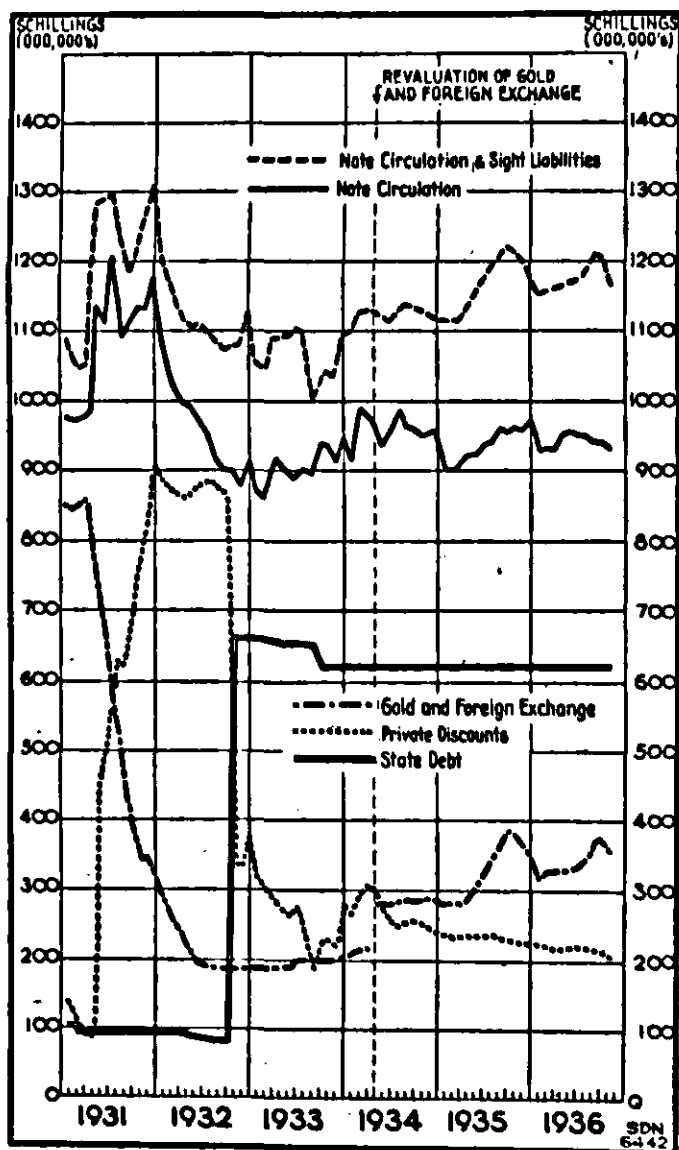
The new Minister of Finance, Dr. Neumayer, declared in his budget speech on November 11th that he fully shared the view expressed by Dr. Draxler and Dr. Kienböck that the stability of the Schilling should not be touched.

In order to maintain the capacity of Austrian industry to compete abroad, the Government decided on October 8th to start an action for bringing down domestic prices. To this end, an Inter-Ministerial Commission was formed at the Federal Chancery, composed of representatives of the various Ministries and of the President of the National Bank, which is to submit detailed proposals to the Government. Under the auspices of this Commission, the current supervision of price movements in Austria was entrusted to the Austrian "Institut für Konjunkturforschung".

As a first measure, the Government has decided to reduce the "Lizenz-Gebühr" on maize sufficiently to bring down by 13% the price of polenta, which is an important foodstuff in certain mountain regions. Further measures are expected in the near future.

(b) THE AUSTRIAN NATIONAL BANK.

Situation of the Austrian National Bank.¹



The development of the situation of the Austrian National Bank during recent years can be seen from the graph opposite, which clearly shows the profound changes which followed after the collapse of the Creditanstalt, and the reconstruction of the Austrian banking system.

The weekly balance-sheets of the Austrian National Bank do not show any important movements during the third quarter of 1936. The banknote circulation is at a somewhat lower level than last year. Sight liabilities of some 300 millions are an indication of the liquidity of the money market. Owing to the excellent tourist traffic during the summer season, the gold and foreign exchange reserve rose to 377 millions on September 7th, the highest amount reached during the year, whence it fell to 347 millions on November 15th. The portfolio has been going down regularly from 221 millions in the middle of July to 208 millions on November 7th. The bank-rate was not modified during the period under review and has stood at 3½% since the middle of 1935. Since the end of September, the uncleared balances ("Spitze") in favour of Austria under the clearing agreements have been substantially reduced.

¹ Figures for end of month.

4. THE ECONOMIC SITUATION.

Many of the indices available concerning the economic life of the country continued to be at a more favourable level during the third quarter of 1936 than a year ago.

This is notably the case as regards *tourist traffic*. The summer season in 1936 was particularly good. The month of September was also better than last year, both in Vienna and the provinces. For October, figures are available for Vienna, which again are higher than a year ago.

Tourist Traffic (in thousands of persons).

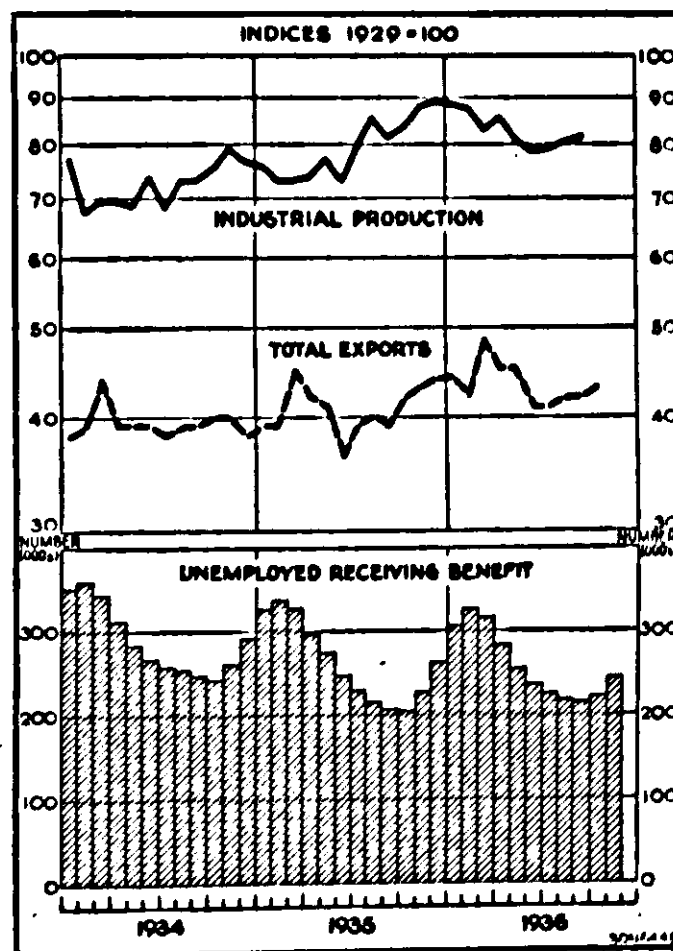
	In special tourist centres		In Vienna	
	Total	From abroad	Total	From abroad
1935:				
July	316	85	37	28
August	382	134	48	40
September	190	45	49	35
October	81	13	33	22
1936:				
July	341	126	44	36
August	421	163	58	50
September	208	70	57	45
October	—	—	37	25

The development of the winter-sports season will show in how far Austria will be able to maintain its foreign tourist traffic under the new conditions of competition created by the devaluation in other countries. Quite recently, an agreement was concluded with Germany under which it is expected German tourists, who have been absent for several seasons, will again be able to come to Austria.

The index of *production*, which went down after April, has been going up again since June and was one point higher in October than in October of the previous year. The total quantity of exports is also larger than last year (as nearly half of the finished products produced in Austria is exported, the quantity of the exports shows a fairly close relation to the productive activity of the country). On the other hand, the total number of unemployed in receipt of benefit is at a slightly higher level than last year. The amount of unemployment remains a heavy burden on the country.

With regard to the growth of the number of unemployed in receipt of relief, the Austrian "Institut für Konjunkturforschung" suggests¹ that the increase beyond the figure for last year may be due partly to the fact that the increase in employment in the earlier part of the year led to the re-employment of workmen who no longer were in receipt of unemployed benefit, the period during which unemployment relief is payable having expired in their case. With the seasonal decline of employment, a number of such persons must have been discharged, who, through their temporary employment, have again become entitled to the benefits of unemployment insurance.

Production and Unemployment.



¹ See *Monatsberichte des Oesterreichischen Institutes für Konjunkturforschung*, 1936, page 222.

ECONOMIC SITUATION

Labour Market (Middle of month).

	Insured against illness		Unemployed in receipt of benefit	
	(Millions of persons)		Austria	Vienna
1935			(Thousands of persons)	
July	1.36		228	108
August	1.36		215	102
September	1.36		206	96
October	1.35		205	94
November	1.31		227	98
1936				
July	1.36		224	100
August	1.36		219	99
September	—		216	96
October	—		221	94
November			243	100

Foreign trade has remained favourable. The figures for October are better than was expected. The quarterly import quotas in Italy terminated on September 30th, and as a result exports to Italy were high in September, traders being anxious to utilise the old quota as fully as possible. The new trade agreement with Italy is expected to maintain the export to that country notwithstanding the devaluation of the lira.

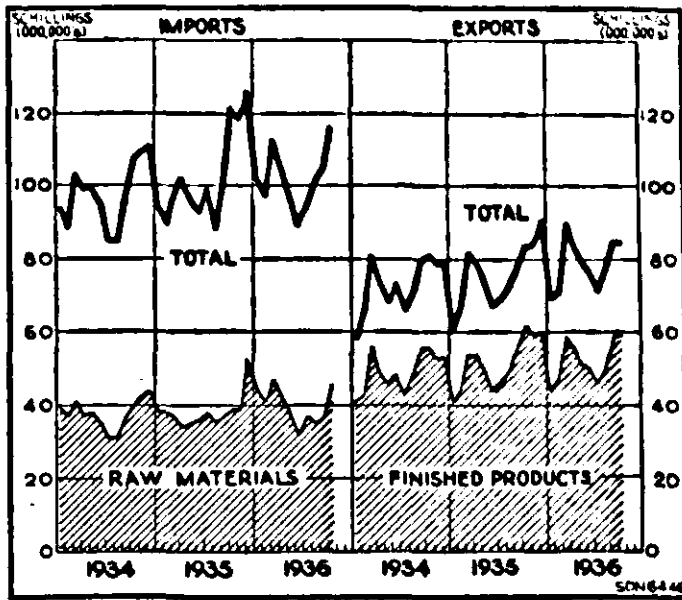
The importance of the Italian market is shown by the following table :

	Exports to Italy		Imports from Italy	
	In millions of Schillings	Percentage of total exports	In millions of Schillings	Percentage of total imports
1933.. .. .	86.8	10.1	51.4	4.9
1934.. .. .	91.3	10.4	49.6	4.2
1935.. .. .	127.3	14.0	57.4	4.7
1935 January-September	91.7	14.2	45.2	5.3
1936 January-September	105.4	15.0	42.3	4.7

Foreign Trade.

	Imports		Exports		Import surplus
	Total	Raw materials	Total	Finished products	
In millions of Schillings					
1935					
July	99	38	69	46	30
August	88	35	73	50	15
September	101	37	78	57	23
October	122	49	84	62	39
1936					
July	94	37	71	46	22
August	101	35	76	50	25
September	105	37	85	59	20
October	117	46	85	59	32
<i>January-October</i>					
1935	976	376	732	499	244
1936	1,018	399	788	520	230

Foreign Trade.



The development of foreign trade during the last years can be seen from the graph opposite.

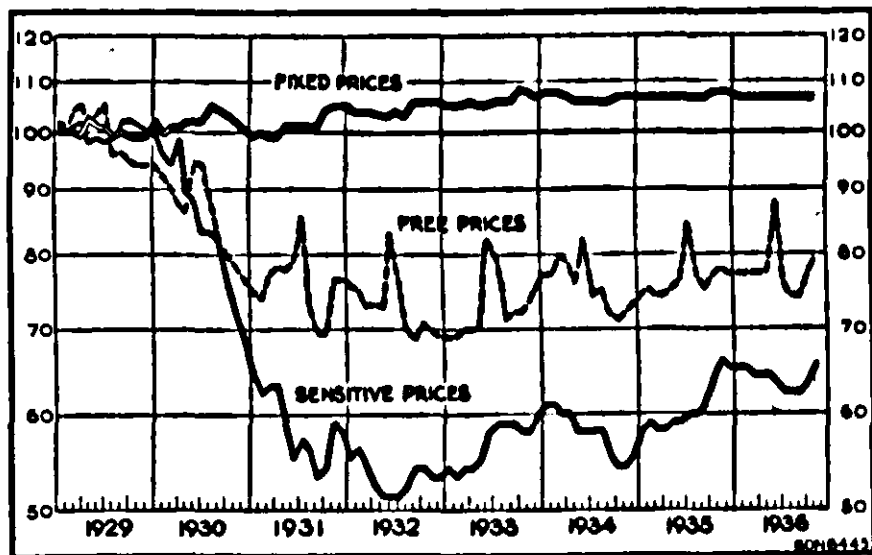
Prices have remained stable with a slightly rising tendency, no doubt due to the rise of prices on the world market. Any examination of the price level in Austria shows the considerable divergence between free and fixed prices. Whilst the former have fallen to some 77% of the pre-crisis average, the latter are being kept steadily above that average.

This shows the importance and the possibilities of the action started by the Government to bring down prices.

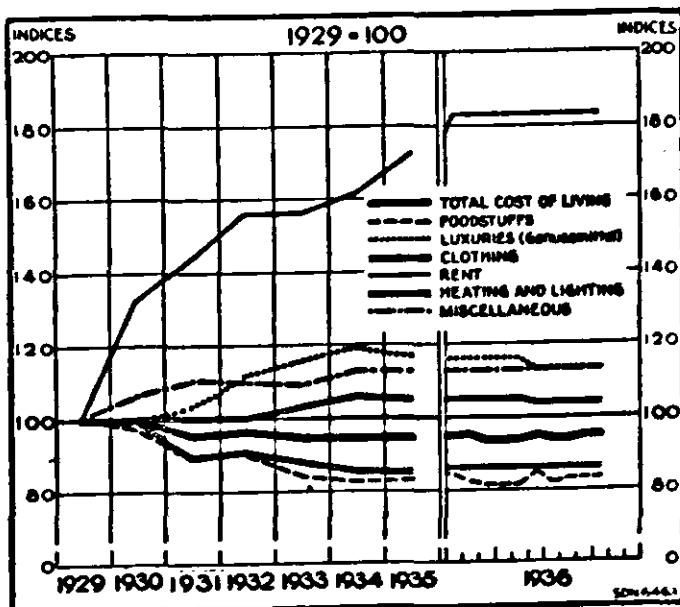
The cost of living remained stable during the third quarter of 1936. It has gone down

but little since 1929, much less in fact than the index for wholesale prices. The reason is shown by the accompanying graph published by the Austrian "Institut für Konjunkturforschung"¹—namely, that the steep rise in the cost of housing accompanied by rises in the cost of heating, lighting and "Genussmittel" has practically offset the fall in the prices of foodstuffs and clothing. This fact is of particular importance, as rents are bound to show a rising tendency, the major part of them still being kept artificially low.

Price Level (1929 = 100).



Cost of Living in Austria.



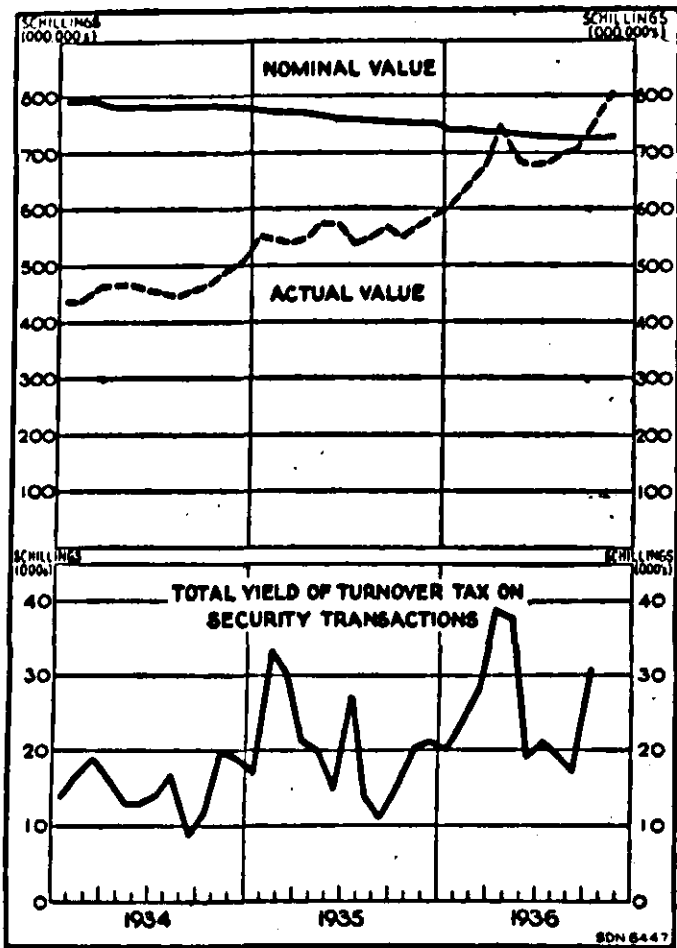
Clearings are at a higher level than last year.

Clearings.

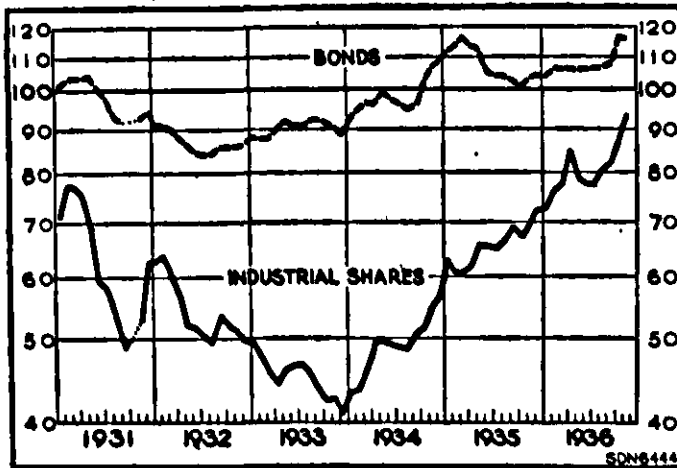
	Austrian National Bank	Postal Savings Bank
	In millions of Schillings	
1935		
July	2,004	2,085
August	1,940	2,019
September	1,930	1,991
October	2,311	2,173
1936		
July	2,242	2,119
August	2,148	2,002
September	2,260	2,075
October	2,551	2,318

¹ See Monatsbericht, 1936, page 226.

Vienna Stock Exchange.



Value of Industrial Shares and Bonds.
(1929 = 100.)



The *Stock Exchange* also shows a rising tendency. In October 1936, the value of the Austrian shares admitted to the Stock Exchange exceeded the nominal value of the capital. Except during the temporary boom in April of the present year, this had not happened since 1930. The movement continued and was accentuated during November.

The monthly receipts from the Stock Exchange turnover tax show in how far the public participated in the market. These receipts are at a higher level than last year. The index for the value of thirty-four industrial shares also rose to a level which had not been reached since 1930. This development was not peculiar to Austria; there was a similar rise on the stock exchanges abroad. The rise was biggest in electricity and gas shares, in view of the obligations in Swiss francs and lire of some of the enterprises in this section, and in mining shares. It was smallest in the building industry.

The value of bonds has also risen substantially since September. The yield of bonds is consequently dropping and the considerable margin between that yield and the interest payable on deposits is gradually diminishing.

The general impression is therefore that Austria has been improving economically since last year. But it should not be forgotten that the country is working its way up out of a tragic situation and has still a long way to go.

Appendix I.

TOTAL BUDGET FIGURES (1925-1937).

In Schillings (000,000's).

Year		Budget Account (Gross)				Balance
		Receipts	Expenditure		Total	
			Ordinary	Investments *		
		1	2	3	4 (2 + 3)	5 (1 - 4)
1925	{ Estimates	1,220.1	1,199.7	94.0	1,293.7	- 73.6
	{ Closed Accounts ..	1,486.9	1,319.8	90.6	1,410.4	+ 76.5
1926	{ Estimates	1,346.4	1,310.5	157.7	1,468.2	- 121.8
	{ Closed Accounts ..	1,589.0	1,485.8	135.6	1,621.4	- 32.4
1927	{ Estimates	1,572.2	1,583.0	201.4	1,784.4	- 212.2
	{ Closed Accounts ..	1,771.4	1,660.7	195.7	1,856.4	- 85.0
1928	{ Estimates	1,679.9	1,646.0	206.0	1,852.0	- 172.1
	{ Closed Accounts ..	1,892.4	1,764.0	212.5	1,976.5	- 84.1
1929	{ Estimates	1,828.3	1,793.8	224.6	2,018.4	- 190.1
	{ Closed Accounts ..	2,010.0	1,843.1	147.2	1,990.3	+ 19.7
1930	{ Estimates	1,980.8	1,948.9	266.0	2,214.9	- 234.1
	{ Closed Accounts ..	2,027.0	2,040.1	248.4	2,288.5	- 261.5
1931	{ Estimates	2,172.5	2,236.8	188.6	2,425.4	- 252.9
	{ Closed Accounts ..	2,008.5	2,232.2	98.4	2,330.6	- 322.1
1932	{ Estimates	1,964.1	1,953.3	13.4	1,966.7	- 2.6
	{ Closed Accounts ..	1,909.0	1,913.1	10.9	1,924.0	- 15.0
1933	{ Estimates	1,928.2	1,928.2	177.6	2,105.8	- 177.6
	{ Closed Accounts ..	1,847.8	1,929.6	159.7	2,089.3	- 241.5
1934	{ Estimates	1,913.0	1,914.9	119.9	2,034.8	- 121.8
	{ Closed Accounts ..	1,948.0	2,064.4	109.6	2,174.0	- 226.0
1935	{ Estimates	1,846.6	1,899.9	130.3	2,030.2	- 183.6
	{ Closed Accounts ..	1,894.7	1,948.5	103.0	2,051.5	- 156.8
1936	{ Estimates	1,881.4	1,915.5	44.8	1,960.3	- 78.9
	{ Probable results ..	1,969.8	1,974.1	36.3	2,010.4	- 40.6
1937	Estimates	1,940.9	1,980.2	17.5	1,997.7	- 57.7

* From 1933 to 1935 : " Extraordinary Budget ".

Appendix II.
ANALYSIS OF ANNUAL BUDGETS.

RECEIPTS (Gross)	1935	1936		1937
	Closed accounts	Estimates	Probable results ¹	Draft estimates
ORDINARY BUDGET.				
<i>A. Administration :</i>				
Direct taxes	300.2	289.2	346.3	320.6
Customs	178.0	180.2	178.9	176.2
Tax on cattle fodder, etc.	32.8	35.0	39.0	38.5
Excise duties	182.2	192.6	191.5	194.4
Turnover tax	153.9	135.0	146.2	143.0
Turnover tax, emergency surtax	123.9	131.0	140.6	138.0
Taxes on transactions, legal fees, etc.	100.7	120.1	125.9	120.6
Other receipts	3.5	2.7	3.3	3.2
Total taxes	1,075.2	1,085.8	1,171.7	1,134.5
<i>Deduct : Shares of Local Authorities</i>	<i>194.0</i>	<i>183.2</i>	<i>210.8</i>	<i>187.0</i>
Remaining State taxation receipts	881.2	902.6	960.9	947.5
Receipts of Social Administration	197.9	196.3	203.0	199.5
Administration of Public Debt	80.5	77.8	77.9	80.0
Other administrative receipts	108.2	75.6	100.8	81.1
Total receipts of the Administration	1,267.8	1,252.3	1,342.6	1,308.1
<i>B. Monopolies :</i>				
Tobacco	292.6	294.2	291.2	294.0
Salt	28.2	28.9	28.9	30.8
Lotteries	52.5	50.2	55.2	53.9
Gunpowder	7.6	6.9	7.5	7.3
Total Monopolies	380.9	380.2	382.8	386.0
<i>C. Public Undertakings :</i>				
Post and Telegraphs	213.4	216.5	212.1	214.1
Forests	10.4	10.1	10.3	9.4
Other undertakings	22.2	22.3	22.0	22.4
Total Public Undertakings	246.0	248.9	244.4	245.9
<i>D. Railways :</i>				
Federal Railways	0.0	0.0	0.0	0.0
Other railways	0.0	0.0	0.0	0.0
Total Railways	0.0	0.0	0.0	0.0
Total Ordinary Receipts	1,894.7	1,881.4	1,969.8	1,940.0

¹ *Probable Results, 1936.* — Provisional results January to September; monthly estimates October, November; provisional receipts October; preliminary estimate December.

² *Closed Accounts, 1935.* — For the sake of comparison, the Extraordinary Budget expenditure (*excluding Investments*) has been added to the expenditure of the Ordinary Budget—namely, under :

	Millions of Schillings.	
Other Social Administration	4.5	for extra-urban small holdings,
Agriculture	24.9	for stream regulation,
Commerce and Traffic	31.3	for roads and buildings.
Defence	0.1	
Total	60.8	

³ *Estimates, 1936.* — Including "Kreditreste" transferred from the 1935 Extraordinary Budget (*excluding Investments*)—namely, under :

	Millions of Schillings	
Other Social Administration	1.5	for extra-urban small holdings,
Agriculture	2.0	for stream regulation,
Commerce and Traffic	9.5	for building.
Total	13.0	

⁴ *Estimates, 1936.* — Including "Kreditreste" transferred from the 1935 Extraordinary Budget (*Investments*)—namely, under :

	Millions of Schillings	
Post and Telegraph	3.5	
Federal Railways	4.7	
Total	8.2	

Appendix II (concluded).
ANALYSIS OF ANNUAL BUDGETS.

EXPENDITURE (Gross)	1935	1936		1937
	Closed accounts	Estimates	Probable results ¹	Draft estimates
I. ORDINARY BUDGET.				
<i>In millions of Schillings</i>				
A. Administration :				
Supreme State Organs	3.9	3.0	3.0	3.0
Debt Service	179.4	188.3	172.3	196.3
Payments to Local Authorities and Municipality of Vienna	23.4	24.2	24.0	24.2
Pensions	217.6	214.6	218.0	218.2
Federal Chancellor's Office and Foreign Affairs	29.9	19.2	23.8	19.0
Police	70.5	65.7	66.8	65.4
Gendarmerie	37.9	37.7	37.8	37.5
Auxiliary Defence Corps	16.0	5.0	3.9	1.0
Justice	50.2	49.1	49.6	49.8
Education, Science, Church	72.0	70.6	70.5	72.6
Unemployment and Old-age Pensioners	292.0	275.3	279.7	266.6
Social Administration, other	112.0 ²	100.9 ²	102.9	98.9
Financial Administration	50.5	48.4	48.9	49.9
Public Taxes	2.7	2.3	2.2	2.4
Treasury	11.7	5.2	16.8	6.0
Agriculture	80.0 ²	43.3 ²	50.8	49.7
Commerce and Traffic	96.4 ²	77.9 ²	76.2	64.9
Defence	122.3 ²	126.4	165.7	210.1
Other Administration	8.7	8.0	7.2	4.8
Total Administration	1,476.1²	1,365.1²	1,420.1	1,440.3
B. Monopolies :				
Tobacco	109.5	110.2	113.9	113.4
Salt	15.0	14.9	14.7	16.8
Lotteries	33.3	33.7	35.5	34.8
Gunpowder	7.1	6.0	5.8	5.4
Total Monopolies	164.9	164.8	169.9	170.4
C. Undertakings :				
Post and Telegraphs	227.1	217.0	221.2	221.6
Forests	20.6	19.7	19.7	20.7
Other undertakings	26.3	25.1	26.2	26.3
Total Undertakings	274.0	261.8	267.1	268.6
D. Railways :				
Federal Railways	77.6	107.3	100.8	85.0
Charges under the Südbahn Convention	13.4	13.4	13.1	13.4
Other railways	3.3	3.1	3.1	2.5
Total Railways	94.3	123.8	117.0	100.9
Total Ordinary Expenditure	2,009.3²	1,915.5²	1,974.1	1,980.2
Total Ordinary Receipts	1,894.7	1,881.4²	1,969.8	1,940.0
Ordinary Budget Deficit	114.6²	34.1²	4.3	40.2
II. INVESTMENTS.				
Tobacco	5.5	4.9	4.9	3.5
Salt	0.4	0.3	0.3	0.4
Post and Telegraphs	8.3	12.5	9.5	4.9
Other Undertakings	1.5	0.7	0.7	0.8
Federal Railways	26.5	26.4	20.9	7.9
Total Investments	42.2	44.8⁴	36.3	17.5
Total Budget Deficit	156.8	78.9	40.6	57.7

¹ to ⁴ See footnotes on the preceding page.

Appendix

MONTHLY ESTIMATES AND PROVISIONAL

RECEIPTS (Gross)	July			August			Sep
	1935	1936		1935	1936		1935
	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results
ORDINARY BUDGET.							
A. Administration :							
Direct taxes	28.11	28.00	30.63	19.45	21.50	22.54	25.50
Customs	18.26	16.50	13.69	11.82	13.50	15.89	12.28
Tax on cattle fodder, etc. .. .	2.98	3.00	3.34	2.24	2.90	3.42	2.40
Excise duties	17.05	16.57	17.59	18.61	17.79	18.82	16.75
Turnover tax	13.45	11.60	12.15	11.30	11.30	12.11	11.52
Turnover tax, emergency surtax	9.70	11.30	11.47	11.04	11.00	11.18	11.36
Taxes on transactions, legal fees, etc.	10.08	10.80	12.67	6.59	8.70	9.60	6.82
Other receipts	0.26	0.27	0.27	0.28	0.27	0.24	0.27
Total taxes	99.89	98.04	101.81	81.33	86.96	93.80	86.90
<i>Deduct</i> : Shares of Local Authorities	16.83	15.82	14.22	15.67	15.76	15.82	19.17
Remaining State taxation receipts	83.06	82.22	87.59	65.66	71.20	77.98	67.73
Receipts of Social Administration	14.60	16.13	15.77	18.26	16.12	18.45	16.80
Administration of Public Debt..	6.71	6.54	6.56	6.27	6.46	6.42	6.43
Other administrative receipts ..	8.42	8.27	20.97	5.55	3.21	4.05	6.69
Total receipts of the Adminis- tration	112.79	113.16	130.89	95.74	96.99	106.90	97.65
B. Monopolies :							
Tobacco	28.48	27.53	27.29	24.92	24.86	25.90	24.56
Salt	2.17	2.17	2.07	2.22	2.40	2.46	2.11
Lotteries	4.76	5.09	4.96	4.53	4.94	4.86	4.35
Gunpowder	0.66	0.54	0.73	1.07	0.55	0.64	0.66
Total Monopolies	36.07	35.33	35.05	32.74	32.75	33.86	31.68
C. Public Undertakings :							
Post and Telegraphs	19.04	18.61	19.05	16.82	16.60	16.08	18.89
Forests	0.81	0.80	0.76	0.77	0.80	0.89	0.97
Other	1.70	1.50	1.61	1.25	1.38	1.14	1.94
Total Public Undertakings	21.55	20.91	21.42	18.84	18.78	18.11	21.80
D. Railways :							
Federal Railways	—	—	—	—	—	—	—
Other railways	—	—	—	—	—	—	—
Total Railways	—	—	—	—	—	—	—
Total Ordinary Receipts ..	170.41	169.40	187.36	147.32	148.52	158.87	151.13

¹ For previous months, see the Quarterly Reports by M. Rost van Tonningen, Representative of the League of Nations in Austria.

III.

RESULTS 1936 (JULY TO NOVEMBER).¹

September		October				November		RECEIPTS (Gross)
1936		1935	1936		1935	1936		
Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates		
In millions of Schillings								
27.50	29.61	26.79	29.00	30.79	22.14	25.00	ORDINARY BUDGET. A. Administration : Direct taxes. Customs. Tax on cattle fodder, etc. Excise duties. Turnover tax. Turnover tax, emergency surtax. Taxes on transactions, legal fees, etc. Other receipts. Total taxes. <i>Deduct :</i> Shares of Local Authorities. Remaining State taxation receipts. Receipts of Social Administration. Administration of Public Debt. Other administrative receipts. Total receipts of the Administration. B. Monopolies : Tobacco. Salt. Lotteries. Gunpowder. Total Monopolies. C. Public Undertakings : Post and Telegraphs. Forests. Other. Total Public Undertakings. D. Railways : Federal Railways. Other railways. Total Railways. Total Ordinary Receipts.	
14.50	15.36	15.78	15.00	17.09	14.04	15.50		
3.00	3.35	3.40	3.00	2.91	3.84	3.00		
18.78	16.77	18.22	18.81	18.63	16.36	18.68		
11.75	11.93	13.63	12.44	13.94	13.33	12.55		
11.45	12.01	12.44	11.65	13.49	12.85	11.85		
9.30	8.82	9.89	11.14	12.88	8.63	9.84		
0.27	0.27	0.35	0.27	0.33	0.33	0.27		
96.55	98.12	100.50	101.31	110.06	91.52	96.69		
19.87	19.85	15.16	16.14	16.91	20.21	20.89		
76.68	78.27	85.34	85.17	93.15	71.31	75.80		
16.81	15.73	17.29	16.51		19.14	18.10		
6.44	6.47	6.13	6.45		6.44	6.50		
8.65	9.52	5.75	3.76		7.32	3.88		
108.58	109.99	114.51	111.89		104.21	104.28		
24.38	24.48	25.22	25.19	24.32	22.42	22.40		
2.20	2.20	2.31	2.45	2.45	2.38	2.37		
4.80	5.00	4.58	4.88	5.29	2.43	2.29		
0.55	0.62	0.76	0.60	0.65	0.62	0.61		
31.93	32.30	32.87	33.12	32.71	27.85	27.67		
18.87	19.38	18.72	18.60		16.02	15.94		
0.80	0.84	0.93	0.80		0.82	0.80		
1.88	2.06	1.93	2.02		2.00	1.91		
21.55	22.28	21.58	21.42		18.84	18.65		
—	—	—	—		—	—		
—	—	—	—		0.01	—		
—	—	—	—		0.01	—		
162.06	164.57	168.96	166.43		150.91	150.60		

MONTHLY ESTIMATES AND PROVISIONAL

EXPENDITURE (Gross)	July			August			89
	1935	1936		1935	1936		1935
	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results
In millions of Schillings							
ORDINARY BUDGET.							
A. Administration :							
Supreme State Organs	0.36	0.37	0.35	0.29	0.34	0.33	0.27
Debt Service	14.82	16.56	22.94	11.33	10.64	10.25	11.59
Payments to Local Authorities and Municipality of Vienna ..	1.86	1.89	2.01	1.84	1.89	1.86	1.84
Pensions	18.07	18.10	17.99	18.11	18.14	18.11	18.18
Federal Chancellor's Office and Foreign Affairs	4.00	2.30	2.29	2.97	2.29	2.29	2.95
Police	5.87	5.52	5.49	5.73	5.36	5.52	5.96
Gendarmerie	3.28	3.05	3.11	3.29	3.11	3.08	3.16
Auxiliary Defence Corps	1.29	0.26	0.27	0.93	0.25	0.28	1.06
Justice	4.13	4.12	4.11	3.92	3.99	3.85	4.45
Education, Science, Church ..	5.51	5.63	5.61	5.44	5.39	5.35	6.70
Unemployment and Old-age Pensioners	21.68	20.47	21.24	22.32	19.55	19.86	20.33
Social Administration, other ..	7.34	6.61	6.45	7.35	8.74	8.40	12.05
Financial Administration	4.05	4.06	4.00	3.91	4.09	3.98	4.22
Public Taxes	0.15	0.15	0.15	0.15	0.15	0.16	0.25
Treasury	0.35	0.36	10.93	1.88	0.29	0.32	2.32
Agriculture	4.29	4.13	4.09	3.86	4.14	4.12	5.07
Commerce and Traffic	6.10	8.60	7.06	6.41	6.78	7.15	6.17
Defence	8.69	8.79	9.73	8.67	8.81	9.18	8.26
Army equipment	1.50	4.18	3.04	1.78	6.18	6.07	1.85
Other Administration	0.79	0.34	0.33	0.40	0.37	0.37	0.61
Total Administration	114.13	115.49	131.19	110.58	110.70	110.53	117.29
B. Monopolies :							
Tobacco	11.19	14.54	12.65	9.29	8.14	8.27	9.56
Salt	1.28	1.25	1.22	1.26	1.26	1.21	1.20
Lotteries	1.24	1.81	1.78	1.42	1.89	1.45	4.34
Gunpowder	0.56	0.42	0.50	0.93	0.41	0.42	0.57
Total Monopolies	14.27	18.02	16.15	12.90	11.70	11.35	15.67
C. Undertakings :							
Post and Telegraphs	19.74	19.86	19.80	18.48	18.37	18.35	18.41
Forests	1.74	1.64	1.62	1.79	1.64	1.69	1.63
Other undertakings	2.22	2.32	2.40	1.82	1.88	1.82	2.12
Total Undertakings	23.70	23.82	23.82	22.09	21.89	21.86	22.16
D. Railways :							
Federal Railways	6.35	8.94	8.94	6.35	7.58	7.58	6.35
Charges under the Südbahn Convention	—	0.78	0.78	0.88	—	—	3.09
Other Railways	0.16	0.23	0.22	0.18	0.26	0.26	0.17
Total Railways	6.51	9.95	9.94	7.41	7.84	7.84	9.61
Total Ordinary Expenditure	158.61	167.28	181.10	152.98	152.13	151.58	164.73
Total Ordinary Receipts	170.41	169.40	187.36	147.32	148.52	158.87	151.13
Ordinary Budget Balance	+ 11.80	+ 2.12	+ 6.26	- 5.66	- 3.61	+ 7.29	- 13.60
INVESTMENTS.*							
Extra-urban small holdings** ..	—	—	—	1.00	—	—	2.00
Commerce and Traffic**	3.59	—	—	4.35	—	—	3.35
Agriculture**	2.82	—	—	2.98	—	—	2.00
Tobacco	0.46	0.24	1.18	0.45	0.11	0.22	0.46
Salt	0.03	0.03	0.03	0.03	0.02	0.03	0.03
Post and Telegraphs	0.45	0.59	0.49	0.91	0.95	0.86	1.28
Other Undertakings	0.11	0.02	0.02	0.11	0.16	—	0.10
Railways	3.21	1.00	1.00	3.90	0.60	0.60	2.30
Total Investments	10.67	1.88	2.72	13.73	1.84	1.71	11.52
Total Budget Balance	+ 1.13	+ 0.24	+ 3.54	- 19.39	- 5.45	+ 5.58	- 25.12

* In 1935, "Extraordinary Budget".

** Expenditure under these headings, in 1935 accounted for in the "Extraordinary Budget", has been included in 1936 in the "Ordinary Budget".

(concluded).

RESULTS 1936 (JULY TO NOVEMBER).

Number		October			November		EXPENDITURE (Gross)
1936		1935	1936		1935	1936	
Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	
In millions of Schillings							
							ORDINARY BUDGET.
							A. Administration :
0.27	0.27	0.25	0.28		0.20	0.22	Supreme State Organs
10.28	9.88	16.49	16.65		15.03	14.79	Debt Service
1.90	1.84	1.86	2.00		1.92	2.27	Payments to Local Authorities and Municipality of Vienna
18.20	18.28	18.25	18.19		18.14	18.22	Pensions
1.82	1.81	1.50	1.34		2.45	1.92	Federal Chancellor's Office and Foreign Affairs
5.59	5.51	5.61	5.51		5.88	5.69	Police
3.18	3.17	2.90	3.08		2.85	3.08	Gendarmerie
0.18	0.10	1.14	0.10		0.90	—	Auxiliary Defence Corps
4.37	4.35	4.17	4.09		3.94	3.90	Justice
6.76	6.54	5.57	5.40		5.63	5.46	Education, Science, Church
19.54	20.13	21.99	20.79		22.43	21.60	Unemployment and Old-age Pensioners
10.90	10.54	7.94	8.13		8.83	8.19	Social Administration, other
4.32	4.23	4.23	4.12		3.88	3.98	Financial Administration
0.15	0.17	0.22	0.16	0.17	0.34	0.19	Public Taxes
0.42	1.44	0.47	0.34		0.43	0.27	Treasury
4.09	4.06	4.38	4.17		4.96	3.77	Agriculture
7.33	7.22	5.17	7.15		5.37	7.24	Commerce and Traffic
8.62	8.31	8.72	9.21		8.40	9.08	Defence
8.50	8.39	1.79	13.06		2.40	7.25	Army equipment
0.34	0.31	0.63	0.62		0.43	0.64	Other Administration
116.76	116.55	113.28	124.39		114.41	117.76	Total Administration
							B. Monopolies :
9.20	9.18	10.01	10.19	10.26	9.61	9.15	Tobacco
1.25	1.19	1.20	1.23	1.21	1.21	1.20	Salt
4.51	4.83	6.27	6.69	7.02	1.33	1.19	Lotteries
0.40	0.36	0.67	0.42	0.43	0.68	0.41	Gunpowder
15.36	15.56	18.15	18.53	18.92	12.83	11.95	Total Monopolies
							C. Undertakings :
18.25	18.24	18.44	18.48		18.32	18.31	Post and Telegraphs
1.64	1.56	1.68	1.63		1.71	1.61	Forests
2.07	2.05	2.22	2.19		2.33	2.11	Other undertakings
21.96	21.85	22.34	22.30		22.36	22.03	Total Undertakings
							D. Railways :
7.30	7.30	6.35	7.44		6.35	4.94	Federal Railways
3.10	3.07	—	—		—	—	Charges under the Südbahn Convention
0.22	0.22	0.21	0.22		0.16	0.35	Other Railways
10.62	10.59	6.56	7.66		6.51	5.29	Total Railways
164.70	164.55	160.33	172.88		156.11	157.03	Total Ordinary Expenditure
162.06	164.57	168.96	166.43		150.91	150.60	Total Ordinary Receipts
-2.64	+0.02	+8.63	-6.45		-5.20	-6.43	Ordinary Budget Balance
							INVESTMENTS.*
—	—	0.60	—		0.50	—	Extra-urban small holdings**
—	—	4.15	—		3.16	—	Commerce and Traffic**
—	—	2.93	—		1.86	—	Agriculture**
0.81	0.16	0.58	0.14		0.60	0.14	Tobacco
0.03	0.02	0.05	0.02		0.03	0.03	Salt
0.78	0.69	0.70	1.25		0.61	0.86	Post and Telegraphs
0.03	0.01	0.05	0.03		0.03	0.18	Other Undertakings
1.90	1.90	—	1.40		—	3.02	Railways
3.55	2.78	9.06	2.84		6.79	4.23	Total Investments
-6.19	-2.76	-0.43	-9.29		-11.99	-10.66	Total Budget Balance

Appendix IV. — ECONOMIC DATA.

	National Bank (middle of month)					
	Notes circulation	Sight liabilities	Gold and foreign exchange ¹	Bills discounted	State debt	Bank rate
	In millions of Schillings					Per cent
*1929	934	110	725	206	109	7.33
*1930	916	130	814	123	101	5.75
*1931	994	171	628	434	96	7.04
*1932	915	190	215	726	663	6.83
*1933	853	196	193	252	624	5.23
*1934	910	209	256	261	624	4.71
*1935	885	282	324	233	624	3.80
1935 VII	888	290	330	233	624	3½
VIII	903	291	349	233	624	3½
IX	907	312	372	230	624	3½
X	906	314	379	230	624	3½
XI	893	316	372	229	624	3½
XII	945	251	360	228	624	3½
1936 I	876	314	352	225	624	3½
II	865	292	317	223	624	3½
III	878	284	323	219	624	3½
IV	883	277	323	219	624	3½
V	897	263	324	218	624	3½
VI	885	289	331	220	624	3½
VII	886	286	330	221	624	3½
VIII	897	300	358	219	624	3½
IX	880	334	376	216	624	3½
X	891	279	359	213	624	3½
XI	861	300	348	209	624	3½

	Stock Exchange (middle of month)				
	Value of 34 industrial shares	Value of bonds	Austrian shares admitted to the Stock Exchange ² :		Turnover tax on Stock Exchange transactions (monthly receipts)
			Total nominal value	Total Stock Exchange value	
	1923-1932 = 100	*1927 = 100	In millions of Schillings		In thousands of Schillings
*1929	98.8	99.8	810	1,070	55
*1930	80.5	99.9	819	893	39
*1931	60.9	98.7	807	654	33
*1932	51.7	86.8	808	570	15
*1933	43.0	90.3	807	478	14
*1934	47.9	98.5	784	462	15
*1935	63.6	107.4	762	557	20
1935 VII	62.9	103.6	759	538	27
VIII	64.5	104.0	756	548	14
IX	67.0	102.2	756	568	11
X	64.5	100.2	753	549	15
XI	67.1	103.4	751	569	20
XII	70.3	104.3	751	588	21
1936 I	71.6	103.7	739	602	20
II	75.9	106.9	739	645	24
III	76.8	106.4	738	672	28
IV	83.9	106.8	738	747	39
V	77.2	105.9	734	683	38
VI	76.9	106.6	730	673	19
VII	76.4	106.6	728	675	21
VIII	79.7	106.9	727	699	19
IX	81.1	108.2	724	702	17
X	86.0	117.0	725	758	31
XI	91.7	116.6	725	803	31

* Average.
¹ In May 1934, the gold and foreign exchange reserve was revalued.
² Shares of banks excluded.

Appendix IV. — ECONOMIC DATA (continued).

	Total Savings Deposits (end of month)	Clearings	
		Austrian National Bank	Austrian Postal Savings Bank
		In millions of Schillings	
*1929	2,119	4,149	2,069
*1930	2,419	4,093	2,173
*1931	2,025	4,140	2,080
*1932	1,959	3,431	1,878
*1933	2,015	3,066	1,786
*1934	2,087	2,227	1,895
*1935	2,249	2,057	2,005
1935 VII	2,244	2,004	2,085
VIII	2,256	1,940	2,019
IX	2,255	1,930	1,991
X	2,244	2,311	2,173
XI	2,257	2,223	2,106
XII	2,236	2,477	2,227
1936 I	2,328	2,251	2,057
II	2,347	2,184	1,875
III	2,352	2,141	1,872
IV	2,337	2,244	1,983
V	2,327	2,129	1,913
VI	2,331	2,077	1,883
VII	2,338	2,242	2,119
VIII	2,347	2,148	2,002
IX	2,336	2,260	2,075
X	2,295	2,551	2,318
XI			

	Prices (middle of month)				
	Wholesale	Cost of living	Sensitive	Free	Fixed
	First half-year 1914 = 100	VII, 1914 = 100	1929-1931 = 100		
*1929	130	111	104	100	98
*1930	117	111	87	87	100
*1931	109	106	60	76	100
*1932	112	108	56	73	103
*1933	108	105	60	73	104
*1934	110	105	61	76	105
*1935	110	105	63	76	105
1935 VII	112	105	62	84	105
VIII	111	105	62	77	105
IX	110	105	63	75	105
X	109	106	67	77	106
XI	109	106	69	78	106
XII	109	105	68	77	106
1936 I	108	106	68	77	105
II	107	105	68	77	105
III	107	104	67	77	105
IV	108	104	67	77	105
V	108	104	67	77	105
VI	109	106	65	88	105
VII	110	104	64	76	105
VIII	109	105	64	74	105
IX	110	105	64	74	105
X	111	105	66	77	105
XI	111	105	68	79	105

* Average.

Appendix IV. — ECONOMIC DATA (continued).

	Turnover			
	Consumption goods ¹	Production goods ¹	Consumption of sugar	Receipts from turnover tax
	1923-1931 = 100		In hundreds of tons	In millions of Schillings
*1929	119	119	180	21
*1930	117	96	161	21
*1931	112	76	169	18
*1932	94	68	152	15
*1933	83	67	148	11
*1934	80	75	143	12
*1935	84	83	144	12
1935 VII	85	85	165	13
VIII	84	88	160	11
IX	79	86	191	12
X	86	89	180	14
XI	100	90	135	13
XII	83	89	151	15
1936 I	78	85	118	13
II	81	90	116	12
III	82	88	129	11
IV	82	87	125	12
V	78	87	124	11
VI	79	84	142	11
VII	81	85	180	12
VIII	79	85	146	12
IX	78	87	200	12
X			188	
XI				

	Tourist Traffic			
	In special tourist centres		In Vienna	
	Total	From abroad	Total	From abroad
	In thousands of persons			
*1929 .. .. .	.	.	53	35
*1930 .. .. .	.	.	55	37
*1931 .. .. .	.	.	46	30
*1932 .. .. .	.	.	36	24
*1933 .. .. .	.	.	34	22
*1934	119	25	29	19
*1935	142	36	32	22
1935 VII	316	85	37	28
VIII	382	134	48	40
IX	190	45	49	35
X	81	13	33	22
XI	64	7	26	16
XII	81	20	26	15
1936 I	72	17	24	14
II	92	28	22	14
III	90	23	32	20
IV	91	18	30	20
V	120	21	32	22
VI	186	47	35	27
VII	341	126	44	36
VIII	421	163	58	50
IX	208	70	57	45
X			37	25
XI				

¹ Average.
² Seasonally corrected index.

Appendix IV.—ECONOMIC DATA (concluded).

		Production		
		General production index ¹	Labour market	
			Insured against illness	Unemployed receiving benefit in Austria
		1929-1931 = 100	In millions	In thousands of persons
*1929	.. .. .	122	.	164
*1930	.. .. .	104	.	207
*1931	.. .. .	91	.	253
*1932	.. .. .	79	.	309
*1933	.. .. .	81	1.38	329
*1934	.. .. .	88	1.28	288
*1935	.. .. .	97	1.30	262
1935	VII	97	1.36	228
	VIII	104	1.36	215
	IX	99	1.36	206
	X	102	1.35	205
	XI	108	1.31	227
	XII	109	1.23	262
1936	I	108	1.21	305
	II	107	1.21	322
	III	101	1.25	314
	IV	104	1.29	282
	V	98	1.33	254
	VI	96	1.34	236
	VII	97	1.36	224
	VIII	98	1.36	219
	IX	100		216
	X			221
	XI			243

		Foreign Trade				
		Imports		Exports		
		Total value ¹	Raw-material value ¹	Total value ¹	Finished products value ¹	Total quantity
		1929-1930 = 100					In millions of metric quintals
*1929	.. .. .	107	106	114	122	3.42
*1930	.. .. .	92	82	97	102	2.93
*1931	.. .. .	72	67	70	75	2.11
*1932	.. .. .	47	48	42	43	1.56
*1933	.. .. .	39	46	42	42	1.75
*1934	.. .. .	38	49	45	45	2.15
*1935	.. .. .	40	51	47	46	2.25
1935	VII	41	52	45	45	2.44
	VIII	36	48	46	45	2.50
	IX	39	50	44	46	1.87
	X	46	64	48	51	2.06
	XI	43	59	49	51	2.28
	XII	40	53	50	46	2.55
1936	I	44	56	50	50	1.77
	II	41	54	48	47	1.85
	III	46	59	55	52	2.20
	IV	42	55	51	49	2.25
	V	40	53	51	48	2.30
	VI	36	44	47	45	2.49
	VII	39	51	47	45	2.46
	VIII	41	49	48	45	2.58
	IX	41	51	48	47	2.57
	X	44	61	49	49	2.24
	XI					

¹ Average.
² Seasonally corrected index.

SOCIÉTÉ DES NATIONS

**QUARANTE ET UNIÈME RAPPORT
DU COMMISSAIRE DE LA SOCIÉTÉ DES NATIONS EN BULGARIE**

(PÉRIODE SEPTEMBRE-OCTOBRE 1936.)

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INTRODUCTION.

1. A la fin du dixième mois de l'exercice, la gestion du budget de l'Etat et des chemins de fer se traduisait par un excédent des dépenses de 234,2 millions de leva.

2. La situation budgétaire s'est sensiblement améliorée au cours des mois de septembre et d'octobre. Si cette amélioration se poursuit au cours des deux derniers mois de l'exercice, l'on peut espérer qu'en fin d'année le montant du déficit du budget restera voisin de 200 millions de leva.

3. La Trésorerie n'aura probablement pas de grosses difficultés à satisfaire aux besoins qui apparaîtront à la clôture de l'année budgétaire.

4. L'élaboration du budget 1937 fait d'ores et déjà apparaître les nouvelles charges auxquelles ce budget devra faire face et qui résultent, soit d'engagements antérieurement pris au compte de la Dette publique, soit de la réintégration dans le budget ordinaire de 1937 de dépenses qui avaient été considérées comme extraordinaires en 1936 et qui avaient été payées à ce titre sur le produit d'emprunts, soit de dépenses entièrement nouvelles. L'augmentation par rapport à 1936 du budget des dépenses serait de plus de 800 millions (+13%).

5. Comme recettes, le budget de 1937 prévoirait en sus des recettes normales de 1936 : d'une part, des taxes nouvelles et permanentes, et d'autre part, des ressources exceptionnelles.

6. En ce qui concerne les premières, il convient de rappeler que l'amélioration économique constatée cette année dépend en grande partie d'éléments imprévisibles et indépendants de l'action gouvernementale. Il serait imprudent de compter sur le maintien intégral de cette amélioration pour demander un sérieux effort fiscal, alors que la limite de la capacité contributive actuelle du pays paraît être atteinte sinon dépassée.

7. La Banque nationale a simplifié la réglementation du commerce extérieur en réduisant à une seule la liste des produits dont l'exportation permet la compensation avec des produits importés.

8. L'activité du commerce extérieur se traduit par une nouvelle amélioration du chiffre d'affaires et par un excédent favorable de la balance commerciale de 305 millions de leva (contre 191 millions l'année précédente).

9. Les récoltes de céréales, de tabac, etc., sont abondantes. Le surplus exportable de la production sera important.

10. Le présent rapport a été établi par M. Pierre Cheysson, commissaire de la Société des Nations en Bulgarie, avec la collaboration de M. Köstner, conseiller auprès de la Banque nationale de Bulgarie.

I. BUDGET.

1. Equilibre.

Les résultats de la gestion du budget de l'Etat et des chemins de fer à la fin du dixième mois de l'exercice (31 octobre 1936) sont les suivants (cf. appendice Ia) :

	Etat	Chemins de fer (En millions de leva)	Total
Recettes effectives	5.024,4	1.119,2	6.143,6
Dépenses :			
effectives	4.658,0	1.113,7	
en souffrance	543,4	62,7	
Total	<u>5.201,4</u>	<u>1.176,4</u>	<u>6.377,8</u>
Excédent des dépenses	177,0	57,2	234,2

Ces chiffres font état, en recettes et en dépenses, des soldes non transférés du Service de la dette extérieure. Ils représentent le résultat global du budget ordinaire primitif et du budget extraordinaire promulgué le 20 mars 1936 : en dépenses, ils comprennent 189,7 millions de leva de dépenses relatives au budget extraordinaire et, en recettes, un prélèvement de même somme sur le produit des emprunts conclus en 1936 pour alimenter le budget extraordinaire. La provision destinée à faire face aux dépenses restant à engager sur ce budget jusqu'à la fin de l'année, soit $300 - 189,7 = 110,3$ millions, est bloquée dans l'encaisse du Trésor à la Banque nationale.

Depuis le début de l'année, l'excédent des dépenses sur les recettes a évolué comme suit :

	Etat	Chemins de fer	Total	+ ou — par rapport au mois précédent
	(En millions de leva)			
Fin janvier	106,9	18,5	125,4	+ 125,4
» février	229,7	29,7	259,4	+ 134,-
» mars	215,6	48,8	264,5	+ 5,-
» avril	258,8	89,2	348,1	+ 83,6
» mai	234,4	95,6	330,-	— 18,1
» juin	97,8	97,7	195,5	— 134,5
» juillet	152,7	104,7	257,4	+ 61,9
» août	262,3	94,5	356,8	+ 99,4
» septembre	220,9	67,7	288,6	— 68,2
» octobre	177,1	57,1	234,2	— 54,4

Les deux mois de septembre et octobre ont marqué une sensible amélioration et l'excédent de dépenses a été réduit de plus d'un tiers entre fin août et fin octobre de 356,8 millions de leva à 234,2 millions (— 122,6 millions).

En réalité, le déficit budgétaire est supérieur aux chiffres indiqués. L'élaboration du budget de 1937 fait apparaître le caractère permanent, tout au moins, le maintien en 1937 de certaines dépenses qui, en 1936, auront été payées sur les crédits ouverts par les budgets extraordinaires. Les crédits qui seront ainsi incorporés au budget ordinaire 1937 s'élèveront à environ 248 millions pour l'année entière.

2. Recettes (cf. appendice Ia et b).

Dans ce qui suit, il n'est pas tenu compte de la reprise en recettes des soldes non transférés du Service de la dette extérieure.

Les recettes totales ordinaires (Etat et chemins de fer), exception faite du prélèvement sur le produit des emprunts 1936 (189,7 millions), s'élèvent à 5.735,7 millions de leva contre 5.071,2 millions pour la période correspondante de 1935, soit une augmentation de 664,5 millions (+13%).

L'accroissement des recettes porte sur tous les chapitres du budget, à l'exception des recettes provenant des amendes et confiscations (—17%) et des recettes sur exercices clos (—14%). Les recettes du mois de septembre 1936 excèdent celles de 1935 de 120,7 millions (+ 22%); celles d'octobre 1936 sont légèrement inférieures à celles d'octobre 1935 (—12,5 millions ou 2%).

Les chemins de fer ont, au cours des dix mois, encaissé 64,2 millions de plus que pendant la période correspondante de l'année précédente (+6%); au cours des deux mois derniers, les recettes ont été un peu inférieures à celles des mois de septembre et octobre 1935 (—3%).

Par rapport aux prévisions de recettes du budget de 1936, la situation est la suivante (compte non tenu des prélèvements sur le produit des emprunts 1936 et de la reprise en recettes des soldes non transférés) :

	Recettes effectives	10/12 des prévisions du budget 1936	En moins	% des recettes effectives par rapport aux prévisions
	(En millions de leva)			
Etat	4.616,5	4.786,6	170,1	96,4
Chemins de fer	1.119,2	1.160,8	41,6	96,4
Total	5.735,7	5.947,4	211,7	96,4

La rentrée des droits d'accise seuls représente une diminution de 127,5 millions (sur une moins-value totale pour les recettes de l'Etat de 170 millions). La situation, néanmoins, s'est améliorée régulièrement chaque mois : au 31 juillet, le retard des rentrées sur les prévisions était encore de 8% environ, alors qu'il n'est que de 3,6% à fin octobre.

Au cours des deux derniers mois (cf. appendice Ib) la comparaison est la suivante :

	Recettes effectives	2/12 des prévisions du budget 1936	+ ou —	% des recettes effectives par rapport aux prévisions
	(En millions de leva)			
Etat	1.054,9	957,3	+ 97,6	110,2
Chemins de fer	287,7	232,2	+ 55,5	124,1
Total	1.342,6	1.189,5	+ 153,1	112,9

3. Dépenses.

Les dépenses globales de l'Etat et des chemins de fer (compte non tenu des dépenses d'ordre correspondant aux soldes non transférés du Service de la dette extérieure) s'élèvent,

au 31 octobre, à 6.159,6 millions de leva. Ce montant comprend 189,7 millions de dépenses effectuées sur crédits extraordinaires couverts par les ressources des emprunts 1936. Les dépenses ordinaires, à l'exclusion de ces dernières, sont pour l'Etat de 4.793,5 millions et pour les chemins de fer de 1.176,4 millions. Comparées aux dépenses correspondantes de 1935, elles montrent une augmentation en 1936 de 545,3 millions (+ 12,8%) pour les services d'Etat et de 2,9 millions (0,25%) pour les chemins de fer.

Au cours des deux mois de septembre et octobre 1936, les dépenses de l'Etat ont été inférieures de 116,6 millions aux dépenses correspondantes de 1935 (— 9%) ; par contre, celles des chemins de fer sont supérieures de 21,4% aux dépenses correspondantes (+ 50,1 millions de leva).

Les dépenses ordinaires réelles de l'Etat et des chemins de fer pour les dix premiers mois (à l'exclusion des dépenses faites sur crédits extraordinaires) excèdent les crédits mensuels accordés, de 133,3 millions en ce qui concerne l'Etat, et de 51,4 millions en ce qui concerne les chemins de fer.

4. *Projet de budget 1937.*

L'élaboration du budget 1937 est en cours, et il est difficile de donner aujourd'hui autre chose qu'un aperçu sommaire des conditions dans lesquelles il se présentera prochainement à l'examen du Gouvernement bulgare.

Il apparaît d'ores et déjà que l'Etat devra faire face aux charges suivantes (en de ors des dépenses des chemins de fer) :

	Millions de leva	
Reconduction des dépenses ordinaires du budget de 1936.		6.163
Reconduction de certaines dépenses qui ont été faites sur les crédits ouverts par les budgets extraordinaires, mais qui devront être renouvelées en 1937 :		
Ministère de la Guerre	186	
(Le Ministère de la Guerre avait reçu 300 millions de crédits extraordinaires.)		
Direction de l'aviation	40	
Service des prestataires	22	
	—	248
Charges nouvelles :		
Direction de l'aviation	45	
Autres ministères (évaluation approximative).	100	
	—	145
Charges nouvelles de la Dette :		
Service des bons émis en règlement de l'affaire de compensation, augmentation	19	
Service et amortissement des emprunts conclus en 1936	74	
Service des bons émis en règlement des fournitures faites ou à faire au Ministère de la Guerre	420	
	—	513
Par contre, la Dette publique pourra réduire sa contribution au service des obligations de la Caisse d'amortissement (cf. <i>plus loin</i> : II. Banques, e)) de 200 à 130 millions, soit une économie de	—70	
	—	443
Total		6.999

Aucun crédit n'est prévu pour le règlement des dettes à court terme de l'Etat ou des chemins de fer envers un certain nombre de fonds et d'organismes d'Etat tels que la Direction des céréales, les mines de Pernik, dettes pour lesquelles des aménagements sont envisagés (cf. *plus loin* : Dette publique).

Les recettes dont le Ministre des Finances espère disposer en 1937 pour faire face aux dépenses qui viennent d'être énumérées sont les suivantes :

	Millions de leva
Réévaluation des recettes perçues en 1936 en tenant compte des dispositions législatives mises en vigueur au cours des derniers mois	6.125
Ressources nouvelles ayant un caractère permanent :	
Majorations et correction à apporter à la loi sur l'impôt sur le revenu et le chiffre d'affaires	50
Nouveaux impôts directs, environ	55
Taxes indirectes nouvelles ou majoration de taxes anciennes	105
	—
	210
A reporter.	6.335

	Millions de leva
<i>Report</i>	6.335
Ressources exceptionnelles :	
Droits de douane sur les quantités de sucre à importer dans le pays pour assurer la soudure avec la nouvelle récolte . . .	12
Prélèvement sur les bénéfices 1936 de la Direction des céréales.	70
Diverses recettes, telles que vente des actions de la Banque hypothécaire appartenant à l'Etat	21
	<hr/>
	103
Total	<hr/> 6.438

Les dépenses excéderaient les recettes d'environ 560 millions, pour lesquels des ressources nouvelles sont recherchées.

5. Trésorerie.

La situation du Trésor à fin octobre 1936 (cf. appendice Id) fait apparaître un solde disponible, après règlement des dépenses en souffrance, de 95 millions ; le 31 octobre 1935, le solde déficitaire était de 385,8 millions, malgré une émission de bons du Trésor, dans le courant du mois d'octobre 1935, de 131 millions. La situation de cette année est donc plus favorable que celle de l'année dernière. Néanmoins, il convient de se rappeler que le Trésor était au 31 octobre redevable :

	Millions de leva
Envers le fonds d'amortissement de l'emprunt 6% 1934 de	24,5
Envers les « Revenus provenant des emprunts 1936 et affectés au règlement des dépenses prévues dans les budgets extraordinaires » de	112,6
Envers le budget extraordinaire de la Direction générale des P. T. T. de	0,7
	<hr/>
Total	137,8

En réalité, donc, l'insuffisance de la Trésorerie au 31 octobre est de 42,8 millions.

On aurait l'intention de reporter sur le budget de 1937 toutes les dépenses des chemins de fer qui ne pourraient pas être couvertes par les recettes normales des chemins de fer pour 1936. Le déficit de la gestion du budget de 1936 se réduirait donc au déficit du seul budget de l'Etat. Or, certaines rentrées telles que le versement de la contribution des mines de Pernik et de celle due par les chemins de fer au budget de l'Etat ont subi des retards (près de 85 millions) et viendront augmenter les recettes ordinaires de novembre et de décembre. L'on peut, dans ces conditions, espérer que l'excédent des dépenses sur les recettes, qui est pour le budget de l'Etat de 177,1 millions à fin octobre, ne dépassera pas sensiblement 200 millions à fin décembre pour le budget global.

Il semble donc que les recettes ordinaires du budget augmentées des ressources extraordinaires à provenir de l'escompte de 78,8 millions de bons que le Trésor a encore la faculté d'émettre suffiront à couvrir l'insuffisance au 31 octobre (42,8 millions) et les besoins entre le 31 octobre et la fin de la gestion de 1936.

Il restait à payer à la fin du mois d'octobre 543,4 millions pour l'Etat et 62,7 millions pour les chemins de fer ; les traitements et pensions représentaient dans ce total 208,7 millions et les dépenses courantes 397,4 millions. Les traitements sont payés régulièrement, les mandats avec un décalage d'une à deux semaines seulement.

6. Dette publique.

a) Le service des *emprunts extérieurs* continue à s'effectuer régulièrement sur la base des Accords des 20 avril et 17 mai 1934 et des Arrangements du 25 mars 1936. Ces arrangements expirent le 31 décembre, et le Gouvernement bulgare envoie à Londres le 16 décembre prochain une délégation présidée par le Ministre des Finances pour négocier un nouvel accord avec les associations représentant les porteurs de titres.

Depuis le 16 novembre dernier, la banque Crédit bulgare, autorisée par le Gouvernement bulgare, a offert aux porteurs des emprunts extérieurs le rachat forfaitaire en monnaies étrangères des coupons échus qui auraient dû être réglés en monnaies étrangères sur la base de 32 ½% en exécution des accords de 1934 et qui n'ont été que partiellement payés. Les associations respectives ont signalé cette offre aux porteurs et leur ont recommandé de l'accepter.

b) Les *bons du Trésor* émis par le Gouvernement bulgare se composent :

1. De bons escomptables ou réescomptables auprès de la Banque nationale de Bulgarie à concurrence de 1.500 millions et de bons non réescomptables pour 200 millions. Sur la première tranche, 1.462,5 millions étaient émis au 31 octobre, sur la seconde, 158,7 millions.

2. De bons du Trésor remis au Commissaire de la Société des Nations :

	Millions de leva
En garantie de 90% de la valeur des scrips correspondant aux arriérés du service des emprunts extérieurs pour la période 1 ^{er} avril 1932-1 ^{er} avril 1934. Ces bons portant intérêt à 2% sont liquidés au fur et à mesure du rachat des scrips par les banquiers chargés du paiement des coupons. Ils s'élèvent au 31 octobre 1936 à	189,7
En garantie du service régulier des emprunts extérieurs. Ces bons, sans intérêts, représentent 67 ½% de l'intérêt et la totalité de l'amortissement des emprunts. Ils s'élèvent au 31 octobre à	816,9

3. De bons du Trésor remis en paiement de fournitures à des organismes de l'Etat :

Au titre de l'affaire de compensation des stocks de tabac	595,7
Au titre de fournitures au Ministère de la Guerre	271,2

c) Des engagements non comptabilisés par la Dette publique ont été pris par les différents ministères et services. Ils s'élèvent au 31 octobre à 900,9 millions, se décomposant comme suit :

Engagements envers :

	Millions de leva
La Banque agricole	370,9
La Caisse d'épargne	246,0
La Direction des céréales.	100,5
Les mines de Pernik.	41,9
Les Fonds	136,0
Divers	5,6
Total.	900,9

Les prêts de la Caisse d'épargne viennent d'être consolidés en emprunts à dix ans (cf. *plus loin* « Législation »), dont le service et l'amortissement seront assurés par des crédits à inscrire chaque année dans les budgets des Directions des chemins de fer et des postes. Les mines de Pernik et créanciers divers seront payés sur les crédits ordinaires du budget de 1937. La créance de la Direction des céréales sera amortie sans les écritures, par une inscription au compte « Profits et pertes », rendue possible par l'importance du solde bénéficiaire de ce compte. Une compensation entre la créance de la Banque agricole et la dette de cet établissement envers l'Etat est envisagée.

II. BANQUES ET CRÉDIT.

a) *Banque nationale* (cf. appendice IIa).

La dernière dévaluation ne laisse plus subsister aucune monnaie-or correspondant à la définition de l'article 10 des statuts de la Banque, et le poste « devises-or » a été supprimé des bilans hebdomadaires. L'augmentation de 161 millions du poste « devises », au cours des trois mois envisagés dans le rapport, correspond, cette fois-ci, à une réalité : trois quarts de cette augmentation, en effet, sont constitués par des devises libres. Les exigibilités en devises ont, au cours de la même période, diminué de 76 millions ; la situation, à ce titre, est donc satisfaisante.

Les besoins saisonniers du commerce ont amené un accroissement du portefeuille commercial de la Banque et des avances à concurrence de 218 millions pour la période examinée ; dans le même temps, le montant des bons du Trésor escomptés s'est augmenté de 102 millions et a ainsi presque doublé en deux ans. La circulation totale s'accroît de 356 millions, celle des billets seule de 228 millions. L'augmentation des dépôts (+ 400 millions) est due, pour la plus grande partie, à de nouveaux dépôts en compte courant faits par les banques. La couverture en or des engagements courants de la Banque oscille aux environs de 33%.

L'amélioration de la situation en devises de la Banque nationale date de mai et est consécutive aux modifications introduites au printemps dernier dans le régime du commerce extérieur. On peut, en partie, l'attribuer au progrès des échanges avec les pays à devises libres qui correspond, semble-t-il, à l'amélioration actuelle de l'économie mondiale (cf. *plus loin* : « Commerce extérieur »). Les affaires traitées en devises par la Banque pendant les dix mois de 1936 s'élevaient à 2.806 millions contre 2.272 pour la période correspondante de 1935 ; les rentrées en devises libres seulement ont plus que doublé — 882 millions contre 423 (cf. appendice IIb) ; si même l'on en déduit des postes de passage (crédits à court terme et dépôts retirés), le montant des devises libres achetées cette année est de 542 millions contre 348 millions en 1935. Du côté des ventes de devises, on constate peu de changement dans les postes des importations, du service de la dette publique, et des autres dépenses d'Etat ; une part de l'augmentation provient du poste « ventes non indiquées ». La comptabilité fait apparaître, pour les affaires en devises, un surplus de 150 millions environ de devises libres au profit de la Banque.

Les récentes dévaluations n'affectent pas sensiblement les marchés commerciaux et monétaires bulgares. L'émotion première qui s'est manifestée sur le marché des primes de compensation par une tendance à la hausse, s'est calmée, et les exportateurs ont cédé les devises qu'ils

avaient tout d'abord retenues. Le tableau suivant montre la stabilité des primes de compensation sur les deux listes jusqu'en octobre. En novembre, après la dévaluation et la réduction à une seule des deux listes de compensation (cf. *plus loin* : « Commerce extérieur »), la prime s'est stabilisée à 34 - 35% pour les devises libres.

1936	Première liste	Deuxième liste	Moyenne
Janvier	—	—	33,1
Février	—	—	31,1
Mars	—	—	29,1
Avril	—	—	34,0
Mai	31,3	35,0	32,6
Juin	28,2	34,2	32,8
Juillet	25,6	33,9	32,7
Août	25,0	32,7	30,6
Septembre	25,2	29,6	28,0
Octobre	26,7	32,8	30,5

b) Banques coopératives.

La Banque agricole et coopérative a publié un bilan d'ensemble au 30 juin 1936 pour 1.287 coopératives de crédit agricole (Reiffeisen) qui est résumé comme suit :

<i>Actif</i>	(En millions de leva)	<i>Passif.</i>	
Caisse et Banque agricole et coopérative	37,1	Capital et réserves	505,9
Pertes et avances	1.073,4	Amortissement	96,6
dont passibles d'allégement 586,7		Dette envers la Banque agricole et coopérative	819,3
Débiteurs	155,0	Créditeurs	121,1
Participations	35,5	Dépôts	481,9
Marchandises	189,9	Autres exigibilités	31,4
Immeubles et meubles	298,1	Compte de profits et pertes	6,0
Pertes des années antérieures	88,0		
Compte de profits et pertes	39,8		
Frais généraux	81,9		
Autres actifs	63,6		
Total	2.062,3	Total	2.062,3

En 1934, le nombre des coopératives de crédit agricole était, d'après les statistiques officielles, de 1.654, et leur dette envers la Banque agricole et coopérative s'élevait à environ 800 millions de leva. Le rapprochement de ces chiffres et de ceux donnés ci-dessus montre que si le nombre des coopératives est resté le même en 1936, les renseignements sur environ 400 d'entre elles font défaut. Le montant des avances globales de la Banque agricole et coopérative aux coopératives est de 923 millions de leva, supérieur d'environ 100 millions au chiffre qui figure dans le bilan d'ensemble reproduit ci-dessus. 55% des avances et prêts consentis par les coopératives agricoles tombent sous le coup des dispositions de la loi sur l'allégement des débiteurs ; cela ne signifie pas que l'on puisse récupérer l'intégralité des 45% restants. L'insuffisance des sommes en caisse, l'importance des pertes des années antérieures, celle des postes « Pertes et profits » et « Frais généraux » qu'aucun poste du passif ne vient balancer, tout montre la mauvaise situation des coopératives agricoles.

Les banques coopératives, appelées banques populaires, sont en position comparativement meilleure. L'exposé simplifié des principaux postes de leur balance d'ensemble en juillet 1935 et juillet 1936 est donné ci-après :

	Juillet 1935	Juillet 1936
Nombre des banques	287	291
<i>Actif :</i>		
	(En millions de leva)	
Caisse et banques	551,8	568,2
Prêts et avances	2.767,0	2.904,9
dont : en recouvrement forcé		
passibles d'allégement	555,5	392,1
Immeubles et participations	425,2	462,2
		704,8
<i>Passif :</i>		
Capital et réserves	917,9	929,9
Fonds d'amortissement	46,3	63,3
Dépôts	2.167,5	2.297,8
Dettes	612,5	629,0
Garanties	164,0	185,2

Ces banques sont, à l'exception d'une cinquantaine, réunies en associations centrales, l'Union des Banques populaires et l'Union des Banques coopératives populaires.

Les banques versent aux unions centrales leurs soldes disponibles qui sont répartis comme crédits entre les différents membres de l'Union. L'on ne peut juger de la liquidité des banques d'après l'importance du poste « Caisse et banque » inscrit dans le bilan d'ensemble ci-dessus, car ce poste renferme principalement les dépôts chez les unions de sommes qui sont prêtées à nouveau aux autres membres de l'union. Par exemple, l'Union des Banques populaires a, au 31 décembre 1935, reçu en dépôt de ses membres 244,9 millions de leva, alors que les crédits à ses membres s'élèvent à 301,6 millions et que sa propre position de caisse est de 39,2 millions. Il résulte clairement, en tout cas, des chiffres donnés plus haut que les banques populaires travaillent, en général, avec leur propre capital et leurs dépôts, et que leur endettement envers des créanciers extérieurs au système reste faible (au contraire les coopératives de crédit agricole sont, en réalité, débiteurs seulement de la Banque agricole et coopérative et de créanciers extérieurs à leurs organisations). Les créances des banques populaires sont de médiocre qualité ; en juillet 1936, 13,5% de leur total était en recouvrement forcé, et 24,3% passibles de la loi sur l'allégement des débiteurs. Une comparaison avec les coopératives de crédit agricole ne peut être faite sur la base des chiffres, parce que les coopératives n'ont pas l'habitude de poursuivre par contrainte le recouvrement de leurs créances et que les créances en « recouvrement forcé » n'existent pratiquement pas ; elle ne peut résulter que des renseignements donnés par les dirigeants de ces institutions, d'où il apparaît que 80% au moins des créances sont exigibles et irrécouvrables. Il est à remarquer une fois de plus que la loi sur l'allégement des débiteurs n'a pas apporté un réel allégement aux coopératives de crédit et aux banques populaires ; pour ces dernières, l'application de la loi d'allégement à 704,8 millions de créances n'a réduit que de 163 millions les créances en recouvrement forcé. En outre, le problème reste posé pour les banques populaires et les coopératives de crédit de savoir comment faire face au paiement des intérêts élevés dus aux dépôts, alors que les obligations de la Caisse d'amortissement rapportent seulement 3% par an.

c) *Banques privées* (cf. appendice IIc).

La tendance des banques privées à réduire les prêts et avances persiste, mais, par contre, ce qui est un signe favorable, le portefeuille commercial a considérablement augmenté. Les dépôts d'épargne et les dépôts commerciaux étaient, à la fin de juin 1936, plus élevés qu'à la même date de 1935, et le portefeuille réescompte était accru ; le montant des créances douteuses et des effets protestés était réduit. Il faut remarquer toutefois que cette activité est due à quelques banques seulement parmi lesquelles la banque Crédit bulgare, créée assez récemment, joue un rôle particulièrement important.

d) *Banque hypothécaire*.

Certains amendements aux statuts de la Banque hypothécaire ont été rendus nécessaires pour adapter son activité à la qualité nouvelle du propriétaire (*Journal Officiel* nos 216 et 234 des 24 septembre et 16 octobre 1936). La Banque agricole et coopérative est subrogée à tous les droits accordés par les statuts au groupe étranger antérieurement intéressé à la Banque hypothécaire. Le privilège accordé à la Banque de traiter en francs suisses est supprimé, et toutes les dispositions relatives au franc suisse (notamment les prêts hypothécaires accordés par la Banque) sont transformées en leva au cours de 26,71 leva pour 1 franc suisse. Aucun changement important n'a été, jusqu'à présent, apporté à la direction ni à l'activité de la Banque.

e) *Allégement des débiteurs*.

Si les chiffres ne sont pas encore définitifs, la situation peut toutefois être dégagée dans ses grandes lignes : 278.742 demandes portant sur 9.744,4 millions ont été présentées par des débiteurs directs, et 21.621 demandes pour 655 millions par des débiteurs au titre des garanties données. Allégement a été consenti à 229.601 débiteurs pour 6.947 millions de leva et a été refusé à 51.647 débiteurs pour 2.566 millions. Il apparaît que 19.000 demandes environ pour 866 millions de leva n'ont pas encore été jugées.

Le total des dettes convertibles en obligations de la Caisse d'amortissement est évalué par la Direction de la Caisse à 5.800 millions de leva, et la créance réduite sur les débiteurs transférée à la Caisse est de 4.100 millions auxquels s'ajoutent 1.350 millions d'intérêts cumulés. Les intérêts dus par les débiteurs à la Caisse pour la période août 1935-août 1936 s'élèvent à 204 millions : les paiements effectués au 16 novembre 1936 étaient de 137 millions en espèces et de 11,5 millions en obligations. Si l'on considère les versements en espèces comme représentant uniquement le paiement des intérêts (les obligations ne peuvent être employées que pour le remboursement de la dette en capital), l'on en déduit que 67% environ du montant des échéances est régulièrement acquitté, ce qui est un résultat plus satisfaisant qu'on ne l'espérait. Au cas où cette proportion serait maintenue à l'avenir, la subvention du Trésor public à la Caisse pour les deux premières années de fonctionnement (1936-37) n'excéderait pas 117 millions par an, représentant le déficit annuel de la Caisse ; celle-ci, en effet, devrait payer 3% d'intérêt sur 5,8 milliards d'obligations plus 2% de bonification supplémentaire sur 2,5 milliards d'obligations qui sont dans le portefeuille de la Banque agricole et coopérative ; elle recevrait par contre des débiteurs 137 millions de leva par an. Le déficit serait de $174 + 50 - 137 = 87$ millions de leva par an ; les frais d'administration, estimés à environ 30 millions par an, porteraient le déficit à 117 millions environ.

III. COMMERCE EXTÉRIEUR (cf. appendice III).

L'examen des chiffres globaux du commerce extérieur fait apparaître une nouvelle amélioration de la situation. La valeur des importations des dix premiers mois de l'année courante dépasse de 112 millions de leva celle des importations de la même période de l'année précédente : la valeur des exportations s'est accrue de 225 millions de leva. L'excédent favorable de la balance a augmenté de 191 à 305 millions de leva d'une année à l'autre.

La position prépondérante de l'Allemagne comme client et comme fournisseur de la Bulgarie s'est encore renforcée : sa part dans les importations est passée de 57 à 62% et, dans les exportations, de 43 à 48% du total. La balance commerciale est en faveur de l'Allemagne pour un montant de 205 millions de leva alors qu'elle l'était seulement de 20 millions de leva à la même époque de l'année dernière. C'est la conséquence, d'une part, de la pression exercée par l'accroissement des soldes créditeurs en marks bloqués et, d'autre part, des importations massives de matériels techniques faites par l'Etat sur crédits à court terme.

Les importations des autres pays à clearing sont en baisse, particulièrement celles en provenance de Suisse, de Tchécoslovaquie, d'Italie et d'Espagne ; toutefois, les importations de Pologne ont considérablement augmenté (81 millions de leva contre 23).

Côté exportation : la Grande-Bretagne a pris la seconde place parmi les clients de la Bulgarie (10% du total des exportations) avec une augmentation de 185 millions de leva. On constate aussi un accroissement des exportations vers la Belgique et la Pologne, alors que celles vers la Tchécoslovaquie et l'Italie sont réduites de près de moitié.

Ce qui précède montre, semble-t-il, en premier lieu que dès le relâchement de la réglementation, le commerce extérieur s'est orienté vers les pays à change libre ; en second lieu, que l'on ne peut parvenir à limiter la place prépondérante prise dans le commerce d'exportation par un marché déterminé qu'à la longue, et que cette prépondérance est surtout le fait d'une réglementation artificielle des changes.

L'exportation principale bulgare, celle du tabac, a diminué de 6.400 tonnes et de 340 millions de leva en valeur (sur une exportation de 19.500 tonnes) ; celle du colza est pratiquement réduite à rien (— 46 millions de leva). L'exportation du raisin est tombée de 30.600 tonnes à 22.300 (moins de 29 millions de leva en valeur), conséquence de la mauvaise qualité de la récolte et des bas prix fixés en Allemagne par les autorités compétentes. Ces réductions ont été plus que compensées par l'augmentation des exportations en céréales (blé, 81.000 tonnes contre 26.000, mais 84.000 tonnes contre 3.000) et de quantité d'autres articles tels que les œufs, le lard, la viande fraîche, les tourteaux, les peaux brutes. L'exportation de l'huile de tournesol a pris un développement intéressant (3.800 tonnes contre 1.400 tonnes, représentant une augmentation en valeur de 31 millions de leva). Les nouveaux contingents fixés par la Grande-Bretagne pour le bacon ont réduit les exportations de ce produit à presque rien et ruiné l'espoir de créer en Bulgarie une industrie du bacon ; l'exportation, en Allemagne principalement, des porcs engraisés s'est substituée en partie à celle du bacon.

La réglementation du commerce extérieur a été amendée (*Journal officiel* n° 247 du 31 octobre 1936) et, à dater du 1^{er} novembre, il n'existe plus qu'une seule liste de compensation. L'on a voulu unifier ainsi les primes sur les devises étrangères. Les compensations ne sont autorisées, en principe, que dans la limite de contingents ordinaires ; l'importation des articles de luxe énumérés à l'article 5 de l'ordonnance générale sera réglée suivant les cas d'espèce. Le maximum de 35% fixé le 6 juin pour la prime de compensation est confirmé.

Les pertes des exportateurs bulgares, du fait de leurs créances ou de contrats non exécutés dans les pays dont les monnaies ont été dévaluées, sont peu importantes.

IV. AGRICULTURE.

La récolte de cette année est considérée comme bonne, aussi bien pour les céréales que pour les plantes industrielles. Les chiffres donnés par la Direction générale de la Statistique et reproduits ci-dessous montrent que la récolte de blé a été supérieure d'environ 175.000 tonnes à la moyenne des récoltes de 1930-1934 ; cet excédent est d'environ 150.000 tonnes pour l'ensemble des céréales. Ces renseignements sont sujets à caution : les méthodes appliquées pour l'établissement des statistiques ont changé entre temps et les chiffres sont difficilement comparables ; les chiffres relatifs à la récolte 1935 n'ont pas pu être publiés tellement les estimations semblaient manquer de base ; c'est ainsi que les surfaces ensemencées en 1935 apparaissaient comme inférieures de 300.000 hectares, soit 12%, à celles ensemencées en 1934, ce qui est peu probable.

	Surfaces ensemencées (1.000 ha.)		Production (1.000 ha.)	
	1935/36	Moyenne 1930-1934	1935/36	Moyenne 1930-1934
<i>Céréales</i>	2.317	2.675	3.270	3.118
dont : Blé	1.142	1.246	1.614	1.439
Maïs	601	704	886	858
<i>Plantes industrielles</i>	254	163	—	—
Tabac	37	27	30	24
Betterave	5	12	62	221
Tournesol	156	86	181	75
Coton	29	12	20	6

Une indication sur la récolte de cette année résulte de l'importance comparée des opérations faites par la Direction des céréales en 1936 et en 1935 : au 31 octobre, la Direction avait acheté 438.400 tonnes contre 262.600 en 1935, soit un surplus de 175.800 tonnes. En ce qui concerne les plantes industrielles, l'augmentation porte pour toutes les plantes, à l'exception de la betterave à sucre, aussi bien sur les surfaces ensemencées que sur les quantités recueillies. La récolte de tabac, qui figure pour 30.000 tonnes dans le tableau ci-dessus, est estimée devoir atteindre 34.000 tonnes ; la qualité serait inférieure à celle de l'année dernière, mais, étant donné l'épuisement des stocks des vieux tabacs, l'on espère une vente facile à des prix rémunérateurs.

Les achats et les ventes comparés de la Direction des céréales sont résumés comme suit :

<i>Avoir :</i>	31 octobre 1936	31 octobre 1935
	(1.000 tonnes)	
Stocks de la précédente récolte	44,9	—
Achats de la dernière récolte	438,4	262,6
 <i>Cessions :</i>		
Consommation du pays	98,8	56,3
Population improductive	0,8	0,5
Soldats et prestataires.	8,7	4,1
Pour semences	0,2	11,2
Exportation	70,6	12,3
	<hr/>	<hr/>
Stocks en magasin	179,1	84,3
	304,2	178,3

La Direction disposerait, d'ores et déjà, d'un surplus exportable d'environ 70.000 à 80.000 tonnes. Les achats jusqu'à la prochaine récolte viendront augmenter ce surplus.

V. LÉGISLATION.

a) *Les lois sur les contrats de travail.*

La loi du 5 septembre (*Journal officiel* n° 200) adapte aux conditions actuelles les contrats de travail.

La loi du 22 septembre (*Journal officiel* n° 214) autorise les associations ouvrières légales et les entrepreneurs individuellement ou réunis en associations patronales à conclure des contrats collectifs de travail qui deviennent obligatoires pour les deux parties, nonobstant l'opposition éventuelle des employeurs ou des ouvriers n'appartenant pas aux associations intéressées.

Tous les conflits du travail sont soumis à l'arbitrage de commissions créées spécialement à cet effet et dont les décisions ont force de contrats collectifs. Les grèves et lock-outs, considérés comme moyen de résoudre les conflits du travail, sont interdits. Toutefois, l'employeur conserve le droit de fermer son entreprise, soit en cas de force majeure, soit lorsque après avoir payé les salaires dus en vertu des contrats en vigueur, il apparaît comme n'ayant pas l'intention d'agir sur le taux des salaires ou d'intervenir dans les conflits du travail.

b) *Consolidation des dettes envers la Caisse d'épargne postale.*

Les prêts accordés par la Caisse d'épargne postale en vertu de l'article 18 de la loi sur cette Caisse, à savoir 57,2 millions de leva à la Direction générale des chemins de fer, et 235,9 millions à la Direction générale des postes, télégraphes et téléphones, sont convertis en emprunt à 4½%, remboursables en dix annuités payables semestriellement (*Journal officiel* n° 204 et 205 des 10 et 11 septembre 1936).

Un nouvel emprunt de 60 millions de leva a été consenti par la Caisse d'épargne postale à la Direction générale des chemins de fer. Cét emprunt portera un intérêt supérieur de 1% à l'intérêt que la Caisse d'épargne sert elle-même à ses déposants ; il est remboursable en quarante semestrialités dont la première est fixée au 1^{er} mai 1939 (*Journal officiel* n° 206 du 12 septembre 1936).

VI. GÉNÉRALITÉS.

a) *Prix.*

Une étude détaillée de l'évolution des prix en Bulgarie a été donnée dans le trentième rapport (page 9). Cette évolution continue à se développer favorablement. L'index général des prix de gros est supérieur de 7% à celui de septembre 1935 ; les prix des articles d'exportation ont augmenté de 23% alors que ceux des articles importés ont diminué de 11% ; l'index des articles produits et consommés dans le pays s'élève de 3% ; l'index des prix de détail baisse de 2%, et le coût de la vie dans les villes, de 5%.

b) *Production industrielle.*

La production industrielle des huit premiers mois est évaluée à 3.361 millions de leva contre 2.965 millions l'année dernière (+17%). Les ventes ont augmenté en proportion.

VII. ETABLISSEMENT DES RÉFUGIÉS BULGARES.

1. Position au 31 octobre 1936 du compte bloqué de l'emprunt 1926.		Leva
Produit net		1.614.296.149
Dont mis à la disposition du service d'établissement		1.610.824.302
		<hr/>
Solde en dépôt à la Banque nationale		3.471.847

2. Rendement des revenus gagés.

Chapitres du budget	Encaissements		1/12 des évaluations budgétaires
	Septembre	Octobre	
	(En millions de leva.)		
11. Accise sur le sel étranger, le café et autres marchandises et boissons étrangères	12,1	10,7	15,9
12. Accise sur le vinaigre, la bière, l'acide carbonique et autres boissons indigènes et accise sur l'alcool	5,6	1,7	4,7
15. a) Accise sur le sel	7,4	4,6	4,2
b) Accise sur le sucre et la glucose	24,6	15,0	22,7
c) Accise sur le riz et autres marchandises indigènes	4,1	2,9	3,8
31. Vente des allumettes	8,2	8,1	6,7
Total	62,0	43,0	58,0

Les versements des réfugiés affectés au remboursement des dépenses d'établissement ont atteint les montants ci-après (leva) :

	Septembre	Octobre	Antérieurs	31 octobre 1936
Intérêts	157.979	97.188	10.709.473	10.964.640
Amortissement et impôt foncier	81.402	18.247	24.018.104 ¹	24.117.753
Total	239.381	115.435	34.727.577	35.082.393

¹ Chiffre rectifié.

3. Utilisation de l'emprunt.

	Leva
Les engagements restant à régler au 31 octobre 1936 s'élèvent à	4.787.555
Pour y faire face, la Direction générale de la Dette publique dispose de :	
Banque nationale, compte Commissariat	3.471.847
Banque nationale	1.315.708
	<hr/>
	4.787.555

VIII. EMPRUNT DE STABILISATION 7½% 1928.

1. Position au 31 octobre 1936 du compte bloqué de l'emprunt.

	Leva
Produit net	3.370.065.553
Dont mis à la disposition des administrations	3.370.065.553
	<hr/>
Compte soldé	—

2. Rendement des revenus gagés (douanes).

	(En millions de leva.)		
Septembre	Septembre	Octobre	1/12 des évaluations budgétaires
72,0	72,0	76,3	60,75

3. *Utilisation du produit de l'emprunt.*

I. *Chemins de fer et ports.*

		Leva
La totalité de cette tranche s'est montée à		672.300.000
dont engagés au 31 octobre 1936.		<u>672.300.000</u>
Solde non engagé		—
Reste à payer sur engagements pris		<u>91.569</u>
Solde à engager ou à payer		91.569
Sommes aux mains de l'Administration.	1.528.918	
Solde à recevoir du produit de l'emprunt	<u>—</u>	

II. *Routes et ponts.*

La totalité de cette tranche s'est montée à		182.031.732
dont engagés au 31 octobre 1936.		<u>181.844.182</u>
Solde non engagé		187.550
Reste à payer sur engagements opérés		—
Sommes aux mains de l'Administration.	187.550	
Solde à recevoir du produit de l'emprunt	<u>—</u>	<u>187.550</u>

Appendice I.

**a) RÉSULTATS PROVISOIRES DES DIX PREMIERS MOIS DE L'EXERCICE 1936
COMPARÉS AUX RÉSULTATS DES EXERCICES PRÉCÉDENTS.**

	Données annuelles			Résultats provisoires 1 ^{er} janvier-31 octobre 1936			%
	Résultats définitifs		Prévisions budgétaires 1936 (12 mois)	1935	1936		
	1934 (9 mois)	1935 (12 mois)			Recettes effectives	10/12 des prévisions 1936	
(En millions de leva.)							
I. RECETTES.							
A. Budget de l'Etat :							
I. Recettes fiscales :							
1. Impôts directs	394,4	382	352,1	438,3	318,3	137,6	
2. Impôts indirects :							
Douanes	821,8	920	657,2	764,5	766,7	99,7	
Accises	1.214,9	1.464,6	1.018,4	1.093,1	1.220,5	89,2	
Enregistrem.	90	102	73,7	76,1	85	89,5	
Timbre	285,1	330	234,7	289,5	275	105,2	
3. Amendes et con- fiscations	88,5	87	73,1	60,6	72,5	83,5	
4. Monopoles	117,2	125	94,8	102,8	104,2	98,6	
5. Exercices clos	292,2	250	254,2	219,3	208,4	105,2	
II. Autres recettes :							
6. Entreprises d'Etat	547,6	654,7	407,3	481,4	545,6	88,2	
7. Participation des communes aux appointements des instituteurs et médecins	286,8	412	227,7	304	343,4	88,5	
8. Recettes diverses	705,6	467,6	338,6	347,2	389,7	89	
9. Nouveaux fonds incorporés	346,8	376,8	284,4	322,2	314	102,5	
III. 10. Recettes extra- ordinaires	—	172	—	117,5	143,3	81,9	
IV. Recettes d'ordre :							
II. Reprises en re- cettes des sol- des non trans- férés du service de la dette ex- térieure	531,9	419,8	291,3	218,2	349,8	62,3	
V. Ressources d'emprunts 1936	—	—	—	189,7 ³	—	—	
Total	4.114,2¹	5.722,8¹	6.163,5	4.307,5	5.024,4	5.136,4	94,1
Total des recettes réelles (sans N° II)	3.938,6¹	5.191,0¹	5.743,7	4.016,2	4.806,2	4.786,6	100,4
B. Budget des chemins de fer et ports	915,5	1.214,8	1.393	1.055	1.119,2	1.160,8	96,4
Total général	5.029,7¹	6.937,6¹	7.556,5	5.362,5²	6.143,6	6.297,2	94,5
Total général, non compris N° II	4.854,1¹	6.405,6¹	7.136,7	5.071,2	5.925,4	5.947,4	99,6

¹ Pour rendre possible la comparaison des budgets 1934/35 (9 mois) et 1935 avec le budget 1936, il a été ajouté en recettes et en dépenses un montant de 141,4 millions pour le budget 1934 et de 323,7 millions pour le budget 1935 représentant, approximativement, les recettes et les dépenses des fonds qui sont incorporés dans le budget 1936 et étaient gérés en dehors des budgets 1934/35 et 1935.

² Ce total comprend, pour un montant de 333,3 millions de leva, des recettes qui avaient été faites hors budget au titre, en particulier, de fonds incorporés par la suite au budget de 1936.

³ Montant du prélèvement effectué au 31 octobre sur le produit des emprunts (300 millions) destinés à régler les dépenses du budget extraordinaire promulgué le 20 mars 1936.

Appendice I (suite).

**a) RÉSULTATS PROVISOIRES DES DIX PREMIERS MOIS DE L'EXERCICE 1936
COMPARÉS AUX RÉSULTATS DES EXERCICES PRÉCÉDENTS (suite).**

	Données annuelles			Résultats provisoires 1 ^{er} janvier - 31 octobre 1936		
	Résultats définitifs		Prévisions budgétaires 1936 (12 mois)	1935	1936	
	1934 (9 mois)	1935 (12 mois)			Dépenses effectives	Dépenses autorisées par budgets mensuels
II. DÉPENSES.						
A. Budget de l'Etat.						
<i>a)</i> Pouvoir suprême						
	39,4	37,6	33,8	30,7	31,2	
	19	20,4	15	15,7	16,9	
	146,9	156,8	105,2	118,8	130,7	
	352,6	476	233,2	330,3	388,3	
	720,6	873,9	539,9	687,1	725	
	2.325,2	2.443,4	1.595,2	1.690,8	1.849,5	
	161,1	166,3	113,1	131,5	138,5	
	1.006,7	1.051,8	610,8	746,4	951	
				51,7	54,7	
	300,5	396,9	203,3	222,3	267	
	478,2	540,5	291,1	396,2	457,2	
	—	134,7	—	236,5 ²	—	
	141,4 ¹	323,7 ¹	—	217,6 ²	—	
	—	—	—	469,2	543,4	—
<i>b)</i> Dépenses en souffrance	—	—	—	469,2	543,4	—
Total A	4.492,6¹	6.008,6	6.163,5	4.539,3	5.201,4	5.010
B. Budget des chemins de fer.						
<i>a)</i>	786,9	1.207	1.393	782,2	1.113,7	1.125
<i>b)</i> Dépenses en souffrance	—	—	—	397,1	62,7	—
Total B	786,9	1.207	1.393	1.179,3	1.176,4	1.125
Total général	5.279,5¹	7.215,6	7.556,5	5.718,6	6.377,8	6.135
Total général non compris les dépenses correspondant aux soldes non transférés de la Dette publique	5.103,9¹	6.683,6¹	7.136,7	5.427,3	6.159,6	5.785,2
Déficit	249,8	278	—	356,1	234,2	162,2

¹ Pour rendre possible la comparaison des budgets 1934/35 (9 mois) et 1935 avec le budget 1936, il a été ajouté en recettes et en dépenses un montant de 141,4 millions pour le budget 1934 et de 323,7 millions pour le budget 1935 représentant, approximativement, les recettes et les dépenses des fonds qui sont incorporés dans le budget 1936 et étaient gérés en dehors des budgets 1934/35 et 1935.

² Dépenses effectuées en dehors du budget ordinaire 1935, au titre, en particulier, de fonds incorporés par la suite au budget 1936.

³ Dont 189,7 sur crédits extraordinaires alimentés par des ressources d'emprunt (voir note 2 de la page précédente).

Appendice I (suite).

b) RÉSULTATS MENSUELS DES DEUX DERNIERS MOIS.

	Septembre				Octobre		
	1/12 du budget autorisé	1935	1936		1935	1936	
			Effec- tives	Budget mensuel		Effec- tives	Budget mensuel
(En millions de leva.)							
RECETTES.							
A. Budget de l'Etat :							
I. Recettes fiscales :							
1° Impôts directs . . .	31,8	20,6	43,7	40	54,9	45,2	57
2° Impôts indirects :							
Douanes	76,7	69,2	84,1	72	82,7	87	78
Accises	122,1	105,5	130	112	121,9	105,3	114
Enregistrement	8,5	7,3	8,5	8	8,1	8,5	7
Timbre	27,5	26,3	36,8	30	30,1	35,7	30
3° Amendes et con- fiscations	7,2	7,2	6,2	5,5	12,7	9,6	5,5
4° Monopoles	10,4	10,5	11,6	10	12,4	12,2	10
5° Exercices clos	20,8	23,6	17,4	20	52,2	35,4	20
Total des recettes fiscales	305	270,2	338,3	297,5	375	338,9	321,5
II. Recettes diverses :							
6° Entreprises d'Etat	54,6	45,8	54	55,4	44,4	71,9	54,4
7° Participation des communes aux appointements des instituteurs et médecins	34,3	21,1	26,3	32	22,8	36,7	34
8° Recettes diverses	39	35,2	35,5	33,1	42,1	40,7	32,1
9° Nouveaux fonds incorporés	31,4	33,1	42	32	46,3	40,3	28
Total des recettes diverses	159,3	135,2	157,8	152,5	155,6	189,6	148,5
III. 10° Recettes extraordi- naires							
	14,3	—	23,4	15	—	6,9	15
IV. Recettes d'ordre :							
11° Reprise en recet- tes des soldes non transférés de la dette publique extérieure	35	—	21,4	35	91,9	10,3	35
V. Prélèvement sur produits emprunts 1936							
	—	—	30,7	—	—	49,9	—
Total	513,6	405,4	571,6	500	622,5	595,6	520
Total des recettes réelles (sans les soldes) (N° II)	(478,6)	(405,4)	(550,2)	(465)	(530,6)	(585,3)	(485)
B. Chemins de fer et ports							
	116,1	133,6	140,2	120	164,8	147,5	105
Total mensuel général	629,7	539	711,8	620	787,3	743,1	625
Total mensuel, non compris les sommes récupérées	(594,7)	(539)	(690,4)	(585)	(695,4)	(732,8)	(585)
DÉPENSES.							
A. Budget de l'Etat							
	513,6	486,3	520	500	560,3	527,8	520
B. Chemins de fer et ports							
	116,1	92,2	142,7	120	141,1	140,7	105
Total des dépenses	629,7	578,5	662,7	620	701,4	668,5	625
Dépenses en souffrance (+ ou — au cours du mois)	—	+ 7,1	— 19,2	—	+ 141,4	+ 20,2	—
Total mensuel général	629,7	585,6	643,5	620	842,8	688,7	625
Total mensuel, non compris les dépenses correspon- dant aux soldes non transférés de la dette publique extérieure.	(594,7)	(585,6)	(622,1)	(585)	(750,9)	(678,4)	(590)

Appendice I (fin).

c) SITUATION DÉTAILLÉE ET COMPARÉE DES RECOUVREMENTS DES IMPÔTS DIRECTS POUR LES DIX PREMIERS MOIS DE L'EXERCICE 1936.

Impôts	Résultats 1 ^{er} janvier-31 octobre				Prévisions 1936	
	1935	1936	+ ou -	% de 1936 par rapport à 1935	Quote-part exigible	% des recouvrements
	(En millions de leva.)					
Impôts cédulaires	182,6	250,3	+ 67,7	137	166	150
Impôt sur le revenu global	12,1	11,1	- 1	92	12,5	90
Impôt sur les sociétés	19,2	42,9	+ 23,7	171	16	267
Impôt sur les brebis et les chèvres	41,9	40,8	- 1,1	98	44	93
Impôt sur l'exemption de la prestation	32	43,4	+ 11,4	135	37	120
Impôt militaire	21,5	23,4	+ 1,8	108	21	111
Impôt sur les successions	33,4	26,3	- 7,1	79	28	94
Total	342,8	438,3	+ 95,4	128	324,5	135
Impôts arriérés	240	206,4	- 33,6	86	1.425,6	14
Amendes et intérêts de retard sur impôts arriérés	47,4	35,8	- 11,6	76	208,3 ¹	99
Total général	630,2	680,5	+ 50,3	108	45,8 ¹	78
					578,6	117

¹ 10/12 des prévisions budgétaires.

d) SITUATION DE LA TRÉSORERIE EN SEPTEMBRE-OCTOBRE 1936.

	Septembre	Octobre
	(En millions de leva.)	
Solde au début du mois du compte du Trésor à la Banque nationale	635,5	672,6
Budget de l'Etat et des chemins de fer :		
Encaissements	711,8	743,1
Décaissements	662,8	668,5
	+ 49	+ 74,6
Ressources extrabudgétaires :		
Diverses	+ 17,8	+ 3
Emission de bons du Trésor	—	—
Emission d'obligations (emprunt 1936)	- 29,7	- 49,1
	- 11,9	- 46,1
Solde en fin de mois du compte du Trésor	672,6	701,1
Paiements exigibles en souffrance (non compris les dettes à long terme consolidées ou en suspens)	585,8	606,1
Solde	+ 86,8	+ 95

Appendice II.

a) SITUATION DE LA BANQUE NATIONALE DE BULGARIE.

(En millions de leva.)

ACTIF.	15 novembre 1934	15 novembre 1935	15 août 1936	15 novembre 1936
Or monnayé et non monnayé	1.547	1.583	1.607	1.618
Devises	206	318	493	654
Monnaies divisionnaires	449	400	513	385
Portefeuille et avances de commerce .	413	582	356	574
Bons du Trésor	651	755	1.032	1.134
Dette de l'Etat	2.755	2.671	2.671	2.671
Autres avoirs	366	326	286	316
Balance	6.680	6.911	7.285	7.661
PASSIF.				
Capital versé et réserve	1.739	1.753	1.744	1.742
Billets de banque en circulation . . .	2.544	2.353	2.362	2.590
Comptes courants et de dépôts	1.853	2.003	1.998	2.393
dont de banques	(619)	(617)	(738)	(984)
Exigibilités en devises	75	136	140	64
Autres exigibilités	329	539	920	753
Couverture %	33,57	33,45	33,90	32,47
Taux de l'escompte	7	6	6	6
Circulation totale	3.736	3.595	3.491	3.847

b) CHANGE ACHETÉ ET VENDU PAR LA BANQUE NATIONALE DE BULGARIE
PENDANT LA PÉRIODE JANVIER-OCTOBRE 1935 ET 1936.

	1935			1936		
	Devises libres	Devises bloquées	Total	Devises libres	Devises bloquées	Total
(En millions de leva.)						
<i>Change acheté.</i>						
Exportation	208,0	1.607,2	1.815,2	402,2	1.646,2	2.048,4
Services privés	40,0	46,4	86,4	42,3	68,2	110,5
Services publics	24,3	4,9	29,2	27,7	9,8	37,5
Voyageurs	9,8	29,8	39,6	12,2	16,5	28,7
Revenus de placements à l'étranger	1,4	4,8	6,2	0,8	10,1	10,9
Autres revenus privés	14,7	15,3	30,0	12,5	12,3	24,8
Importations de capitaux à long terme	1,9	33,4	35,3	2,5	112,3	114,8
Crédits étrangers à court terme . . .	60,8	57,3	118,1	171,3	—	171,3
Réévaluation	14,3	21,1	35,4	17,5	40,3	57,8
Non indiqués	34,1	27,8	61,9	24,4	7,2	31,6
Dépôts retirés de la Banque natio- nale bulgare	13,4	1,2	14,6	168,6	1,4	170,0
Total	422,6	1.849,3	2.271,9	881,8	1.924,3	2.806,1
<i>Change vendu.</i>						
Importation	93,2	1.429,3	1.522,5	116,5	1.764,2	1.880,7
Services publics	1,5	19,1	20,6	0,9	24,6	25,5
Dépenses de particuliers	22,1	76,3	98,4	22,5	94,6	117,1
Intérêts et dividendes	5,2	4,0	9,2	1,1	6,3	7,4
Service de la dette publique	116,8	68,8	185,6	100,7	5,6	106,3
Autres dépenses de l'Etat	42,5	50,4	92,9	51,1	64,5	115,6
Remboursement de crédits à court terme	62,0	42,5	104,5	170,7	1,4	172,1
Remboursement de crédits à long terme et exportation de capi- taux	2,5	63,4	65,9	7,3	38,5	45,8
Réévaluation	6,2	22,6	28,8	11,7	33,3	45,0
Non indiqués	12,8	26,4	39,2	86,0	7,0	93,0
Dépôts reçus par la Banque natio- nale bulgare	59,2	54,2	113,4	171,1	—	171,1
Total	424,0	1.857,0	2.281,0	739,6	2.040,0	2.779,6

Appendice II (fin).

c) ENGAGEMENTS DE LA BULGARIE EN EFFETS COMMERCIAUX ENVERS L'ÉTRANGER.

	1 ^{er} avril 1933	1 ^{er} novembre 1934	1 ^{er} novembre 1935	1 ^{er} novembre 1936
	(En millions de leva)			
Italie.	271,4	393,1	8,8	0,1
Tchécoslovaquie	239,3	76,3	26,8	10,3
Empire britannique	148,9	99,7	111,2	87,0
Allemagne	118,5	—	—	—
France	64,0	28,0	18,2	6,2
Belgique et Luxembourg	61,2	0,3	0,4	0,5
Suisse	34,4	42,0	0,7	0,3
Etats-Unis	28,1	15,9	16,8	7,0
Hollande	22,4	10,9	20,2	8,1
Hongrie	18,8	1,1	1,0	—
Autriche	13,5	40,8	1,6	—
Turquie	10,7	3,2	0,7	0,1
Grèce	10,5	1,1	0,3	0,2
Pologne	10,3	3,5	1,9	2,0
Roumanie	9,5	5,9	1,0	0,5
Suède	5,5	3,0	2,8	2,5
Yougoslavie	3,6	5,1	—	—
Egypte	3,3	0,8	0,1	0,0
Espagne	2,4	1,2	0,8	0,5
Argentine	—	2,7	1,7	0,9
Total.	1.095,7¹	737,7	216,8	128,2

¹ Chiffre-record.

d) SITUATION DES BANQUES PRIVÉES EN BULGARIE AUX 30 JUIN 1935 ET 30 JUIN 1936.

	1935	1936
	(En millions de leva)	
ACTIF.		
1. Caisse et Banque nationale	351,0	352,1
2. Autres banques	107,4	116,1
3. Effets escomptés.	1.126,9	1.412,8
4. Avances	1.974,5	1.555,9
5. Gages	264,6	312,3
6. Placements	230,4	278,5
7. Immeubles et mobiliers	262,5	255,5
8. Contentieux et effets	651,7	570,6
9. Divers	496,4	524,1
Balance	5.465,4	5.377,9
PASSIF.		
1. Capitaux	1.108,5	1.018,5
2. Dépôts d'épargne	1.229,9	1.309,3
3. Dépôts commerciaux	1.380,5	1.386,2
4. Autres créditeurs	524,9	366,4
5. Banques	59,0	45,2
6. Réescompte.	266,2	398,9
7. Gages	264,6	312,3
8. Succursales	209,8	237,2
9. Divers	422,0	303,9
Balance	5.465,4	5.377,9
% de l'encaisse envers dépôts	13,4	13,1
% du contentieux envers avances et effets escomptés	21,0	19,2

Appendice III.

MOUVEMENTS DES PRINCIPAUX ARTICLES D'EXPORTATION
PENDANT LES DIX PREMIERS MOIS DE 1935 ET 1936.

	Poids (Milliers de tonnes)		Valeur (Millions de leva)	
	1935	1936	1935	1936
Froment	25,7	80,9	43	203
Orge	1,5	6,6	2	13
Mais	3,3	84,1	6	120
Haricots	13,3	13,1	40	52
Son	4,5	13,9	4	20
Colza	15,1	0,8	49	3
Tournesol	33,4	27,8	83	76
Vesce	2,4	6,1	7	18
Tourteaux	19,5	33,9	32	58
Tabac	19,9	13,5	1.154	813
Charbon de bois	8,9	16,7	8	18
Essence de rose (tonnes)	1,4	1,5	37	37
Huile de tournesol	1,4	3,8	13	44
Noix	0,7	1,7	7	21
Raisins	30,6	22,3	212	183
Pommes	3,4	3,8	20	32
Prunes	4,5	5,1	32	31
Tomates	2,5	4,2	10	21
Gros bétail (1.000 têtes)	15,9	10,3	46	32
Menu bétail (1.000 têtes)	49,2	14,2	12	11
Volailles (1.000 têtes)	1.103,9	261,0	33	9
Volailles abattues	2,5	2,9	67	91
Viande fraîche	0,0	1,2	0	26
Bacon	0,7	0,4	14	7
Saindoux	0,0	1,1	1	32
Fromage	1,5	1,6	39	35
Œufs	11,7	15,9	350	399
Peaux	1,7	2,6	89	149
Divers	30,2	40,6	141	225
Total	247,4	410,1	2.557	2.781

Appendice IV.

Années et mois	Commerce extérieur					Indices économiques							Banque nationale							
	Valeur (millions de leva)			Poids (1.000 t.)		Trans- port par chemin de fer. Mar- chan- dises arrivées (1.000 tonnes)	Volume de la produc- tion indus- trielle 1934/35 = 100	Ventes de détail des coopé- ratives (mil- lions de leva)	Prix de gros 1926 = 100	Coût de la vie 1926 = 100	Total des dépôts ¹ (millions de leva)	Total des place- ments ¹ (millions de leva)	Or	Mon- tant net des devises ²	Porte- feuille commer- cial ³	Dette cou- rante du gou- verne- ment ⁴	Circulation		Couver- ture %	Taux d'es- compte
	Impor- tations	Expor- tations	Balance + ou -	Impor- tations	Expor- tations												de billets de banque	totale		
(En millions de leva.)																				
	Moyenne mensuelle.					Moyenne mensuelle.							Fin.							
1931	388	495	+ 107	24,6	64,1	366	—	—	79,1	89,3	—	—	1.511	257	579	279	2.919	3.629	37,69	9 1/2
1932	289	282	— 7	21,8	49,0	376	—	—	70,3	82,2	—	—	1.519	123	427	423	2.035	3.521	36,07	8
1933	184	237	+ 53	19,2	35,9	335	—	—	61,8	76,3	9.706	10.985	1.545	141	473	818	2.984	3.971	35,39	8
1934	187	211	+ 24	20,5	33,0	327	98,3	—	63,6	71,2	10.024	10.867	1.547	121	373	655	2.449	3.736	35,71	7
1935	251	271	+ 20	23,0	27,3	344	101,7	51,4	65,1	66,6	10.597	10.907	1.591	448	612	910	2.497	3.731	33,37	6
1935 :																				
I	198	129	— 69	18,6	17,6	222	72,2	37,9	64,5	70,6	10.563	10.943	1.547	118	285	655	2.226	3.409	35,12	7
II	168	145	— 23	17,2	12,6	235	79,3	39,4	64,3	71,0	10.635	10.937	1.547	271	264	655	2.176	3.342	33,40	7
III	185	192	+ 7	16,1	9,7	238	84,6	55,2	64,2	70,3	10.524	10.782	1.552	358	181	616	2.140	3.258	34,06	7
IV	254	443	+ 189	22,0	15,6	267	86,1	53,9	66,0	68,4	10.513	10.785	1.568	317	208	416	2.173	3.344	36,20	7
V	283	265	— 18	27,4	23,2	302	92,1	53,0	64,7	68,1	10.564	10.786	1.583	299	218	666	2.123	3.234	33,13	7
VI	281	195	— 86	21,4	13,7	329	92,9	55,9	64,3	68,3	10.485	10.880	1.583	174	281	670	2.152	3.286	33,69	7
VII	199	177	— 22	22,5	18,5	374	93,0	47,4	64,2	68,7	10.534	10,911	1.583	85	281	600	2.133	3.287	35,79	7
VIII	268	151	— 117	26,6	16,6	401	100,5	54,0	64,0	67,9	10.515	10,970	1.583	73	391	600	2.266	3.448	35,53	6
IX	215	304	+ 89	20,8	44,0	465	140,4	49,3	64,4	67,7	10.497	11,117	1.583	93	589	605	2.408	3.669	34,79	6
X	314	556	+ 242	27,7	76,0	507	147,3	47,7	66,6	65,7	10.484	10,998	1.583	112	605	755	2.413	3.681	33,65	6
XI	355	401	+ 45	30,6	56,6	425	109,7	56,2	66,9	66,1	10,713	10,867	1.583	373	554	755	2.303	3.521	33,71	6
XII	288	296	+ 8	25,5	23,0	359	122,1	68,5	66,7	66,2	11,136	10,912	1.591	448	612	910	2.497	3.731	33,37	6
1936 :																				
I	181	376	+ 195	17,4	15,3	229	78,9	48,4	65,8	65,9	11,265	10,865	1.591	383	294	1.010	2.177	3.296	34,18	6
II	303	250	— 53	22,7	14,6	235	90,9	42,1	65,2	66,3	11,452	10,917	1.591	329	216	1.010	2.113	3.221	35,13	6
III	220	232	+ 12	18,9	17,6	258	108,3	54,1	64,7	66,0	11,360	10,920	1.591	237	239	928	2.293	3.417	36,06	6
IV	270	238	— 32	24,8	26,1	255	95,2	55,6	66,4	64,0	11,285	10,963	1.591	247	344	1.028	2.252	3.349	33,65	6
V	296	203	— 93	27,0	31,5	326	104,0	61,2	66,3	64,0	11,167	10,866	1.607	353	358	1.028	2.241	3.323	33,39	6
VI	291	179	— 112	25,9	39,9	389	109,4	56,9	66,0	64,1	11,273	10,916	1.607	306	370	1.032	2.453	3.551	32,56	6
VII	195	164	— 31	22,9	41,4	359	101,7	48,1	66,6	64,5	11,424	10,982	1.607	302	334	932	2.304	3.422	34,41	6
VIII	209	221	+ 12	26,0	55,7	440	106,2	53,7	67,7	64,0	11,559	11,358	1.607	355	410	1.132	2.561	3.755	33,20	6
IX	248	379	+ 131	25,6	69,0	479	138,7	55,0	68,8	64,1	11,631	11,566	1.616	406	649	1.235	2.790	4.090	31,92	6
X	263	539	+ 276	23,1	98,8	564	—	—	70,4	64,7	—	—	1.618	474	618	1.135	2.663	3.943	32,98	6

¹ Des institutions observées (données révisées). ² Tous les actifs en devises (libres et bloqués) moins les exigibilités en devises. ³ Escompte et avances. ⁴ Escompte et réescompte des bons du Trésor.

Geneva, December 12th, 1936.

LEAGUE OF NATIONS

FINANCIAL COMMITTEE

**REPORT TO THE COUNCIL ON THE WORK
OF THE SIXTY-THIRD SESSION OF THE COMMITTEE**

(Geneva, December 4th-10th, 1936.)

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INTRODUCTION.

The Financial Committee has the honour to submit to the Council the following report on the various questions with which it has dealt during this session.

The following members were present:

- M. DAYRAS (*Chairman*);
- M. BRAMSNAES;
- M. TER MEULEN;
- M. MLYNARSKI;
- Sir Otto NIEMEYER;
- M. POSPIŠIL;
- M. SWANIDZE;
- M. BLAU, delegate of the Fiscal Committee.

There were also present:

1. *For Austrian questions:*
 - Dr. NEUMAYER, Federal Minister of Finance;
 - Dr. KIENBÖCK, President of the Austrian National Bank.
2. *For Bulgarian questions:*
 - M. GOUNEFF, Minister of Finance;
 - M. BOJILOFF, Governor of the National Bank of Bulgaria;
 - M. STOYANOFF, Director-General of the Public Debt and Secretary-General of the Finance Ministry;
 - M. MOMTCHILOFF, Permanent Delegate to the League of Nations;
 - M. CHEYSSON, Commissioner of the League of Nations in Bulgaria;
 - Professor KÖSTNER, Adviser to the National Bank of Bulgaria.
3. *For Hungarian questions:*
 - Dr. FABINYI, Minister of Finance;
 - Dr. BARANYAI, General Manager of the National Bank of Hungary;
 - Mr. TYLER, Representative of the Financial Committee in Hungary;
 - Mr. BRUCE, Adviser to the National Bank of Hungary.

I. REPORT OF THE SECOND COMMITTEE TO THE ASSEMBLY.

The attention of the Committee was drawn to the discussions relating to monetary questions which took place during the course of the last Assembly. In a report dated October 9th, the Second Committee of the Assembly stated that it "earnestly trusts that the Economic and Financial Organisation of the League will keep in touch, through its technical committees, with future developments in this field. It will then be able to make the results known from time to time, and also to define the lines of action that experience has proved valuable."

The Committee has considered the argument advanced by the representatives of certain States in the discussions of the Second Committee of the Assembly¹ that a settlement of foreign debts was a necessary preliminary to a decontrol of exchange. In fact, the weight of the service of foreign debts has been considerably reduced in recent years by periodical arrangements and by the devaluation of the currencies of a number of creditor States. But many of the existing arrangements have been made for a duration of not more than twelve months. If there are cases where monetary authorities are prevented from taking measures to liberate their exchanges because of the consequent uncertainty as to the amount that may have to be transferred for debt service, then it may well be to the advantage of debtor and creditor alike were arrangements of somewhat longer duration to be concluded.

The Committee does not suggest that such a solution would be appropriate to all classes of debts; it might be unsuited to frozen commercial credits which, as trade improves, should be automatically reabsorbed.

Were arrangements of a longer duration reached, it is important that the debtor States should not forget the ultimate object of taking measures to relax exchange control. There would, indeed, be an additional inducement to creditors to enter into such agreements, if it were the case that, after the conclusion of such agreements, debtors would allow greater freedom of trade by relaxing currency restrictions.

The Committee is fully aware that the suggestions it has made above relate to but one item in the general complex of problems that remain for solution. The more general issues have already been dealt with in its reports and those of the Economic Committee which were laid before the Assembly in 1935 and 1936. Its immediate object is confined to indicating a single problem on which progress might possibly be achieved in the policy initiated by the joint declaration in September last.

On the broader question, the Committee would add two observations only. First, although it may be advisable to conclude longer term debt arrangements, when present arrangements are shown to be an obstacle to the removal of exchange restrictions, it is clear that the most effective action to this end would be a general modification—especially by creditor States—of the present policy of commercial restrictions through quotas and prohibitive tariffs. Secondly, while exchange control may in certain circumstances be temporarily unavoidable as a defence against capital flight, its consequences in hampering the normal functioning and growth of trade become seriously aggravated when it is employed as an instrument of commercial policy instead of tariffs or commercial treaties. So long as exchange restrictions in any form are in force, the credit necessary for the conduct of international trade will be restricted; for no creditor, however solvent his foreign debtor may be, can rely on being paid. At the present moment, however, the lack of credit, where lack there is, is due largely to political anxiety. The provision of adequate credit facilities is therefore rather a political than a financial problem.

II. AUSTRIA.

1. When the Council, on September 25th, decided to bring to an end the posts of Representative of the League of Nations in Austria and of Adviser to the National Bank, the Austrian Minister of Finance declared that the Austrian Government "attaches great importance to maintaining contact in the future with the Financial Committee of the League of Nations". The new Austrian Minister of Finance, Dr. Neumayer (accompanied by Dr. Rizzi and Professor Pfandler of the Ministry of Finance), and Dr. Kienböck, President of the Austrian National Bank, attended the meeting of the Committee accordingly. The Committee had also before it the first report of the Financial Organisation of the League of Nations prepared in accordance with Article 10 of Annex III of the Protocol of July 15th, 1932.

¹ See report of the Second Committee to the Assembly (document A.79.1936.II.B), page 2:

"The representatives of several countries described the difficulties which would prevent them from abolishing strict exchange control in the immediate future. They consider it necessary to secure first of all a settlement of their foreign debts and to have the benefit of measures aimed at supporting their rates of exchange during a transitional period. Some of them recalled the fact that their Governments had introduced exchange control purely in order to retain the foreign currency necessary for the purchase of the raw materials which they lacked."

2. The probable results of the 1936 budget are now expected to be somewhat more favourable than was indicated in this first report. The ordinary budget is expected to close with a small surplus—a thing which has not happened since 1929. This result is due to the good flow of revenue—in itself a result of the improvement in the economic situation—which more than exceeded the increase of expenditure of 50 millions, chiefly for defence purposes, which was approved by the Cabinet in the spring of the present year.

1936 Budget.

	Estimates ¹	Probable results	Difference
	(In millions of schillings)		
<i>Ordinary budget:</i>			
Expenditure	1,915.4	1,969.4	+ 54.0
Receipts	1,881.4	1,975.4	+ 94.0
Balance	— 34.0	+ 6.0	+ 40.0
<i>Investments</i>	44.8	36.1	— 8.7
Total balance	— 78.8	— 30.1	— 48.7

Expenditure is expected to be 54 millions higher than the estimate, but revenue is expected to yield 94 millions more than estimated, so that, instead of a deficit of 34 millions on the ordinary budget, there is expected to be a surplus of 6 millions. 8.7 millions less have been invested than was estimated, so that the total deficit will probably be 30.1 millions instead of 78.8 millions.

3. The 1937 budget has been approved by the "Bundestag" with the following main figures:

	(In millions of schillings)
<i>Ordinary budget:</i>	
Expenditure	1,989.3
Receipts	1,949.1
Balance	— 40.2
<i>Investments</i>	17.5
Total balance	57.7

The Budget Law provides that the deficit of 40 millions on the ordinary budget has to be met from economies in expenditure unless it can be covered by higher receipts, whilst only the investments may be covered by credit operations. The estimates for the receipts are based on the results so far obtained during the present year. The increase in the expenditure as against the original estimates for last year is chiefly due to an increase of 83.7 millions in the vote for defence purposes.

4. The weekly balance-sheets of the Austrian National Bank show only relatively minor movements during the quarter ending September 1936. The outflow of foreign exchange which occurred immediately after the devaluation in various countries at the beginning of the autumn has not continued.

5. Most economic indices available for the third quarter of 1936 show a better situation than for the same period of last year. Foreign trade has developed continuously since the low level reached in 1933. The total value of imports and exports during the first ten months of the year showed the following figures:

	(In millions of schillings)
1933	1,619
1934	1,675
1935	1,715
1936	1,804

The excess of imports over exports during the first ten months of the year is 225 million schillings as against 241 millions a year ago.

The general production index is at about the same level as last year, which was particularly favourable, and has reached the average level of the period 1923-1931.

¹ Including credits transferred from the previous year.

Unemployment is somewhat higher, but the last figures of State-assisted unemployed show a lesser increase over last year than was the case some weeks before.

III. BULGARIA.

The Financial Committee considered the situation in Bulgaria with M. C. Gouneff, Minister of Finance, M. D. Bojiloff, Governor of the National Bank of Bulgaria, M. R. Stoyanoff, Director-General of the Public Debt and Secretary-General of the Ministry of Finance, and M. N. Momtchiloff Permanent Delegate of Bulgaria to the League of Nations.

It heard statements by M. P. Cheysson, League of Nations Commissioner in Bulgaria, and M. N. Köstner, Adviser to the National Bank of Bulgaria, and took note of the fortieth report of the League of Nations Commissioner.

1. The results of the administration of the budget for 1936 are as follows at the end of the tenth month of the financial year (October 31st, 1936):

	State	Railways (In millions of leva)	Total
Revenue ¹	5,024.4	1,119.2	6,143.6
Expenditure ¹	5,201.4	1,176.4	6,377.8
Deficit	177.0	57.2	234.2

The collection of revenue continues to improve; it may therefore be hoped that, by the end of the financial year, the ordinary revenue will be sufficient to cover the expenditure of the remaining two months and that the excess of expenditure over revenue for the entire year will remain at approximately 200 millions. It should, however, be pointed out that certain items of expenditure which were regarded in 1935 as extraordinary and covered by an internal loan really represent permanent expenditure and should, therefore, have been covered in 1936 by normal budgetary revenues and not by extraordinary resources. They amount to 248 millions.

The improvement in revenue in 1936 as compared with the 1935 revenue mentioned in the previous report by the Committee has been maintained. At the end of October 1936, the excess over the revenue on the same date in 1935 amounts to about 660 millions. The amount by which revenue fell short of the 1936 estimates was reduced from 8% at the end of July to 3.6% at the end of October. This improvement was partly due to legislative measures put in force during the year, but more particularly to progress in the general economic situation.

2. The Committee has been unable to form a reasoned opinion on the basis of the information which it has received as to the soundness of the budgetary estimates for 1937. It would, however, point out that the estimates of expenditure are reached by repeating the expenditure for the year 1936 and adding considerable fresh expenditure representing nearly 600 millions. This fact is sufficient to prove that the Government has not endeavoured to realise the economies in respect of personnel and management in the working of the administration which have been frequently recommended by the Committee.

The Committee further observes that the service of the public debt includes payment in full of interest on the internal debt at the rates provided in the contracts, while the Bulgarian Government has obtained considerable concessions from its foreign creditors in respect of payments due on its external debt and has consequently, for more than five years, only paid a very small sum as interest on that debt.

Lastly, the increase in expenditure mentioned above includes an amount of 420 millions allocated to the service (interest and amortisation) of bonds payable at five years' date for supplies which are being obtained by the Ministry of War. Subsequent budgets will also bear the burden of approximately equal amounts under this heading.

In its previous report, the Committee mentioned heavy commitments assumed by the Bulgarian Government in respect of these supplies.

The Committee desires to remind the Bulgarian Government of the express provisions of Article IX of the Protocol by which the Bulgarian Government bound itself "not to seek short-term advances or to issue Treasury bonds or other similar short-term obligations in excess of 600 million leva". It is clear that, in the absence of any express authorisation, the issue of these bonds was in contradiction to this undertaking, particularly in view of their relatively short term.

It is not for the Financial Committee to judge the reasons which led the Bulgarian Government to assume such undertakings. From the strictly technical point of view, the Committee is nevertheless compelled to note that the charges in question will have a dangerous influence on the general structure of the budget. Indeed, the favourable development of the economic situation of the country is already making itself felt to an appreciable extent in the collection

¹ These figures, both as regards revenue and expenditure, include untransferred balances of the foreign debt service. They represent the aggregate result of the ordinary budget which came into force on January 1st, 1936, and the extraordinary budget promulgated on March 20th, 1936, and include under this heading a revenue of 189.7 million leva obtained from the yield of loans concluded in 1936 for the purposes of the extraordinary budget, and expenditure of the same amount corresponding to the extraordinary expenditure incurred as on October 31st, 1936.

of revenue; this is proved by the figures given above. If this tendency continues—and in the present stage there is no reason to fear that it will not—the Financial Committee is inclined to think, in spite of the fragmentary nature of the information supplied, that the 1937 budget might have approached very near to, even if it did not reach, complete equilibrium. The Bulgarian Government might thus have been able to make a substantial improvement in a position which has for a number of years impeded the economic development of the country. Bulgaria would also have found that such a result would lead to the desired improvement in her credit.

As a result of these commitments, the Minister of Finance is, on the contrary, faced with a deficit for the year 1937, which, in his opinion, can only be covered by adopting measures which profoundly change the former provisions arising out of the 1928 Protocol or various decisions of the Council.

3. The Committee has discussed the proposed measures with the Minister of Finance and the Governor of the National Bank. It feels doubts on this subject on account of the budgetary conditions under which these commitments were assumed and of the nature of the solutions proposed in order to meet them.

The Financial Committee nevertheless understands the difficulty of meeting the deficit thus created in any other manner; it considers, moreover, that, if no steps were taken to cover this deficit immediately, even by methods which it does not unreservedly approve, serious disadvantages would arise.

Under these circumstances, the Financial Committee thinks it cannot do other than suggest to the Council the following amendments to the 1928 Protocol and the Statutes of the National Bank proposed by the Bulgarian Government:

(1) The seigniorage profits derived from the issue of subsidiary coinage proposed by the Government will remain at the disposal of the Treasury for budgetary needs, in derogation of the terms of the 1928 Protocol, Article IV, No. 7 (b). The Currency Law provided for a limit of 300 leva per head of the population for the issue of subsidiary currency. This limit has not yet been reached. The Committee considers that the proposed issue should not exceed the amount of 110 millions.

(2) The same article of the 1928 Protocol, sub-paragraph (c), provides for the allocation of the annual profit of the National Bank to the extinction of the floating debt to the National Bank. The amount of such profits could remain until further notice at the disposal of the Treasury for the current needs of the ordinary budget without any special allocation.

(3) The amount of the Treasury Bonds discounted or rediscounted by the State with the National Bank is at present 1,462.5 millions. According to the former decisions of the Council, the amortisation laid down for the last two authorised issues of these bonds requires a budgetary provision of 200 millions for the year 1937 and the two following years.

A part of these bonds, to the amount of 1,000,000,000 leva, might be transferred to the debt in the current account of the State with the Bank. Such a transfer would result in the omission of the above provision for amortisation and would at the same time relieve the service of interest paid by the State on its total indebtedness to the institute of issue.

Once this operation was carried out, the limits laid down in the 1928 Protocol for the grant of Treasury facilities for the State by discounting or rediscounting Treasury Bonds should again be put into force.

The adoption of the above measures involves a corresponding change in various articles of the statutes of the National Bank. These amendments will have to be made in accordance with the existing procedure, which requires the agreement of the adviser to the National Bank.

4. The Committee again desires to draw attention to the exceptional character of these measures. They will relieve the Treasury difficulties in the year 1937, and to a lesser extent in subsequent years. In themselves, they obviously do not constitute measures of improvement, and are only to be justified by the necessity of meeting the situation described above. If the Bulgarian Government did not take advantage of these exceptional facilities in order finally to make an effort to carry out the administrative reforms which have often been recommended, these measures would be in danger of going counter to the considerations which have guided the Committee in the above suggestions.

5. Economically, the country has made further progress since September. An abundant harvest, not only of cereals, but also of such raw-material crops as sunflower seeds, cotton and tobacco, in conjunction with higher prices, has considerably increased the purchasing power of the peasant. As a result, internal trade and industrial production show a more favourable development. Foreign trade, both imports and exports, is on the increase, and the balance of trade more favourable than last year. There are signs of a more satisfactory development of trade relations with countries whose currency systems are not subjected to restrictions.

The recent changes in foreign trade regulations and the adoption of private compensation agreements in the place of full clearing agreements which formerly obtained with a number of free exchange countries have no doubt contributed not only to better trade relations with these countries, but also to the reduction of commercial indebtedness. The free *Devisen* position of the National Bank is better than for many years past.

The Committee notes that its recommendation of September 1934 in respect of the reduction of the legal cover to 25% has been followed. The Bank has retained its freedom of action to meet possible emergencies.

Higher cereal prices on the world market have enabled the Cereal Board to realise considerable profits, and the Board is expected to contribute certain sums towards the needs of the State budget in the current and the coming fiscal years.

But, having regard to present world prices and the general economic dangers of this system, the Committee thinks that the moment has come when serious consideration should be given to limiting substantially the functions of the Cereal Board.

IV. ESTONIA.

1. State Finances.

The State finances of Estonia continue to be prosperous. Since about the middle of 1933, the ordinary State revenue has shown a steady expansion. The normal expenditure did not increase correspondingly, so that the State was able, not only to repay the loans which it had raised at the Bank of Estonia in the preceding years of depression, but also to accumulate substantial reserves.

Principal budget figures are as follows:

	1933/34	1934/35	1935/36	1936/37
	Closed accounts		Provisional results	Final budget
	Krooni (000,000's)			
Ordinary receipts	63.6	70.4	79.5	88.4
Ordinary expenditure	61.1	64.3	66.0	72.8
Surplus	2.5	6.1	13.5	15.8
Extraordinary receipts	1.8	3.7	0.2	0.2
Extraordinary expenditure	4.1	9.5	13.4	15.8
Refunds of previous year's revenue	0.2	0.2	0.2	—
Total surplus	—	0.1	0.1	—

The budget estimates have been drawn up on very conservative lines, the subsequent surpluses being in each year devoted to extraordinary expenditure for the promotion of agriculture, trade and industry. In so far as these sums—which are only partly deposited with the Eesti Pank—have not been spent, they constitute reserves earmarked for these special purposes.

The following figures illustrate in detail the improvement of the public revenue since the low point of the depression.

	1933/34	1934/35	1935/36 ¹	1936/37 ²	First seven months (April-Oct.)	
					1935/36 ¹	1936/37 ¹
	Krooni (000,000's)					
<i>Ordinary receipts:</i>						
Direct taxes	6.8	7.5	8.3	9.3	4.1	5.0
Stamp duties and fees	4.2	4.4	4.8	5.3	2.7	3.2
Customs duties	13.4	15.3	18.5	21.3	11.3	13.0
Excise duties	4.6	4.7	6.2	7.3	3.6	4.2
Spirit monopoly	10.2	11.9	13.6	15.0	7.7	9.2
Public enterprises	22.9	25.1	27.3	29.4	16.7	18.5
Miscellaneous receipts	1.4	1.5	0.8	0.8	0.3	0.4
Total ordinary receipts	63.6	70.4	79.5	88.4	46.4	53.5
Extraordinary receipts	1.8	3.7	0.2	0.2	0.1	0.1
Total receipts	65.4	74.1	79.7	88.6	46.5	53.6

From 1933/34 to 1936/37, total ordinary receipts would thus rise by 24.8 million krooni—i.e., by 39%.

The improvement of the financial position of the State may similarly be observed from the Government's accounts at the Bank of Estonia:

	March 31st				October 31st
	1933	1934	1935	1936	1936
	Krooni (000,000's)				
Government's sight deposits	3.6	4.8	8.3	14.0	14.9
Loan to Government	4.1	3.0	2.3	—	—
Balance	— 0.5	+ 1.8	+ 6.0	+ 14.0	+ 14.9

¹ Provisional results.
² Estimates.

The Treasury balance proper included in these figures increased from 1.9 million krooni on March 31st, 1933, to 8 millions on October 31st, 1936.

The principal special fund is that created for national economic development. It is fed by the proceeds of a special turnover tax and also by grants from the budget (in 1934/35, 1,237,800 krooni; in 1935/36, 3,900,000 krooni; and, in 1936/37, 2,568,000 krooni).

From this fund, 5 million krooni have been granted for the erection of a sulphate cellulose works, and 1 million krooni for the establishment of a brickworks. Monies have also been furnished for financing private brick factories and electrification schemes, as well as for various other enterprises designed to improve the economic situation.

It is the purpose of the Government to make available for export supplementary quantities of wood and wood products, by stipulating the use of oil shale and peat to replace wood as fuel, and of bricks to replace it as building material and by starting a cellulose industry. It is further expected that the products of the oil shale industry will become, in coming years, an increasingly important element in the country's exports.

During the period 1931 to 1937, 8.4 million krooni were granted in order to assist agriculture and 4.6 millions for forestry. It should be noted that, as indicated above, all the amounts used or earmarked for the development of economic life have been raised from ordinary current revenue.

The Government has no short-term debt. The principal long-term loan is the loan which was issued in 1927 under the auspices of the League of Nations—the Republic of Estonia (Bank and Currency Reform) 7% Loan, 1927. This loan was issued in two *tranches*, in sterling and dollars respectively. The amounts outstanding on June 1st, 1936, were £638,300 and \$3,592,500, of which considerable amounts are known to be held in Estonia.

2. Central Bank.

As a result of the favourable balance of trade, the Eesti Pank enjoyed a considerable increase in its gold and foreign exchange reserve. There was a parallel increase in the note circulation, which was further enhanced by the increase of the credits granted by the Bank in the last twelve months.

	October 31st			
	1933	1934	1935	1936
	Krooni (000,000's)			
Gold and foreign exchange	21.0	31.7	34.9	38.9
Domestic bills, loans and advances	20.7	14.1	14.7	22.8 ¹
Deposits:				
Government	3.2	5.7	13.8	14.9
Banks	6.0	7.2	6.5	7.7
Note circulation	33.2	36.2	40.1	45.1

The note circulation and sight liabilities of the Bank are covered by the reserve to over 55%. The reserve which existed at the moment of devaluation (1933) is still carried in the books of the Bank at the old figure and has not yet been revalued. There is thus a further potential reserve of over 12 million krooni.

3. Commercial Banking.

The commercial banks show a large increase in deposits, which in three years' time increased by 76%, as well as of cash reserves, which more than doubled, as is illustrated by the following table showing the principal accounts of the joint-stock banks and chief co-operative banks:

	September 30th			
	1933	1934	1935	1936
	Krooni (000,000's)			
Cash	5.2	8.9	12.7	13.7
Domestic discounts, loans and advances	70.1	75.6	79.2	88.4
Securities	2.5	3.1	4.9	9.2
Deposits	49.4	59.2	72.5	87.2
Rediscounts and other borrowings	16.8	12.5	7.5	8.3

¹ Includes 4.2 million krooni transferred from "Other assets" to "Loans and advances" at the end of 1935.

4 Foreign Trade

The development of foreign trade can be seen from the following table:

Foreign Trade for First Ten Months.

	1933	1934 (In millions of krooni)	1935	1936
Imports	30.8	45.1	56.1	70.1
Exports	37.4	57.6	65.5	68.0
Surplus of exports (+) or imports (—)	+ 6.6	+ 12.5	+ 9.4	— 2.1

In 1935, the quantum of exports was 8% higher than the previous record level reached in 1928. In 1936, the quantum maintained this high level and the value increased further, owing to the higher prices obtained abroad. The value of imports has increased somewhat more sharply, and, indeed, for the first ten months of the current year it exceeds that of the exports. This is due to the increased purchasing power of the population for foreign products, the relaxation of import restriction and the lively demand for capital goods arising from the private and governmental investing activity. On the other hand, invisible exports, in particular shipping, have increased.

5. Production.

The productive capacity of the country is approaching the point of full employment. The index of industrial production, which had fallen to 78.3 in 1932, stood in 1935 at 106.4% (producers' goods 112.1, consumers' goods 100.6) of the 1929 level, and rose further to 126.2% in September 1936 (producers' goods 141.4, consumers' goods 115.7).

Unemployment is practically non-existent. There is, indeed, a scarcity of labour felt in agriculture and of skilled labour in industry. The total number of industrial workers in September of this year exceeded the low record of the depression (September 1932) by 69%, and the corresponding pre-depression figure (1929) by 37%, which bears evidence of the high level of industrial employment now reached. A further substantial expansion is to be expected in the oil-shale industry in connection with the construction of new refineries, in addition to the four existing ones and other extensive investments in plant and buildings.

6. Prices.

The price-level, which up to the middle of 1935 had fallen continuously since 1929 (except for a short-lived upward movement after the devaluation) has recently shown a substantial rise. Between September 1935 and September 1936, wholesale prices have risen by 9% and the cost of living by 13%. Increases in wages have also taken place.

The rise in prices is to be attributed to the mediocre harvests of 1935 and 1936, to the rise in prices of goods entering into foreign trade, and to the general expansion of purchasing power in the country. Whilst Estonia is still one of the cheapest countries in its part of the world, the gap between its price-level and that of other Baltic and Scandinavian countries has diminished since the autumn of 1935.

7. In general, economic conditions are widely different from what they were in 1933, when unemployment was heavy. Certain of the measures appropriate then may by now have lost their utility. The Committee has been given to understand that the Government does not propose to extend its present programme of capital expenditure. The Committee thinks that, in view of the state of employment and the recent rise in the cost of living, this intention is a wise one and that caution should be exercised as regards further expansion of credit.

The fundamental situation seems to the Committee to be sound, and they feel confident that any necessary restraint can be applied without difficulty.

V. HUNGARY.

The Financial Committee interviewed Dr. Fabinyi, Minister of Finance, and Dr. Baranyai, Director-General of the National Bank of Hungary. It received the report of its representative in Hungary for the third quarter of 1936, which was amplified by oral statements by Mr. Tyler and Mr. Bruce.

1. Public Finance.

During the first five months of the budgetary year 1936/37, the increase in revenue continued to be more marked than the increase in expenditure, the respective percentage increases being about 10% and 5%. There is no reason to suppose that this tendency will not continue throughout the rest of the financial year, though it will probably be less pronounced, as revenue collection is generally better during the early months of the fiscal year.

The situation at November 30th was as follows:

	July 1st-November 30th		
	1936/37	1935/36	1934/35
	(In millions of pengö)		
<i>Expenditure:</i>			
Actual budgetary	317.1	301.6	289.4
Deferred budgetary:			
Administration	9.0	12.8	9.9
Undertakings	—	—	—
Actual extra-budgetary	14.0	19.8	18.9
Total	340.1	334.2	318.2
<i>Receipts:</i>			
Actual budgetary	360.4	326.5	319.1
Refunds	3.5	4.6	1.9
Borrowings (net)	8.2	8.4	10.5
Total	372.1	339.5	331.5
Balance	+ 32.0	+ 5.3	+ 13.3

It is of interest to point out that the financial position of the State undertakings, while still representing a heavy burden on the budget, has considerably improved. Economic conditions within the country have had a favourable effect on railway traffic and on posts and telegraphs. As regards the steel-works, which still show a considerable deficit, receipts have increased more rapidly than expenditure in the same manner as in the general State budget.

The situation outlined above has made the position of the Treasury easier. As has been the case since the beginning of the financial year, the State continues to cover the requirements of current administration without needing to have recourse to loans.

The Finance Minister has informed the Committee of the measures already taken or under consideration for simplifying the basis and collection of certain taxes and charges.

In short, the budgetary position would seem to reap the advantage of the improvement which has occurred in the general economy of the country and of the efforts of the Government to prevent a substantial rise in expenditure while receipts were growing.

2. National Bank.

No appreciable change has taken place in the position of the National Bank since the last session of the Committee.

The total movement of foreign exchanges (free and blocked) for the ten months since January 1st, 1936, has shown an increase of 100 million pengö in the total purchases as compared with the same period of 1935. The total free exchange—i.e., the exchange at the disposal of the Bank for transfers—has increased by 39 million pengö, and the proportion of this exchange to the total exchange purchased has risen from 14% to 22%. These results may be attributed primarily to the unification of premiums, a measure which the Committee has mentioned in previous reports and which coincided with the almost complete disappearance of the non-official market.

3. Economic Situation.

Production and consumption within the country are increasing, but foreign trade is not increasing at the same rate.

While internal trade in many branches is approaching the level reached before the depression, the volume of foreign trade during the first ten months of 1936, in spite of a slight increase as compared with 1935, still remains at about one-third of the gold value of such trade during the years 1928 and 1929. An element of uncertainty has for the moment been introduced into foreign trade as a result of the devaluation of various currencies; for instance, at any rate during October, Hungarian exports to the countries which had depreciated their currencies showed a great falling-off as compared with the same month in 1935.

The recent currency devaluations have brought about an adaptation of the level of premiums in respect of the countries whose currency has been devalued.

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Geneva, January 16th, 1937.

LEAGUE OF NATIONS

**FINANCIAL POSITION OF HUNGARY.
IN THE FOURTH QUARTER OF 1936**

TWENTY-FIRST QUARTERLY REPORT

by Mr. Royall Tyler, the Representative in Hungary
of the Financial Committee

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I. GENERAL.

I. INTRODUCTORY.

(1) A further improvement of the budget position is shown by provisional returns for the first half of the fiscal year that began on July 1st, 1936. As compared with July-December 1935, receipts have increased by some 9%, while expenditure, which has remained within the estimates, shows an increase of about 6%. The balance is more favourable than it has been in the corresponding period for several years past.

(2) The position of the State Undertakings is decidedly better; there has been a decrease in advances from the Treasury to meet their losses.

(3) The progress made where the budget is concerned has not yet resulted in any reduction of the floating debt, which still continues to increase, though at a lower rate than formerly.

(4) The transfer suspension decree which has been in force since December 23rd, 1931, has been renewed for a further year.

The National Bank has continued to make transfers in the appropriate exchange towards placing 50% of the coupon of the Reconstruction Loan, 1924, for the current service year in the hands of the Trustees.

(5) Currency depreciation since 1931 has been the chief factor in reduction of the foreign debt. Repayment of capital and repatriation have also contributed. Hungary's foreign debts were estimated at some 4.3 thousand million pengő (gold) in 1931. A recent estimate, allowing for last autumn's currency depreciations, puts them at some 2.4 thousand million pengő (gold).

Direct payments and indirect transfers, together, in respect of foreign debts appear at present to be on an annual level of roughly 50 million pengő.

(6) Hungary's trade with the countries whose currencies were devalued last autumn is recovering.

(7) Foreign trade figures for last year and previous years will be found in II, 1 and 3 below. The 1936 harvest has resulted in an appreciable increase in exports. The volume (quantum) of Hungary's foreign trade, however, has recovered only to 56% of the 1929 level, and was still, in 1936, less in quantities than it was when the Reconstruction Plan was voted in 1924. A large part of Hungary's exports has, moreover, to be marketed in countries whose currency is of limited availability.

(8) Production and consumption have continued to increase. No visible accumulation of savings can be reported.

(9) Prices, here and there, are high in relation to external price-levels.

(10) The National Bank has continued to be strengthened. It is decreasing its dividend from 7% for 1935 to 6½% for 1936.

(11) I am indebted to Mr. Henry J. Bruce, Adviser to the National Bank, for the data on which are based the sections of this report dealing with the Bank and exchange control.

2. STATE BUDGET.

(a) Administration Budget, 1936/37.

The estimates for the fiscal year that began on July 1st last were :

	Administration	State Undertakings
	(In millions of pengő)	
Expenditure	788.1	423.6
Receipts	771.6	364.5
Balance	— 16.5	— 59.1

It will be remembered that the expenditure estimates include the full pengő equivalent of the State's debt service, foreign and domestic, but that, in fact, part of the service is either reborrowed or the object of special arrangement. In 1935/36, as against 86.8 million pengő estimated for debt service, actual disbursements amounted to 56 million pengő (nineteenth report, page 2). Thus the figure of 788.1 million pengő for administrative expenditure includes a considerable amount (30 million pengő last year) which will not in fact be disbursed by the Treasury. On the other hand, the Treasury will have to meet the losses of the State Undertakings, which are estimated at 59.1 million pengő for the current fiscal year.

Provisional results for the Administration, to December 31st last, are available. The following rough estimate, including extra-budgetary and deferred expenditure, and extra-budgetary receipts, may now be made, the corresponding figures for the past two years also being given :

	July 1st to December 31st		
	1936	1935	1934
	(In millions of pengö)		
Expenditure :			
Actual budgetary	386.4	364.0	348.2
Deferred budgetary :			
(a) Administration	7.0	14.2	13.8
(b) Undertakings	—	4.2	1.1
Actual extra-budgetary	24.5	32.0	33.5
Total	417.9	414.4	396.6
Receipts :			
Actual budgetary	445.7	406.4	391.7
Refunds	4.0	4.6	1.9
Borrowings	9.7	10.1	12.2
Total	459.4	421.1	405.8
Balance	+ 41.5	+ 6.7	+ 9.2

Borrowings in this table include Treasury bills deposited in respect of untransferred service of the Reconstruction Loan, 1924, but not Treasury Bills representing other foreign debt service, which latter amounted to 8.9 million pengö at December 31st last.

There has been a 6% increase in budgetary expenditure, but if extra-budgetary and deferred items are included, the increase is less than 1%. Receipts have been over 9% higher in July-December this year than they were last year in the same period, and the balance is decidedly better than it has been for several years past. It will be seen in the following section that there has also been an improvement in the State Undertakings' position.

The analysis of receipts printed in Appendix I shows that the greater part of the increase is due to turnover and consumption taxes. However, direct taxes, which, for a long time, lagged behind, and, indeed, remained in 1935/36 on the same level as two years previously, have now increased in the same proportion as total receipts. Stamp dues and customs contribute at a lower rate to the general increase, and tobacco and salt are about what they were last year.

The budget position, in itself, has steadily improved for the last couple of years. Receipts have increased more than expenditure, and, since the beginning of 1935/36, borrowing, apart from advances from the National Bank in connection with the Agrarian Debts Relief Scheme, has been limited to the pengö equivalent of non-transferred foreign debt service of the State and loans for public works from the Foreign Credits Cash Office (see nineteenth report, pages 4 and 5). Even so, the total floating debt continues to increase (nineteenth report, pages 8 and 9), none of the outstanding debts having been repaid, and new ones having been created, while interest in some cases is being added to capital. The improvement in the Treasury position appears to warrant some move where the floating debt is concerned.

Budget receipts, which stood at 708.9 million pengö in 1932/33, rose to 803 million pengö in 1935/36, and, for the current year, are at a considerably higher level still, as the above table shows. Savings do not appear to have increased in anything like the same proportion. The position is no doubt not altogether stationary, as might be inferred from the fact that the bank deposits are more or less stagnant, but savings are being applied to purposes which are of small benefit to the community and, indeed, may lead to an inflation of stock-exchange prices.

(b) *State Undertakings.*

Provisional returns for the five months to November 30th compare as follows with those for the two foregoing years :

	July 1st-November 30th		
	1936	1935	1934
	(In millions of pengö)		
Expenditure :			
Actual current budgetary	173.8	159.4	152.8
Deferred current budgetary	—	3.0	—
Actual capital expenditure budgetary	4.0	3.1	5.3
Deferred capital expenditure budgetary	—	1.2	—
Refunds to the Treasury	3.5	4.6	1.9
Capital expenditure from loans	2.3	1.6	3.5
Total	183.6	172.9	163.5

	July 1st-November 30th		
	1936	1935	1934
<i>Receipts:</i>			
Actual current budgetary	183.1	162.2	150.6
Balance	-0.5	-10.7	-12.9
<i>Borrowings:</i>			
Advances from the Treasury	12.5	17.2	16.3
Treasury bills placed with banks	—	—	5.0

The balance for all the Undertakings together is appreciably better than it was at the same date last year, and advances from the Treasury have been less. Results for the chief individual undertakings :

	Railways		Post, Telegraph, Telephone		Ironworks	
	1936	1935	1936	1935	1936	1935
	(In millions of pengö)					
Current expenditure	107.1	101.2	30.9	29.8	26.9	20.2
Current receipts	108.3	98.6	42.7	40.2	21.8	13.3
Balance, current items	+ 1.2	- 2.6	+ 11.8	+ 10.4	- 5.1	- 6.9
Capital expenditure (budgetary)	1.5	1.3	2.5	1.8	—	—
Balance, all items	- 0.3	- 3.9	+ 9.3	+ 8.6	- 5.1	- 6.9

These figures show an all-round improvement. Expenditure, however, is increasing in all the chief undertakings. It would be well to take care to avoid increases in expenditure, particularly in directions where reduction might be difficult in the event of a reversal of the present trend.

(c) *Situation of the Treasury.*

(1) The improvement in course throughout the last two years has continued during the quarter under review. For the corresponding figures last year and in 1934, see the seventeenth and thirteenth reports.

	1936			
	September	October	November	December
<i>Receipts:</i>				
Balance at the beginning of the month ..	97,315	108,363	118,364	140,887
Budget account	69,447	74,796	85,117	85,310
Repayment of advances	503	1,500	—	456
Loan account	2,174	3,822	1,468	2,632
Surplus of the Agricultural Fund	1,459	2,089	—	2,441
Total	170,898	190,570	204,949	231,726
<i>Expenditure:</i>				
Budget account	61,180	64,697	60,599	69,278
Capital expenditure from loans	875	574	91	1,648
Advances	—	4,726	1,788	8,788
Deficit of the Agricultural Fund	—	—	1,584	—
Loans	480	2,209	—	1,163
Balance at the end of the month	108,363	118,364	140,887	150,849
Total	170,898	190,570	204,949	231,726

(2) *Administrative Claims and Liabilities.*—Tax arrears decreased over the twelve months to the end of November last by 19.2 million pengö to 275.3 million pengö.

Commitments have increased by 8 million pengö over the last quarter, but are 8.5 million pengö lower, at December 31st last, than they were at December 31st, 1935 :

Commitments outstanding at December 31st, 1936.

<i>State Administration:</i>	Foreign	Domestic	Total
	(In millions of pengö)		
Expenditure connected with land reform	—	60.6	60.6
Investments for road construction	—	24.4	24.4
Other administrative investments	—	10.7	10.7
For purposes of the Central Corporation of Banking Companies	—	30.8	30.8
Other liabilities	—	20.1	20.1
Total	—	146.6	146.6

<i>State Undertakings :</i>	Foreign	Domestic (In millions of pengö)	Total
Investments of Post, Telegraph and Telephone..	—	1.2	1.2
Investments of State Railways	—	0.3	0.3
Investments of the Forest Exploitation	—	0.1	0.1
Working capital for State Railways	—	10.1	10.1
Working capital for the State Ironworks	1.9	9.8	11.7
Total	1.9	21.5	23.4
Grand total	1.9	168.1	170.0

(d) *Debt Position.*

As a result of the devaluation of certain currencies in the autumn, the gold pengö equivalent of foreign debts of the State is lower at the end of 1936 than it was a year previously. Foreign founded debt stands at 800.3 million pengö, as against 918.1 million pengö, and foreign floating debt at 328.9 million pengö, as against 350.2 million pengö. Domestic funded debt is down by 4.8 million pengö to 106.7 million pengö. Domestic floating debt, on the other hand, has increased by 44.1 million pengö to 387.4 million pengö. State guarantees are lower by 2.4 million pengö and stand at 93.7 million pengö, not including the State's obligations to repay to the Foreign Credits Cash Office (see 5(c) below), in the event of the latter's liquidation, the loans obtained from it and which figure in the following table :

Floating Debt of the State on December 31st, 1936.

<i>(a) State Administration :</i>	Foreign	Domestic (In millions of pengö)	Total
1. £3 million Treasury bills, 1930	59.1	—	59.1
2. £5 million Treasury bills, 1931	100.3	43.0	143.3
3. 5% Foreign Currency Loan, 1931	—	4.2	4.2
4. Treasury bills, 1932 ¹	—	90.8	90.8
5. Treasury bills, 1933 :			
(a) 5% bills placed with industry, agriculture, etc.	—	39.0	39.0
(b) 3% bills representing loan for investments from Foreign Credits Cash Office	—	14.0	14.0
(c) Interest on 4% bills to face value of 24,585,999 pengö : loan from Foreign Credits Cash Office, 1932/33 ²	21.2	—	21.2
6. Treasury bills, 1933/34 :			
(a) Interest on 2% bills to face value of 20,121,229 pengö : loan from Foreign Credits Cash Office ²	16.9	—	16.9
(b) Interest on 2% Treasury Bonds to face value of 12,934,602 pengö, in connection with League Loan service for 1933/34 ²	0.7	0.1	0.8
7. Treasury bills, 1934/35 :			
(a) Interest on 2% bills to face value of 17,524,844 pengö : loan from Foreign Credits Cash Office, 1934/35 ²	14.2	—	14.2
(b) Interest on 2% Treasury bills to face value of 20,050,230 pengö in connection with League Loan service for 1934/35 ²	7.3	0.1	7.4
(c) 3% Treasury bills deposited with Foreign Credits Cash Office	—	12.0	12.0
8. Treasury bills, 1935/36 :			
(a) Interest on 2% bills to face value of 16,920,175 pengö : loan from Foreign Credits Cash Office, 1935/36 ²	13.3	—	13.3
(b) Interest on 2% bills to face value of 20,160,982 pengö deposited in connection with League Loan service for 1935/36 ²	7.5	0.1	7.6

¹ Total arrears of dues amounted to 91 million pengö at November 30th last.

² Treasury bills deposited in respect of amortisation are included in the capital amounts outstanding.

	Foreign	Domestic	Total
	(In millions of pengö)		
9. Treasury bills, 1936/37 :			
(a) Interest on 2% bills to face value of 8,445,798 pengö : loan from Foreign Credits Cash Office, 1936/37 ¹	6.3	—	6.3
(b) Interest on 2% bills to face value of 9,628,816 pengö deposited in connection with League Loan service, 1936/37 ¹	3.5	0.1	3.6
10. Loan in connection with Agrarian Debt Relief (Act XXVII, 1933)	—	59.7	59.7
11. Book debt taken over by the Treasury in settlement of small farmers' debts (Act XXVII, 1933)	—	11.0	11.0
12. 3% Treasury bills representing loan from Foreign Credits Cash Office for investments (Act XXVII, 1933)	—	13.0	13.0
13. Loan for co-operative societies (Act XXI, 1934)	—	8.1	8.1
14. 3% Treasury bills representing loan from Foreign Credits Cash Office for investments (Act XXI, 1934)	—	9.5	9.5
15. 3% Treasury bills representing loan from Foreign Credits Cash Office for investments (Act X, 1935)	—	8.0	8.0
16. Liabilities in connection with the National Land Mortgage Institute (Law XIV, 1936)	—	6.0	6.0
17. Loans for repurchase of bonds	17.2	—	17.2
18. Loans for road construction	5.4	—	5.4
19. Loans for other administrative investments	2.9	—	2.9
20. Loans for working balance of the State Administration	18.7	2.5	21.2
	<hr/>	<hr/>	<hr/>
(a) Total	293.5	321.2	615.7

(b) *State Undertakings :*

1. Loans for investments of State Railways	19.3	20.6	39.9
2. Loans for investments of the State Ironworks	1.8	3.0	4.8
3. Loans for working balance of the State Railways	0.6	38.1	38.7
4. Loans for working balance of the State Ironworks	12.7	4.5	17.2
	<hr/>	<hr/>	<hr/>
(b) Total	34.4	66.2	100.6
	<hr/>	<hr/>	<hr/>
Grand total	328.9	387.4	716.3

(e) *Reconstruction Loan, 1924, and Assigned Revenues.*

The National Bank has continued to make monthly transfers in exchange towards execution of the plan (50% of the coupon) announced on July 2nd last.

Assigned revenues were some 7% higher in 1936 than in 1935.

	Customs	Tobacco	1935 Sugar	Salt	Total
	(In millions of pengö)				
July-September	8.9	29.0	12.7	4.7	55.3
October	3.6	9.4	4.5	1.9	19.4
November	3.8	8.7	3.1	2.2	17.8
December	4.3	9.2	3.4	2.5	19.5
			1936		
July-September	10.4	29.4	17.3	4.6	61.7
October	4.3	9.1	3.4	1.9	18.7
November	3.4	8.8	4.1	1.9	18.2
December	3.9	9.8	4.4	2.6	20.8

3. BUDGETS OF THE LOCAL AUTHORITIES.

No returns are yet available for the execution of the budgets in 1936, nor are definitive budgets for 1937.

¹ Treasury bills deposited in respect of amortisation are included in the capital amounts outstanding.

With regard to the City of Budapest, the special measures to improve the balance, referred to in the nineteenth report, page 10, do not appear to have taken full effect as yet, for the Municipality's preliminary estimates for 1937 leave a deficit of 5.8 million pengő. These estimates have still to be agreed to by the Ministries of Interior and Finance.

	Closed accounts 1935	City of Budapest		Preliminary estimates 1937
		Budget 1936		
(In millions of pengő)				
Total expenditure	149.3	154.3		156.9
Total receipts	150.5	147.7		151.1
Balance	+ 1.2	- 6.6		- 5.8

Measures of retrenchment adopted earlier in the year were calculated to reduce the 1936 deficit by 4.4 million pengő, and certain expenditure was not to be undertaken unless funds from normal receipts were available. It cannot yet be stated whether these expectations have been fulfilled.

The Prime Minister announced in Parliament on October 21st last that the State was going to take over the accountancy of the cities and country towns. This step will complete the State's system of supervision over the local authorities' finances.

4. STATE BORROWING.

The funded and floating debt of the State are shown in I, 2(d) above. The floating debt shows a net increase of 8.9 million pengő, to 716.3 million pengő, over the quarter ending December 31st last.

5. MONETARY AND FINANCIAL.

(a) National Bank.

The returns summarised in Appendix III show changes in the National Bank's position. Note circulation, 436.5 million pengő at December 31st last, is 4.5% higher than it was a year before, and 14.4% above the end of 1934 figure. Metal reserve as shown has increased by roughly 9%, and there is an increase in the gold included in it. Public balances have risen by 65.1 million pengő to 169.7 million pengő during the year; private deposits remain at about the same level. The ratio of cover is only a shade above the legal minimum of 24%. It will be remembered that the ratio in Hungary is that of the metal reserve to note circulation, plus sight liabilities, minus the debt of the State to the Bank.

Rediscounts have decreased over the year by 39.3 million pengő to 535.1 million pengő. A further sign of increased strength is to be found in the fact that "other assets" now exceed "other liabilities" so that, in Appendix III, these two items are shown separately, whereas in former returns "other liabilities" were a net figure. State debt continues to rise as further advances are made under the Agrarian Debts Relief Scheme. Bank rate has remained at 4%.

It has been announced that the dividend of the Bank, which had been gradually brought down from 12% for 1931 to 7% for 1935, is to be further reduced to 6½% for 1936.

(b) Foreign Exchange Control.

The following summary of foreign exchange incomings and outgoings for the two years 1935 and 1936 shows that there has been an increase of some 31% in turnover, and that the excess of incomings over outgoings in 1936 was some 8 million pengő greater than in 1935. The relative increase is larger in the case of incomings on free accounts than on blocked accounts, but "free accounts" include balances in currencies of limited availability. Compensations increased roughly 50%; exports against pengő were a trifle lower, and decreased to less than half of what they were in 1934.

The increase in allotments for imports has gone mainly to clearings and compensations:

Incomings:

I. Receipts of the National Bank:	1936	1935 ¹
	(In millions of pengő)	
1. From exports:		
(a) Through clearings and on blocked accounts	278.05	239.66
(b) On free accounts	80.10	49.71
2. Receipts through other sources (obligatory declaration, State, etc.):		
(a) On blocked accounts	17.50	9.19
(b) On free accounts	34.69	18.79
Total of I (Carried forward)	410.34	317.35

¹ Revised figures.

	1936 (In millions of pengö)	1935 ¹
<i>Brought forward</i>	410.34	317.35
II. Compensations	81.31	54.82
III. Export against pengö	16.78	17.98
IV. Purchases by authorised banks	7.43 ²	2.73 ²
Grand total	<u>515.86</u>	<u>392.88</u>
<i>Outgoings:</i>		
I. Allotments of the National Bank :		
1. For imports :		
(a) Through clearings and from blocked accounts	267.54	196.64
(b) From free accounts	52.71	36.08
2. For debt service :		
(a) From blocked accounts	9.45	2.20
(b) From free accounts	7.21	16.07
3. To the State :		
(a) From blocked accounts	2.88	8.60
(b) From free accounts	10.40	8.95
4. To others :		
(a) From blocked accounts	22.17	14.55
(b) From free accounts	8.97	8.86
Total of I	<u>381.33</u>	<u>291.95</u>
II. Compensations	81.31	54.82
III. Import through merchandise, pengö	2.86	4.39
IV. Sales by authorised banks	4.53	3.74
Grand total	<u>470.03</u>	<u>354.90</u>

(c) *Foreign Debts.*

The devaluation of several currencies, including those that took place last autumn, has affected the gold value of certain of Hungary's foreign debts. Repayment in various forms and repatriation have also been going on to some extent over the last five years. It has recently been calculated that the country's total foreign debt owed abroad, which was estimated at about 4.3 thousand million pengö (gold) in 1931, has now been reduced to roughly 2.4 thousand million pengö (gold). If it is assumed that repatriation has practically ceased as a result of the stamping of securities (eighteenth report, pages 11-13) and other measures, it may be estimated that payments in respect of foreign debts have latterly been at an annual rate in the neighbourhood of 50 million pengö per annum, including both direct payments in foreign exchange and indirect transfer by additional export, etc.

The position on December 31st, 1936, of the Foreign Credits Cash Office, into which the pengö equivalent of the untransferred service of long-term loans is paid, was as follows :

I. *Receipts and Payments of the Office.*

	State loans	Municipal and other public loans	Other loans	Total
A. Under Order-in-Council 6900/M.E. ex 1931 :				
1. Receipts of the Office :				
(In millions of pengö)				
(a) In cash	23.0	102.7	129.1	254.8
(b) In Treasury bills	87.6	—	—	87.6
Total	<u>110.6</u>	<u>102.7</u>	<u>129.1</u>	<u>342.4</u>
2. Payments by the Office :				
(a) Coupons and bonds redeemed	18.1	75.7	109.3	203.1
(b) Advances to redemption offices	—	2.6	—	2.6
Total	<u>18.1</u>	<u>78.3</u>	<u>109.3</u>	<u>205.7</u>
3. Balance held :				
(a) In cash	4.9	24.4	19.8	49.1
(b) In Treasury bills	87.6	—	—	87.6
Total	<u>92.5</u>	<u>24.4</u>	<u>19.8</u>	<u>136.7</u>
B. Other receipts of the Office				37.6
Revenue of the Office				14.5
Balance (net)				<u>188.8</u>

¹ Revised figures.

² These two figures include some amounts contained in I above, the grand total therefore appearing slightly higher than it should.

II. Present Position of the Office.

	(In millions of pengő)
Balance held by the Office :	
(a) In cash.. .. .	101.2
(b) In Treasury bills.. .. .	87.6
Total	<u>188.8</u>
Investments out of cash :	
(a) Loan to State for productive investments (secured by Treasury bills of same amounts)	56.5
(b) Call-money and deposits	32.3
	<u>88.8</u>
Net amount at present held in cash	12.4

On State loans, there are no arrears to the Office. On other loans, the arrears amounted at the end of December 1936 to roughly 15 million pengő; at the end of 1935, they stood at 31.3 million pengő.

Loans from the Office to the State have not changed over last quarter. Amounts taken up by the State towards the five public works programmes totalling 68.6 million pengő approved by the management of the Office (see eighteenth report, page 11) amounted, at December 31st last, to 45.5 million pengő, 23.1 million pengő thus remaining to be taken up. The Treasury has already advanced 9.8 million pengő towards the 23.1 million pengő.

Other investments of the Office have increased by 0.8 million pengő.

The amounts deposited up to December 31st, 1936, under the Standstill Agreement in pengő with the National Bank of Hungary, to cover interest and commission on short-term banking debts not satisfied in foreign exchange totalled 74.22 million pengő, out of which 73.43 millions had been paid to creditors accepting such payments in satisfaction. The balance held by the National Bank thus amounted to 0.79 million pengő. The amount paid up to December 31st, 1936, under the same agreements for capital repayments in pengő to the National Bank totalled 30.36 millions, out of which 29.42 millions had been disposed of by the creditors, leaving a balance with the National Bank of 0.94 million pengő.

(d) Exchange Rates.

After the currency devaluations of last autumn, new arrangements were concluded with Switzerland and France for the resumption of trade, the premium paid by the National Bank of Hungary on their currencies now being 50%, and the surcharge allotments 53%, as on dollars and sterling. The premium and surcharge on lire were fixed on October 9th at 40% and 43%, and on November 30th at 47% and 48.5%. On Czechoslovak crowns, the rates have remained 45% and 46.5% since October 9th.

It was recorded in the last report that private rates in Hungary steadied soon after the devaluations took place. Over the last quarter, they have declined further.

II. ECONOMIC SITUATION.

I. GENERAL.

For the past three years, the trend in Hungary has been upwards. If it is now asked what the improvement amounts to in the aggregate, the answer must be that there has been patient and successful adaptation to existing circumstances, which however are much less favourable to Hungary than were pre-crisis conditions, and in themselves limit the extent of recovery.

In matters which lie within Hungary's own reach, not a little has been achieved. The budget deficit has been greatly reduced. The position of both the Treasury and the National Bank has been strengthened. The foreign exchange regulations have been simplified and brought into line with present requirements. Several branches of industrial production have revived, and some have expanded to or beyond the point reached in the peak year 1929. Distribution and consumption inside the country have risen and are still increasing. But the floating debt of the State continues to increase, there is little or no visible accumulation of savings, the credit mechanism is insufficiently in touch with business, the country's foreign debt position is still unsettled, and its financial relations with the outer world are still subject to the restrictions imposed by the Transfer Suspension Decree, which was renewed again in December last for a further year. These restrictions are of course a main obstacle to further progress, but the dangers of removing them in the present circumstances may be judged in the light of Hungary's external trade, which is now practically her only source of foreign exchange.

Hungary's Foreign Trade in Values and Quantities.

	1936	1935	1934	1933	1932	1931	1930	1929
	(In millions of pengő)							
Imports	433.5	402.3	344.9	312.6	328.5	539.4	823.3	1,063.7
Exports	509.0	451.5	404.2	391.3	334.5	570.4	911.7	1,038.5
Balance	+ 75.5	+ 49.2	+ 59.3	+ 78.7	+ 6.0	+ 31.0	+ 88.4	- 25.2

	1936	1935	1934	1933	1932	1931	1930	1929
	(In millions of quintals)							
Imports	32.6	27.8	23.7	17.7	21.1	33.5	48.9	67.1
Exports	20.7	16.2	16.6	18.4	13.1	18.8	22.9	27.5

Values for recent years can hardly be compared with those for 1929. Quantities are a safer guide. For the year 1936, when there was an exceptionally good crop, Hungary's imports, in spite of the improvement since 1932, are still less than half of what they were in 1929, her exports a quarter less in quantities than they then were, and the total volume only 56% of the 1929 figure. Indeed, the total volume, in quantities, is now on a lower level than it was when the reconstruction plan of 1924 was voted, and world prices of Hungary's chief exports have enormously decreased since then. Hindrances to international commerce have become such that the figures for the last few years must be taken to represent more or less what Hungary, in present circumstances, can make out of foreign trade, the actual amount of exports year by year, of course, depending much on the harvest. Unless markets are reopened, it appears unlikely that she will be able greatly to increase her sales abroad or her export surplus.

Hungary had a good harvest in 1936, and world wheat prices have been strong : a combination that makes for business. But recognition of the improvement, largely of a technical nature, that has taken place over the past few years, and of the relative prosperity attending a good crop this year, should not obscure the unsolved problems of the present position. Even internally, there are signs that a modest upward curve may be nearing its peak.

2. TRADE.

The special difficulties caused by the devaluation of currencies at the end of September and early in October, and which for a time impeded Hungarian access to several valuable markets, have to some extent been overcome, and trade is moving again, though the rate of advance over the previous year which had prevailed up to September has not yet been resumed. Imports and exports, during the last quarter, have been on a lower level than in the same months of 1935. Values and quantities for January-September and for the last three months :

	Imports		Exports		Imports		Exports	
	1936	1935	1936	1935	1936	1935	1936	1935
	(In millions of pengő)				(In millions of quintals)			
January-September ..	321.8	270.7	360.1	295.0	24.2	17.9	14.1	10.8
October	36.6	39.4	46.5	52.1	2.9	3.2	2.3	2.0
November	36.0	43.7	50.5	53.0	2.8	3.4	2.4	2.0
December	39.1	48.5	51.8	51.4	2.6	3.3	1.9	1.4

Trade inside the country is still increasing, as is shown by the returns of the State Railways and the Post, Telegraph and Telephone :

	State Railways				Post, Telegraph and Telephone	
	Ton-kilometres		Receipts		Receipts	
	1936	1935	1936	1935	1936	1935
	(Millions)		(In millions of pengő)		(In millions of pengő)	
January-September ..	1,544.0	1,447.0	166.0	146.0	72.0	67.0
October	277.0	271.0	22.0	21.0	8.7	8.4
November	268.0	242.0	21.0	22.0	8.7	7.9

3. PRODUCTION AND CONSUMPTION.

There is nothing to add to the figures on the 1936 harvest given in the twentieth report. The weather during the last quarter has been unfavourable for winter sowings of wheat. The Hungarian Economic Research Institute's indices of industrial production and consumption display an upward curve ; production in several important branches appears

to be close to capacity, and new plant is being built. Coal, iron and steel, textiles, building materials, leather, paper, are all expanding, and, in some cases, have passed the 1929 mark :

					Output of		
					Coal	Iron	
					(In millions of tons)	(In thousands of tons)	Steel
Whole year	1929	7.86	350	513			
Third quarter of	1933	1.56	23	65			
" " " " " "	1934	1.58	36	81			
" " " " " "	1935	1.75	42	124			
" " " " " "	1936	1.84	78	142			

					Coal and coke consumed by all branches of industry	Hungarian coal delivered to industry		
						All branches	Heavy industry	Textiles, leather and rubber
Whole year	1929	4,388	3,427	796	302			
Third quarter of	1933	699	571	135	74			
" " " " " "	1934	765	611	147	78			
" " " " " "	1935	886	695	190	80			
" " " " " "	1936	987	764	196	90			

It may be noticed that Hungarian industry's consumption of coal from all sources has increased since 1933 at a much higher rate than that at which its consumption of Hungarian coal has risen—i.e., Hungarian industry is now buying more of the better qualities of coal from abroad.

The generation of electrical current is also increasing steadily. Here, the increase was somewhat retarded by the depression, but much less than in other branches, and, since 1933, progress has been steadily maintained.

The building trade has had ups and downs over the last few years, but the latest returns indicate activity on a greater scale than that to be found in many other countries (for comparisons, see the *League of Nations Monthly Bulletin of Statistics*, December 1936). Consumption of staple articles continues to rise.

4. PRICES.

Wholesale-price indices are published in Hungary by the Statistical Office and by the Economic Research institute. They are calculated on different bases and cannot be expected to follow strictly parallel curves :

1935 :		Royal Hungarian Statistical Office		Economic Research Institute	
		(1913 = 100)		(1925-27 = 100)	
January		86	66		
June		87	67		
October		95	76		
1936 :					
January		94	76		
June		85	72		
October		91	78		
November		89	79		
December		92	—		

The Economic Research Institute's index shows a much greater increase since January 1935 than does the other.

Changes over the last year, as shown by the Statistical Office on the one hand and by the Economic Research Institute on the other, are as follows :

	Changes from November 1935 to November 1936 as shown by :	
	The Statistical Office	The Economic Research Institute
In the wholesale index	a decrease of 6.3%	an increase of 2.3%
In the agrarian index	a decrease of 13.9%	an increase of 1.0%
In the industrial index	an increase of 7.1%	an increase of 5.2%

The two institutions agree that there is an increase in industrial wholesale prices. The effects are indeed being felt in retail prices of industrial goods, which both the above-mentioned institutions show to have risen considerably. The Statistical Office's cost-of-living index

for December last stands at 97.7, as against 93.3 for December 1935. The Government has been moved by these developments to extend (December 19th last) the powers of a Price Supervising Committee, which was set up in 1933. This Committee is now enabled to take action of various kinds. It may (a) withdraw privileges from, or even cancel the licences of firms which are found to have offended. But it may also (b) propose to the responsible Minister modifications in customs tariffs and cognate measures.

Both the Statistical Office and the Economic Research Institute publish indices showing agrarian prices in percentages of industrial prices :

	Statistical Office (1913 = 100)	Economic Research Institute (1909-1913 = 100)
1935 :		
January	69.4	68.7
June	68.2	66.3
October	78.4	73.7
1936 :		
January	73.0	73.1
June	60.3	67.6
October	64.7	73.3
November	61.6	73.0
December	64.5	—

According to the Statistical Office, agrarian purchasing power in terms of industrial prices has deteriorated from 69.4 % in January 1935 to 61.6 % in November 1936 (64.5 % in December 1936) ; according to the Economic Research Institute, it has improved from 68.7 in January 1935 to 73 in November 1936.

The relation between internal and external prices of some leading Hungarian export articles (food) suggests that the present rising tendency in the general-price and cost-of-living levels should be counteracted by taking appropriate steps where industrial prices are concerned.

Wheat prices also require attention. After a decline in the summer, they rose in the autumn more or less in correspondence with world prices, and they have latterly continued to rise, although world prices have been steady. The present Hungarian price is about 22 pengő, which, allowance being made for freight, hinders export to the international markets.

Cattle and pig prices have also increased :

	Wheat Per 100 kg.	Live cattle middling quality Per kg. (Pengő)	Calves Per kg.	Pigs Per kg.
1935 :				
December	18.45	0.50	0.88	0.95
1936 :				
July	15.00	0.66	0.84	1.06
September	16.68	0.74	1.11	1.09
October	17.93	0.79	1.07	1.06
November	18.48	0.85	1.03	1.08
December	20.10	0.79	1.16	1.14

The supply of fodder this year being abundant, prices have ranged lower :

	Maize		Potatoes	
	1935	1936 (Pengő per quintal)	1935	1936
July	14.05	13.33	9.75	5.50
September	15.68	12.45	7.25	5.00
October	15.55	12.63	8.60	5.10
November	16.13	9.83	9.05	4.96
December	14.45	11.10	10.45	5.05

Somewhat over half of the estimated exportable surplus of wheat appears to have already been sold.

5. STOCK EXCHANGE.

A further sharp rise in the index occurred from September to October, and after a slight decrease in November, new high levels were reached in December, since when there has been little change. It was pointed out in the last report that, at these prices, the return on many shares was, already in September, on a very low level : 3 % or 2 % or less, and the position has now developed further in this respect :

Stock Exchange Index (1926 = 100).

	1936	1935	1934
September	138.7	94.0	68.0
October	155.1	93.8	67.2
November	153.9	99.7	75.4
December	160.0	104.7	78.1

6. BANKING, COMMERCIAL AND PRIVATE.

The improvement in business that has been in course for some time past has not been accompanied by any noticeable increase in deposits (Appendix II).

None of the commercial banks have yet produced their balance-sheets for 1936.

On announcing a reduction of the National Bank dividend for 1936, the President, Dr. Imrédy, remarked that it was to be hoped in the general interest that the banks would abstain from increasing their dividends and devote their resources to strengthening their internal position.

7. COMMERCIAL POLICY.

The process of readjustment demanded by devaluation of the currency on several of Hungary's markets is continuing, and, in some cases, has been completed. The premium and surcharge on all currencies of countries having no foreign exchange control are now 50%-53%.

Italy.—The goods compensation agreement described in the seventeenth report, page 10, has been discontinued in favour of a *conto globale* system, under which lire proceeds of Hungarian exports are paid into a single account. This system differs from that obtaining prior to November 19th, 1935, in that it is now open to the Hungarian National Bank to safeguard the desired relation between exports and imports by determining the extent to which it will purchase lire arising out of export, or, alternatively, book these lire to the credit of the individual exporter.

The premium and surcharge on lire were raised on November 30th from 40%-43% to 47%-48½%.

Switzerland.—The clearing remains in force until the end of March 1937, after which it is expected that arrears of merchandise debt to Switzerland will have been practically wiped out, thus making it possible to discontinue the clearing.

Czechoslovakia.—A new compensation agreement took effect on January 1st, inst., providing for exchanges under five groups, the resultant value of Hungarian exports being estimated at 194 million Czechoslovak crowns on an annual basis. For the year 1936, Hungarian exports to Czechoslovakia were estimated at 135 million Czechoslovak crowns, plus 5 million Czechoslovak crowns for outstanding merchandise debts. Room for a certain increase in trade between the two countries is therefore given, though, even at the new rate, Hungary's exports to Czechoslovakia will only be a fifth to a quarter of what they were in 1928/1929.

The five groups may be summarised as follows :

	Estimated values in millions of Czechoslovak crowns	
	1937	1936
Group I (quotas) :		
(a) Hungary takes wood and Liptauer cheese against sheep, pigs, horses and butter	60	55
(b) Hungary takes coal and coke against vegetables, seeds, fats, eggs, wine, etc.	43	
Group II (quotas) :		
Industrial goods to be exchanged as specified in lists ..	30	21
Group III :		
Watering-place account : Export of Hungarian fruit and books to supply tourist requirements	6	10
Group IV (quotas) :		
The Rimamurany Co. authorised to exchange fats and lard against iron ore	25	24
Group V :		
Goods not subject to quota in Czechoslovakia	25-30	25
Total	189-194	135

France.—Negotiations for a new payment agreement are expected to take place shortly. It is also hoped that the process of freeing imports into France from quotas, which was begun in October last, will be continued so as to include some of the more important Hungarian articles which might find a market in France. Latterly, trade between France and Hungary has been decreasing.

With regard to the other countries with which Hungary does an important part of her foreign trade, it may be noted that unsatisfied claims arising out of exports from Austria to Hungary now stand at about the same level that they reached three months ago. A new commercial agreement with Yugoslavia entered into force on January 1st, increasing quotas somewhat in favour of Yugoslav exporters and providing for orders to Hungarian industry, the proceeds to be applied to the reduction of arrears of merchandise debts.

The application of countervailing duties to certain Hungarian exports to the United States has entailed the suspension of additional export to the United States.

Appendix I.

**MONTHLY (QUARTERLY) RESULTS FOR THE YEAR 1936/37 COMPARED WITH
THE RESULTS FOR THE YEAR 1935/36.**

	Financial year July-September		October		November		December	
	1935/36	1936/37	1935	1936	1935	1936	1935	1936
(In millions of pengó)								
A. ADMINISTRATION.								
<i>Receipts.</i>								
Direct taxes	51.9	56.5	17.9	23.4	35.7	36.8	19.7	20.4
Customs duties	8.9	10.5	3.6	4.3	3.9	3.4	4.3	4.0
Excise duties	23.9	29.8	8.7	8.5	7.6	8.5	8.1	9.3
Turnover tax	26.3	31.5	9.5	11.2	10.7	12.0	10.5	12.6
Dues	23.6	24.5	8.5	8.8	8.1	8.8	8.7	9.5
Tobacco Monopoly	29.0	29.4	9.4	9.1	8.6	8.7	9.3	9.8
Salt Monopoly (gross)	6.5	6.4	2.5	2.4	2.5	2.5	3.1	3.1
Saccharine and lotteries	0.4	0.6	0.5	0.6	—	—	0.1	0.2
Administrative receipts ¹	9.5	11.4	4.8	6.5	4.0	4.4	16.1	16.4
Total receipts	180.0	200.5	65.4	74.8	81.1	85.1	79.9	85.3
<i>Expenditure.</i>								
Army	21.7	30.3	6.9	9.4	7.6	9.4	6.7	
Foreign Affairs ²	2.5	2.4	1.2	1.1	0.6	0.6	0.5	
Justice	7.9	8.0	2.7	2.7	2.6	2.6	3.2	
Supreme organs of the State ³	—	—	—	—	—	—	—	
Interior	26.3	25.9	10.0	10.3	10.8	10.5	10.7	
Agriculture	6.2	6.0	2.7	3.0	1.8	3.5	2.5	
Commerce	11.9	11.5	4.1	4.1	2.2	2.6	2.4	
Education	15.2	15.0	5.5	5.3	5.8	5.5	5.4	
Finance	18.4	18.5	5.6	5.7	5.6	5.5	8.6	
Industry	0.5	2.2	0.3	0.7	0.8	0.8	1.3	
Smaller departments	3.0	3.0	1.3	1.2	0.7	0.7	0.8	
Subsidies to local authorities	14.4	13.0	5.1	4.5	3.5	3.5	3.5	
Pensions	35.9	37.3	12.6	12.9	11.9	12.1	11.8	
Debt service	16.9	18.7	5.7	3.8	3.2	3.3	5.0	
Total expenditure	180.8	191.8	63.7	64.7	57.1	60.6	62.4	69.3
Balance	- 0.8	+ 8.7	+ 1.7	+ 10.1	+ 24.0	+ 24.5	+ 17.5	+ 16.0
B. UNDERTAKINGS.								
<i>Receipts.</i>								
Post and Telegraph	23.8	25.3	8.5	8.7	7.9	8.7	8.6	
Railways ⁴	57.9	64.6	21.7	22.0	19.0	21.7	17.8	
Ironworks	8.0	12.2	2.5	4.2	2.8	5.4	2.9	
Other undertakings	6.4	6.7	1.8	1.9	1.9	1.7	2.2	
Total receipts	96.1	108.8	34.5	36.8	31.6	37.5	31.5	
<i>Expenditure.</i>								
Post and Telegraph	19.4	20.3	6.0	6.6	6.2	6.5	11.9	
Railways ⁴	59.3	62.2	21.9	24.5	21.3	21.9	26.0	
Ironworks	12.4	14.2	3.9	6.3	3.9	6.4	4.1	
Other undertakings	4.8	4.9	1.8	2.2	1.6	1.8	1.8	
Total expenditure	95.9	101.6	33.6	39.6	33.0	36.6	43.8	
Balance	+ 0.2	+ 7.2	+ 0.9	- 2.8	- 1.4	+ 0.9	- 12.3	

¹ Figures relating to receipts and expenditure of foreign service for current year are provisional.

² Included in "Smaller departments".

³ Returns of the Railways for current fiscal year are provisional.

Appendix II.
ECONOMIC INDICES.
(End of date given.)

		Third quarter	October	November	December
Index of industrial production ¹ .. (1927 = 100)	1936	137.6	—	—	—
	1935	123.1	—	—	127.6
	1934	102.4	—	—	110.6
Output of coal ²	1936	184.8	88.4	85.0	—
	1935	175.4	80.7	81.9	77.3
	1934	158.7	77.2	71.0	62.8
Unemployment ³	1936	12,876	12,838	13,815	—
	1935	16,136	15,343	14,976	18,318
	1934	20,058	19,410	19,611	20,986
Prices (1913 = 100) : Wholesale ..	1936	87	91	89	92
	1935	92	95	95	97
	1934	83	82	83	84
Retail	1936	101.10	101.94	102.27	102.20
	1935	100.60	101.01	101.80	102.25
	1934	97.76	97.90	96.85	96.72
Stock-Exchange index ⁴ (1926 = 100)	1936	138.7	155.1	153.9	160.0
	1935	94.0	93.8	99.7	104.7
	1934	68.0	67.2	75.4	78.1
(In millions of pengó)					
Savings deposits at the Post Office Savings Bank and the Budapest banks members of the Central Corporation of Bank- ing Companies ⁵	1936	701.6	680.4	685.1	—
	1935	653.8	645.9	663.6	679.3
	1934	611.3	613.8	615.7	635.9
Current accounts at the Post Office Savings Bank and the Budapest banks members of the Central Corporation of Bank- ing Companies ⁵	1936	686.7	695.5	692.7	—
	1935	686.0	696.9	699.8	703.6
	1934	658.0	668.4	682.8	676.3
Total	1936	1,388.3	1,375.9	1,377.8	—
	1935	1,399.8	1,342.8	1,363.4	1,382.9
	1934	1,269.3	1,282.2	1,298.5	1,312.2
Official discount rates	1936	4.0	4.0	4.0	4.0
	1935	4.0	4.0	4.0	4.0
	1934	4.5	4.5	4.5	4.5
Market discount rates : ⁶ 3-month bills (maximum) ..	1936	6.5	6.5	6.5	6.5
	1935	7.0	7.0	7.0	7.0
	1934	4.0	4.0	4.0	4.0
3-month bills (minimum) ..	1936	4.0	4.0	4.0	4.0
	1935	4.0	4.0	4.0	4.0
(In millions of pengó)					
Foreign trade : ⁷ Imports	1936	102.2	36.6	36.0	39.1
	1935	95.3	39.4	43.7	48.5
	1934	83.7	33.1	33.8	30.8
Exports	1936	144.0	46.5	50.6	51.8
	1935	105.2	52.1	53.0	51.4
	1934	95.6	37.1	42.3	46.7
Difference	1936	+ 41.8	+ 9.9	+ 14.6	+ 12.7
	1935	+ 9.9	+ 12.7	+ 9.3	+ 2.9
	1934	+ 11.9	+ 4.0	+ 8.5	+ 15.9

¹ The Hungarian Economic Research Institute's indices cannot be compared with those published previous to the fourteenth report.

² Coal output in hundreds of thousands of quintals.

³ Unemployed members of the Social-Democratic Union.

⁴ Office of Statistics index, including eighteen shares.

⁵ These figures are not comparable with those given in this place in reports previous to the nineteenth, which included the deposits of the Post Office Savings Bank and twelve leading Budapest banks.

⁶ Returns of the National Bank of Hungary.

⁷ Figures for 1935 and 1934 are definitive.

Appendix III.

NATIONAL BANK.

	December 31st		Sept. 30th	Oct, 31st	Nov. 30th	Decem- ber 31st
	(In millions of pengö)			(In millions of pengö)		
Note circulation	{ 1935 417.4 1934 381.4	1936 417.4 1935 388.7		427.4 411.8	402.2 393.3	436.5 417.4
Sight liabilities :						
Public	{ 1935 104.6 1934 71.6	1936 129.7 1935 75.0		131.8 78.1	171.9 105.0	169.7 104.6
Private	{ 1935 42.1 1934 34.0	1936 24.6 1935 22.0		25.1 23.5	22.1 25.1	43.0 42.1
Cash certificates ¹	{ 1935 104.3 1934 115.1	1936 95.6 1935 109.1		92.9 104.3	92.9 104.3	92.9 104.3
Other liabilities (net)	{ 1935 173.9 1934 184.3	1936 162.9 1935 161.5		167.2 171.2	167.4 176.3	164.4 173.9
Metal reserve as shown	{ 1935 121.2 1934 109.0	1936 115.9 1935 101.3		119.8 108.5	122.4 115.9	132.6 121.2
Thereof gold	{ 1935 78.9 1934 78.9	1936 78.9 1935 78.9		78.9 78.9	84.1 78.9	84.1 78.9
Commercial bills discounted	{ 1935 574.4 ² 1934 619.5 ⁷	1936 512.5 ³ 1935 536.2 ⁴		507.7 ⁴ 553.8 ³	507.8 ⁵ 547.2 ³	535.1 ⁶ 574.4 ³
Advances on securities ⁸	{ 1935 12.4 1934 11.8	1936 12.4 1935 11.8		12.4 11.8	12.4 12.4	14.3 12.4
Government debt	{ 1935 77.0 1934 50.0	1936 93.2 1935 72.6		94.2 72.5	94.9 74.1	97.9 77.0
Other assets ¹	{ 1935 95.6 1934 34.3	1936 134.7 1935 72.7		148.8 80.7	157.5 92.7	165.0 95.6
	Per cent			Per cent		
Ratio of cover	{ 1935 24.9 1934 24.9	1936 24.2 1935 24.5		24.4 24.6	24.4 25.8	24.1 24.9

¹ Issued in connection with the consolidation of the Bank for International Settlements and Central Bank credits.

² Thereof Treasury bonds 32.6 million pengö.

³ " " " 28.7 " "

⁴ " " " 24.7 " "

⁵ " " " 19.7 " "

⁶ " " " 23.7 " "

⁷ " " " 34.1 " "

⁸ All Treasury bonds.

Appendix IV.

FOREIGN EXCHANGE : PURCHASES AND SALES OF THE NATIONAL BANK OF HUNGARY IN THE FOURTH QUARTER OF 1936 AND DURING THE WHOLE YEAR OF 1935¹ AND 1936¹.

	1936		
	October	November	December
<i>Purchases :</i>	(In millions of pengó)		
(a) Export Devisen received ²	34.71	28.74	37.63
(b) Under obligatory declaration	0.29	0.57	0.72
(c) From the State	0.23	0.64	0.70
(d) From others	3.71	1.75	1.80
Total	38.94	31.70	40.85
Excess of sales	—	—	—
<i>Sales :</i>			
(a) For loan service	1.06	0.56	0.56
(b) For imports ²	27.96	28.26	26.65
(c) To the State	1.42	1.31	1.17
(d) To others	1.83	1.44	2.19
Total	32.27	31.57	30.57
Excess of purchases	6.67	0.13	10.28

	1935	1936		
	Total year	First half year	Second half year	Total year
<i>Purchases :</i>	(In millions of pengó)			
(a) Export Devisen received ²	289.37	163.32	194.83	358.15
(b) Under obligatory declaration	7.20	3.46	3.59	7.05
(c) From the State	4.00	5.26	3.18	8.44
(d) From others	16.78	15.98	20.72	36.70
Total	317.35	188.02	222.32	410.34
Excess of sales	—	—	—	—
<i>Sales :</i>				
(a) For loan service	18.27	12.59	4.07	16.66
(b) For imports ²	232.72	156.89	163.36	320.25
(c) To the State	17.55	6.13	7.15	13.28
(d) To others	23.41	12.04	19.10	31.14
Total	291.95	187.65	193.68	381.33
Excess of purchases	25.40	0.37	28.64	29.01

¹ Revised figures.
² Including clearing.

Appendix V.
FOREIGN EXCHANGE CONTROL.

	Actual exports	Exports notified, including compensations and exports against pengö	Percentage of column 2 to column 1	Export Devisen received by the National Bank	Certified compensation and certified exports against pengö	Columns 4 + 5—i.e., total of foreign exchange derived from exports	Percentage of column 6 to column 1	Actual imports	Import Devisen allotted by the National Bank	Certified compensation and import through merchandise pengö	Columns 9 + 10—i.e., total of foreign exchange used for imports	Percentage of column 11 to column 8
	1	2	3	4	5	6 (In millions of pengö)	7	8	9	10	11	12
1935 :												
January	29.4	35.4	120.4	26.4	5.1	31.5	107.1	27.5	22.6	4.0	26.6	96.7
February	28.8	31.8	110.4	18.6	8.6	27.2	94.4	27.7	20.6	7.5	28.1	101.4
March	40.3	36.1	89.5	24.8	5.4	30.2	75.0	29.8	17.9	4.9	22.8	76.5
April	30.6	35.0	114.3	24.8	4.1	28.9	94.4	32.2	18.4	2.8	21.2	65.8
May	31.3	33.8	107.9	18.1	5.9	24.0	76.7	31.5	18.4	4.8	23.2	73.6
June	29.4	27.2	92.5	18.2	5.1	23.3	79.3	26.7	16.4	3.7	20.1	75.8
July	31.9	36.3	113.8	19.0	7.5	26.5	83.1	31.5	16.7	6.2	22.9	72.7
August	31.5	33.5	106.3	18.0	2.7	20.7	65.7	30.4	15.6	1.6	17.2	56.6
September	41.8	42.8	102.4	19.1	9.6	28.7	68.6	33.4	18.1	8.2	26.3	78.7
October	52.1	52.7	101.2	31.8	6.5	38.3	73.5	39.4	21.6	5.4	27.0	68.5
November	53.0	55.9	105.5	41.3	5.1	46.4	87.5	43.7	24.8	4.2	29.0	66.4
December	51.4	49.6	96.5	32.2	7.1	39.3	76.5	48.5	24.6	6.1	30.7	68.3
1936 :												
January	34.9	36.7	105.2	32.4	6.7	39.1	112.0	40.6	31.0	6.0	37.0	91.1
February	41.2	47.4	115.0	24.6	6.3	30.9	75.0	30.2	25.9	4.9	30.8	102.0
March	38.0	39.9	105.0	36.8	4.8	41.6	109.5	35.0	26.1	4.5	30.6	87.4
April	32.9	31.4	95.4	24.4	12.8	37.2	113.1	40.3	24.2	12.2	36.4	90.3
May	31.8	31.9	100.3	24.3	5.1	29.4	92.5	38.8	25.9	4.7	30.6	78.9
June	37.3	37.8	101.3	21.0	6.7	27.7	74.3	34.7	23.9	5.7	29.6	85.3
July	40.7	53.3	131.0	28.6	12.2	40.8	100.2	36.8	26.8	10.0	36.8	100.0
August	49.4	49.3	99.8	27.1	12.7	39.8	80.1	31.9	24.3	11.7	36.0	112.9
September	53.9	52.7	96.9	38.0	10.3	48.3	88.8	33.5	29.4	8.1	37.5	112.0
October	46.5	46.3	99.6	34.7	7.6	42.3	91.0	36.6	28.0	6.8	34.8	95.1
November	50.6	52.6	104.0	28.7	5.6	34.3	67.8	36.0	28.3	4.4	32.7	90.8
December	51.8	52.9	102.1	37.6	7.1	44.7	86.3	39.1	26.5	5.1	31.7	86.3

LEAGUE OF NATIONS

AUSTRIA - Public Finances

SECOND REPORT

by the Financial Organisation

of the League of Nations

November 1936 - March 1937

Geneva, April 10th, 1937.

Note.

In accordance with Article 10 of Annex III of the Austrian Protocol of July 15th, 1932, and the Council resolution of September 25th, 1936, contact is to be maintained between the Austrian Government and the Financial Organisation of the League of Nations by the preparation and publication of periodical statements on Austrian public finances by the Financial Organisation of the League of Nations, for which purpose it has been arranged that an official of that organisation will visit Vienna from time to time.

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I. INTRODUCTION.

1. During March, the Austrian Government issued the 1937 Investment Loan—a 4½% loan, issued at 90 and expressed in Schillings, without any gold or gold-value clause. The investing public responded well and there was a notable subscription on the part of small investors.

2. The 1936 Ordinary Budget closed—according to the Provisional Results—with a small surplus (2.6 million Schillings). This is the first occasion on which the Budget has closed with a surplus since 1929.

3. If receipts from taxes are at the same rate as during 1936 and no extra expenditure is incurred, the 1937 Budget should approximately balance.

4. Revenue receipts during January and February 1937 were somewhat smaller than during the corresponding months of last year, and during March were a good deal better than a year ago.

5. Railway receipts were relatively high during the first months of 1937, thanks to the increase of Austrian foreign and transit trade.

6. Exports were larger during 1936 than during 1935. The last months of the year were favourable and the beginning of 1937 was even more favourable.

7. The industries which can profit from export possibilities, such as iron and steel, paper and cotton, show marked increases in production.

8. During the autumn, unemployment was higher than in the preceding year. Since January, it has been lower. At the end of March, the number of unemployed in receipt of State relief was 18,000 less than a year ago.

9. Consumption has not yet recovered and still shows, in many domains, a downward tendency.

10. The birth rate continues to go down. Since 1935, the number of births has been less than that of deaths.

2. STATE FINANCES.

(a) 1936 PROVISIONAL RESULTS.

The Federal Audit Court has published the Provisional Results for 1936. They do not differ greatly from the probable results estimated in November, which were given in the first report. Compared with the Estimates for 1936, the Provisional Results show the following picture (for further details, see Appendix I) :

STATE FINANCES

1936 Budget.

<i>Ordinary Budget :</i>	Estimates	Provisional Results
Expenditure :	In millions of Schillings	
Personnel	698.9	707.8
Material	1,216.6	1,278.0
Total	1,915.5	1,985.8
Receipts	1,881.4	1,988.4
Balance	— 34.1	+ 2.6
<i>Investments</i>	44.8	35.6
Total balance ..	— 78.9	— 33.0'

The most striking fact in these results is that the Ordinary Budget is closing with a small surplus. This had not happened since 1929, as will be seen from the following table :

	Balance on Ordinary Budget	Investments	Total balance
	In millions of Schillings		
1929 Closed Accounts	+ 166.9	— 147.2	+ 19.7
1930 " "	— 13.1	— 248.4	— 261.5
1931 " "	— 223.7	— 98.4	— 322.1
1932 " "	— 4.1	— 10.9	— 15.0
1933 " "	— 81.8	— 159.7	— 241.5
1934 " "	— 116.4	— 109.6	— 226.0
1935 " "	— 53.8	— 103.0	— 156.8
1936 Estimates	— 34.1	— 44.8	— 78.9
Provisional Results ..	+ 2.6	— 35.6	— 33.0
1937 Revised Estimates ..	— 108.4	— 37.0	— 145.4

The satisfactory results of the 1936 Budget are due in the first place to the rise in receipts. The estimates of receipts had been made prudently and contained a certain reserve, but the increase of 107 millions over the receipts estimated exceeded all expectations. Thus it was possible, although expenditure was increased by 70 millions, to transform the estimated deficit in the Ordinary Budget of 34.1 millions into a surplus of 2.6 millions.

The following table shows the items in the Ordinary Budget on which expenditure exceeded appropriations :

	Excess expenditure (In millions of Schillings)
Pensions	3.58
Chancellor's Office and Foreign Affairs	7.32
Police	0.98
Gendarmerie	0.12
Justice	0.34
Education, Art, Church	0.12
Unemployment and Old-age Pensioners	5.49
Social Administration, other	0.32
Financial Administration	1.09
Treasury	20.19
Agriculture	5.64
Defence	38.73
Tobacco Monopoly	3.42
Lotteries	1.80
Posts and Telegraphs	4.28
Sundry	1.13
Total	94.55

STATE FINANCES

This was partly met by the following reduction in expenditure :

	Shortfall of expenditure (In millions of Schillings)
State Debt	12.42
Auxiliary Defence Corps	1.04
Commerce and Traffic	0.35
Salt Monopoly	0.28
Gunpowder	0.13
Federal Railways	8.50
Charges under the Südbahn Convention.. .. .	0.28
Sundry	1.18
Total	24.18
Net excess	70.37

The increase in the yield of revenue was due exclusively to the increase in the yield of taxes. These have shown the following development during recent years :

	1932	1933	1934	1935	1936
	In millions of Schillings				
Direct taxes	292.4	247.0	230.4	} 300.2	352.3
Crisis tax and security tax	34.4	34.4	49.7		
Customs	230.0	177.5	182.7	178.0	180.3
Fodder tax	—	2.0	21.0	32.8	39.1
Excise duties	172.0	154.9	171.5	182.2	191.3
Turnover tax	176.4	134.0	139.3	153.9	148.0
Turnover tax : emergency sur- tax	29.5	118.0	122.8	123.9	144.0
Taxes on transactions, legal fees, etc.	112.4	100.0	99.8	100.7	126.2
Sundry	2.3	2.4	2.9	3.5	3.3
Total	1,049.4	970.2	1,020.1	1,075.2	1,184.5

The figures for the individual taxes are not wholly comparable on account of changes in taxation.

To the total balance of the Budget, amounting to a deficit of 33 millions, must be added a deficit of 10.9 millions on the operation of the current account, making a total outgoing for the Treasury of 43.9 millions. As against this, Treasury bills up to 44 millions were issued in the course of 1936, chiefly during the first part of the year. In this connection, it may be pointed out that investments which could be covered by credit operations amounted during 1936 to 36.5 million Schillings, and that the Treasury utilised some 21 millions from the current account for the repurchase of bonds of the Italian *tranche* of the Austrian 1930 International Federal Loan.

(b) THE 1937 INVESTMENT LOAN.

On February 6th, 1937, the Government announced the issue of an "Investment Loan" of 180 million Schillings. As the aspect of the 1937 Budget has been considerably changed through this decision, the details of the loan transaction will be examined first. This will facilitate the discussion of the modifications of the Budget.

The object of the loan is to reduce unemployment through the creation of work and the intensification of the process of economic recovery in Austria, where—notwithstanding the various signs of improvement—the number of unemployed in receipt of relief during the past winter was at a higher level than a year ago.

STATE FINANCES

The whole loan scheme is divided into four parts :

- A. The 1937 Investment Loan ;
- B. A credit for the Federal Railways ;
- C. A special post-office credit ;
- D. The promotion of private building.

A. The 1937 Investment Loan.

This is a 4½% loan of 180 million Schillings issued to the public at 90%, to be amortised during thirty years and uncalled during the first ten years. It is expressed in Schillings and is not accompanied by special conditions. The effective rate of interest (including the profit on amortisation) is 5½%. This compares very favourably with the previous internal loans.

Loan	Nominal rate of interest	Rate of issue	Effective rate of interest for subscribers	Clause of value	Other special clauses
		Per cent			
1930 International Federal Loan (Austrian tranche) ..	7.0	95	7.80	Gold clause	Assigned revenues ; Trustees ; amortisation at 103%.
1933 Lottery Loan ..	4.0	98	7.04	Gold-value clause	Amnesty for foreign-exchange frauds ; special conditions for holders of pre-war loans.
1935 Work Loan ..	5.5	86	7.16	Gold-value clause	Amnesty for foreign-exchange frauds.
1937 Investment Loan	4.5	90	5.50	—	—

The above table, which includes only the internal loans not guaranteed by foreign Governments, shows clearly how the internal credit of the Austrian Government has improved during the last two years. This is certainly due, to a marked degree, to the efforts made by the Government to put the Budget in order. Notwithstanding the fact that the 1937 Investment Loan was not guaranteed by foreign Powers, was not accompanied by a gold clause or by special attractions in the form of lottery premiums or foreign-exchange amnesty, the response of the investing public, especially of the small investor, was remarkable.

When the subscription was closed on March 15th, 109 millions had been taken by subscribers who did not subscribe more than 10,000 Schillings each. These smaller subscribers number about 34,000, and their subscriptions averaged 3,200 Schillings. They include some 11,200 clients of savings banks, who on an average subscribed 1,500 Schillings. The total subscriptions by the public amount to 159.7 millions, so that the guaranteeing syndicate formed by the chief banks and other financial institutes under the leadership of the Austrian National Bank had to take over only 20.3 millions, which is a great deal less than in the case of the 1935 Work Loan. It is considered that the 1937 Investment Loan has been taken up by the final investor to a greater extent than was the case on previous occasions. The syndicate which guaranteed the subscription has been transformed into a marketing and price-controlling syndicate, which is expected to be able to carry out its functions smoothly.

The loan was issued to the public at 90%. The Austrian Government received 88%, so that the net proceeds of the loan amount to 158.4 millions. The law authorising the loan

(Kreditgesetz, 1937, No. 47, B.G.B. 25. Febr. 1937) provides that this sum will be utilised as follows :

	Millions of Schillings
(a) Consolidation of Treasury bills	54.0
(b) Investments already included in the 1937 Budget Estimates ..	17.5
(c) New programme of works to be included in the 1937 Budget :	
Roads	22.0
Bridges	2.0
Defence	22.0
Buildings	1.0
Railways	27.5
Stream regulation ¹	2.0
	76.5
(d) Contributions to the local authorities	10.0
	158.0

The remainder goes to the Treasury.

With reference to this programme of expenditure, it may be observed :

(a) The short-term debts of the Treasury increased in the course of 1936 from 132 to 175 millions. The Ministry of Finance was waiting for a favourable opportunity to consolidate part of this amount, and the 1937 Investment Loan was correspondingly increased. As the rate of interest paid on Treasury bills is 2.75%, whilst the net rate of interest for the State on the 1937 Investment Loan is 5.75%, the annual debt service is increased by some 1.6 million Schillings on account of the consolidation.

(b) The 1937 Budget Law provided that the payment for the investments included in the Budget Estimates could be covered by borrowing.

(c) The expenditure from the loan inserted in the 1937 Budget includes :

(i) Roads—22 millions. A considerable part of the principal international motor road in Austria has been modernised. The Government has now decided to modernise also the rest of these roads, including the West-East road from Vorarlberg to Vienna, the North-South road from Salzburg to Carinthia via the Grossglockner, and the road from Carinthia to Hungary. The total programme provides for the modernisation of 280 kilometres of Federal roads and involves an expenditure of 46 million Schillings. The first part of this plan (22 millions) will be paid out of the 1937 Investment Loan. The financing of the remainder will have to be provided for later.

(ii) Bridges—2 millions. Apart from the bridges which have to be renewed in connection with the road and railway programmes, a sum of 2 millions is provided for the replacement of two old bridges, one at Innsbruck and one at Villach, both situated on main roads.

(iii) Defence—22 millions. This sum will be utilised for the further technical equipment of the army—all contracts to be placed with home firms.

(iv) Buildings—1 million. This sum has been earmarked for the building of a secondary school in Eisenstadt.

(v) Railways—27.5 millions. This sum will be used for :

	Millions of Schillings
Locomotives and motor coaches	4.0
Track improvements	5.0
Railway bridges	3.8
Electrification	14.7
	27.5

¹ The 2 millions for stream regulation are not indicated in the law authorising the loan, but only in the second amendment to the Budget. The remainder of the loan, which goes to the Treasury, is thereby reduced from 2.4 millions to 0.4 million.

The Government has decided to proceed to the electrification of the line from Salzburg to Linz. It will be remembered that the lines from the Swiss frontier to Salzburg and the Tauern line were electrified some ten years ago out of the proceeds of the 1923 League of Nations Loan and the 1930 International Federal Loan. The total cost of the electrification programme now decided upon is 70 million Schillings, which includes 18 millions for improvements which would have had to be undertaken in coming years even if steam traction had been continued, such as the modernisation of the stations at Linz and Wels. A small part of the electrification programme (14.7 millions) will be paid directly from the Investment Loan. The remainder (55 millions) will be covered by a special credit transaction (see below, B).

(vi) Stream regulation—2 millions. This expenditure is not mentioned in the law authorising the loan, but only in the second amendment to the Budget. The negotiations as to its utilisation are not yet concluded.

(d) Contributions to local authorities—10 millions. This sum has been earmarked as follows :

	Millions of Schillings
Vienna	4.0
Lower Austria	1.5
Upper Austria	1.2
Salzburg	0.3
Styria	1.3
Carinthia	0.6
Tyrol	0.5
Vorarlberg	0.2
Burgenland	0.4
Total	10.0

The aim of the Federal Government is to stimulate the local authorities to provide money in their turn for the undertaking of public works or private building. The plans for the utilisation of these sums have to be agreed with the Federal Minister of Finance. The latter has declared that it is his intention to stimulate, in the first place, plans in which the money provided by the State and the local authorities will be supplemented by money from private sources, so that the effect on the labour market of the sums set aside by the Federal Government may be multiplied. Negotiations are taking place for the creation of house-repair funds in the principal towns and also for investment programmes of an agricultural character (farm improvements, water supply, stream regulation, etc.). It is expected that about twice as much as is provided by the Government will be supplied from other sources, so that the total sum to be spent for employment under this scheme will amount to some 30 million Schillings.

B. *The Credit for the Railways.*

As was explained above, the main part (55 millions) of the electrification programme will be covered by a special credit transaction of the Federal Railways. To this end, a syndicate consisting of the chief banks, savings banks and an insurance company has opened a credit for the Railways which is guaranteed by the Federal Government. The rate of interest is 1½% above the bank rate (which is at present 3½%) with a minimum of 5%, and the credit has to be repaid between 1939 and 1947 in eighteen equal half-yearly instalments. (See also page 7.) The Railways will only draw upon this credit as and when the contractors of the electrification scheme have to be paid.

C. *The Post-office Credit.*

In order to provide for the building of a new central post office in Vienna, the Government has come to an understanding with the two principal Vienna savings banks with regard to a separate credit transaction of 15 million Schillings for thirty years at 5%. The construction of the new building will take several years, and it is intended to take up the money only when required.

D. Promotion of Private Building.

In order to stimulate private building, the Government has decided to guarantee, under certain conditions, second mortgages for the building of small dwelling-houses up to a total sum of 20 million Schillings to be contracted before the end of 1938. The builder must provide at least 40% of the total cost (including the land), and the second mortgage may not exceed 30%. Thus the total sum which will be spent on such building may amount to 60 or 70 millions.

Apart from this action for the promotion of private building, the Government thus intends to spend for the creation of employment :

	Millions of Schillings
From the loan	86.5
From the railway credit	55.0
From the post-office credit	15.0
	<hr/>
Total	156.5

It is estimated that this expenditure will create over 13.5 million days' work, which would provide employment for 45,000 workmen during a year. Estimating the number of workmen who will be set to work indirectly through the increase in consumption at one-eighth to one-fifth of the number directly employed, well over 50,000 families would be provided for during a year. In addition, employment will be created from the other sources not taken into account (promotion of private buildings, funds to be provided by the local authorities and from private sources). As some of the main parts of the programme (roads, electrification, post-office building) extend over three years, the effect will be spread over a considerable period.

As regards the annual burden of the whole programme on the Budget, the following facts are known for the moment :

The 1937 Investment Loan of 180 millions is a thirty-year loan at 4½%. During the year 1937, only one payment for six months' interest has to be made, amounting to 4.05 millions. Amortisation starts on March 1st, 1938. From that year onwards, the annual service amounts to 11 million Schillings.

The rate of interest on the railway credit of 55 millions is at present 5% (1½% above the bank rate, with a minimum of 5%). The credit will only be utilised gradually and has to be repaid from 1939 to 1947 in eighteen equal six-monthly instalments. When the whole of the credit is being utilised and before amortisation has begun, the annual interest charge of the credit will be 2.75 millions. Amortisation amounts to 6.1 millions a year, but starts only in 1939. It will be in the interest of the Government to proceed at that moment to the conversion of this middle-term credit into a long-term loan, so as to avoid the heavy burden of amortisation during the short period of nine years. This is already agreed in principle with the syndicate. It is, of course, quite impossible to foresee at present at what rate the Government would be able to convert in two years' time. It would seem to be within the means of the Austrian Government to continue to improve its credit. If, however, an estimate is based on the conditions at which the 1937 Investment Loan was issued, the annual charge of a loan for the conversion of the railway credit would be 3.8 millions.

As regards the post-office credit of 15 millions, no definite contract has as yet been concluded. The two savings banks will make the money available when required for thirty years at 5%. The amendment to the Budget provides for the utilisation of 2 millions in the course of 1937, but it is not certain that this sum can be fully employed before the end of the year. Again basing an estimate on the terms of the 1937 Investment Loan, the annual charge of the post-office credit, if the final contract provides for thirty equal annuities, would amount to some 1.2 million Schillings.

Excluding the action for the promotion of private building, where the Government's guarantee is covered by second mortgages for limited amounts and the risk does not seem very great, the total annual charge on the Budget of the present investment programme may thus, on the assumption made above, amount in years to come to some 16 million Schillings (11 + 3.8 + 1.2). The charge on the 1937 Budget is much more limited and should not greatly exceed

the sum of 4.05 millions, representing six months' interest for the 1937 Investment Loan, which has been included in the amendment to the Budget.

In order to cover this extra expenditure, new revenue has been decided upon—namely, the increase of certain taxes on transactions and legal fees and certain export duties. These are expected to yield 5.1 millions in the course of the present year and 6.7 millions during future years.

(c) 1937 REVISED BUDGET ESTIMATES.

The 1937 draft Budget Estimates, as submitted to the Bundestag, were analysed in the first report (pages 5-8). As was indicated there, certain modifications were made by the Minister of Finance in the Draft Estimates in the course of the discussion in the Financial Commission of the Bundestag.¹ Since the Estimates were adopted, further modifications have been made in two amending Bills :

(i) To transfer a sum of 1,200,000 Schillings from the budget of the Ministry of Defence to that of the Ministry of Social Administration for the *Arbeitsdienst* ;

(ii) In connection with the 1937 Investment Loan (see 2(b) above). The changes made were the following :

	Millions of Schillings
New expenditure out of the loan included in the Ordinary Budget :	
Roads	22
Bridges	2
Defence	22
Buildings	1
Stream regulation	2
Local authorities	10
Railways	10
	69.0
Interest and other expenses on the 1937 Loan	4.3
	73.3
New investments :	
Post Office	2.0
Railways : electrification	14.7
Railways : other	2.8
	19.5
Total new expenditure	92.8 from which out of the proceeds of the loan and of the post-office credit 88.5.
Receipts—new taxation	5.2

¹ See first report, page 8. The indemnification mentioned there to Austrian exporters for part of the losses resulting from the devaluation of foreign currencies was finally fixed at 10 millions.

The Estimates thus revised compared with the original Draft Estimates and the 1936 Provisional Results are as follows :

	1936 Provisional Results	1937 Draft Estimates	1937 Revised Estimates	Difference as against	
				1936 Provisional Results	1937 Draft Estimates
Gross : in millions of Schillings					
<i>Ordinary Budget :</i>					
Expenditure :					
Personnel	707.8	726.6	726.4	+ 18.6	— 0.2
Material	1,278.0	1,253.6	1,336.3	+ 58.3	+ 82.7
Total	1,985.8	1,980.2	2,062.7	+ 76.9	+ 82.5
Receipts	1,988.4	1,940.0	1,954.3	— 34.1	+ 14.3
Balance	+ 2.6	— 40.2	— 108.4	+ 111.0	+ 68.2
<i>Investments</i>	35.6	17.5	37.0	+ 1.4	+ 19.5
Total balance ..	— 33.0	— 57.7	— 145.4	+ 112.4	+ 87.7

The deficit of 145.4 millions is covered as to 106 millions (69 millions Ordinary Budget, 17.5 millions original investments, 19.5 new investments) from the proceeds of the 1937 Investment Loan and the post-office credit. The remainder of 39.4 millions has to be covered by economies in expenditure and increased revenues.

The principal increases in expenditure in the 1937 Revised Estimates as compared with the 1936 Provisional Results are :

<i>Ordinary Budget :</i>	Millions of Schillings
Debt service	27.4
Contributions to local authorities	10.1
Education, science and Church	1.9
Agriculture	1.3
Commerce and Traffic	22.6
Defence	65.2
Sundry (Administration)	1.1
Monopolies (total)	0.1
Undertakings (total)	1.4
<i>Investments</i>	1.4
	132.5

As against this, expenditure is reduced for the following items :

	Millions of Schillings
Federal Chancellor's Office and Foreign Affairs	7.7
Police	1.3
Gendarmerie	0.4
Auxiliary Defence Corps	3.0
Unemployment and Old-age Pensioners	13.0
Social Administration, other	2.7
Treasury	19.3
Other Administration	2.7
Railways (total)	4.1
	54.2

The chief differences in expenditure thus are :

(a) *Debt Service*.—Due to the increase in indebtedness. It should be observed that the 1937 Budget Estimates are based on the rates of exchange prevalent last summer, and have thus not taken into consideration the devaluation of foreign currencies which took place in the autumn.

(b) *Contributions to Local Authorities*.—Covered from the 1937 Investment Loan.

(c) *Commerce and Traffic*.—The increase includes the loan expenditure for public works and the 10 millions indemnification to exporters for losses resulting from the devaluation of foreign currencies.

(d) *Defence*.—Expenditure for this purpose increases as follows :

	Millions of Schillings
1936 Estimates	126.4
1936 Provisional Results	165.1
1937 Draft Estimates	210.1
1937 Revised Estimates	230.3

(e) *Federal Chancery*.—The extra expenditure of some 7 millions by which the 1936 Estimates were exceeded has not been budgeted for in 1937.

(f) *Unemployment*.—The average annual number of unemployed in receipt of State relief on which the Estimates are based has been reduced from 260,000 in the 1936 Estimates—which has closely corresponded to the actual average over that year—to 245,000 in the 1937 Estimates. The present development of the labour market would seem to make it not unlikely that this improvement may be achieved.

(g) *Treasury*.—Expenditure under this item was increased during 1936 through an accounting item of 11 millions which appears also under "Administrative receipts", and an accounting loss of 9 millions through devaluation of foreign currencies.

The receipts included in the 1937 Revised Budget Estimates are practically the same as those entered in the original Estimates. The chief differences are :

(a) The inclusion of 9 millions under "Receipts of the Treasury", representing the profit resulting for the State debt service from the devaluation of foreign currencies last autumn. (*N.B.*—The estimates are based on last summer's foreign-exchange rates.)

(b) 5.2 millions receipts from new taxation voted on the occasion of the 1937 Investment Loan (see 2(b) above).

(c) The contribution, amounting to 14.2 millions, of the local authorities to the rearmament expenditure is accounted for differently. In the original Draft Estimates, this was deducted from the share of the local authorities in the proceeds of taxation. In the Revised Estimates, it is included under "Administrative receipts".

The principal receipts contained in the Revised Estimates compare as follows with those realised in 1936, according to the Provisional Results :

<i>Public taxes :</i>	1936 Provisional Results	1937 Revised Estimates	Difference
	In millions of Schillings		
Direct taxes	352.3	320.6	— 31.7
Customs	180.3	176.2	— 4.2
Tax on cattle fodder, etc.	39.1	38.1	— 1.0
Excise duties	191.3	194.4	+ 3.1
Turnover tax	148.0	143.0	— 5.0
Turnover tax, emergency surtax ..	144.0	138.0	— 6.0
Taxes on transactions, legal fees, etc.	126.2	125.5	— 0.7
Other receipts	3.3	3.5	+ 0.2
	1,184.5	1,139.3	— 45.2

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<i>Gross receipts from Monopolies :</i>	1936	1937	Difference
	Provisional Results	Revised Estimates	
	In millions of Schillings		
Tobacco	289.9	294.0	+ 4.1
Salt	29.0	30.8	+ 1.8
State lotteries	56.1	53.9	— 2.2
Gunpowder	8.0	7.3	— 0.7
	383.0	386.0	+ 3.0

There would thus seem to be a certain reserve in the Budget as regards the estimate of receipts. If, in the course of 1937, receipts come in as favourably as during 1936—and the economic recovery of the country would seem to justify this hope—the deficit included in the 1937 Revised Estimates not covered by credit operations, and amounting to 39.4 millions, may be covered by surplus taxation receipts—on condition, of course, that expenditure is maintained within the estimates.

The Provisional Results of the first months of 1937 are shown in detail in Appendix II. The main figures are :

	1936	1937	1937
	Provisional Results	Monthly Estimates	Provisional Results
	In millions of Schillings		
<i>January.</i>			
Ordinary expenditure	174.2	177.6	175.7
Ordinary receipts	173.7	167.7	172.1
	— 0.5	— 9.9	— 3.6
Ordinary Budget balance ..			
Investments	2.9	1.3	1.1
	— 3.4	— 11.2	— 4.7
Total Budget balance			
<i>February.</i>			
Ordinary expenditure	153.5	161.8	157.6
Ordinary receipts	160.9	143.4	143.7
	+ 7.4	— 18.4	— 13.9
Ordinary Budget balance ..			
Investments	1.7	0.8	0.7
	+ 5.7	— 19.2	— 14.6
Total Budget balance			

Expenditure during these two months has been somewhat less than estimated ; receipts were somewhat better, especially in January.

The detailed figures for taxation receipts compare as follows with those of the previous year :

	January		February		March	
	1936	1937	1936	1937	1936	1937
	Provisional Results					Preliminary figures
	In millions of Schillings					
<i>Receipts.</i>						
Direct taxes	30.8	29.4	29.3	23.8	28.7	33.1
Customs	14.4	16.5	13.9	12.8	13.6	14.8
Tax on cattle fodder	3.9	3.0	3.1	2.6	2.8	3.1
Excise duties	15.5	14.6	13.2	15.8	12.7	13.3
Turnover tax	12.7	12.9	11.7	11.5	11.2	12.4
Turnover tax, emergency surtax	12.6	12.3	11.0	11.3	10.9	11.7
Tax on transactions, legal fees, etc.	11.7	11.1	10.3	10.2	9.8	10.4
Other receipts	0.3	0.2	0.2	0.2	0.3	0.3
Total taxes	101.8	100.0	92.8	88.2	90.0	99.1
<i>Deduct :</i>						
Share of local authorities	14.8	15.7	17.2	20.7	18.6	18.4
Net receipts of State taxation	87.0	84.3	75.6	67.5	71.4	80.7

The difference between the receipts for direct taxes in February 1936 and 1937 is chiefly due to a windfall payment in 1936 of 3.2 millions by the City of Vienna as the result of a lawsuit won by the State. 1936 being a leap year, February contained one day more than during the present year, which is of importance, especially for the receipts from indirect taxation.

The preliminary figures for receipts during March indicate that revenue was coming in well during that month : the net receipts from taxation, after deducting the share of the local authorities, amount to 80.7 millions, as against 73.8 millions in the monthly estimates and 71.4 received in March 1936.

(d) TREASURY POSITION.

The position of the Treasury has, of course, been considerably modified by the proceeds from the 1937 Investment Loan in the course of March, part of these funds not being immediately required.

Apart from the loan, the following modifications took place in the Treasury position during the period under review :

During October 1936, Treasury bills had been issued for 5 million Schillings and 0.15 million was repaid. In December, 0.1 million was repaid, so that during the last quarter of the year the increase amounted to 4.75 millions. In total, the short-term debt increased during 1936 from 132 millions to 175 millions—i.e., by 43 millions, for which sum Treasury bills were issued. As against this, investments (which could be covered by borrowing) amounted, according to the 1936 Provisional Results, to 35.6 millions, whilst the Treasury purchased some 21.3 millions of bonds of the Italian *tranche* of the 1930 7% International Federal Loan.

At the end of 1936, a sum of 4.3 millions was repaid on the State debt to the Austrian National Bank.

During January and February, which are seasonally bad revenue months, the cash holdings of the Treasury diminished. After a repayment of 0.1 million in January, 10 millions of Treasury bills were issued in February. During March, 31.5 millions Treasury bills were

repaid from the loan proceeds. On the other hand, the Treasury borrowed 10 millions from the loan proceeds—which are kept on a separate account—so that the short-term debt at the end of March amounted to 163.4 millions.

The loan programme provides for a consolidation of 54 millions of Treasury bills in total. The remainder of 23.2 millions which could not yet be repaid in March will be reimbursed in the course of April, so that, if no other changes take place, the short-term debt at the end of April 1937 will be reduced to 140.2 millions, composed as follows :²

	Millions of Schillings
1. Lombard Loan from the Postal Savings Bank	25.0
<i>Treasury bills :</i>	
2. For strengthening the cash reserves (B.G.Bl.115/27)	20.0
3. For the banking reconstruction (B.G.Bl.136/31)	50.0
4. For the banking reconstruction (B.G.Bl.69/33)	16.5
5. As against the reserve in the hands of the Trustees of the 1923 Guaranteed Loan (B.G.Bl.441/36) ..	28.7
Total	140.2

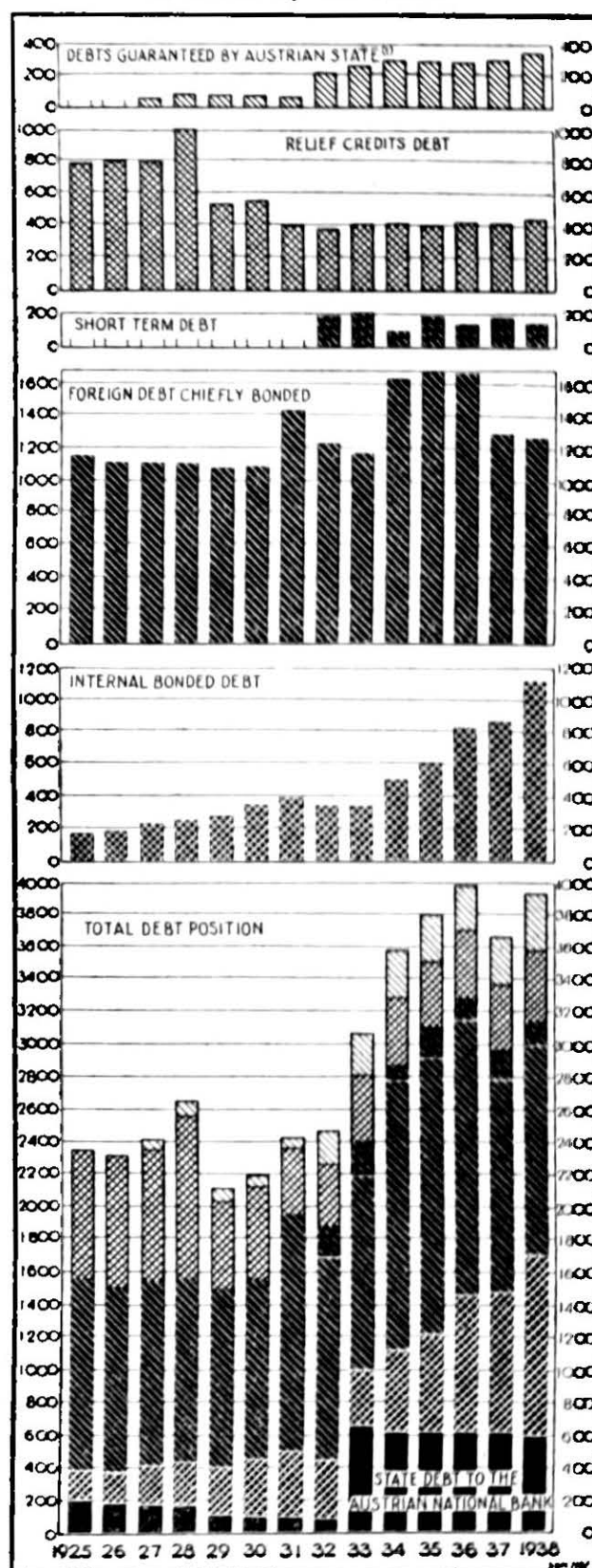
The loan from the Postal Savings Bank and a considerable part of the Treasury bills, which have been in existence for a number of years and are likely to continue to do so, though legally short-term, may in fact be considered as rather of the nature of middle-term debt. A part of the Treasury bills has been temporarily lodged with the 1937 Investment Loan account so as to save on interest.

In the course of April, the Treasury will provide a further 10 million Schillings to finance the repurchase of Austrian bonds from Italy under the clearing.

(e) DEVELOPMENT OF STATE DEBT.

On the occasion of the issue of the 1937 Investment Loan, it may be interesting to give a survey of the development of the Austrian State debt during the last twelve years. This is done in the accompanying graph, which shows the total

Amount of the Debt.



¹ Debts of public corporations and funds guaranteed by the Austrian State.

² The references between brackets indicate the laws on the basis of which the Treasury bills have been issued.

State debt at the beginning of each year as divided into various categories. The figures have been taken from the closed accounts. The position on January 1st, 1937, has been calculated at the present rate of exchange (the debt situation inserted in the 1937 Budget Estimates was based on the rates of exchange current before the devaluations which took place at the end of September 1936). Finally, an estimate has been made of the position on January 1st, 1938, on the basis of the data known at present—*i.e.*, taking into account the 1937 Investment Loan and the credit transactions which accompanied it. The detailed figures and further notes are given in Appendix III.

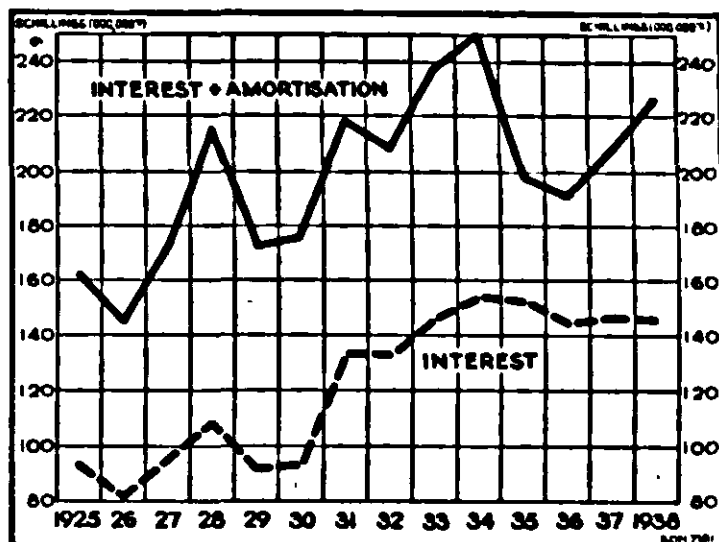
This graph reveals that the total debt has a continuously rising tendency and reached its maximum at the beginning of 1936, diminished in the course of that year owing to the devaluation of foreign currencies, and has risen again during the present year to almost the same maximum. Simultaneously, there is a marked change in the composition of the debt. The change which has taken place becomes striking if we compare the position on January 1st in 1925, 1934 and 1938 :

	January 1st		
	1925	1934	1938
In millions of Schillings			
Debt to National Bank	217.8	624.4	603.4
Internal bonded debt	178.4	505.7	1,122.0
Short-term debt	—	93.5	140.2
Debts guaranteed by the State	—	294.0	343.0
Total internal debt	396.2	1,517.6	2,208.6
Foreign debt, chiefly bonded	1,177.7	1,651.4	1,282.5
Relief credits	793.6	412.7	432.6
Total foreign debt	1,971.3	2,064.1	1,715.1

Thus, in the course of thirteen years the internal debt increased from 396 to 2,208 millions, whilst the foreign debt increased from 1,177.7 to 1,282.5 millions. If the relief credits—on most of which no payments have been made since 1931—are taken into account, the foreign debt decreased from 1,971.3 to 1,715.1 millions. Since the beginning of 1934, the internal debt has increased from 1,517.6 to 2,208.6 millions, and the foreign debt has diminished from 1,651.4 to 1,282.5 millions.

In considering the debt situation, it should be borne in mind that the Austrian Government is engaged in public works schemes, such as the modernisation of motor roads and the electrification of the railways, the completion of which would seem to require further credit operations.

The development of the charge on the Budget constituted by the service of the State debt is shown in the following table and graph, which are based on the same data as the graph on the amount of the debt (for details, see Appendix III) :

*Debt Service.**Service of the Austrian State Debt.*

	Interest	Amortisation	Total
	In millions of Schillings		
1925	93.0	68.9	161.9
1926	81.5	63.5	145.0
1927	95.5	77.8	173.3
1928	108.0	107.7	215.7
1929	91.7	80.8	172.5
1930	93.4	82.5	175.9
1931	133.6	84.8	218.4
1932	132.8	75.7	208.5
1933	145.7	92.4	238.1
1934	154.8	95.5	250.3
1935	152.7	45.1	197.8
1936	144.7	45.8	190.5
1937	146.6	60.4	207.0
1938 (estim.)	145.7	81.0	226.7

The peak of the debt service was reached in the course of 1934 (250.3 millions). Since then, the debt service was reduced to 190.5 millions in 1936, thanks especially to the reduction of the amortisation charge from 95.5 to 45.8 millions. This was due chiefly to the reduction of amortisation on the foreign debt, which went down from 67.2 to 24.4 millions as a result of the conversion in 1934 of the 1923 League of Nations Loan, and of the depreciation of foreign currencies.

Total interest payments have fluctuated since 1933 between 145 and 155 millions. There again there is a considerable change over from foreign to internal debt.

Interest Payments.

	1933	1938
	In millions of Schillings	
Internal bonded debt	24.5	58.5
Foreign debt, chiefly bonded	89.2	60.4
Total	113.7	118.9

During the present and the coming year, amortisation rises sharply from 45.8 millions in 1936 to 81 millions in 1938, as, for the loans issued during the last few years, amortisation did not start immediately, and for most of them the full annuity payments begin in 1938.

(f) FEDERAL RAILWAYS.

The receipts of the Federal Railways, which during July and August last were somewhat higher than during the previous year, were lower during the autumn. The receipts for the whole of 1936 were slightly lower than those for 1935. The situation changed as from December

1936. Receipts have been more favourable during the first months of the present year :

	Goods traffic		Passenger traffic		Total	
	1935	1936	1935	1936	1935	1936
In millions of Schillings						
January-September	193.9	192.2	109.5	109.1	303.4	301.3
October	28.4	27.7	10.2	9.2	38.6	36.9
November	27.4	27.4	8.1	7.9	35.5	35.3
December	24.5	25.1	10.2	10.4	34.7	35.0
Total year	274.2	272.4	138.0	136.6	412.2	408.5
	1936	1937	1936	1937	1936	1937
January	20.5	22.4	8.7	8.8	29.2	31.2
February	19.9	24.0	8.6	9.0	28.5	33.0

The figures for March are not yet available, but are expected to show similar favourable results. The increase in railway receipts is due partly to the revival of Austrian foreign trade, but to a large extent also to the increase in transit traffic, which more than doubled, as can be seen from the figures for car loadings :

Car Loadings (000's omitted).

		January- Sept.	October	Novem- ber	December		January	February
Total goods traffic ..	1935	1,421.8	214.8	199.2	173.9	1936	143.5	140.9
	1936	1,414.2	204.3	197.3	168.1	1937	156.1	158.0
Inland traffic	1935	1,015.0	160.5	145.4	119.3	1936	101.5	101.6
	1936	1,015.5	151.9	141.2	110.3	1937	102.0	99.2
Foreign traffic	1935	406.5	54.4	53.8	54.6	1936	42.1	39.3
	1936	398.7	52.4	56.1	57.9	1937	54.1	58.7
<i>Of which :</i> Imports	1935	204.8	30.4	26.9	28.0	1936	22.9	20.1
	1936	193.6	28.3	29.8	26.8	1937	25.0	25.8
Exports	1935	104.8	10.8	13.3	14.3	1936	10.6	10.6
	1936	110.3	10.5	11.2	14.8	1937	12.6	14.0
Transit	1935	97.0	13.2	13.6	12.3	1936	8.5	8.6
	1936	94.9	13.6	15.1	16.3	1937	16.5	19.0

The balance-sheet and profit-and-loss account of the Federal Railways for 1936 have not yet been completed, but the deficit is expected to be less than 90 millions, as against an estimated 107 millions. As shown above, the present year has begun favourably. The 1937 railway budget will not be charged with the service of the new electrification scheme, as the interest on the moneys used during the building period is added to the building costs, and the service will only be borne by the railway budget from the moment electric traction is working.

It is expected that the electrification of the line from Salzburg to Linz will be completed in the autumn of 1939, in time for the winter services. The detailed agreement regarding the part of the electrification cost which will have to be borne by the Railways and that to be borne by the State Budget is still under discussion.

3. THE MONETARY SITUATION.

(a) THE AUSTRIAN NATIONAL BANK.

The weekly balance-sheets of the Austrian National Bank show only minor modifications. In the following table, in order to show the general tendency, a comparison is made of the end-of-the-month figures of this winter with those of a year ago.

End of	Note circulation	Other sight liabilities	Gold and foreign exchange	Bills discounted	State debt
In millions of Schillings					
1935 :					
October	963	254	379	230	624
November	953	254	366	228	624
December	976	216	355	226	624
1936 :					
January	928	225	316	222	624
February	931	233	325	220	624
March	929	234	323	218	624
1936 :					
October	932	235	355	210	624
November	915	247	348	208	624
December	944	204	342	208	620
1937 :					
January	895	245	343	202	620
February	893	241	339	200	620
March	891	243	339	196	620

The note circulation is 30 to 40 millions lower than a year ago. Sight liabilities are somewhat higher since the beginning of 1937. The part of the sight liabilities represented by the deposits from other banks seems to show a tendency to decrease, which would point to a slight tightening of the money market due to the investment loan and a somewhat better demand for money. The relatively slight diminution of the gold and foreign-exchange reserve seems to be coming to an end. The Austrian National Bank published in the annual report its total holdings of gold and foreign exchange at the end of the year, including those appearing in the balance-sheets under "Other assets". The total holdings amounted to 392.4 millions on December 31st, 1936, as against 409.8 millions a year ago. The bill portfolio is being gradually liquidated. It decreased from 226 millions at the end of 1935 to 208 millions at the end of 1936, and decreased further to 196 millions at the end of March 1937. For the first time for three years, the State made a small amortisation payment on its debt to the National Bank.

(b) MONEY AND CAPITAL MARKET.

Clearings during 1936 were at a higher average level than during the previous year. The first two months of 1937 show somewhat lower figures than the corresponding months of last year. This may be due to the same reasons which caused the diminution of the note circulation.

MONETARY SITUATION

Clearings.

	National Bank	Postal Savings Bank
	In millions of Schillings	
1935 average	2,057	2,005
1936 average	2,244	2,047
January 1936	2,251	2,057
February 1936	2,184	1,875
January 1937	2,218	2,045
February 1937	2,113	1,913

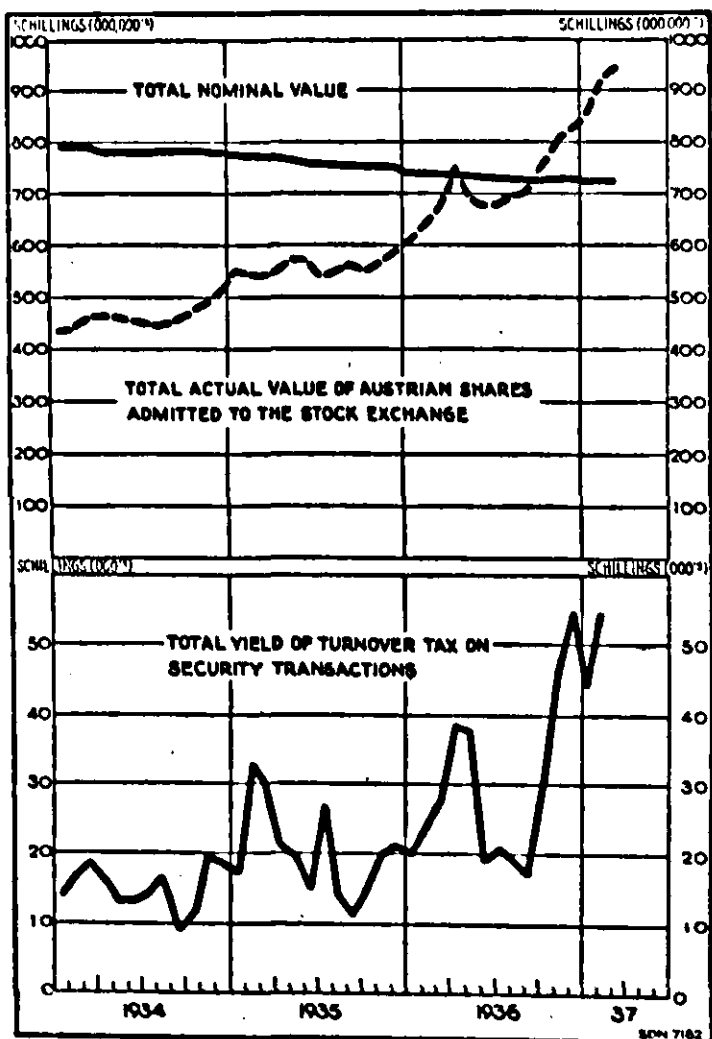
Savings deposits are somewhat higher than last year. They rose from an average level of 2,254 millions in 1935 to 2,331 millions in 1936, which is the highest average since 1930. The development since the summer, when the highest point was in August, shows clearly the currency anxiety in October and the seasonal diminution in December, followed by an equally seasonal increase in January :

Total Savings Deposits.

(In millions of Schillings)

1936:	1936:	1937:
August 2,347	November .. 2,300	January 2,350
September .. 2,336	December .. 2,280	(with interest)
October 2,295	(without interest)	February 2,357

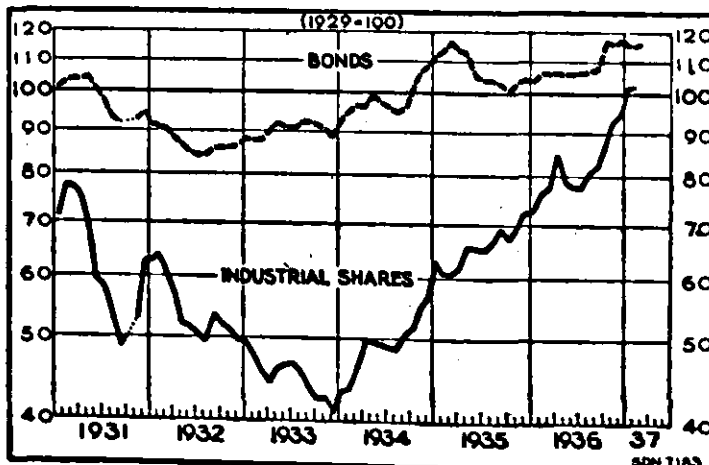
Vienna Stock Exchange.



During March, savings deposits have no doubt shown a diminution owing to the subscription of the 1937 Investment Loan.

The development on the Stock Exchange during the period under review is characterised by the continuation of the rise on the share market, where the indices reach a level about double the average of three years ago. In its annual report, the Austrian National Bank issued a warning against the dangers of exaggerated stock-exchange speculation. The spectacular rise in the yield of the turnover tax shows that the public is increasingly taking part in stock-exchange transactions. The market for bonds has remained stable after the peak in October 1936.

Value of Industrial Bonds and Shares.



(c) PRICES.

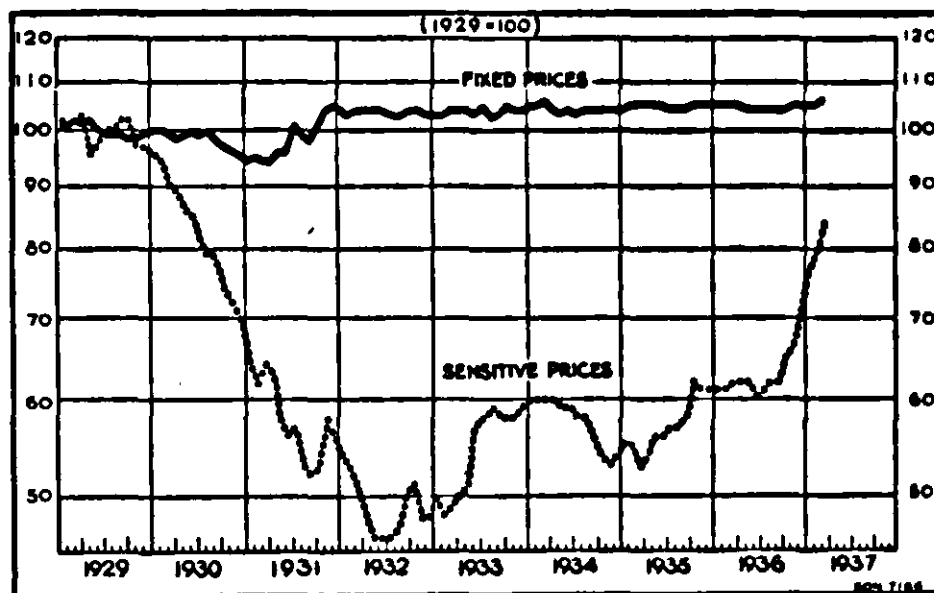
The Committee for the Supervision of Prices created by the Government in October last (see first report, page 12) has continued its activities and has made detailed enquiries into the prices of a number of raw materials and articles of general consumption. The Committee's work has had effects in three directions :

(i) In the case of five articles—milk, rice, sugar, cement and coal—prices were reduced by 1 to 5 % after the Committee had made its enquiry. For a number of goods, the rise in prices could be maintained within closer limits in Austria than on the world market.

(ii) In other cases, the activities of the Committee have had the indirect effect that attempts to utilise the rise on the world market for an exaggerated rise in Austria have been checked or weakened.

(iii) The method by which prices can be brought down has become clear—namely, by loosening the protective measures ; *i.e.*, in most cases by increasing import quotas, abolishing import prohibitions, or lowering Customs duties.

The level of prices in Austria is going up slowly. The rise is most marked in the index for sensitive prices, which rose from 60 in June 1936 to 71 in December 1936 and 84 in March 1937.

Price-level.

The wholesale-price index, which stood at 107 during February and March 1936, stood at 112 during the corresponding months of 1937. The cost-of-living index shows a different tendency : after remaining at 105 from August 1936 to February 1937, it dropped to 104 in March 1937. This index has been subjected to a certain amount of criticism of late owing to the fact that it does not indicate the increase which, it is alleged, has taken place in Austria during the winter in the price of certain articles of general consumption.

4. ECONOMIC SITUATION.

The most striking development in the economic situation has taken place in *foreign trade*, which is better than it has been for a number of years. This is all the more remarkable as it was feared last autumn in certain quarters that Austria's exports would suffer heavily from the devaluation of foreign currencies.

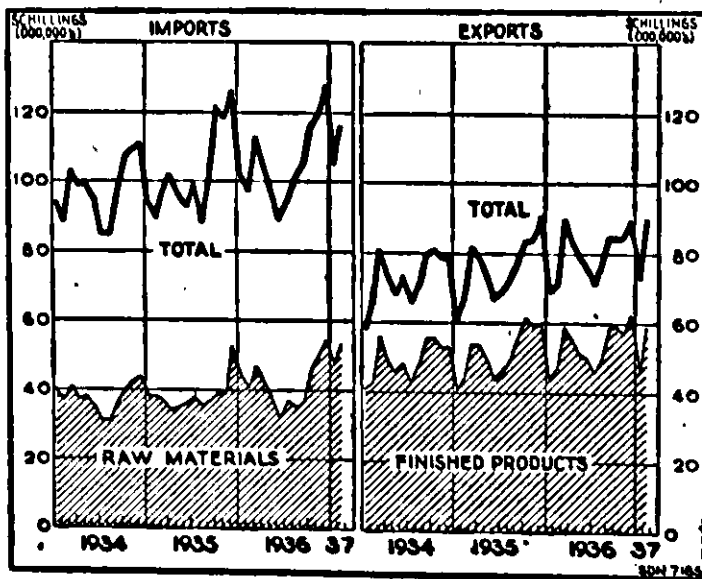
Foreign Trade.

	Imports		Exports		Import surplus
	Total	Raw materials	Total	Finished products	
In millions of Schillings					
1935 (whole year)	1,220	376	907	618	313
1936 (whole year)	1,266	413	968	638	298
November and December :					
1935	243	102	175	119	70
1936	247	106	180	119	67
January and February :					
1936	200	71	141	91	59
1937	221	86	163	105	58

Both as regards imports and exports, for the year 1936, foreign trade shows an increase as compared with 1935. The adverse trade balance has recently improved. This tendency towards improvement is specially noticeable in the latter months of 1936 and has gained impetus during the present year.

The volume of foreign trade during February is the biggest since 1932. The total value is 23% higher than last year and 49% above the low level reached in February 1933. The quantum is 24% higher than last year, which shows that the increase in value is not only due to the rise in prices on the world market.

Foreign Trade.



With reference to commercial treaty negotiations with individual countries, the following may be noted :

The economic negotiations with *Germany* in December 1936 and January 1937 aimed at the extension of trade between the two countries and of tourist traffic from Germany to Austria. The agreements concluded on January 27th, 1937, provide for an expansion of trade to the amount of some 40 million Schillings. At the same time, care was taken that there should be no interference with the settlement of clearing accounts, since up to the present the accumulation of any large adverse balance in Germany has been successfully avoided. Agreements were concluded simultaneously concerning the technical details for the quota system and the allotment of foreign currency.

On November 7th, 1936, an agreement was concluded with *Italy*, in order to compensate the reductions in the Austrian preference benefits resulting from the Italian devaluation. This agreement, which was to terminate on March 31st, 1937, has now been extended, by a further exchange of notes, up to June 30th, 1937.

The Austro-French preference agreement of December 29th, 1932, by which *France* accorded a preference of 5 francs per 100 kg. to Austrian timber and which had expired on March 23rd, 1937, has since been extended. The provisions of the supplementary agreement of May 15th, 1935, additional to that instrument were extended simultaneously.

Negotiations with *Roumania* took place in November 1936 at Vienna and in February 1937 at Bucharest concerning the regulation of trade and the liquidation of payment transactions between the two countries; these negotiations, however, have not yet led to a successful issue, as it was found impossible to reach agreement with reference more particularly to payments for goods to be imported from Roumania into Austria.

The Austrian *Turkish* clearing agreement of July 30th, 1936, which comprises a general clearing agreement, was amended by an exchange of notes on October 26th, 1936, so that sums are no longer converted into French francs but through the medium of the pound sterling.

Owing mainly to the improvement in export markets, *production* continues to increase. The production index, which had been going up regularly year by year from 60 in 1932 to 81 in 1936, stood at 87 in January 1937, as against 82 a year ago. The iron and steel industry is enjoying boom conditions. The index for total orders amounted to 84 in February 1937, as against 47 a year ago and 14 in 1932. The total iron exports in January 1937 were 86% higher than in January 1936. The paper industry is also in a favourable situation again on account of export possibilities. The same is true of a number of other industries, such as the machine industry.

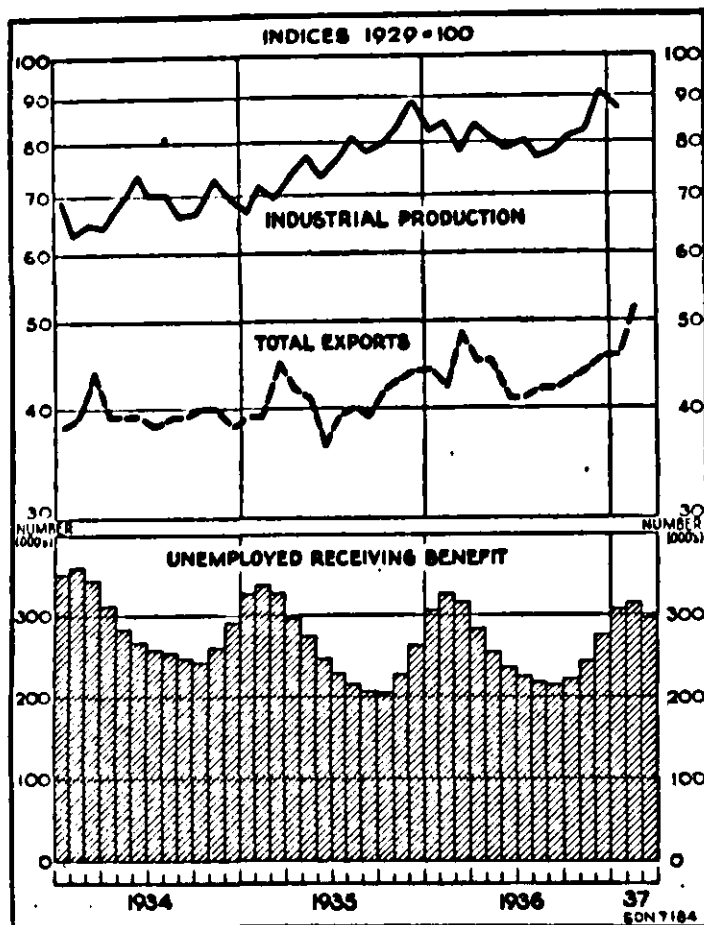
The *winter tourist* season has on the whole been good, and, according to the statistics—which, however, only show the number of nights spent in hotels, etc.—is better than last year.

Tourist Traffic (in thousands of nights).

	In special tourist centres				In Vienna			
	Total		From abroad		Total		From abroad	
	1935	1936	1935	1936	1935	1936	1935	1936
October	81	93	13	20	33	37	22	25
November	64	62	7	9	26	28	16	17
December	81	84	20	24	26	27	15	17
	1936	1937	1936	1937	1936	1937	1936	1937
January	72	83	17	22	24	26	14	17
February	92	93	28	33	22	25	14	15

Here again it had been feared that Austria would have a bad season, as the devaluation in other winter sports countries would attract tourists away from Austria.

As a result of the improvement in production activity and prospects, the number of *unemployed* in receipt of relief, which up to January was higher than a year ago, has started to diminish sharply and more than seasonally. At the end of March 1937, it was 18,000 less than the year before. The issue of the 1937 Investment Loan in March cannot have had a direct influence on this development. Its effect on the labour market will be felt later.

Production and Unemployment.

period from 1929 to 1936 and lower figures for the first months of 1937 than for the corresponding months a year ago. These figures are characteristic of one side of Austria's economic situation. Business dependent on foreign markets is stimulated by the recovery abroad. This has, however, not yet had marked repercussion on the home market, which so far has remained stagnant.

One of the few exceptions to the general tendency of consumption consists of the rising number of private motor vehicles, leading to an increased consumption of petrol.

Private Motor Vehicles.

September 30th :	Motor-cars	Motor-cycles
1931	16,900	43,945
1932	17,960	46,381
1933	18,141	47,889
1934	18,891	50,335
1935	21,789	54,613
1936	25,149	59,055

This development has been favoured by the abolition of the motor tax in the spring of 1935. The number of bicycles is also sharply increasing, but no complete figures exist on this point.

Notwithstanding the large number of unemployed, the expansion of certain industries is already leading to a shortage of skilled labour.

The recent improvement in employment has not yet led to an increase in consumption. On the contrary, certain consumption figures are still falling. Various reasons are given in explanation of this phenomenon, such as (a) the fact that a large part of the population is receiving fixed incomes and that the rise of certain prices compels economies in other expenditure ; (b) the increasing tendency towards thrift, which makes possible the rise in savings deposits and the subscription by small investors to the 1937 Investment Loan ; (c) the tendency of those newly set to work after a long period of unemployment to pay off debts before increasing consumption ; (d) the increasing impoverishment of those not actively engaged in economic life ; (e) a change of habits, which can be traced in the fall of tobacco and tramway receipts (marked increase in bicycles).

In Appendix V are given index numbers for the turnover or consumption of a series of goods most of which show the same tendency—namely, a diminution from year to year throughout the whole

Population.

Recently, the figures for the *natural movement of the population* of Austria in the course of 1936 have become available. They show that the birth rate continues to fall and that, for the second year, the number of births has been less than the number of deaths.

The development since the war has been as follows :

	Marriages	Live births	Deaths	Birth surplus
1921-1925 (average) ..	63,156	145,393	103,377	42,016
1926-1930 (average) ..	49,841	117,500	96,476	21,024
1931-1935 (average) ..	45,758	97,142	90,852	6,290
1930	51,697	112,330	90,512	21,818
1931	49,717	106,661	93,846	12,815
1932	45,338	102,179	93,614	8,565
1933	43,925	96,403	88,918	7,485
1934	44,112	91,318	85,772	5,546
1935	45,696	89,151	92,108	- 2,957
1936	46,293	88,345	89,069	- 724
		Per 1,000 of population		
1935	6.7	13.2	13.6	- 0.4
1936	6.9	13.1	13.2	- 0.1

The tendency revealed by these figures may in years to come profoundly affect the economic and financial situation of Austria.¹

¹ For an estimate of the future composition of the population, see GZLINSKY, O., "Bevölkerungs-Spiegel Österreichs", 2nd ed., Vienna, 1936.

Appendix I.—ANALYSIS OF ANNUAL BUDGETS.

RECEIPTS (Gross)	1925	1926		1927
	Closed, accounts	Estimates	Provisional results	Revised estimates ¹
ORDINARY BUDGET.				
<i>A. Administration :</i>				
Direct taxes	300.2	289.2	352.3	320.6
Customs	178.0	180.2	180.3	176.2
Tax on cattle fodder, etc.	32.8	35.0	39.1	38.1
Excise duties	182.2	192.6	191.3	194.4
Turnover tax	153.9	135.0	148.0	143.0
Turnover tax, emergency surtax	123.9	131.0	144.0	138.0
Taxes on transactions, legal fees, etc.	100.7	120.1	126.2	125.5
Other receipts	3.5	2.7	3.3	3.5
Total taxes	1,075.2	1,085.8	1,184.5	1,139.3
<i>Deduct : Shares of Local Authorities</i>	<i>194.0</i>	<i>183.2</i>	<i>210.2</i>	<i>201.2</i>
Remaining State taxation receipts	881.2	902.6	974.3	938.1
Receipts of Social Administration	197.9	196.3	202.6	199.5
Administration of Public Debt	80.5	77.8	77.6	79.7
Other administrative receipts.. .. .	108.2	75.6	104.9	105.1
Total receipts of the Administration	1,267.8	1,252.3	1,359.4	1,322.4
<i>B. Monopolies :</i>				
Tobacco	292.6	294.2	289.9	294.0
Salt	28.2	28.9	29.0	30.8
Lotteries	52.5	50.2	56.1	53.9
Gunpowder	7.6	6.9	8.0	7.3
Total Monopolies	380.9	380.2	383.0	386.0
<i>C. Public Undertakings :</i>				
Post and Telegraphs.. .. .	213.4	216.5	212.5	214.1
Forests	10.4	10.1	11.0	9.4
Other Undertakings.. .. .	22.2	22.3	22.5	22.4
Total Public Undertakings	246.0	248.9	246.0	245.9
<i>D. Railways :</i>				
Federal Railways	—	—	—	—
Other railways	0.0	0.0	0.0	0.0
Total Railways	0.0	0.0	0.0	0.0
Total Ordinary Receipts	1,894.7	1,881.4	1,988.4	1,954.3

¹ Including the 1st and 2nd amendments to the Federal Financial Law 1937.

² Closed Accounts, 1935. — For the sake of comparison, the Extraordinary Budget expenditure (excluding Investments) has been added to the expenditure of the Ordinary Budget—namely, under :

		Millions of Schillings	
Other Social Administration	4.5	..	for extra-urban small holdings,
Agriculture	24.9	..	for stream regulation,
Commerce and Traffic	31.3	..	for roads and buildings.
Defence	0.1		
Total	60.8		

³ Estimates, 1936. — Including "Kreditreste" transferred from the 1935 Extraordinary Budget (excluding Investments)—namely, under :

		Millions of Schillings	
Other Social Administration	1.5	..	for extra-urban small holdings,
Agriculture	8.0	..	for stream regulation,
Commerce and Traffic	9.5	..	for building.
Total	13.0		

⁴ Estimates, 1936. — Including "Kreditreste" transferred from the 1935 Extraordinary Budget (Investments)—namely, under :

		Millions of Schillings	
Post and Telegraph	3.5		
Federal Railways	4.7		
Total	8.2		

Appendix I (concluded). — ANALYSIS OF ANNUAL BUDGETS.

EXPENDITURE (Gross)	1935	1936		1937
	Closed accounts	Estimate	Provisional results	Revised estimates ¹
I. ORDINARY BUDGET.				
<i>In millions of Schillings</i>				
A. Administration :				
Supreme State Organs	2.9	3.0	3.0	3.0
Debt Service	179.4	188.3	175.8	203.2
Payments to Local Authorities and Municipality of Vienna	23.4	24.2	24.1	34.2
Pensions	217.6	214.6	218.2	218.2
Federal Chancellor's Office and Foreign Affairs	29.9	19.2	26.5	18.8
Police	70.5	65.7	66.7	65.4
Gendarmerie	37.9	37.7	37.9	37.5
Auxiliary Defence Corps	16.0	5.0	4.0	1.0
Justice	50.2	49.1	49.5	49.8
Education, Fine Arts, Church	72.0	70.6	70.7	72.6
Unemployment and Old-age Pensioners	292.0	275.3	280.8	267.8
Social Administration, other	112.0 ²	100.9 ²	101.2	98.5
Financial Administration	50.5	48.4	49.4	50.1
Public Taxes	2.7	2.3	2.3	2.4
Treasury	11.7	5.2	25.4	6.1
Agriculture	80.0 ²	43.3 ²	48.9	50.2
Commerce and Traffic	96.4 ²	77.9 ²	77.5	100.1
Defence	122.3 ²	126.4	165.1	230.3
Other Administration	8.7	8.0	7.0	4.3
Total Administration	1,476.1²	1,365.1²	1,434.0	1,513.5
B. Monopolies :				
Tobacco	109.5	110.2	113.6	112.6
Salt	15.0	14.9	14.7	16.8
Lotteries	33.3	33.7	35.4	34.9
Gunpowder	7.1	6.0	5.9	5.4
Total Monopolies	164.9	164.8	169.6	169.7
C. Undertakings :				
Post and Telegraphs	227.1	217.0	221.3	221.6
Forests	20.6	19.7	19.7	20.7
Other Undertakings	26.3	25.1	26.2	26.3
Total Undertakings	274.0	261.8	267.2	268.6
D. Railways :				
Federal Railways	77.6	107.3	98.8	95.0
Charges under the Südbahn Convention	13.4	13.4	13.1	13.4
Other railways	3.3	3.1	3.1	2.5
Total Railways	94.3	123.8	115.0	110.9
Total Ordinary Expenditure	2,009.3²	1,915.5²	1,985.8	2,062.7
Total Ordinary Receipts	1,894.7	1,881.4²	1,988.4	1,954.3
Ordinary Budget Balance	- 114.6²	- 34.1²	+ 2.6	- 109.4
II. INVESTMENTS.				
Tobacco	5.5	4.9	4.9	3.5
Salt	0.4	0.3	0.3	0.4
Post and Telegraphs	8.3	12.5	8.7	6.9
Other Undertakings	1.5	0.7	0.6	0.8
Federal Railways	26.5	26.4	21.1	25.4
Total Investments	42.2	44.8⁴	35.6	37.0
Total Budget Balance	- 156.8	- 78.9	- 33.0	- 145.4

For footnotes, see opposite page.

Appendix

MONTHLY ESTIMATES AND PROVISIONAL

RECEIPTS (Gross)	October	November			December			January	
	1936	1935	1936		1935	1936		1936	1937
	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates
ORDINARY BUDGET.									
In millions of Schillings									
A. Administration :									
Direct taxes	30.79	22.14	25.00	24.30	30.07	32.00	38.49	30.76	30.00
Customs	17.09	14.04	15.50	17.13	16.31	16.00	15.68	14.37	14.60
Tax on cattle fodder, etc. .. .	2.91	3.84	3.00	2.50	3.96	3.00	3.66	3.93	3.00
Excise duties	18.64	16.36	18.68	17.47	14.04	15.80	16.59	15.49	14.55
Turnover tax	13.94	13.33	12.55	13.77	14.57	13.60	14.70	12.70	12.60
Turnover tax, emergency surtax	13.48	12.85	11.85	13.44	12.65	12.50	14.01	12.58	12.20
Taxes on transactions, legal fees, etc.	12.88	8.63	9.84	10.12	9.13	10.92	9.97	11.67	11.94
Other receipts	0.33	0.33	0.27	0.33	0.37	0.27	0.29	0.26	0.28
Total taxes	110.06	91.52	96.69	99.06	101.10	104.09	113.39	101.76	99.17
<i>Deduct : Shares of Local Authorities</i>	16.91	20.21	20.89	20.41	20.82	22.57	22.79	14.74	16.22
Remaining State taxation receipts	93.15	71.31	75.80	78.65	80.28	81.52	90.60	87.02	82.95
Receipts of Social Administration	17.04	19.14	18.10	19.32	14.41	16.06	14.01	22.20	20.88
Administration of Public Debt..	6.46	6.44	6.50	6.46	6.41	6.22	6.10	6.49	6.41
Other administrative receipts ..	4.83	7.32	3.88	4.91	0.46	7.84	10.94	8.31	8.16
Total receipts of the Adminis- tration	121.48	104.21	104.28	109.34	101.56	111.64	121.65	124.02	118.40
B. Monopolies :									
Tobacco	24.32	22.42	22.40	23.30	27.83	27.71	26.34	20.95	20.99
Salt	2.45	2.38	2.37	2.37	2.46	2.60	2.64	2.92	2.74
Lotteries	5.29	2.43	2.29	2.37	5.47	5.16	5.65	4.93	5.09
Gunpowder	0.65	0.62	0.61	0.54	0.63	0.60	0.77	0.63	0.57
Total Monopolies	32.71	27.85	27.67	28.58	36.39	36.07	35.40	29.43	29.39
C. Public Undertakings :									
Post and Telegraphs	18.84	16.02	15.94	16.33	20.87	20.84	20.71	17.35	17.10
Forests	1.02	0.82	0.80	0.99	1.47	1.00	1.25	1.04	0.80
Other	2.05	2.00	1.91	1.94	2.19	2.11	2.27	1.86	2.00
Total Public Undertakings	21.91	18.84	18.65	19.26	24.53	23.95	24.23	20.25	19.90
D. Railways :									
Federal Railways	—	—	—	—	—	—	—	—	—
Other railways	—	0.01	—	—	—	—	—	—	—
Total Railways	—	0.01	—	—	—	—	—	—	—
Total Ordinary Receipts ..	176.10	150.91	150.60	157.18	162.48	171.66	181.28	173.70	167.69

II.

RESULTS : OCTOBER 1936 - APRIL 1937.

January		February		March			April		RECEIPTS (Gross)
1937	1936	1937		1936	1937		1936	1937	
Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	
In millions of Schillings									
29.42	29.23	23.00	23.80	28.71	29.00	33.09	36.14	29.50	ORDINARY BUDGET. A. Administration : Direct taxes. Customs. Tax on cattle fodder, etc. Excise duties. Turnover tax. Turnover tax, emergency surtax. Taxes on transactions, legal fees, etc. Other receipts. Total taxes. Deduct : Shares of Local Authorities. Remaining State taxation receipts. Receipts of Social Administration. Administration of Public Debt. Other administrative receipts. Total receipts of the Administration.
16.50	13.90	14.40	12.79	13.57	14.30	14.76	15.33	14.20	
3.00	3.11	2.70	2.61	2.76	2.70	3.11	3.15	2.70	
14.61	13.23	14.20	15.78	12.72	13.24	13.27	15.63	14.63	
12.91	11.71	12.00	11.54	11.21	11.60	12.43	10.97	11.80	
12.29	11.05	11.50	11.27	10.93	11.20	11.66	11.76	11.40	
11.09	10.30	10.02	10.20	9.83	9.92	10.44	11.03	10.85	
0.23	0.24	0.28	0.22	0.26	0.28	0.34	0.28	0.30	
100.05	92.77	88.10	88.21	89.99	92.24	99.10	104.29	95.38	
15.75	17.21	21.48	20.71	18.64	18.42	18.44	15.46	14.34	
84.30	75.56	66.62	67.50	71.35	73.82	80.66	88.83	81.04	
21.84	17.40	17.12	16.16	16.25	17.01		15.45	14.73	
6.42	6.55	6.49	6.48	6.45	6.44		6.51	6.43	
10.42	12.95	5.71	6.00	10.04	13.26		5.99	6.30	
122.98	112.46	95.94	96.14	104.09	110.53		116.78	108.50	
20.94	21.31	21.50	20.52	24.27	24.41	24.20	23.14	23.49	B. Monopolies : Tobacco. Salt. Lotteries. Gunpowder. Total Monopolies.
2.81	2.42	2.59	2.47	2.91	2.66		2.52	2.54	
5.13	5.27	4.76	5.21	5.09	4.94		5.47	5.06	
0.60	0.65	0.54	0.55	0.59	0.74		0.71	0.75	
29.48	29.65	29.39	28.75	32.86	32.75		31.84	31.84	
16.88	15.88	15.49	15.79	18.01	18.26		17.70	17.67	C. Public Undertakings : Post and Telegraphs. Forests. Other. Total Public Undertakings.
0.73	0.87	0.80	1.27	0.97	0.80		0.78	0.80	
2.02	2.09	1.80	1.76	2.00	1.85		1.86	1.91	
19.63	18.84	18.09	18.82	20.98	20.91		20.34	20.38	
—	—	—	—	—	—		—	—	D. Railways : Federal Railways. Other railways. Total Railways. Total Ordinary Receipts.
—	—	—	—	—	—		—	—	
—	—	—	—	—	—		—	—	
172.09	160.95	143.42	143.71	157.93	164.19		168.96	160.72	

Appendix II
MONTHLY ESTIMATES AND PROVISIONAL

EXPENDITURE (Gross)	October	November			December			January	
	1936	1935	1936		1935	1936		1936	1937
	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates
ORDINARY BUDGET.									
<i>A. Administration :</i>									
Supreme State Organs	0.27	0.20	0.22	0.22	0.20	0.28	0.26	0.23	0.22
Debt Service	16.20	15.03	14.79	13.63	14.95	10.52	15.90	21.17	23.33
Payments to Local Authorities and Municipality of Vienna ..	1.92	1.92	2.27	2.26	2.30	2.70	2.63	1.84	2.00
Pensions	18.29	18.14	18.22	18.24	17.49	17.56	17.53	19.05	19.08
Federal Chancellor's Office and Foreign Affairs	1.34	2.45	1.92	1.91	2.87	1.91	2.41	2.72	1.89
Police	5.51	5.88	5.69	5.67	5.94	5.61	5.60	5.74	5.42
Gendarmerie	3.07	2.85	3.08	3.05	3.41	3.55	3.55	3.09	3.10
Auxiliary Defence Corps	0.10	0.90	—	—	0.87	0.01	0.10	0.70	0.05
Justice	4.04	3.94	3.90	3.86	4.67	4.57	4.55	4.16	4.14
Education, Fine Arts, Church ..	5.40	5.63	5.46	5.44	6.80	6.80	6.71	5.76	5.63
Unemployment and Old-age Pensioners	29.87	22.43	21.60	21.32	22.38	23.54	24.43	30.42	30.60
Social Administration, other ..	8.08	8.83	8.19	8.18	14.62	11.14	11.25	8.46	8.40
Financial Administration	4.03	3.88	3.98	3.92	4.56	4.72	4.83	4.01	4.09
Public Taxes	0.17	0.34	0.19	0.22	0.21	0.19	0.25	0.17	0.15
Treasury	0.35	0.43	0.27	9.77	—0.38	0.31	—0.39	0.62	0.54
Agriculture	4.12	4.96	3.77	3.60	4.21	4.09	4.65	3.39	3.11
Commerce and Traffic	7.25	5.37	7.24	7.78	5.14	8.74	8.45	6.31	5.64
Defence	9.38	8.40	9.08	9.32	10.30	9.71	11.57	9.36	9.85
Army equipment	10.28	2.40	7.25	8.26	1.52	6.04	6.37	2.66	7.61
Other Administration	0.52	0.43	0.64	0.65	0.72	0.76	0.75	0.36	0.29
Total Administration	121.19	114.41	117.76	127.30	122.78	122.75	131.40	130.22	135.14
<i>B. Monopolies :</i>									
Tobacco	10.26	9.61	9.15	9.14	10.44	8.96	8.96	9.17	9.24
Salt	1.21	1.21	1.20	1.19	1.28	1.28	1.25	1.26	1.20
Lotteries	7.01	1.33	1.19	1.09	1.93	1.61	1.34	1.90	1.83
Gunpowder	0.43	0.68	0.41	0.33	0.67	0.50	0.54	0.49	0.44
Total Monopolies	18.91	12.83	11.95	11.75	14.32	12.35	12.09	12.82	12.71
<i>C. Undertakings :</i>									
Post and Telegraphs	18.39	18.32	18.31	18.21	19.73	19.36	19.28	18.16	18.45
Forests	1.67	1.71	1.61	1.55	2.01	1.81	1.89	1.61	1.69
Other Undertakings	2.10	2.33	2.11	2.11	2.28	2.23	2.33	2.17	2.23
Total Undertakings	22.16	22.36	22.03	21.87	24.02	23.40	23.50	21.94	22.37
<i>D. Railways :</i>									
Federal Railways	7.44	6.35	4.94	4.94	6.35	6.94	6.94	8.94	7.08
Charges under the Südbahn Convention	—	—	—	—	3.27	3.10	3.11	—	—
Other Railways	0.21	0.16	0.35	0.35	0.22	0.28	0.28	0.28	0.29
Total Railways	7.65	6.51	5.29	5.29	9.84	10.32	10.33	9.22	7.37
Total Ordinary Expenditure	169.91	156.11	157.03	166.21	170.96	168.82	177.32	174.20	177.59
Total Ordinary Receipts	176.10	150.91	150.60	157.18	162.48	171.66	181.28	173.70	167.69
Ordinary Budget Balance	+ 6.19	— 5.20	— 6.43	— 9.03	— 8.48	+ 2.84	+ 3.96	— 0.50	— 9.90
INVESTMENTS.*									
Extra-urban small holdings** ..	—	0.50	—	—	—	—	—	—	—
Commerce and Traffic**	—	3.16	—	—	—2.78	—	—	—	—
Agriculture**	—	1.86	—	—	0.65	—	—	—	—
Tobacco	0.14	0.60	0.14	0.14	0.65	0.10	0.10	0.44	0.60
Salt	0.03	0.03	0.03	0.02	0.02	0.03	0.03	0.02	0.04
Post and Telegraphs	1.15	0.61	0.86	0.85	0.95	2.06	1.60	0.38	0.58
Other Undertakings	0.02	0.03	0.18	0.18	0.33	0.12	0.06	0.02	0.07
Railways	1.40	—	3.02	3.02	0.28	4.01	4.04	2.00	—
Total Investments	2.74	6.79	4.23	4.21	0.10	6.32	5.83	2.86	1.29
Total Budget Balance	— 3.45	— 11.99	— 10.66	— 13.24	— 8.58	— 3.48	— 1.87	— 3.36	— 11.19

* In 1935, "Extraordinary Budget".

** Expenditure under these headings, in 1935 accounted for in the "Extraordinary Budget", has been included in 1936 in the "Ordinary Budget".

(concluded).

RESULTS : OCTOBER 1936-APRIL 1937.

January	February			March			April		EXPENDITURE (Gross)
	1937	1936	1937	1936	1937		1936	1937	
	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	
<i>In millions of Schillings</i>									
0.22	0.21	0.21	0.20	0.21	0.21		0.21	0.21	ORDINARY BUDGET. A. Administration : Supreme State Organs. Debt Service. Payments to Local Authorities and Municipality of Vienna. Pensions. Federal Chancellor's Office and Foreign Affairs. Police. Gendarmerie. Auxiliary Defence Corps. Justice. Education, Fine Arts, Church. Unemployment and Old-age Pensioners. Social Administration, other. Financial Administration. Public Taxes. Treasury. Agriculture. Commerce and Traffic. Defence. Army equipment. Other Administration. Total Administration.
23.21	11.16	11.75	11.56	10.34	14.04		18.00	15.76	
2.00	1.98	1.84	1.84	1.88	1.84		1.87	1.97	
19.15	18.18	18.25	18.27	18.22	18.25		18.05	18.25	
2.34	2.34	2.28	2.35	2.33	2.32		1.70	1.76	
5.37	5.57	5.48	5.49	5.68	5.55		5.50	5.50	
3.03	3.34	3.01	2.97	3.20	3.13		2.96	2.98	
0.05	0.65	0.05	0.05	0.50	0.08		0.53	0.05	
4.04	3.87	3.92	3.87	4.41	4.42		4.09	4.05	
5.61	5.47	5.46	5.44	6.57	6.74		5.61	5.66	
29.36	28.51	27.65	25.29	25.69	26.68		24.88	23.54	
8.35	6.40	8.12	7.93	10.09	10.20		6.87	6.37	
4.00	3.98	3.96	3.89	4.25	4.37		4.10	4.11	
0.16	0.16	0.15	0.14	0.26	0.15		0.14	0.16	
1.07	0.30	0.26	0.39	0.63	0.28		0.38	0.27	
3.11	3.02	2.90	3.30	5.07	4.49		3.77	3.71	
4.64	4.39	5.61	4.01	4.53	5.65		5.31	5.21	
10.08	8.15	10.08	9.78	9.26	11.42		8.29	11.41	
7.38	1.84	6.82	6.55	2.12	5.90		2.06	5.97	
0.28	0.37	0.30	0.29	0.38	0.30		1.12	0.30	
133.45	109.89	118.10	113.61	115.62	126.02		115.44	117.24	
9.26	8.42	8.90	8.82	8.73	9.14		9.81	9.93	B. Monopolies : Tobacco. Salt. Lotteries. Gunpowder. Total Monopolies.
1.18	1.26	1.33	1.32	1.26	1.30		1.25	1.37	
1.97	2.03	1.83	2.36	5.27	4.69		6.47	6.88	
0.44	0.59	0.42	0.42	0.44	0.60		0.64	0.61	
12.85	12.30	12.48	12.92	15.70	15.73		18.17	18.79	
18.21	18.30	18.08	17.98	18.10	18.03		18.13	18.13	C. Undertakings : Post and Telegraphs. Forests. Other Undertakings. Total Undertakings.
1.55	1.62	1.69	1.63	1.64	1.70		1.60	1.64	
2.24	2.20	2.17	2.13	2.09	2.25		2.25	2.32	
22.00	22.12	21.94	21.74	21.83	21.98		21.98	22.09	
7.08	8.94	9.08	9.08	10.94	7.08		8.94	6.08	D. Railways : Federal Railways. Charges under the Südbahn Convention. Other Railways. Total Railways.
—	—	—	—	3.09	3.10		—	—	
0.28	0.26	0.23	0.23	0.25	0.22		0.30	0.32	
7.36	9.20	9.31	9.31	14.28	10.40		9.24	6.40	
175.66	153.51	161.83	157.58	167.43	174.13		164.83	164.52	Total Ordinary Expenditure. Total Ordinary Receipts. Ordinary Budget Balance.
172.09	160.95	143.42	143.71	157.93	164.19		168.96	160.72	
-3.57	+7.44	-18.41	-13.87	-9.50	-9.94		+4.13	-3.80	
—	—	—	—	—	—		—	—	INVESTMENTS.* Extra-urban small holdings.** Commerce and Traffic.** Agriculture.** Tobacco. Salt. Post and Telegraphs. Other Undertakings. Railways. Total Investments. Total Budget Balance.
—	—	—	—	—	—		—	—	
—	—	—	—	—	—		—	—	
0.60	0.26	0.45	0.45	0.63	0.42		0.63	0.23	
—	0.02	0.04	—	0.02	0.04		0.03	0.04	
0.51	0.43	0.22	0.22	0.45	0.50		0.67	0.40	
0.04	0.04	0.06	0.06	0.04	0.06		0.03	0.03	
—	1.00	—	—	3.59	1.27		—	0.57	
1.15	1.75	0.77	0.73	4.73	2.29		1.36	1.27	
-4.72	+5.69	-19.18	-14.60	-14.23	-12.23		+2.77	-5.07	

Appendix
DEVELOPMENT OF THE DEBT
(In millions)

Year	State debt to the Austrian National Bank			Internal bonded debt			Foreign debt, chiefly bonded			Short-term debt		
	Debt position	Interest	Amortisation	Debt position	Interest	Amortisation	Debt position	Interest	Amortisation	Debt position	Interest	Amortisation
1925 ..	217.8	4.1	29.9	178.4	14.6	10.3	1,177.7	74.2	28.7	—	—	—
1926 ..	187.9	3.6	10.7	188.7	13.6	11.1	1,136.7	64.0	41.7	—	—	—
1927 ..	177.3	4.4	4.1	* 236.9	15.2	33.7	1,134.8	73.8	38.0	—	—	—
1928 ..	173.2	3.3	57.0	* 254.0	16.5	14.8	1,127.5	83.2	31.9	—	—	—
1929 ..	116.2	1.4	7.5	* 280.5	17.0	14.3	1,095.0	68.3	45.0	—	—	—
1930 ..	108.6	—	7.4	* 354.4	21.0	14.4	1,114.9	67.4	43.7	—	—	—
1931 ..	101.2	—	5.4	* 399.3	22.6	15.6	† 1,459.5	89.9	49.6	—	12.1	—
1932 ..	95.6	3.0	4.3	352.1	20.5	14.2	‡ 1,254.7	77.5	48.0	§ 184.6	13.8	—
1933 ..	¶ 663.0	¶ 6.0	—	349.2	24.5	19.1	§ 1,192.8	89.2	62.5	202.9	8.0	—
1934 ..	624.4	6.0	—	† 505.7	37.5	18.6	|| 1,651.4	90.7	67.2	¶ 93.5	4.6	—
1935 ..	624.4	8.7	—	† 616.5	41.8	10.7	¶ 1,697.2	81.1	24.7	¶ 179.0	6.1	—
1936 ..	624.4	8.7	4.3	§ 833.3	45.6	9.4	|| 1,682.7	70.0	24.4	¶ 132.0	6.4	—
1937 ..	620.2	8.6	16.8	§ 871.5	54.4	10.2	¶ 1,311.8	63.7	26.0	¶ 175.0	4.9	—
1938 ..	¶ 603.4	8.4	18.8	§ 1,122.0	58.5	20.4	1,282.5	60.4	¶ 34.7	¶ 140.2	3.4	—

Debt positions at the beginning of the year. Debt service during the course of the year.

The figures for 1925-1936 have been taken from the closed accounts. Where necessary, the figures shown in the closed accounts have been subdivided on the basis of the standard foreign-exchange rates used in the State accounts. The loan service for 1936 and the debt situation on January 1st, 1937, are based on the figures of the 1936 closed accounts prepared for the Audit Court. The figures for the debt service during 1937 are those shown in the 1937 estimates recalculated at the present standard rates of exchange. For 1938, a calculation has been made on the basis of the data known at present.

The more important changes in the debt position are due principally to the following causes :

State Debt to the Austrian National Bank.

* 1933: Inclusion of the bills of the Oesterreichische Credit-Anstalt für Handel und Gewerbe guaranteed by the State (Federal Law of August 18th, 1932, B.G.Bl. 255).

† An extraordinary redemption amounting to 38.5 million Schillings took place in 1933 from loan proceeds, which was accounted for apart from the administration of the State debt.

‡ 1937/38: Decrease by the redemption amounts provided for in the agreement between the State and the Bank; it is uncertain, however, whether this amortisation will actually be made.

Internal Bonded Debt.

§ 1927-1929: Increase in consequence of issue of bonds for compensation of private pre-war debt.

¶ 1930: Increase in consequence of settlement of pre-war debt (Elisabeth railway).

|| 1931: Increase in consequence of issue of the International Federal Loan of 1930 (Austrian *tranche*).

¶ 1934 and 1935: Increase in consequence of the issue of the Lottery Loan.

§ 1936: Increase in consequence of issue of the Conversion Loan (half of the American *tranche* of the 1923 Loan was included in the Austrian *tranche*) and the Work Loan.

¶ 1937: Increase in the course of 1936 by the amount of the State bonds issued for the Credit-Anstalt (59.4 million Schillings) and decrease as a result of regular amortisation.

|| 1938: Increase in consequence of issue of the 1937 Investment Loan (180 million Schillings), 1937 State bonds (gold mortgage alleviation, 60.2 million Schillings), and of the credit for the building of the Central Post Office (15 million Schillings).

The increase in the amortisation is due to the beginning of amortisation on the Conversion Loan, Work Loan and 1937 Investment Loan.

Foreign Debt, chiefly bonded.

† 1931: Increase owing to issue of the 1930 International Federal Loan.

‡ 1932 and 1933: Decrease in consequence of the depreciation of foreign currencies.

|| 1934: Increase owing to the issue of the 1933 International Guaranteed Federal Loan (+342.3), appreciation of all foreign currencies.

¶ 1935: Decrease in consequence of the conversion of the League of Nations Loan 1923-1943 (half of the American *tranche* of this loan was included in the Austrian *tranche* of the Conversion Loan, which is regarded as domestic debt); also of depreciation of the pound sterling, the dollar and the Czechoslovak crown. This decrease is offset by an increase arising from the inclusion of the Federal debt to foreign creditors of the Credit-Anstalt, which is included in the figure for the foreign debt for the following amounts: 206.5 million Schillings in 1935; 212.7 million Schillings (addition of interest) in 1936; in 1937, an amount of 36.7 million Schillings was included in the foreign debt, while 59.4 million Schillings was transferred to the domestic debt.

¶ 1937: Decrease during 1936 in respect of the debt to foreign creditors of the Credit-Anstalt, and generally on account of the depreciation in the value of foreign currencies in September-October 1936 (about 200 million Schillings).

§ 1938: Increase in amortisation principally owing to the beginning of amortisation of the Conversion Loan.

III.

POSITION OF THE STATE.

(in millions of Schillings.)

Relief Credits debt				Debts of public corporations and funds guaranteed by the Austrian State			Total				Year
Debt position	Interest	Amortisation	Total State debt proper	Debt position	Interest	Amortisation	Debt position	Debt service			
								Interest	Amortisation	Interest + Amortisation	
793.6	0.1	—	2,367.5	—	—	—	2,367.5	93.0	68.9	161.9	1925
805.8	0.3	—	2,319.1	—	—	—	2,319.1	81.5	63.5	145.0	1926
801.4	0.1	—	2,350.4	60	2	2	2,410.4	95.5	77.8	173.3	1927
* 1,008.0	—	—	2,562.7	78	5	4	2,640.7	108.0	107.7	215.7	1928
# 530.6	—	10.0	2,022.3	74	5	4	2,096.3	91.7	80.8	172.5	1929
559.2	—	10.0	2,137.1	70	5	7	2,207.1	93.4	82.5	175.9	1930
# 400.3	—	12.2	2,460.3	63	9	2	2,423.3	133.6	84.8	218.4	1931
7375.0	—	2.2	2,261.0	211	18	7	2,473.0	132.8	75.7	208.5	1932
# 408.4	—	2.8	2,816.3	262	18	8	3,078.3	145.7	92.4	238.1	1933
412.7	—	2.7	3,287.7	294	16	7	3,581.7	154.8	95.5	250.3	1934
## 402.1	—	2.7	3,519.2	287	15	7	3,806.2	152.7	45.1	197.8	1935
## 419.2	—	2.7	3,691.6	280	14	5	3,971.6	144.7	45.8	190.5	1936
418.4	—	2.4	3,396.9	293	15	5	3,689.9	146.6	60.4	207.0	1937
## 432.6	—	2.1	3,580.7	# 343	15	5	3,923.7	145.7	81.0	226.7	1938

Short-term Debt.

- φ 1925 : Credit of the Bank of England, also short-term inland Federal Treasury bills.
- § 1934 : Decrease owing to repayment of the Treasury bills from the Lottery Loan and of the English advances from the International Guaranteed Federal Loan 1933-1935.
- τ 1935 : Increase owing to new issue of Treasury bills.
- z 1936 : Diminution through consolidation of Treasury bills in the Work Loan.
- § 1937 : Increase during 1936 owing to new issue of Treasury bills.
- ω 1938 : Decrease during 1937 owing to consolidation in the 1937 Investment Loan.

Relief Credits Debt.

- ν 1928 : Increase through capitalisation of accumulated interest.
- ω 1929 : Decrease owing to the London Agreement of June 16th, 1928.
- z 1931 : Decrease owing to new method of accounting (present values).
- y 1932 : Decrease owing to depreciation of the pound sterling and Scandinavian currencies.
- z 1933 : Increase owing to inclusion of the Special Relief Debt to Italy in accordance with the Agreement of July 9th, 1930.
- ## 1935 : Decrease owing to depreciation of the pound sterling.
- ## 1936 : Increase due to capitalisation of interest.
- ## 1938 : Ditto. It is presumed that no amortisation will take place during 1938, with the exception of the special Relief Debt to Italy.

Debts of Public Corporations and Funds guaranteed by the Austrian State.

- ## 6½% Guarantee Fund Loan 1926 (B.G.Bl. 348/26), 80 million Schillings, converted in 1936 (B.G.Bl. Nos. 231 and 246/36) into 5% Guarantee Fund Loan 1936. The loan service is covered by contributions from the Fund.
- ## House-building Loan 1931 (150 million gold Schillings), B.G.Bl. 200/31, together with the advances made in the years 1932 to 1935 inclusive, which were consolidated in 1936 by the issue of the House-building Loan 1936 (80 million Schillings). The State has to provide the amounts necessary for the service.
- ## 1938 : Increase in consequence of guarantee for the electrification credit of the Federal Railways (55 million Schillings), B.G.Bl. 47/37. The table does not include the service for this credit.

Appendix IV. — ECONOMIC DATA.

National Bank (middle of month)						
	Note circulation	Sight liabilities	Gold and foreign exchange ¹	Bills discounted	State debt	Bank rate
In millions of Schillings						Per cent
*1929	934	110	725	206	109	7.33
*1930	916	130	814	123	101	5.75
*1931	994	171	628	434	96	7.04
*1932	915	190	215	726	663	6.83
*1933	853	196	193	252	624	5.23
*1934	910	209	256	261	624	4.71
*1935	885	282	324	233	624	3.80
*1936	883	290	340	218	624	3.50
1935 XII	945	251	360	228	624	3½
1936 I	876	314	352	225	624	3½
II	865	292	317	223	624	3½
III	878	284	323	219	624	3½
IV	883	277	323	219	624	3½
V	897	263	324	218	624	3½
VI	885	289	331	220	624	3½
VII	886	286	330	221	624	3½
VIII	897	300	358	219	624	3½
IX	880	334	376	216	624	3½
X	891	279	359	213	624	3½
XI	861	300	348	209	624	3½
XII	897	258	344	208	620	3½
1937 I	846	297	341	206	620	3½
II	826	310	349	202	620	3½
III	841	294	341	199	620	3½

Stock Exchange (middle of month)					
	Value of 34 industrial shares	Value of bonds	Austrian shares admitted to the Stock Exchange ² :		Turnover tax on Stock Exchange transactions (monthly receipts)
			Total nominal value	Total Stock Exchange value	
	1929-1932 = 100	*1927 = 100	In millions of Schillings		In thousands of Schillings
*1929	98.8	99.8	810	1,070	55
*1930	80.5	99.9	819	893	39
*1931	60.9	98.7	807	654	33
*1932	51.7	86.8	808	570	15
*1933	43.0	90.3	807	478	14
*1934	47.9	98.5	784	462	15
*1935	63.6	107.4	762	557	20
*1936	80.9	109.0	731	707	30
1935 XII	70.3	104.3	751	588	21
1936 I	71.6	103.7	739	602	20
II	75.9	106.9	739	645	24
III	76.8	106.4	738	672	28
IV	83.9	106.8	738	747	39
V	77.2	105.9	734	683	38
VI	76.9	106.6	730	673	19
VII	76.4	106.6	728	675	21
VIII	79.7	106.9	727	699	19
IX	81.1	108.2	724	702	17
X	86.0	117.0	725	758	31
XI	91.7	116.6	725	803	47
XII	93.2	116.8	726	821	54
1937 I	95.1	115.4	720	848	44
II	100.9	115.3	723	917	54
III	101.0	115.8	723	947	...

⁰ Average.
¹ In May 1934, the gold and foreign exchange reserve was revalued.
² Shares of banks excluded.

Appendix IV. — ECONOMIC DATA (continued)

	Total Savings Deposits (end of month)	Clearings (per month)	
		Austrian National Bank	Austrian Postal Savings Bank
		In millions of Schillings	
*1929	2,119	4,149	2,069
*1930	2,419	4,093	2,173
*1931	2,025	4,140	2,080
*1932	1,959	3,431	1,878
*1933	2,015	3,066	1,786
*1934	2,087	2,227	1,895
*1935	2,249	2,057	2,005
*1936	2,327	2,244	2,047
1935 XI	2,257	2,223	2,106
1935 XII	2,236	2,477	2,227
1936 I	2,328	2,251	2,057
1936 II	2,347	2,184	1,875
1936 III	2,352	2,141	1,872
1936 IV	2,337	2,244	1,983
1936 V	2,327	2,129	1,913
1936 VI	2,331	2,077	1,883
1936 VII	2,338	2,242	2,119
1936 VIII	2,347	2,148	2,002
1936 IX	2,336	2,260	2,075
1936 X	2,295	2,551	2,318
1936 XI	2,300	2,259	2,142
1936 XII	2,280	2,439	2,324
1937 I	2,350	2,218	2,045
1937 II	2,357	2,113	1,913
1937 III	2,322	2,606	2,140

	Prices (middle of month)			
	Wholesale	Cost of living	Sensitive ¹	Fixed ¹
	First half-year 1914 = 100	VII, 1914 = 100	1929 = 100	
*1929	130	111	100	100
*1930	117	111	83	98
*1931	109	106	58	98
*1932	112	108	49	103
*1933	108	105	55	104
*1934	110	105	58	104
*1935	110	105	57	105
*1936	109	105	63	104
1935 XII	109	105	61	105
1936 I	108	106	61	105
1936 II	107	105	61	105
1936 III	107	104	62	105
1936 IV	108	104	62	105
1936 V	108	104	62	104
1936 VI	109	106	60	104
1936 VII	110	104	61	104
1936 VIII	109	105	62	104
1936 IX	110	105	62	104
1936 X	111	105	65	104
1936 XI	111	105	66	105
1936 XII	111	105	71	105
1937 I	112	105	76	105
1937 II	112	105	79	105
1937 III	112	104	84	106

* Average.
¹ Revised figures.

Appendix IV. — ECONOMIC DATA (continued).

	Turnover (per month)			
	Consumption goods ¹	Production goods ¹	Consumption of sugar	Receipts from turnover tax
	1923-1931 = 100		In hundreds of tons	In millions of Schillings
*1929	119	119	180	21
*1930	117	96	161	21
*1931	112	76	169	18
*1932	94	68	152	15
*1933	83	67	148	11
*1934	80	75	143	12
*1935	84	83	144	12
*1936	79	88	143	12
1935 XI	100	90	135	13
1935 XII	83	89	151	15
1936 I	78	85	118	13
1936 II	81	90	116	12
1936 III	82	88	129	11
1936 IV	82	87	125	12
1936 V	78	87	124	11
1936 VI	79	84	142	11
1936 VII	81	85	180	12
1936 VIII	79	85	146	12
1936 IX	78	87	200	12
1936 X	82	91	188	14
1936 XI	75	93	131	14
1936 XII	73	93	113	15
1937 I	76	91	162	13
1937 II	77	...	123	12

	Tourist Traffic (per month)			
	In special tourist centres		In Vienna	
	Total	From abroad	Total	From abroad
	In thousands of persons			
*1929 .. .. .	.	.	53	35
*1930 .. .. .	.	.	55	37
*1931 .. .. .	.	.	46	30
*1932 .. .. .	.	.	36	24
*1933 .. .. .	.	.	34	22
*1934	119	25	29	19
*1935	142	36	32	22
*1936	155	47	35	26
1935 XI	64	7	26	16
1935 XII	81	20	26	15
1936 I	72	17	24	14
1936 II	92	28	22	14
1936 III	90	23	32	20
1936 IV	91	18	30	20
1936 V	120	21	32	22
1936 VI	186	47	35	27
1936 VII	341	126	44	36
1936 VIII	421	163	58	50
1936 IX	211	70	57	45
1936 X	93	20	37	25
1936 XI	62	9	28	17
1936 XII	84	24	27	17
1937 I	83	22	26	17
1937 II	93	33	25	15
1937 III .. .. .	...	...	37	25

¹ Average.
² Seasonally corrected index.

Appendix IV.—ECONOMIC DATA (concluded).

	Production		
	General production index ¹	Labour market	
		Insured against illness (end of month)	Unemployed receiving benefit in Austria (middle of month)
	1929 = 100	In millions	In thousands of persons
*1929	100	.	164
*1930	81	.	207
*1931	69	.	253
*1932	60	.	309
*1933	62	1.38	320
*1934	68	1.28	288
*1935	77	1.30	262
*1936	81	1.30	259
1935 XI	83	1.31	227
1935 XII	89	1.23	262
1936 I	82	1.21	305
1936 II	84	1.21	322
1936 III	78	1.25	314
1936 IV	84	1.29	282
1936 V	81	1.33	254
1936 VI	78	1.34	236
1936 VII	80	1.36	224
1936 VIII	77	1.36	210
1936 IX	78	1.35	216
1936 X	81	1.34	221
1936 XI	82	1.30	243
1936 XII	91	1.23	273
1937 I	87	1.20	308
1937 II .. .. .	...	...	315
1937 III .. .. .	...	...	206

	Foreign Trade				
	Imports		Exports		
	Total value ¹	Raw-material value ²	Total value ¹	Finished products value ¹	Total quantity
	1929-1930 = 100				
					In millions of metric quintals
*1929	107	106	114	122	3.42
*1930	92	82	97	102	2.93
*1931	72	67	70	75	2.11
*1932	47	48	42	43	1.56
*1933	39	46	42	42	1.75
*1934	38	49	45	45	2.15
*1935	40	51	47	46	2.25
*1936	42	54	50	48	2.32
1935 XI	43	59	49	51	2.28
1935 XII	40	53	50	46	2.55
1936 I	44	56	50	50	1.77
1936 II	41	54	48	47	1.85
1936 III	46	59	55	52	2.20
1936 IV	42	55	51	49	2.25
1936 V	40	53	51	48	2.30
1936 VI	36	44	47	45	2.49
1936 VII	39	51	47	45	2.46
1936 VIII	41	49	48	45	2.58
1936 IX	41	51	48	47	2.57
1936 X	44	61	49	49	2.24
1936 XI	44	62	50	50	2.41
1936 XII	41	54	53	48	2.68
1937 I	45	61	52	52	2.17
1937 II	49	72	59	58	2.47

¹ Average.
² Seasonally corrected index.
³ Revised figures.

Appendix V.
INDEX NUMBERS OF TURNOVER AND CONSUMPTION. 1

	1929 ^a	1930 ^a	1931 ^a	1932 ^a	1933 ^a	1934 ^a	1935 ^a	1936 ^a	1936		1937	
									I	II	I	II
Foodstuffs ^b	115	114	108	101	94	87	87	85	80	81		
Ready-made clothes ^b	123	115	106	81	72	70	76	76	85	97	75	85
Footwear ^b	114	116	120	100	97	84	90	73	59	66	62	62
Furniture ^b	118	114	117	89	66	58	63	65	71	69	68	61
Stampings ^b	122	115	107	67	43	41	42	42	39	48	40	42
Advertisements ^b (1928-1931 = 100)	102	97	88	73	70	65	68	68	64	69	70	67
Slaughters of animals at Vienna:												
Cattle	12.5	10.8	10.7	10.9	9.1	8.8	9.5	7.6	7.7	7.6	7.3	6.8
Calves	1.9	1.4	1.7	1.4	1.1	1.0	1.0	0.9	0.7	0.7	0.7	0.7
Pigs for meat	33.4	29.1	43.1	32.6	30.3	39.8	29.1	23.2	20.3	19.7	20.7	22.3
Pigs for fat	24.1	28.8	28.7	26.7	27.4	21.5	25.0	25.0	25.0	23.9	21.6	19.1
Arrivals of meat at the main markets												
Butter	110	109	86	89	82	66	66	64	56	52	64	56
Eggs	98	103	99	96	99	104	111	88	92	91	69	68
Eggs	99	127	114	109	95	77	76	67	73	71	64	62
Arrivals at Vienna:												
Vegetables	111	114	110	111	104	116	98	122	73	71	66	73
Potatoes	57	60	55	53	52	44	39	43	27	23	24	22
Sugar consumption in Austria (tons: 100's)	180	161	169	152	148	143	144	143	118	116	162	123
Milk deliveries to Vienna	251	247	228	226	227	226	225	229	230	238	227	208
Beer	74	75	95	92	84	81	80	89	88	74	85	
Wine	22	21	20	17	15	15	18	17	15	14	14	14
Brandy												
Gross revenue from the Tobacco Monopoly	30	30	29	27	26	26	24	24	21	21	21	21
Proceeds of the turnover tax	21	21	18	15	11	12	12	12	13	12	13	12
Consumption of electricity at Vienna:												
Total	48	47	45	42	40	38	40	41	47	43	48	43
By private individuals	34	33	31	29	27	26	27	29	33	29	34	31
Consumption of gas in Vienna:												
Total	27	26	27	27	26	25	22	25	29	26	29	29
By private individuals	25	25	26	25	24	22	21	21	26	23	25	23
Consumption of fuel in households and minor industries in Austria	202	131	162	143	126	110	112	101	109	96	138	115
Consumption of fuel in Vienna	291	225	223	202	186	159	158	152	179	158	204	175
Sales of petrol in Austria (kg.: 000,000's)				11	11	11	11	12	9	8	10	
Visitors to City Baths	869	897	900	903	815	784	750	718	615	623	526	542
Of which—Visitors to hot baths	640	656	647	639	620	618	580	598	615	623	526	542
Passengers carried in Vienna												
by City tramways (000,000's)	52.3	50.3	47.6	43.6	39.1	37.6	39.9	39.9	39.1	38.4	38.1	35.8
by City omnibuses (10,000's)	184	254	257	241	187	165	146	144	151	149	138	137

^a Monthly totals. These index numbers are published monthly by the "Oesterreichisches Institut für Konjunkturforschung".
^b Average.
^c Seasonally adjusted.

SOCIÉTÉ DES NATIONS

**QUARANTE-DEUXIÈME RAPPORT
DU COMMISSAIRE DE LA SOCIÉTÉ DES NATIONS EN BULGARIE**

(PÉRIODE NOVEMBRE 1936-FÉVRIER 1937.)

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INTRODUCTION.

1. Le budget de 1936 a été clôturé à la fin de la période complémentaire, le 31 janvier 1937. L'excédent des encaissements au titre du budget de l'Etat et des chemins de fer sur les décaissements est de 282,7 millions. Le déficit du budget de 1935 était de 936,5 millions.

2. Les recettes de 1936 au titre des budgets de l'Etat et des chemins de fer sont en progression sur les recettes correspondantes de 1935 ; cette progression est particulièrement sensible pour les rentrées d'impôts directs, de droits de douane et d'accise.

Le total des recettes réellement encaissées est presque égal à celui des prévisions budgétaires.

3. Le budget de 1937 a été promulgué le 2 février 1937. Les budgets de l'Etat et des chemins de fer sont en augmentation de 632,3 millions sur le total des recettes effectives de 1936.

4. Il est fait face aux augmentations de dépenses sans impôts nouveaux. Les ressources nouvelles nécessaires aux budgets de l'Etat et des chemins de fer sont attendues pour 253 millions d'une amélioration des rentrées fiscales, pour 379,3 millions de ressources exceptionnelles provenant, entre autres, d'une frappe de monnaies, du versement au budget des bénéfices de la Banque nationale et d'une partie des bénéfices de la Direction des céréales, de l'emploi d'une partie de l'excédent budgétaire de 1935, et d'un emprunt des chemins de fer.

5. Le Gouvernement bulgare a conclu un arrangement avec les représentants des Associations de porteurs d'emprunts extérieurs. Il s'engage à payer en devises étrangères 32 1/2 % des coupons à échoir jusqu'au 1^{er} janvier 1939.

6. La situation en devises de la Banque nationale peut être considérée comme la plus satisfaisante que la Banque ait connue depuis la fin de 1932.

7. Le commerce extérieur s'est développé très favorablement en 1936 ; l'excédent des exportations est de 729 millions contre 244 en 1935.

8. Les achats de blé de la Direction des céréales dans le pays ont presque doublé au cours de la dernière saison comparativement à la précédente. Elle a en magasin des stocks importants et il y a tout lieu de croire qu'en sus des quantités déjà exportées, elle pourra disposer encore de tonnages importants de blé pour les ventes à l'étranger.

9. Le présent rapport a été établi par M. Pierre Cheysson, commissaire de la Société des Nations en Bulgarie, avec la collaboration de M. Köstner, conseiller auprès de la Banque nationale de Bulgarie.

I. BUDGET.

A. BUDGET DE 1936.

1. Equilibre budgétaire.

A la fin de la période complémentaire, le 31 janvier 1937 (cf. Appendice I a et b), les résultats de la gestion budgétaire 1936 étaient les suivants :

Recettes globales :	Millions de leva
du budget de l'Etat	6.468,8
du budget des Chemins de fer	1.362,2
	<hr/>
	7.831,0
 Dépenses globales effectivement payées :	
du budget de l'Etat	6.187,0
du budget des Chemins de fer	1.361,3
	<hr/>
	7.548,3
 L'excédent des encaissements sur les décaissements est de	282,7

Comme il sera indiqué ci-après, le budget de 1936 a bénéficié de ressources d'emprunt s'élevant à 298,5 millions. Elles étaient destinées au règlement de dépenses de même montant qualifiées tout d'abord d'extraordinaires ; en réalité, à concurrence de 293,4 millions au moins, les dépenses faites en 1936 seront renouvelées en 1937 et années suivantes.

Le budget de 1935 s'était clôturé par un déficit de 278 millions, bien qu'ayant bénéficié de recettes extraordinaires de 621 millions. Il laissait en outre 315,5 millions impayés, dont 133,5 millions au titre du budget de l'Etat et 182,0 millions au titre du budget des Chemins de fer. Le déficit réel du budget 1935 était donc de 936,5 millions, auquel s'ajoutait le déficit de 1934 de 379 millions, au total 1.315,5 millions.

2. *Recettes.*

a) *Budget de l'Etat.*

Le budget primitif, promulgué le 2 janvier 1936, s'élevait à 6.163,64 millions de leva. Des budgets supplémentaires (Oukases 105 du 20 mars, 143 du 23 avril, 169 du 7 mai, 235 du 20 juin 1936) ont prévu des ressources nouvelles s'élevant à 305,5 à provenir d'emprunts à émettre dans le public ou à contracter auprès des différents fonds. Le montant total des prévisions de recettes pour le budget de l'Etat au cours de la gestion de 1936 a donc été de 6.469,1 millions.

Les rentrées effectives se sont élevées à 6.468,8 millions ; la proportion des rentrées par rapport aux prévisions a été en progression constante depuis mars (81%) jusqu'à août (91%), octobre (94%) et à la fin de l'année (100%). Les recettes fiscales (cf. Appendice I, a) dépassent de 96,4 millions les prévisions ; cette plus-value est due à l'amélioration de la rentrée des impôts directs (+ 144,7 millions ou 38%) ; par contre, la rentrée des accises est de 114 millions (8%), inférieure aux prévisions. Les entreprises d'Etat ont produit à peu près ce qui était prévu, à l'exception des P. T. T. (— 32,8 millions ou 11%), et des mines de Pernik dont la contribution au budget a été de 5 millions au lieu de 50 (— 90%).

La comparaison avec les recettes de l'année précédente est encore plus satisfaisante. Elle s'établit comme suit, si, pour rendre comparables les recettes des deux années 1935 et 1936, l'on ne tient compte ni des ressources d'emprunt ni des recettes d'ordre provenant des soldes non transférés de la dette extérieure :

	Millions de leva
les recettes du budget 1936 pour l'Etat se sont élevées à	5.755,4
alors que les recettes comparables du budget 1935 étaient de	4.965,4
	<hr/>
la plus-value des rentrées en 1936 est de	+ 790,1 ou 15,9%

Cette proportion s'est à peu près maintenue constante dans le courant de l'année. Comme il a été remarqué dans les rapports précédents, l'augmentation porte à peu près sur tous les chapitres de recettes, mais particulièrement sur la rentrée des impôts directs (133,5%), des droits de timbre (127%), des douanes et des accises (115%) et sur la participation des communes aux appointements des instituteurs et des médecins (142%).

Au cours des deux derniers mois de l'année (cf. Appendice I, e)), les recettes comparables de 1936 et de 1935 (compte non tenu des ressources d'emprunt pour 1936 et des recettes d'ordre pour 1936 et 1935) se sont élevées :

pour 1936 à 1.138,9 millions, dont 712,8 millions de recettes fiscales	
pour 1935 à 949,1 » » 510,3 » » » » »	

La plus-value est de 20% ; elle atteint 40% si l'on ne considère que les recettes fiscales. Les rentrées d'impôts directs au cours des deux derniers mois de 1936 ont dépassé de 109% les rentrées correspondantes de 1935.

b) *Budget des chemins de fer et des ports.*

Les prévisions budgétaires étaient de 1.393 millions de leva ; les rentrées effectives ont été de 1.362,2 millions, inférieures de 30 millions aux prévisions. La proportion des rentrées effectives par rapport aux prévisions a été constamment en augmentant au cours de l'année 1936, de 76% à fin mars, elle était de 87% à fin juillet, 93% à fin septembre et 96,4% à fin octobre et 97,7% à fin décembre.

Les recettes ordinaires de 1936 (1.341,9 millions) dépassent légèrement les prévisions (1.335,2 millions). Au contraire, les recettes exceptionnelles (20,3 millions) sont inférieures de 37,5 millions aux recettes exceptionnelles prévues par le budget de 1936 (57,8 millions). Elles devaient provenir des transports par camions (5,0 millions), des disponibilités de différents fonds (35,4 millions), du solde d'emprunt (9,8 millions), etc.

Les recettes des chemins de fer pour 1936 (1.362,2 millions) sont légèrement supérieures (4%) aux recettes correspondantes de 1935 (1.304,2 millions).

c) *Budget autonome des Fonds*¹.

Les rentrées effectives (cf. Appendice I, d)) au cours de l'année 1936 s'élèvent à 2.311 millions de leva, sensiblement comparables aux prévisions budgétaires (2.336 millions). Le fonds des routes, qui était autorisé à emprunter au fonds d'assurances sociales 125 millions, n'en a utilisé que 20 millions ; les prévisions de recettes du fonds des routes dépassent donc de 105 millions les rentrées effectives faites par le fonds ; cette somme est reprise dans le budget de 1937 du fonds des routes. Par contre, les rentrées dépassent les prévisions, principalement pour les fonds des taxes communales (+ 41 millions) et des assurances sociales (+ 47 millions), et pour la Caisse d'amortissement, créée en exécution de la loi sur l'allégement des débiteurs (20 millions).

¹ Les chiffres relatifs au budget des fonds, tant en recettes qu'en dépenses, sont suivis à part des budgets de l'Etat et des chemins de fer et ne sont pas compris dans les totaux donnés plus haut, § 1 équilibre budgétaire, et dans l'Appendice I, tableaux a) et b).

3. Dépenses.

a) Budget de l'Etat.

Budget de 1936.

Le budget primitif s'élevait à 6.163,6 millions. Au cours de l'année, quatorze amendements ont augmenté les crédits ou en ont modifié la répartition ; d'après ces amendements, les 310,6 millions de nouveaux crédits devaient être couverts : à concurrence de 305,5 millions par des emprunts faits soit dans le public, soit auprès de fonds de l'Etat, à concurrence de 5,1 millions par les excédents de recettes budgétaires ordinaires. Le total des crédits ouverts par le budget primitif et les budgets supplémentaires (cf. Appendice I, b)) se monte à 6.474,2 millions.

Les dépenses effectuées au cours de la gestion budgétaire 1936 se sont élevées à 6.187 millions de leva ; 287,2 millions de crédits sont donc restés inutilisés dont 151,7 millions par la Direction de la Dette publique. Au cours de l'année, les crédits ordinaires de cette direction avaient été réduits de 129,4 millions ; c'est donc une économie totale de 281,1 millions qui a été réalisée sur le budget de la Dette publique¹. Celle-ci a bénéficié des décisions qui ont été prises par le Comité financier en ce qui concerne la consolidation des bons du Trésor escomptés ou réescomptés par la Banque nationale et qui ont permis de n'utiliser sur le crédit de 200 millions prévu au budget de la Dette publique pour l'amortissement de ces bons qu'à concurrence de 37,5 millions ; en outre, la Dette publique n'a employé que partiellement le crédit de 200 millions qui était destiné à compléter les sommes nécessaires au service en 1936 des obligations de la Caisse d'amortissement.

La comparaison des dépenses de 1936 avec les dépenses globales de 1936 est la suivante :

Les dépenses de la gestion 1935 ont été de 5.983,9 millions, mais elles ne sont pas comparables avec celles de 1936 ; si l'on ne tient pas compte ni des dépenses effectuées en 1935 pour le compte d'exercices antérieurs (379,7 millions), ni des dépenses d'ordre en 1935 et 1936 (510,5 en 1935 et 414,8 millions en 1936), ni des dépenses extraordinaires sur ressources d'emprunt en 1936 (298,5 millions), les dépenses comparables sont de 5.093,7 millions pour 1935 et 5.473,7 pour 1936, ces dernières sont de 380 millions supérieures aux premières.

b) Budget des chemins de fer.

Les crédits primitifs étaient de 1.393 millions. Ils ont été portés à 1.428,3 millions au fur et à mesure du règlement des sommes dues aux chemins de fer étrangers à différents titres. Bien qu'aucun crédit spécial ne soit prévu dans les budgets, ces paiements ont été une fois pour toutes autorisés par l'article 4 de la loi sur le budget des Chemins de fer pour 1934/35.

Les dépenses effectuées (1.361,3 millions) sont inférieures de 67 millions aux crédits accordés, mais supérieures de 104 millions aux dépenses comparables de 1935 (1.257,3 millions).

B. BUDGET 1937.

Le budget de 1937 se présente comme suit :

	Millions de leva
En recettes : Budget de l'Etat	6.912,9
» des chemins de fer	1.550,4
» des fonds	2.505,4
En dépenses : Budget de l'Etat	6.912,9
» des chemins de fer	1.550,4
» des fonds	2.480,0

1. Prévisions des recettes.

a) Budget de l'Etat (cf. Appendice I a)). — Le budget de l'Etat pour 1937 (6.912,9 millions) est supérieur de 749,3 millions au budget ordinaire de 1936, de 443,8 millions au budget ordinaire de 1936 augmenté des budgets supplémentaires promulgués en 1936 et de 444,1 millions aux recettes effectives de 1936.

L'examen détaillé des différents chapitres du nouveau budget donne lieu aux observations suivantes :

Les recettes fiscales sont prévues en augmentation de 190 millions sur les recettes prévues de 1936 et de 93,6 millions sur les rentrées effectives. Aucun impôt nouveau et aucun supplément de taxe n'est créé ; l'augmentation est attendue surtout d'une plus-value du produit des douanes (+ 75,3 millions ou 8 %) et des accises (+ 21 millions) ; elle doit résulter de l'amélioration de la situation économique et, pour une faible part (+ 12 millions), de la nécessité d'importer du sucre pour compléter la production déficitaire de betteraves en 1936.

Les « autres recettes » sont en augmentation de 164,8 millions sur les mêmes recettes prévues en 1936 et de 227,8 sur les rentrées effectives. Les mines de Pernik et les P.T.T. devront contribuer au budget pour les sommes déjà prévues en 1936 et qui dépassent de 74 millions les sommes réellement encaissées.

Les recettes administratives devraient produire, en 1937, 165,6 millions de plus qu'en 1936 ; elles comprennent, en effet, la prévision du versement au budget du bénéfice pour 1936 de la Banque nationale évalué à 125 millions (il est en réalité de 132,7 millions) ; ce versement ne figurait jusqu'alors au budget que pour mémoire, puisque, jusqu'à 1937, ce bénéfice était ristourné à la Banque et servait à l'amortissement de la dette de l'Etat envers elle ; les

¹ Les crédits supplémentaires de 33,1 millions accordés à la Direction de la Dette publique en dehors de ceux dont il s'agit ici ont servi à due concurrence à régler des dépenses supplémentaires (charges d'emprunts nouveaux, construction du bâtiment de la Dette publique).

40 millions complémentaires d'augmentation des « autres recettes » devraient résulter d'une amélioration de la rentrée de différentes taxes à payer par les usagers, en particulier au Ministère de l'Agriculture. Une taxe sur les transports automobiles, qui alimentait jusqu'à présent le budget des chemins de fer, doit produire 3 millions en 1937 au profit du budget ordinaire.

Les modifications les plus substantielles du budget de 1937 par rapport au budget de 1936 apparaissent dans les chapitres 9 (Recettes extraordinaires) et 10 (Ressources d'emprunt).

Les ressources extraordinaires du budget de 1936 qui ne figurent plus dans le budget de 1937 sont les suivantes :

	Prévu pour	Rentrée effective
	Millions de leva	
Bénéfices du monopole des tabacs	28	nulle
Contribution du fonds des routes	60	60,1
Contribution extraordinaire des mines de Pernik	60	60,0
	<u>148</u>	<u>120,1</u>

Les ressources extraordinaires du budget de 1936 maintenues dans le budget de 1937 sont :

	1936	1937
	Prévisions	Rentrées effectives
	Millions de leva	
Produit de la vente d'immeubles et de titres appartenant à l'Etat	4,0	3,4
Prévu en 1937 pour		27,5
(Il s'agit de la participation de l'Etat dans le capital-actions de la Banque hypothécaire, qui doit être vendue à la Banque agricole.)		
Produit de la vente d'alcool provenant du monopole supprimé de l'alcool	20,0	20,0
	<u>24,0</u>	<u>25,0</u>
		25,5

Les ressources extraordinaires nouvelles prévues en 1937 sont :

	Millions de leva
Produit de la frappe de 250 millions de monnaies divisionnaires	250,0
(au budget des dépenses figure un crédit de 40 millions pour le coût des monnaies)	
Contribution de la Direction des céréales	70,0
Excédent du budget de 1936	134,5 ¹
	<u>454,5</u>

En résumé, les ressources extraordinaires sont prévues pour 507 millions contre 172 millions en 1936, et contre 150,3 millions de rentrées effectives.

Le chapitre 10 (Ressources d'emprunt) ne prévoit que la rentrée du solde d'emprunts faits en 1936, mais dont le produit ne devrait être versé qu'au fur et à mesure des besoins et n'a été absorbé que pour partie en 1936.

	Millions de leva
Solde d'un emprunt de 18 millions au fonds des pensions pour la construction d'un bâtiment de la Dette publique	17,8
Solde d'emprunts de 12,3 millions au fonds « Calamités publiques » et au fonds des pensions pour la construction du Ministère de l'Intérieur	9,0
Solde d'un emprunt de 25 millions à la Caisse d'épargne postale et emprunt à des fonds spéciaux pour la construction de bâtiments postaux à Sofia et à Plovdiv	34,6
	<u>61,4</u>

Les ressources d'emprunt du budget de 1936 (y compris les budgets supplémentaires et en particulier le budget du 20 mars 1936 de 300 millions) étaient prévues pour 305,4 millions, dont 298,5 ont été versés au Trésor.

En résumé, l'augmentation de 444,1 millions du budget de 1937 sur le produit effectif des rentrées de 1936 résulte, à concurrence de 151,4 millions, d'une amélioration escomptée des recettes ordinaires de 1936 ; en particulier, du produit des droits de douane et d'accise et de l'exploitation des P. T. T. A concurrence de 292,7 millions, elle proviendra de ressources extraordinaires dont la rentrée de la quasi-totalité est à l'heure actuelle assurée.

¹ Il est en réalité de 282,7 millions (voir plus haut « équilibre du budget 1936 »).

b) *Chemins de fer.* — Les prévisions de 1937 (cf. Appendice I, c)) dépassent de 188,2 millions les résultats de 1936. En réalité, comme le budget de 1936 a bénéficié de 20,3 millions de ressources exceptionnelles non reprises en 1937, les prévisions du nouveau budget sont supérieures de 208,4 millions aux recettes comparables de 1936. Cette augmentation porte, à concurrence de 101,6 millions, sur l'amélioration escomptée du trafic voyageurs et marchandises en 1937. Par ailleurs, le budget des chemins de fer doit bénéficier de ressources exceptionnelles : en premier lieu, du produit d'un emprunt de 60 millions fait par la Caisse d'épargne postale en 1936 (*Journal officiel* du 12 septembre 1936), remboursable en vingt ans et qui doit servir à achever deux lignes de chemins de fer en Macédoine ; en second lieu, d'un versement extraordinaire de 26,8 millions à faire par l'Etat pour rembourser au budget des chemins de fer la subvention qu'il donne à la société de navigation bulgare. Le crédit correspondant à ce versement ne figure pas dans le budget ordinaire de l'Etat (Dette publique), il sera compris dans un budget supplémentaire.

c) *Fonds.* — Les prévisions budgétaires (2.505,4 millions) dépassent de 194,4 millions les recettes effectives de 1936. Des ressources nouvelles sont prévues : la contribution de l'Etat au fonds des pensions est augmentée de 13 millions ; le fonds des « taxes communales » reçoit à titre extraordinaire 10,5 millions représentant le solde d'un compte ouvert au Ministère des Finances et liquidé le 31 décembre 1936 ; le fonds « prêts aux communes pour adduction d'eau » prélèvera sur son capital, déposé à la Banque nationale, 40 millions au lieu de 17 millions en 1936 ; le fonds « construction d'édifices judiciaires » disposera en 1937 de 45,5 millions sur l'emprunt qui lui a été accordé le 9 mai 1936 ; le fonds des routes utilisera le solde disponible (105 millions) de l'emprunt qu'il a reçu les 2 juin et 21 août 1936 (comme il a été dit plus haut, il n'avait utilisé que 20 millions de ressources d'emprunt en 1936) ; il bénéficiera, en outre, d'une subvention extraordinaire de l'Etat s'élevant à 90 millions. Le crédit correspondant à ouvrir à la Direction de la Dette publique fera l'objet d'un prochain budget supplémentaire.

Le budget des fonds autonomes pour 1937 comprend, en sus des budgets de 1936, ceux de douze fonds dont les budgets n'étaient pas jusqu'alors publiés, s'élevant au total à 110,4 millions. Parmi eux, on peut citer le budget de la Caisse d'amortissement créée par la loi sur l'allégement des débiteurs et le budget des caisses régionales vétérinaires, ceux de l'Institut d'exportation, de la Direction des céréales, de la Loterie nationale, de la saline d'Etat de Pomorié, de la carrière d'Etat de Bouchoulia. Il est à remarquer que les budgets de l'Institut d'exportation, de la Direction des céréales et de la Loterie nationale ne comprennent pas les opérations de ces établissements ; ils prévoient uniquement les dépenses de personnel et de matériel et les rentrées pour y faire face.

En outre, pour la première fois, publication est faite en annexe du budget des fonds d'une liste de trente-deux fonds « non inclus » avec l'indication du capital de ces fonds au 1^{er} janvier et des prévisions de recettes et de dépenses pour 1937 (environ 85 millions).

Il est à remarquer que si l'on veut se rendre compte de la situation générale des recettes et des dépenses publiques de l'Etat ou sommes gérées par lui, on doit, au préalable, procéder à des ventilations. En effet :

1^o Les fonds recevront, en 1937, du budget de l'Etat, diverses subventions, c'est le cas du :

Fonds des pensions à concurrence de 313,0 millions, contre 305,0 versés en 1936.				
Fonds des assurances sociales	11,5	»	»	17,2
Fonds des routes	90,0	»	»	—
	<u>414,5</u>	»	»	<u>322,2</u>

sans tenir compte des subventions aux fonds « non inclus ».

2^o Les fonds contribuent au budget de l'Etat :

Le fonds « appointements des instituteurs » pour	410,5 millions, contre 407,3 versés en 1936.
Le fonds « taxes communales »	8,1
	<u>418,6</u>

sans tenir compte du versement des fonds « non inclus ».

3^o Certains fonds contribuent aux recettes d'autres fonds :

	Millions de leva	Millions de leva versés en 1936
Le fonds « taxes communales » verse au fonds « appointements des instituteurs »	205,8	contre 197,0
Le fonds « taxes communales » verse au fonds « prêts aux communes pour adduction d'eau »	40,5	» 39,1
Le fonds « routes » verse au fonds « carrières d'Etat »	1,0	» —
	<u>247,3</u>	<u>236,1</u>

En outre, des emprunts sont faits par les fonds soit au budget de l'Etat, soit à d'autres fonds ; ils sont prélevés sur le capital de ces fonds.

L'on a vu dans l'examen du budget des recettes des chemins de fer, que l'Etat contribue pour 26,8 millions au budget des chemins de fer. Si donc l'on additionnait les budgets de l'Etat, des chemins de fer et des fonds autonomes pour 1937, l'on devrait trouver tant en recettes qu'en dépenses : $26,8 + 414,5 + 418,6 + 247,3 = 1.107,2$ millions. En réalité, les crédits pour les subventions aux chemins de fer (26,8 millions) et au fonds des routes (90 millions) ne figurent pas dans le budget ordinaire de l'Etat et devront faire l'objet d'un budget supplémentaire : le montant à défalquer du total des trois budgets actuellement promulgués, réduit d'autant ($26,8 + 90$), s'élève à 990,4 millions. En 1936, le montant des doubles emplois était de $322,2 + 431,9 + 200 = 954,1$ millions.

Le total rectifié des recettes des trois budgets de 1937 comparé aux prévisions et aux résultats de 1936 est de :

	1936		Prévisions	1937		
	Prévisions	Résultats		Différence par rapport aux résultats de 1936	+	
	Millions de leva				-	
Budget de l'Etat	6.469,1	6.468,8	6.912,9	444,1		
Budget des chemins de fer . .	1.393,0	1.362,2	1.550,4	188,2		
Budget des fonds	2.336,4	2.311,0	2.505,4	194,4		
	<u>10.198,5</u>	<u>10.142,0</u>	<u>10.968,7</u>	<u>826,7</u>		
A déduire pour doubles em- plois	938,3	972,2	990,4		28,7	
Total	9.260,2	9.169,8	9.978,3	808,5		

2. Prévisions de dépenses.

a) *Budget de l'Etat.* — L'appendice I, b)) établit la comparaison entre les crédits ouverts par le budget de 1937 avec ceux qui ont été accordés par le budget de 1936 et les budgets supplémentaires et avec les dépenses effectuées en 1936. L'augmentation apportée par le budget de 1937 est de 438,7 millions sur les crédits totaux ouverts en 1936, de 749,3 millions sur le budget primitif de 1936 et de 725,9 millions sur les dépenses effectuées. Tous les ministères bénéficient, de crédits plus importants, à l'exception de la Direction de la Dette publique (— 138,4 millions), du Ministère des Affaires étrangères (— 12,1 millions) qui avait bénéficié en 1936 de crédits extraordinaires (13 millions) et du Ministère de l'Agriculture (— 11,6 millions).

Le Ministère de la Guerre reçoit 1.730 millions au lieu de 1.350,9 millions en 1936 (le budget primitif lui accordait 1.051,8 millions); sur ces crédits, il devra faire face non seulement au paiement de ses dépenses ordinaires, mais au service et à l'amortissement des bons qu'il a remis en paiement des fournitures exceptionnelles qui lui ont été faites.

Le surplus accordé au Ministère des Finances (+ 48,1 millions) correspond à concurrence de 40 millions au prix des monnaies divisionnaires à émettre; la valeur de ces monnaies (250 millions) figure au budget des recettes.

Il est à prévoir que des crédits supplémentaires devront à bref délai être accordés. L'on a signalé plus haut, en effet, que des subventions de l'Etat s'élevant à 26,8 millions pour les chemins de fer et à 90 millions pour le fonds des routes étaient prévues, alors que les crédits correspondants n'ont pas été ouverts. En outre, le Ministère de l'Agriculture a établi un programme de travaux d'irrigation de 25 millions pour lesquels des crédits ont été promis.

b) Le budget des *chemins de fer* prévoit des dépenses de 1.550,4 millions, contre 1.361,3 millions de dépenses effectuées en 1936 et 1.393 millions de crédits ouverts par le budget primitif de 1936.

La majoration des crédits (+ 157,4 millions) est due principalement à un accroissement des fournitures de matériel (+ 80 millions), des dépenses de construction de lignes nouvelles (+ 49,8 millions) et à l'augmentation des charges financières résultant des fournitures de l'accord de compensation des tabacs (27,5 millions).

3. Résultat des deux premiers mois 1937 (cf. Appendice I, f)).

Le total des encaissements est de 28% (+ 227,7 millions) supérieur à celui des encaissements correspondants de 1936 (1.042,7 millions au lieu de 814,8 millions). Cette amélioration est due, à concurrence de 140,7 millions, à une augmentation de la rentrée des recettes administratives. Le rendement des impôts directs (cf. Appendice I, g) continue à être sensiblement meilleur qu'en 1936.

Les recettes des chemins de fer sont légèrement inférieures aux recettes correspondantes de 1936.

Par rapport aux prévisions, les recettes effectives sont inférieures de 109,5 aux deux douzièmes des prévisions budgétaires. Cette moins-value est réduite à 39,8 millions, si l'on ne tient pas compte des recettes d'ordre pour la reprise des soldes non transférés de la dette extérieure. Elle porte principalement sur le produit des droits de douane et d'accise (— 47,2 millions), et correspond à une diminution des rentrées habituelles à une période de l'année plus ou moins morte.

L'excédent des décaissements sur les encaissements est de 188,7 millions.

C. TRÉSORERIE.

L'augmentation des rentrées au cours des deux derniers mois de 1936 s'est traduite par une amélioration sensible de la Trésorerie.

A la clôture du budget de 1936 (fin janvier 1937), la situation était la suivante :

	Millions de leva
Excédent budgétaire	282,7
Disponibilité laissée par la gestion 1935 (fin février 1936)	117,6
Rentrées extra-budgétaires (sommes restituées sur récupérés)	67,2
	<hr/>
	467,5

montant qui constitue le solde actif de caisse laissé par les exercices précédant 1937.

Après la modification apportée récemment aux statuts de la Banque nationale (voir plus loin, Banque et crédit), le plafond des bons escomptables par la Banque nationale a été ramené à 600 millions, sur lesquels 500 millions ont été utilisés par l'Etat. Le Trésor dispose d'une possibilité d'escompte de 100 millions, dont 25 millions directement auprès de la Banque.

D. DETTE PUBLIQUE.

Les négociations engagées à Londres entre la délégation envoyée par le Gouvernement bulgare, présidée par le ministre des Finances, d'une part, et les représentants des Associations de porteurs des emprunts extérieurs bulgares, d'autre part, ont abouti à l'arrangement suivant, publié le 24 décembre 1936 :

1. Le Gouvernement bulgare ouvrira dans les budgets 1937 et 1938 les crédits nécessaires au service intégral des emprunts extérieurs objets de l'arrangement.

2. Au début de chacune des années financières 1937 et 1938, le Gouvernement bulgare remettra au Commissaire de la Société des Nations des bons du Trésor ne portant pas intérêt et représentant 67 1/2 % de l'intérêt de la totalité du fonds d'amortissement des emprunts auxquels ils s'appliquent.

3. Le Gouvernement bulgare transférera aux dates prévues, en devises étrangères, 32 1/2 % du montant des coupons venant à échéance jusqu'au 1^{er} janvier 1939 inclusivement.

En ce qui concerne les emprunts d'avant guerre, la somme à transférer sera calculée sur la base des pourcentages prévus par l'accord du 11 décembre 1926 pour les années 1930 à 1933. Pour les emprunts de 1892, 1902, 1904 et 1907, le calcul sera établi sur les montants en francs-or prévus dans les contrats d'origine.

Les obligations du Gouvernement bulgare seront considérées comme éteintes par ce paiement de 32 1/2 % des coupons venant à échéance au cours des deux années visées dans l'accord.

4. A la fin de chacune des années financières 1937 et 1938 et si le Gouvernement bulgare a rempli son obligation de transférer en devises étrangères 32 1/2 % de l'intérêt au cours de l'année, le Commissaire de la Société des Nations restituera les bons du Trésor dont il a été question au paragraphe 2 ci-dessus.

5. Le Gouvernement bulgare s'engage, au cas où il accorderait un traitement plus favorable à d'autres engagements extérieurs pris ou garantis par lui, à faire bénéficier tous les emprunts objets de l'arrangement d'un traitement au moins aussi avantageux.

6. Le service des emprunts après la période visée par l'arrangement sera discuté entre le Gouvernement bulgare et les Associations de porteurs avant l'élaboration du budget 1939 et en tout cas avant la première semaine de décembre 1938.

II. BANQUES ET CRÉDIT.

a) Banque nationale.

Un décret-loi du 8 février 1937 (*Journal officiel* n° 27) a apporté aux statuts de la Banque les modifications qui avaient été autorisées par le Conseil de la Société des Nations lors de sa session de janvier.

Les comptes de la Banque nationale pour 1936 ont été arrêtés et font apparaître un bénéfice net de 132,7 millions de leva, contre 54,2 millions en 1935. Cette importante différence est due à l'augmentation des profits de change (103,1 millions contre 51,4 en 1935) et à l'inscription au crédit du compte profits et pertes de la valeur des petites coupures qui, faisant partie d'une émission retirée de la circulation depuis 1932, n'ont pas été retournées à la Banque dans le délai de cinq ans. En exécution des amendements apportés aux statuts de la Banque, les profits ont été versés au crédit du Trésor public.

Le volume des affaires en devises de la Banque au cours de l'année 1936 s'est accru considérablement, en comparaison avec les années précédentes : c'est là le premier signe d'un relâchement de la contrainte imposée au commerce extérieur par le système des clearings. Le total

des achats et des ventes de devises est indiqué ci-dessous (après élimination des écritures d'ordre figurant à la fois aux achats et aux ventes) :

	1934	1935	1936
Total des devises <i>achetées</i>	2.073,3	2.867,5	3.213,2
dont : devises libes	426,9	405,4	828,7
» bloquées	1.646,4	2.462,1	2.384,5
Total des devises <i>vendues</i>	2.089,1	2.422,2	2.934,6
dont : devises libes	609,2	358,7	570
» bloquées	1.479,9	2.063,5	2.364,6

Les achats de devises libes en 1936 ont dépassé de 423 millions les achats de l'année précédente : le montant de devises bloquées créditées à la Banque est de 78 millions inférieur à celui de 1935. La liste donnée en appendice II, b), montre qu'une proportion de devises bloquées plus grande que par le passé a pu être employée au règlement de produits importés et que le solde des devises libes restant à la Banque a augmenté malgré la cession d'un montant plus important de devises libes pour le remboursement de dettes publiques et privées. La rubrique « vente de change pour objets non indiqués » comprend des achats d'or destinés à renforcer la réserve-or de la Banque ; cette réserve s'est accrue de 62 millions de leva en 1936 ; elle a été de nouveau augmentée, au cours de l'année courante, d'environ 100 millions par de nouveaux achats d'or. Ces achats aussi bien que l'acquisition d'obligations bulgares placées à l'étranger et le remboursement d'autres dettes publiques ou commerciales, expliquent la réduction du montant des devises qui apparaît dans la situation donnée en appendice au cours de la période envisagée (15 décembre 1936 au 15 mars 1937). Il n'en reste pas moins pour la Banque des moyens substantiels de travail, d'autant plus que de nouvelles exportations de céréales et un afflux correspondant de devises libes sont à prévoir.

Le portefeuille commercial de la Banque s'est légèrement accru. En conformité des décisions du Comité financier, un milliard, représenté par des bons du Trésor escomptés directement ou réescomptés par la Banque nationale, a été transféré au compte de la dette consolidée de l'Etat et le portefeuille ne contient plus à l'heure actuelle aucun bon réescompté ; les avances directes à l'Etat s'élèvent à 375 millions. Ces opérations ont amené l'augmentation des dépôts des banques à la Banque nationale (le montant des bons du Trésor repris à la Banque agricole et coopérative de Bulgarie a été crédité à cette banque).

La circulation des billets aussi bien que la circulation monétaire totale sont en diminution saisonnière de 229 et 315 millions, mais sont supérieures de 232 et 339 millions respectivement aux circulations de l'année dernière. La situation reste néanmoins normale si l'on tient compte de l'accroissement du volume des affaires commerciales dans le pays et de l'augmentation de la circulation constatée également dans d'autres pays européens.

Le taux des primes de change sur les transactions commerciales par compensation est demeuré stable pendant les trois mois envisagés. Un marché libre de fait s'est créé pour toutes les devises étrangères qui ne sont pas remises à la Banque nationale au titre des quotes-parts dues sur l'exportation de certaines marchandises désignées ; la Banque fait elle-même des opérations importantes sur ce marché. Les primes dont le taux est déterminé, non par la situation momentanée des clearings, mais par la valeur réelle de la devise sur le marché, tendent à s'égaliser ; aussi, seules les primes sur le Reichsmark, le schilling autrichien et le pengö diffèrent des autres. Les cours moyens pratiqués au cours des trois derniers mois ont été :

	RM.	Fr. fr.	Couronnes tchèques	Devises libes
Novembre 1936	2,42	31,77	30,66	33,88
Décembre 1936	3,08	31,0	32,66	34,71
Janvier 1937	2,51	33,52	32,91	33,50

La situation de la Banque en devises a continué à progresser de janvier à mars pendant une saison qui, pourtant, est généralement morte ; elle peut aujourd'hui être considérée comme la plus satisfaisante que la Banque ait connue depuis la fin de 1932. Les trois principaux facteurs qui ont contribué à cet état des choses sont les suivants :

1° Le renversement de la « position vendeur » sur tous les marchés du monde, en même temps que le relâchement des restrictions à l'importation et la hausse des prix des principaux articles bulgares d'exportation ;

2° La récolte de 1936, particulièrement bonne en Bulgarie, qui a permis l'exportation de quantités importantes de blé, principale source des devises libes (263 millions de leva contre 50 millions en 1935) ; (les céréales, la farine, le son, le colza et le tournesol ont rapporté, en 1937, 440 millions de leva contre 106 en 1936) ;

3° L'allègement et les simplifications du régime des devises de la Banque nationale dont il a été question dans de précédents rapports, qui ont amené la stabilisation des primes sur le change et permis l'établissement d'un marché quasi libre des devises sur lequel la Banque nationale procède à d'importantes transactions.

b) *Banques privées.*

Les rapports annuels aux assemblées générales n'ont pas encore été publiés, et il est prématuré de chercher à apprécier la situation des banques privées.

Une comparaison du bilan définitif d'ensemble des banques à la fin de 1935 avec un bilan provisoire à la fin de 1936 montre une augmentation dans le portefeuille effets d'environ 200 millions et une réduction des « avances » de 70 millions. Les dépôts sont accrus de 212 millions et les « autres créditeurs » ont diminué d'autant (cf. Appendice II c).

c) *Banque agricole et coopérative.*

La Banque agricole et coopérative a publié son bilan et son compte de profits et pertes, mais sous une forme qui ne permet pas de comparaison rigoureuse avec les résultats de l'année dernière. L'on y montre, pour 1936, un profit de 27 millions de leva contre 44,5 millions en 1935. Les prêts faits par la Banque (à l'exception des bons du Trésor) ont diminué de 6.410 millions à la fin de 1935 à 5.957 millions à la fin de 1936 ; cette réduction est compensée par un accroissement de 51,6 à 1.305,7 millions du montant des « obligations d'Etat » ; ce poste comprend les obligations de la Caisse d'amortissement, remises en remboursement des dettes prises en charge par cette Caisse en exécution de la loi d'allégement des débiteurs. L'augmentation totale des postes « prêts et placements » est donc d'environ 800 millions de leva.

Depuis que la Banque agricole et coopérative a acquis, l'année dernière, les actions de la Banque hypothécaire, le poste « participation dans la Banque hypothécaire » a disparu du bilan et cet actif nouveau ne figure nulle part de façon apparente. D'autres changements dans la présentation des comptes n'en améliorent pas la clarté ; il faut espérer que l'on pourra mieux se rendre compte de la situation lorsque seront définitivement réglés les rapports entre la Banque hypothécaire et la Banque agricole et coopérative et lorsque toutes les créances de la Banque sur des débiteurs bénéficiant d'allégement seront liquidées et remplacées par des obligations de la Caisse d'amortissement.

Le rôle commercial de la Banque agricole et coopérative a été quelque peu limité l'année dernière par le transfert des achats de coton et de chanvre à la Direction des céréales. Cette limitation a été compensée par une activité accrue dans d'autres branches commerciales : c'est ainsi que, directement ou par les coopératives, la Banque a acheté, en 1936, 6.000 tonnes de tabac, contre 3.700 en 1935.

d) *Banque hypothécaire.*

Un nouvel amendement des statuts de la Banque hypothécaire a été promulgué le 2 mars 1937 (*Journal officiel*, N° 46) ; il est relatif à l'administration de l'établissement. Le Conseil d'administration comprend quatre membres élus par les actionnaires et un membre désigné par le ministre des Finances ; la direction est composée de ce dernier et de deux directeurs nommés par le Conseil d'administration.

La Banque hypothécaire peut recevoir des avances de la Banque agricole et coopérative, qui est subrogée dans tous les droits et privilèges accordés à la Banque hypothécaire. Elle peut consentir des prêts hypothécaires aux coopératives d'épargne et de construction.

Un autre décret-loi (*Journal officiel*, N° 46, du 2 mars 1937) modifie la loi sur le crédit hypothécaire (*Journal officiel*, N° 223, du 30 décembre 1927) et fixe les détails de la procédure applicable aux prêts faits par la Banque hypothécaire aux municipalités contre gage de revenus publics communaux ; la Banque a déjà commencé à consentir de tels prêts.

e) *Dépôts et placements en général.*

Le total des dépôts et placements dans les instituts de crédit ayant fait l'objet d'une étude (à l'exception des dépôts réciproques des instituts entre eux) étaient, à la fin de

	1933	1934	1935	1936
Dépôts	9.635	10.314	11.136	12.016
Placements	10.924	11.093	10.936	12.032

Une certaine augmentation parallèle des dépôts et des placements est à noter bien qu'en 1936 l'accroissement des placements (1.096 millions) ait légèrement dépassé celui des dépôts (880 millions). Dans l'accroissement des dépôts en 1936, la Banque agricole et coopérative entre pour 402 millions et la Caisse d'épargne postale pour 268 millions ; la part des banques privées et populaires est beaucoup plus faible. Dans l'accroissement des placements en 1936, la Banque agricole et coopérative représente 800 millions et les Banques populaires 156 millions ; au contraire, le bilan d'ensemble des banques privées n'indique aucun changement notable dans l'importance des placements, si les créances douteuses y restent comprises. Un examen plus approfondi montre que les dépôts dans les banques privées aussi bien que les placements faits par elles, à l'exception du « Crédit bulgare », ne cessent de décroître, et que des augmentations ont été constatées uniquement dans les autres banques dont il a été question plus haut ; presque les trois quarts des dépôts et placements enregistrés dans les statistiques sont le fait des banques contrôlées par l'Etat (y compris le « Crédit bulgare »).

III. COMMERCE EXTÉRIEUR.

La valeur totale du commerce extérieur a varié comme suit (millions de leva) de 1934 à 1936 :

	1934	1935	1936
Exportations	2.535	3.253	3.910
Importations	2.247	3.009	3.181
Excédent des exportations	288	244	729

Ces chiffres, qui soi-disant ne comprennent pas les primes de change, dénotent un développement très favorable, d'autant plus que les exportations de 1935 comprennent des exportations exceptionnelles de tabac résultant de la grande affaire de compensation.

Les principaux articles pour lesquels l'augmentation des exportations est particulièrement sensible sont : le blé (124.000 tonnes pour 331 millions de leva, contre 35.000 tonnes pour 61 millions en 1935); le maïs (104.000 tonnes pour 153 millions de leva, contre 5.000 tonnes pour 8 millions); les tourteaux (49.000 tonnes pour 89 millions, contre 28 tonnes pour 47 millions); les œufs (17.000 tonnes pour 466 millions, contre 13.000 pour 401 millions); l'exportation des céréales, de la viande, des peaux et autres produits agricoles a également augmenté. Au contraire, l'on enregistre des diminutions importantes dans l'exportation des produits suivants : le tabac (20.000 tonnes pour 1.268 millions, contre 24.000 tonnes pour 1.390 millions); le colza 1.000 tonnes pour 3 millions, contre 15.000 tonnes pour 50 millions) et le raisin (23.000 tonnes pour 191 millions, contre 34.000 tonnes pour 248 millions); et aussi le soya, le bétail vivant et le bacon. Il est à remarquer que, d'une année à l'autre, l'importance relative des produits a varié : le pourcentage des exportations de tabac (en valeur) par rapport au total des exportations est tombé de 45,3 % en 1929 à 32,3 % en 1936, alors qu'au contraire, le pourcentage des articles « non classés » a augmenté.

Les renseignements sur les produits importés dénotent en général une certaine stabilité par rapport à 1935 (Appendice III, tableau b) à l'exception toutefois des textiles (la valeur des importations augmente en proportion de la hausse des prix), des métaux et des produits métalliques.

La tendance qui a prévalu pendant les dernières années de balancer le commerce extérieur avec chaque pays s'est presque renversée en 1936 (cf. Appendice III, tableau c)). La balance commerciale de la Bulgarie avec plusieurs pays est devenue favorable (Royaume-Uni, Italie, Danemark, Hollande, Suède, France), alors que les soldes passifs vis-à-vis d'autres pays augmentaient (Tchécoslovaquie, Allemagne, Autriche, Roumanie). L'allègement successif des restrictions de clearing permet au commerce de revenir à des voies plus normales.

Les indices du volume du commerce extérieur bulgare ont été établis par la Direction de la Statistique comme suit :

Volume du commerce sur la base des prix de 1936.

(1926 = 100.)

	Importations	Exportations
1933	63,0	100,9
1934	65,6	92,0
1935	88,7	101,0
1936	92,6	105,6

La progression du volume des importations depuis 1933 est remarquable : elle a, du reste, été accompagnée par un changement radical dans la consistance des importations, comme on peut le constater d'après les chiffres ci-après :

Volume des importations en 1936 pour les principaux groupes de la classification de Bruxelles.

(Evaluations d'après les prix de 1926.)
(1926 = 100.)

Animaux vivants	—
Vivres et boissons	73,1
Matières premières et demi-produits	162,2
Produits manufacturés	72,3
Total	92,6

L'importation des matières premières grandit en même temps que décroît celle des produits manufacturés.

Les résultats des deux premiers mois de 1937 sont encore plus encourageants.

Commerce extérieur en janvier-février.

	(Millions de leva.)		
	1935	1936	1937
Exportations	274,0	626,2	920,8
Importations	365,8	484,3	604,0
+ ou —	— 91,8	+ 141,9	+ 316,8

Les accords de clearing ont été progressivement amendés avec tous les pays où les monnaies ne sont pas maintenues artificiellement ; le commerce se fait alors principalement sur une base de compensation, et l'on constate la diminution des débits de la balance commerciale avec les pays en question, à l'exception de la Tchécoslovaquie. La balance avec elle est défavorable et l'endettement de la Bulgarie envers elle s'accroît ; au cours de récentes conversations, l'on a admis que le remède serait recherché non dans la réduction du commerce entre les deux pays, mais dans l'augmentation des contingents d'importation à accorder par la Tchécoslovaquie aux produits bulgares.

IV. AGRICULTURE.

a) *Ensemencements d'automne.*

D'après les premières informations, la surface ensemencée de blé en automne est de 1.151.000 hectares, contre 1.050.000 hectares en 1935 ; les surfaces ensemencées d'autres céréales ont augmenté proportionnellement.

b) *Direction des céréales.*

Le directeur et l'organisateur de la Direction des céréales, M. Kanazirsky, a cessé ses fonctions au commencement de 1937 et a été remplacé par M. Tcholakoff, chargé de cours de l'Université de Varna.

Les derniers chiffres publiés comparables à ceux de la dernière saison sont les suivants :

	1936	1937
	Milliers de tonnes	
<i>Avoirs :</i>		
Achats jusqu'au 1 ^{er} février	302,5	509,5
Soldes de la saison précédente	1,7	44,8
Total	304,2	554,3
<i>Cessions :</i>		
Pour la consommation intérieure	117,5	163,0
Pour la population « improductive »	2,7	1,6
Pour les soldats et « troudivaks » (prestataires)	8,2	10,8
Pour l'ensemencement et avances	11,2	0,7
Pour l'exportation	23,4	139,9
Total	163,0	316,1
Stocks en magasin	141,2	238,2
	304,2	554,3

D'après un renseignement donné par la Direction des céréales, les avoirs de blé et de seigle, à la date du 6 avril 1937, et y compris le report de la saison précédente, s'élèvent à 579,1 mille tonnes et les ventes totales à 387,9 mille tonnes, laissant un stock en magasin de 191,2 mille tonnes. Etant donné que la consommation intérieure jusqu'à la prochaine récolte ne dépasse pas 100.000 tonnes et que les achats mensuels ont toujours été supérieurs à ceux de la dernière année, il y a tout lieu de croire que la Direction disposera pour l'exportation d'un tonnage élevé.

La Direction n'a pas fait connaître les résultats financiers de la dernière campagne ; si l'on tient compte toutefois de l'importance des sommes créditées au Trésor public en acompte sur les bénéfices de la Direction et des prévisions inscrites au budget de l'Etat pour 1937, les profits sur la vente du blé ont dû être importants, d'autant plus que la Direction a subi des pertes dans le commerce d'autres produits (graines de tournesol, riz).

V. INDUSTRIE ET COMMERCE INTÉRIEUR.

L'essor donné par les hauts prix et les bonnes récoltes (les achats de la Direction des céréales seule ont atteint, l'année dernière, 1.776 millions, contre 1.324 millions en 1935) a eu ses répercussions également sur l'industrie bulgare. L'indice moyen de la production pour le dernier

trimestre de 1936 (1934/35 = 100) a été de 138, contre 126 pour la période correspondante de 1935. Un accroissement simultané du volume des affaires a pu être constaté (le montant des affaires de détail effectuées par les coopératives s'est élevé, dans le dernier trimestre de 1936, à 200 millions contre 172 millions en 1935).

Les chiffres caractéristiques de la production industrielle et du commerce ont été les suivants :

	1934	1935	1936
Valeur de la production industrielle totale (millions de leva)	4.847,0	5.162,0	5.699,0
Chiffre d'affaires mensuel moyen des bourses de commerce (millions de leva)	102,4	162,9	221,9
Chiffre d'affaires mensuel moyen des coopératives de consommation (millions de leva)	—	51,4	56,2
Nombre de billets de cinéma, de théâtre vendus à Sofia (1.000)	233,8	253,5	262,8
Nombre moyen mensuel de voyageurs transportés par chemins de fer (1.000)	506,6	578,2	655,5
Moyenne mensuelle de wagons déchargés (1.000 tonnes)	326,8	343,6	365,2

VI. PRIX.

La tendance à la hausse des prix s'est maintenue au cours de la période considérée ; tous les indices variant dans le même sens depuis septembre, mois où s'est renversée la tendance à la baisse des indices relatifs aux produits importés. Les articles d'exportation et les produits agricoles surtout, en profitent ; la situation est donc favorable à la Bulgarie et aux agriculteurs. La conséquence de l'augmentation des prix de gros vient à peine de se manifester sur les indices des prix de détail, et n'a eu encore aucune influence sur le coût de la vie. Les indices des prix de détail et les indices des prix de gros sont décalés d'environ deux ans.

Indices des prix en Bulgarie.

(1935/35 = 100.)

	1933	1934	1935	1936	1937
Index général des prix de gros	96,1	98,8	101,2	105,1	111,6
Articles exportés	95,2	93,1	106,9	118,8	134,0
Articles importés	104,4	101,7	98,3	94,3	88,2
Articles produits dans le pays	95,6	100,6	99,4	101,1	105,7
Produits agricoles bulgares	92,3	97,4	102,6	108,6	119,5
(dont céréales)	65,3	95,1	104,9	98,8	103,7
Autres produits et bois	104,5	96,8	103,2	123,4	138,9
Produits animaux	106,8	100,8	99,2	99,9	110,8
Produits industriels bulgares	100,6	100,6	99,4	101,4	103,8
Index des prix de détail	94,3	99,1	100,9	98,7	102,9
Coût de la vie (villes)	110,5	103,3	96,7	92,6	92,8
Index des prix des articles achetés par les paysans	103,0	101,3	98,5	99,4	101,7

VII. LÉGISLATION.

a) *Loi sur le commerce intérieur.*

Le décret-loi sur le commerce intérieur (*Journal officiel*, N° 296, du 28 décembre 1936) prescrit que toutes les entreprises s'occupant de commerce doivent, à l'avenir, être pourvues d'une licence, à l'exception des coopératives vendant les articles produits par leurs membres ou vendant uniquement à leurs membres, et des cantines d'usines vendant aux ouvriers. La gestion des succursales comporte aussi une licence. Les licences sont accordées par des commissions spéciales comprenant le maire de la localité et deux représentants des unions de commerçants dont l'organisation a été décrite dans le trente-deuxième rapport, page 8.

L'octroi des licences est soumis à de nombreuses conditions de nationalité, d'honorabilité, de civisme, de paiement préalable des impôts arriérés, d'éducation et de pratique commerciale.

Les entreprises anciennes, fonctionnant avant la promulgation du décret-loi, continuent leur activité, à condition d'être enregistrées dans le délai de trois mois.

b) *Allègement des débiteurs.*

D'après un nouvel amendement à la loi (*Journal officiel* N° 14, du 22 janvier 1937), les bénéficiaires d'un concordat préventif qui reportait au 31 décembre 1936 les paiements dus, obtiennent une prorogation au 31 mars 1937 s'ils peuvent prouver qu'ils n'ont pas reçu les

obligations que leur doit la Caisse d'amortissement. Les stipulations du décret-loi ont été prorogées par la suite pour trois nouveaux mois.

La question d'une aide à donner aux coopératives de crédit est toujours en discussion sans qu'aucune solution soit intervenue.

VII. ÉTABLISSEMENT DES RÉFUGIÉS BULGARES.

1. *Position au 28 février 1937 du compte bloqué de l'emprunt 1926.*

	Leva
Produit net	1.614.296.149
Dont mis à la disposition du service d'établissement	1.610.824.302
	<hr/>
Solde en dépôt à la Banque nationale	3.471.847

2. *Rendement des revenus gagés.*

Chapitres du budget 1936	Encaissements		1/12 des évaluations budgétaires
	Novembre	Décembre	
	(En millions de leva.)		
11. Accise sur le sel étranger, le café et autres marchandises et boissons étrangères	8,3	14,2	15,9
12. Accise sur le vinaigre, la bière, l'acide carbonique et autres boissons indigènes, et accise sur l'alcool	2,8	1,5	4,7
15. a) Accise sur le sel	3,4	3,3	4,2
b) Accise sur le sucre et la glucose	31,9	27,9	22,7
c) Accise sur le riz et autres marchandises indigènes	3,0	3,3	3,8
31. Vente des allumettes	7,7	6,2	6,7
Total	57,1	56,4	58,0
Chapitres du budget 1937	Janvier	Février	
10. Accise sur le sel étranger, le café et autres marchandises et boissons étrangères	9,7	7,7	14,2
11. Accise sur le vinaigre, la bière, l'acide carbonique et autres boissons indigènes, et accise sur l'alcool	0,8	2,2	3,7
14. Accise sur le sel	1,5	1,6	3,1
15. Accise sur le sucre et la glucose	14,9	26,0	24,2
16. Accise sur le riz, la benzine et le gasoil indigènes	2,1	7,2	1,3
34. Allumettes	5,5	4,9	7,0
57. Versements des réfugiés à titre d'intérêts	0,1	3,2	0,7
Total	34,6	52,8	54,2

Les versements des réfugiés affectés au remboursement des dépenses d'établissement ont atteint les montants ci-après (leva) :

	Novembre 1936	Décembre 1936	Janvier 1937	Février 1937	Antérieurs	28 février 1937
Intérêts	104.620	203.799	109.938	3.269.960	10.964.640	14.652.957
Amortissement et impôt foncier	18.430	18.833	—	3.284.244	24.117.753	27.439.260
Total	123.050	222.632	109.938	6.554.204	35.082.393	42.092.217

3. *Utilisation de l'emprunt.*

	Leva
Les engagements restant à régler au 31 janvier 1937 s'élèvent à	4.703.673
Pour y faire face, la Direction générale de la Dette publique dispose de :	
Banque nationale, compte Commissariat	3.471.847
Banque nationale	1.231.826
	<hr/>
	4.703.673

IX. EMPRUNT DE STABILISATION 7 1/2% 1928.

1. Position au 28 février 1937 du compte bloqué de l'emprunt.		Leva
Produit net		3.370.065.553
Dont mis à la disposition des administrations		3.370.065.553
		<hr/>
Compte soldé		—

2. Rendement des revenus gagés (douanes).

(En millions de leva.)					
	1936			1937	
		1/12			1/12
Novembre	Décembre	des évaluations	Janvier	Février	des évaluations
		budgétaires			budgétaires
80,7	88,5	60,75	73,5	64,6	71,7

3. Utilisation du produit de l'emprunt.

I. Chemins de fer et ports.

		Leva
La totalité de cette tranche s'est montée à		672.300.000
dont engagés au 28 février 1937		672.300.000
		<hr/>
Solde non engagé		—
Reste à payer sur engagements pris		1.074
		<hr/>
Solde à engager ou à payer		1.074
Sommes aux mains de l'Administration	1.488.423	
Solde à recevoir du produit de l'emprunt	—	

II. Routes et ponts.

La totalité de cette tranche s'est montée à		182.031.732
dont engagés au 28 février 1937		181.844.182
		<hr/>
Solde non engagé		187.550
Reste à payer sur engagements opérés		—
Sommes aux mains de l'Administration	187.550	
Solde à recevoir du produit de l'emprunt	—	
		<hr/>
		187.550

Appendice I.

**a) RÉSULTATS EFFECTIFS ET PRÉVISIONS DU BUDGET DE 1936
EN COMPARAISON AVEC LES PRÉVISIONS DU BUDGET DE 1937.**

	1936		1937	
	Prévisions	Résultats effectifs	Prévisions	Différence par rapport aux résultats de 1936
RECETTES.				
A. Budget de l'Etat :				
I. Recettes fiscales :				
1. Impôts directs	382	526,7	506	
2. Impôts indirects :				
• Douanes	920	956,2	1.031,5	75,3
• Accises	1.464,6	1.350,6	1.371,6	21
• Enregistrement	102	94,9	100	5,1
• Timbre	330	362,1	362	
3. Amendes et confiscations	87	78,7	72,5	
4. Monopoles	125	124,2	127	2,8
5. Exercices clos	250	263,6	280	16,4
Total I	3.660,6	3.757,0	3.850,6	120,6
II. Autres recettes :				
6. Entreprises d'Etat :				
a) Mines de Pernik	50	5,1	50,1	45
b) Contribution des chemins de fer et ports au budget de l'Etat	177,2	175,8	160,9	
c) P. T. T.	293,5	260,6	289,5	28,9
d) Imprimerie nationale	34	40,6	40,5	
e) Loterie nationale	25	39	32	
f) Bains et sources	15	12,2	14	1,8
g) Forêts domaniales	60	69,1	75	5,9
7. Participation des communes aux appointements des instituteurs et médecins	412	407,3	410	2,7
8. Recettes administratives et autres	467,6	453,5		
Nouveaux fonds incorporés	376,8	384,9	1.004	165
Total II	1.911,2	1.848,2	2.076,0	249,9
III. Recettes extraordinaires :				
9. Recettes extraordinaires :	172	150,3	507	356,7
10. Ressources d'emprunts	305,5	298,5	61,4	
Total III	477,5	448,8	568,4	356,7
IV. Recettes d'ordre				
	419,8	414,8	417,9	3,1
	6.469,1	6.468,8	6.912,9	+ 444,1
B. Budget des chemins de fer				
	1.393,0	1.362,2	1.550,4	+ 188,2
Total	7.862,1	7.831,0	8.463,3	+ 632,3

**b) DÉPENSES EFFECTUÉES ET CRÉDITS OUVERTS EN 1936 EN COMPARAISON
AVEC LES CRÉDITS OUVERTS PAR LE BUDGET DE 1937.**

	1936			1937		
	Crédits ouverts		Dépenses effectuées	Budget	Différence avec les crédits totaux ouverts en 1936	
	par le budget primitif	par le budget primitif et les budgets supplémentaires			+	-
DÉPENSES.						
A. Budget de l'Etat :						
(En millions de leva.)						
1. Pouvoir suprême	37,6	37,6	36,9	37,6	—	
2. Dette publique	2.243,1	2.146,9	1.962,1	2.008,5		138,4
3. Cours des comptes	20,4	20,4	19,1	21	0,6	
4. Ministère des Affaires étrangères :						
a) Ministère	87,3	100,3	85	88,2		12,1
b) Eglise	69,5	71,4	70,6	71,5	0,1	
5. Ministère de l'Intérieur et de la Santé publique :						
a) Administration et police	288,3	291,2	276,1	331,2	40	
b) Direction générale de la Santé	187,7	187,4	177,6	197,7	10,3	
6. Ministère de l'Instruction publique	873,9	872,2	849,4	897,4	25,5	
7. Ministère des Finances	200,3	199,9	194,9	248	48,1	
8. Ministère de la Justice	166,3	165,9	162,7	169,5	3,6	
9. Ministère de la Guerre	1.051,8	1.350,9	1.138,6	1.730	379,1	
10. Ministère du Commerce	69,7	70,2	65,1	73,4	3,2	
11. Ministère de l'Agriculture	327,3	326,9	297,4	315,3		11,6
12. Ministère des Travaux publics :						
a) Direction générale des Travaux publics	142,3	156,6	131,1	153,2		3,4
b) Direction générale de Prestation	109,4	133,9	104,6	135	1,1	
13. Ministère des Chemins de fer et P. T. T. :						
a) Service policier maritime et fluvial	42,2	42,2	40,5	43,2	1	
b) Direction générale des P. T. T.	206,5	220,3	212,8	266,9	46,6	
c) Direction de l'Aviation	40	80	59,3	125	45	
Sur crédits extraordinaires et supplémentaires	—	—	303,2	—		
Total	6.163,6	6.474,2	6.187,0	6.912,9	604,2	165,5
B. Budget des Chemins de fer	1.393	1.428,3	1.361,3	1.550,4	+ 438,7	
Total général	7.556,6	7.902,5	7.548,8	8.463,3	560,8	
Excédent		- 40,4	282,7	—		

c) BUDGET DES CHEMINS DE FER.

Prévisions de recettes du budget de 1937 comparées aux prévisions
et aux résultats du budget de 1936.

	1936		1937	
	Prévisions	Résultats effectifs	Prévisions	Différence par rapport aux résultats 1936
		(En millions de leva.)		+ —
A. Chemins de fer :				
1. Exploitation	1.204,6	1.212,3	1.313,9	101,6
2. Recettes affectées à l'amélioration des gares	33	34,4	40	5,6
3. Recettes affectées à l'amélioration du sort des cheminots	5,3	5,5	7,7	2,2
	1.242,9	1.252,2	1.361,6	109,4
B. Construction neuves de lignes de chemins de fer :				
Recettes affectées	44,1	41,1	45,7	4,6
Emprunt de la Caisse d'épargne postale pour lignes désignées			60	60
	44,1	41,1	105,7	64,6
C. Ports	48,2	48,6	56,2	7,6
Contribution extraordinaire de l'Etat			26,8	26,8
	48,2	48,6	83	34,4
Recettes non reconduites en 1937 :				
Exploitation des chemins de fer	6,5	1,5	—	1,5
Constructions neuves	48,6	18,1	—	18,1
Ports	2,7	0,7	—	0,7
	57,8	20,3		20,3
Total	1.393,0	1.362,2	1.550,4	208,4
				+ 188,2

d) BUDGET DES FONDS.

*Prévisions de recettes du budget de 1937 comparées aux prévisions
et aux recettes effectives du budget de 1936.*

	1936		1937		
	Prévisions budgétaires	Rentrées effectives	Prévisions budgétaires	Différence par rapport aux recettes effectives 1936	
	(En millions de leva.)			+	—
I. Dette publique: divers fonds . . .	0,1	0,1	0,3	0,2	
II. Ministère de l'Intérieur et de la Santé: divers	13,3	3,8	15,4	11,6	
III. Ministère de l'Instruction publi- que et Euphorie Guéorguiev:					
1. Fonds appointements des instituteurs	421	404,2	412,7	8,5	
2. Autres fonds.	13,7	14,4	19,2	4,8	
IV. Ministère des Finances:					
Pensions	874,6	865,3	893,3	28	
Taxes communales	220	260,8	280,5	19,7	
Prêts aux communes pour ad- duction d'eau	50	56,1	80,5	24,4	
Caisse d'amortissement (allé- gement des débiteurs)	125	145,1	30		115,1
Autres fonds	19,6	19,6	32	12,4	
V. Justice:					
Construction d'édifices judi- ciaires.	27	25,3	92,4	67,1	
VI. Commerce:					
Assurances sociales	160,3	207,6	180		27,6
Institut d'exportation	11,1	12,3	13	0,7	
Direction des céréales	24,8 ¹	24,8 ¹	24,8 ¹	—	
Autres fonds	0,7	0,7	1,2	0,5	
VII. Agriculture	14,2	14,2	15	0,8	
VIII. Travaux publics:					
Routes	353,2	250,5	407	156,5	
Carrière de pierre Bouchoulia .	6,0	4,5	5,5	1	
IX. Chemins de fer	1,8	1,7	2,7	1	
Total	2.336,4	2.311,0	2.505,4	337,2	142,7
				+ 194,4	

¹ L'exercice pour la Direction des céréales va du 1^{er} juillet 1936 au 30 juin 1937.

Appendice I (suite).

e) RÉSULTATS MENSUELS DES DEUX DERNIERS MOIS DE L'EXERCICE 1936.

	1/12 du budget 1936	Novembre		Décembre	
		Recettes effectives		Recettes effectives	
		1935	1936	1935	1936
RECETTES.					
A. Budget de l'Etat :					
<i>(En millions de leva.)</i>					
I. Recettes fiscales :					
1. Impôts directs	31,8	17,6	38,4	24,7	50,1
2. Impôts indirects :					
Douanes	76,7	80,1	89	84,5	102,7
Accises	122,1	101,5	130,3	61,3	127,3
Enregistrement	8,5	8,1	8	9,1	10,7
Timbre	27,5	24	33,2	26,5	39,3
3. Amendes et confiscations .	7,2	6,7	8,6	8,7	9,5
4. Monopoles |. . . . .	10,4	10	11,4	9,5	10
5. Exercices clos	20,8	16,9	22,4	21,1	21,9
Total I	305,0	264,9	341,3	245,4	371,5
II. Recettes diverses :					
6. Entreprises d'Etat	54,6	28,4	49,3	124,6	71,7
7. Participation des communes aux appointements des instituteurs et médecins	34,3	37,7	46,6	21,4	56,7
8. Recettes diverses	39	36,1	43,4	131,2	63
9. Nouveaux fonds incorporés	31,4	27	27,1	32,4	35,6
Total II	159,3	129,2	166,4	309,6	227,0
III. 10. Recettes extraordinaires	14,3	—	12,2	—	20,5
IV. Recettes d'ordre :					
II. Reprise en recettes des soldes non transférés de la dette publique extérieure	35	—	17,4	219,2	179,2
V. Prélèvements sur produits emprunts 1936	—	—	30,5	—	34,1
Total	513,6	394,1	567,8	774,2	832,3
Total des recettes réelles (sans les recettes d'ordre)	(478,6)	(394,1)	(550,4)	(555,0)	(653,1)
B. Chemins de fer et ports	116,1	116,7	127,9	132,5	115,1
Total mensuel général	629,7	510,8	695,7	906,7	947,4
Total mensuel non compris les recettes d'ordre	(594,7)	(510,8)	(678,3)	(687,5)	(768,2)
DÉPENSES.					
A. Budget de l'Etat	513,6	443,1	472	903	656,7
B. Chemins de fer et ports	116,1	109,4	103,3	172	100,1
Total des dépenses	629,7	552,5	575,3	1.075,0	756,8
Dépenses en souffrance (+ ou — au cours du mois	—	+65,3	+ 42,2	— 144,1	— 127,8
Total mensuel général	629,7	617,8	617,5	930,9	629,0
Total mensuel non compris les dépenses d'ordre	(594,7)	(617,8)	(600,1)	(711,7)	(449,8)

Appendice I (suite).

1) RÉSULTATS MENSUELS DES DEUX PREMIERS MOIS DES EXERCICES
1936 ET 1937.

	Janvier		Février		Janvier et Février		+ ou -
	1936	1937	1936	1937	1936	1937	
RECETTES.							
A. Budget de l'Etat.							
I. Recettes fiscales :							
1. Impôts directs	22,6	36,4	41,3	48,1	63,9	84,5	+ 20,6
2. Impôts indirects :							
Douanes	76,5	83,2	63,6	72,3	140,1	155,5	+ 15,4
Accises	107,2	90,8	88,4	107	195,6	197,8	+ 2,2
Enregistrement	6,3	8	7	7,1	13,3	15,1	+ 1,8
Timbre	25	33,8	23,2	34,1	48,2	67,9	+ 19,7
3. Amendes et confiscations	6,1	5,7	6,9	6,7	13	12,4	- 0,6
4. Monopoles	10,1	8,5	9,1	8,2	19,2	16,7	- 2,5
Exercices clos	15,6	26,3	45,3	34,1	60,9	60,4	- 0,5
Total I	269,4	292,7	284,8	317,6	554,2	610,3	+ 56,1
II. Autres recettes :							
6. Entreprises d'Etat	35,9	40,4	26,5	22,3	62,4	62,7	+ 0,3
7. Participation des communes aux appointements des instituteurs et médecins	22,1	1,9	28,8	79,6	50,9	81,5	+ 30,6
8. Recettes administratives et autres	50	196,8	87	80,9	137	277,7	+ 140,7
Total II	108,0	239,1	142,3	182,8	250,3	421,9	+ 171,6
III. 9. Recettes extraordinaires							
10. Ressources d'emprunts	0,6	0,1	0,3	10,4	0,9	10,5	+ 9,6
Total III.	0,6	0,1	0,3	10,4	0,9	10,5	+ 9,6
IV. Recettes d'ordre							
(Reprise en recettes des soldes non transférés de la dette publique extérieure)	—	—	9,6	—	9,6	—	— 9,6
Total IV	378,0	531,9	437,0	510,8	815,0	1.042,7	+ 227,7
Total des recettes réelles (sans les recettes d'ordre)	(378,0)	(531,9)	(427,4)	(510,8)	(805,4)	(1.042,7)	+ (237,3)
B. Chemins de fer et ports							
Total mensuel général	81,6	80,3	88,6	80,7	170,2	161,0	- 9,2
Total mensuel sans les recettes d'ordre	459,6	612,2	525,6	591,5	985,2	1.203,7	+ 218,5
Total mensuel non compris les dépenses d'ordre	(459,6)	(612,2)	(516,0)	(591,5)	(975,6)	(1.203,7)	+ (228,1)
DÉPENSES.							
A. Budget de l'Etat							
B. Budget des chemins de fer et ports							
Total des dépenses	140,8	314,7	426,2	529,1	567,0	843,8	+ 276,8
Dépenses en souffrance (+ ou - au cours du mois)	444,2	390,6	238,5	157,9	682,7	548,5	- 134,2
Total mensuel général	585,6	705,3	664,7	687,0	1.249,7	1.392,3	+ 142,6
Total mensuel non compris les dépenses d'ordre	(585,0)	(705,3)	(655,1)	(687,0)	(1.240,1)	(1.392,3)	+ (152,2)

Appendice I (suite).

g) SITUATION DÉTAILLÉE ET COMPARÉE DES RECOUVREMENTS DES IMPÔTS DIRECTS POUR L'EXERCICE 1936 ET POUR LES DEUX PREMIERS MOIS DE 1937.

Impôts	Résultats 12 mois				Prévisions 1936		Résultats Janvier-Février				Prévisions 1937	
	1935	1936	+ ou -	% de 1936 par rapport à 1935	Quote-part exigible	% des recouvrements	1936	1937	+ ou -	% de 1937 par rapport à 1936	Quote-part exigible	% des recouvrements
	(En millions de leva.)						(En millions de leva.)					
Impôts cédulaires	207,3	306,3	+ 99	148	200	153	47,9	67,1	+ 18,0 ¹	135 ¹	55 ¹	124 ¹
Impôt sur le revenu global	13,2	12,1	- 1,1	92	15	80	1,8	0,4	- 1,4	23	2,2	19
Impôt sur les sociétés	21,2	52,8	+ 31,6	248	20	268	1,2	1	-	-	-	-
Impôt sur les brebis et les chèvres	42,5	41,6	- 0,9	98	44	95	0,2	0,1	- 0,1	30	7,1	0,9
Impôt sur l'exemption de la prestation	36,7	48,6	+ 11,9	132	44	110	5	3,6	- 1,4	72	8,3	40
Impôt militaire	25,6	30,2	+ 4,6	118	25	121	3,9	4	+ 0,1	103	6,7	60
Impôt sur les successions	38,6	35,1	- 3,5	91	34	103	4	9,3	+ 5,3	234	5	185
Total	385,1	526,7	+ 141,6	136	382	137	64,0	84,5	+ 20,5	132	84,3	100
Impôts arriérés	275,5	248,3	- 27,2	91	250	99,3	58,1	57,4	- 0,7	99	46,6	123,2
Amendes et intérêts de retard sur impôts arriérés	56,7	46,6	- 10,1	83	55	84,7	7,7	6,4	- 1,3	83	7	91,4
Total général	717,3	821,6	+ 104,3	114	687	12	129,8	148,3	+ 18,5	114	137,9	108

¹ En 1937, les impôts cédulaires et l'impôt sur les sociétés sont groupés dans le même chapitre.

Appendice I (fin).

**A) SITUATION DE LA TRÉSORERIE EN NOVEMBRE-DÉCEMBRE 1936
ET JANVIER-FÉVRIER 1937.**

	Novembre 1936	Décembre 1936	Janvier 1937	Février 1937
	(En millions de leva.)			
Solde au début du mois du compte du Trésor à la Banque nationale	701,1	791,0	935,3	775,8
Budget de l'Etat et des Chemins de fer :				
Encaissements	695,7	947,4	656,5	591,5
Décaissements	575,3	756,8	759,3	529,1
	+ 120,4	+ 190,6	- 102,7	+ 62,4
Ressources extrabudgétaires :				
Diverses	- 1,0	- 13,4	- 13,2	+ 67,4
Emission de bons du Trésor	—	—	—	—
Emission d'obligations (emprunt 1936)	- 29,5	- 32,9	- 43,6	—
	- 30,5	- 46,3	- 56,8	+ 67,4
Solde en fin du mois du compte du Trésor	791,0	935,3	775,8	905,6
Paiements exigibles en souffrance (non compris les dettes à long terme consolidées ou en suspens)	648,2	520,5	390,5	548,5
Solde	+ 142,8	+ 414,8	+ 385,2	+ 357,1

Appendice II.

a) SITUATION DE LA BANQUE NATIONALE DE BULGARIE EN 1935, 1936 ET 1937.

	15 mars 1935	15 mars 1936	15 décembre 1936	15 mars 1937
	(En million de leva.)			
ACTIF.				
Or monnayé et non monnayé	1.552	1.591	1.618	1.755
Devises	404	413	791	540
Monnaies divisionnaires	539	579	386	473
Portefeuille et avances de commerce	243	206	409	464
Bons du Trésor	655	1.010	1.035	373
Dettes de l'Etat	2.698	2.671	2.572	3.551
Autres avoirs	265	238	316	206
PASSIF.				
Capital versé et réserve	1.760	1.749	1.742	1.743
Billets de banque en circulation	2.145	2.102	2.563	2.334
Comptes courants et de dépôts	2.243	2.105	2.316	2.976
dont de banques	(871)	(933)	(865)	(1.468)
Exigibilités en devises	96	122	50	42
Autres exigibilités	258	767	679	457
Couverture %	33,34	35,18	33,16	33,04
Taux de l'escompte	7	6	6	6
Circulation totale	3.247	3.164	3.818	3.503

Appendice II (fin).

**b) CHANGE ACHETÉ ET VENDU PAR LA BANQUE NATIONALE DE BULGARIE
EN 1935 ET 1936.**

	1935			1936		
	Devises libres	Devises bloquées	Total	Devises libres	Devises bloquées	Total
<i>Change acheté.</i>						
	(En millions de leva.)					
Exportation	253,8	2.283,5	2.537,3	631,7	2.110,6	2.742,3
Services privés	47,6	57,2	104,8	56,2	89,4	145,6
Services publics	26,8	6,0	32,8	31,4	11,6	43,0
Voyageurs	11,3	35,4	46,7	13,3	19,2	32,5
Revenus de placements à l'étranger	1,7	5,0	6,7	2,6	10,3	12,9
Autres revenus privés	16,7	44,4	61,1	14,8	17,4	32,2
Importations de capitaux à long terme	1,9	36,9	38,8	2,5	112,5	115,0
Crédits étrangers à court terme . .	75,0	57,3	132,3	180,0	0,5	180,5
Réévaluation	16,4	27,5	43,9	20,7	47,4	68,1
Non indiqués	41,3	28,4	69,7	68,8	13,5	82,3
Dépôts retirés de la Banque natio- nale bulgare	31,0	1,2	32,2	199,4	1,4	200,8
Total	523,6	2.582,8	3.106,4	1.221,4	2.433,8	3.655,2
<i>Change vendu.</i>						
Importation	112,5	1.779,7	1.892,2	148,1	2.057,8	2.205,9
Services publics	2,1	27,6	29,7	1,1	41,4	42,5
Dépenses de particuliers	26,6	91,1	117,7	25,5	112,7	138,2
Intérêts et dividendes	6,5	7,5	14,0	1,1	10,0	11,1
Service de la dette publique	137,8	68,7	206,5	188,3	6,0	194,3
Autres dépenses de l'Etat	51,3	61,8	113,1	61,6	85,7	147,3
Remboursement de crédits à court terme	80,4	42,5	122,9	202,6	1,4	204,0
Remboursement de crédits à long terme et exportation de capi- taux	2,5	70,6	73,1	21,0	38,6	59,6
Réévaluation	12,2	25,1	37,3	13,3	48,9	62,2
Non indiqués	19,5	26,8	46,3	123,3	10,9	134,2
Dépôts reçus par la Banque natio- nale bulgare	73,4	54,3	127,7	179,8	0,5	180,3
Total	524,7	2.255,8	2.780,5	965,7	2.413,9	3.379,6

**c) SITUATION DES BANQUES PRIVÉES EN BULGARIE AUX 31 DÉCEMBRE 1935
ET 31 DÉCEMBRE 1936.**

	1935	1936
	(En millions de leva.)	
ACTIF.		
1. Caisse et Banque nationale	653,8	557,4
2. Autres banques	279,6	156,2
3. Effets escomptés	1.296,7	1.501,0
4. Avances	1.527,7	1.456,4
5. Gages	245,5	459,7
6. Placements	204,5	313,4
7. Immeubles et mobiliers	255,3	247,6
8. Contentieux et effets	587,9	505,7
9. Divers	395,5	799,5
10. Pertes	40,5	—
Balance	5.487,0	5.996,9
PASSIF.		
1. Capitaux	1.027,2	969,6
2. Dépôts d'épargne	1.257,3	1.333,1
3. Dépôts commerciaux	1.446,9	1.583,0
4. Autres créditeurs	648,9	413,0
5. Banques	47,9	50,3
6. Réescompte	356,6	429,7
7. Gages	245,5	459,7
8. Succursales	189,4	264,5
9. Divers	250,0	494,0
10. Profit	17,3	—
Encaisse envers dépôts	24,2%	19,1%
Contentieux envers avances et effets escomptés . .	20,8%	17,1%

Appendice III.

**a) MOUVEMENTS DES PRINCIPAUX ARTICLES D'EXPORTATION
EN 1934, 1935 ET 1936.**

	Poids (Milliers de tonnes.)			Valeur (Millions de leva.)		
	1934	1935	1936	1934	1935	1936
Froment et farine	37	35	127	57	61	340
Seigle	0	2	12	0	3	22
Orge	12	2	16	14	3	32
Mais	126	5	104	182	8	153
Haricots	16	19	24	45	63	94
Son	12	5	16	10	5	24
Colza	2	15	1	11	50	3
Tournesol	12	47	46	31	118	129
Huile de tournesol	0	2	4	0	20	46
Vesce	22	4	7	43	11	19
Tourteaux	29	28	49	51	47	89
Semences de citrouilles	2	2	3	10	12	14
Soya	—	7	5	—	29	25
Tabac	21	24	20	990	1.390	1.268
Charbon	10	12	18	10	10	20
Essence de roses (tonnes)	1,2	1,7	1,9	36	45	46
Noix	2,1	3,1	3,4	20	31	42
Pruneaux	4	10	6	40	105	62
Raisin	19	34	23	140	248	191
Pommes	0,1	4,9	4,6	1	32	39
Tomates	0,2	2,5	4,2	1	10	21
Prunes	1,8	1,6	3,2	7	6	10
Fraises mi-conservées	—	0,3	1,9	—	2	19
Fromage	1,2	1,9	1,8	35	50	41
Œufs	15	13	17	341	401	466
Gros bétail (1.000 têtes)	16	18	12	53	53	39
Menu bétail (1.000 têtes)	31	55	24	11	14	37
Volailles (1.000 têtes)	1.040	1.164	293	34	35	10
Volailles abattues	2,9	3,7	4,4	86	114	145
Viande fraîche	—	0,1	2,8	—	2	66
Bacon	—	0,9	0,5	—	18	8
Saindoux	0	0,1	1,1	0	3	32
Peaux	2,3	2,3	2,8	142	117	168
Divers	42	35	36	134	137	190
Total	396	327	569	2.535	3.253	3.910

Appendice III (fin).

b) MOUVEMENT DES PRINCIPAUX ARTICLES D'IMPORTATION
EN 1934, 1935 ET 1936.

	Poids (Tonnes.)			Valeur (Millions de leva.)		
	1934	1935	1936	1934	1935	1936
Animaux vivants	10	335	132	0,1	2,9	1,3
Produits alimentaires d'animaux	778	926	1.604	11	11	16
Céréales, graines potagères	35	39	118	0,6	0,6	0,9
Fruits, légumes, grains	236	269	123	3,2	3,1	3,4
Produits coloniaux	2.461	2.446	3.788	33	34	41
Boissons	3	3	1	0,1	0,1	0,1
Conserves et confitures	999	687	874	13	8,5	12
Engrais	200	331	559	3,3	3,4	5,6
Matières combustibles	3.639	4.768	4.322	3,1	3,5	3,2
Produits chimiques	14.670	18.010	15.942	98	131	111
Matières à tanner et teindre	3.550	4.378	4.586	107	108	126
Gommes, huiles minérales	67.493	77.958	78.007	107	110	111
Graisses, cire, etc.	3.897	3.153	3.600	49	44	59
Médicaments	141	137	152	66	67	67
Parfums	7	8	10	3,1	3,5	4,0
Pierres, terres, verres	2.872	4.293	4.738	47	52	60
Métaux et produits	67.059	83.914	90.214	389	597	659
Menuiserie, vannerie	1.069	1.646	2.316	22	31	33
Papeterie et produits	12.704	15.202	14.200	92	99	93
Peaux et leurs ouvrages	1.659	2.043	2.754	61	68	104
Textiles et produits	13.868	12.969	14.171	757	703	783
Caoutchouc, gutta-percha	475	486	822	32	31	45
Autos, wagons, vaisseaux	6.073	8.714	8.141	30	221	251
Machines, munitions	4.462	11.149	9.609	244	582	524
Bijouterie et mercerie	19	28	41	8	11	14
Livres et produits d'art	35	54	77	14	20	25
Autres marchandises	37.789	22.457	21.889	55	65	28
Total	246.203	276.403	282.790	2.247	3.009	3.181

c) COMMERCE EXTÉRIEUR PAR PAYS EN 1934, 1935 ET 1936.

	Exportations			Importations			Balance		
	1934	1935	1936	1934	1935	1936	1934	1935	1936
	(En millions de leva.)								
Allemagne	1.083	1.562	1.860	902	1.608	1.940	+ 181	- 46	- 80
Royaume-Uni	53	142	454	143	141	146	- 90	+ 1	+ 308
Tchécoslovaquie	91	224	128	85	294	244	+ 6	- 70	- 116
Autriche	135	149	116	107	193	181	+ 28	- 44	- 65
Pologne	41	68	146	47	36	93	- 6	+ 32	+ 53
Belgique	89	31	146	167	36	48	- 78	- 5	+ 98
Etats-Unis	16	34	101	51	39	69	- 35	- 5	+ 32
Italie	233	285	142	176	94	19	+ 57	+ 191	+ 123
Suisse	122	93	84	132	161	67	- 10	- 68	+ 17
Hollande	79	47	101	28	38	30	+ 51	+ 9	+ 71
France	53	60	80	86	43	39	- 33	+ 17	+ 41
Danemark	59	55	113	1	1	2	+ 58	+ 54	+ 111
Roumanie	19	10	6	95	94	99	- 76	- 84	- 93
Egypte	98	110	90	13	14	15	+ 85	+ 96	+ 75
Hongrie	11	78	45	23	55	50	- 12	+ 23	- 5
Suède	9	37	60	15	12	17	- 6	+ 25	+ 43
Palestine	50	67	43	3	4	11	+ 47	+ 63	+ 32
Turquie	36	16	25	31	19	25	+ 5	- 3	0
Espagne	80	45	33	51	44	6	+ 29	+ 1	+ 27
Grèce	18	32	20	21	14	14	- 3	+ 18	+ 6
Yougoslavie	5	22	19	9	8	11	- 4	+ 14	+ 8
Autres pays	35	59	83	61	61	55	- 26	- 2	+ 28
Indéterminé	120	27	15	-	-	-	+ 120	+ 27	+ 15
Total	2.535	3.253	3.910	2.247	3.009	3.181	+ 288	+ 244	+ 729

Appendice IV.
DONNÉES GÉNÉRALES ÉCONOMIQUES ET FINANCIÈRES.

Années et mois	Commerce extérieur					Indices économiques							Banque nationale								
	Valeur (millions de leva)			Poids (1.000 t.)		Trans- port par chemin de fer. Mar- chan- dises arrivées (1.000 tonnes)	Volume de la produc- tion indus- trielle 1934/35 = 100	Ventes de détail des coopé- ratives (mil- lions de leva)	Prix de gros 1926 = 100	Coût de la vie 1926 = 100	Total des dépôts (millions de leva)	Total des place- ments ¹ (millions de leva)	Or	Mon- tant net des devises	Porte- feuille commer- cial ²	Dettes cou- rants du gou- verne- ment ³	Circulation		Couver- ture %	Taux d'es- compte	
	Impor- tations	Expor- tations	Balance + ou -	Impor- tations	Expor- tations												de billets de banque	totale			
	(En millions de leva.)																				
	Moyenne mensuelle.					Moyenne mensuelle.							Fin.								
1931	388	495	+ 107	24,6	64,1	366	—	—	79,1	89,3	—	—	1.511	257	579	279	2.919	3.629	37,69	9 1/2	
1932	289	282	— 7	21,8	49,0	376	—	—	70,3	82,2	—	—	1.519	123	427	423	2.035	3.521	36,07	8	
1933	184	237	+ 53	19,2	35,9	335	—	—	61,8	76,3	9.706	11.021	1.545	141	473	818	2.984	3.971	35,39	8	
1934	187	211	+ 24	20,5	33,0	327	98,3	—	63,6	71,2	10.024	10.901	1.547	121	373	655	2.449	3.736	35,71	7	
1935	251	271	+ 20	23,0	27,3	344	101,7	51,4	65,1	66,6	10.597	10.939	1.591	448	612	910	2.497	3.731	33,37	6	
1936	265	326	+ 61	23,6	47,4	365	112,3	56,3	67,5	63,4	11.485	11.245	1.652	724	505	936	2.571	3.811	34,17	6	
1936 :																					
I	181	376	+ 195	17,4	15,3	229	78,9	48,4	65,8	65,9	11.265	10.896	1.591	383	294	1.010	2.177	3.296	34,18	6	
II	303	250	— 53	22,7	14,6	235	90,9	42,1	65,2	66,3	11.452	10.939	1.591	329	216	1.010	2.113	3.221	35,13	6	
III	220	232	+ 12	18,9	17,6	258	108,3	54,1	64,7	66,0	11.360	10.946	1.591	237	239	928	2.293	3.417	36,06	6	
IV	270	238	— 32	24,8	26,1	255	95,2	55,6	66,4	64,0	11.285	10.993	1.591	247	344	1.028	2.252	3.349	33,65	6	
V	296	203	— 93	27,0	31,5	326	104,0	61,2	66,3	63,9	11.167	10.899	1.607	353	358	1.028	2.241	3.323	33,39	6	
VI	291	179	— 112	25,9	39,9	389	109,4	56,9	66,0	63,9	11.273	10.957	1.607	306	370	1.032	2.453	3.551	32,56	6	
VII	195	164	— 31	22,9	41,4	359	101,7	48,1	66,6	64,3	11.424	11.022	1.607	302	334	932	2.304	3.422	34,41	6	
VIII	209	221	+ 12	26,0	55,7	440	106,2	53,7	67,7	63,7	11.559	11.399	1.607	355	410	1.132	2.561	3.755	33,20	6	
IX	248	379	+ 131	25,6	69,0	479	138,7	55,0	68,8	63,8	11.631	11.609	1.616	406	649	1.235	2.790	4.090	31,92	6	
X	263	539	+ 276	23,1	98,8	564	149,0	56,6	70,4	64,3	11.630	11.663	1.618	474	618	1.135	2.663	3.943	32,98	6	
XI	327	482	+ 155	23,8	65,6	456	131,2	65,2	71,2	64,8	11.759	11.579	1.618	659	456	1.135	2.584	3.838	33,72	6	
XII	377	647	+ 270	24,8	93,5	389	133,8	78,1	71,5	65,0	12.016	12.034	1.652	724	505	936	2.571	3.811	34,17	6	
1937 :																					
I	310	527	+ 217	20,7	58,4	284	84,4	—	72,0	65,0	—	—	1.705	763	336	374	2.572	3.788	31,72	6	
II	294	394	+ 100	17,7	43,9	278	—	—	—	—	—	—	1.755	573	392	374	2.317	3.475	33,03	6	

¹ Données révisées.

² Escompte et avances.

³ Escompte et réescompte des bons du Trésor.

Geneva, April 19th, 1937.

LEAGUE OF NATIONS

**FINANCIAL POSITION OF HUNGARY
IN THE FIRST QUARTER OF 1937**

TWENTY-SECOND QUARTERLY REPORT

by Mr. Royall TYLER, the Representative in Hungary
of the FINANCIAL COMMITTEE.

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I. GENERAL.

I. INTRODUCTORY.

(1) A good harvest in 1936, lively markets and strong prices have latterly made for good business and increased public revenues. The improvement, however, results mainly from a favourable concourse of circumstances, of uncertain duration. A poor harvest coupled with less advantageous price relations might reverse the tendency. The present position calls for a continuation of the conservative financial policy followed for some years past, which alone can maintain the State in a position where it would be able to help in case of need.

(2) Provisional results for nine months, to March 31st of the current fiscal year, show a very slight increase over 1935/36 in the Administration's actual expenditure, budgetary and extra-budgetary together, and an 8% increase in receipts, with a decided improvement in the balance, which, for the first time at this date since the 1931 crisis, shows a surplus. This is in part due to better results of the State Undertakings, and particularly of the Railways.

(3) Estimates for 1937/38 were introduced into Parliament on April 8th. They compare as follows with estimates for the current year (combined budgets of the Administration and Undertakings):

	1937/38	1936/37	Difference for 1937/38
	(In millions of pengö)		
Estimated expenditure	1,267.0	1,211.7	+ 55.2
Estimated receipts	1,199.0	1,136.1	+ 62.9
	<hr/>	<hr/>	
Balance	— 67.9	— 75.6	

Increases in investments and material expenditure amount to 52.2 million pengö, the total net increase, from 1936/37 to 1937/38, being 55.2 million pengö.

(4) Part (rather less than half) of the estimated deficit is again to be covered by reborrowing non-transferred State debt service. Receipts, being estimated roughly on the 1935/36 basis, over which actual results in nine months of 1936/37 show an 8% increase, may well be sufficiently in excess of the estimates to make up the rest. It is to be hoped that there will be no need for internal borrowing.

(5) The Agrarian Relief Fund (51 million pengö in 1936/37) remains outside the budget. Investments outside the budget are to reach 46 million pengö, as against 27 million pengö this year, and, of the 46 million pengö, 40 million pengö are to be met out of the State's free balances, which are at a level permitting this to be done.

(6) Investments, in and out of the budget, are to amount in 1937/38 to 90.5 million pengö (59 million pengö this year). A large part of this sum is to be devoted to public works in districts where agrarian unemployment has been particularly severe.

(7) Closed accounts for 1935/36 were presented together with the budget. They have been prepared, this year, in a form that makes them easier to understand than formerly.

(8) The position of the National Bank, and that of the currency, have been further consolidated.

(9) Foreign trade is on a higher level than last year, and the excess of exports over imports is larger. The increase is chiefly in trade with distant countries, exchanges with Hungary's nearer neighbours having changed but little in 1936 as compared with 1935.
Inland trade has also increased.

(10) Industry is well occupied; in some branches, as well as or even better than in 1928 or 1929. Latterly, the advance seems to have been in consumers' goods. Dividends for 1936 are in many cases higher than they were for 1935.

(11) The upward trend in prices, noted in recent reports, is continuing unabated.

(12) The boom on the Stock Exchange continued throughout February. Since then, there have been ups and downs, the tone at the middle of April being quiet.

(13) The bank returns still show hardly any increase in savings.

(14) Excessive rains since the winter have greatly delayed ploughing and sowing.

(15) I am indebted to Mr. Henry J. Bruce, Adviser to the National Bank, for the data on which are based the sections of this report dealing with the Bank and exchange control.

2. STATE BUDGET.

(a) *Budget of the Administration.*

The first nine months of the current budget year, provisional returns for which are now available, compare as follows with the corresponding period last year and the year before:

	1936/37	July 1st to March 31st 1935/36 (In millions of pengö)	1934/35
<i>Expenditure:</i>			
Actual budgetary	581.4	547.0	523.8
Deferred budgetary:			
(a) Administration	9.7	19.2	22.6
(b) Undertakings	—	1.1	—
Actual extra-budgetary	37.5	57.5	62.2
Total	628.6	624.8	608.6
<i>Receipts:</i>			
Actual budgetary	648.3	600.0	573.0
Refunds	6.4	4.6	6.7
Borrowings	14.0	15.1	22.3
Total	668.7	619.7	602.0
Balance	+40.1	— 5.1	— 6.6

Actual budgetary expenditure has been at a rate slightly lower than that estimated, the difference being partly due to the deposit, not included in expenditure, of Treasury bills in lieu of transfer of State debt service other than the Reconstruction Loan. Bills representing non-transferred service of the Reconstruction Loan are included both in expenditure and in receipts (under borrowings). Actual extra-budgetary expenditure, chiefly consisting in advances to the Undertakings, is considerably less than nine months' share of the Undertakings' estimated deficit. This is due to improved receipts of the Undertakings.

Total expenditure has increased by less than 1% over nine months of last year; receipts have risen by 8%. The balance, for the first time at March 31st since the 1931 crisis, shows a substantial surplus.

An analysis of receipts is reproduced in Appendix I. The increase over last year, among the important groups, has been relatively largest in turnover (13.2%) and consumption taxes (10.6%). Direct taxes are 8% higher, the increase in both dues and Customs is 7.5%, and, in departmental receipts, 13.1%. Tobacco and salt both bring in a trifle less than they did last year.

(b) *Draft Budget for 1937/38.*

Estimates for the Administration and the Undertakings, for the budget year beginning July 1st next, were presented to Parliament on April 8th, together with closed accounts for 1935/36 (see (a) below). These estimates (see Appendix II) compare as follows with the budgets for the two foregoing years:

	1937/38	1936/37 (In millions of pengö)	1935/36
<i>Administration:</i>			
Expenditure	821.7	788.1	766.5
Receipts	805.3	771.6	748.0
Balance	— 16.4	— 16.5	— 18.5
<i>Undertakings:</i>			
Expenditure	445.2	423.6	409.5
Receipts	393.7	364.5	352.2
Balance	— 51.5	— 59.1	— 57.3
Total deficit	67.9	75.6	75.8

The full service, calculated at the official rate, of the State's foreign debts has again been included in these estimates, in which, as a result of last autumn's devaluations, total debt service decreases from 98.5 million pengö to 92.3 million pengö. In the last complete budget year—

1935/36 (see nineteenth report, page 4)—some 30 million pengő, not including League Loan Treasury bills, entered under this heading were either reborrowed or not paid. In 1937/38, the actual amount not disbursed may be a little less than 30 million pengő, because of the devaluations referred to above. In 1935/36, expenditure on other objects than State debt, advances to the Undertakings not included, exceeded the estimates by about 18 million pengő.

In considering the charge on the taxpayer represented by State expenditure, it will be remembered that the Agricultural Relief Fund, outside the budget but fed by taxation, amounts to 51 million pengő in the current year. Its budget for 1937/38 has not yet been prepared. This Fund took the place of the old Boletta Fund, which was set up in 1930 (first report, page 7) in order to enable wheat to be sold abroad in the face of price differences working against Hungarian competition, or, to put it differently, to prevent the internal price from following the downward course of wheat prices outside. But, since 1933, world wheat prices have doubled, or more than doubled, and they are now approximately abreast of the Hungarian price. Also outside the budget, there is an additional investment programme, amounting this year to 46 million pengő, as against 27 million pengő in 1936/37. In recent years, extra-budgetary investments have been financed by borrowing pengő deposited in the Foreign Creditors' Cash Office, but, in 1937/38, recourse will be had, for 40 million pengő out of the 46 million pengő, to the State's free balances (see (e) below).

Allowance being made for losses on the Undertakings, however, for investments outside the budget and for unforeseen expenditure, it appears probable that the actual results will not be such as to require recourse to the inland market.

To return to the 1937/38 budget estimates as now laid before Parliament, actual expenditure, which reached its peak in 1930/31 and was reduced by 27.2% between that year and 1933/34, according to the closed accounts, has since then not ceased to rise. In comparison with the lowest point—i.e., actual expenditure in 1933/34—the new estimates mark an increase of 6.9% for Administration and Undertakings together. The rate of increase from one year to the next is slightly higher (at 4.5%) for 1937/38 than it was for any one of the three preceding years. The total increase over 1936/37 is 55.2 million pengő, the Undertakings contributing slightly more to it, proportionately, than the Administration. Material and investments account for the bulk of the increase, absorbing 52.2 million pengő more than they did in the 1936/37 budget, in which they increased by 29.9 million pengő; salaries rise by 2.3 million pengő (for newly created posts); pensions by 6.3 million pengő. Debt service figures for 6.1 million pengő less.

Personnel charges are to make up 51.8% of the total, as against 53.4% last year. In absolute figures, they increase by 9.2 million pengő. Family allowances of officials and pensioners having three or more children are to be increased by 50%. The numbers of active officials increase by 1,436, those of pensioners by 2,554. Numbers of active State officials, Administration and Undertakings together, which were reduced by 5,983 to 116,509 from 1931/32 to 1936/37, have thus begun to mount again. And, as against this reduction of 5,983 active officials, there was during the same years an increase of 20,250 pensioners. This was no doubt done in order to make room for some of the young men who are turned out year by year from the universities and technical schools in greater numbers than the country can employ. But the fact remains that the total number of State officials and pensioners on the rolls for 1937/38 is higher by 18,257, or 7.8%, than it was in 1931/32. Of this number, 5,666 were taken over with the Danube-Save-Adriatic Railway. The rates of salaries and pensions were cut in the post-crisis years, and the financial burden has therefore not grown as it otherwise would have done. However, this increase in numbers illustrates one of the main troubles from which Hungary's State finance has suffered since the war.

Numbers of State Officials and Pensioners.

<i>Active officials:</i>	1931/32	1934/35	1935/36	1936/37	1937/38
Administration	77,452	75,265	74,503	74,716	75,967
Undertakings	45,040	43,935	42,041	41,793	41,978
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Pensioners</i>	122,492	119,200	116,544	116,509	117,945
	111,886	124,581	128,063	132,136	134,690
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	234,378	243,781	244,607	248,645	252,635

Material and investments rise from 38.3% of total expenditure to 40.7%. 44.5 million pengő are provided for investments, within the budget, as against 32 million pengő for 1936/37.

All the chief spending departments (for details, see Appendix II) are to cost more. A relatively large increase (of 2 million pengő) in the Prime Minister's office corresponds to a sum to be used for enabling young graduates of the universities and other schools to make a start in life. Of the total increase in expenditure, 14.4 million pengő consist in items, which are connected with an increase on the revenue side and which tend to improve the balance. Among the three important Undertakings, the largest relative increase is for the Ironworks, the expenditure of which at 29.5 million pengő is 2.3 million pengő, or 8.5%, more. In the case of the Post, Telegraph and Telephone, an increase of 4.7 million pengő means 6.1%, and the Railways get 10.8 million pengő more, or 5.3%. The increase for the Railways is all in investments, and chiefly for new rolling-stock and rails, the replacement of which is overdue.

Receipts of the Administration are estimated at 805.3 million pengő: only 2.2 million pengő more than actual budget receipts in 1935/36. This is a cautious estimate, given that the first nine months of the current budget year have produced 48 million pengő, or 8%, more than the

same period last year, and that the upward movement of prices may be expected to have an effect on important groups of taxes. Regard has doubtless been had to the exceptionally good all-round harvest of 1936 and the good prices secured for it—conditions which are not likely to obtain two years running. General prosperity in Hungary continues to depend more on the harvest than on anything else. A small beginning is to be made in 1937/38 towards removing some of the additional tax burdens imposed after the 1931 crisis: the supplementary 20% on the house tax is to be reduced to 10% as from January 1st, 1938. Estimates for the Undertakings are also on the safe side: they forecast receipts in 1937/38 higher by 3.4% than actual receipts in 1935/36. Their actual receipts for eight months of the current year are 13% above what they were in the same period last year.

(c) *State Undertakings.*

Provisional results for the Undertakings are available up to the end of February. The loss on these eight months, for the two chief deficitary Undertakings, is less than half what it was in the same period last year, and there has been a decrease, though not quite a corresponding decrease, in advances from the Treasury:

	July-February		
	1936/37	1935/36	1934/35
	(In millions of pengő)		
<i>Expenditure:</i>			
Actual current budgetary	291.9	273.7	259.3
Actual current in excess of monthly budgets	—	—	2.0
Deferred current budgetary	—	—	—
Actual capital expenditure, budgetary	5.9	4.6	8.1
Actual capital expenditure from borrowings	3.5	4.8	4.6
Deferred capital expenditure	—	—	—
Refunds to the Treasury	4.0	4.6	5.7
Total	305.3	287.7	279.7
<i>Receipts:</i>			
Actual budgetary	287.7	253.4	231.7
Balance	—17.6	—34.3	—48.0
<i>Borrowings:</i>			
Advances from the Treasury	29.5	42.1	48.0
Treasury bills, placed with banks	—	—	5.0

Most of the improvement is to be found in the Railways, where goods traffic has risen to very near the peak reached in 1928 (see II, 2, below). The Post, Telegraph and Telephone continue their gradual, well-maintained progress, and losses of the Ironworks are appreciably less:

Individual Undertakings.

	Railways		July-February Post, Telegraph and Telephone		Ironworks	
	1936/37	1935/36	1936/37	1935/36	1936/37	1935/36
	(In millions of pengő)					
Current expenditure	175.5	169.7	55.5	53.5	43.6	34.2
Current receipts	166.9	148.3	67.9	64.4	35.7	24.6
Balance, current items	—8.6	—21.4	+12.4	+10.9	—7.9	—9.6
Capital expenditure	2.6	2.7	3.3	1.9	—	—
Balance, all items	—11.2	—24.1	+9.1	+9.0	—7.9	—9.6

(d) *Closed Accounts for 1935/36.*

Closed accounts for 1935/36 were laid before Parliament together with the estimates for 1937/38. This time they have been presented in a less voluminous and complicated form, one decided improvement being the omission of the comparison between the estimates voted by Parliament, on the one hand, and, on the other, authorisations of expenditure and assessments of receipts. The voted estimates are now shown side by side with actual results.

The definitive figures in the closed accounts do not correspond exactly with the Ministry of Finance's provisional returns published in these reports, these latter being cash figures. The

differences between the two, in the case of the Administration—which it might facilitate study of the closed accounts to explain in the introduction—may be summarised as follows:

	Budget year 1935/36 (In millions of pengö)
<i>Expenditure:</i>	
As shown by the Finance Ministry's provisional returns (nineteenth report, page 4)	753.5
Treasury bills deposited in lieu of transfer of State's foreign debt service other than Reconstruction Loan 1924 (nineteenth report, page 5)	17.0
Loans from the Treasury for investments (nineteenth report, page 5)	7.5
<i>Per contra</i> items	4.5
	782.5 (the figure shown by the closed accounts).
<i>Receipts:</i>	
As shown by the Finance Ministry's provisional returns (nineteenth report, page 4)	803.1
Departmental cash	2.2
<i>Per contra</i> items	4.5
	809.8 (the figure shown by the closed accounts).

In the case of the Undertakings, provisional returns (twentieth report, page 4) were: expenditure, 450 million pengö; receipts, 380.6 million pengö. Closed accounts show: expenditure, 447.3 million pengö; receipts, 385.4 million pengö, these differences being due to divergences in book-keeping.

(e) *Situation of the Treasury.*

(1) The Treasury position has further improved over the last quarter—a season of the year when it frequently weakens (see eighteenth and fourteenth reports for comparable figures in 1934 and 1935).

	November 30th, 1936	December 31st, 1936	January 31st, 1937	February 28th, 1937	March 31st, 1937
	(In thousands of pengö)				
<i>Receipts:</i>					
Balance at the beginning of the month	118,364	140,887	150,850	146,749	155,461
Budget account	85,117	85,310	64,476	75,416	62,681
Repayment of advances	—	456	—	—	2,459
Loan account	1,468	2,632	4,787	1,468	1,710
Surplus of Agricultural Fund	—	2,441	2,027	3,760	1,878
Total	204,949	231,726	222,140	227,393	224,189
<i>Expenditure:</i>					
Budget account	60,599	69,278	67,125	68,038	59,863
Capital expenditure from loans	91	1,648	246	337	680
Advances	1,788	8,788	4,704	3,557	3,549
Deficit of the Agricultural Fund	1,584	—	—	—	—
Loans	—	1,163	3,316	—	244
Balance at the end of the month	140,887	150,849	146,749	155,461	159,853
Total	204,949	231,726	222,140	227,393	224,189

(2) *Administrative Claims and Liabilities.* — Tax arrears decreased over the twelve months to the end of February last by 17.8 million pengö to 265.1 million pengö.

Commitments have decreased over the last quarter, to March 31st, by 16.2 million pengö to 153.8 million pengö. As compared with the figure for March 31st, 1936, there is a decrease of 15.4 million pengö.

Commitments outstanding on March 31st, 1937.

<i>State Administration:</i>	Foreign	Domestic	Total
	(In millions of pengö)		
Expenditure connected with the Land Reform	—	48.0	48.0
Investments for road construction	—	22.1	22.1
Other administrative investments	—	12.6	12.6
For purposes of the Central Corporation of Banking Com- panies	—	30.7	30.7
Other liabilities	—	20.1	20.1
Total	—	133.5	133.5

<i>State Undertakings:</i>	Foreign (In millions of pengö)	Domestic	Total
Investments of Post, Telegraph and Telephone	—	1.2	1.2
Investments of State Railways	—	0.3	0.3
Investments of the Forest Exploitation	—	0.1	0.1
Working capital for State Railways	—	7.7	7.7
Working capital for the State Ironworks	1.7	9.3	11.0
Total	1.7	18.6	20.3
Grand total	1.7	152.1	153.8

(f) *Debt Position.*

Foreign funded debt, at 798.2 million pengö, is a shade (2.1 million pengö) lower at March 31st than it was at December 31st. Its decrease by 120 million pengö since March 31st, 1936, is due to the currency devaluations of last autumn. Domestic funded debt, at 105.9 million pengö, is lower by 0.8 million pengö than at the end of last quarter. Foreign floating debt has increased by 3.4 million pengö over the quarter; domestic floating debt by 4.5 million pengö. State guarantees, at 90.1 million pengö, are down by 3.6 million pengö, exclusive of the State's obligation to repay to the Foreign Credits Cash Office (5 (c) below), in the event of the latter's liquidation, the loans obtained from it and which figure in the following table.

Floating Debt of the State on March 31st, 1937.

<i>(a) State Administration:</i>	Foreign (In millions of pengö)	Domestic	Total
1. £3 million Treasury bills, 1930	59.0	—	59.0
2. £5 million Treasury bills, 1931	100.3	43.0	143.3
3. 5% Foreign Currency Loan, 1931	—	4.2	4.2
4. Treasury bills, 1932 ¹	—	90.8	90.8
5. Treasury bills, 1933:			
(a) 5% bills placed with industry, agriculture, etc.	—	38.7	38.7
(b) 3% bills representing loan for investments from Foreign Credits Cash Office	—	13.5	13.5
(c) Interest on 4% bills to face value of 24,585,999 pengö: loan from Foreign Credits Cash Office, 1932/33 ²	21.2	—	21.2
6. Treasury bills, 1933/34:			
(a) Interest on 2% bills to face value of 20,121,229 pengö: loan from Foreign Credits Cash Office ²	16.9	—	16.9
(b) Interest on 2% Treasury bills to face value of 12,934,602 pengö, in connection with League Loan service for 1933/34 ²	0.7	0.1	0.8
7. Treasury bills, 1934/35:			
(a) Interest on 2% bills to face value of 17,524,844 pengö: loan from Foreign Credits Cash Office, 1934/35 ²	14.2	—	14.2
(b) Interest on 2% Treasury bills to face value of 20,050,230 pengö, in connection with League Loan service for 1934/35 ²	7.3	0.1	7.4
(c) 3% Treasury bills deposited with Foreign Credits Cash Office	—	12.0	12.0
8. Treasury bills, 1935/36:			
(a) Interest on 2% bills to face value of 16,920,175 pengö: loan from Foreign Credits Cash Office, 1935/36 ²	13.3	—	13.3
(b) Interest on 2% bills to face value of 20,160,982 pengö, deposited in connection with League Loan service for 1935/36 ²	7.5	0.1	7.6

¹ Total arrears of dues amounted to 93.1 million pengö at March 31st, 1937.

² Treasury bills deposited in respect of amortisation are included in the capital amounts outstanding.

	Foreign	Domestic	Total
	(In millions of pengö)		
9. Treasury Bills, 1936/37:			
(a) Interest on 2% bills to face value of 12,006,302 pengö: loan from Foreign Credits Cash Office, 1936/37 ¹	9.5	—	9.5
(b) Interest on 2% bills to face value of 14,033,470 pengö deposited in connection with League Loan service, 1936/37 ¹	5.2	0.1	5.3
10. Loan in connection with Agrarian Debt Relief (Act XXVII, 1933)	—	64.6	64.6
11. Book-debt taken over by the Treasury in settlement of small farmers' debts (Act XXVII, 1933)	—	12.2	12.2
12. 3% Treasury bills representing loan from Foreign Credits Cash Office for investments (Act XXVII, 1933)	—	13.0	13.0
13. Loan for co-operative societies (Act XXI, 1934).	—	8.0	8.0
14. 3% Treasury bills representing loan from Foreign Credits Cash Office for investments (Act XXI, 1934)	—	9.0	9.0
15. 3% Treasury bills representing loan from Foreign Credits Cash Office for investments (Act X, 1935)	—	8.0	8.0
16. Liabilities in connection with the National Land Mortgage Institute (Law XIV, 1936)	—	6.0	6.0
17. Loan for repurchase of bonds	16.7	—	16.7
18. Loans for road construction	5.3	—	5.3
19. Loans for other administrative investments	2.8	—	2.8
20. Loans for working balance of the State Administration	18.6	2.5	21.1
	<hr/>	<hr/>	<hr/>
(a) Total	298.6	325.8	624.4
(b) State Undertakings:			
1. Loans for investments of State Railways	19.1	20.4	39.5
2. Loans for investments of the State Ironworks	1.8	3.0	4.8
3. Loans for working balance of the State Railways	0.6	38.1	38.7
4. Loans for working balance of the State Ironworks	12.2	4.6	16.8
	<hr/>	<hr/>	<hr/>
(b) Total	33.7	66.1	99.8
	<hr/>	<hr/>	<hr/>
Grand total	332.3	391.9	724.2
(g) Reconstruction Loan, 1924, and Assigned Revenues.			

The National Bank has continued to make transfers in the appropriate currencies, month by month, to the Trustees of this loan, towards payment of 50% of the coupon for the service year ending August 1st next, as announced by the League Loans Committee (London) in its *communiqué* of July 2nd last (nineteenth report, page 10).

Assigned revenues have been as follows in the nine months to March 31st, this year and last:

	1936/37				
	Customs	Tobacco	Sugar	Salt	Total
	(In millions of pengö)				
July-December	22.2	57.0	29.2	11.1	119.5
January	3.4	8.3	2.8	2.2	16.7
February	3.8	7.9	3.4	1.6	16.7
March	4.1	9.2	4.7	1.4	19.4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
July-March	33.5	82.4	40.1	16.3	172.3
	1935/36				
July-December	20.6	56.3	23.8	11.3	112.0
January	3.5	8.3	3.4	2.1	17.3
February	3.2	7.8	3.3	1.6	15.9
March	3.8	10.4	4.6	1.2	20.0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
July-March	31.1	82.8	35.1	16.2	165.2

¹ Treasury bills deposited in respect of amortisation are included in the capital amounts outstanding.

BUDGETS OF THE LOCAL AUTHORITIES.

Provisional results for 1936 compare as follows with those for 1935. The local authorities' fiscal year is the calendar year:

Results for 1935 and 1936.

	Budapest		Ten cities		Counties		Country towns		Communes	
	1936	1935	1936	1935	1936	1935	1936	1935	1936	1935
	(In millions of pengő)									
Expenditure	148.8	149.2	43.0	42.9	20.5	19.0	41.0	39.3	74.8	73.3
Receipts	150.2	151.1	44.5	43.2	22.7	20.1	43.7	41.5	79.6	78.3
Balance	+1.4	+1.9	+1.5	+0.3	+2.2	+1.1	+2.7	+2.2	+4.8	+5.0

Budgets for 1936 and 1937.

	1937		1936		1937		1936		1937		1936	
	1937	1936	1937	1936	1937	1936	1937	1936	1937	1936	1937	1936
Expenditure	156.9	153.6	42.3	41.5	19.7	19.5	40.5	39.6	74.6	73.0		
Receipts	151.1	147.7	42.3	41.5	19.7	19.5	40.5	39.6	74.6	73.0		
Balance	-5.8	-5.9	—	—	—	—	—	—	—	—		

The provisional results as given above do not include arrears from the previous year and certain transitional items. It may be assumed that the surplus shown will disappear when the final accounts can be closed.

The deficit of 5.8 million pengő shown by Budapest for 1937 has been disposed of by recalculating foreign debt service on the rates of exchange obtaining after last October's devaluations, by increasing the contributions payable to the city by its electric, gas and water services, and other readjustments.

4. STATE BORROWING.

The funded and floating debts of the State are shown in 2 (f) above. The floating debt has increased slightly over the first quarter of 1937. Decreases in the present foreign debt figures, as compared with a year ago, are due to the currency devaluations of last autumn, these debts being shown in pengő, converted from the original currencies at the official rates.

5. MONETARY AND FINANCIAL.

(a) *National Bank.*

The National Bank's position over the last quarter, compared with last year, may be seen from the returns summarised in Appendix IV. Note circulation has declined, seasonally, since last December, but has been on a level, over the last quarter, some 6.5% higher than it was during the same period in 1936. The metal reserve, as shown, has risen over the year to March 31st by 16 million pengő to 141 million pengő, foreign exchange and token money accounting for most of the increase. Gold in the reserve as shown has increased over the year by 5.2 million pengő. Public deposits have increased by 82.4 million pengő to 179 million pengő, which sum includes amounts not forming part of the Treasury's free balances. Private deposits have declined to a point slightly lower than that at which they stood a year ago. The ratio of cover now stands at 27.4%, as against 28.8% at March 31st, 1936 (legal minimum, 24%). The decline in rediscounts has continued, this item now having been reduced to 450.8 million pengő. Other liabilities are down by 16 million pengő to 149.6 million pengő; other assets have risen by 90.7 million pengő to 192.2 million pengő. The debt of the State to the National Bank has risen to 102.3 million pengő, of which 64.6 million pengő are advances under the Agrarian Debts Relief Scheme.

(b) *Foreign-exchange Control.*

The increase in foreign trade resulting from the 1936 harvest shows in the National Bank's incomings and outgoings for the first quarter of 1937 as compared with the same period last year. Total incomings, exchange booked or received, have risen by 40 million pengő to 161.8 million pengő. Incomings on free accounts (including non-*Edeldevisen*) have increased faster than those merely booked (clearings and blocked accounts), and stand to the latter in a ratio of 27.7%, as against 18.8% for the first quarter of 1936 and 18.5% for the same period of 1935. Exports against pengő, which had decreased by nearly a half for the period under review from 1935 to 1936, have now increased again. On the outgoings side, an increase of 27.7 million pengő in the total is almost entirely accounted for by imports through the clearings and in compensations, allotments from free accounts not having increased:

	First quarter, 1937	First quarter, 1936 ¹
	(In millions of pengö)	
<i>Incomings:</i>		
I. Receipts of the National Bank:		
1. From exports:		
(a) Through clearings and on blocked accounts	92.29	79.17
(b) On free accounts	25.54	14.28
2. Receipts through other sources (obligatory declaration, State, etc.):		
(a) On blocked accounts	4.40	3.18
(b) On free accounts	9.02	7.11
Total of I	<u>131.25</u>	<u>103.74</u>
II. Compensations	25.53	15.04
III. Export against pengö	4.64	2.86
IV. Purchases by authorised banks (net)	0.40	0.19
Grand total	<u>161.82</u>	<u>121.83</u>

Outgoings:

I. Allotments of the National Bank:		
1. For imports:		
(a) Through clearings and from blocked accounts	81.72	67.24
(b) From free accounts	15.10	15.65
2. For debt service:		
(a) From blocked accounts	0.30	0.99
(b) From free accounts	1.39	1.69
3. To the State:		
(a) From blocked accounts	0.70	0.31
(b) From free accounts	3.11	2.53
4. To others:		
(a) From blocked accounts	5.53	3.11
(b) From free accounts	2.62	1.77
Total of I	<u>110.55</u>	<u>93.29</u>
II. Compensations	25.53	15.04
III. Import through merchandise, pengö	0.30	0.39
IV. Sales by authorised banks (net)	0.30	0.21
Grand total	<u>136.68</u>	<u>108.93</u>

(c) *Foreign Debts.*

The position on March 31st, 1937, of the Cash Office for Foreign Credits, into which the pengö equivalent of the untransferred service of the long-term loans is paid, was as follows:

I. *Receipts and Payments of the Office.*

	State loans	Municipal and other public loans	Other loans	Total
	(In millions of pengö)			
A. Under Order in Council 6900/M.E. ex 1931:				
1. Receipts of the Office:				
(a) In cash	23.8	108.9	132.7	265.4
(b) In Treasury bills	91.1	—	—	91.1
Total	<u>114.9</u>	<u>108.9</u>	<u>132.7</u>	<u>356.5</u>
2. Payments by the Office:				
(a) Coupons and bonds redeemed	19.1	80.0	113.1	212.2
(b) Advances to redemption offices	—	2.5	—	2.5
Total	<u>19.1</u>	<u>82.5</u>	<u>113.1</u>	<u>214.7</u>
3. Balance held:				
(a) In cash	4.7	26.4	19.6	50.7
(b) In Treasury bills	91.1	—	—	91.1
Total	<u>95.8</u>	<u>26.4</u>	<u>19.6</u>	<u>141.8</u>
B. Other receipts of the Office				37.6
Revenue of the Office				15.3
Balance (net)				<u>194.7</u>

¹ Revised figures.

II. *Present Position of the Office.*

	Million pengö
Balance held by the Office:	
(a) In cash	103.6
(b) In Treasury bills	91.1
Total	194.7
Investments out of cash:	
(a) Loan to State (secured by Treasury bills of same amounts) . .	55.5
(b) Call money and deposits	32.4
	87.9
Net amount at present held in cash	15.7

On State loans, there are no arrears to the Office. On other loans, the arrears at the end of March 1937 stood at 5.4 million pengö.

Loans from the Office to the State decreased by 1 million pengö over the last quarter. There has been no change since the last report in the total (45.5 million pengö) of amounts taken up by the State towards the five public works programmes, totalling 68.6 million pengö, approved by the management of the Office (see eighteenth report, page 11), but Treasury advances towards the remaining 23.1 million pengö have increased by 2.2 million pengö to 12 million pengö.

The amounts deposited up to March 31st, 1937, under the Standstill Agreement in pengö with the National Bank of Hungary, to cover interest and commission on short-term banking debts not satisfied in foreign exchange, totalled 76.55 million pengö, out of which 75.16 millions had been paid to creditors accepting such payments in satisfaction. The balance held by the National Bank thus amounted to 1.39 millions. The amount paid up to March 31st, 1937, under the same agreements for capital repayments in pengö to the National Bank totalled 30.97 millions, out of which 30.70 millions had been disposed of by the creditors. The balance held by the National Bank thus amounted to 0.27 million pengö.

(d) *Relief for Land-reform Beneficiaries.*

A decree (2000/1937 M.E.) issued on March 21st, defining the obligations of beneficiaries under the Land-reform Act of 1920, grants considerable reductions in the payments due from these beneficiaries. It may be useful to recall the main lines of the original measure and the more important steps taken since.

The land-reform procedure started in 1920 resulted in the distribution of 710,000 cadastral *joch* (1 cadastral *joch* = roughly 0.575 hectare): 690,000 *joch* of farm land allotted to 396,000 persons and 20,000 *joch* of building plots allotted to 86,000 persons. Of the 710,000 *joch*, 414,000 were taken over in connection with the capital levy of 1921, and 296,000 were expropriated under the land-reform procedure. Recipients of capital levy land were not, in most cases, required to make any capital repayment, but only to pay a rent, whilst those who had expropriated land allotted to them were to pay for it over a period that varied between three and ten, or, at the outside, fifteen years, a rent being payable where the purchase price had not been fixed.

In practice, this scheme proved to be unworkable. In 1928, a new law laid it down that a purchase price was to be paid, both for capital-levy and for expropriated land, as settled by the Land Reform Court, or, in the absence of a decision by the court, on the basis of 60 pengö for each gold crown of the net cadastral income. The amortisation period for farm lands was to be fifty-two years, beginning in 1929, and the annuity 5.4%; for building plots, twenty years, the annuity being 7.75%. The purchase price of farm land thus determined averaged about 600 pengö per *joch*, as against 650 pengö under the original scheme. The annuity payable on each *joch* thus averaged 32.40 pengö—a charge which declining prices of wheat and other produce rendered heavier than had been contemplated. A series of concessions was made: for the years 1929-1936, one-third of the 5.4% annuity was remitted, and beneficiaries were permitted to suspend amortisation (except for one-tenth of the normal amount, to be paid for 1929-1932) and to retain the use of their allotments in return for a rent of 1.20 pengö for each crown of the net cadastral income, recalculated as of 1931. But payments continued to be unsatisfactory, arrears piled up, and the Government has now gone much farther still in the decree recently issued, which applies as from January 1st last.

Under this measure, the purchase price to be paid for land, either capital-levy or expropriated, is reduced by one-third—i.e., on an average from 600 pengö to 400 pengö, and for war invalids, war orphans and war widows there is a further reduction of 25%. Arrears of rent and interest accumulated before 1929 are reduced by one-half. Any amortisation payments made before 1929 are to be deducted from the price newly fixed as above. In respect of the years 1929-1936, beneficiaries owe 3% on the reduced prices. If they have paid more, the difference will be deducted from the purchase price. If they have paid less, the difference will be added to the purchase price.

As from January 1st, 1937, farm-land beneficiaries are to discharge their debt by paying an annuity of 4%, including 3% interest, in forty-seven equal annual instalments, and building-plot

beneficiaries an annuity of 5.75% for twenty-five years, 3% interest being included in the 5.75%. Beneficiaries who in 1936 were on a rent basis may, at their choice, pay, in 1937, 4% (including amortisation) or 3% (interest only), and this facility may also be granted in subsequent years in deserving cases. Concessions are also made to persons who obtained building plots and borrowed money to build, to beneficiaries having more than two children (5% reduction for each child after the second) or who have suffered damage from the elements. A premium of 10% is offered for capital repayment beyond that required by the decree. No beneficiary shall be executed for past failure to meet his obligations, until the exact amount owed by him has been calculated, provided he pays punctually what he owes under the existing regulations as from January 1st, 1937.

The total price to be paid by the beneficiaries of the 710,000 *joch* distributed was originally assessed at 425 million pengö, and was reduced by measures adopted in 1929-1936 by 46 million pengö to 379 million pengö. The recent measure involves a further reduction by 112.4 million pengö to 226.6 million pengö, and a remission of arrears of rent and interest amounting to 9 million pengö.

Taking the case of one *joch* of average-quality farm land, cadastral income 10 gold crowns, the original purchase price of 650 pengö was reduced in 1929-1936 to 600 pengö, on which the annuity of 5.4% = 32.40 pengö was reduced in 1932 by one-third to 21.60 pengö. The new decree reduces the purchase price to 400 pengö (the average price of farm land in 1936 has been estimated at 589 pengö and the 4% annuity (3% interest + 1% capital repayment) makes 16 pengö. Corresponding advantages are extended to recipients of building plots, and further reductions may be obtained in the special cases mentioned above. Wheat prices, the decline in which down to 1933 constituted a main grievance of the beneficiaries, have risen considerably since then, thereby improving the chances of the newly settled farmers. The average yearly wheat price in Hungary, which was the equivalent of 25.85 pengö in 1913, fluctuated madly during the inflation years, stood at 27.12 pengö for 1924, when the currency was stabilised, rose to a peak at 31.87 pengö in 1927, declined to a low point at 10.83 pengö in 1933 and then rose again, reaching 16.84 pengö in 1936.

From the point of view of the fisc, the cost to the State of the relief given to land-reform beneficiaries cannot be estimated accurately, because of the various grounds on which reductions may be granted, but it involves a heavy addition to the burdens assumed by the State in order to assist the agricultural population, both landowners and landless, under the short-term agricultural debt relief measures of 1933 and 1935 (eighth report, pages 14-16; sixteenth report, pages 9-10) and the Land-settlement Bill of 1936 (eighteenth report, pages 11-12, and nineteenth report, page 14). Moreover, there remains the problem of the landowners expropriated under the land-reform procedure, in order to compensate whom a foreign loan, the service of which was to have been provided by the beneficiaries' payments, was taken up in 1928—but who, in many cases, have not yet received their due. This loan, the nominal amount of which was \$36,000,000, produced a sum in pengö which was roughly the equivalent of the value of the 296,000 *joch* expropriated, calculated at a mean price of 650 pengö per *joch*.

II. ECONOMIC SITUATION.

I. GENERAL.

Last year's harvest is still the determining factor in the economic position. The purchasing power put in the hands of broad sections of the community by the sale and distribution of agrarian produce works itself out generally in better business. Industrial activity continues to increase, the trend now apparently being more towards consumers' goods. However, there are districts which have remained unaffected by the revival noticeable elsewhere. The Government is planning, by means of investment programmes in and outside the budget considerably larger than those adopted in recent years, to spread the benefits of a decidedly improved Treasury position (see I, 2, above) as widely as possible by giving work in the quarters which most sorely need it. The Finance Minister, in presenting his budget, made it clear that social considerations had led the Government to include in these programmes public works such as road-building and water-course regulation, which are of general utility but are primarily intended to relieve agrarian unemployment.

Prospects for the coming harvest are uncertain. A part, estimated at between 10% and 15%, of the surface under cereals could not be sown in the autumn because of bad weather. The area actually sown appears to have got through the winter well, on the whole. On the other hand, the rainfall in March, and so far in April, has been greatly (from 50% to 250%) in excess of the normal and has seriously delayed spring ploughing and sowing. There are also apprehensions on the ground that, as the total rainfall in Hungary does not differ greatly from year to year, the excessive spring rains may mean drought later. However, experience shows that it is impossible to foretell either a good or a bad harvest.

2. TRADE.

The following table shows the direction of Hungary's foreign trade in 1936, compared with 1925 and with averages for 1925-1930 and 1931-1934:

	Imports				Exports			
	Average		Whole year		Average		Whole year	
	1925-1930	1931-1934	1935	1936	1925-1930	1931-1934	1935	1936
(In millions of pengő and in percentages of total imports and exports)								
<i>Austria:</i>								
Value	164.0	65.3	75.5	72.5	291.6	118.8	86.3	86.8
Per cent	16.9	17.1	18.8	16.7	32.9	27.8	19.1	17.1
<i>Italy:</i>								
Value	47.5	28.8	30.3	32.3	61.2	37.3	60.8	65.8
Per cent	4.8	7.6	7.5	7.5	6.2	8.7	13.5	13.0
<i>Germany:</i>								
Value	193.3	82.4	91.3	111.8	106.6	64.2	108.1	116.8
Per cent	18.3	21.5	22.7	25.8	11.6	15.0	23.9	23.0
<i>Switzerland:</i>								
Value	36.0	9.8	12.7	10.3	33.4	23.3	18.5	30.3
Per cent	3.4	2.6	3.2	2.4	3.4	5.4	4.1	6.0
<i>Czechoslovakia:</i>								
Value	234.0	34.9	19.5	22.1	159.2	23.7	20.7	20.3
Per cent	23.1	9.2	4.8	5.1	18.6	5.4	4.6	4.0
<i>France:</i>								
Value	27.7	14.7	4.5	4.4	9.4	18.2	10.1	10.1
Per cent	2.5	3.9	1.1	1.0	0.9	4.2	2.2	2.0
<i>England:</i>								
Value	32.3	17.0	21.4	21.6	28.6	37.7	37.9	43.7
Per cent	2.0	4.5	5.3	5.0	2.9	8.7	8.4	8.6
<i>Yugoslavia:</i>								
Value	48.0	22.2	24.7	19.2	50.2	21.5	10.3	11.5
Per cent	4.4	5.8	6.1	4.4	6.1	4.9	2.3	2.3
<i>Roumania:</i>								
Value	84.6	40.1	53.9	58.2	38.6	16.1	24.0	24.6
Per cent	8.2	10.5	13.4	13.4	4.3	3.7	5.3	4.9
<i>Poland:</i>								
Value	46.8	9.7	3.7	4.6	19.6	4.0	3.4	4.0
Per cent	4.8	2.6	0.9	1.1	2.7	0.9	0.8	0.8
<i>Other countries:</i>								
Value	79.8	56.4	64.8	76.0	93.0	62.5	71.4	92.7
Per cent	11.2	14.7	16.2	17.6	10.1	15.9	15.8	18.3
<i>Total:</i>								
Value	1,014.5	381.3	402.3	433.0	884.7	425.1	451.5	506.6
Per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Quantities (in millions of quintals).	57.3	24.0	27.9	32.6	23.3	16.7	16.4	20.8

Germany's position as Hungary's best customer and chief supplier has been maintained in 1936, but the rate of increase in exports to Germany has very much slowed down. From an annual average of 64 million pengő in 1931-1934, it jumped up in 1935 to 108 million pengő, and reached 116 million pengő in 1936. The percentage of Hungarian exports going to Germany, however, declined slightly from 1935 to 1936. Imports from Germany increased in 1936 by 20 million pengő, leaving Hungary with a small export surplus (5 million pengő). Before 1935, Germany constantly had a large export surplus to Hungary.

Hungary's trade with Austria remained stationary in 1936, Austria's percentage of the total continuing to decline and now standing for Hungarian exports at 17%, as against 32% in 1925-1930. Trade with Italy has again increased, but by much less than it did in 1935. Relatively, the biggest increase is to be found in trade with distant markets not shown separately in this table. Together, these "other" countries took, in 1936, 92 million pengő, or 18%, of Hungary's exports. In 1925-1930 they only took 10%. They have also greatly developed their sales to Hungary. Great Britain again considerably increased its imports from Hungary, and has now been fourth among Hungary's customers for several years past, Hungary has a larger export surplus to England than to any other country except Italy.

Hungary's trade with the two other Rome Protocol countries, Italy and Austria, is shown in the following table. The increase in trade with Italy is large, but it is more than offset by the

decline with Austria. The balance of trade between Hungary and Austria, which was at an average ratio of 1 : 1.8 in Hungary's favour from 1925 to 1934, and which the Rome Protocols aimed at stabilising at 1 : 1.5, declined to 1 : 1.1 in 1935 and rose very slightly, to 1 : 1.2, in 1936.

Hungary's Foreign Trade with Austria and Italy (Imports and Exports together).

	All countries	Austria		Italy		Austria and Italy together	
		Value	Per cent of total value	Value	Per cent of total value	Value	Per cent of total value
	Millions of pengö	Millions of pengö		Millions of pengö		Millions of pengö	
1929	2,102.2	455.6	21.7	118.4	5.6	574.1	27.3
1930	1,735.1	350.8	20.2	158.7	9.1	509.6	29.4
1933	703.9	168.1	23.8	57.0	8.1	225.0	32.0
1934	749.1	179.4	24.0	74.8	10.0	254.3	33.9
1935	853.9	161.8	19.0	91.1	10.7	252.9	29.6
1936	939.6	159.3	16.8	98.0	10.4	257.3	27.4

For import and export values for the first three months of 1937, see Appendix III. Imports have decreased since last year. Exports have greatly increased, both in value and in quantities. Maize imports, which were heavy a year ago, have ceased, thanks to the 1936 harvest, which is still being exported. Quantities for the first three months, last year and this:

	1937		1936		1935		1934	
	Imports	Exports	Imports	Exports	Imports	Exports	Imports	Exports
	(In millions of quintals)							
January	1.73	1.53	2.69	0.80	1.38	0.90	1.28	1.30
February	2.03	1.63	1.86	0.89	1.44	0.91	1.43	1.11
March	2.19	2.02	2.16	0.95	1.60	1.40	1.64	2.31

The goods traffic and receipts of the State Railways have increased, in the last couple of months, to very near the pre-crisis level, the 1936 harvest aiding; passenger traffic has recovered to a less extent. The Post, Telegraph and Telephone's progress is not spectacular, but it is remarkably steady.

State Railways.

	Ton-kilometres			Passenger-kilometres			Receipts		
	1937	1936	1935	1937	1936	1935	1937	1936	1935
	(Millions)						(In millions of pengö)		
January	178.6	142.0	140.7	152.1	138.6	150.1	20.0	16.3	15.6
February	178.0	138.6	137.3	145.3	129.5	128.0	18.4	15.5	12.0

Post, Telegraph and Telephone.

	Registered letters		Parcels		Telegrams		Inter-urban telephone calls		Receipts	
	1937	1936	1937	1936	1937	1936	1937	1936	1937	1936
	(Thousands)								(In millions of pengö)	
January	651.8	666.5	704.0	683.5	140.0	126.6	338.2	300.2	8.4	8.2
February	613.0	761.7	701.0	661.0	135.0	130.0	325.6	294.4	7.6	7.4

3. PRODUCTION AND CONSUMPTION.

According to the Hungarian Economic Research Institute, the last quarter of 1936 saw a slowing-down in the production of capital goods and an increase in that of consumers' goods. The trend in turnover tax and consumption taxes points to higher sales. Returns of consumption of sugar, milk and other beverages have also risen. It would be easy, however, to exaggerate the extent of the increase in consumption. With regard to manufactured goods, imported textiles, broadly speaking, have been replaced by inland products, and the same thing has happened in many other branches. An increase in internal production has resulted, but that fact, in itself, does not mean an increase in total consumption. The 1936 harvest has no doubt made for more purchasing power, but not necessarily for long. And, even now, the consumption of several important staple articles of food, and in general of manufactured articles, is on an extremely low level, taking the country as a whole.

The tendency in the coal, iron and steel industries may be judged from the following figures, showing the peak year (1929), the lowest year (1933) and the subsequent improvement:

	Output of coal (In millions of tons)	Output of iron (In thousands of tons)	Output of steel (In thousands of tons)
1929	7.86	350	513
1933	6.70	85	227
1934	6.95	131	315
1935	7.54	174	446
1936	7.93	281	552

	Coal and coke consumed by all branches of industry	Hungarian coal delivered to industry		
		All branches	Heavy industry	Textiles, leather and rubber
		(In thousands of tons)		
1929	4,388	3,427	796	302
1933	2,740	2,224	518	328
1934	3,029	2,426	611	352
1935	3,450	2,750	766	372
1936	3,877	3,031	811	401

Electric current used by industry continued to increase even throughout the depression. The Hungarian Economic Research Institute's index for it (1927 = 100) stands at 166.5 for 1936. The index representing the total supplied for all purposes has remained stationary—at about 127—for several years past.

4. PRICES.

The wholesale-price indices, both of the Statistical Office and of the Economic Research Institute, show a rising tendency over the three months to January 1937:

	Statistical Office (1913 = 100)	Economic Research Institute (1925-1927 = 100)
1935:		
January	86	66
1936:		
January	94	76
June	85	72
October	91	78
November	89	79
December	92	81
1937:		
January	96	84
February	93	84
March	95	—

From February 1936 to February 1937, changes shown by the two indices are as follows:

	Price changes from February 1936 to February 1937 as shown by:	
	Statistical Office	Economic Research Institute
In the wholesale index	no change	an increase of 10.0%
In the agrarian index	a decrease of 4.8%	an increase of 7.9%
In the industrial index	an increase of 7.8%	an increase of 7.6%

The indices differ considerably where agrarian prices are concerned, but they agree substantially on the rise in industrial prices.

The "agrarian shears"—i.e., the purchasing power of agriculture as shown by agrarian prices in percentages of industrial prices—are as follows:

	Statistical Office (1913 = 100)	Economic Research Institute (1909-1913 = 100)
1935:		
January	69.4	68.7
1936:		
January	73.0	73.1
February	70.7	73.8
June	60.3	67.6
October	64.7	73.3
1937:		
January	64.5	74.3
February	62.4	71.2
March	62.5	—

From February 1936 to February 1937, the Statistical Office shows an 11.7% increase in the opening of the shears; the Economic Research Institute, one of 3.6%.

Wheat prices, after weakening somewhat in February, have since then risen again. World prices have also been strong, and there is little difference, at present, between inland and external prices. Cattle prices have gone up appreciably over the last few months, pigs rather less, and calves have declined a little.

	Wheat Per 100 kg.	Live cattle middling quality Per kg. (Pengő)	Calves Per kg.	Pigs Per kg.
1936:				
January	18.33	0.50	0.92	0.89
July	15.00	0.66	0.84	1.06
December	20.10	0.79	1.16	1.14
1937:				
January	21.10	0.84	1.22	1.24
February	18.75	0.83	1.13	1.23
March	21.35	0.88	0.98	1.21

5. STOCK EXCHANGE.

The boom on the Stock Exchange continued in January and February. There were fluctuations in March. At the time of writing (mid-April), the tone is somewhat subdued. The increase in the index (1926 = 100) since last year is very high:

	1937	1936	1935	1934
January	170.7	109.7	85.9	77.5
February	183.3	115.4	89.5	80.0
March	185.5	115.3	104.0	79.1

Several leading industrial concerns' dividends for 1936 were higher than for 1935, the yield-basis of shares thus not having uniformly decreased in correspondence with rises in the market quotation. However, on recent prices, a yield of over 5% is rare, and the average for the better companies seems to be well below 4%.

6. COMMERCIAL BANKS.

Balance-sheets for the end of 1936 show some increase in activity and profits as compared with results for 1935, as well as a slightly improved liquidity. None of the eleven leading Budapest banks publishes net profits lower than for the previous year, and in the aggregate there is an increase of 19%. Having regard to all the circumstances, it is satisfactory that the dividend paid is in no case higher than it was last year. It has already been recorded that the National Bank reduced its own dividend.

Taking the combined figures for the chief banks, there is a decrease, as compared with December 1936, of 7% in cash in hand and with banks. Bills discounted are higher by 4%, advances on securities by 21%. The other items on the active side of the sheet are much the same as they were last year, except for mortgage loans, which are down by 6.6%. On the passive side, savings (time) deposits are 5% higher, current accounts having risen by 1% only. "Other" creditors have decreased by 17%, this change being probably due, in large part, to the devaluation of several currencies that took place last autumn. There is a small (3.7%) reduction in the total value of mortgage bonds in circulation.

These balance-sheets do not show bills rediscounted at the National Bank, nor do they give details as to the composition of the bill portfolio, investments, "debtors" and "creditors".

Much more detailed combined statements are supplied by the Central Corporation of Banking Companies for its member-banks, Budapest and provincial houses being shown in separate tables, but no information is supplied by it as to any individual bank. The eleven leading Budapest banks account for the greater part of the Central Corporation members' turnover. Some interesting points as to the general character of the banking business in Hungary emerge from this statement. Of 75 million pengő deposits of the Budapest banks with other banks (not including the National Bank, the Postal Savings Bank and the Budapest Giro- und Kassenverein), 32 million pengő are with foreign banks. Out of a total of 868 million pengő bills discounted, 244 million pengő are rediscounts taken over from other banks, 231 million pengő are based on mortgages, 126 million pengő on personal credit, 95 million pengő are Treasury bills, 69 million pengő bills of the banks' own or affiliated undertakings, and 59 million pengő bills of local authorities. Bills backed by merchandise (or securities) only amount to 20 million pengő. Of 247 million pengő securities held by the banks in question, 146 million pengő are securities not quoted on the Budapest Bourse, and, of these, 100 million pengő are securities of the banks own or affiliated undertakings. Of 670 million pengő "debtors", 651 million pengő are inland claims: 157 million pengő backed by mortgages, 141 million pengő claims on the banks' own or affiliated undertakings, 131 million pengő backed by guarantees, 58 million pengő by personal credit, and 19 million pengő by merchandise. On the passive side of the sheet, internal deposits now amount to 92% of the total, foreign deposits having declined from 150 million pengő in 1932 to 100 million pengő at the close of 1936. There has been a similar decrease in foreign "other" creditors, which in 1932 amounted to 284 million pengő (54% of the total) and have now sunk to 167 million pengő (45% of the total). This total is largely, though not exclusively, composed of credits subject to the Standstill Agreement (see nineteenth report, page 13), which, however, also applies to various other categories, such as credits to the State Undertakings, local authorities and commercial firms.

The total of the provincial banks' balance-sheets is only about a fifth as large as that of the Budapest banks. When the balance-sheets of the provincial banks, members of the Central Corporation, are added to those of the Budapest member-banks, the various items show only slight increases over those of the Budapest banks, except for holding of bills secured by mortgages, which reach 252 million pengő with the provincial banks as against 231 millions with the Budapest banks. This appears to account for the bulk of the other banks' bills (244 million pengő) rediscounted by the Budapest banks. Out of total bill holdings of 318 million pengő with the provincial banks, bills backed by personal credit amount to 39 million pengő, those of local authorities to 11 million pengő, and bills secured by merchandise (or securities) to under 4 million pengő.

7. COMMERCIAL POLICY.

Austria. — The amount of the claims of Austrian exporters to Hungary, unsatisfied through the clearing, has been considerably reduced over the last few months.

With *Italy*, a *conto speciale* (see twenty-first report, page 14) has been opened for trade between Hungary and the Italian colonies, quotas for Hungary's exports to which are fixed at 2 million lire per annum.

The payment agreement in force since December 1st last (twenty-first report, page 14), which was to expire on April 30th, has been prolonged till June 30th next.

Negotiations with *Switzerland*, with which country it was hoped to get rid of the clearing and to go over to a freer system, have not yet resulted in an agreement.

It was agreed, however, that the price of the last instalment (400,000 quintals) of wheat taken by Switzerland in the present season was to be 23.75 Swiss francs the quintal. Of the proceeds of 100,000 quintals deliverable up to March 31st, after making the deductions specified in the last agreement, two-thirds are to go to repaying merchandise debts, one-third to financial debts. Until a new commercial agreement is reached, the proceeds of the remaining 300,000 quintals will be at the free disposal of the National Bank of Hungary, which, however, has agreed to meet out of them all merchandise debts originating before March 31st last and falling due before a new agreement enters into force.

France. — The negotiations referred to in the last report resulted in a new payment agreement, which took effect on February 16th, the clearing and private compensations being discontinued. Proceeds of Hungarian exports to France are now credited on free accounts with French banks to the National Bank of Hungary. There are also provisions for securing the continuity of payment for French exports, as well as the liquidation of trade arrears, and for Hungarian tourist expenditure at the Paris Exhibition.

It is expected that these agreements will result in some revival of Hungary's trade with France, which has been at a very low level during recent years (see table in II, 2, above).

Yugoslavia. — An agreement has been concluded providing for the liquidation of financial claims of Hungarian nationals on Yugoslav nationals, and *vice versa*.

Brazil. — Under an agreement of January 11th last, trade between Hungary and Brazil is now carried on in sterling. The value of this trade, imports and exports together, was 645,000 pengő in 1936. The National Bank of Brazil undertook to transfer, by the end of January last, balances arising out of sales of merchandise, owned by Hungarians and blocked with Brazilian banks.

Appendix I.

MONTHLY (QUARTERLY) RESULTS FOR THE YEAR 1936/37 COMPARED WITH
THE RESULTS FOR THE YEAR 1935/36.

	July to December		January		February		March	
	1935	1936	1936	1937	1936	1937	1936	1937
(In millions of pengö)								
A. ADMINISTRATION.								
<i>Receipts:</i>								
Direct taxes	125.2	137.0	17.2	18.3	23.3	24.4	13.9	14.3
Customs duties	20.7	22.2	3.5	3.4	3.2	3.8	3.8	4.1
Excise duties	48.3	56.1	7.8	7.5	7.2	7.4	8.6	8.5
Turnover tax	57.0	67.3	10.3	10.7	12.0	12.8	10.8	11.3
Dues	48.9	51.6	8.7	8.6	10.1	11.7	7.9	9.4
Tobacco Monopoly	56.3	57.0	8.2	8.2	7.8	7.9	10.4	9.2
Salt Monopoly (gross)	14.6	14.4	2.7	2.7	1.9	1.8	1.4	1.6
Saccharine and lotteries	1.0	1.4	0.2	0.2	0.1	0.3	0.1	0.2
Administrative receipts	34.4	38.7	4.7	4.9	3.6	5.3	4.2	4.1
Total receipts	406.4	445.7	63.3	64.5	69.2	75.4	61.1	62.7
<i>Expenditure:</i>								
Army	42.9	58.9	6.8	7.4	9.1	6.7	7.2	
Foreign Affairs	4.8	4.8	1.5	1.2	0.5	0.6	0.8	
Justice	16.5	16.4	2.6	2.6	2.6	2.7	2.7	
Supreme organs of the State ¹	—	—	—	—	—	—	—	
Interior	57.8	61.5	10.6	10.4	9.7	11.0	10.3	
Agriculture	13.2	15.4	2.8	2.5	2.6	1.8	2.7	
Commerce	20.6	20.3	1.5	2.6	6.1	8.0	0.8	
Education	32.0	31.2	5.7	6.4	5.3	6.1	5.3	
Finance	38.2	37.7	8.4	10.6	6.9	7.6	6.4	
Industry	2.9	4.7	0.7	1.1	0.6	1.6	1.9	
Smaller departments	5.8	5.6	1.6	1.3	0.7	0.8	0.6	
Subsidies to local authorities	26.4	24.5	3.9	4.0	3.5	3.4	3.7	
Pensions	72.2	74.4	12.7	13.0	12.2	12.4	11.8	
Charges under the Peace Treaty	—	—	—	—	—	—	—	
Debt service	30.7	30.9	4.1	4.0	4.4	5.3	1.7	
Investments	—	—	—	—	—	—	—	
Total expenditure	364.0	386.3	62.9	67.1	64.2	68.0	55.9	59.9
Balance	+42.4	+59.4	+0.4	-2.6	+5.0	+7.4	+5.2	+2.8
B. UNDERTAKINGS.								
<i>Receipts:</i>								
Post and Telegraph	48.8	51.8	8.2	8.5	7.4	7.6	8.0	
Railways ²	116.4	128.5	16.3	20.0	15.6	18.4	16.9	
Ironworks	16.2	25.9	2.7	5.4	5.7	4.4	3.2	
Other Undertakings	12.3	12.5	2.1	2.4	1.7	2.3	1.7	
Total receipts	193.7	218.7	29.3	36.3	30.4	32.7	29.8	
<i>Expenditure:</i>								
Post and Telegraph	43.5	46.3	6.0	6.4	5.9	6.1	6.1	
Railways ²	128.5	135.7	22.8	21.9	21.1	20.5	21.5	
Ironworks	24.3	32.0	4.3	5.8	5.6	5.8	4.4	
Other Undertakings	10.0	10.7	1.8	1.7	4.5	4.9	1.4	
Total expenditure	206.3	224.7	34.9	35.8	37.1	37.3	33.4	
Balance	-12.6	-6.0	-5.6	+0.5	-6.7	-4.6	-3.6	

¹ Included in "Smaller Departments".

² Returns of the Railways for current fiscal year are provisional.

Appendix II.

BUDGET OF THE ADMINISTRATION FOR 1937/38.

		Budget as voted for the year 1936/37	Budget as submitted to Parliament for the year 1937/38
		(In millions of pengö)	
A. EXPENDITURE.			
Supreme Organs of the State	Personnel	0.5	0.5
	Material	0.3	0.4
Parliament	Personnel	3.4	3.4
	Material	0.7	0.7
High Court of Accounts	Personnel	0.4	0.4
	Material	0.1	0.1
Administrative Tribunal	Personnel	0.6	0.7
	Material	0.1	0.1
Prime Minister's Office	Personnel	1.3	1.3
	Material	3.4	5.8
Ministry for Foreign Affairs	Personnel	5.1	5.3
	Material	5.6	5.7
Ministry of the Interior	Personnel	71.4	71.0
	Material	47.5	51.0
Ministry of Finance	Personnel	33.7	34.1
	Material	59.5	62.4
Ministry of Commerce	Personnel	5.2	5.2
	Material	19.1	23.3
Ministry of Industry	Personnel	3.3	3.3
	Material	9.8	10.2
Ministry of Agriculture	Personnel	8.1	8.3
	Material	19.5	21.0
Ministry of Education and Worship	Personnel	40.8	41.0
	Material	22.9	24.3
Ministry of Justice	Personnel	26.2	26.1
	Material	6.0	6.5
Ministry of National Defence	Personnel	58.8	58.9
	Material	37.0	47.9
State debts		83.4	83.1
Charges under the Peace Treaty		1.1	1.1
Subsidies to autonomous administrations (Personnel)		46.8	47.4
Pensions		145.1	148.4
Investments		21.5	22.9
Total		788.2	821.8
B. RECEIPTS.			
Direct taxes		221.8	226.5
Tax on business turnover		109.0	120.8
Stamps and dues		95.0	99.0
Excise		87.7	94.4
Customs		40.0	44.0
Tobacco Monopoly		112.0	112.5
Salt Monopoly		25.5	25.7
Saccharine and Lotteries Monopolies		2.9	2.9
Departmental receipts		77.7	79.5
Total		771.6	805.3
Balance		— 16.6	— 16.5

Appendix III.
ECONOMIC INDICES.
(End of date given.)

		Fourth quarter	January	February	March
Index of industrial production ¹ (1927 = 100)	1937	—	—	—	—
	1936	139.3	—	—	121.5
	1935	127.6	—	—	100.7
Output of coal ²	1937	—	82,976	73,311	—
	1936	256,045	73,203	63,959	59,127
	1935	239,885	70,966	63,178	57,507
Unemployment ³	1937	—	15,640	16,148	—
	1936	15,044	18,480	18,521	17,887
	1935	18,318	20,953	21,059	19,777
Prices (1913 = 100): Wholesale	1937	—	96	93	95
	1936	92	94	93	91
	1935	97	86	86	85
Retail	1937	—	101.98	101.98	102.03
	1936	101.49	100.96	99.98	101.05
	1935	101.52	96.63	96.94	96.54
Stock-Exchange index ⁴ (1926 = 100)	1937	—	170.7	183.3	185.5
	1936	160.0	109.7	115.4	115.3
	1935	104.7	85.9	89.5	104.0
(In millions of pengő)					
Savings deposits at the Post Office Savings Bank and the Budapest Banks members of the Central Corporation of Banking Companies ⁵	1937	—	715.7	724.6	723.4
	1936	710.3	683.1	687.7	685.4
	1935	679.3	640.4	642.9	652.3
Current Accounts at the Post Office Savings Bank and the Budapest Banks members of the Central Corporation of Banking Companies	1937	—	674.8	687.0	685.1
	1936	682.8	696.0	682.1	684.5
	1935	703.6	661.5	652.8	669.4
Total	1937	—	1,390.5	1,411.6	1,408.5
	1936	1,393.1	1,379.1	1,369.8	1,369.9
	1935	1,382.9	1,301.9	1,295.7	1,321.7
%					
Official discount rates	1937	—	4.0	4.0	4.0
	1936	4.0	4.0	4.0	4.0
	1935	4.0	4.5	4.5	4.5
Market discount rates: ⁶ 3 month bills (maximum)	1937	—	6.5	6.5	6.5
	1936	6.5	6.5	6.5	6.5
3 month bills (minimum)	1937	—	4.0	4.0	4.0
	1936	4.0	4.0	4.0	4.0
(In millions of pengő)					
Foreign Trade:⁷					
Imports	1937	—	28.0	32.2	37.9
	1936	111.2	40.6	30.2	35.0
	1935	131.6	27.5	27.7	29.8
Exports	1937	—	45.8	50.7	53.5
	1936	146.5	34.9	41.2	38.0
	1935	156.5	29.4	28.8	40.3
Difference	1937	—	+ 17.8	+ 18.5	+ 15.6
	1936	+ 35.3	— 5.7	+ 11.0	+ 3.0
	1935	+ 24.9	+ 1.9	+ 1.1	+ 10.5

¹ The Hungarian Economic Research Institute's indices cannot be compared with those published previous to the fourteenth report.

² Coal output in hundreds of thousands of quintals.

³ Unemployed members of the Social Democratic Union.

⁴ Office of Statistics Index including eighteen shares.

⁵ These figures are not comparable with those given in this place in reports previous to the nineteenth, which includes the deposits of the Post Office Savings Bank and twelve leading Budapest banks.

⁶ Returns of the National Bank of Hungary.

⁷ Figures for 1936 and 1935 are definitive.

Appendix IV.

NATIONAL BANK.

	December 31st		January 31st	February 28th	March 31st
	(In millions of pengö)		(In millions of pengö)		
Note circulation	{ 1936 436.5 1935 417.4	{ 1937 1936	{ 414.6 390.8	{ 418.2 392.6	{ 417.1 391.0
Sight liabilities:					
Public	{ 1936 169.7 1935 104.6	{ 1937 1936	{ 174.6 99.1	{ 180.0 100.5	{ 179.0 96.6
Private	{ 1936 43.0 1935 42.1	{ 1937 1936	{ 22.6 19.4	{ 22.4 21.9	{ 21.5 24.7
Cash certificates ¹	{ 1936 92.9 1935 104.3	{ 1937 1936	{ 92.9 104.3	{ 92.9 104.3	{ 92.9 104.3
Other liabilities	{ 1936 164.4 1935 173.9	{ 1937 1936	{ 147.4 159.5	{ 147.1 163.4	{ 149.6 165.8
Metal reserve as shown	{ 1936 132.6 1935 121.2	{ 1937 1936	{ 138.0 125.8	{ 140.8 124.7	{ 141.1 124.5
Thereof gold	{ 1936 84.1 1935 78.9	{ 1937 1936	{ 84.1 78.9	{ 84.1 78.9	{ 84.1 78.9
Commercial bills dis- counted	{ 1936 535.1 ² 1935 574.4 ⁴	{ 1937 1936	{ 474.8 ² 506.3 ⁵	{ 461.8 ² 513.8 ⁵	{ 450.8 ² 502.0 ⁵
Advances on securities ⁶	{ 1936 14.3 1935 12.4	{ 1937 1936	{ 12.4 12.4	{ 12.4 12.4	{ 12.4 12.4
Government debts	{ 1936 97.9 1935 77.0	{ 1937 1936	{ 98.8 81.0	{ 101.4 80.5	{ 102.3 80.5
Other assets	{ 1936 165.0 1935 95.6	{ 1937 1936	{ 166.6 86.1	{ 183.0 89.7	{ 192.2 101.5
	Per cent		Per cent		
Ratio of cover	{ 1936 24.1 1935 24.9	{ 1937 1936	{ 26.9 29.4	{ 27.1 28.7	{ 27.4 28.8

¹ Issued in connection with the consolidation of the Bank for International Settlements and Central Bank credits.

² Thereof Treasury Bonds 23.6 million pengö.

³ " " " 19.6 " "

⁴ " " " 32.6 " "

⁵ " " " 27.6 " "

⁶ All Treasury Bonds.

Appendix V.

FOREIGN EXCHANGE: PURCHASES AND SALES OF THE NATIONAL BANK OF HUNGARY FOR THE YEAR 1936¹ AND FOR THE FIRST QUARTER OF 1937.

	1937		
	January	February	March
	(In millions of pengő)		
<i>Purchases.</i>			
(a) Export <i>Devisen</i> received ²	39.20	39.04	39.59
(b) Under obligatory declaration	1.10	0.39	0.64
(c) From the State	0.06	0.87	1.55
(d) From others	2.93	2.78	3.10
Total	43.29	43.08	44.88
Excess of sales	—	—	—
<i>Sales.</i>			
(a) For loan service	0.55	0.55	0.59
(b) For imports ²	29.32	31.26	36.24
(c) To the State	1.40	1.13	1.36
(d) To others	2.63	2.49	3.03
Total	33.90	35.43	41.22
Excess or purchases	9.39	7.65	3.66

	1936					1937
	First quarter	Second quarter	Third quarter	Fourth quarter	Total year	First quarter
	(In millions of pengő)					
<i>Purchases.</i>						
(a) Export <i>Devisen</i> received ²	93.45	69.13	93.29	100.62	356.49	117.83
(b) Under obligatory declaration	1.98	1.48	2.01	1.58	7.05	2.14
(c) From the State	2.03	3.23	1.61	1.57	8.44	2.48
(d) From others	6.28	9.70	13.46	7.26	36.70	8.80
Total	103.74	83.54	110.37	111.03	408.68	131.25
Excess of sales	—	10.82	—	—	—	—
<i>Sales.</i>						
(a) For loan service	2.68	9.91	1.89	2.50	16.98	1.69
(b) For imports ²	82.89	74.00	80.49	82.55	319.93	96.82
(c) To the State	2.84	3.29	3.25	3.90	13.28	3.89
(d) To others	4.88	7.16	13.64	5.46	31.14	8.15
Total	93.29	94.36	99.27	94.41	381.33	110.55
Excess of purchases	10.45	—	11.10	16.62	27.35	20.70

¹ Revised figures.
² Including clearing.

Appendix VI.
FOREIGN-EXCHANGE CONTROL.

	Actual exports	Exports notified including compensations and exports against pengö	% of column 2 to column 1	Export <i>Devisen</i> received by the National Bank	Certified compensation and certified exports against pengö	Column 4 + 5 — i.e., total of foreign exchanges derived from exports	Percentage of column 6 to column 1	Actual imports	Import <i>Devisen</i> allotted by the National Bank	Certified compensation and import through merchandise pengö	Columns 9 + 10 — i.e., total foreign exchange used for imports	Percentage of column 11 to column 8
	1	2	3	4	5	6 (In millions of pengö)	7	8	9	10	11	12
1935:												
January	29.4	35.4	120.4	26.4	5.1	31.5	107.1	27.5	22.6	4.0	26.6	96.7
February	28.8	31.8	110.4	18.6	8.6	27.2	94.4	27.7	20.6	7.5	28.1	101.4
March	40.3	36.1	89.6	24.8	5.4	30.2	74.9	29.8	17.9	4.9	22.8	76.5
April	30.6	35.0	114.4	24.8	4.1	28.9	94.4	32.2	18.4	2.8	21.2	65.8
May	31.3	33.8	108.0	18.1	5.9	24.0	76.7	31.5	18.4	4.8	23.2	73.7
June	29.4	27.2	92.5	18.2	5.1	23.3	79.3	26.7	16.4	3.6	20.0	74.9
July	31.9	36.3	113.8	19.0	7.5	26.5	83.1	31.5	16.7	6.1	22.8	72.4
August	31.5	33.5	106.3	18.0	2.7	20.7	65.7	30.4	15.6	1.6	17.2	56.6
September	41.8	42.8	102.4	19.1	9.6	28.7	68.7	33.4	18.1	8.2	26.3	78.7
October	52.1	52.7	101.2	30.4	6.5	36.9	70.8	39.4	21.6	5.3	26.9	68.3
November	53.0	55.9	105.5	40.3	5.1	45.4	87.5	43.7	24.2	4.3	28.5	65.2
December	51.4	49.6	96.5	31.7	7.1	38.8	75.5	48.5	23.2	6.1	29.3	60.4
1936:												
January	34.9	36.7	105.2	32.4	6.7	39.1	112.0	40.6	31.0	6.0	37.0	91.1
February	41.2	47.2	115.0	24.5	6.3	30.8	74.8	30.2	25.9	4.9	30.8	102.0
March	38.0	39.9	105.0	36.8	4.8	41.6	109.5	35.0	26.1	4.5	30.6	87.4
April	32.9	31.4	95.4	24.4	12.8	37.2	113.1	40.3	24.2	12.2	36.4	90.3
May	31.8	31.9	100.3	24.3	5.1	29.4	92.5	38.8	25.9	4.7	30.6	78.9
June	37.3	37.8	101.3	21.0	6.8	27.8	74.5	34.7	23.9	5.7	29.6	85.3
July	40.7	53.3	131.0	28.6	12.2	40.8	100.2	36.8	26.8	10.0	36.8	100.0
August	49.4	49.3	99.8	27.1	12.7	39.8	80.6	31.9	24.3	11.7	26.0	112.9
September	53.9	52.7	97.8	38.0	10.3	48.3	89.6	33.5	29.4	8.1	37.5	111.9
October	45.8	46.3	101.1	34.7	7.6	42.3	92.4	36.4	28.0	6.8	34.8	95.6
November	49.5	52.6	106.3	28.7	5.6	34.3	69.3	35.8	28.3	4.4	32.7	91.3
December	51.2	52.9	103.3	37.6	7.1	44.7	87.3	39.0	26.7	5.1	31.8	81.5
1937:												
January	45.8	48.4	105.7	39.3	10.9	50.2	109.6	28.1	29.3	8.4	37.7	134.2
February	50.7	51.2	101.0	39.0	7.7	46.7	92.1	32.3	31.3	6.8	38.1	118.0
March	53.5	55.7	104.1	39.6	11.6	51.2	95.7	37.9	36.2	10.7	46.9	123.7

Geneva, April 29th, 1937.

LEAGUE OF NATIONS

COMMITTEE OF STATISTICAL EXPERTS

**REPORT TO THE COUNCIL
ON THE WORK OF THE SIXTH SESSION**

(Held in Geneva from April 19th to 24th, 1937.)

Members present: M. M. HUBER (*Chairman*),
M. C. BRÜSCHWEILER,
M. E. COHN,
Mr. D. DURAND,
Sir Alfred W. FLUX,
M. G. JAHN,
M. O. MORGENSTERN,
M. E. SZTURM DE SZTREM.

International Institute of Agriculture: M. V. DORE.

International Labour Office: M. R. GUYE
M. J. LINDBERG } representing
Mr. R. WOODBURY } Mr. J. W. NIXON.

Associated member for trade statistics: M. GAYON.

I. STATISTICS OF THE GAINFULLY-OCCUPIED POPULATION.

1. In Recommendation IV of the International Conference relating to Economic Statistics, the Committee was asked:

- " (1) To prepare a detailed draft nomenclature of industries and occupations;
" (2) To 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.). "

As the next returns of the gainfully-occupied population specified in Article 2, II, of the Convention of 1928 are to be compiled in 1940, or in a year as near as possible to 1940, a large part of the Committee's present session has been devoted to the consideration of the questions mentioned above and to the preparation of a minimum programme for statistics of the gainfully-occupied population.

2. The Committee is of the opinion that, in censuses of occupied persons, the national requirements and the need of maintaining comparability with previous censuses are of such overwhelming importance that countries cannot be expected willingly to change the whole system of their censuses in order to comply with a uniform international scheme. The recommendations of the Committee start therefore from the idea that, in the same way as has successfully been done in the field of foreign trade statistics, countries will prepare supplementary tables according to the international minimum programme, which will facilitate comparisons between different countries. Specimens of such tables are attached to the present report.

3. The figures for these supplementary tables will probably in most cases be arrived at by a regrouping of the figures shown under the national definitions and classifications. It is therefore of fundamental importance that all the elements for such a regrouping should be obtainable from national statistics. The Committee believes that its recommendations may, in addition, serve as a general plan for the development of national statistics of the occupied population in the case of countries in which similar statistics have not been compiled at previous censuses.

4. The recommendations with regard to the definitions and classifications to be applied in the compilation of these supplementary statistics, together with a statement regarding the principles which guided the Committee in their preparation, will be found in Appendix I to this report. The Committee suggests that these recommendations should be submitted to all Governments of States Members of the League and non-member States for their observations.

5. The Committee has prepared a definition of the gainfully-occupied population mainly with a view to facilitating international comparisons. It is fully aware that some Governments may have well-founded objections to the exclusive use of this definition for their national censuses. It would therefore be of great help if, in such cases, Governments, in commenting on this definition, would state whether they consider it possible to furnish separate figures for those groups of persons covered by the international definition of the gainfully-occupied population so as to allow of the preparation of internationally comparable figures.

6. With regard to systems of classification of the gainfully-occupied population, the Committee has accepted the view, already expressed by other conferences of statisticians, that a classification according to the three following principles:

- (a) By branches of economic activity,
- (b) By personal status,
- (c) By individual occupation,

is necessary in order to obtain an adequate picture of the economic and social structure of the population.

7. The Committee has prepared a nomenclature of branches of economic activity which has been drawn up with a view to allowing a sufficiently detailed grouping of the gainfully occupied population. The purposes of other statistics for which classifications by branches of economic activity are required will also have to be served by this classification. The Committee wishes, however, to make it clear that the nomenclature attached to this report (Appendix II) represents, in its opinion, only the minimum desirable for statistics of occupied persons and that for the other statistics (statistics dealing with establishments of all kinds, with production, distribution, etc.) a more detailed subdivision will be required.

8. The Committee has prepared a classification according to personal status; comments of Governments on this classification would be welcomed.

9. As regards the nomenclature of individual occupations, the Committee is of opinion that, from the *international* standpoint, a very large part of the gainfully-occupied population is sufficiently characterised by its place in the classification by branches of economic activity and by personal status. Classification by individual occupations is, in the Committee's view, a question of national, rather than of international concern. For these reasons, which are set out more fully in Appendix I, the Committee does not think it necessary to prepare, at the present moment, a detailed nomenclature of occupations. The Committee is, however, fully conscious of the value and importance of a grouping according to individual occupations in *national* statistics of the gainfully-occupied population.

10. It recommends further that each class of occupied persons should be recorded in groups distinguishing sex, age and marital status.

II. STATISTICS OF INTERNATIONAL TRADE IN CERTAIN RAW MATERIALS AND FOODSTUFFS BY COUNTRIES OF ORIGIN AND CONSUMPTION.

The first volume of these statistics, covering the year 1935, was published by the Secretariat at the end of last year. The Committee, in the light of the experience acquired, thought it useful to revise the "Instructions" which have served as the basis for collecting these statistics. It recommends that the amended text of these "Instructions" should be communicated to Governments participating in the work early enough to be taken into account in preparing for transmission the data for 1937 and in collecting the data for 1938.

III. TIMBER STATISTICS.

Following a suggestion of the Committee in the report on the work of its fifth session, the Council, on January 22nd, 1937, authorised the Secretary-General to undertake an enquiry with a view to obtaining the comments of Governments on the draft recommendations on timber statistics prepared by the Committee. As only a relatively short time has elapsed since that decision, the Committee was not in the possession of replies from all Governments interested in the matter and it was, accordingly, necessary to adjourn the preparation of the final report on this subject.

IV. MISCELLANEOUS QUESTIONS.

The Committee reviewed the work done since its last session by the Sub-Committees on Financial Statistics and on Price Statistics; it will report on these subjects at a later session. In view of the great importance which indices showing variations in prices and in "quantum" of international trade possess for tracing the real development of international exchanges during a period of large price fluctuations, and in view of the fact that such indices are compiled in a great number of countries, but according to different methods, the Committee has, in addition, requested a Sub-Committee to study these indices and the possibilities of making them comparable.

Appendix I.

STATISTICS OF THE GAINFULLY-OCCUPIED POPULATION.

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A. GENERAL CONSIDERATIONS.

All international recommendations in the field of statistics of the gainfully-occupied population¹ will have to take into account that the characteristics of the subject of these statistics vary from country to country. Industrial organisation, social status, laws and customs of all kinds influence the definitions and classifications applied in statistics of occupied persons. The most elaborate

¹ The term "gainfully-occupied population" has been employed throughout this document as equivalent to the French term "population active". Its exact meaning results from the definition given in Part B, I.

and detailed definitions could not overcome the divergencies of facts. For these reasons, the Committee believes it wise to abstain from any elaborate programme which cannot be carried out in practice. Nor can it be hoped that the same degree of uniformity and correctness can be obtained in this field as, for instance, in the field of international trade statistics. The Committee has therefore deliberately abstained from entering into questions of detail; these will have to be solved in the national instructions for the censuses of the gainfully-occupied population.

The Committee has therefore abstained from making any recommendations as to forms of schedules, phrasing of questions or the whole administrative system of collecting the basic data for statistics of occupied persons. The divergencies of these methods of collecting the information in the various countries are, however, largely responsible for differences in the results. Details for which the basic information can still be obtained with a reasonable chance of correctness under one system cannot be furnished if another system is employed. The Committee had therefore to find compromise solutions which do not ask for more than can be expected under each of the main systems of recording.

B. DEFINITION OF THE GAINFULLY-OCCUPIED POPULATION.

I. *Definition.*

For the purposes of international classification, any activity for which the person engaged therein is remunerated, directly or indirectly, in cash or in kind, should be considered as a gainful occupation. It does not include housework of members of a family in their own homes, but does include work of members of families in helping the head of the family in his occupation, even though only indirectly remunerated. The activity of persons working in labour camps or in unemployment relief work is to be considered as a gainful occupation.

The particulars given should be based, generally speaking, on the activity exercised at the moment of the census. A person who has in the past exercised a gainful occupation is to be considered as still having that occupation even though, by reason of sickness, injury, vacation or inability to obtain work, he may be temporarily not working at the time of the census.

Young persons of legal working age and not at school who have never actually exercised a gainful occupation are not to be treated as part of the gainfully-occupied population, even though they are seeking work and would be considered among the unemployed in statistics of unemployment. It is, however, desirable that censuses should be so taken and tabulated that the number of young persons so situated can be determined.

II. *Distinctions in the Gainfully-occupied Population required for International Comparison.*

For reasons set forth below under IV, it is essential, in order to render possible international comparability of the aggregate number of the population having a gainful occupation, that the following groups and sub-groups be shown separately among the persons conforming to the definition of section I:

1. Employers, persons working independently, persons working for salaries or wages (administrative staff, wage-earners, apprentices and domestic servants) and all other persons whose occupation does not consist in aiding the heads of their own families in their occupation.
2. Family members whose occupation consists in aiding the heads of their families in their occupation, distinguishing:
 - (a) Housewives of farmers;
 - (b) Housewives of persons having other occupations than that of farming;
 - (c) Other members of families of farmers;
 - (d) Other members of families of persons having other occupations than that of farming.

In making the above classification, a person who works for the head of his family but who receives regular wages therefor is to be classed under group 1.

III. *Persons not considered as gainfully occupied.*

For the same reasons which necessitate the classification set forth in II, it is essential that, among those not conforming to the definition of occupied population, the following groups and sub-groups be shown separately:

1. Members of families of working age and not attending school, whether or not such persons are reported as engaged in housework, distinguishing:
 - (a) Housewives of farmers;
 - (b) Housewives of persons having other occupations than that of farming;

- (c) Other members of families of farmers;
 - (d) Other members of families of persons having other occupations than that of farming.
2. All other persons, including persons living on private means or on public relief—*e.g.*, inmates of prisons, hospitals, sanatoria, asylums, children in homes and similar institutions; children, school-children and students whether living at home or not; aged, sick or disabled persons maintained at home by their families.

IV. *Justification of the Proposed Distinctions.*

The Committee found that the data showing the activities of the population usually collected at censuses have been classified in different countries according to two different systems:

- (1) The first system consists in grouping persons according to their remunerated or non-remunerated activity, or, where desirable, the activity of the head of the family. This system consequently classifies the whole of the population from these standpoints.
- (2) In the second system, the statistics refer chiefly or solely to the population engaged in a remunerated activity; this system consequently gives only very summary information about the rest of the population.

The statistics of the former category sometimes do not acknowledge the notion of "gainfully-occupied population" according to the definition given above. These statistics often make a distinction between a principal activity and a secondary activity, and details of classification by branches of economic activity and personal status are often given only for persons having a remunerated principal activity. In addition, the principal activity is not always necessarily a remunerated activity; for example, the wife of a farmer who devotes the greater part of her time to housework, and a smaller, but still considerable, part to agricultural work, is considered to be a housewife (principal activity) with a remunerated secondary activity. Statistics of the second category include the same example in the "gainfully-occupied population". This being the case, the Committee was of opinion that it was not sufficient to give a logical definition of what is meant by "gainfully-occupied population". The Committee thinks it essential to define what groups of the population should be shown separately in national classifications, in order to allow of regrouping or reconstitution of the gainfully-occupied population on uniform lines.

The definition adopted by the Committee asks countries applying the first above-mentioned system to provide the same details for persons having only a remunerated secondary activity (besides a non-remunerated principal activity¹) as for persons having a remunerated principal activity. These details will allow data to be prepared comparable to those provided by the countries applying the second above-mentioned system, not only for the total figure of the gainfully-occupied population, but also for the different groups of classification by branches of economic activity and by personal status.

As the difficulty of obtaining a complete and accurate statement of the *activities of the agricultural population* is the chief obstacle to international comparisons of gainfully-occupied populations, the Committee recommends that particulars should be given for certain groups of the agricultural population.

Comparison of the statistics of the gainfully-occupied population in the case of agriculture shows that, even in neighbouring countries, where the conditions of life are very similar, the percentage of the agricultural population regarded as "gainfully occupied" varies considerably. The particulars given in the census lists or cards in regard to the aid given to farmers by the members of their families vary even frequently from one census to another, or are found to be indefinite or unconvincing, particularly where it is desired to establish a distinction between principal and secondary activities. It is not therefore easy to separate clearly groups II, 2 (a) and (c) (housewives and other members of farmers' families helping the head of the family in his occupation) from groups III, 1 (a) and (c) (housewives and other members of farmers' families of working age without remunerated activity). In view of the bearing which this may have on the total numbers of the gainfully-occupied population, the Committee believes it to be essential to have information as to the size of group III, 1 (a) and (c) to complement the information given for group II, 2 (a) and (c).

V. *Definition and Classification of the Unemployed.*

The Committee went into the difficult problem of the classification of persons who at the moment of the census are unoccupied owing to lack of work, and decided to recommend their inclusion in the gainfully-occupied population.

In conformity with the general principle according to which information provided should be based on the occupation at the time of the census, unemployed men working in labour camps

¹ Obviously the classification of persons having a remunerated second activity besides a remunerated principal activity is of no interest in this connection.

or on unemployed relief work should be classified according to their occupation at the time of the census (a principle applying also to the classification of soldiers, for example). In view of the great differences existing between the systems for giving unemployed relief adopted by the various countries (establishing labour camps, organising public works, financial help or subsidies to existing industries, and so on), the Committee does not believe that the differentiation of these unemployed from the other "gainfully-occupied persons" would increase the accuracy of international comparisons.

The unemployed, in the above sense of the term, should be classed according to their last occupation. In this case, it seems advisable to indicate the unemployed separately, seeing that the classification by former occupation is liable to give a wrong idea of the importance of some branches of economic activity which are on the decline.

The Committee realises that the above recommendations do not allow of a bird's-eye view of a country's unemployment situation, or of the total number of persons potentially belonging to a particular branch of activity or having a particular occupation. The picture provided by a census, however, can only be of an instantaneous nature and cannot throw light on this problem in all its aspects; for this purpose a census of unemployed would be necessary.

The Committee believes that it would be exceeding the limits of its instructions to propose any combination of an unemployment census with a census of the gainfully-occupied population or to make suggestions on the subject. At the same time, if the particulars concerning unemployment are not checked, the distinction between persons without and those with employment is of very little value for the purpose of international comparisons.

C. THE VARIOUS SYSTEMS OF CLASSIFYING THE GAINFULLY-OCCUPIED POPULATION.

By a recommendation of the International Conference relating to Economic Statistics, the Committee was asked to study the question of systems of classification of the gainfully-occupied population by industry and by personal occupation, and the distribution of the gainfully-occupied population according to occupational status (*i.e.*, employers, employed, etc.). The Committee has accepted the view, already expressed by other conferences of statisticians, that a classification according to the three following principles:

- (a) By branches of economic activity,
- (b) By personal status,
- (c) By individual occupation,

is necessary to obtain an adequate picture of the economic and social structure of the population.

The Committee wishes to emphasise that, from the international point of view, the first two principles should be applied in the form of a cross-classification, subdividing the persons belonging to the same branch of economic activity by their personal status within that branch.

D. CLASSIFICATION BY BRANCHES OF ECONOMIC ACTIVITY.

I. *Object and Nature of this Classification.*

The Committee's recommendations with regard to the classification by branches of economic activity assume that the census lists or cards contain a question, or even several questions, on the nature of the establishment in which the activity is exercised. Information obtained by means of a question regarding the individual occupation only does not enable the grouping recommended from the international point of view to be carried out. On the other hand, a question regarding the individual occupation furnishes supplementary information which is very useful and sometimes even indispensable for grouping persons by branches of economic activity, especially in cases where the same establishment carries on different branches of activity.

The Committee is of the opinion that the main object of a classification by branches of economic activity for the purposes of statistics of the gainfully-occupied population is to show the absolute and relative importance of the various branches of industry.¹ It should be understood that industries are carried on in establishments and that a branch of industry should therefore comprise all the persons occupied in a given kind of establishment regardless of what individual occupation they perform within that establishment. That being so it is the aim of the classification by individual occupations to show how the personnel belonging to a given branch of industry is composed from the point of view of individual occupations and to supply, if desired, total figures for all persons exercising the same individual occupations. The Committee thinks that any procedure under which persons might, on account of their individual occupation, be assigned to another branch of industry than that in which they are actually employed would distort reality, and lead to rather meaningless results from every point of view.

¹ For convenience, the term "industry" is frequently used throughout this statement for all branches of human economic activity.

The Committee wishes to make this point of principle entirely clear, because it is of the utmost importance for the international comparability of the various branches of economic activity and because its practical application involves, in certain cases, great difficulties.

II. Definition of "Establishment".

A classification of persons by branches of economic activity requires, for the reasons set out above, a classification of establishments, which in turn presupposes a definition of the term "establishment".

The term "establishment" is used hereafter not merely for production, transport and commerce, but as covering also all units belonging to other branches of economic activity. For instance, schools, lawyers' and dentists' offices are covered by the term "establishment".

There are three different conceptions of an establishment to be distinguished.

1. The narrowest conception is that which is based on the technique of the work and which considers an establishment as comprising all persons working together under a certain direction and in closely related individual occupations. Under this conception, the furniture repair shop of a public administration, the painting shop of a motor manufacturing plant, the manufacture of wooden models in engineering works would become separate establishments and the persons occupied therein would be assigned, *e.g.*, to the furniture, building and wood-working industries respectively.

2. The second conception is based on the place at which the work is performed and considers all persons working together in the same factory or works as belonging to one and the same establishment.

Under this conception, the above "establishments" (painting shop, furniture repair shop, etc.) would not be recognised as establishments and the persons occupied therein would be assigned to the branch to which the whole factory belongs.

3. The third conception is based on the legal and financial organisation of the enterprise and considers all persons working together under the control of the same concern as belonging to one and the same establishment—*e.g.*, the various branch shops belonging to the same entrepreneur. This conception which is rather important for censuses of industrial and commercial establishments is, in practice, not used for censuses of the gainfully-occupied population and can therefore be disregarded here.

For the reasons outlined above under D, I, the recommendations of the Committee are based on the second conception of an establishment. It is the success or the failure of the factory as a whole which governs the situation of an occupied person; the "technical" establishments as defined under 1 have no independent life of their own. The persons are thus dependent on the development of the branch of industry to which the factory as a whole belongs, and it appears therefore reasonable to show these persons and their individual occupations in the framework of an industrial classification which takes the factory as a whole as the unit to be classified. In addition, this conception is the easiest to follow with the methods of a census of the gainfully-occupied population.

There is no doubt that the practical application of the principle stated above meets with serious difficulties. The Committee finds that the principal difficulty arises in connection with establishments combining a number of different activities. The Committee does not believe that indefinite or defective information as to the nature of an establishment (or of that part of an establishment in which the occupation is carried on) can be improved by the insertion in the census cards or schedules, of a definition of "establishment", however unchallengeable such a definition may be from a theoretical standpoint. The following considerations are therefore intended to serve rather as guiding principles for the preparation of the material than for the collection of the basic data.

In order to ascertain the nature of any given establishment and, if necessary, to allocate the individuals to the different branches of an establishment, the statistical offices are frequently compelled to take the individual occupation as a criterion. Information from other sources (census of establishments, registers of establishments, list of addresses, etc.) may also be useful in this connection.

As international comparisons of the results are largely dependent on this distribution, by branches of establishments, being carried out according to uniform principles in the different countries, the Committee believes it to be desirable to establish uniform rules, or at any rate to indicate general guiding lines, even though a strict application of the rules may sometimes be found very difficult.

The following conditions may lead to the combination of different branches of activity in a single establishment—again on the assumption that all persons working together in the same place, factory, workshop, etc., belong to an establishment:

(1) An establishment may include branches of an accessory character working in connection with the main process of production or forming a part of that process.

Examples. — The manufacture of wooden models in an engineering works, a printing press in a cigarette factory, or painting and upholstering

shops in motor manufacturing works, a small repair shop in a commercial business.

(2) A number of successive stages of production, transformation or distribution are combined in the same establishment.

Examples. — Carding, spinning and weaving may be carried on in one establishment; a mine may be combined with a blast furnace, a rolling mill and an engineering works; an agricultural enterprise combined with a dairy manufacturing cheese, a factory combined with a retail shop (excluding such small establishments as bakers', butchers' shops etc., in which the retail sale is to a large extent carried on by the members of the family of the head of the establishment, who help sometimes in the manufacture and sometimes in the sale. In the case of these establishments, the retail sale should be considered as accessory and consequently assimilated with the cases under (1).

(3) Two branches of economic activity of a different technical character are carried on in the same building and under the direction of the same proprietor without the existence of an economic relationship of the kind mentioned under (1) and (2).

Examples. — A flour-mill and a saw-mill depending on the same motor power, a butcher's shop combined with a hotel, a motor-car sales establishment combined with a repair shop which cannot be considered as accessory.

If combinations of types (2) and (3) above come under the same group in the International Minimum Nomenclature of Industries, it will not affect the international comparison of results whether the different branches are, or are not, shown separately. Where, however, the different branches fall into different groups of the Minimum Nomenclature, the Committee thinks that the persons belonging to each branch should be grouped with that branch. Persons working in a mine, for example, should be shown separately from those working in associated metallurgical or engineering works: but persons working in combined carding, spinning and weaving establishments can be shown together, since the Minimum Nomenclature comprises these branches of industry in a single group.

Combinations of type (1) above should not be split up, and all persons should be classified in accordance with the nature of the principal branch—*e.g.*, persons engaged in the carpentering or upholstering or painting shops of motor manufacturing works should all be classified under the motor industry.

It goes without saying that the splitting-up of different branches of an undertaking creates almost insuperable difficulties in the process of dividing between them the administrative and operative staffs of the services that are common to these different branches. But the effect of uncertainties thus arising on the international comparison of results is small as compared with the effect resulting from the allocation being made according to branches of establishments in one country while in another all persons occupied in an establishment are classified under its principal branch.

It should also be made clear here that the juridical form of ownership does not influence the definition of an establishment. For example, printing works, gasworks and shipyards belonging to a public authority are not to be considered as a branch of "public services"; they should be treated in the same way as private establishments of a corresponding character, but counted separately in the respective groups.

III. *International Minimum Nomenclature of Branches of Economic Activity.*

(See Appendix II.)

I. *Purpose and Length of the Nomenclature.*

The main purpose of an international classification of branches of economic activity is to facilitate the comparison of national statistics. The Committee considers that, in practice, the best means of attaining this purpose would be for every country to give the necessary details for regrouping the items of the national classifications in accordance with an international classification, and for each country to publish the results of this regrouping as a supplement to its own classification.

As regards the length of the nomenclature, there appears to be no logical element determining what degree of subdivision would be sufficient for the purposes of international comparison. There are doubtless problems for which the knowledge of the importance of rather small groups of industries would be required. In addition, one valuable criterion for determining in national classifications the degree to which subdivision should be pursued — namely, the numerical importance of the sub-groups—cannot be used for an international classification. Industries of very little importance in one country may be preponderant in others.

There are certain *arguments in favour of a short list*; it is easier for reasons of space and expense to publish a supplementary table in accordance with a short international nomenclature than with

a long one. A short classification gives a general picture of the economic structure of the country, and experience has shown that all bodies publishing international comparisons of the results of censuses of the gainfully-occupied population use short lists. In addition, the shorter the list, the fewer the difficulties which arise out of the problem of splitting up combined establishments, and the fewer also the difficulties arising out of regrouping the items of the national classification. A short list thus increases comparability.

There are, on the other hand, certain *arguments in favour of a more detailed list*. If the groups are too general, rather different kinds of establishments fall within one and the same group and the results may not be very instructive. If, for example, only the group: "metal-industries" is given, the figures falling under this group may relate in one country mainly to pig-iron and steel and to the other branches of the heavy iron and steel industry and in another to the manufacture of somewhat elaborate metal articles. In such extreme cases, the comparability of the group, "metal industries", in two countries is most doubtful.

In the light of the above considerations, the Committee therefore thought it advisable to provide for a short international nomenclature, offering the possibility of a very general picture of the economic structure of a country if only the nine sections were used, and a somewhat more detailed one if the 41 chapters were used as a basis. The Committee recommends that a supplementary table in accordance with these 41 chapters of the international nomenclature should be published by each country together with the results of its census and that this short list should be regarded as the indispensable minimum. This table should be accompanied by a key indicating which items of the national classification are shown in each chapter.

With regard to the 92 items of the suggested international nomenclature, the Committee thinks it sufficient if the greatest possible number of these items appears in the national classification so long as these items correspond with important branches of activity in the country in question. The essential point is that every country should publish separately the figures for each item of the nomenclature, so that those who wish to make comparisons of individual industries may be able to find the corresponding items.

2. Principles of Classification.

For a broad subdivision of economic activities, there appear to be two main ideas in many national classifications, namely:

(1) A differentiation according to the technical organisation of the production and distribution apparatus (*e.g.*, primary production, manufacturing production, services, etc.). This is a grouping to be looked at mainly from the production point of view.

(2) A grouping in accordance with the final use to be made of the results of the various activities—*i.e.*, a grouping to be looked at mainly from the consumption point of view. Such a grouping—if carried through consistently, and assuming that it can be so carried through—would show what parts of the population are engaged, for instance, in the production or distribution of foodstuffs, clothing, industrial equipment, etc., or how many are working for the various cultural needs, for the internal or external security of the State, etc.

These two principles, although quite distinct in theory, are not always so distinct in practice, as there are many cases in which groups formed on the basis of a special technical organisation (*e.g.*, schools, army and navy) correspond quite well to groups based on the principle of the use of these activities (education, national defence). But there are many fields of human economic activity, more especially in the various branches of the manufacturing industries, where such a coincidence does not exist.

The main principle of grouping adopted by the Committee for the broad framework of the nomenclature is that of the technical organisation of the work in the various establishments and branches of industry. This can best be illustrated by the following scheme:

I. Primary production:

- A. Agriculture, forestry and fishery;
- B. Extraction of minerals.

II. Transforming industries:

- A. Manufacturing industries;
- B. Building and other construction.

III. Services:

- A. Transport and communication;
- B. Commerce;
- C. Personal services;
- D. Public services and other services of social interest.

In the nomenclature itself, the form of presentation has been altered for reasons of convenience. Therefore, only the eight following sections are shown:

- A. Agriculture, forestry and fishery;
- B. Extraction of minerals;
- C. Manufacturing industries;
- D. Building and other construction;
- E. Transport and communication;
- F. Commerce;
- G. Personal services;
- H. Public services and other services of social interest.

To these, a ninth section is added for activities inadequately defined or not reported.

The main principles which can be applied to the *grouping of manufacturing industries* are:

- (1) The nature of the raw materials used;
- (2) The use of the products;
- (3) The technique of the work done.

The Committee has already pointed out in its statement on the principles which have guided it in preparing the "Minimum List of Commodities for International Trade Statistics"¹ that a consistent grouping in accordance with a unique principle leads to results which are far removed from what is commonly recognised, and often organised, as a branch of industry. The arguments given in reference to the grouping of commodities are still stronger when applied in the case of the grouping of establishments.

If an establishment only transforms raw materials and delivers semi-finished products which can be put to very different uses, the "use" principle cannot be applied. If, on the other hand, the establishment delivers articles ready for consumption, the raw-material principle can frequently not be applied, as the finished products are sometimes composed of several different materials.

In addition, as—with some exceptions (food industries, clothing)—the same establishment frequently manufactures products destined for different uses, it appears impossible to attempt any consistent grouping of establishments in accordance with the use of the commodities which they produce. The Committee is of the opinion that the interesting grouping by use can only be attempted if *commodities* are to be grouped (*e.g.*, in trade or production statistics) but not if establishments and the persons occupied in these establishments are to be classified.

There remains the principle of the technique of production. If this is consistently applied as the unique principle, it would result in two main groups:

- (1) Mechanical industries,
- (2) Chemical industries,

but these two techniques are also often simultaneously applied in the same establishment.

The Committee is therefore of the opinion that a compromise solution, similar to that adopted in the "Minimum List of Commodities" should be adopted also for the industrial nomenclature. The grouping of manufacturing industries should be mainly based on a combination of the raw material principle with the technique of work—this combination indeed forms the basis of many establishments—and for the industries producing articles ready for consumption, for which the above principles cannot reasonably be applied, the use of their products should be taken into consideration.

In the sections relating to primary production and manufacturing industries, the order of chapters follows as far as possible the order adopted in the "Minimum List of Commodities for International Trade Statistics".

It should, however, not be overlooked that the correspondence of the nomenclature of industries with the "Minimum List of Commodities" is in many cases only a formal correspondence of headings, but not of contents. For example, the food industries do not produce or manufacture all the commodities covered by the corresponding section of the "Minimum List". The fact that, in the List of Commodities, raw materials which are the products of primary production have often been grouped in the same chapter as semi-finished or finished products of the manufacturing industries renders it impossible to obtain an exact correspondence. This procedure cannot be maintained in a classification, which groups not commodities but persons belonging to the same branch of industry.

E. CLASSIFICATION BY PERSONAL STATUS.

The Committee recommends the following, or a similar, classification, distinguishing between the following groups:

1. Employers: Persons working on their own account with the help of paid assistants or of members of their family.

¹ See Report to the Council on the Work of the Fourth Session, held in 1935 (document C.268.M.136.1935.II.A.10).

2. Persons working alone on their own account (*e.g.*, small craftsmen).
3. Members of families assisting the head of the family in the exercise of his occupation
4. Persons in receipt of salaries or wages:
 - (a) Directors and managers;
 - (b) Employees (administrative and office staff);
 - (c) Workmen, including domestic servants and wage-earners in irregular employment, working for different persons at different times, such as day labourers, dockers, dressmakers working by the day at customers' houses, etc.

If particulars are published for the unemployed, they should be shown separately for the sub-groups of group 4 for each branch of economic activity and also for each individual occupation, if these are shown.

The distinction between the employers in group 1 and the persons in group 2 makes it necessary, in the case of countries which do not take a census of establishments simultaneously with a census of population, for the cards or schedules used for the latter purpose to contain a special question or note so as to determine whether a person employs other persons (including members of his family) or not.

The Committee believes, however, that this distinction will be extremely useful in separating the unstable mass of persons working sometimes in the employ of others and sometimes on their own account (such as small traders, handicraftsmen, etc.) from employers properly so called.

The Committee realises that, generally speaking, there is little reliable information regarding the separation of group 4 (a), "Directors and managers", from other salaried employees. As some countries include directors and managers in the group of "employers", this distinction is important for the compilation of comparable data. It may be noted in this connection that all state and local officials, regardless of their rank in the administration, should be grouped under 4.

The Committee is aware that a clear distinction between directors and managers on the one hand and administrative and operative staffs on the other, which is even a matter of some difficulty in the case of national statistics, cannot for a variety of reasons (differences of laws, conditions of social insurance, etc.) yield results that are altogether satisfactory or suitable for international comparisons. But, as these difficulties arise only in the case of a relatively small proportion of the individuals concerned and as the informative value of the distinction is very considerable, the Committee felt that such a distinction should be recommended.

The Committee is of the opinion that the above classification by personal status, which corresponds in the first instance with the status of persons occupied in agriculture, mining and manufacturing industries and commerce, should be consistently applied to all branches of economic activity in order to enable the compilation of total figures for the various groups. Although totals, without subdivisions by branches of economic activity, have not very much significance for groups 1, 2 and 4 (a), it appears to be rather important to have total figures for groups 3, 4 (b) and 4 (c).

F. CLASSIFICATION BY INDIVIDUAL OCCUPATIONS.

In view of the mandate which it received by recommendation IV of the International Conference relating to Economic Statistics, the Committee discussed in much detail the different possibilities of classification of individual occupations for international purposes—viz.:

- (a) The classification of the entire occupied population according to the nature of their personal occupations;
- (b) The preparation of a restricted list including only relatively well-defined occupations;
- (c) The enumeration of the important occupations within each branch of economic activity.

As in all cases the grouping must be based on the indications contained in the census schedules or cards, it is almost inevitable to group together persons giving the same description of their occupation, even though their occupational qualifications may differ considerably. The differences which thus arise in the case of national statistics are emphasised in the case of international statistics, since similar descriptions frequently indicate occupations very different in character.

With regard to the first alternative, the classification of the entire occupied population according to their individual occupations, the Committee believes that a consistent application of this principle is hardly possible. If it is tried, there would remain an enormous miscellaneous group of persons, mainly unskilled or semi-skilled workers, who could not be separately grouped according to their individual occupation. Even if it were possible to obtain by the census schedules a detailed description of the kind of work performed, such a grouping would have little significance from the international point of view and would yield no information in addition to that which can be obtained under the scheme recommended below by the Committee. The Committee is, moreover, of opinion that the greater part of the occupied population is sufficiently clearly described by its place in the classification by industries and by the status held in the establishments.

The Committee further discussed the possibility of grouping workers according to whether they are skilled, semi-skilled or unskilled; but the experience of several countries has clearly shown that no such grouping is possible on the basis of the descriptions of their occupations given by the individuals enumerated. The object in view is more likely to be attained by securing information from the employers—*e.g.*, in connection with censuses of establishments or censuses of production.

For all these reasons, the Committee believes that it is neither practical nor desirable to prepare a detailed draft nomenclature of occupations.

As personal occupations appear to the Committee to be of more interest for national than for international purposes and as differences of fact in different countries cannot be overcome by uniform definitions, the Committee also abstained from preparing a restricted list including only relatively well defined occupations.

For national purposes, the best solution, in the Committee's opinion, is a classification of type (c) above, supplemented by a restricted list of occupations that are common to a number of different industries: the figures given for each such industry can easily be aggregated.

G. CLASSIFICATION OF THE GAINFULLY-OCCUPIED POPULATION BY SEX, AGE AND MARITAL STATUS.

The Committee recommends that, for each chapter of the classification by branches of economic activity, and for each group of the classification by occupation, the gainfully-occupied population should be subdivided first of all by sex. The data for each sex should then be subdivided according to age and marital status.

The grouping by age should include at least the following groups:

- (a) Under 15 years of age,
- (b) 15-19 years of age,
- (c) 20-64 years of age (if possible with subdivisions into groups of five or ten years),
- (d) 65 years of age or over.

The groups—under 15 years of age and 65 years of age or over—are principally designed to separate the gainfully-occupied population of working age from young persons and aged persons.

The Committee is of the opinion that for the purpose of international comparisons it is essential to have total figures for the two groups (a) and (d) but that details as to branches of economic activity and personal status which are of great importance for groups (b) and (c) appear to be of less importance for groups (a) and (d).

The grouping by marital status should show at least the unmarried group (bachelors and spinsters).

APPENDIX II.

DRAFT MINIMUM NOMENCLATURE OF INDUSTRIES.

PART A. — SECTIONS AND CHAPTERS.

SECTION A. — AGRICULTURE, FORESTRY AND FISHERY.

- I. Agriculture and stockbreeding.
- II. Forestry, hunting and trapping.
- III. Fishery.

SECTION B. — EXTRACTION OF MINERALS.

- IV. Extraction of coal, ores and other minerals, n.e.s.
- V. Extraction of stone and other construction materials.

SECTION C. — MANUFACTURING INDUSTRIES.

- VI. Manufacture of Food.
- VII. Beverage industries.
- VIII. Tobacco industries.
- IX. Manufacture of animal and vegetable oils and fats, including margarine.
- X. Chemical industries, n.e.s.
- XI. Manufacture of rubber, other than clothing and footwear.
- XII. Manufacture of wood and cork.
- XIII. Pulp and paper mills; manufacture of paper articles.
- XIV. Printing and bookbinding; photography.
- XV. Leather industries.
- XVI. Textile industries.
- XVII. Manufacture of wearing apparel (of all materials) and of made-up textile goods, n.e.s.
- XVIII. Production and supply of electricity, gas and heat; water supply.
- XIX. Manufacture of mineral fuels.
- XX. Manufacture of non-metallic minerals, n.e.s.
- XXI. Smelting, casting, rolling, forging and drawing of base metals.
- XXII. Manufacture of articles of base metals, n.e.s.
- XXIII. Manufacture of machinery, including all electrical appliances, means of transport by land, water and air.
- XXIV. Manufacture of instruments, clocks and watches, and jewellery.
- XXV. Miscellaneous manufacturing industries.

SECTION D. — BUILDING AND OTHER CONSTRUCTION.

- XXVI. Building and other constructional work, including repair and maintenance, n.e.s.

SECTION E. — TRANSPORT AND COMMUNICATIONS.

- XXVII. Land transport.
- XXVIII. Water and air transport.
- XXIX. Communications.

SECTION F. — COMMERCE.

- XXX. Wholesale and retail trade.
- XXXI. Finance, banks, insurance.
- XXXII. Various agencies and mixed agencies.

SECTION G. — PERSONAL SERVICES.

- XXXIII. Hotels and restaurants, cafés.
- XXXIV. Undertakings for cleaning and maintenance, care of the person.
- XXXV. Private family services.
- XXXVI. Recreation and amusement, sport.

SECTION H. — PUBLIC SERVICES AND OTHER SERVICES OF SOCIAL INTEREST.

- XXXVII. Medical and hygienic services.
- XXXVIII. Education, religion, arts and sciences, n.e.s.
- XXXIX. National defence.
- XL. Public services, n.e.s., and other services of general interest.

SECTION J. — ACTIVITIES INADEQUATELY DEFINED OR NOT REPORTED.

- XLI. Activities inadequately defined or not reported.

PART B. — SECTIONS, CHAPTERS AND ITEMS.

Note. — The enumerations of branches of economic activity given under each item are not to be regarded as complete, they refer, in principle, only to cases in which doubts may arise as to the allocation.

SECTION A. — AGRICULTURE, FORESTRY AND FISHERY.

I. I. Agriculture and Stock-breeding.

To include:

Farming, including arboriculture, gardening and stock-breeding;
and, *inter alia*:
Poultry farms, bee-keeping, silkworm-breeding; plantation of rubber.

II. 2. Forestry, Hunting and Trapping.

To include, *inter alia*:

Felling and cutting of trees, wood-barking; rafting of logs;
Extraction of turpentine, resins, gums, and wild rubber;
Charcoal burning.

III. 3. Fishery.

To include:

Sea and inland-water fishing;
and, *inter alia*:
Whale-fishing and seal-hunting;
Fishing of crustaceans and molluscs; fish hatcheries.

SECTION B. — EXTRACTION OF MINERALS.

IV. Extraction of Coal, Ores and Other Minerals.

4. Coal and lignite.
5. Iron ores.
6. Other metal ores, including precious metals.
7. Oil and natural gas.
8. Extraction of non-metallic minerals, n.e.s.

To include, *inter alia*:

Amber, asbestos, asphalt, mineral waxes, natural ice, graphite, guano, mica, sodium nitrate, phosphate rock, salt, potash salt, sulphur, peat.

V. 9. Extraction of Stone and Other Construction Materials.

To include, *inter alia*:

Building stone, slate, clay, gypsum, chalk, gravel, sand.

SECTION C. — MANUFACTURING INDUSTRIES.

VI. Manufacture of Food.

10. Slaughtering, preparation and canning of meat.
11. Manufacture of butter, cheese and condensed milk.
12. Preparation and canning of fish, crustaceans and molluscs.
13. Grain milling and preparation of cereals.

To include, *inter alia*:

Rice milling, manufacture of macaroni and similar alimentary pastes.

14. Bakeries.
15. Canning and preserving of fruits and vegetables.
16. Canning and preserving of miscellaneous, mixed or unspecified foods.
17. Sugar factories and refineries.
18. Manufacture of cacao, chocolate and sugar confectionery, chewing-gum.
19. Other food industries, n.e.s.

To include, *inter alia*:

Roasting and preparation of coffee;
Manufacture of mustard; manufacture of vinegar.

VII. 20. **Beverage Industries.**

To include, *inter alia* :

Spirit distilleries;
Preparation of wine and fruit juices;
Breweries and malt-kilns;
Manufacture of aerated water;
Bottling of mineral waters;
Manufacture of artificial ice.

VIII. 21. **Tobacco Industries.**

IX. 22. **Manufacture of Animal and Vegetable Oils and Fats, including Margarine.**

X. 23. **Chemical Industries, n.e.s.**

To include, *inter alia*, manufacture of:

Chemical elements and compounds;
Chemical fertilisers, explosives;
Dyeing and tanning materials, paints and varnishes;
Pharmaceutical products;
Soaps, cosmetics and perfumery;
Candles;
Photographic materials (films, plates, papers);
Matches.

XI. 24. **Manufacture of Rubber, other than Clothing and Footwear.**

To include, *inter alia* :

Production and manufacture of recovered and of synthetic rubber and of rubber substitutes.

XII. **Manufacture of Wood and Cork.**

25. Saw-milling.
26. Builders' woodwork and furniture factories, including basket-work furniture.
27. Other manufactures of wood, cork and basket ware, n.e.s.

XIII. **Pulp and Paper Mills; Manufacture of Paper Articles.**

28. Pulp and paper mills.
29. Manufacture of articles of paper.

XIV. **Printing and Bookbinding, Photography.**

30. Printing and bookbinding and related industries.

To include, *inter alia* :

Engraving, including photo-engraving for printing purposes, lithography;
Publishing of books, newspapers and periodicals.

31. Photography.

To include mainly photographic studios.

XV. **Leather Industries.**

32. Tanning and dressing of leather, fur-dressing.
33. Manufacture of leather articles except footwear and other wearing apparel.

To include, *inter alia* :

Manufacture of machine-beltting;
Artificial leather;
Fancy leather goods;
Trunks and travellers' bags of all materials.

XVI. **Textile Industries.**

34. Manufacture of artificial textile fibres.
35. Cordage and twine factories.

36. **Manufacture of textile yarns and fabrics, n.e.s.**
To include, *inter alia* :
Carding, combing, spinning, weaving, bleaching, dyeing, printing and finishing of yarns and fabrics;
Manufacture of tapes, ribbons and other small-wares;
Lace and embroidery;
Manufacture of carpets and rugs;
Coated, impregnated and other special textile fabrics;
Manufacture of felt, elastic webbing and of articles of mixed textile and metal fibres.
- XVII. **Manufacture of Wearing Apparel (of All Materials) and of Made-up Textile Goods, n.e.s.**
37. **Manufacture and repair of wearing apparel (other than footwear) of all materials.**
To include leather, fur and water-proofed garments
and, *inter alia* :
Knitted fabrics and knitted articles of all kinds;
Manufacture, decoration and repair of hats, caps and bonnets, including small millinery shops;
Manufacture of artificial flowers and of umbrellas.
38. **Manufacture and repair of footwear of all materials.**
39. **Manufacture of made-up textile articles other than clothing.**
To include, *inter alia* :
Handkerchiefs, bed and table linen;
Manufacture and repair of bags and sacks for packing.
- XVIII. **40. Production and Supply of Electricity, Gas and Heat; Water Supply.**
- XIX. **Manufacture of Mineral Fuels.**
41. **Coke works and briquette factories.**
42. **Petroleum refineries.**
- XX. **Manufacture of Non-metallic Minerals, n.e.s.**
43. **Manufacture of fine pottery, china and earthenware.**
44. **Manufacture of glass.**
45. **Manufacture of other non-metallic minerals.**
To include, *inter alia* :
Articles of baked clay (other than fine pottery);
Stoneware and artificial stone;
Cement, lime and plaster.
- XXI. **Smelting, Casting, Rolling, Forging and Drawing of Base Metals.**
46. **Iron and steel.**
47. **Non-ferrous base metals.**
- XXII. **48. Manufacture of Articles of Base Metals, n.e.s.**
- XXIII. **Manufacture of Machinery, including all Electrical Appliances, Means of Transport by Land, Water and Air.**
- Note.* — Manufacture of parts of machinery, vehicles, etc., to be included in the same group as corresponding complete machines, etc.
49. **Manufacture and repair of machines, apparatus and appliances, n.e.s., other than electrical (including fire-arms).**
50. **Manufacture and repair of electrical machinery, apparatus and appliances, n.e.s.**
51. **Manufacture and repair of ships and boats.**
52. **Manufacture and repair of rolling stock and equipment for railways and tramways.**
To include, *inter alia* :
Signalling and other track equipment (*not including* axles, wheels, rails and other products of the heavy iron and steel industry).

53. Manufacture and assembling of motor vehicles, motor-cycles, and pedal-cycles.

To include, *inter alia* :

Motor tractors, trolley-buses.

54. Repair of motor vehicles, motor-cycles and pedal-cycles.

55. Manufacture and repair of aircraft.

56. Manufacture and repair of other vehicles.

XXIV. **Manufacture of Instruments, Clocks and Watches, and Jewellery.**

57. Manufacture of scientific, medical and optical instruments.

58. Manufacture of clocks and watches.

59. Manufacture of jewellery and related articles.

To include, *inter alia* :

Articles of precious metals;

Cutting of precious and semi-precious stones;

Imitation jewellery and similar fancy articles;

Striking of metals and coins.

60. Manufacture of musical instruments, including phonographs and records.

XXV. **Miscellaneous Manufacturing Industries.**

61. Manufacture of toys, games and sports goods (except fire-arms).

62. Fancy carved and moulded articles.

To include, *inter alia* :

Buttons and studs;

Fancy carved and moulded articles of bone, ivory, horn, amber, shell and artificial plastic materials (galalith, becalite, etc.);

Pipes, cigar and cigarette holders.

63. Brooms and brushes.

64. Other and unknown or ill-defined manufacturing industries.

SECTION D. — BUILDING AND OTHER CONSTRUCTION.

XXVI. 65. **Building and Other Constructional Work, including Repair and Maintenance, n.e.s.**

To include, *inter alia* :

Architects' offices, consulting engineering, land surveyors;

Cutting of stones for construction and monuments;

Road construction;

Railway construction, mine and well sinking;

Gas and water fitting;

Floor-laying, paper-hanging, painting and decorating;

Glass and other roofing, windows;

Façade-cleaning;

Demolition of buildings.

SECTION E. — TRANSPORT AND COMMUNICATIONS.

XXVII. **Land Transport.**

66. Railways.

To include, *inter alia* :

Dining- and sleeping-car companies.

67. Street railways and special types of railways.

To include, *inter alia* :

Subway railroads;

Cable tramways;

Cog-wheel railways;

Teleferage transport.

68. Other road transport.

To include, *inter alia* :
Operation of omnibuses and cabs, garages;
Removal and carting enterprises.

XXVIII. Water and Air Transport.

69. Water transport.

To include, *inter alia* :
Organisation of waterways;
Shipping companies;
Harbours, docks, lighthouses, canals;
Loading and discharging of vessels;
Tug, barge, lighter, boat-services, salvage;
Wreck-raising, ice-breaking.

70. Air transport.

To include, *inter alia* :
Air ports.

XXIX. Communications.

71. Post, telegraph and telephones, wireless stations.

SECTION F. — COMMERCE.

XXX. 72. Wholesale and Retail Trade.

To include, *inter alia* :
Commodity exchanges;
Department stores, general shops;
Co-operative shops;
Hawking and street-selling;
Filling stations (motor spirit);
Storage.

XXXI. Finance, Banks, Insurance.

73. Banking and financial business, n.e.s.

To include, *inter alia* :
Stock exchanges, clearing-houses;
Exchange offices;
Credit associations;
Trust companies, investment trusts;
Savings banks;
Pawnbroking.

74. Insurance.

Note. — To include only private insurances and their agencies (compulsory social insurances under the direct management of public authorities—sickness, invalidity, accidents, unemployment—are classified under 90).

XXXII. 75. Various Agencies and Mixed Agencies.

To include, *inter alia* :
House and estate agencies;
Auctioneering;
Advertising agencies;
Typewriting and translation offices, etc.;
Hiring of various objects, including films;
Accountancy and bookkeeping;
Travellers' and emigration agencies;
Messenger services;
Railway-wagon hire agencies;
Enquiry and matrimonial agencies;
Theatrical agencies;
Night-watching services.

SECTION G. — PERSONAL SERVICES.

XXXIII. 76. Hotels and Restaurants, Cafés.

To include, *inter alia*:
Lodging- and boarding-houses;
Bars, clubs.

XXXIV. Undertakings for Cleaning and Maintenance, Care of the Person.

77. Undertakings for cleaning and maintenance.

To include, *inter alia*:
Managing and upkeep of apartment-houses;
Vacuum-cleaning, carpet-beating;
Cleaning of apartments; chimney-sweeping
Laundries, dry-cleaning;
Shoe-polishing.

78. Care of the person.

To include:
Barbers, hairdressing, manicure, baths.

XXXV. 79. Private Family Services.

To include all family service (housekeepers, companions, private servants, domestics, drivers, gardeners, etc.);
Caretakers.

Note. — In countries where domestics in farmers' households are not grouped as occupied in agriculture, it is essential to sub-divide this chapter into:

- (a) Domestic service in farmers' households;
- (b) Other private family services.

XXXVI. Recreation and Amusement, Sport.

80. Musical, theatrical and cognate performances.

To include, *inter alia*:
Theatres, cinemas;
Concert halls, music halls;
Orchestras, bands;
Dance halls, exhibitions, amusement parks;
Cabaret entertainment, circuses;
Broadcasting studios.

81. Production of motion-picture films.

82. Sport.

To include, *inter alia*:
Guides (mountaineering);
Tennis, ski, swimming schools;
Hiring of pleasure boats, hunters;
Racing;
Sports grounds, tennis courts;
Swimming-baths.

SECTION H. — PUBLIC SERVICES AND OTHER SERVICES OF SOCIAL INTEREST.

XXXVII. Medical and Hygienic Services.

83. Medicine and care of the sick and infirm.

To include, *inter alia*:
Doctors with private practices;
Dentistry;
Midwifery;
Hospitals, homes, sanatoria, crèches, homes for the aged, asylums for the insane and feeble-minded (staff only);
Veterinary services.

Note. — Pharmacies should be included either here or under Trade (72) according to the character of their business in each country.

84. Funeral undertaking, cemeteries, crematoria.

85. Other hygienic services.

To include, *inter alia* :

Cleaning of streets;

Disinfection, etc.;

Knackers.

XXXVIII. Education, Religion, Arts and Sciences, n.e.s.

86. Institutions for education and instruction.

To include, *inter alia* :

Orphanages.

87. Arts, Sciences, n.e.s.

To include, *inter alia* :

Botanical and zoological gardens;

Museums, libraries, scientific research institutions;

Meteorological services;

Literature and musical composition;

Painters, engravers, and sculptors.

88. Religion.

To include, *inter alia* :

Convents and monasteries;

Private religious societies;

Salvation Army;

Theosophic societies.

Note. — Hospitals, schools, etc., managed by religious orders, should be grouped with the corresponding establishments under lay management.

XXXIX. 89. National Defence.

XL. Public Services, n.e.s., and Other Services of General Interest.

90. Public services, n.e.s.

To include, *inter alia* :

Central and local governments;

Diplomatic service;

Financial and Customs administration;

Security and police services;

Fire brigades;

Courts of justice, prison staffs;

Compulsory public social insurances;

Public employment exchanges.

91. Other services and organisations of general interest.

To include, *inter alia* :

Private practice at the law;

Organisations for the promotion of business, economic and political interests;

Chambers of commerce and other similar organisations;

Political party organisations;

Secretariats of trade unions;

Secretariats of associations for promotion of agriculture, industry, trade, finance, etc.;

Organisations for charitable purposes.

SECTION J. — ACTIVITIES INADEQUATELY DEFINED OR NOT REPORTED.

XLI. 92. Activities inadequately defined or not reported.

Appendix III

SPECIMEN TABLES.

TABLE I. — GAINFULLY-OCCUPIED AND NOT GAINFULLY-OCCUPIED POPULATION.

Groups	Male	Female	Total
I. Gainfully-occupied population:			
1. Employers, employees and independent workers (including unemployed).			
2. Family members aiding the heads of their families:			
(a) Housewives of farmers			
(b) Housewives of persons having other occupations than that of farming			
(c) Other members of families of farmers			
(d) Other members of families of persons having other occupations than that of farming			
Total I			
II. Persons not considered as gainfully occupied:			
1. Members of families of working-age which are not engaged in a remunerated activity:			
(a) Housewives of farmers			
(b) Housewives of persons having other occupations than that of farming			
(c) Other members of families of farmers			
(d) Other members of families of persons having other occupations than that of farming			
2. All other persons			
Total II			
III. Total population (Total I + II)			

TABLE 2. — CLASSIFICATION OF THE GAINFULLY-OCCUPIED POPULATION.

9 sections and 41 chapters of the minimum nomenclature of branches of economic activity Groups by personal status	Male						Female						Total (Columns 5 + 11)
	below 15 years	15-19 years	20-64 years	65 years or more	Total	of which bachelors	below 15 years	15-19 years	20-64 years	65 years or more	Total	of which spinsters	
	1	2	3	4	5	6	7	8	9	10	11	12		13
SECTION A. — AGRICULTURE, FORESTRY AND FISHERY.													
I. Agriculture and stockbreeding.													
1. Employers													
2. Persons working alone for their own account													
3. Members of families assisting the head of the family													
4. Persons in receipt of salaries or wages ¹													
of which:													
(a) Directors and managers													
(b) Employees													
(c) Workers													
Total I													
II. Forestry, Hunting and Trapping.													
1. Employers													
etc.													
III. Fishery.													
1. Employers													
etc.													
TOTAL SECTION A.													
1. Employers													
etc.													
SECTION B. — EXTRACTION OF MINERALS.													
IV. Extraction of coal, ores and other minerals													
1. Employers													
etc.													
GAINFULLY-OCCUPIED POPULATION (SECTIONS A-J).													
1. Employers													
etc.													
TOTAL GAINFULLY-OCCUPIED POPULATION													

¹ If particulars are published for the unemployed, they should be shown separately for group 4 and its sub-groups.

Geneva, May 1st, 1937.

LEAGUE OF NATIONS

FINANCIAL COMMITTEE

**REPORT TO THE COUNCIL ON THE WORK
OF THE SIXTY-FOURTH SESSION OF THE COMMITTEE**

(Geneva, April 26th-30th, 1937.)

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INTRODUCTION.

The Financial Committee has the honour to submit to the Council the following report on the various questions with which it has dealt during this session.

The following members were present:

- | | |
|--------------------------------|--|
| M. DAYRAS (<i>Chairman</i>); | Sir Otto NIEMEYER; |
| M. BRAMNAES; | M. POSPIŠIL; |
| M. JANSSEN; | M. RIEFLER; |
| M. TER MEULEN; | M. BLAU, delegate of the Fiscal Committee. |
| M. MLYNARSKI; | |

There were also present:

1. *For Austrian questions:*

- Dr. NEUMAYER, Federal Minister of Finance;
Dr. KIENBÖCK, President of the Austrian National Bank.

2. *For Bulgarian questions:*

- M. MOMTCHILOFF, Permanent Delegate to the League of Nations;
M. CHEYSSON, Commissioner of the League of Nations in Bulgaria;
Professor KÖSTNER, Adviser to the National Bank of Bulgaria.

3. *For Hungarian questions:*

- Dr. FABINYI, Minister of Finance;
Dr. BARANYAI, General Manager of the National Bank of Hungary;
Mr. TYLER, Representative of the Financial Committee in Hungary.

I. FALSIFICATION OF DOCUMENTS OF VALUE.

The attention of the Committee has been drawn again to cases of the falsification of documents of value (shares, bonds, coupons, cheques, letters of credit, bills of exchange, etc.).

In execution of a request by the Council to consider the desirability of preparing an international convention for the suppression of counterfeiting securities similar to that regarding currency adopted in 1929, the Committee has already solicited the opinion of various competent bodies. Further, on its suggestion, the Council addressed a letter to Governments (C.L.288.1930.II) asking for information regarding their legislation. Some thirty-five Governments replied and the Committee requested the Minister of Roumania at The Hague, M. Pella, who took a prominent part in drafting the 1929 Convention, to study these replies on its behalf. At its present meeting, M. Pella was good enough to explain the legal issues as they emerged from these replies. A summary of his statement is annexed to this report.

In the light of all the evidence at its disposal, the Committee has reached the conclusion that international action to prevent fraud of this sort is likely to prove of value. To this end it suggests that the Council might consider it appropriate to appoint a small committee of lawyers who, together with one or two members of the Financial Committee, should prepare a detailed report on the question and, if possible, a draft convention or protocol to the existing Convention with reference to the counterfeiting of currency. If the Council agrees to make the nominations suggested, the Committee would be glad to afford the mixed body to which it has just referred all the assistance in its power. Meanwhile, it proposes to ascertain what technical precautions against falsification and other measures are being followed, and will, if necessary, deal with this aspect of the question in a subsequent report.

II. RURAL LIFE.

The Committee has had before it the report adopted by the Council on January 25th, 1937, with reference to the proposed Conference on Rural Life. As no final decision concerning this conference has yet been reached, it thinks it should confine its observations to indicating those questions of a financial order likely to interest rural communities which, in its opinion, might most usefully be studied.

The experience of recent years has gone to show that the systems of agricultural credit in many countries have been particularly vulnerable to the shock caused by the wide fluctuations in the prices of agricultural products. The Committee suggests, therefore, that an enquiry into national agricultural credit systems with a view to laying down certain fundamental principles might yield valuable results. Such an enquiry should cover mortgage legislation and co-operative credit systems, and might with advantage be accompanied by a parallel enquiry into agricultural insurance.

III. HOUSING.

The Committee has also had before it the resolution adopted by the seventeenth Assembly on October 8th, 1936, in which the Council is asked to invite the Economic and Health Committees and the International Labour Office to establish a suitable collaboration with a view to submitting to the next ordinary Assembly a general report on the question of urban and rural housing. As this problem, in so far as it is not one of public health, is primarily one of economic policy, it has requested one of its members to assist the Economic Committee in the preparation of the report demanded.

IV. AUSTRIA.

The Committee examined the financial situation of Austria with the Austrian Minister of Finance, Dr. Neumayer, and the President of the Austrian National Bank, who were accompanied by Dr. Rizzi and Dr. Stangelberger, of the Ministry of Finance.

The situation of the public finances is fully set out in the second report of the Financial Organisation of the League of Nations. The Committee draws particular attention to the following points:

- (a) The 1936 ordinary budget closed with a small surplus.
- (b) The 1937 budget was profoundly modified by the Government's decision to embark on an enlarged programme of public expenditure to be covered by various credit operations.
- (c) An internal loan (180 millions nominal) carrying a considerably lower rate of interest than previous loans, and expressed in "schillings" without any gold or gold-value clause, was issued last February and has been almost entirely absorbed by the market. It is expected that,

by this loan and by the normal flow of ordinary revenue, the expenditure foreseen in the 1937 budget can be covered, provided expenditure is not further expanded.

(d) Austria's foreign bonded debt has been reduced from 1,651 millions on January 1st, 1934, to some 1,283 millions at the end of the present year. During the same period, the internal debt has increased from 1,518 to 2,209 millions—i.e., by nearly 50%.

(e) The situation of the National Bank has not shown important modifications during the period under review.

(f) Tourist traffic is higher than last year. Production and foreign trade are expanding, whilst unemployment is showing a more than seasonal reduction. The country is benefiting from the recovery taking place in other parts of the world.

V. BULGARIA.

The Financial Committee considered the situation in Bulgaria with M. N. Momtchiloff, Permanent Delegate of Bulgaria to the League of Nations.

It heard M. P. Cheysson, Commissioner of the League of Nations in Bulgaria, and M. N. Köstner, Adviser to the National Bank of Bulgaria, and took note of the forty-second report of the League of Nations Commissioner, of a statement on the financial situation of Bulgaria by the Finance Minister and of a statement on the position of the Bulgarian Public Debt by the Director-General of the Public Debt.

1. The results of the State and Railways budgets for 1936 are as follows:

	State	Railways	Total
	(In millions of leva)		
Revenue	6,468.8	1,362.2	7,831.0
Expenditure	6,187.0	1,361.1	7,548.3
Surplus	281.8	0.9	282.7

This surplus is merely apparent, the 1936 budget having been credited with the proceeds of a loan amounting to 298.5 millions. These proceeds were applied to defraying expenditure, most of which will recur in 1937 and the following years, and which should therefore have been paid out of the ordinary budgetary funds for 1936, as will be the case in 1937. This could have been done, since the 1936 budget surplus is approximately equal to the amount of the expenditure in question, and a loan would thus have been avoided which now seems to have been unnecessary.

2. The comparative table of Bulgarian budgets given in the Financial Committee's sixty-first report submitted to the Council of the League of Nations in May 1936 can be amplified as follows:

(In millions of leva.)

	1932/33		1933/34		1934 (9 months)		1935		1936		1937
	Estimates	Results	Estimates	Results	Estimates	Results	Estimates	Results	Corrected estimates	Results	Estimates
Expenditure	7,485.9	6,607.1	6,982.2	6,495.9	5,059.5	5,138.1	7,388.8	6,891.9	7,902.5	7,548.3	8,463.3
Revenue	7,393.7	5,856.1	6,981.5	6,263.0	4,996.0	4,888.3	6,970.7	6,613.9	7,862.1	7,831.0	8,463.3
Surplus or deficit.	-92.2	-751.0	-0.7	-232.9	-63.5	-249.8	-418.1	-278.0	-40.4	+282.7 ¹	—

Actually, the 1935 budget, which closed with a deficit of 278 millions, was credited with 621 millions of extraordinary revenue and left 315.5 millions unpaid, so that the real deficit amounted to 936.5 millions. A comparison of the 1936 with the 1935 results shows the favourable effects produced on the administration of the budget by the improvement in the general economic situation. Contrary, therefore, to what might have been feared, the revenue collected during the year reached the figures of the estimates.

The 1936 budget estimates included in the table published in the Financial Committee's report already mentioned were 305.6 millions below the amended estimates given above. The original budget for 1936 was, in point of fact, amplified and revised as a result of a number of amendments made during the year. The Financial Committee has already had occasion to draw the Bulgarian Government's attention to the drawbacks of this method of procedure. Supplementary credits, if they are found essential, should be limited as far as possible both in volume and in number.

¹ Including loans amounting to 298.5 millions.

3. The comparative cash position of the last financial periods is approximately as follows:

End of the financial period	Debit or credit balance at the Treasury	Extra-budgetary funds (Treasury bonds and miscellaneous)	Surplus revenue or expenditure arrears
		(In millions of leva)	
1932/33	- 1,614.2	562.7	- 1,051.5
1933/34	- 1,284.4	713.8	- 570.6
1934/35	- 820.4	440.7	- 379.7
1935	- 657.7	775.3	-
1936	+ 117.6	67.2	+ 282.7

Thus, on January 31st, 1937, at the end of the financial year 1936, the Treasury had a balance at the National Bank of Bulgaria amounting to $117.6 + 67.2 + 282.7 = 467.5$ millions.

4. On March 31st, 1937, the amount of Treasury bonds issued and discounted was 591.7 millions, as compared with 1,632 millions at the end of March 1936. This fall, however, is more apparent than real; for, on the strength of the authorisations given by the Council of the League of Nations in January last, bonds to the value of 1 milliard were added to the State's current-account debt to the Bank, which now amounts to 3,551.5 millions. The bonds issued in connection with material supplied to the State, the Railways and the City of Sofia, amounting to 872 millions, and the bonds issued for the untransferred service of external loans, amounting to 177.7 millions, are not included in the above figures.

Since the beginning of the year, the Finance Minister has refunded 55 millions of Treasury bonds; he would be well advised to take advantage of the existing abundance of funds in the Treasury, due partly to the loan proceeds above mentioned, by making repayments on a larger scale. This would mean, not only a saving of interest to the Treasury, but also a resumption of redemption of the State debt to the National Bank, which was suspended only because of the serious budgetary difficulties experienced last year; the provision in the statutes of the National Bank for an annual lump-sum reduction of the State debt by an amount of 100 millions has not been abrogated.

5. The revenue and expenditure of the 1937 budget balance: the following table compares the estimates and actual results in 1936:

	REVENUE (In millions of leva)			EXPENDITURE (In millions of leva)		
	1936 Results	1937 Estimates	Difference compared with 1936	1936 Results	1937 Estimates	Difference compared with 1936
State budget	6,468.8	6,912.9	+ 444.1	6,187.0	6,912.9	725.9
Railways budget	1,362.2	1,550.4	+ 188.2	1,361.3	1,550.4	189.1
Total	7,831.0	8,463.3	+ 632.3	7,548.3	8,463.3	915.0

The 1937 budget estimates provide for no fresh taxation. Fresh revenue amounting to 293 millions is anticipated in the budgets of the State and the Railways consequent on an improvement in the ordinary revenue for 1936; this assumes that the favourable economic position in 1936 will continue in 1937 and that the results of the new fiscal regulations applied for a few months in 1936 will continue over a year. The surplus of 339 millions in the 1937 budget will be derived from extraordinary revenue derived, *inter alia*, from the minting of coin, the payment to the budget of the National Bank's profits and part of the profits of the Cereal Board and the utilisation of 134.5 millions of the 1936 cash surplus, derived partly from the loan proceeds already referred to.

As regards financial administration, the Committee wishes, in conclusion, to point out that the 1937 Finance Act embodies a number of improvements in the system of public accountancy and simplifications in the form in which the budget is presented.

6. As mentioned above, the economic situation has improved and satisfactory progress is still observable. The impetus given by the good harvest of last year, the realisation of which is proceeding at higher world market prices, is reflected in higher export and import figures, an increased favourable balance of foreign trade and a corresponding improvement in the *Devisen* position of the National Bank. No important changes have been made in the foreign-exchange regime of the country during the period under review. The quasi-free exchange market in *Devisen* derived from compensation trade has now apparently been definitely established and

an active intervention of the National Bank in this market has kept the premiums practically stable.

In spite of the improved market conditions, the quotas rigorously imposed by many countries and the attempts to enforce a bilateral balancing of trade still obstruct the normal development of the country's foreign-trade relations.

7. The expanding monetary circulation seems to correspond to the increased scope of commercial activities. The Committee has been informed, however, that the Ministry of Finance has placed an order of 220 million leva of new 100-leva coins and is contemplating another order of 30 million leva of 50-stotinki. These orders go beyond the recommendations of the Financial Committee, which were limited to 110 millions, and, if these coins are put into circulation, they will inflate the amount of subsidiary coins beyond the limit of 300 leva per head of the population (on the basis of the last census), as provided for in the Monetary Law. The Committee expresses the hope that the new coins will be put into circulation only in amounts corresponding to the effective requirements of the National Bank and that the legal maximum will not be exceeded.

8. From the examination of applications under the Debtors' Relief Scheme, which is now nearing completion, it appears that the total of debts to be taken over by the Caisse d'amortissement will amount to approximately 5.8 milliard leva.

It is to be hoped that the law will not be further extended and that the task of collecting the annuities from debtors is successfully carried out, as otherwise the burden of the interest service and amortisation of the bonds issued by the Caisse under Government guarantee may involve the Treasury in new difficulties. The improved economic situation of classes to whom relief was given should facilitate this task.

VI. HUNGARY.

The Committee had before it the twenty-second quarterly report of its representative in Hungary, Mr. Tyler, who also made oral comments. It had the advantage of hearing statements by Dr. Fabinyi, the Hungarian Minister of Finance, and by Dr. Baranyai, General Manager of the National Bank, who were accompanied by Dr. Csizik, head of the Budget Section in the Ministry of Finance.

The position in Hungary is still mainly determined by last year's good crop and the prices at which it was sold and exported. Trade, home and foreign, has improved and revenue collections have risen, the increases being chiefly in turnover and consumption taxes reflecting in part a rise in prices which is engaging the attention of the Government. But prospects for the coming year are more uncertain: abnormally heavy rains this spring have retarded tilling and sowing and have caused floods in some districts; in 1937, there may be less to sell abroad. In its financial aspects, the improvement has not yet proceeded to the point where the banks are in a position substantially to expand their activities.

1936/37 Budget. — The nine months to March 31st, 1937, have resulted in a surplus of receipts over actual expenditure, including advances to cover the deficit of the State undertakings: the first time there has been a surplus, at March 31st, since the crisis. This is in part due to better results of the State Undertakings, in particular the Railways, and in part to increased receipts of the Administration. There has been a corresponding improvement in the Treasury position, visible in the amount of the State's free balances at the National Bank. Commitments of public departments have somewhat decreased. A loan of 20 million pengő from banks to the State Railways is in course of repayment.

Draft Budget for 1937/38. — Both expenditure (1,267 million pengő) and receipts (1,199 million pengő) are to be higher. The increase in expenditure over estimates for 1936/37 is 4.5%. Administration and Undertakings together: a slightly larger increase is expected in receipts, but the deficit, though 7.7 million pengő less, is still 68 million pengő. Further, outside of the budget, there is a capital works programme of 46 million pengő, 40 million pengő of which is to be paid for out of the State's general balances. On the other hand, receipts have been calculated with caution and may exceed estimates, and the service of the State's foreign debts is included in full in the budget, the part to be transferred depending, as in recent years, on agreements with creditors; so that, the reborrowing of non-transferred debt service being taken into account, there may be no need for recourse to the internal market to cover the deficit. The Committee has in the past expressed concern at the rising movement of the floating debt, and hopes that further steps will still be taken to reduce it.

National Bank and Commercial Banks. — The National Bank's foreign-exchange position has been further strengthened over the past year. Its dividend for 1936 was reduced from 7% to 6½%. Profits had been lower, the bank rate having been reduced in August 1935.

It is satisfactory to note that the commercial banks, although they mostly showed increased profits for 1936, have not increased their dividends. Deposits and current accounts show no noticeable increase.

Foreign Trade. — Chiefly as the result of the 1936 harvest, the excess of exports during the first quarter this year is much larger than for any recent January-March period. There has also been a better demand for some of Hungary's industrial products. The Committee is glad to note that, in the spirit of the recommendations of the Mixed Committee on Clearings, it has been possible to get rid of the clearing agreement between France and Hungary and to go over to a freer system. Negotiations with other markets are pending. Although there has been an increase in the proceeds of exports received in free currencies, those passing through clearings and compensations still amount to three-quarters of the total.

Appendix.

FALSIFICATION OF DOCUMENTS OF VALUE.

[Extract from the Minutes of the meeting of the Financial Committee held on Thursday, April 29th, 1937, at 4 p.m.]

Statement by M. PELLA.

I should like first of all to thank the Financial Committee for the confidence it showed me nearly seven years ago, in 1930, when it asked me to study, with reference to the state of national legislations, the problem of suppressing the falsification of documents of value other than banknotes and paper money.

For the purpose of this study—as indeed the Financial Committee is aware—I drew up, in collaboration with the Legal Section of the Secretariat, a questionnaire which was sent on October 29th, 1930, to the States Members of the League and to certain non-member States.

A large number of replies has been received to this questionnaire.

I do not think I need refer to the work of the Conference of 1929 on the Suppression of Counterfeiting Currency. As the Rapporteur of that Conference, which was privileged to have as its President one of the distinguished members of your Committee—M. Pospíšil—I emphasised the necessity for a convention on the suppression of the falsification of documents of value. I was also one of those responsible for the adoption of Recommendation No. 11 of that Conference, with which you are familiar.

Nor will I dwell upon the first Conference of Central Police Offices, which was held at the League of Nations in March 1931, and at which the question was discussed at some length, on the basis of a report which I submitted.

I would only remind you of the three general conditions that must co-exist for any international convention on penal matters to be necessary:

(1) There must be fairly frequent repetition of certain penal acts or offences, such as to make clear the *permanence and seriousness of the danger*;

(2) The acts must, owing to the way they are prepared or carried out or the participation of certain parties, *extend in general over the territory of two or more States*; and, owing to the nature of the interests they damage, they must go beyond the scope of offences disturbing public order in a single State;

(3) The different legislations or national laws must, through their failure to make such acts criminal or through the inadequacy of the provisions of international penal law, or on account of the incompleteness of the extradition treaties relating to such acts, *seriously hinder the co-operation of States for the prevention and suppression of such acts*, thereby enabling the criminals to go unpunished and so encouraging them to repeat their offences.

I will not dwell upon the first condition. That the danger is a frequent one is clear from the replies of the organisations consulted by the League, and also from statistics. I refer more particularly to the reply from one of the organisations you were good enough to consult—namely, the International Criminal Police Commission.

I personally consider in any case that, unless international measures are taken, the danger will become increasingly serious.

As regards the second condition, relating to the international character or the international consequences of such acts, it is obvious that the falsification of documents of value may be shown to be prejudicial to a whole body of patrimonial interests. Such falsifications often jeopardise certain operations connected with international economic co-operation. As regards the different aspects of this form of crime, the acts constituting such offences take place successively and often extend over the territory of a number of States.

I consider, however, that my main duty is to draw the Financial Committee's attention to the third condition, which necessitates the preparation of an international penal convention—namely,

the gaps in the various legislations and in national law and the imperfections of conventional law on extradition.

As the question stands at present, I need not give an account of comparative penal law on the falsification of documents of value as treated in the fifty or more legislations I have studied. I will only single out certain more characteristic situations which emerge clearly from the study I have made.

The first difficulty arises from the great divergencies between national legislations as regards the *definitions of the various documents of value*. In the absence of an international convention, this diversity makes the object of international penal protection very vague. Indeed, some documents of value are not defined at all in the legislations of some countries and reference has to be made to legal theory or practice; and this lack of precision, as I shall show later, constitutes a serious obstacle to the extradition of persons guilty of falsifying such papers.

The first step, if it were agreed that such a convention should be drawn up, would be to define the precise *object of penal protection*.

In the course of the League's enquiries, certain proposals have been made for drafting very vague formulas to define that object. According to one of these proposals, for example, the term "document of value" should be understood to mean "any writing—manuscript or printed—involving an obligation, receipt or discharge and representing a money value".

In my view, the point would be rather to consider first *public credit documents* (other than banknotes, these being already protected by the 1929 Convention), and these only if they are securities negotiable on a stock exchange. For other non-negotiable securities, the guarantees accompanying their transfer would seem to be sufficient.

I now come to documents of value which either in all cases or only in certain cases are used to some extent as paper money. These are principally negotiable instruments issued at one place and payable at another, the circulation of which is based essentially on public confidence. I refer to *cheques, bills of exchange and letters of credit*. They are obviously easier to forge than public credit documents or banknotes. I would draw special attention to letters of credit, which—as has been pointed out—when issued without notice (circular letters) lay the paying establishments open to manifold dangers of fraud.

Although, as regards a definition of such documents of value, any differences existing between national legislations are not usually such as to hinder co-operation between States—that is to say, in the matter of the forgery of cheques, bills of exchange and letters of credit—yet there are legislations—not very many, it is true—which do not provide equality of protection in penal matters; they either make the punishment for forgery less severe in the case of foreign than in that of inland cheques or else they provide no penal protection at all for foreign cheques.

The diversity of the definitions and the inequality of the penal protection afforded are most serious, however, in the case of other documents such as the *debentures of joint-stock companies*.

Then, too, there are documents to which an order clause is added and which are thus made negotiable by endorsement, such as *receipts and warrants, waybills, bills of lading, shipping loan bills (billets de grosse) and insurance policies*.

Reverting to the equality of penal protection and the defects of legislations, I should like to give a few examples.

The Hungarian Penal Code (Article 211) and the legislations of the countries that applied that code until recently make the falsification of national registered securities punishable, but not the falsification of foreign registered securities in the territory of the country concerned.

Another example is that of the Belgian Penal Code (Article 174) and the Norwegian Penal Code (paragraph 178), by which the punishment of the falsification of national registered securities is severer than for that of foreign securities.

Most penal codes other than the Portuguese, Bulgarian, Turkish and Spanish make only the falsification of securities and the utterance of forged securities punishable. Hence, "if a person is found in unlawful possession of forged securities, he cannot be arrested or prosecuted, and the securities cannot be confiscated". For that reason the Convention on Counterfeiting Currency provides, as regards counterfeit money, that its *introduction* into a country is also a punishable act.

There is another case, which refers in particular to cheques. In a number of legislations in which a cheque is regarded as a private document, no punishment is allowed for the forgery of a cheque, as distinct from its utterance. A forger taken in the act of altering a cheque or found in possession of a cheque he has forged cannot be punished. In order to remedy this serious defect, the French Penal Code, for example (Articles 147 and 148), the Netherlands Code (Article 225), the Hungarian Code (Article 405), the Chilean Code (Article 197) provide, in respect of forgeries of commercial or bank documents, for two distant offences—the forgery of a document and the utterance of a forged document.

There is another defect to which I should like to draw attention. Most legislations do not provide punishment for the *manufacture of instruments or other articles intended by their nature for the manufacture of forged documents of value*. Thus, if a person is arrested when in possession of paper obviously intended for the forgery of such a document or in possession of certain printing presses, no action can be taken against him.

In the Convention for the Suppression of Counterfeiting Currency, provision is made to remedy this defect by making such preparatory acts punishable.

I now pass to the general parts of the codes relating to international penal law. If the texts are taken together, the defects will be realised still more clearly.

Many codes do not provide for the punishment of complicity—I use the word "complicity" in the sense of being accessory, since that word is more clearly understood in current parlance—

in an offence committed abroad by an alien. Thus complicity in the forgery of a foreign document of value, committed by an alien abroad, is not punishable.

What is the consequence? If, for example, a national of country X sends to a national of country Y paper, ink or articles clearly intended for the forgery of documents of value, or even if he has obtained such forged documents from some other person, and if he sends them to country Y and then returns to country X, he cannot be extradited, because country X does not allow its nationals to be extradited. Nor can he be punished in country X, because under the penal code of that country the forgery of foreign documents of value abroad is not punishable. Punishment for being accessory to an unpunishable act is inconceivable.

In the most modern legislations and also in the Convention for the Suppression of Counterfeiting Currency and the draft Convention for the International Suppression of Terrorism drawn up a few days ago, the text is specifically worded so as directly to cover this most serious form of international criminal co-operation, by providing that *acts constituting participation, when they cannot be tried in one and the same country, must be regarded as separate offences.*

Unlike the law of the Anglo-Saxon countries, which allows the extradition of nationals, most Continental legislations forbid such extradition.

These Continental legislations, by forbidding the extradition of nationals, obviously ought in return to give an undertaking to the countries concerned to punish their nationals who have committed certain acts abroad when they return to their own country; otherwise, their acts would go unpunished. One condition is necessary, however—namely, the act must be covered both by the legislation of the country in which it was committed and by that of the country of which the person in question is a national. In other words, if a national of country A commits an offence in country B and takes refuge in country A, the latter will not extradite him, but will prosecute him if the offence is punishable in both country A and country B. Hence, if the act is not punishable by both legislations, the person cannot be punished any more than he can be extradited. A person who has, for example, forged securities issued by a public treasury of a foreign State is assured of complete impunity if he returns to his own country and if that country does not punish the act in question.

Another case that fairly frequently arises is that of change of nationality. Most legislations do not make offences committed by aliens abroad punishable.

Suppose a national of country X forges a cheque for \$200,000 in that country and then goes to country Z. If he has the ingenious idea of obtaining the nationality of Z, he can no longer be punished. He cannot be punished because, at the time when he committed the act, he was an alien and the offence was committed abroad. Yet he cannot be extradited either, since by the time when extradition is requested he has become a national. Such cases have arisen frequently. In French law, for example, it has been found necessary to include an additional clause to the effect that the provision regarding the punishment of nationals who have committed offences abroad also applies when an alien has obtained French nationality subsequent to the commission of an offence. In view of the gaps in national legislations, specific provision has been made for this contingency in the Convention for the Suppression of Counterfeiting Currency and also in the draft Convention for the Prevention and Suppression of Acts of Terrorism.

I will now pass to the more serious cases arising from the inconsistencies or the ineffectiveness of some extradition treaties.

As you know, we have not yet achieved the ideal of a single extradition treaty. We have not even achieved the minor ideal of having regional extradition treaties; we are living under the system of bilateral conventions. We have hundreds of them. Each country must normally be bilaterally connected with most other countries. All these conventions can be divided into two categories: first, those between Anglo-Saxon countries or between Anglo-Saxon and Continental countries, and, secondly, those between the Continental countries themselves.

Why this distinction? In relationships with Anglo-Saxon countries, an exhaustive list of extraditable offences is provided for. Consequently, if the falsification of such and such documents of value does not figure amongst the acts mentioned in that list, or if there is a divergence between the legislations of two countries over the meaning of "documents of value", the machinery of extradition cannot work. For this reason it is absolutely necessary, if the possibility of such a convention is contemplated, to find a formula enumerating the documents of value which are to be protected and the definition of which will hold good for all countries.

Further, if an act is not provided for by both legislations, it is not extraditable; so here again the result is that the act goes unpunished. That is why, in order to avoid this case, which very frequently occurs, a categorical text has been included in the Convention for the Suppression of Counterfeiting Currency, and it has been specified that the acts indicated by the said Convention shall be deemed to be extradition crimes.

I now come to the second case. In the most modern treaties between Continental countries, it has been thought that a list might always remain incomplete. So a general formula has been employed, such as, for instance, "all the acts provided for by the legislation of the two contracting parties shall be extraditable if the penalty imposed in respect of them was a term of at least two years' imprisonment, or if they have involved a sentence of more than one year's imprisonment, for instance". If it happens to be a case of falsification of a document of value for which the national law of one of the two contracting parties provides a lighter sentence than that indicated in the treaty—one year, for example—the offence does not come within the scope of the treaty. Hence it does not involve extradition.

I will go further. Even for a very serious act—for instance, the falsification of a cheque which has done much harm—if the judicial authorities of the country consider, in the circumstances, that the forger should be sentenced to only eight months' imprisonment, and if he has been sentenced, for instance, in country A and takes refuge in country B, the latter country will not be able to grant extradition because the treaty provides for a minimum sentence of one year.

To surmount this difficulty, Roumania—which I give as an example—has concluded two Conventions, one with Portugal in February 1930, and the other with Spain in November 1930. In both these Conventions, it is stated that in cases of the falsification of securities, shares, bonds, cheques and other documents of value, and also stamps used as instruments of payment, the falsification is an extraditable offence, whatever the delinquent's motive, the normal penalty for the offence, or the penalty awarded.

Further, if the delinquent is a national of the country to which application is made, that country is under obligation to punish him if it cannot extradite its nationals.

In the Convention for the Suppression of Counterfeiting Currency, this case is also covered by the text which states that such acts, independently of the penalty prescribed by law or awarded by the sentence, shall give rise to extradition.

I come to an even more serious case: it arises from the divergence which exists, and which will certainly exist for a long time to come, between Anglo-Saxon and Continental countries in their penal law.

Anglo-Saxon countries hold fast to the conception of pure territoriality. Theoretically, they allow the punishment only of acts committed on their territory and, as a counterpart, they allow the extradition of nationals. Continental countries do not hold solely to the conception of territorialism. Since they do not allow the extradition of their nationals, they are obliged to acknowledge the principle of personality—that is, to punish nationals who have committed offences abroad.

I need not emphasise the disadvantages arising from the application of another principle—that of reciprocity. If Roumania, for example, will not extradite a national to England, England will certainly not extradite a British subject to Roumania.

That is why it is specifically stated in the Convention for the Suppression of Counterfeiting Currency that punishment shall not be subjected to any condition of legal or conventional reciprocity.

To conclude, I am of the opinion that the aim should be: (1) to make charges of falsification of certain documents of value uniform; (2) to improve the present formulas of international penal law (that is what has been done in regard to the Convention for the Suppression of Counterfeiting Currency); (3) to ensure the equality of penal protection, without distinction, between foreign or national documents of value.

Without in any way anticipating the decision of the Financial Committee, I should like to point out that the framing of such a convention will not meet with the same difficulties as those which had to be surmounted in other conventions on penal law. Indeed, the ground has already been cleared, and in reality it would only be a question of *determining what documents of value should be internationally protected*. By a *protocol added* to the Convention for the Suppression of Counterfeiting Currency, documents of value might simply be included in that Convention, and all the other texts already established might be brought into play also for them. The work to be done would thus be greatly reduced.

Finally, I should like to express my conviction that, if such a result were achieved, an advance would have been made towards assuring the security of international economic relationships against certain criminal acts the seriousness of which cannot be exaggerated.

Geneva, July 15th, 1937.

LEAGUE OF NATIONS

**FINANCIAL POSITION OF HUNGARY
IN THE SECOND QUARTER OF 1937**

**TWENTY-THIRD QUARTERLY REPORT
by Mr. Royall Tyler, the Representative in Hungary
of the Financial Committee**

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**II. ECONOMIC AND FINANCIAL
1937. II.A. 11.**

I. GENERAL.

I. INTRODUCTORY.

(1) A big step has been taken towards overcoming the difficulties Hungary has had to contend with since the 1931 crisis and the ensuing default. Foreign debt service will now, broadly speaking, be paid in exchange on a basis agreed with the creditors, the present arrangements being for three years, save for the League Loan, where it is permanent. The creditors' position will improve. Some interest will be paid on debts on which none has been paid in recent years. Capital repayment, in the form of purchase by tender, will begin in the case of the 1930 and 1931 Treasury bills.

(2) In the case of the Reconstruction Loan, 1924 (League Loan), Hungary's premier security, the Government, with the support of the League Loans Committee, London, has offered the bondholders a permanent settlement (see I, 2(g), below), interest to be paid in exchange at a higher rate than latterly, as from the service year beginning August 2nd, 1937, and, as from August 2nd, 1940, amortisation to proceed by repurchase on the market.

(3) In the case of most of Hungary's *Edeldevisen* debts, both public and private, other than the Reconstruction Loan, offers have been made with the support of the various creditors' associations, or actual agreements have been concluded, all on a three-year basis (the Standstill for one year twice renewable), with direct payments in exchange. (For details, see I, 2(e), I, 4, and I, 5(a), (d) and (e).) Where no formal offer or agreement has yet been made, negotiations are in course and have reached an advanced stage, except in the case of debts, representing a small part of the total, where no means have been found for starting collective negotiations.

(4) These debt agreements will mean a considerable increase, both in the pengő amounts which the Treasury has to provide for the purchase of exchange from the National Bank, and in the total amount of free exchange, now to be the equivalent of some 45 million pengő (gold) per annum, transferred by the National Bank for debt service. Allowance being made for the supercharge required to secure transfer, there will be no change in the pengő amounts payable, as hitherto, into the Cash Office of Foreign Credits (National Bank) by debtors other than the State. The National Bank, during the last two years, has built up its internal position, and should now be able to carry out the necessary transfers without prejudice to the country's interest, provided that present possibilities for obtaining the necessary foreign exchange continue during the period covered by the proposal.

(5) Finally, in case the National Bank's *Edeldevisen* receipts in the next three years leave a surplus, the National Bank is to be free to apply that surplus, in its own discretion, to strengthening its own position or to additional reduction of foreign debt.

(6) The conclusion of these agreements shows that Hungary, while obliged, in the depression years, to take measures to protect the internal value of her currency, has not lost sight of the importance of making every effort, subject to that one condition, to meet the claims of her creditors, which she has never ceased to recognise.

(7) In 1936/37, for the first time in seven years, the Administration's receipts left a surplus (12 million pengő) over expenditure, including the losses of the State Undertakings. The actual improvement in the Treasury position is greater than this figure indicates, as certain amounts of untransferred debt service have been reborrowed. Administrative receipts were 8.5% higher, expenditure 4.7% higher than in 1935/36.

(8) There has been no borrowing, in the past year, on the internal market. Increases in the State's floating debt correspond mainly to advances from the National Bank towards the carrying-out of the Agrarian Debts Relief and Land Settlement schemes, in conformity with the programmes already described in these reports.

(9) Results of the State Undertakings are also more favourable than they were last year, allowance being made for the fact that the State Railways have, in the last few months, repaid a 20-million-pengő loan.

(10) The estimates for 1937/38, as reproduced in my last report, have been voted by Parliament without change. In consequence of the debt agreements that have just been concluded, the amounts to be entered for foreign debt service will be lower than those, representing service at full contractual rates, that have appeared in past budgets. On the other hand, there will be no more reborrowing of untransferred debt service, and the actual cost to the Treasury will be greater by some 19 or 20 million pengő yearly. But, even apart from this, budget expenditure increases, and an investment programme outside the budget is to cost 19 million pengő more than it did last year. The level of expenditure is thus rising—a tendency which it would be advisable to restrain. Receipts are cautiously estimated.

(11) The National Bank's holdings of gold and foreign exchange, taken together, have increased over the last quarter, and have been appreciably strengthened in the course of the year 1936/37.

(12) The abundant harvest of 1936 has continued to influence the foreign trade position, which shows, for six months to June 30th, an export surplus of 74.7 million pengö, the largest recorded for any comparable period since the war. Imports have declined; but when allowance is made for the abnormal fodder imports early in 1936, following the short crop of 1935, other imports have not decreased. And in the last three months the tendency has been an increasing one here, too.

(13) While the cereal crop this year will be less than that of 1936, the difference will perhaps turn out not to be as large as at one time had been feared. The autumn crops appear to be doing well.

(14) I am indebted to Mr. Henry J. Bruce, Adviser to the National Bank, for the data on which are based the sections of this report dealing with the Bank and exchange control.

2. STATE BUDGET.

(a) Administration Budget, 1936/37.

Provisional returns for the fiscal year ended on June 30th last show a decided increase over last year's figures on both sides of the account, and, for the first time in many years, a favourable balance. Expenditure, extra-budgetary items included, is up by 4.7%; budgetary receipts by 8.5%. Extra-budgetary expenditure consists mainly of advances to the State Undertakings, returns for which are only available up to May 31st last (see I, 2(c), below).

The 1936/37 results compare as follows with those for the five previous years:

	Expenditure			Receipts			Balance
	Budgetary	Extra-budgetary	Total	Budgetary	Extra-budgetary	Total	
	(In millions of pengö)						
1931/32	863.1	59.2	922.3	781.3	16.8	798.1	- 124.2
1932/33	733.0	70.7	803.7	708.9	6.9	715.8	- 87.9
1933/34	717.0	86.4	803.4	758.6	6.6	765.2	- 38.2
1934/35	728.1	84.2	812.3	762.9	6.8	769.7	- 42.6
1935/36	753.5	76.2	829.7	803.1	8.6	811.7	- 18.0
1936/37	788.9	80.4	869.3	871.6	9.7	881.3	+ 12.0

Actual budget expenditure (788.9 million pengö) amounts almost exactly to the sum (788.1 million pengö) provided by the estimates as voted. It will be seen below, however, that there are considerable differences in the composition of the total in the two cases. Budget receipts, at 871.6 million pengö, were just 100 million pengö more than the estimate.

As in previous years, estimated expenditure included the full service of the State debts, internal and external. But the greater part of the foreign debt service was again reborrowed, or payment was deferred by special agreement. As against 83.4 million pengö provided in the estimates for debt service, actual disbursements amounted to 37.9 million pengö, not including 18.4 million pengö bills deposited in lieu of untransferred Reconstruction Loan service. Thus, actual budget expenditure having been more than the estimated by 0.8 million pengö, and 45.5 million pengö debt service having been either reborrowed or not paid, expenditure on objects other than debt service was 46.3 million pengö more than the estimates provided. The comparable figure for 1935/36 was 17.8 million pengö plus 20.2 million pengö untransferred Reconstruction Loan service = 38 million pengö. It may assist understanding of the Treasury position (I, 2(d), below) to recall that, although the whole of the Reconstruction Loan, 1924, service is included in expenditure, 18.4 million pengö out of the 28.3 million pengö provided for this purpose were reborrowed, but do not figure under receipts as given at the beginning of this section.

The above table does not include Treasury bills deposited in respect of non-transferred service of State foreign debt other than the Reconstruction Loan, or in respect of borrowing from the Foreign Credits Cash Office, or interest added to capital amounts outstanding. These additions to the State's floating debt appear in I, 2(e), and I, 4, below.

The following table shows, for the past three years, the State's expenditure and receipts, advances from the Treasury to cover the losses of the Undertakings, and borrowings by the Treasury for public works, but not advances from the National Bank to the Treasury under the Agrarian Debts Relief scheme:

	1936/37	State Administration 1935/36 (In millions of pengö)	1934/35
<i>Expenditure :</i>			
Actual budgetary expenditure..	788.9	753.5	728.1
Actual extra-budgetary expenditure	80.4	76.2	84.3
Total	869.3	829.7	812.4
<i>Receipts :</i>			
Actual budgetary receipts ..	871.6	803.1	762.9
Actual extra-budgetary receipts (refunds)	9.7	8.6	6.8
Total	881.3	811.7	769.7
Balance	+ 12.0	- 18.0	- 42.7

	1936/37	1935/36	1934/35
<i>Advances :</i>			
Treasury bills deposited in respect of service of State's foreign debts other than Reconstruction Loan, 1924	15.0	17.0	17.4
Treasury advances to cover deficit of the State Undertakings	68.9	62.4	70.8
Investments of the Undertakings out of loans	5.7	6.3	5.7
Investments of the Administration out of loans ..	5.8	7.5	7.8
Total	80.4	76.2	84.3

<i>Borrowings :</i>			
Treasury bills deposited in respect of non-transferred Reconstruction Loan service (included in actual budgetary expenditure) ¹	18.4	20.2	20.3
Treasury bills deposited in respect of State's foreign debt other than Reconstruction Loan.. .. .	15.0	17.0	17.4
Borrowings for public works	—	11.5	16.0
Loan to State Railways from banks (Law XIV, 1934)	—	—	20.0
Treasury bills placed internally with industry, banks, etc.	—	—	0.5
Loan from Foreign Credits Cash Office to repay certain short-term internal debts	—	—	12.0
Total	33.4	48.7	86.2

Treasury advances to the Undertakings, which had decreased from 1934/35 to 1935/36, have increased again this year, but allowance should be made for repayment by the Railways of a debt of 20 million pengö. There has been no internal borrowing in 1936/37 against arrears of dues.

Appendix I shows a detailed statement of expenditure by departments and of receipts. The various sources have produced the following amounts, the comparable figures for the three preceding years also being given :

Receipts of the Administration.

	1936/37	1935/36	1934/35	1933/34
		(In millions of pengö)		
Direct taxes	250.0	229.6	225.1	228.4
Turnover taxes	139.6	119.0	108.8	99.0
Dues	106.6	100.0	94.4	99.3
Consumption taxes	101.1	92.8	85.0	84.0
Customs	45.3	42.1	42.4	36.4
Tobacco	113.7	111.6	106.5	105.8
Salt	26.0	26.1	26.2	24.7
Saccharine and Lottery	2.9	2.1	2.0	2.0
Departmental receipts	85.9	79.4	72.2	78.7
Total	871.5	803.1	762.8	758.6

¹ The Hungarian Government, in making, where the Reconstruction Loan, 1924, is concerned, the offer which has been recommended to the acceptance of bondholders by the League Loans Committee, London (see I, 2(g), below), ask to be released from further liability in respect of outstanding partly paid coupons.

Direct taxes, after having remained on much the same level for several years, have increased appreciably in 1936/37. The whole volume of receipts having risen, direct taxes represent the same percentage of the total—*i.e.*, 28.6%—as they did for 1935/36. The largest relative increase (17.3%) is in turnover taxes; then come consumption taxes (8.9%), departmental receipts (8.1%), Customs (7.6%) and dues (6%). In view of the marked increase in turnover and consumption taxes, it is remarkable that there should be so very small an increase in the receipts of the Tobacco Monopoly.

(b) *Budget for 1937/38.*

The estimates for 1937/38 given in my last report were adopted without change by Parliament before the last fiscal year ended on June 30th. They compare as follows with those for the two preceding years :

	1937/38	1936/37	1935/36
	(In millions of pengö)		
<i>Administration :</i>			
Expenditure	821.7	788.1	766.5
Receipts	805.3	771.6	748.0
Balance	— 16.4	— 16.5	— 18.5
<i>Undertakings :</i>			
Expenditure	445.2	423.6	409.5
Receipts	393.7	364.5	352.2
Balance	— 51.5	— 59.1	— 57.3
Total deficit	67.9	75.6	75.8

Receipts are estimated for 1937/38 at 66.3 million pengö below what they amounted to in 1936/37. Certain decreases in the rates of taxes have been effected or announced. They may have the result that collections will be less by some 12-13 million pengö than they otherwise would have been. After making full allowance for this factor, it may be said that this is a cautious estimate. For expenditure, an increase of 32.9 million pengö, or 4.2%, over the actual figure for 1936/37 is provided. The lately concluded debt arrangements will result in a decrease of the pengö amounts entered for foreign debt service, as these have hitherto appeared in the budget at the full contractual rates. But the actual cost to the Treasury will be greater by some 19 to 20 million pengö, as the amounts entered will now be those actually to be transferred, and will include the surcharge payable by the Treasury to the National Bank for the relative exchange. And there will be no re-borrowing of untransferred debt-service pengö.

The following table illustrates some interesting developments. Actual expenditure, for the first three years after the crisis, while retrenchment was in course, tended to be slightly less than estimated. In the last three years, this tendency has been reversed. In 1936/37, the excess of actual over estimated was 22.1 million pengö, but actual expenditure includes repayment by the State Railways of a 20-million-pengö loan. Under receipts, for the first two years, the actual fell far short of the estimate. Then, for two years, actual began to exceed the estimate, and, in the last two, actual has far outstripped the estimate, the excess in the last year being 100 million pengö.

Year	Expenditure		Receipts	
	Including State Undertakings' deficit Estimated	Including advances to Undertakings ¹ Actual	Budgetary (not including refunds and borrowings) Estimated	Actual
	(In millions of pengö)			
1931/32 (revised)	924.5	922.3	918.0	781.3
1932/33	806.2	803.7	806.2	708.9
1933/34	829.0	803.4	752.8	758.6
1934/35	806.6	812.4	740.6	762.9
1935/36	823.9	829.7	748.0	803.1
1936/37	847.2	869.3	771.6	871.6

At a time when, after difficult years during which the efforts made did not yet show any striking results, signs of revival are visible in the State's financial position, it is no doubt difficult to continue deferring urgent expenditure which has long been put off. However, it must be remembered that the State has large burdens weighing on it, in the pensions and other personnel charges, to which attention was once more drawn in my last report, page 4, and in the State Undertakings' losses, that public charges are very heavy having regard to the national income, and that the present very modest improvement certainly does not warrant any considerable increase in the level of public spending. The ground gained might quickly be lost once more by any relaxation of the prudent policy followed hitherto.

¹ The advances to the Undertakings are included here at the gross figure. There have, however, been refunds from the Undertakings, which appear in the table on page 4.

(c) *State Undertakings.*

At first sight, on the figures for eleven months that are now available, the Undertakings do not appear to have done as well, collectively, as they did last year, the losses of the Railways being higher, and total advances from the Treasury having increased by some 6 million pengö (for the twelve months). However, the Railways have repaid, in the last few months, a 20-million-pengö loan from banks (see the floating debt table, twenty-second report, pages 7-8), this repayment being included in their current expenditure. The advances made to them by the Treasury, as compared with last year, are 7.7 million pengö higher. The Post, Telegraph and Telephone have increased their surplus a little this year, and losses of the Ironworks are slightly lower :

	1936/37	July 1st-May 31st 1935/36 (In millions of pengö)		1934/35
<i>Expenditure :</i>				
Actual, current budgetary ..	418.6	374.8		361.1
Actual capital expenditure, budgetary	8.9	6.7		9.4
Actual capital expenditure from borrowings	4.4	5.7		5.4
Refunds to the Treasury	9.7	8.5		6.8
Total	441.6	395.7		382.7
<i>Receipts :</i>				
Actual current budgetary	387.6	342.9		311.1
Balance	-54.0	-52.8		-71.6
<i>Borrowings :</i>				
Advances from the Treasury ..	65.2	61.0		59.4
Treasury bills placed with banks	—	—		18.0

Actual Results for the Chief Individual Undertakings.

	Railways		July 1st-May 31st Post, Telegraph and Telephone		Ironworks	
	1936/37	1935/36	1936/37	1935/36	1936/37	1935/36
	(In millions of pengö)					
Current expenditure	264.8	235.3	74.2	72.0	57.6	46.8
Current receipts	225.2	198.1	92.6	88.2	46.9	35.7
Balance, current items ..	-39.6	-37.2	+18.4	+16.2	-10.7	-11.1
Capital expenditure	4.7	4.3	4.1	2.3	—	—
Balance, all items	-44.3	-41.5	+14.3	+13.9	-10.7	-11.1

Advances from the Treasury to the Undertakings to June 30th last amounted to 74.6 million pengö, including 5.7 million pengö for investments, and refunds to the Treasury to 9.7 million pengö. These advances, in the last year and in the two previous years, were distributed as follows :

	1936/37	1935/36	1934/35
	(In millions of pengö)		
To the State Railways	62.6	54.9	57.6
To the Ironworks	11.4	11.9	14.3
To the Post, Telegraph and Telephone	—	1.4	4.0
To the silk industry	0.6	0.5	0.6
Total	74.6	68.7	76.5

(d) *Situation of the Treasury.*

(1) It may be seen by comparison with figures given in my nineteenth report, page 7, that there is a considerable improvement here over the corresponding months last year :

<i>Receipts :</i>	March	1937		
		April	May	June
	(In thousands of pengö)			
Balance at the beginning of the month ..	155,461	159,853	134,818	139,499
Budget accounts	62,681	58,557	79,412	85,256
Repayment of advances	2,459	2,000	1,268	—
Loan account	1,710	3,653	1,477	1,822
Surplus of the Agricultural Fund (Boletta)	1,878	—	—	3,222
Total	224,189	224,063	216,975	229,799

Expenditure :	March	1937		
		April	May	June
		(In thousands of pengö)		
Budget accounts	59,863	65,306	60,136	82,092
Capital expenditure from loans	680	73	535	693
Advances	3,549	18,467	13,700	9,420
Deficit of the Agricultural Relief Fund ..	—	3,212	3,105	—
Loans	244	2,187	—	346
Balance at the end of the month	159,853	134,818	139,499	137,248
Total	224,189	224,063	216,975	229,799

(2) *Administrative Claims and Liabilities.*—Tax arrears, at May 31st last, stood at 272.4 millions pengö, as against 289.9 million pengö a year previously.

Commitments have very slightly increased over the last quarter, but have decreased by 14.5 million pengö since June 30th, 1936.

Commitments outstanding on June 30th, 1937.

State Administration :	Foreign	Domestic	Total
Expenditure connected with land reform	—	50.3	50.3
Investments for road construction	—	23.6	23.6
Other administrative investments	—	12.9	12.9
For purposes of the Central Corporation of Banking Companies	—	28.9	28.9
Other liabilities	—	19.6	19.6
Total	—	135.3	135.3
<i>State Undertakings :</i>			
Investments of Post, Telegraph and Telephone ..	—	1.2	1.2
Investments of State Railways	—	0.3	0.3
Investments of the Forest Exploitation	—	—	—
Working capital for State Railways	—	7.2	7.2
Working capital for the State Ironworks	1.8	9.3	11.1
Total	1.8	18.0	19.8
Grand total	1.8	153.3	155.1

(e) *Debt Position.*

Foreign funded debt, at 797.8 million pengö on June 30th last, is 120.5 million pengö lower than the figure for June 30th, 1936, the difference being accounted for by the currency devaluations of last autumn. French francs, for the purpose of this calculation, have been converted at the rate prevailing before the French currency was cut loose from gold. Domestic funded debt has not changed over the last quarter, but is less by 4.4 million pengö than it was a year ago. Foreign floating debt, in the calculation of which no allowance has as yet been made for the effect of the offer to bondholders of the Reconstruction Loan, 1924 (see (g) below), shows virtually no change over the last quarter. Domestic floating debt has decreased by 12.2 million pengö. The State Railways have repaid a loan of 20 million pengö, and 3 million pengö of the Treasury bills placed internally in 1933 have been repaid. On the other hand, there have been increases here and there : advances in connection with the Agrarian Debt Relief Scheme have increased by 4.9 million pengö, and Treasury bills deposited in lieu of transfer of debt service in 1936/37 have increased by 4.2 million pengö. State guarantees are virtually unchanged over the quarter, amounting at June 30th to 89.6 million pengö. The State is under obligation to repay to the Foreign Credits Cash Office, in the event of the latter's liquidation, the loans obtained from it and which figure in the following table :

Floating Debt of the State on June 30th, 1937.

(a) State Administration :	Foreign	Domestic	Total
1. £3 million Treasury bills, 1930	59.0	—	59.0
2. £5 million Treasury bills, 1931	100.3	43.0	143.3
3. 5% Foreign Currency Loan, 1931	—	4.2	4.2
4. Treasury bills, 1932 ¹	—	90.8	90.8

¹ Total arrears of dues amounted to 91.3 million pengö at the end of May 1937.

	Foreign	Domestic	Total
	(In millions of pengö)		
5. Treasury bills, 1933 :			
(a) 5% bills placed with industry, agriculture, etc.	—	35.7	35.7
(b) 3% bills representing loan for investments from Foreign Credits Cash Office	—	13.5	13.5
(c) Interest on 4% bills to face value of 24,585,999 pengö : loan from Foreign Credits Cash Office, 1932/33 ¹	21.2	—	21.2
6. Treasury bills, 1933/34 :			
(a) Interest on 2% bills to face value of 20,121,229 pengö : loan from Foreign Credits Cash Office ¹	16.9	—	16.9
(b) Interest on 2% Treasury Bonds to face value of 12,934,602 pengö, in connection with League Loan service for 1933/34 ¹	0.7	0.1	0.8
7. Treasury bills, 1934/35 :			
(a) Interest on 2% bills to face value of 17,524,844 pengö : loan from Foreign Credits Cash Office, 1934/35 ¹	14.2	—	14.2
(b) Interest on 2% Treasury bills to face value of 20,050,230 pengö in connection with League Loan service for 1934/35 ¹	7.3	0.1	7.4
(c) 3% Treasury bills deposited with Foreign Credits Cash Office	—	12.0	12.0
8. Treasury bills, 1935/36 :			
(a) Interest on 2% bills to face value of 16,920,175 pengö : loan from Foreign Credits Cash Office, 1935/36 ¹	13.3	—	13.3
(b) Interest on 2% bills to face value of 20,160,982 pengö deposited in connection with League Loan service for 1935/36 ¹	7.5	0.1	7.6
9. Treasury bills, 1936/37 :			
(a) Interest on 2% bills to face value of 14,538,863 pengö : loan from Foreign Credits Cash Office, 1936/37 ¹	12.0	—	12.0
(b) Interest on 2% bills to face value of 18,452,723 pengö deposited in connection with League Loan service, 1936/37 ¹	6.9	0.1	7.0
10. Loan in connection with Agrarian Debt Relief (Act XXVII, 1933)	—	69.5	69.5
11. Book debt taken over by the Treasury in settlement of small farmers' debts (Act XXVII, 1933)	—	12.7	12.7
12. 3% Treasury bills representing loan from Foreign Credits Cash Office for investments (Act XXVII, 1933)	—	13.0	13.0
13. Loan for co-operative societies (Act XXI, 1934)	—	7.9	7.9
14. 3% Treasury bills representing loan from Foreign Credits Cash Office for investments (Act XXI, 1934)	—	9.0	9.0
15. 3% Treasury bills representing loan from Foreign Credits Cash Office for investments (Act X, 1935)	—	8.0	8.0
16. Liabilities in connection with the National Land Mortgage Institute (Law XIV, 1936)	—	5.0	5.0
17. Loans for repurchase of bonds	16.5	0.3	16.8
18. Loans for road construction	5.3	—	5.3
19. Loans for other administrative investments	2.8	—	2.8
20. Loans for working balance of the State Administration	18.3	2.7	21.0
(a) Total	<u>302.2</u>	<u>327.7</u>	<u>629.9</u>

¹ Treasury bills deposited in respect of amortisation are included in the capital amounts outstanding.

(b) State Undertakings :	Foreign	Domestic	Total
	(In millions of pengö)		
1. Loans for investments of State Railways	18.6	20.3	38.9
2. Loans for investments of the State Ironworks ..	1.8	3.0	4.8
3. Loans for working balance of the State Railways	0.6	18.1	18.7
4. Loans for working balance of the State Ironworks	6.7	9.5	16.2
(b) Total	27.7	50.9	78.6
Grand total	329.8	378.7	708.5

(f) *Agricultural Relief Fund (formerly Boletta).*

Total expenditure and receipts of this fund, which is outside the budget, estimated for 1937/38, are the same as for 1936/37 :

Receipts :	(In millions of pengö)
1. Turnover tax on flour	24.3
2. Turnover tax on polished rice	0.7
3. Turnover tax on textiles and other goods and contribution from textile firms	15.0
4. Turnover tax on groceries and spices	0.4
5. Cartel dues	1.7
6. Coal tax	1.7
7. Contribution from firms liable to company tax	5.0
8. Increase of turnover tax on yeast	1.4
9. Contribution on sale of hogs	0.7
10. Dues for marking export goods	0.1
Total	51.0

Expenditure :	(In millions of pengö)
1. Refund of tax on exported flour	5.2
2. Refund of land tax	8.6
3. Refund on contribution in place of labour	5.0
4. Reduced railway rates for agricultural produce	4.0
5. Promotion of marketing and other relief to agriculture	23.0
6. Administrative expenses	3.5
7. Compensation to communes for their share in turnover tax on flour	1.0
8. Promotion of products manufactured from hogs	0.7
Total	51.0

(g) *Reconstruction Loan, 1924, and Assigned Revenues.*

An offer for a permanent settlement of this loan has been made by the Hungarian Government, and the League Loans Committee, London, has recommended it to the bondholders' acceptance, recording the fact that the Hungarian Government has loyally and punctually fulfilled every engagement entered into with the Committee. Particulars are set out in the following *communiqué*, which was issued by the League Loans Committee on June 29th last :

“ STATE LOAN OF THE KINGDOM OF HUNGARY, 1924.

“ 1. The League Loans Committee have the pleasure to announce that the Hungarian Government have duly carried out to date and are continuing to carry out the arrangements announced on July 2nd, 1936, for the service of this League of Nations Loan for the period to August next. Consequently, the Trustees were able to pay the coupon due February 1st, 1937, at 50% of its value, and it may be anticipated that they will in due course pay the coupon due August 1st, 1937, at 50% also.

“ 2. The Hungarian Government have recently been in communication with the League Loans Committee and now announce that they are prepared to make the following offer for a permanent settlement of the future service of this loan, whose special position and claims they have always expressly recognised :

“ (i) Commencing with the coupon due February 1st, 1938, the interest payable in full satisfaction of this loan to be at the rate of 4½% per annum or proportionably less where the original interest was less than the main rate. This interest to be paid in full in the appropriate foreign currencies.

“ (ii) The loan to be redeemed by the operation of a sinking fund of 1% per annum on the amount of the loan at present outstanding, supplemented by the cumulative saving of interest as the nominal capital is progressively reduced. The sinking fund to operate yearly, commencing with the year beginning August 2nd, 1940, by purchases in the market or, in the event of the loan standing at par or over,

by drawings at par. This sinking fund will be applied as between the different tranches, *pro rata*.

“(iii) In return for the above conditions of future service, the Hungarian Government ask that they may be released from further liability in respect of outstanding partly paid coupons, which may thus be regarded as fully discharged by the payments already made upon them. As a consequence of this release, the Hungarian Government ask that the pengő Treasury bills and cash pengő at present deposited in respect of untransferred service and accumulated interest thereon may be returned to them.

“ For the Royal Hungarian Government :

(Signed) Dr. T. FABINYI,
Minister of Finance.’

“ 3. The League Loans Committee recall that, ever since the original default in 1932, the Hungarian Government have fully recognised their responsibility in respect of the service of their League Loan and have loyally and punctually fulfilled every engagement entered into with the Committee. They think therefore that bondholders may receive the Hungarian Government’s proposals with confidence. The League Loans Committee have carefully examined these proposals in the light of the Hungarian Government’s explanations and of the information made available through the League of Nations. In the circumstances, they consider the proposals, both as regards future service and arrears, to be fair and equitable and they recommend them to the acceptance of the bondholders.

“ A further announcement will be issued in due course to inform bondholders of the necessary steps to be taken in order that their bonds may be made eligible for the new conditions of service.

“ For the League Loans Committee, London :

(Signed) BESSBOROUGH,
Chairman.”

Bondholders of this loan received full contractual interest (7½%, except for the Italian tranche, which carried interest at 7%), and amortisation as provided for in the General Bond was effected up to and including the service year ending August 1st, 1932. In June 1932, however, the Hungarian Government notified the Trustees that it was unable to continue transferring the service instalments as they fell due. Subsequently, the League Loans Committee having started the consultations with the Hungarian Government which have been kept up ever since, transfers were resumed at a rate which permitted the Trustees, utilising for this purpose the reserve funds in their hands, to pay the coupon in full for the service year ending August 1st, 1933, amortisation however being suspended. In respect of the following service years, up to and including that ending August 1st, 1937, 50% of the coupon was paid, always in the appropriate currencies. And for the one service year 1933/34, but not for the following years, the Hungarian Government offered to repurchase in total satisfaction the part-paid coupons at 10% of the unpaid portion of these coupons, which meant that bondholders availing themselves of this offer received 55% of the coupon. The present offer means the payment in exchange of 60% of the original coupon, as from August 2nd, 1937, on, and the setting-up of an amortisation fund to work as described above as from August 2nd, 1940. The capital of this loan at present outstanding amounts to roughly 180 million pengő (gold).

The liability in respect of outstanding partly paid coupons, release from which is asked for by the Hungarian Government as part of the settlement now offered, thus refers to all the pengő Treasury bills and cash pengő which have been deposited in respect of untransferred service and interest thereon since the initial default took place. The amounts in question may be found in my past reports, which also reproduce the *communiqués* issued by the League Loans Committee recommending to the bondholders acceptance of the year-to-year arrangements offered by the Hungarian Government.

In the technical application of this scheme, a number of questions necessarily arise, the solution of which will have to be reported later.

Assigned Revenues.—These were slightly higher in 1936/37 than in 1935/36 :

	Customs	Tobacco	Sugar	Salt	Total
1936/37 :					
	(In millions of pengő)				
July-March	33.5	82.3	40.1	16.3	172.2
April	4.4	9.1	2.9	1.2	17.6
May	3.7	11.0	3.8	1.2	19.7
June	3.8	11.4	3.5	1.8	20.5
Total	45.4	113.8	50.3	20.5	230.0
1935/36 :					
July-March	31.2	82.7	35.1	16.1	165.1
April	4.0	8.9	3.2	1.3	17.4
May	3.7	10.1	3.4	1.4	18.6
June	3.3	9.9	3.9	1.6	18.7
Total	42.2	111.6	45.6	20.4	219.8

3. BUDGETS OF THE LOCAL AUTHORITIES.

No information is as yet available on the execution of the 1937 budgets reproduced in my last report, section I, 3.

4. STATE BORROWING.

(a) *Treasury Bills, 1930 and 1931.*

Apart from the Reconstruction Loan, 1924, which has a specific charge on certain assigned revenues (I, 2(g), above), a specific charge also exists in favour of the Treasury bills, 1930 and 1931, which are included in the floating-debt table reproduced in I, 2(e) : roughly £3 million 1930 and £5 million 1931, the latter including bills, amounting to 43 million pengő, which were taken up by Hungarian banks and never placed abroad. There were outstanding, at June 30th last :

1930 Bills :

Sterling bills to a nominal amount of roughly £1.7 million ;
Swiss franc bills to a nominal amount of roughly 13.6 million Swiss francs ;
Dollar bills to a nominal amount of roughly \$5.4 million.

1931 Bills (not including the 43 million pengő bills held by Hungarian banks) :

French bills payable at holders' option in any one of five different currencies at fixed exchange rates : 375.3 million French francs ;
Swiss franc bills to a nominal amount of roughly 6.6 million Swiss francs ;
Netherlands bills to a nominal amount of roughly 1.2 million florins ;
Italian bills to a nominal amount of roughly 19.6 million lire.

After repeated renewals, all these bills, as at June 30th last, fell due for payment on August 14th, 1937, except the French bills, which had been due since August 14th, 1935, and the Swiss franc bills, since February 14th, 1937. In respect of the periods previous to these due dates, agreements had been made with the bill-holders, these accepting in satisfaction interest in pengő, which pengő they were enabled to utilise, with the assent of the National Bank, in ways which latterly gave them, in their own currencies, a maximum of 1½% interest.

The Hungarian Government has now offered to pay, for three years beginning on August 15th, 1937, 1½% interest in exchange to holders of bills accepting this offer, and to apply 1½% of the outstanding capital amounts to the repurchase of bills by tender, it being understood that the Hungarian Government is not obliged to buy if the price asked exceeds 45% of the nominal amount of the bill. If purchases in any half-year do not exhaust the amount available for such purchase, the balance is to be carried forward and added to the sums available in the next or succeeding half-years, but any balance remaining unapplied on August 14th, 1940, shall cease to be available.

This offer has been accepted by the holders of the sterling bills (1930) and is under consideration by the holders of the other issues.

(b) *Other State Debts.*

Negotiations with the Caisse Commune in respect of Hungary's share of the pre-war debts of the former Austro-Hungarian Monarchy have led to the formulation of a scheme for a three-year settlement which is at present under consideration.

There have also been negotiations with a view to a three-year agreement on the funding debts, representing the interest accrued on the long-term debts from the beginning of the war in 1914 down to resumption of payment, and also with regard to the so-called clearing debts, representing commercial claims outstanding when the war broke out.

The rest of the State's foreign debts consists mainly of post-war short-term debts of the Administration and of the State Undertakings. Some of these are included in the Standstill (see I, 5(e), below). The others will be dealt with by direct negotiation as soon as possible.

The State's bonded debts other than the Reconstruction Loan and the Treasury bills, 1930 and 1931, are estimated, on the basis of the interest reductions effected by the Prague and Innsbruck agreements, at some 250 million pengő, and the short-term debts (including State standstill debts) at some 78 million pengő.

(c) *Borrowings in the Fiscal Year 1936/37.*

Additions to the State's floating debt in 1936/37, totalling 49.4 million pengő (as against 72.3 million pengő in 1935/36), are shown in the following table. They consist in Treasury bills deposited in lieu of transfer of foreign debt service and in debts in connection with the Agrarian Debts Relief Scheme :

State Borrowing, 1936/37.

Description	Amount (In millions of pengö)	Maturity
1. 2% Treasury bills deposited under Law XIX, 1936, in respect of State debt service (interest only) with the Foreign Credits Cash Office	11.972	December 23rd, 1937
2. 2% Treasury bills deposited under Law XIX, 1936, in respect of debt service (interest only) of Reconstruction Loan, 1924	6.975	From August 2nd, 1937, to August 2nd, 1938
3. Interest on bills placed under Law VIII, 1935 ..	0.017	December 23rd, 1937
4. Advances from the National Bank in connection with the Agrarian Debts Scheme	21.000	December 31st, 1943
5. Debts of small landowners taken over in connection with the Agrarian Debts Scheme	4.475	December 31st, 1955
6. 2½% Treasury bills deposited under Law XIV, 1936	5.000	July 1st, 1942
Total	49.400	

Total additions to the State debt in 1936/37 thus amounted to 49.4 million pengö. Allowing for reductions (other than those caused by currency devaluations), which totalled 17.3 million pengö, the net increase was 32.1 million pengö. The total as shown in the table in I, 2(e), is less than the total for June 30th, 1936, because of reductions caused by currency devaluations.

5. MONETARY AND FINANCIAL.

(a) *Position of the National Bank.*

The return at June 30th shows a moderately expanding tendency, corresponding to a general trend in the country, to which a decided impetus was given by the 1936 harvest. Note circulation during the quarter just concluded has ranged some 10% higher than in the corresponding period last year. State balances decreased, seasonally, over the quarter, but remain some 51% higher than they were a year ago. Private balances have increased in the last few months, but not over the year. Both the metal reserve and gold as shown have increased as compared with June 30th, 1936. "Other" assets have more than doubled over the year, though their rate of increase has slowed down during the spring.

An interesting development is the decrease of bills rediscounted, which now stand at 400 million pengö, as against 500 million pengö a year ago and 524 million pengö two years ago. "Other" liabilities have declined. The State debt to the Bank has increased with further advances under the Agrarian Debts Relief Scheme. The ratio of cover tends to be a little higher this year than last.

Negotiations with regard to the outstanding amount of the credits granted in 1931 to the National Bank by the Bank for International Settlements and other central banks (see ninth report, I, 5(a), and twentieth report, I, 5(a)), have led to the consolidation of these credits for three years, this agreement replacing the former one, which expires on July 18th, 1937. The amount at present outstanding is roughly 87 million pengö (gold).

The recent agreements (see 5(d) below) providing for payments in exchange of the non-State foreign long-term loans have resulted in an inland demand for some of these bonds. There has been a certain amount of smuggling of pengö out of the country to pay for them, and there is a slight discount on the pengö note in Switzerland. This development had been foreseen by the National Bank, which has the situation well in hand.

(b) *Foreign Exchange Control.*

The first six months of 1937 show an increase of roughly 42%, as compared with the same period last year, in foreign-exchange receipts from all sources. The bulk of the increase is in transactions through the clearings and on blocked accounts; but export exchange received on free accounts has more than doubled, and so has export against pengö. It will be appreciated that receipts "on free accounts" in the following table are not necessarily free exchange. Currencies of limited availability are also included. The increase in compensations, which has been noticeable for some time past, steadily continues.

Under "Outgoings", allotments for imports, both through the clearings and from free accounts, have increased considerably.

Incomings:

I. Receipts of the National Bank:	First half-year 1937	First half-year 1936 ¹
	(In thousands of pengö)	
1. From exports:		
(a) Through clearings and on blocked accounts	180,427	135,570
(b) On free accounts	55,911	27,002
2. Receipts through other sources (obligatory declaration, State, etc.):		
(a) On blocked accounts	9,086	8,528
(b) On free accounts	22,029	16,167
Total of I.	267,453	187,267

¹ Revised figures.

	First half-year, 1937 (In thousands of pengö)	First half-year, 1936 ¹
II. Compensations	44,850	36,316
III. Export against pengö	13,430	6,232
IV. Purchases by authorised banks (net)	1,068	752
Grand total	326,801	230,567

Outgoings:

I. Allotments of the National Bank :		
1. For imports :		
(a) Through clearings and from blocked accounts	163,120	131,817
(b) From free accounts	34,825	25,082
2. For debt service :		
(a) From blocked accounts	502	8,777
(b) From free accounts	3,388	3,804
3. To the State :		
(a) From blocked accounts	1,418	1,093
(b) From free accounts	6,311	5,036
4. To others :		
(a) From blocked accounts	10,264	8,055
(b) From free accounts	5,791	3,984
Total of I	225,619	187,648
II. Compensations	44,850	36,316
III. Import through merchandise, pengö	2,472	1,744
IV. Sales by authorised banks (net)	786	318
Grand total	273,727	226,026

(c) *Foreign Debts.*

The position on June 30th, 1937, of the Cash Office of Foreign Credits, into which the pengö equivalent of the untransferred service of long-term loans has been paid, was as follows. It will be realised that, under the recent debt arrangements, the Hungarian long-term debtor, other than the State, will continue to pay what he owes in respect of foreign debt into the Cash Office, which will now itself undertake the transfer of the appropriate amounts in exchange to the creditor.

I. *Receipts and Payments of the Office.*

	State loans	Municipal and other public loans	Other loans	Total
A. Under Order-in-Council 6900/M.E. ex 1931 :				
1. Receipts of the Office :				
(In millions of pengö)				
(a) In cash	24.3	110.1	135.5	269.9
(b) In Treasury bills	93.7	—	—	93.7
Total	118.0	110.1	135.5	363.6
2. Payments by the Office :				
(a) Coupons and bonds redeemed	19.7	82.6	115.7	218.0
(b) Advances to redemption offices	—	1.5	—	1.5
Total	19.7	84.1	115.7	219.5
3. Balance held :				
(a) In cash	4.6	26.0	19.8	50.4
(b) In Treasury bills	93.7	—	—	93.7
Total	98.3	26.0	19.8	144.1
B. Other receipts of the Office				37.6
Revenue of the Office				15.7
Balance (net)				197.4

¹ Revised figures.

II. *Present Position of the Office.*

	(In millions of pengő)
Balance held by the Office :	
(a) In cash	103.7
(b) In Treasury bills	93.7
	<hr/>
Total	197.4
Investments out of cash :	
(a) Loan to State for productive investments (secured by Treasury bills of same amounts)	55.5
(b) Call money and deposits	27.4
	<hr/>
	82.9
Net amount at present held in cash	<hr/> 20.8

On State loans, there are no arrears to the Office. Other arrears stand at approximately 5.9 million pengő.

The credits granted by the Office to the State have not changed since the last report ; other investments of the Office have decreased by 5.0 million pengő.

The amounts deposited up to June 30th, 1937, under the Standstill Agreement in pengő with the National Bank of Hungary to cover interest and commission on short-term banking debts, not satisfied in foreign exchange, totalled 78.15 million pengő, of which 76.8 millions had been paid to creditors accepting such payments in satisfaction. The balance held by the National Bank thus amounted to 1.35 millions. The amount paid up to June 30th, 1937, under the same agreements for capital repayments in pengő to the National Bank totalled 33.19 millions, of which 32.7 millions had been disposed of by the creditors. The balance held by the National Bank amounted to 0.49 million pengő.

(d) *Offer of a Three-year Settlement of Long-term Debts other than the State's.*

On July 7th, the Council of Foreign Bondholders, London, issued the following *communiqué* :

“ HUNGARIAN COMMUNIQUÉ.

“ 1. The Council of Foreign Bondholders announce that discussions took place in the early part of last month between representatives of the Council of Foreign Bondholders and of the Caisse commune des porteurs des dettes publiques autrichienne et hongroise ; of the Committee of the Amsterdam Stock Exchange ; of the Association suisse des Banquiers ; of the Association belge pour la défense des détenteurs de fonds publics, and a Hungarian delegation headed by Dr. Béla de Imrédy, President of the National Bank of Hungary.

“ 2. The results of the negotiations as regards direct Government long-term debts will be published separately, and the following statement therefore applies only to certain long-term non-State debts.

“ 3. The Hungarian delegation recalled that, in 1931, the Hungarian Government was compelled to adopt certain emergency measures with regard to the service of Hungary's long-term foreign debts. These measures provided for the suspension of the redemption of bonds and also of the payment of interest in foreign exchange, the debtor being obliged at the same time to deposit into a blocked account with the Cash Office of Foreign Credits the interest equivalent in pengő calculated at the official Budapest rate of exchange up to a maximum of 5% per annum on the outstanding principal.

“ 4. Owing to the financial and economic difficulties with which Hungary has been faced, it has been impossible to authorise any payments to foreign holders of coupons up to the present time, but recently the economic situation, both of the world and of Hungary, has effected a certain improvement in the financial position of the country.

“ 5. The Hungarian delegation now put forward an offer based on the assumption that present possibilities for obtaining the necessary foreign exchange would continue during the period covered by the proposal.

“ 6. The offer applies to the long-term bonded debts of Hungarian municipalities, ecclesiastical bodies and certain private debtors issued in foreign currency, and would apply to bonds not stamped and registered as being in Hungarian ownership under the Decree of the Hungarian Cabinet Council, No. 300/1936 M.E. Payment would only be made to persons resident outside the Kingdom of Hungary or to firms, corporations, etc., situated outside Hungary, and excluding branches of the above in Hungary. Evidence of foreign ownership would have to be produced, as required by Hungarian Law.

“ The period covered by the offer is for three years from August 1st, 1937, up to July 31st, 1940, both dates inclusive.

“ Offer.

“ 7. A. The Cash Office of Foreign Credits to pay in freely convertible foreign exchange in full satisfaction of the coupon falling due during the period of the offer, and against surrender of such coupons, the following amount to foreign bondholders :

“ (a) $1\frac{1}{2}\%$ per annum if the contractual interest rate does not exceed 4% per annum ;

“ (b) $1\frac{3}{4}\%$ per annum if the contractual interest exceeds 4% per annum but does not exceed $4\frac{1}{2}\%$ per annum ;

“ (c) $1\frac{3}{4}\%$ per annum if the contractual interest exceeds $4\frac{1}{2}\%$ per annum.

“ B. The above payments will only be made where the debtor has deposited with the Cash Office of Foreign Credits the full amount in pengő as provided by the Transfer Moratorium decrees ; should the debtor have made only a partial deposit, the above payments will be reduced *pro rata*.

“ C. Coupons belonging to foreign holders who wish to receive foreign exchange under this offer must reach the Cash Office of Foreign Credits not later than 180 days from the due date of the coupon.

“ D. Within three months from the due date of the coupon, foreign holders (other than firms and corporations) and/or their dependants, instead of receiving foreign exchange, shall be entitled to receive, within the limits established from time to time by the National Bank of Hungary, the pengő amounts deposited by the debtor (*i.e.*, the pengő equivalent of the contractual interest up to, at present, a maximum of 5% per annum calculated at the official Budapest rate of exchange) ; but such pengő may only be used, not later than six months as from the due date of the coupons, by foreign holders for expenses of or incidental to their travel in Hungary. Under the present regulations, these pengő may be used to an amount not exceeding 100 pengő per person and per diem. This option is open only to foreign holders who have been in the beneficial ownership of their bonds as from July 15th, 1934.

“ Technical details regarding this option are obtainable from the service bankers.

“ E. Any pengő amounts deposited by the debtors with the Cash Office of Foreign Credits, and not claimed by foreign holders within the six or three months referred to above, will remain blocked with the Cash Office, and may be invested by that Office during the three years covered by this offer in non-interest-bearing Hungarian Treasury bonds or similar non-interest-bearing securities.

“ F. The above offer refers exclusively to coupons falling due within the period specified and does not apply to arrears already existing.

* * *

“ 8. The Council of Foreign Bondholders has considered the offer of the Hungarian delegation and, in all the circumstances, they recommend it for the acceptance by the bondholders of the various issues concerned.”

N.B.—On sending this report to press, it is learned that a similar *communiqué* is shortly to be issued with the assent of the American Protective Association.

The nominal value of the debts to which this offer applies is calculated at roughly 500 million pengő (gold).

The service of these debts, since normal transfer was suspended at the end of 1931, has been handled as follows : The debtor has been obliged to deposit interest in pengő at 5% (or less where the original rate was less than 5%) with the Cash Office of Foreign Credits. The pengő amounts arising from the encashment of coupons of bonds in foreign possession have been credited to the owners on blocked accounts, only to be utilised with the assent of the National Bank, this permission being granted chiefly for meeting the owners' personal expenditure while staying in Hungary. Utilisation of blocked pengő for other purposes has been subjected to strict limitation, and only exceptionally allowed in such a manner as to permit the owner to transfer the proceeds of his coupon abroad. Where such transfer has taken place, the rate of discount required has latterly been 70% , which meant 1.2% in the owner's own currency in the case of a 4% bond, and a maximum 1.5% where the original interest was 5% or more.

The present offer means direct payment, in the appropriate currency, of interest at rates varying between $1\frac{1}{2}\%$ and $1\frac{3}{4}\%$, according to the original interest rate, with the option of the bond-bearer (other than firms or corporations) to take payment in pengő, as previously, for his personal expenditure in Hungary.

This offer, whether payment is to be in foreign currency or in pengő, can only be accepted in complete satisfaction, the coupon being surrendered, instead of being returned after perforation as heretofore.

Bondholders accepting payment in the appropriate currency will receive more, in the exceptional cases where transfer could be arranged, than they were hitherto able to obtain. The inland debtor, on the other hand, will be able to discharge his obligation, for the period to which the offer applies, by the same pengő payment as previously.

(e) *New Standstill Agreement.*

An agreement has been initialled, to run for one year from July 15th, 1937, and to be renewable for two further periods of one year each, by the British, American, Netherlands, French and Swiss short-term banking creditors, and by the Hungarian debtors and the National Bank. It covers debts to a nominal value of some 300 million pengö (gold).

Standstill payments, under this agreement, are for the first time to be in the original currencies, which will be provided by the Cash Office of Foreign Credits, the Hungarian debtor making payment to the Cash Office in pengö at the official rate, plus the amounts necessary to secure the transfer of interest into the foreign currencies (surcharge) and a certain amount of commission. The creditors are thus to receive 5½% per annum of the facilities outstanding and actually utilised as at July 15th, 1937, 1% being applicable to interest and the balance to repayment of a corresponding amount of the facilities. Where facilities have been granted to an industrial or commercial concern, without bank guarantee, the payment per annum is to be 5½%, of which 1½% goes to interest. On acceptance credits, the foreign bank creditor is to receive 1% or 1½% per annum, as the case may be, in satisfaction of commission, discount and charges.

There is provision for voluntary capital repayment, agreed between debtor and creditor, at the official rate in pengö, in addition to the above, to the extent to which the National Bank may be able, in its judgment, to devote any surplus foreign exchange to this purpose.

II. ECONOMIC SITUATION.

I. GENERAL.

The Ministry of Agriculture's estimate published on July 10th, while a little more hopeful than the last one issued, forecasts 19 million quintals of wheat this year, as against 23.9 million quintals in 1936 and an average of 20.8 million quintals for the years 1931-1935. The prices obtainable for exported wheat promise, this year, to be appreciably higher than last, which will have its effect on the foreign-exchange proceeds of wheat exports in the economic year just beginning. The following table shows the most recent estimate for 1937, together with last year's yield and the average yield for former periods :

	Estimate, July 10th, 1937	Actual yield, 1936 (In millions of quintals)	Average	
			1931-1935	1926-1930
Wheat	19.0	23.9	20.8	22.3
Rye	6.5	7.1	7.2	7.4
Barley	4.9	6.6	6.4	6.0
Oats	2.3	2.6	2.7	3.5

The fodder crops appear to be satisfactory.

Fruit and vegetables are less abundant than they were last year, and inland prices are much higher.

Industry is continuing to prosper, although the rate of expansion is apparently not quite as rapid as it recently has been.

The two available estimates of Hungary's national income are given below, one of these applying to the year 1936 and the other to 1935/36. The prosperity curve indicated by both these estimates, which are prepared on different bases, is upwards, more so in one estimate than in the other. *Die Volkswirtschaft Ungarns* brings out an improvement of roughly 22% from 1935 to 1936, while the Hungarian Economic Research Institute puts it at about 16% from 1934/35 to 1935/36; but both authorities agree that the growth of income in the last year covered by each was larger than it has been since the depth of the depression.

Hungarian Statistical Office (till 1931)
and *Die Volkswirtschaft Ungarns* :

Hungarian Economic Research Institute :
Production, trade, distribution, rents and domestic service

Production, trade and distribution (In millions of pengö)				Actual pengö values Pengö values calculated on average prices, 1924/25-1926/27 (In millions of pengö)	
1929	4,308	1928/29	5,776	5,728	
1931	3,043	1930/31	4,541	5,404	
1933	2,463	1932/33	3,587	5,167	
1934	2,680	1933/34	3,522	5,682	
1935 (corrected)	3,044	1934/35	3,666	5,559	
1936	3,697	1935/36	4,054	5,834	

2. TRADE.

For import and export values, month by month, see Appendix II. The totals (values) for the first half-year 1935, 1936 and 1937 were as follows :

	Import	Export	Export + or —
	Values (in millions of pengö)		
January-June 1935	173.3	192.4	+ 19.1
January-June 1936	219.6	216.1	— 3.5
January-June 1937	218.5	293.2	+ 74.7
	(Quantities (in millions of quintals))		
January-June 1935	10.4	7.0	
January-June 1936	15.8	6.7	
January-June 1937	14.7	11.3	

Import quantities were swelled last year by the purchases of fodder required to supplement the short Hungarian crop of 1935 ; hence the falling-off this year, the 1936 fodder crop having been a good one. However, other imports have increased. There has been a great increase in export quantities and values.

Export values having gone up, in the first five months of 1937, by close on 40% as compared with the same period last year, it may be seen from the following table which markets have taken the increase, and also the general trend in the distribution of Hungary's foreign trade. Germany continues in the first place, both for exports and imports, but the increase in Hungarian exports to Germany this year is not as large, either in absolute figures or proportionately, as the increase to Austria, Italy or Switzerland. Exports to Great Britain have declined a little in absolute figures and very considerably as a percentage of the total, imports from Great Britain having remained nearly the same as last year. The increase in exports is greatest, however, to far-distant countries, which individually take less than 1% of the total. There is a decline in the case of Czechoslovakia, Yugoslavia and Roumania :

Hungary's Foreign Trade
(in values and in percentages of total import and export values).

	Imports				Exports			
	Average	First	First	Average	First	First	First	
	1925-1930	1931-1936	1936	1925-1930	1931-1936	1936	1937	
(In millions of pengö and in percentages of total imports and exports)								
<i>Austria :</i>								
Value	164.0	68.1	26.3	29.6	291.6	108.0	27.6	43.4
Per cent	16.9	17.3	14.1	16.9	32.9	24.4	15.4	17.5
<i>Italy :</i>								
Value	47.5	29.6	14.9	13.5	61.2	45.9	27.0	40.4
Per cent	4.8	7.6	8.2	7.9	6.2	10.3	15.1	16.3
<i>Germany :</i>								
Value	193.3	88.9	45.9	47.8	106.6	80.3	50.1	59.6
Per cent	18.3	22.6	24.9	27.0	11.6	18.0	28.0	24.0
<i>Switzerland :</i>								
Value	36.0	10.4	3.6	4.2	33.4	23.7	3.7	13.6
Per cent	3.4	2.6	2.2	2.3	3.4	5.4	2.1	5.5
<i>Czechoslovakia :</i>								
Value	234.0	30.2	7.3	9.5	159.2	22.6	6.7	5.7
Per cent	23.1	7.6	3.8	5.1	18.6	5.2	3.7	2.3
<i>France :</i>								
Value	27.7	11.2	2.1	1.6	9.4	15.6	3.5	5.3
Per cent	2.5	2.8	1.1	1.2	0.9	3.6	2.0	2.1
<i>England :</i>								
Value	32.3	18.5	10.0	10.5	28.6	37.1	16.8	15.4
Per cent	2.0	4.8	5.5	5.7	2.9	8.3	9.4	6.3
<i>Yugoslavia :</i>								
Value	48.0	22.2	9.9	9.8	50.2	17.9	3.6	4.3
Per cent	4.4	5.6	5.4	5.7	6.1	4.1	2.1	1.7
<i>Roumania :</i>								
Value	84.6	45.4	30.4	12.9	38.6	18.8	9.9	8.5
Per cent	8.2	11.4	16.3	6.7	4.3	4.3	5.5	3.4
<i>Poland :</i>								
Value	46.8	7.8	2.1	2.1	19.6	3.9	1.2	2.1
Per cent	4.8	2.0	1.1	1.2	2.7	0.9	0.6	0.8
<i>Other Countries :</i>								
Value	79.8	60.9	32.4	36.5	93.0	68.9	28.7	49.8
Per cent	11.2	15.4	17.4	20.3	10.1	15.5	16.1	20.1
<i>Total :</i>								
Value	1,014.5	393.5	184.9	178.0	884.7	443.1	178.8	248.1
Per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Quantities (in million quintals)	57.3	26.0	12.9	11.7	23.3	17.3	4.9	9.4

There has been a marked increase in the traffic and receipts of the State Railways :

		State Railways		Receipts	
		Ton-kilometres		(In millions of pengö)	
		1936	1937	1936	1937
January	.. .. .	141.9 ¹	178.5	16.3	20.0
February	.. .. .	138.6	177.9	15.5	18.3
March	.. .. .	157.2	178.3	16.8	19.9
April	.. .. .	159.0	186.8	15.7	19.0
May	.. .. .	175.1	198.8	17.2	19.3

Receipts of the Post, Telegraph and Telephone continue to increase very gradually :

		Post, Telegraph and Telephone	
		Receipts	
		1936	1937
		(In millions of pengö)	
January	.. .. .	8.1	8.4
February	.. .. .	7.4	7.5
March	.. .. .	8.0	8.7
April	.. .. .	7.8	8.0
May	.. .. .	7.8	7.9

3. PRODUCTION AND CONSUMPTION.

The output of coal has increased more over the past year (on figures for the first quarter) than it did in the last few years ; the consumption of coal and coke continues its steady rise. There has been a slowing-down in the rate of increase in the output of steel, and still more in that of iron :

		Output of		
		Coal	Iron	Steel
		(In millions of tons)	(In thousands of tons)	
First quarter of :				
1933	.. .. .	1.68	11	38
1934	.. .. .	1.87	27	61
1935	.. .. .	1.91	40	87
1936	.. .. .	1.96	67	138
1937	.. .. .	2.23	70	149

		Coal and coke consumed by all branches of industry	Hungarian coal delivered to industry		
			All branches	Heavy industry	Textiles, leather and rubber
			(In thousands of tons)		
First quarter of :					
1932	.. .. .	642	528	146	76
1933	.. .. .	588	474	114	80
1934	.. .. .	692	558	153	95
1935	.. .. .	758	604	181	105
1936	.. .. .	866	679	199	110
1937	.. .. .	974	760	231	115

The Economic Research Institute reports a further general increase in industrial activity, but with some slackening of the pace. Production goods, according to the Institute's index, show an 11% increase over the first quarter last year ; in consumption goods, the increase is 6%.

It has been calculated that food consumption in Hungary as a whole, measured in calories, has in recent years not done more than keep pace with the increase in population.

4. PRICES.

The Statistical Office's wholesale index has moved within narrow limits for the last few months, but has ranged upwards of 10% higher than a year ago. Cereals and cattle prices (but not pigs) show a much bigger increase, and so do retail prices of most kinds of food and of ready-made clothing :

		Wheat	Live cattle middling quality	Calves	Pigs
		Per 100 kg.	Per kg.	Per kg.	Per kg.
		(Pengö)			
		1937	1936	1937	1936
January	.. .. .	21.10	18.33	0.84	0.50
February	.. .. .	18.75	17.93	0.83	0.58
March	.. .. .	21.35	16.90	0.88	0.62
April	.. .. .	19.70	16.08	0.90	0.66
May	.. .. .	20.03	14.88	0.90	0.69
June	.. .. .	19.65	14.83	0.84	0.66
				1937	1936
				1.22	0.92
				1.13	0.95
				0.98	0.80
				0.96	0.89
				1.11	0.95
				0.92	0.78
				1.24	0.89
				1.23	0.94
				1.21	1.05
				1.18	1.01
				1.08	1.02
				1.02	1.03

¹ Corrected figures.

5. STOCK EXCHANGE.

The boom alluded to in my last two reports reached its peak at the end of March. Serious setbacks followed in April and May. In June, a firmer tendency set in again, as the following index figures show :

	1937 (1926 = 100)	1936
January	170.7	109.7
February	183.3	115.4
March	185.5	115.3
April	155.3	115.4
May	146.4	118.5
June	159.8	121.7

Since the end of June, prices have again started soaring. At the present moment (July 15th), the return on many leading shares, regard being had to the current prices, is again a very low one. The foreign debt agreements announced thus far have been followed by a stiffening of bond quotations.

6. COMMERCIAL BANKS.

There is hardly any increase in savings, as indicated by deposits in the Postal Savings Bank and the chief Budapest banks.

7. COMMERCIAL POLICY.

Clearing agreements of the type that obtained widely after the 1931 crisis have little by little been replaced by payment agreements which, on the whole, restrict trade less than the clearing did. At present, Hungary only has clearings with Austria, which is a special case, and Turkey, where modifications making for more freedom have lately been introduced.

The following points may be noted where individual countries are concerned :

Negotiations for the application of the coming economic year of the principles embodied in the Rome Agreements (eleventh report, pages 14 and 15) have been concluded with Austria, and are pending with Italy.

Austria contracts to take a certain percentage of Hungary's exportable surplus of cereals, at prices to be determined by market quotations, but which, for wheat, are not to be less than 20 schillings per quintal. Last year, Austria took fixed quantities at fixed prices, which, in view of movements on the market, turned out to be disadvantageous to Hungary.

The Austrian clearing continues to work better than it did formerly. The total of Austrian exporters' claims unsatisfied through it has declined to less than a half of the sum it reached at the peak. Exchanges of goods between Austria and Hungary, for the six months to June 30th, were at a ratio, in Hungary's favour, of 1 : 1.37, as against 1 : 1.02 in January-June 1936. The ratio aimed at by the agreements, for years past, has been 1 : 1.5.

Germany.—An agreement concluded in 1934, for three years, has now been replaced by another, also for three years, on much the same lines as the earlier one. There is a provision this time for the export from Hungary of a small quantity of cereals, and exports of seeds and milk products are to increase somewhat, with a corresponding increase of industrial imports.

Switzerland.—The clearing expired on March 31st last, and a provisional arrangement has been reached which, in practice, avoids some of the disadvantages inherent in the clearing system. This provisional arrangement runs till August 31st next, but may be extended till November 30th if no other arrangement is concluded before July 31st.

Roumania.—Long and laborious negotiations have terminated in an agreement, to run until July 1st, 1938. The Hungarian quota (25,000 truck-loads) for wood fuel is to be the same as last year's, but marketing in Hungary is to be freer. Hungary takes 30,000 truck-loads of raw oil and oil products, and, in exchange, exports 3,000 truck-loads of semi-manufactured iron products and other industrial goods. There is no important change in the payment agreement.

Sweden.—A commercial agreement, affording opportunities for increased trade between the two countries, was signed on May 5th last.

Bulgaria.—A new agreement on an exchange compensation basis entered into force on April 20th last, replacing a private compensation system that had been running since July 1934. Under the former arrangement, 85% of the proceeds of Hungarian exports to Bulgaria went to imports (chiefly tobacco) from Bulgaria, the balance (15%) being available for the remittances home of Bulgarian gardeners working in Hungary. These percentages have now been changed to 80 and 20.

Turkey.—The former clearing has been replaced by a trade and payment agreement which took effect on July 1st last. The old agreement was limited to the exchange of goods; the new one provides for payments for tourist traffic, fees, stamp dues, salaries, etc. The rate of exchange is determined from time to time by the two National Banks in agreement, the accounts are cleared day by day, and the debtor only obtains discharge when he has paid any difference that may arise on account of a variation in the rate between the day on which he made his payment and that on which the account was cleared.

Appendix I.

**MONTHLY (QUARTERLY) RESULTS FOR THE YEAR 1936/37 COMPARED WITH
THE RESULTS FOR THE YEAR 1935/36.**

	July to March		April		May		June	
	1935/36	1936/37	1936	1937	1936	1937	1936	1937
(In millions of pengö)								
A. ADMINISTRATION.								
<i>Receipts.</i>								
Direct taxes	179.6	194.0	11.8	12.3	24.9	28.7	13.4	15.1
Customs duties	31.2	33.5	4.0	4.4	3.7	3.7	3.3	3.8
Excise duties	71.9	79.5	6.5	6.6	6.9	7.3	7.5	7.8
Turnover tax	90.1	102.1	9.2	11.3	11.1	12.5	8.7	13.7
Dues	75.6	81.3	8.3	8.4	8.4	9.1	7.7	7.8
Tobacco Monopoly	82.7	82.3	8.9	9.1	10.1	11.0	9.9	11.4
Salt Monopoly (gross)	20.6	20.5	1.7	1.6	1.8	1.7	2.0	2.3
Saccharine and lotteries	1.4	2.1	0.5	0.6	0.02	0.01	0.3	0.2
Administrative receipts	46.9	53.0	4.5	4.3	6.6	5.4	21.4	23.2
Total receipts	600.0	648.3	55.4	58.6	73.5	79.4	74.2	85.3
<i>Expenditure.</i>								
Army	66.0	80.2	6.7	8.9	8.2	8.1	17.3	
Foreign Affairs	7.6	7.5	1.3	1.3	0.5	0.5	0.7	
Justice	24.4	24.4	2.6	2.6	2.6	2.5	2.8	
Supreme organs of the State ¹ ..	—	—	—	—	—	—	—	
Interior	88.4	92.4	10.5	9.8	9.2	9.5	12.1	
Agriculture	21.3	22.2	2.8	3.7	2.5	2.0	5.3	
Commerce	29.0	35.4	2.5	3.2	1.7	1.5	3.9	
Education	48.4	49.3	5.1	5.2	5.0	5.4	7.1	
Finance	59.9	62.2	7.3	7.5	6.2	8.1	9.5	
Industry	6.1	8.9	0.8	1.1	0.5	1.2	3.3	
Smaller departments	8.7	8.5	1.3	1.7	1.2	0.9	0.7	
Subsidies to local authorities ..	37.4	35.5	3.7	3.6	3.7	3.6	4.4	
Pensions	108.9	112.0	12.6	13.3	12.5	12.3	13.4	
Debt service	40.9	42.9	4.6	3.4	4.3	4.5	6.1	
Total expenditure	547.0	581.4	61.8	65.3	58.1	60.1	86.6	82.1
Balance	+ 53.0	+ 66.9	- 6.4	- 6.7	+ 15.4	+ 19.3	- 12.4	+ 3.2
B. UNDERTAKINGS.								
<i>Receipts.</i>								
Post and Telegraph	72.4	76.6	7.9	8.0	7.9	8.0	7.7	
Railways ²	165.2	186.8	15.7	19.1	17.2	19.3	20.1	
Ironworks	27.8	40.0	3.4	4.6	4.5	2.3	5.7	
Other undertakings	17.8	19.1	1.7	2.2	1.4	1.6	4.2	
Total receipts	283.2	322.5	28.7	33.9	31.0	31.2	37.7	
<i>Expenditure.</i>								
Post and Telegraph	61.5	65.0	6.3	6.6	6.5	6.6	13.7	
Railways ²	193.9	199.1	22.4	38.4	23.3	32.0	30.4	
Ironworks	38.6	49.0	3.5	4.7	4.7	3.9	6.1	
Other undertakings	17.7	18.9	1.6	1.7	1.5	1.6	3.4	
Total expenditure	311.7	332.0	33.8	51.4	36.0	44.1	53.6	
Balance	- 28.5	- 9.5	- 5.1	- 17.5	- 5.0	- 12.9	- 15.9	

¹ Included in "Smaller departments".

² Returns of the Railways for current fiscal year are provisional.

Appendix II.
ECONOMIC INDICES.
(End of date given.)

		First quarter	April	May	June
Index of industrial production ¹ .. (1927 = 100)	1937	130.0	—	—	—
	1936	121.5	—	—	130.1
	1935	100.7	—	—	105.8
Output of coal ²	1937	223.1	63.1	57.8	—
	1936	196.3	53.9	51.5	50.7
	1935	191.7	50.8	51.1	45.3
Unemployment ³	1937	15,878	14,984	13,637	—
	1936	17,887	17,350	16,718	16,718
	1935	19,777	19,750	18,952	18,952
Prices (1913 = 100) : Wholesale ..	1937	95	94	95	94
	1936	91	88	86	85
	1935	85	86	88	87
Retail	1937	102.03	102.11	102.12	102.52
	1936	101.05	99.85	100.85	99.27
	1935	96.54	97.18	96.63	96.98
Stock-Exchange index ⁴	1937	185.5	155.3	146.4	159.8
	1936	115.3	115.4	118.5	121.7
	1935	104.0	112.3	103.3	99.6
(In millions of pengö)					
Savings deposits at the Post Office Savings Bank and the Budapest banks members of the Central Corporation of Bank- ing Companies ⁵	1937	723.4	724.8	725.2	—
	1936	685.4	686.3	686.5	702.6
	1935	652.3	649.4	652.0	662.5
Current accounts at the Post Office Savings Bank and the Budapest banks members of the Central Corporation of Bank- ing Companies ⁵	1937	685.1	686.8	695.8	—
	1936	684.5	688.0	685.5	671.7
	1935	669.4	669.3	665.4	684.9
Total	1937	1,408.5	1,411.6	1,421.0	—
	1936	1,369.9	1,374.3	1,372.0	1,374.3
	1935	1,321.7	1,318.7	1,317.4	1,374.4
%					
Official discount rates	1937	4.0	4.0	4.0	4.0
	1936	4.0	4.0	4.0	4.0
	1935	4.5	4.5	4.5	4.5
Market discount rates : ⁶					
3-month bills (maximum) ..	1937	6.5	6.5	6.5	6.5
	1936	6.5	6.5	6.5	6.5
3-month bills (minimum) ..	1937	4.0	4.0	4.0	4.0
	1936	4.0	4.0	4.0	4.0
(In millions of pengö)					
<i>Foreign trade :⁷</i>					
Imports	1937	98.1	41.1	38.8	40.5
	1936	105.8	40.3	38.8	34.7
	1935	84.0	31.8	31.1	26.4
Exports	1937	150.0	49.7	48.4	45.1
	1936	114.1	32.9	31.8	37.3
	1935	99.8	31.1	31.7	29.8
Difference	1937	+ 51.9	+ 8.6	+ 9.6	+ 4.6
	1936	+ 8.3	— 7.4	— 7.0	+ 2.6
	1935	+ 15.8	— 0.7	+ 0.6	+ 3.4

¹ The Hungarian Economic Research Institute's indices cannot be compared with those published previous to the fourteenth report.

² Coal output in hundreds of thousands of quintals.

³ Unemployed members of the Social-Democratic Union.

⁴ Office of Statistics index, including eighteen shares.

⁵ These figures are not comparable with those given in this place in reports previous to the nineteenth, which included the deposits of the Post Office Savings Bank and twelve leading Budapest banks.

⁶ Returns of the National Bank of Hungary.

⁷ Figures for 1936 and 1935 are definitive.

Appendix III.

NATIONAL BANK.

	December 31st		March 31st	April 30th	May 31st	June 30th
	(In millions of pengö)			(In millions of pengö)		
Note circulation	{ 1936 436.5 1935 417.4	1937 1936	417.1 391.0	435.3 389.7	420.6 384.9	437.5 393.2
Sight liabilities :						
Public	{ 1936 169.7 1935 104.6	1937 1936	179.0 96.6	149.4 89.0	159.4 98.3	148.3 98.4
Private	{ 1936 43.0 1935 42.1	1937 1936	21.5 24.7	24.5 20.4	27.8 20.6	31.4 35.5
Cash certificates ¹	{ 1936 92.9 1935 104.3	1937 1936	92.9 104.3	92.9 104.3	92.9 97.7	92.9 97.7
Other liabilities (net)	{ 1936 164.4 1935 173.9	1937 1936	149.6 165.8	145.0 171.5	152.6 172.4	150.0 164.5
Metal reserve as shown	{ 1936 132.6 1935 121.2	1937 1936	141.1 124.5	141.9 122.2	144.9 116.7	146.3 116.1
Thereof gold	{ 1936 84.1 1935 78.9	1937 1936	84.1 78.9	84.1 78.9	84.1 78.9	84.1 78.9
Commercial bills discounted	{ 1936 535.1 ² 1935 574.4 ⁵	1937 1936	450.8 ³ 502.0 ⁶	421.0 ⁶ 486.8 ⁷	405.3 ⁴ 493.4 ⁷	400.0 ⁴ 499.4 ⁷
Advances on securities *	{ 1936 14.3 1935 12.4	1937 1936	12.4 12.4	12.4 12.4	12.4 12.4	12.4 12.4
Government debt	{ 1936 97.9 1935 77.0	1937 1936	102.3 80.5	104.3 80.5	106.8 80.1	107.2 90.1
Other assets	{ 1936 165.0 1935 95.6	1937 1936	192.2 101.5	206.1 111.5	222.7 109.8	232.8 109.9
	Per cent			Per cent		
Ratio of cover	{ 1936 24.1 1935 24.9	1937 1936	27.4 28.8	28.1 29.2	28.9 27.5	28.7 26.6

¹ Issued in connection with the consolidation of the Bank for International Settlements and Central Bank credits.

² Thereof Treasury bonds 23.7 million pengö.

³ " " " 19.7 " "

⁴ " " " 19.4 " "

⁵ " " " 32.6 " "

⁶ " " " 27.6 " "

⁷ " " " 26.8 " "

* All Treasury bonds.

Appendix IV.

FOREIGN EXCHANGE : PURCHASES AND SALES OF THE NATIONAL BANK OF HUNGARY IN THE SECOND QUARTER OF 1937 AND IN THE FIRST HALF-YEAR OF 1936¹ AND 1937.

	1937		
	April	May	June
(In thousands of pengö)			
<i>Purchases :</i>			
(a) Export <i>Devisen</i> received ²	41,086	41,256	36,164
(b) Under obligatory declaration	2,398	1,350	1,471
(c) From the State	793	73	1,458
(d) From others	3,118	3,569	3,460
Total	47,395	46,248	42,553
Excess of sales	—	—	—
<i>Sales :</i>			
(a) For loan service	1,095	549	549
(b) For imports ¹	31,775	33,019	36,332
(c) To the State	1,249	1,241	1,348
(d) To others	2,053	1,919	3,933
Total	36,172	36,728	42,162
Excess of purchases	11,223	9,520	391

	1936	1937		
	First half-year	First quarter	Second quarter	First half-year
(In thousands of pengö)				
<i>Purchases :</i>				
(a) Export <i>Devisen</i> received ²	162,575	117,832	118,506	236,338
(b) Under obligatory declaration	3,463	2,137	5,219	7,356
(c) From the State	5,259	2,484	2,324	4,808
(d) From others	15,973	8,804	10,147	18,951
Total	187,267	131,257	136,196	267,453
Excess of sales	381	—	—	—
<i>Sales :</i>				
(a) For loan service	12,581	1,697	2,193	3,890
(b) For imports ¹	156,899	96,819	101,126	197,945
(c) To the State	6,129	3,891	3,838	7,729
(d) To others	12,039	8,150	7,905	16,055
Total	187,648	110,557	115,062	225,619
Excess of purchases	—	20,700	21,134	41,834

¹ Revised figures.

² Including clearing.

Appendix V.
FOREIGN EXCHANGE CONTROL.

	Actual exports	Exports notified, including compensations and exports against pengö	Percentage of column 2 to column 1	Export Devisen received by the National Bank	Certified compensation and certified exports against pengö	Columns 4 + 5—i.e., total of foreign exchange derived from exports	Percentage of column 6 to column 1	Actual imports	Import Devisen allotted by the National Bank	Certified compensation and import through merchandise pengö	Columns 9 + 10—i.e., total of foreign exchange used for imports	Percentage of column 11 to column 8
	1	2	3	4	5	6 (In millions of pengö)	7	8	9	10	11	12
1935 :												
January	29.4	35.4	120.4	26.4	5.1	31.5	107.1	27.5	22.6	4.0	26.6	96.7
February	28.8	31.8	110.4	18.6	8.6	27.2	94.4	27.7	20.6	7.5	28.1	101.4
March	40.3	36.1	89.6	24.8	5.4	30.2	74.9	29.8	17.9	4.9	22.8	76.5
April	30.6	35.0	114.4	24.8	4.1	28.9	94.4	32.2	18.4	2.8	21.2	65.8
May	31.3	33.8	108.0	18.1	5.9	24.0	76.7	31.5	18.4	4.8	23.2	73.7
June	29.4	27.2	92.5	18.2	5.1	23.3	79.3	26.7	16.4	3.6	20.0	74.9
July	31.9	36.3	113.8	19.0	7.5	26.5	83.1	31.5	16.7	6.1	22.8	72.4
August	31.5	33.5	106.3	18.0	2.7	20.7	65.7	30.4	15.6	1.6	17.2	56.6
September	41.8	42.8	102.4	19.1	9.6	28.7	68.7	33.4	18.1	8.2	26.3	78.7
October	52.1	52.7	101.2	30.4	6.5	36.9	70.8	39.4	21.6	5.3	26.9	68.3
November	53.0	55.9	105.5	40.3	5.1	45.4	87.5	43.7	24.2	4.3	28.5	65.2
December	51.4	49.6	96.5	31.7	7.1	38.8	75.5	48.5	23.2	6.1	29.3	60.4
1936 :												
January	34.9	36.7	105.2	32.4	6.7	39.1	112.0	40.6	31.0	6.0	37.0	91.1
February	41.2	47.4	115.0	24.5	6.3	30.8	74.8	30.2	25.9	4.9	30.8	102.0
March	38.0	39.9	105.0	36.8	4.8	41.6	109.5	35.0	26.1	4.5	30.6	87.4
April	32.9	31.4	95.4	24.4	12.8	37.2	113.1	40.3	24.2	12.2	36.4	90.3
May	31.8	31.9	100.3	24.3	5.1	29.4	92.5	38.8	25.9	4.7	30.6	78.9
June	37.3	37.8	101.3	21.0	6.8	27.8	74.5	34.7	23.9	5.7	29.6	85.3
July	40.7	53.3	131.0	28.6	12.2	40.8	100.2	36.8	26.8	10.0	36.8	100.0
August	49.4	49.3	99.8	27.1	12.7	39.8	80.6	31.9	24.3	11.7	36.0	112.9
September	53.9	52.7	97.8	38.0	10.3	48.3	89.6	33.5	29.4	8.1	37.5	111.9
October	45.8	46.3	101.1	34.7	7.6	42.3	92.4	36.4	28.0	6.8	34.8	95.6
November	49.5	52.6	106.3	28.7	5.6	34.3	69.3	35.8	28.3	4.4	32.7	91.3
December	51.2	52.9	103.3	37.6	7.1	44.7	87.3	39.0	26.7	5.1	31.8	81.5
1937 :												
January	45.8	48.4	105.7	39.3	10.9	50.2	109.6	28.1	29.3	8.4	37.7	134.2
February	50.7	51.2	101.0	39.0	7.7	46.7	92.1	32.3	31.3	6.8	38.1	118.0
March	53.5	55.7	104.1	39.6	11.6	51.2	95.7	37.9	36.2	10.7	46.9	123.7
April	49.7	50.6	101.8	41.1	10.1	51.2	103.0	41.1	31.8	7.6	39.4	95.9
May	48.4	50.5	104.3	41.2	9.9	51.1	105.6	38.8	33.0	7.6	40.6	104.6
June	45.1	47.3	104.8	36.2	8.2	44.4	98.4	40.5	36.3	6.3	42.6	105.1

Genève, le 6 août 1937.

SOCIÉTÉ DES NATIONS

**QUARANTE-TROISIÈME RAPPORT
DU COMMISSAIRE DE LA SOCIÉTÉ DES NATIONS EN BULGARIE**

(PÉRIODE MARS-MAI 1937.)

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INTRODUCTION.

1. A fin mai, la gestion du budget en cours se solde par un déficit de 165,7 millions. Le déficit propre du budget de l'Etat est de 57 millions, ou 2% seulement du montant des dépenses effectives.

2. Les recouvrements sont supérieurs à ceux de l'année précédente de 15%. Cette amélioration se constate dans tous les chapitres de recettes. Les recettes effectives du budget de l'Etat sont légèrement inférieures aux prévisions budgétaires.

3. Des crédits supplémentaires s'élevant à 265,7 millions de leva ont été accordés à presque tous les ministères, tant pour leur permettre de liquider des paiements restés en souffrance et des engagements pris que pour entreprendre des travaux d'irrigation et d'assèchement et la construction d'édifices publics. Les dépenses au titre de ces crédits seront couvertes par un prélèvement sur les disponibilités de caisse laissées par les budgets de 1935 et 1936.

4. Le fonds des routes bénéficiera de 200 millions à provenir d'un emprunt public de même montant, remboursable en cinq ans.

5. Le commerce extérieur se développe favorablement. A fin mai, le total des importations et des exportations est de 3.875 millions de leva contre 2.569 millions l'année précédente. L'excédent des exportations sur les importations est de 386,2 millions (30,2 millions à fin mai 1936).

6. Les renseignements statistiques relatifs à la situation économique sont nettement favorables.

7. Les perspectives de la récolte de blé sont belles.

9. Le présent rapport a été établi par M. Pierre Cheysson, commissaire de la Société des Nations en Bulgarie, avec la collaboration de M. Kōstner, conseiller auprès de la Banque nationale de Bulgarie.

I. BUDGET.

I. *Equilibre budgétaire* (cf. Appendice I, a).

Au 31 mai 1937, après le cinquième mois de la gestion budgétaire, la situation est la suivante :

	Millions de leva		
	Etat	Chemins de fer	Total
Recettes effectives globales	2.718,8	516,3	3.235,1
Dépenses globales :			
effectives	2.591,5	533,3	
en souffrance	184,3	91,7	
	<hr/> 2.775,8	<hr/> 625,0	<hr/> 3.400,8
Déficit	57,0	108,7	165,7

Le déficit a évolué comme suit depuis le début de l'année :

	Budget de l'Etat	%	Budget des Chemins de fer	%	Total	%	+ ou —
Janvier	44,2	7,7	48,9	37,8	93,0	13	+ 93,1
Février	39,5	3,7	149,1	48,1	188,6	13,6	+ 95,5
Mars	21,6	1,3	112,7	28,9	134,3	6,5	— 54,3
Avril	93,4	4,1	117,2	23,3	210,6	7,5	+ 76,3
Mai	57,0	2,0	108,7	17,4	165,7	4,9	— 44,9

Le déficit du budget de l'Etat reste faible (2% à fin mai). En ce qui concerne le déficit du budget des chemins de fer, il y a lieu de remarquer que la gestion de 1937 a pris en charge des dépenses de la gestion de 1936 restées en souffrance pour un montant de 69.121.163 leva ; en réalité donc, le déficit des chemins de fer propre à la gestion de 1937 est, à fin mai, de 39,6 millions (7,1%).

A la fin de mai 1936, le déficit du budget de l'Etat était de 234,4 millions (9,6%) et celui des chemins de fer de 95,6 millions (16,8%), le déficit total était de 330 millions (11%).

2. Recettes.

Compte non tenu des recettes d'ordre (reprise en recettes des leva non transférés de la dette publique extérieure), les recettes effectives de l'Etat et des chemins de fer des cinq premiers mois s'élèvent à 3.100,4 millions contre 2.697,4¹ millions au cours de la même période de 1936. La différence (+ 403 millions) représente une augmentation de 15% des rentrées de 1937 sur les rentrées de 1936.

Les recettes effectives (en dehors des recettes d'ordre) du budget de l'Etat dépassent de 361,3 millions les recettes correspondantes de l'année précédente (16%). L'on constate une amélioration dans tous les chapitres des recettes, mais plus spécialement dans la rentrée des impôts directs (+ 20%), du timbre (+ 37%), et des recettes administratives (+ 31%). Les recettes des chemins de fer (516,3 millions) dépassent de 41,7 millions (9%) les recettes correspondantes de 1936.

Les recettes prévues au budget ordinaire de 1937 dépassent de 231,9 millions (7,6%) les recettes globales effectives (en dehors des recettes d'ordre), de l'Etat et des chemins de fer.

Les recettes globales effectives du budget de l'Etat sont inférieures de 122,2 millions aux recettes prévues; cette diminution porte seulement sur les recettes des entreprises d'Etat (—35 millions,) les recettes extraordinaires (—177,7 millions) et les sommes à prélever sur emprunts pour construction d'édifices publics (—23,3 millions); toutes les autres recettes sont supérieures aux prévisions.

Les recettes des chemins de fer sont inférieures de 20% (130 millions) aux prévisions budgétaires. La situation est analogue à celle de l'année précédente à la même époque.

3. Dépenses (cf. Appendice 1, a).

Si l'on fait abstraction des dépenses d'ordre correspondant aux soldes non transférés de la dette publique, les dépenses effectives au titre des budgets de l'Etat et des chemins de fer (3.266,1 millions) sont de 238,7 millions supérieures aux dépenses correspondantes de 1936 (3.027,4 millions)². La ventilation des dépenses en souffrance, à fin mai 1936 et 1937, n'étant pas connue, il est difficile de préciser sur quels chapitres porte spécialement cette augmentation. Il semble, néanmoins (cf. Appendice 1, a)), que c'est particulièrement le Ministère de la Guerre qui a augmenté le volume de ses dépenses (671 millions de dépenses effectuées sur crédits ordinaires, pendant les cinq mois de 1937, contre 279,4 millions de dépenses analogues en 1936) : l'accroissement des dépenses de la Dette publique (94,8 millions) est apparent et est dû au règlement anticipé de dépenses d'ordre (soldes non transférés de la dette publique).

Les dépenses des chemins de fer (625 millions) dépassent de 159,4 millions les dépenses correspondantes de 1936 (+34,2%). L'on a fait remarquer plus haut que ces dépenses comprennent pour 69,1 millions de leva de dépenses laissées en souffrance par la gestion 1936.

Les dépenses du budget de l'Etat sont restées dans les limites autorisées par les budgets mensuels. Les dépenses du budget des chemins de fer excèdent de 29 millions les crédits mensuels autorisés.

4. Crédits supplémentaires.

Le *Journal officiel* du 29 juin 1937 a publié l'oukaze N° 179 relatif à des crédits budgétaires s'élevant à 265.748.657 leva. Les dépenses au titre de ces crédits seront couvertes par une partie des excédents de caisse laissés disponibles par les gestions budgétaires 1935 et 1936. L'exercice budgétaire 1936 a laissé un excédent de 282,7 millions de leva dont 134,5 millions ont déjà été versés aux recettes du budget ordinaire 1937. Au solde de 148,3 millions resté après ce prélèvement, on ajoute, pour atteindre le montant des nouveaux crédits, une partie des disponibilités de caisse à la clôture du budget de 1935.

Le précédent rapport (quarante-deuxième rapport, page 8) avait laissé prévoir que des crédits supplémentaires seraient nécessaires pour permettre au Trésor de verser des subventions qui figuraient en recette des budgets des chemins de fer et des routes sans qu'aucun crédit ait été ouvert à la Direction de la Dette publique pour y faire face.

Les nouveaux crédits supplémentaires peuvent être répartis comme suit d'après l'objet auquel ils sont destinés :

	Millions de leva
1. Pour faire face à des paiements en souffrance dûs ou non régularisés sur exercices clos	67,9
2. A la Dette publique pour régulariser certains engagements de l'Etat envers la Banque agricole, la Banque nationale et la Banque hypothécaire	31,8
3. Subvention du Trésor aux budgets des chemins de fer (prévue au budget ordinaire des recettes des chemins de fer)	26,8
4. Au Ministère de la Guerre et aux Directions des prestataires et de l'aviation pour la nourriture et l'habillement des troupes, frais de hangars, etc.	50,6
5. Au Ministère de l'Agriculture pour travaux d'irrigation et d'assèchement et participation à des « syndicats d'eau »	25,0
6. A différents ministères pour achat de terrains destinés à des édifices publics et pour la construction et l'aménagement de ces édifices	42,1
7. A divers	21,5
	<hr/>
	265,7

¹ Ce chiffre comprend 51,4 millions prélevés sur le produit des emprunts destinés à alimenter le budget extraordinaire de 300 millions du 20 mars 1936.

² Comptent à concurrence de 51,4 millions des dépenses du budget extraordinaire de 300 millions, alimenté par l'emprunt.

La subvention de 90 millions de l'Etat au fonds des routes prévue au budget ordinaire de ce fonds fera l'objet d'un crédit supplémentaire ultérieur.

5. *Trésorerie* (cf. Appendice I, d)).

L'excédent des décaissements sur les encaissements au cours des mois de mars et d'avril (357 millions) avait réduit l'aisance de la Trésorerie à fin avril. En mai, le Trésor a bénéficié d'un excédent de rentrées de 102,7 millions et, à la fin du mois de mai, le compte du Trésor à la Banque nationale présentait un solde créditeur de 651,3 millions. Les sommes nécessaires aux dépenses sur les nouveaux crédits supplémentaires de 265,7 millions seront prélevées sur cet avoir du Trésor et le réduiront d'autant.

Les paiements exigibles au 31 mai restés en souffrance s'élevaient à 276 millions (contre 554,7 à fin mai 1936,) dont 184,3 millions pour le budget de l'Etat et 91,7 millions pour les chemins de fer. La majeure partie (180 millions) correspond à des appointements et des pensions non encore touchés par les ayants droit, bien que les provisions aient été constituées en temps utile.

Les engagements pris au 31 mai 1937 mais non encore liquidés représentent 422,7 millions de leva dont 285,6 millions pour l'Etat et 137,1 millions pour les chemins de fer.

Le Trésor dispose de la faculté d'escompter 800 millions de bons du Trésor dont 600 millions escomptables ou réescomptables à la Banque nationale de Bulgarie. Au 31 mai, sur cette dernière tranche :

375 millions	étaient	escomptés	à	la	Banque	nationale,		
10	»	»	»	»	Banque	des	Règlements	internationaux,
100	»	»	»	»	Banque	agricole	et	coopérative.

Sur la première tranche de 200 millions, 106,7 millions étaient escomptés auprès de divers fonds.

Cette situation est inchangée depuis le précédent rapport.

6. *Dette publique.*

Le quarante et unième rapport, page 6, a signalé l'offre faite le 16 novembre 1936 par la Banque de Crédit bulgare, autorisée par le Gouvernement bulgare, aux porteurs des emprunts extérieurs de racheter forfaitairement en monnaies étrangères les coupons échus qui n'avaient été que partiellement payés. Cette offre a été renouvelée à deux reprises à l'expiration des délais donnés aux porteurs pour répondre.

Au 30 avril dernier, les porteurs avaient répondu à l'offre qui leur était faite dans la proportion de 83 % du montant des paiements en souffrance. Les leva correspondant aux coupons rachetés et qui étaient restés bloqués ont été remis à la Direction générale de la Dette publique.

II. MONNAIE ET CRÉDIT.

1. *Banque nationale.*

La réserve d'or s'est augmentée à nouveau de 31 millions de leva et est, au 15 juin, de 1.786 millions, supérieure de 203 millions à ce qu'elle était il y a deux ans. L'avoir en change a diminué comme chaque année à pareille époque, diminution en partie compensée par la nouvelle acquisition d'or dont on vient de parler. Le portefeuille commercial s'est accru de presque 200 millions de leva pendant la période considérée, et il a, en fait, doublé au cours des douze derniers mois. Néanmoins, comparé au montant total des actifs, il reste peu important (658 millions contre 7,9 milliards de leva).

Au passif, la circulation des billets de banque est sans changement depuis mars, mais est de 166 millions supérieure à celle de juin 1936. Les dépôts globaux dépassent de 174 millions et les dépôts bancaires de 280 millions les montants de l'année dernière ; le chiffre au 15 juin de ces derniers (1.748 millions) est un chiffre record et qui n'a pas été atteint depuis longtemps.

La Banque nationale a fait paraître une nouvelle ordonnance sur la réglementation du commerce extérieur et le change (*Journal officiel* N° 120, du 4 juin). Elle codifie les différents amendements apportés aux lois antérieures sans introduire aucun principe nouveau.

2. *Emission de monnaies.*

De nouvelles pièces d'argent de 100 leva pour un montant de 220 millions de leva et de nouvelles pièces de bronze de 50 stotinki pour un montant de 30 millions de leva ont été commandées en Tchécoslovaquie et en Autriche respectivement.

3. *Emprunt intérieur.*

Un emprunt de 200 millions de leva a été autorisé par un oukaze du 30 juin 1937 (*Journal officiel* N° 138) pour couvrir les dépenses de construction de routes. Cet emprunt sera remboursé en cinq ans par le fonds des routes. Il sera mis en souscription publique le 10 juillet.

4. *Banque agricole et coopérative.*

Un oukaze du 12 mai 1937 (*Journal officiel* N° 101) oblige la Banque agricole et coopérative à acheter à concurrence de 4 millions de kilos tous les tabacs invendus de la dernière récolte. La Banque doit manipuler les tabacs achetés et les exporter. Tout bénéfice

réalisé par la Banque sera versé à un fonds spécial ; ce fonds est destiné à couvrir les pertes ultérieures qui résulteraient pour la Banque de l'opération en question ; en cas d'insuffisance du fonds, les pertes seraient supportées par l'Etat. Au 1^{er} juillet, la Banque avait acheté plus d'un million de kilos.

5. Allégement des débiteurs.

La direction de la Caisse d'amortissement espère que toutes les obligations seront émises et délivrées aux créanciers avant la fin de l'année courante.

Les paiements au titre des annuités dues sont moins importantes que l'année dernière. Aussi, la Direction a proposé au Gouvernement d'autoriser le paiement des annuités, 50% en obligations de la Caisse et 50% en espèces (la loi n'autorise jusqu'à présent la remise d'obligations que pour le remboursement du capital seulement, et si la valeur des obligations remises excède 15% du capital dû). Si la proposition faite est acceptée, l'importance des versements des débiteurs sera sensiblement réduite, puisque les obligations de la Caisse ne quotent actuellement que 50% environ de leur valeur nominale. Mais, en outre, la Caisse se trouvera absorber une grande partie des obligations achetées sur bourse par les débiteurs désireux de s'acquitter à meilleur compte. Or, en exécution du règlement établi, l'amortissement contractuel semestriel porte d'abord sur les obligations détenues par la Caisse ; resteront donc en circulation presque uniquement les obligations qui ne sont pas sur le marché, c'est-à-dire les obligations remises à la Banque agricole et coopérative, obligations qui portent un intérêt de 5% alors que les autres obligations sont à 3%. De ce fait, la perte du Trésor risque d'être importante.

III. COMMERCE EXTÉRIEUR.

La comparaison du commerce extérieur des cinq premiers mois de 1937 et des cinq premiers mois de 1936 résulte du tableau suivant :

	(En millions de leva)		
	1936	1937	+ ou -
Exportation	1.299,6	2.130,6	+ 831,0
Importations	1.269,4	1.744,4	+ 475,0
	<hr/>	<hr/>	<hr/>
Balance commerciale	2.569,0 + 30,2	3.875,0 + 386,2	+ 356,0

Les exportations principales ont été en poids et en valeur :

	1936	1937	1936	1937
	(Milliers de tonnes)		(Millions de leva)	
Tabac	10,7	13,1	628,3	947,0
Oufs	7,7	8,8	178,0	181,8
Blé	0,9	50,4	1,7	169,8
Maïs	28,8	70,0	41,2	121,3
Haricots	6,9	18,9	29,9	104,7

L'augmentation porte sur tous les produits exportés.

L'accroissement est également général pour l'importation des différents produits, mais plus spécialement des produits chimiques, des métaux et des machines.

L'Allemagne conserve la part la plus importante dans l'exportation des articles bulgares, bien que la proportion des produits bulgares exportés en Allemagne ait été réduite de 57% en 1936 à 43% en 1937. Suivent la Grande-Bretagne, la Tchécoslovaquie et la Pologne.

L'Allemagne a aussi la première place dans l'importation (53% du total des produits importés contre 63% en 1936). Le Royaume-Uni, la Belgique, l'Italie et la Pologne ont augmenté leurs ventes en Bulgarie.

Les chiffres relatifs au commerce extérieur avec les cinq principaux acheteurs ou vendeurs de la Bulgarie sont les suivants pour la période janvier-mai :

	1936	1937	+ ou -	1936	1937	+ ou -
	Impor- tations	Expor- tations		Impor- tations	Expor- tations	
Allemagne	799,8	738,2	- 61,6	926,1	909,5	- 16,6
Royaume-Uni ...	61,3	81,7	+ 20,3	101,7	248,7	+ 147,0
Tchécoslovaquie .	93,7	78,2	- 15,5	85,5	186,5	+ 101,0
Pologne.....	32,5	13,8	- 18,7	91,6	107,2	+ 15,6
Italie	4,8	46,3	+ 41,5	98,6	75,8	- 22,8

IV. AGRICULTURE.

Les prévisions de récolte sont bonnes ; l'on espère même que la récolte de blé dépassera cette année la récolte de l'année dernière. Aucun chiffre ne peut être encore donné.

D'après des renseignements semi-officiels, la superficie cultivée de tabac en 1936 était de 43.000 hectares et la récolte de 42,3 millions de kilos : chiffres concordant avec le montant à fin juin des achats de tabacs de la dernière récolte s'élevant à 41 millions de kilos. La Direction de la Statistique évalue, pour la même récolte, à 37.000 hectares la superficie ensemencée et à 30,3 millions de kilos la production. Les cultivateurs auraient reçu pour les tabacs de la dernière récolte 1,9 milliard de leva (la valeur de la récolte de 1934 était estimée à 500 millions seulement).

V. GÉNÉRALITÉS.

La situation économique.

Certains chiffres sont caractéristiques de la situation économique :

	1936	1937	Augmentation %o
Volume des exportations { pour le premier semestre	116,4	144,4	+ 12,5
Volume des importations { (1934/35 = 100)	110,6	137,3	+ 12,5
Total des transactions en bourse (en millions de leva)	523,8	862,3	+ 64,5
Transports par chemins de fer (en milliers de tonnes)	978,8	1.199,7	+ 12,3
Index de la production (en mars) (1934/35 = 100)	108,3	112,5	+ 3,9
Paiements de la Banque nationale (en millions de leva)	9.157,0	11.644,0	+ 12,7
Compensation (4 mois) (en millions de leva)	2.956,0	4.115,0	+ 13,9
Prêts et placements des principales banques (4 mois) (en millions de leva)	10.939,0	12.082,0	+ 11,1

Tous les chiffres marquent une augmentation et sont d'autant plus encourageants que les perspectives de la récolte sont bonnes.

L'indice général des prix est en hausse constante depuis juin de l'année dernière : il était en avril de 113,5 contre 103,2 en avril 1936. Le coût de la vie, qui avait été en baisse jusqu'au mois d'août de l'année dernière, s'est élevé d'un point. Sur la base de 1926, il est de 8 points inférieur à l'indice des prix de gros.

VI. LÉGISLATION ÉCONOMIQUE.

1. Un oukaze du 14 mai 1937 (*Journal officiel* N° 103) crée sept chambres d'agriculture qui sont les auxiliaires du ministre de l'Agriculture et lui donnent des avis motivés sur la plupart des questions touchant directement ou indirectement à l'agriculture.

Les chambres sont composées de trente membres élus par les communes, les coopératives agricoles et les organisations agricoles professionnelles ; le ministre de l'Agriculture y a trois délégués. Elles sont représentées dans les bourses de commerce.

Elles font un rapport annuel sur la situation agricole dans leur circonscription et font approuver leur budget par le ministre de l'Agriculture. Ce budget est alimenté par une taxe de 0,20 lev par hectare cultivé et par une subvention de la Banque agricole qui ne peut excéder 700.000 leva.

Ce décret-loi est presque la reproduction d'une loi ancienne du 17 mai 1912 qui n'a jamais été appliquée.

2. *Essence de roses.* — Un nouvel oukaze du 20 avril (*Journal officiel* N° 86) défend toute nouvelle plantation de rosiers et laisse à la Banque agricole le soin de réglementer la production. La Banque est seule autorisée à acheter à un prix fixé les roses à distiller ; elle peut distiller pour son propre compte ou vendre des roses à des distillateurs choisis par elle. L'essence produite doit être déposée à la Banque. Les plantations de roses arrachées jusqu'au 15 mai 1937 sont payées 360 leva par décare sur les ressources du fonds créé à cet usage. Ce fonds est alimenté par une taxe payée par les distilleries privées, par un prélèvement sur le loyer payé aux distillateurs réquisitionnés par la Banque et par les profits faits par la Banque sur le commerce de l'essence de rose.

Un nouvel oukaze du 4 mai 1937 (*Journal officiel* N° 95) limite à l'exercice 1937 les prescriptions de l'oukaze du 20 avril dont il vient d'être question.

VII. ÉTABLISSEMENT DES RÉFUGIÉS BULGARES.

1. *Position au 31 mai 1937 du compte bloqué de l'emprunt 1926.*

	Leva
Produit net	1.614.296.149
Dont mis à la disposition du service d'établissement	1.610.824.302
	<hr/>
Solde en dépôt à la Banque nationale	3.471.847

2. Rendement des revenus gagés.

Chapitres du budget	Encaissements			1/12 des évaluations budgétaires
	Mars	Avril	Mai	
	(En millions de leva.)			
10. Accise sur le sel étranger, le café et autres marchandises et boissons étrangères	12,7	10,2	8,4	14,2
11. Accise sur le vinaigre, la bière, l'acide carbonique et autres boissons indigènes et accise sur l'alcool	3,6	2,6	4,9	3,7
14. Accise sur le sel.	1,4	2,4	3,1	3,1
15. Accise sur le sucre et la glucose	39,1	16,6	26,4	24,2
16. Accise sur le riz, la benzine et le gazoil indigènes	10,4	2,4	1,3	1,3
34. Allumettes	6,9	7,4	7,5	7,0
57. Versements des réfugiés à titre d'intérêts	0,1	0,1	0,01	0,7
Total	74,2	41,7	51,61	54,2

Les versements des réfugiés affectés au remboursement des dépenses d'établissement ont atteint les montants ci-après (leva) :

	Mars	Avril	Mai	Antérieurs	31 mai 1937
Intérêts	88.641	133.504	56.289	14.652.957	14.931.391
Amortissement et impôt foncier.	32.615	39.775	50.596	27.439.260	27.562.246
Total	121.256	173.279	106.885	42.092.217	42.493.637

3. Utilisation de l'emprunt.

Les engagements restant à régler au 31 mai 1937 s'élèvent à	4.664.035	Leva
Pour y faire face, la Direction générale de la Dette publique dispose de :		
Banque nationale, compte Commissariat	3.471.847	
Banque nationale.	1.192.188	
	<u>4.664.035</u>	

VIII. EMPRUNT DE STABILISATION 7 1/2% 1928.

1. Position au 31 mai 1937 du compte bloqué de l'emprunt.

Produit net	3.370.065.553	Leva
Dont mis à la disposition des administrations	3.370.065.553	
Compte soldé	—	

2. Rendement des revenus gagés (douanes).

	(En millions de leva.)			
	Mars	Avril	Mai	1/12 des évaluations budgétaires
	83,5	90,7	82,4	71,7

3. Utilisation du produit de l'emprunt.

I. Chemins de fer et ports.

La totalité de cette tranche s'est montée à	672.300.000	Leva
dont engagés au 31 mai 1937	672.300.000	
Solde non engagé	—	
Reste à payer sur engagements pris	—	
Solde à engager ou à payer	—	
Sommes aux mains de l'Administration.	1.487.349 ¹	
Solde à recevoir du produit de l'emprunt	—	

¹ Le solde provient des sommes qui ont été engagées pour des fournitures de matériaux en valeurs étrangères et pour lesquelles les paiements étaient moindres par suite de la baisse de la monnaie.

II. *Routes et ponts.*

	Lava
La totalité de cette tranche s'est montée à	182.031.732
dont engagés au 31 mai 1937	181.844.182
	<hr/>
Solde non engagé	187.550
Reste à payer sur engagements opérés	—
Sommes aux mains de l'Administration	187.550
Solde à recevoir du produit de l'emprunt	—
	<hr/>
	187.550

Appendice I.

**a) RÉSULTATS PROVISOIRES DES CINQ PREMIERS MOIS DE L'EXERCICE 1937
COMPARÉS AUX RÉSULTATS DES EXERCICES PRÉCÉDENTS.**

	Données annuelles			Résultats provisoires 1 ^{er} janvier-31 mai 1937			
	Résultats définitifs		Prévisions budgétaires 1937	1936	1937		%
	1935	1936			5/12 des précisions 1937	Effectives	
(En millions de leva.)							
RECETTES.							
A. Budget de l'Etat :							
I. Recettes fiscales :							
1. Impôts directs	394,4	526,7	506	178,4	215,7	210,8	102,3
2. Impôts indirects :							
Douanes	821,8	956,2	1.031,5	394,1	443,4	429,8	103,1
Accises	1.214,9	1.350,6	1.371,6	516,9	544	571,5	95,1
Enregistrement	90	94,9	100	37,6	44,4	41,7	106,6
Timbre	285,1	362,1	362	128,7	176,9	150,8	117,2
3. Amendes et confiscations .	88,5	78,7	72,5	28,7	33,8	30,2	111,8
4. Monopoles	117,2	124,2	127	47,6	50,3	52,9	95
5. Exercices clos	292,2	263,6	280	109,7	118,3	116,7	101,3
Total I.	3.304,1	3.757,0	3.850,6	1.441,7	1.626,8	1.604,4	101,3
II. Autres recettes :							
6. Entreprises d'Etat	547,6	602,5	662	216	240,8	275,8	87,3
7. Participation des communes aux appointements des instituteurs et médecins	286,8	407,3	410	138,6	200,3	170,9	117,2
8. Recettes administratives et autres	1.052,4	838,4	1.004	331,9	480,4	418,4	114,8
III. 9. Recettes extraordinaires							
10. Ressources d'emprunt	—	150,3	507	43,2	33,5	211,2	30
—	—	298,5	61,4	51,4	2,3	25,6	8,8
IV. Recettes d'ordre :							
II. Reprise en recettes des soldes non transférés de la dette publique extérieure	531,9	414,8	417,9	28,2	134,7	174,1	77,3
Total I-IV.	5.722,8¹	6.468,8	6.912,9	2.251,0	2.718,8	2.880,4	94,3
Total des recettes réelles (sans N° II)	(5.191,0)¹	(6.054,0)	(6.495,0)	(2.222,8)	(2.584,1)	(2.706,3)	(95,4)
B. Chemins de fer et ports							
Total général	6.937,6¹	7.831,0	8.463,3	2.725,6	3.235,1	3.526,4	91,7
Total général non compris N° II.	(6.405,6)¹	(7.416,2)	(8.045,4)	(2.697,4)	(3.100,4)	(3.352,3)	(92,4)

¹ Pour rendre possible la comparaison des budgets 1935 et 1936 avec le budget 1937, il a été ajouté en recettes et en dépenses un montant de 323,6 millions pour le budget 1935 représentant, approximativement, les recettes et les dépenses des fonds qui sont incorporés dans le budget 1936 et étaient gérés en dehors du budget 1935.

Appendice I (suite).

	Données annuelles			Résultats provisoires 1 ^{er} janvier-31 mai 1937		
	Résultats définitifs		Prévisions budgétaires 1937	1936	1937	
	1935	1936			Dépenses effectives	Dépenses autorisées par budgets mensuels
DÉPENSES. (En millions de leva.)						
A. Budget de l'Etat :						
1. Pouvoir suprême	39,4	36,9	37,6	15,3	15,4	15,7
2. Dette publique	— ¹	1.962,1	2.008,5	716,1	810,9	819
3. Cours des Comptes	18,9	19,1	21	7,6	8	8,5
4. Affaires étrangères :						
a) Ministère	78	85	88,2	17,2	28,5	37,7
b) Cultes	68,9	70,6	71,5	27,1	29,4	29,7
5. Intérieur et Santé publique :						
a) Administration et Police	195,4	276,1	331,2	101,5	107,9	129,8
b) Direction générale de la Santé	157,2	177,6	197,7	46,3	58,3	77,7
6. Instruction publique	720,6	849,4	897,7	327,7	356,6	371,4
7. Finances	2.325,3 ²	194,9	248	71,1	94,7	99,7
8. Justice	161,1	162,7	169,5	59	63,4	70,6
9. Guerre	1.006,7	1.138,6	1.730	279,4	671	706
10. Commerce		65,1	73,4	21,8	27,5	28,3
11. Agriculture	300,5	297,4	315,3	102,3	99,2	120,1
12. Travaux publics :						
a) Direction générale des Travaux pu- blics	100,8	131,1	153,2	40,7	49,2	55,3
b) Direction générale de Prestation	116,5	104,6	135	26,8	37,7	47,7
13. Ministère des Chemins de fer et P. T. T.						
a) Service policier ma- ritime et fluvial	37,6	40,5	43,2	11,3	11,7	17,3
a) Direction générale des P. T. T.	176,8	212,8	266,9	70,2	92,9	91,1
c) Direction de l'Avia- tion	46,6	59,3	125	10,4	18,8	49,4
Sur crédits extraordinaires et supplémentaires	134,7	303,2	—	83,5	10,4	—
Dépenses en souffrance	—	—	—	554,7	184,3	—
	323,6 ³	—	—	—	—	—
Total A	6.008,6	6.187,0	6.912,9	2.590,0	2.775,8	2.775,0
B. Budget des Chemins de fer :						
a)	1.207,0	1.361,3	1.550,4	465,6	533,3	594
b) Dépenses en souffrance					91,7	
Total B	1.207,0	1.361,3	1.550,4	465,6	625,0	594
Total général	7.215,6	7.548,3	8.463,3	3.055,6	3.400,8	3.369,0
Total général non com- pris les dépenses cor- respondant aux sol- des non transférés de la Dette Publique	6.683,6	7.133,5	8.045,4	3.027,4	3.266,1	3.194,9
Excédent	— 278	+ 282,7	—	— 330	— 165,7	+ 157

¹ Le budget de la Dette publique n'est suivi à part que depuis 1936. En 1935, il était compris dans le budget du Ministère des Finances.

² Pour rendre possible la comparaison des budgets 1935 et 1936 avec le budget 1937, il a été ajouté en recettes et en dépenses un montant de 323,6 millions pour le budget 1935 représentant, approximativement, les recettes et les dépenses des fonds qui sont incorporés dans le budget 1936 et étaient gérés en dehors du budget 1935.

Appendice I (suite).

b) RÉSULTATS MENSUELS DES TROIS DERNIERS MOIS.

(En millions de leva.)

	1937		Mars		Avril		Mai			
	1/12 du budget autorisé	1936	1937		1936	1937		1936	1937	
				Effec- tives	Budget mensuel		Effec- tives	Budget mensuel		Effec- tives	Budget mensuel
RECETTES.										
A. Budget de l'Etat :										
I. Recettes fiscales :										
1. Impôts directs	42,2	25,7	32,9	38	31,9	39,5	40	56,8	58,8	39
2. Impôts indirects :										
Douanes	86	78,5	96,3	83	92,1	100,9	92	83,5	90,7	84
Accises	114,3	106,6	127,4	108	113,2	103	113	101,5	115,8	112
Enregistrement	8,3	7,6	10,2	8	8,4	10,3	8	8,3	8,7	8,5
Timbre	30,2	26,1	38,2	33	29	38	32	25,4	32,8	35
3. Amendes et confiscations	6	5,1	7,4	6	4,9	7,5	5	5,7	6,5	7
4. Monopoles	10,6	8,7	11,5	9	10,4	10,8	10	9,2	11,3	9,5
5. Exercices clos	23,3	19,5	20,7	23	14,3	25,3	20	15	12	23
Total I	320,9	277,8	344,6	30,8	304,2	335,3	320	305,4	336,6	318
II. Autres recettes :										
6. Entreprises d'Etat	55,2	30,4	77,5	53,7	37,1	57	55,8	86	43,6	54
7. Participation des communes aux appointements des instituteurs et médecins	34,2	34,9	40,3	32	23,6	37,1	34	29,2	41,4	40
8. Recettes administratives	83,7	76,6	70,4	80,4	55,8	66,6	82,3	62,6	65,7	83,1
Total II	171,3	141,9	188,2	166,1	116,5	160,7	172,1	177,8	150,7	177,1
III. 9. Recettes extraordinaires										
10. Ressources d'emprunts	5,1	—	0,5	5,1	18,2	0,1	5,1	33,2	1,7	5,1
IV. Recettes d'ordre :										
11. Reprise en recettes des soldes non transférés de la dette publique extérieure	34,8	—	68,8	34,8	—	23,7	34,8	18,5	42,3	34,8
Total	576,1	420,4	607,4	552	444,2	527,2	565	551,5	541,6	572
Total des recettes réelles (sans les recettes d'ordre)	(541,2)	(420,4)	(538,6)	(517,2)	(444,2)	(503,5)	(530,2)	(533,0)	(499,3)	(537,2)
B. Chemins de fer et ports										
Total mensuel général	705,3	516,2	724,1	672	549,9	634,7	680	654,5	672,7	690
Total mensuel non compris les recettes d'ordre	(670,5)	(516,2)	(655,3)	(637,2)	(549,9)	(611,0)	(645,2)	(636,0)	(630,4)	(655,2)
DÉPENSES.										
A. Budget de l'Etat										
B. Chemins de fer et Ports										
Total des dépenses	705,3	758,7	874,0	672,0	504,5	824,2	680	670,8	582,7	690
Dépenses en souffrance (+ ou — au cours du mois)	—	— 222,5	— 204,2	—	+ 128,8	— 113,2	—	— 34,4	+ 450	—
Total mensuel général	705,3	536,2	669,8	672	633,3	711,0	680	636,3	627,7	690
Total mensuel non compris les dépenses d'ordre	(670,5)	(536,2)	(601,0)	(637,2)	(633,3)	(687,3)	(645,2)	(617,8)	(585,4)	(655,2)

Appendice I (fin).

**c) SITUATION DÉTAILLÉE ET COMPARÉE DES RECOUVREMENTS DES IMPÔTS DIRECTS
POUR LES CINQ PREMIERS MOIS DE L'EXERCICE 1937.**

Impôts	Résultats 1 ^{er} janvier-31 mai				Prévisions 1937						
	1936	1937	+ ou -	% de 1937 par rapport à 1936	Quote-part exigible	% des recou- vements					
	(En millions de leva.)										
Impôts cédulaires ¹	110,9	153,6	+ 30,4	124	137,5	112					
Impôt sur les sociétés	12,3										
Impôt sur le revenu global	2,9						0,8	- 2,1	28	5,4	15
Impôt sur les brebis et les chèvres	13,5						12,5	- 1	92	18	70
Impôt sur l'exemption de la prestation	18						17,7	- 0,3	—	21	84
Impôt militaire	10,7						14,2	+ 3,5	132	16,4	90
Impôt sur les successions	10,1	16,9	+ 6,8	167	12,5	140					
Total	178,4	215,7	+ 37,3	121	210,8	107					
Impôts arriérés	102,4	102,5	+ 0,1	—	116,7	88					
Amendes et intérêts de retard sur impôts arriérés	17,6	18,8	+ 1,2	106	17,5	107					
Total général	298,4	337,0	+ 38,6	113	345,0	95					

¹ En 1937, les impôts cédulaires et l'impôt sur les sociétés sont groupés dans le même chapitre.

d) SITUATION DE LA TRÉSORERIE EN MARS-MAI 1937.

	Novembre 1937	Décembre 1937	Janvier 1937
	(En millions de leva.)		
Solde au début du mois du compte du Trésor à la Banque nationale	905,6	742,9	548,6
Budget de l'Etat et des Chemins de fer :			
Encaissements	724,1	634,6	672,7
Décaissements	874	824,2	582,7
	— 149,9	— 189,6	+ 90,0
Ressources extrabudgétai- res :			
Diverses	— 12,8	— 4,7	+ 12,7
Emission de bons du Tré- sor	—	—	—
Solde en fin du mois du compte du Trésor	742,9	548,6	651,3
Paiements exigibles en souf- france (non compris les dettes à long terme con- solidées ou en suspens)	344,2	231,0	276,0
Solde	+ 398,7	+ 317,6	+ 375,3

Appendice II.

a) SITUATION DE LA BANQUE NATIONALE DE BULGARIE EN 1935, 1936 ET 1937.

	15 juin 1935	15 juin 1936	15 mars 1937	15 juin 1937
ACTIF.				
Or monnayé et non monnayé	1.583	1.607	1.755	1.786
Devises	374	455	540	422
Monnaies divisionnaires	536	591	473	484
Portefeuille et avances de commerce . .	242	361	464	658
Bons du Trésor.	666	1.027	373	385
Dette de l'Etat.	2.698	2.671	3.551	3.551
Placements	265	283	292	323
Autres avoirs	284	266	211	259
Total	6.648	7.261	7.659	7.869
PASSIF.				
Capital versé et réserve	1.760	1.746	1.743	1.738
Billets de banque en circulation	2.096	2.188	2.334	2.354
Comptes courants et de dépôts	2.249	2.269	2.976	3.150
dont de banques	(802)	(954)	(1.468)	(1.748)
Exigibilités en devises	127	145	42	50
Autres exigibilités	417	912	564	578
Couverture %	33,98	32,31	33,04	32,45
Taux de l'escompte	7	6	6	6
Circulation totale.	3.201	3.238	3.503	3.487

Appendice III.
DONNÉES GÉNÉRALES ÉCONOMIQUES ET FINANCIÈRES.

Années et mois	Commerce extérieur					Indices économiques							Banque nationale							
	Valeur (millions de leva)			Poids (1.000 t.)		Trans- port par chemin de fer. Mar- chan- dises arrivées (1.000 tonnes)	Volume de la produc- tion indus- trielle 1934/35 = 100	Ventes de détail des coopé- ratives (mil- lions de leva)	Prix de gros 1926 = 100	Coût de la vie 1926 = 100	Total des dépôts (millions de leva)	Total des place- ments ¹ (millions de leva)	Or	Mon- tant net des devises	Porte- feuille commer- cial ²	Dette cou- rante du gou- verne- ment ³	Circulation		Couver- ture %	Taux ⁴ d'es- comptes
	Impor- tations	Expor- tations	Balance + ou -	Impor- tations	Expor- tations												de billets de banque	totale		
(En millions de leva.)																				
	Moyenne mensuelle.					Moyenne mensuelle.							Fin.							
1931 . . .	388	495	+ 107	24,6	64,1	366	—	—	79,1	89,3	—	—	1.511	257	579	279	2.919	3.629	37,69	9 1/2
1932 . . .	289	282	— 7	21,8	49,0	376	—	—	70,3	82,2	—	—	1.519	123	427	423	2.035	3.521	36,07	8
1933 . . .	184	237	+ 53	19,2	35,9	335	—	—	61,8	76,3	9.706	11.021	1.545	141	473	818	2.984	3.971	35,39	8
1934 . . .	187	211	+ 24	20,5	33,0	327	98,3	—	63,6	71,2	10.024	10.901	1.547	121	373	655	2.449	3.736	35,71	7
1935 . . .	251	271	+ 20	23,0	27,3	344	101,7	51,4	65,1	66,6	10.597	10.939	1.591	448	612	910	2.497	3.731	33,37	6
1936 . . .	265	326	+ 61	23,6	47,4	365	112,3	56,3	67,5	63,4	11.485	11.245	1.652	724	505	936	2.571	3.811	34,17	6
1936 :																				
I . . .	181	376	+ 195	17,4	15,3	229	78,9	48,4	65,8	65,9	11.265	10.896	1.591	383	294	1.010	2.177	3.296	34,18	6
II . . .	303	250	— 53	22,7	14,6	235	90,9	42,1	65,2	66,3	11.452	10.939	1.591	329	216	1.010	2.113	3.221	35,13	6
III . . .	220	232	+ 12	18,9	17,6	258	108,3	54,1	64,7	66,0	11.360	10.946	1.591	237	239	928	2.293	3.417	36,06	6
IV . . .	270	238	— 32	24,8	26,1	255	95,2	55,6	66,4	64,0	11.285	10.993	1.591	247	344	1.028	2.252	3.349	33,65	6
V . . .	296	203	— 93	27,0	31,5	326	104,0	61,2	66,3	63,9	11.167	10.899	1.607	353	358	1.028	2.241	3.323	33,39	6
VI . . .	291	179	— 112	25,9	39,9	389	109,4	56,9	66,0	63,9	11.273	10.970	1.607	306	370	1.032	2.453	3.551	32,56	6
VII . . .	195	164	— 31	22,9	41,4	359	101,7	48,1	66,6	64,3	11.424	11.047	1.607	302	334	932	2.304	3.422	34,41	6
VIII . . .	209	221	+ 12	26,0	55,7	440	106,2	53,7	67,7	63,7	11.559	11.481	1.607	355	410	1.132	2.561	3.755	33,20	6
IX . . .	248	379	+ 131	25,6	69,0	479	138,7	55,0	68,8	63,8	11.631	11.681	1.616	406	649	1.235	2.790	4.090	31,92	6
X . . .	263	539	+ 276	23,1	98,8	564	149,0	56,6	70,4	64,3	11.630	11.774	1.618	474	618	1.135	2.663	3.943	32,98	6
XI . . .	327	482	+ 155	23,8	65,6	456	131,2	65,2	71,2	64,8	11.759	11.787	1.618	659	456	1.135	2.584	3.838	33,72	6
XII . . .	377	647	+ 270	24,8	93,5	389	133,8	78,1	71,5	65,0	12.079	12.090	1.652	724	505	936	2.571	3.811	34,17	6
1937 :																				
I . . .	309	527	+ 217	20,7	58,4	284	84,4	44,3	72,0	65,1	12.228	12.018	1.705	763	336	374	2.572	3.783	31,72	6
II . . .	295	394	+ 100	17,7	43,9	278	99,3	47,3	72,0	65,4	12.259	12.082	1.755	573	392	374	2.317	3.470	33,03	6
III . . .	309	379	+ 70	25,2	41,8	303	112,5	66,4	72,2	65,3	—	—	1.755	514	546	375	2.440	3.622	32,24	6
IV . . .	375	475	+ 75	29,3	72,5	335	—	—	73,1	65,3	—	—	1.755	496	604	375	2.636	3.909	32,32	6
V . . .	456	356	+ 100	29,6	50,5	—	—	—	73,3	65,4	—	—	1.766	427	646	385	2.430	3.617	32,13	6

¹ Données révisées.

² Escompte et avances.

³ Escompte et réescompte des bons du Trésor.

LEAGUE OF NATIONS

AUSTRIA — Public Finances

THIRD REPORT

**by the Financial Organisation
of the League of Nations**

April-August 1937

Geneva, September 21st, 1937.

Note.

In accordance with Article 10 of Annex III of the Austrian Protocol of July 15th, 1932, and the Council resolution of September 25th, 1936, contact is to be maintained between the Austrian Government and the Financial Organisation of the League of Nations, by the preparation and publication of periodical statements on Austrian public finances by the Financial Organisation of the League of Nations, for which purpose it has been arranged that an official of that organisation will visit Vienna from time to time.

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Series of League of Nations Publications

II. ECONOMIC AND FINANCIAL
1937. II.A.15.

I. INTRODUCTION.

1. There is a striking increase in production and exports and a considerable diminution of unemployment.

2. Tourist traffic also continues to improve.

3. Economic recovery thus stimulated is gradually extending to other sections of economic life. Important sections are, however, still little affected; domestic consumption has only partially recovered.

4. Though economic and financial conditions are greatly improving, comparisons with the very bad situation a few years ago may be misleading as showing the present situation in too favourable a light. Comparisons should—as in other countries—also be made with more prosperous periods, such as 1929. (This is done in the tables in Appendices III and IV.) A large part of the Austrian population—and this is an important psychological factor—is of course apt to make comparisons also with its pre-war standard of life.

5. The National Bank has completely regained the foreign exchange which flowed out after the devaluation in the gold-*bloc* countries in September 1936.

6. The railways are profiting considerably from the increase in Austria's foreign trade. Railway transit trade through Austria is double what it was last year. Total railway receipts were 38 million Schillings higher during the first seven months of 1937 than during the corresponding months of 1936.

7. For the Ordinary State Budget, the first seven months of 1937 have resulted in a substantial surplus of receipts over expenditure. Later in the year, higher seasonal expenses will have to be met; but if nothing unforeseen happens, the budget can be expected to close with a surplus.

8. Several taxes showing a timelag of a year, which are based on the income of the previous year, may yield even higher receipts next year than at present.

9. Now that receipts are rising above expenditure, new problems have to be faced. In this connection, it has to be borne in mind that the State domestic indebtedness has increased to a considerable extent during the years of depression.

2. STATE FINANCES.

(a) 1937 BUDGET: RESULTS OF FIRST SEVEN MONTHS.

Provisional results are available for the first seven months of the 1937 budget. They show a surplus, not only on the ordinary budget, but even including the investments, and compare favourably with

seven-twelfths of the 1937 Budget Estimates, as well as with the Provisional Results for the same period of the previous year:

	Provisional Results January-July 1937	Difference as against	
		Seven-twelfths of 1937 Estimates *	Provisional Results January-July 1936
(In millions of Schillings)			
<i>Ordinary Budget.</i>			
Expenditure:			
Personnel	423.5	— 0.2	+ 10.8
Material	725.1	— 54.5	— 15.8
	1,148.6	— 54.7	— 5.0
Receipts	1,163.3	+ 23.3	+ 12.6
Surplus	14.7	+ 78.0	+ 17.6
<i>Investments</i>	10.2	— 11.4	— 8.2
Total surplus	4.5	+ 89.4	+ 25.8

* Including the first and second amendments to the estimates.

Apart from the investments, a sum of 15.7 millions out of the ordinary expenditure of 1,148.6 million Schillings is to be covered from the 1937 Investment Loan as forming part of the programme for which that loan was raised (see second report, page 5). Thus the first seven months have resulted in a surplus of 30.4 millions (14.7 + 15.7) on the ordinary budget.

The fact that expenditure during these seven months is so much lower than seven-twelfths of the estimates (66 millions lower if including investments) is partly due to economies, partly to the favourable receipts of the Railways and partly to seasonal causes, including the fact that the expenditure to be financed from the 1937 Investment Loan, which was issued in March, is only progressing gradually and, although formally included in the 1937 Estimates, is being spread over more than one year. The saving as against the monthly budget estimates is not large (see Appendix I). During the autumn months, certain heavier seasonal payments outside the Investment Loan will have to be met.

Thanks to the continuing improvement in the economic situation, receipts have been coming in well and the good results of last year are being exceeded.

Total Ordinary Receipts.

	1937		1936
	Provisional Results	Monthly Estimates	Provisional Results
(In millions of Schillings)			
January	172.1	167.7	173.7
February	143.7	143.4	160.9
March	175.2	164.2	157.9
April	168.5	160.7	169.0
May	154.8	147.2	147.9
June	166.8	162.0	153.9
July	182.2	168.4	187.4 *
Total, first seven months . . .	1,163.3	1,113.6	1,150.7
August: Direct taxes and tobacco only	99.41	98.82	103.88

* Including non-recurring receipts of over 10 million Schillings.

There was thus a slight slowing-down of receipts during August. It is expected that the autumn months will, as in previous years, be good months for receipts. If the favourable trend is kept up and nothing unforeseen happens, the 1937 Ordinary Budget can confidently be expected to terminate with a surplus.

(b) TREASURY POSITION.

As a result of the issue of the 1937 Investment Loan in March last and the favourable flow of receipts the Treasury position is easy.

During June and July, Treasury bills issued early in the year for strengthening the cash reserves (*B.G.Bl.* 115/27), and amounting to 20 million Schillings, were reimbursed, so that the short-term debt of the State is reduced from 140.2 to 120.2 million Schillings. This remaining debt, part of which is lodged temporarily with the 1937 Investment Loan Account, is legally short term but, in fact, has existed for a number of years and is likely to continue to do so and is of a non-pressing character.¹ The Treasury also continued its policy of repurchasing Austrian Government bonds held abroad. Out of the total proceeds of the 1937 Investment Loan, amounting to 158.5 millions, 83.5 millions had been spent by the end of August (of which 54 millions for the consolidation of short-term debt), so that 75 millions were still available, earmarked for the programme of works.

This money is for the most part temporarily invested and part of it will not be required before next year.

(c) FEDERAL RAILWAYS.

The annual report for 1936 of the Austrian Federal Railways was issued in July. It shows that during 1936 the Railways did not yet profit from the economic recovery in Austria. The receipts were slightly less than in 1935 and expenses higher, so that the operating deficit was 45 million Schillings as against 38 millions the year before, and the net loss, before writing off depreciation, 74 millions as against 68 millions.

	1936	1935	Difference 1936 to 1935
	(In millions of Schillings)		
<i>Receipts:</i>			
Passenger traffic	130.5	131.5	— 1.0
Goods traffic	261.3	262.9	— 1.6
Total traffic receipts	391.8	394.4	— 2.6
Other receipts	18.0	16.4	+ 1.6
Total operating receipts	409.8	410.8	— 1.0
Total operating expenditure	455.1	449.0	+ 6.1
Operating deficit	45.3	38.2	+ 7.1
<i>Net loss:</i>			
Before writing off depreciation of plant	74.2	67.9	+ 6.3
After writing off depreciation of plant	86.6	87.2	— 0.6

The development of Railway receipts since 1929 can be seen from the following table, which shows that the fall of receipts did not continue during the last three years. A new low level seemed to have been reached.

¹ For the detailed composition of the short-term debt, see second report, page 13.

	1929	1930	1931	1932	1933	1934	1935	1936	Difference 1936 against 1929 ± %
	In millions of Schillings								
<i>Receipts:</i>									
Passenger traffic	208.9	209.6	183.6	161.6	145.0	132.4	131.5	130.5	- 37.5
Goods traffic	394.5	356.3	308.5	254.9	254.5	260.0	262.9	261.3	- 33.8
Total traffic receipts	603.4	565.9	492.1	416.5	399.5	392.4	394.4	391.8	- 35.1
Traffic receipts ± against previous year	—	- 37.5	- 73.8	- 75.6	- 17.0	- 7.1	+ 2.0	- 2.6	—
Traffic receipts ± against 1929	—	- 37.5	-111.3	-186.9	-203.9	-211.0	-209.0	-211.6	—

Expenses have been drastically reduced on all items and no further progress of importance seems possible in that direction. In fact, expenses show a slight tendency of rising again and a further rise will be unavoidable if traffic improves.

The development of operating expenditure since 1929 is given in the following table:

	1929	1930	1931	1932	1933	1934	1935	1936	Difference 1936 against 1929 ± %
	In millions of Schillings								
<i>Expenditure:</i>									
Salaries	349.2	339.1	308.0	241.2	210.7	195.0	195.0	195.6	- 44.0
Pensions	93.4	96.6	108.7	124.3	133.3	138.7	141.0	138.9	+ 48.7
Together	442.6	435.7	416.7	365.5	344.0	333.7	336.0	334.5	- 24.4
Social insurance	14.9	15.8	16.1	16.0	14.9	11.3	11.3	10.9	- 26.8
Fuel	43.9	38.3	36.8	30.3	29.1	22.9	21.1	19.9	- 54.7
Other material ex- penditure	94.2	81.7	62.4	52.8	46.8	50.4	55.5	62.9	- 33.2
General expenditure	30.1	39.8	26.7	19.0	18.0	16.1	14.8	16.5	- 45.2
Contribution of sub- sidiary concerns to debt service	12.4	13.8	14.0	13.8	12.2	12.2	10.3	10.4	- 16.1
Total operating expenditure ^a	638.1	625.1	572.7	497.4	465.0	446.6	449.0	455.1	- 28.7
^a Including renewals amounting to	30.6	25.1	14.9	17.4	14.0	16.9	15.4	24.5	

The diminution of the numbers of the employees is still continuing and the number of new pensioners shows a parallel increase. On the other hand, the number of the pensioners taken over from the former Railway organisation shows a natural decline:

	1929	1930	1931	1932	1933	1934	1935	1936	Difference 1936 against 1929 ± %
	Number								
<i>Staff:</i>									
Active staff	87,160	81,195	76,124	67,029	60,255	56,420	55,899	55,537	- 36.3
Old pensioners . . .	30,103	29,346	28,887	28,399	27,582	26,784	25,897	25,038	- 16.8
Südbahnclearing pensioners	7,087	6,855	6,211	5,593	5,406	5,225	5,007	4,801	- 32.3
New pensioners . . .	23,677	25,555	30,060	37,509	44,121	48,943	50,494	51,166	+ 116.1
Total pensioners.	60,867	61,756	65,158	71,501	77,109	80,952	81,398	81,005	+ 33.7
Active staff and pen- sioners together .	148,027	142,951	141,282	138,530	137,364	137,372	137,297	136,542	- 7.8

The traffic development during the present year presents a picture totally different from that of last year. December 1936 was the turning-point. Since then, Railway receipts have been more favourable every month than during the corresponding month of the preceding year, so that the total receipts during the first seven months of 1937 were 38 millions higher than the year before. The receipts during August are expected to be equally favourable. The Railways have thus been able to reduce considerably their debts to the banks. In connection with the bigger traffic, certain expenses, such as for coal, etc., are naturally rising, and it will be necessary to make bigger reserves for depreciation of interest. As is well known, the amounts written off by the Federal Railways in recent years have been considered by certain experts as insufficient.

If the present development continues, the deficit over 1937 may be considerably smaller than that budgeted for (95 million Schillings).

Railway Receipts.

	Goods traffic		Passenger traffic		Total	
	1936	1937	1936	1937	1936	1937
	In millions of Schillings					
January	19.8	21.8	8.4	8.4	28.2	30.2
February	19.1	23.5	8.2	8.4	27.3	31.9
March	20.6	25.3	9.0	10.8	29.6	36.1
April	19.1	25.0	10.0	9.1	29.1	34.1
May	19.3	24.8	10.4	11.3	29.7	36.1
June	19.7	26.4	12.0	12.0	31.7	38.4
July	21.4	27.6	16.9	18.7	38.3	46.3
January-July *	139.0	174.4	74.9	78.7	213.9	253.1

* Definitive figures from January to April.

Though passenger traffic has somewhat improved, the increase in receipts is due almost exclusively to the goods traffic (35 out of 38 millions). The statistics for car loadings show that the improvement is due, in large measure, to the increase in foreign traffic. Transit traffic, in particular, shows a remarkable increase—more than double that of the previous year. Inland goods traffic continued stagnant until March 1937, but from then onwards each month showed higher figures than last year. This corroborates the impression gained from other figures that the recovery which at first only stimulated those parts of economic life in touch with foreign countries is extending to the internal economic life of Austria.

Car Loadings (000's omitted).

		Total of year		Janua- ry-Feb- ruary	March	April	May	June	July	January- July	Difference 1937 from 1936
Total goods traffic . . .	{ 1935 1936	2,009.8 1,984.1	{ 1936 1937	284.5 314.1	154.5 178.5	150.5 183.6	154.9 178.3	154.3 193.7	171.8 208.6	1,070.5 1,256.8	+ 186.3
Inland traffic . . .	{ 1935 1936	1,440.2 1,418.9	{ 1936 1937	203.1 201.3	110.8 115.3	112.8 125.6	114.5 116.1	109.0 124.1	123.4 137.4	773.6 819.8	+ 46.2
Foreign traffic . . .	{ 1935 1936	569.5 565.2	{ 1936 1937	81.4 112.8	43.7 63.2	37.7 58.0	40.4 62.2	45.3 69.6	48.4 71.2	296.9 437.0	+ 140.1
<i>Of which:</i>											
Imports . . .	{ 1935 1936	290.2 278.5	{ 1936 1937	43.1 50.8	21.8 25.2	19.0 24.7	19.4 25.2	19.8 27.7	22.3 27.8	145.4 181.3	+ 35.9
Exports . . .	{ 1935 1936	143.1 146.8	{ 1936 1937	21.7 26.6	12.8 17.0	12.2 16.1	12.3 16.3	13.5 18.4	12.7 19.2	84.7 113.6	+ 28.9
Transit . . .	{ 1935 1936	136.2 139.2	{ 1936 1937	17.1 35.5	9.1 21.0	6.5 17.2	8.7 20.7	12.0 23.5	13.4 24.2	66.8 142.1	+ 75.3

The decree for regulation of the competition between road traffic and the Railways, which was provisionally prolonged until July 1st, 1937,¹ was with minor modifications again prolonged until the end of July 1938, as it was impossible to reach an agreement between the various parties interested. More liberal regulations for road traffic will probably mean a certain loss in receipts for the Railways and it is to the advantage of the Railways budget that the present situation has been maintained for the moment.

3. MONETARY SITUATION.

(a) THE AUSTRIAN NATIONAL BANK.

The principal feature in the weekly balance-sheets of the Austrian National Bank is the increase in the gold and foreign-exchange reserves. After the devaluation of the gold-bloc countries at the end of September 1936, the uneasiness felt about the future of the Schilling led to a diminution of the reserve from 375 millions at the end of September 1936 to 337 millions in the spring of this year—i.e., a loss of nearly 10%. Since then, the reserve has been steadily increasing. At the end

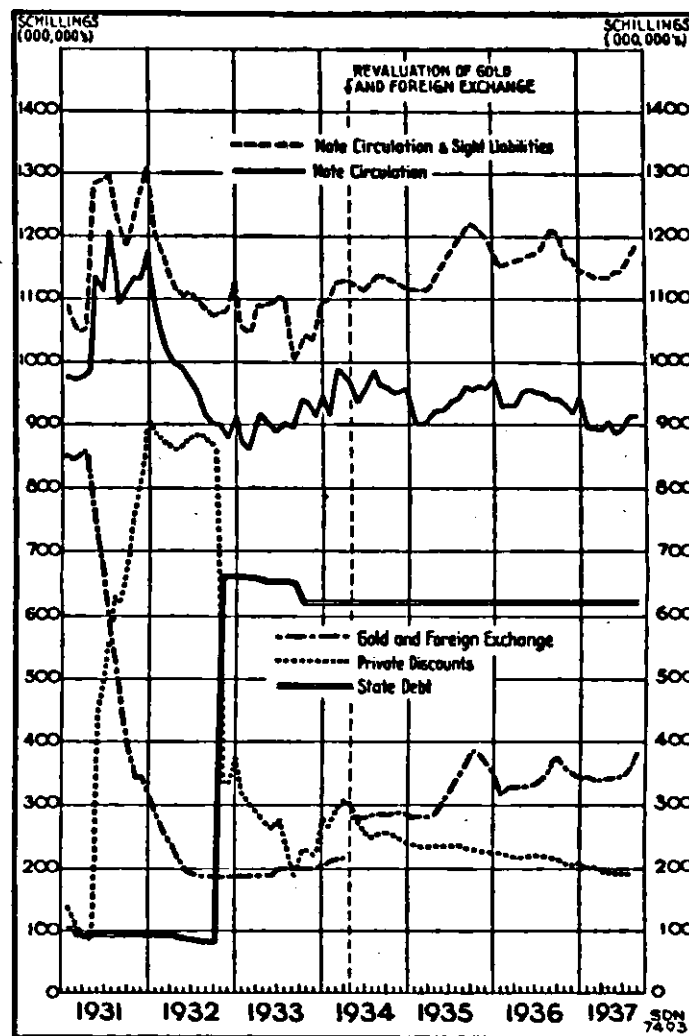
¹ See first report, page 9.

of August 1937, it had reached 380 millions,¹ which is higher than the highest level reached last year, a result due to the favourable development of tourist traffic, railway transit traffic and foreign trade and the disappearance of the uneasiness just mentioned.

The note circulation is at a slightly lower level than last year. This may be an indication that the recovery has so far been limited to the spheres of economic life, where other means of payment than bank-notes are used. On the other hand, it may be explained by an increase in the velocity of monetary circulation, which is natural during a period of economic recovery and towards which the higher turnovers of the various clearing institutes would seem to point. (See below, sub 3 c.)

Sight liabilities continue at a high level and testify to the liquidity of the money market. Note circulation and sight liabilities together have increased since the low level reached in the spring by practically the same amount as the gold and foreign-exchange reserve, so that, as is natural, the inflowing foreign exchange is increasing purchasing power. For the moment, part of the additional purchasing power seems to remain potential only, stored up in idle balances kept at the National Bank. Finally, it may be noted that, for the first time, for more than a year there was a slight temporary increase in the bill portfolio.

I. — Situation of the Austrian National Bank.



(In millions of Schillings)

1936—End of	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
Note circulation	952	958	950	952	943	944	932	915	944
Other sight liabilities	210	213	221	232	268	262	235	247	204
Gold and foreign exchange . . .	325	328	330	342	372	375	355	348	342
Bills discounted	218	220	220	219	216	213	210	208	208
State debt	624	624	624	624	624	624	624	624	620

1937—End of	Jan.	Feb.	March	April	May	June	July	August
Note circulation	895	893	891	905	882	896	915	915
Other sight liabilities	245	241	243	228	259	245	251	268
Gold and foreign exchange . . .	343	339	339	340	341	343	359	380
Bills discounted	202	200	196	194	192	190	193	191
State debt	620	620	620	620	620	620	620	620

¹ 384 millions on September 7th, 1937.

The strong position of the Austrian Schilling is again leading to an increase in the uncleared balances of the clearing agreements with foreign countries. When the rates between the Schilling and foreign currencies fixed in those agreements do not correspond to the rates in the market, exports from Austria under those agreements become cheap in the foreign currencies and imports from those countries into Austria become expensive in Schillings. Thus exports to the clearing countries are stimulated and imports from them discouraged, leaving a balance in favour of Austria, difficult to clear. These balances represent credits, or rather goods sent on credit, which Austria is extending to the clearing countries. The confidence in the Schilling strengthens this tendency in another way also: foreign exporters into Austria will be inclined to keep balances in Schillings and delay repatriation and may perhaps also attempt to repatriate their claims outside the clearing, so as to obtain a better rate, in both cases withholding from the clearings amounts which would help to liquidate Austria's uncleared balances. There are obviously certain simple solutions for the problem—viz., either to agree on other rates in the clearing agreements or to tighten up the clearing regulations in Austria or again to reduce the obstacles in the way of imports. Monetary authorities abroad will be loath to accept the first, and the second goes right against the policy, followed for a number of years in Austria, of prudently slackening the monetary fetters on economic life.

(b) THE COMMERCIAL BANKS.

All financial institutions are profiting from the increase in production of Austrian industry, the favourable development of foreign trade and tourist traffic and the rise on the Stock Exchange. The situation of the commercial banks improved in a twofold manner—the internal position of the banks is being strengthened and, moreover, there is a revival in various sections of current banking business.

The economic recovery has a direct influence on the situation of the banks in so far as industrial enterprises are repaying credits granted in previous years on which repayments were either entirely stopped or taking place with delays. Indirectly, the situation of the banks is improved as the better results of industry led to a rise of the prices of the industrial shares in their portfolios. The liquidity of the money market, which finds its expression in the high sight deposits at the National Bank, assisted in strengthening the commercial banks' position.

The repayment of old industrial credits and the great prudence exercised by the banks in the granting of new credits which do not fully comply with the standard of liquidity required in current banking business, is a direct consequence of the policy followed since the financial crisis of 1931 to disentangle the commercial banks from long-term industrial credit. A structural gap had thus been created. Austrian industry has been financed in the past on long term by the banks. The link between industry and the capital market has never been so direct and close as in certain financially more developed countries. The way of long-term financing of industry by the banks now being closed, new ways must be found. At the present moment, the problem is perhaps not too acute; a number of big industrial firms are able to finance new investments from their own means, whilst in several sections of industry the technical capacity of the enterprises is far from being utilised completely, and in others the export situation is such that firms can compete with existing plant. Nevertheless, the question of long-term industrial credit exists and is being actively discussed. In industrial circles, the issue of industrial bonds has been suggested. Quite apart from the question whether this is a desirable form of financing industry, the realisation of this idea depends on the possibilities of the capital market. For the moment—and probably as a result of economic recovery—the market for fixed-interest securities is somewhat sluggish. So far it has been fed exclusively by public issues and mortgage and building bonds. It is an open question whether the investing public would take to bonds of a quite different character at prices interesting to industry. It would seem that a good deal could be done to make industrial shares more attractive for investment purposes—for instance, by the modernisation of company law, the auditing of balance-sheets, rendering them more explicit, and the reform of company taxation, etc., with a view to making it easier for industry to issue their shares directly to the public.

The banks modifying their policy of limiting lending as much as possible to short-term credit had difficulties to face, owing to the insufficiency of profitable short-term investments. The quantity of rediscountable commercial bills is small. This is partly due to the restrictions on financial transactions existing in Central and South-Eastern European countries, with which the major part of Austrian trade

is conducted: Thus the Creditanstalt-Wiener Bankverein has—withstanding the extension of its discounting business since 1935—invested in bills of exchange only half of its liquid assets in Austria, corresponding to less than 10% of its total balance-sheet, a low percentage compared with the normal proportions in Western Europe and Scandinavia. In recent months, advances on claims of Austrian firms in the clearings with foreign countries have gained in importance. Great prudence is required in this kind of business, as no certainty exists as to the dates of liquidation of the claims. It should be noted also that the commercial banks have been showing in recent time more interest in meeting the needs for credits on the part of small firms.

An increase in the possibilities for short-term investments would also have a favourable influence in the price of bank credits. The banks are burdened with high fixed costs for staff and pension, taxation and buildings, a reduction of which seems unlikely. A more intensive use of the financial capacity of the banks, increasing their earning power, could be accompanied by a reduction in the rate of interest and other conditions for bank credits. It should be noted that in July 1937 these were reduced by $\frac{3}{4}\%$.

The improvement in current banking business has resulted in higher profits on account of interest and commission. The following table shows the profits realised by the various institutes:

Profits.

	Gross		Net	
	1935	1936	1935	1936
	In millions of Schillings			
Creditanstalt-Bankverein . . .	34.7	35.9	1.17	4.66
Länderbank	9.3	9.5	0.35	0.52
Mercurbank	4.1	4.5	0.27	0.46
Creditinstitut.	11.3	15.0	0.23	0.52

The Zentral-Europäische Länderbank, which has its seat in Paris and its chief branch office in Vienna, is the first to resume the payment of dividends; it is paying 4% on the preference shares for 1936. The Creditanstalt-Wiener Bankverein and the Mercurbank are, it is believed, not unlikely to resume dividend payment next year. The development of the situation of the banks can be seen from the following table, which gives the main items of the balance-sheets at the end of 1935 and 1936:

	Creditanstalt-Bankverein		Länderbank		Mercurbank		Creditinstitut		Industriekredit A.G.	
	1935	1936	1935	1936	1935	1936	1935	1936	1935	1936
	In millions of Schillings									
Cash on hand	88.9	68.9	38.5	32.0	9.7	10.0	12.1	13.9	1.1	1.1
Bills	59.7	68.9	66.0 ^a	68.4 ^a	23.4 ^b	21.8 ^b	10.6	14.0	5.9	6.3
Debtors	425.6	391.0	154.8	145.9	69.7	70.7	122.9	62.0	218.2	196.1
Share capital	167.0	101.0	—	—	15.0	15.0	10.4	10.4	10.0	10.0
Reserve	0.65	1.75	—	—	1.3	1.5	2.1	2.3	—	—
Balance-sheet total	760.8	695.5 ^d	296.2	287.1	113.8	110.6	352.2	378.9	287.7	263.4
of which outside means	591.8	588.0	295.1 ^e	286.1 ^e	97.0	93.3	339.2	365.3	272.7	253.4
namely:										
Creditors	392.8	387.7	165.7	169.7	75.9	70.2	139.3	84.9	272.7	253.4
Deposits	132.7	137.0	130.2	117.2	21.1	23.1	4.8	5.8	—	—
Mortgage bonds and housing bonds	66.3	63.3	—	—	—	—	194.9	274.4	—	—

^a Including Treasury Bills.
^b Including foreign exchange.
^c Share capital of the Central European Länderbank, Paris, 100 million francs.
^d Decrease of balance-sheet total due mainly to reduction of capital.
^e As there is no special share capital for Viennese branch.

During the year 1936, considerable changes took place in the capitalisation of the Creditanstalt-Wiener Bankverein. In January 1936, the Austrian Government concluded an agreement with the foreign creditors of the Creditanstalt for the settlement of the so-called "live claims", *inter alia*, by a cash payment of 60 million Schillings in foreign exchange.¹ This sum was advanced to the Government by the Creditanstalt which in return received 4% forty-year Government bonds. The Creditanstalt transferred these bonds to its new Pension Fund, together with other securities of a value of 14 millions, and was thus able to cover in capitalised form some 76% of its pension liabilities. In order to cover similarly the remaining 24% of these liabilities and to offset in its balance-sheets the payment of the 60 millions, the Creditanstalt-Wiener Bankverein has, as from December 31st, 1936, reduced its capital from 167 to 101 million Schillings. The remainder of the cover required for the pension obligations is taken from existing reserves and from the net profits of 1936. The pension claims of the existing active personnel will be covered in future from the profits of the bank. These various transactions have cleared both the profit-and-loss account and the balance-sheet of the Creditanstalt-Wiener Bankverein and completed the reconstruction of the bank. The capital of the Creditanstalt-Wiener Bankverein now amounts to 101 million Schillings composed of 140,000 preference shares of 375 Schillings each (52.5 millions) and 194,000 ordinary shares of 250 Schillings each (48.5 millions). As an indemnification against the reduction of their shares, the holders of preference shares received funding bonds bearing 5% interest on the nominal amount by which the preference shares were reduced. The net profits will in future be divided in the following order: First 5% dividend on the preference shares; then, successively, 5% interest on the funding bonds, 5% dividend on the ordinary shares, and 2.5 million Schillings maximum as capital repayment on the funding bonds. If, in three successive years, 5% has been paid on the preference shares, the ordinary shares and the funding bonds, and 50% has been repaid in capital on the latter, the preference and the ordinary shares can be unified.

(c) MONEY AND CAPITAL MARKET.

The turnover of the various clearing institutes is increasing, as can be expected during a period of economic recovery.

Clearings.

	National Bank		Postal Savings Bank	
	1936	1937	1936	1937
In millions of Schillings				
March	2.141	2.606	1.872	2.140
April	2.244	2.327	1.983	2.216
May	2.128	2.230	1.913	2.044
June	2.077	2.261	1.883	2.143
July	2.242	2.408	2.119	2.341
August	2.148	—	2.002	—

Saving deposits have been slowly rising since the seasonal reduction this spring, which was accentuated by the issue of the 1937 Investment Loan in March, and are at present at the same level as last year.

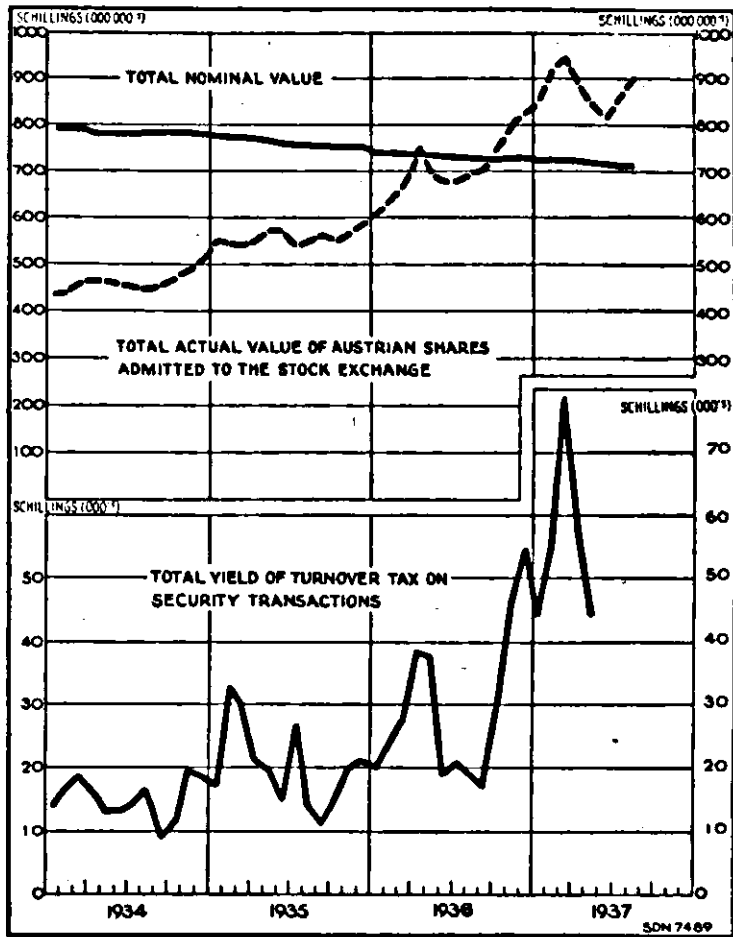
Total Saving Deposits.

End of		March	April	May	June	July	August
1936	} In millions of Schillings {	2.352	2.337	2.327	2.331	2.338	2.347
1937		2.322	2.326	2.331	2.338	2.339	2.349

¹ For further details, see the Seventeenth Quarterly Report of the Representative of the League of Nations in Austria, document C.99.M.40.1936.II.A, pages 8 and 9.

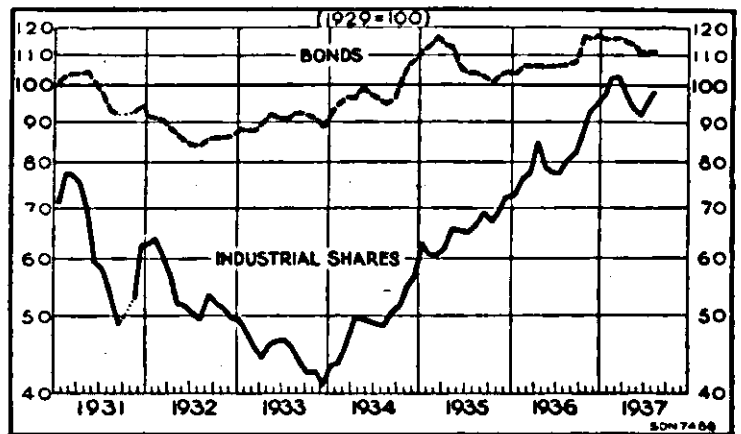
II. — *Vienna Stock Exchange.*

(Value of shares.)



The Stock Exchange experienced a setback during April, May and June, following upon the rapid rise during previous months. In July, a new improvement set in, which continued during August. Thus the share index rose from 89.9 in June to 96.7 in August and the value of all Austrian shares admitted to the Stock Exchange from 809 to 900 millions. The rise is chiefly due to metal, gas and electricity shares. The bond market has been somewhat sluggish for a number of months, which may be due to industry mobilising balances temporarily invested in bonds and the greater interest of the public in shares.

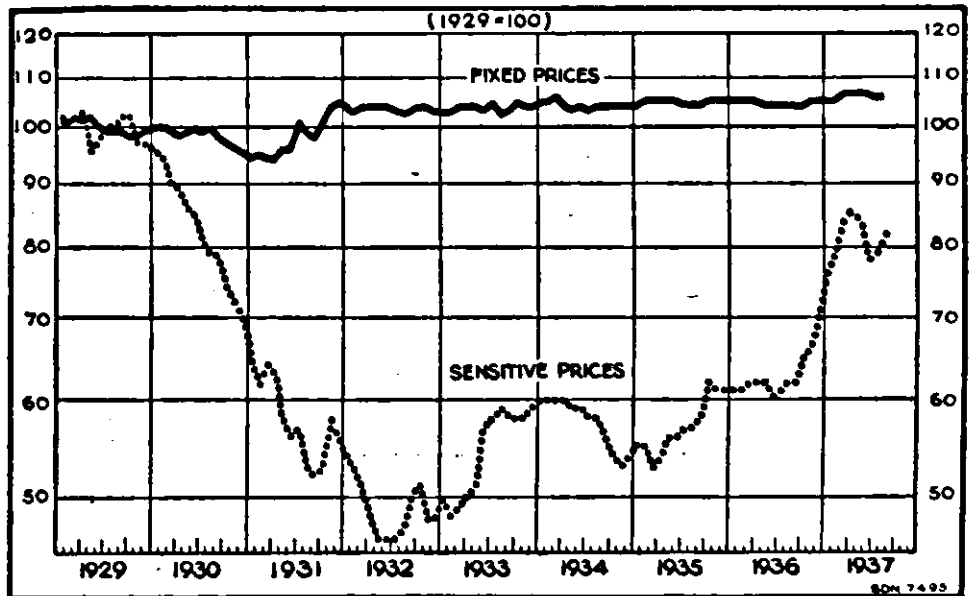
III. — *Value of Industrial Bonds and Shares.*



(d) *PRICES.*

After the sharp increase in the prices of certain raw materials during the winter and the spring, a setback set in which was first shown in the fall of the index of sensitive prices from 85 in April to 78 in June. The general index of wholesale prices continued to rise till July and showed its first fall in August. Indices of fixed prices, as well as of retail prices and of the cost of living show a slight fall as from July. On the other hand, the index of sensitive prices was rising again during July and August. It is believed that the setback of the sensitive prices was a reaction from a too rapid speculative rise during the earlier part of the year which is now replaced by a more healthy development.

IV. — *Price Level.*



It is believed that the setback of the sensitive prices was a reaction from a too rapid speculative rise during the earlier part of the year which is now replaced by a more healthy development.

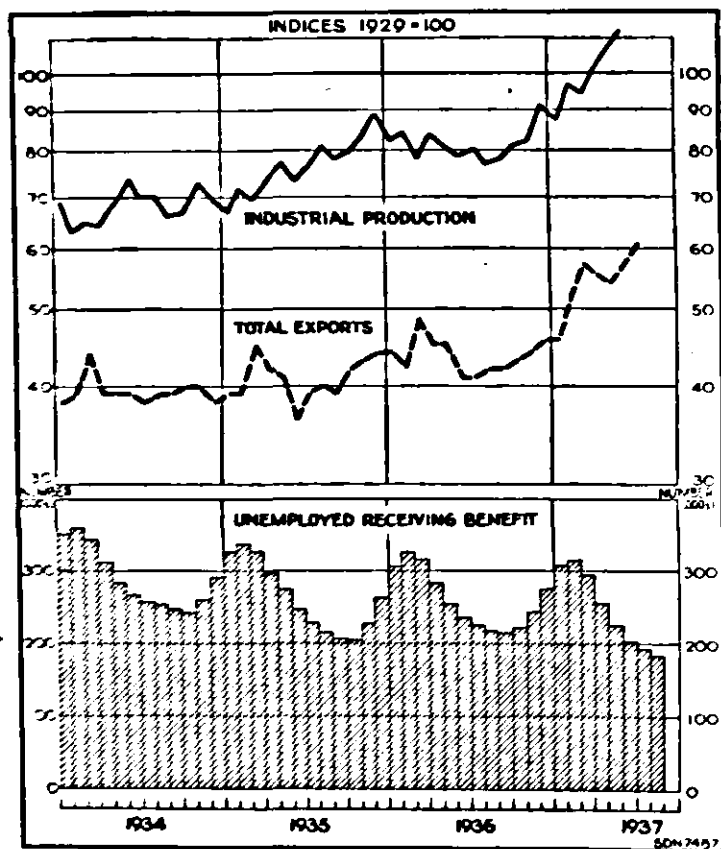
By a Law of April 10th, 1937, the Government instituted a Federal Commissioner, attached to the Federal Chancellery, who has the duty to watch the course of prices, in particular of those on which the influence of free competition is limited by law or in practice. The Commissioner is authorised to obtain the necessary information from all interested parties, to create advisory committees and to use the services of experts. The Commissioner has to negotiate with the parties interested in order to obtain the reduction of prices not corresponding to economic needs and unjustified by circumstances or to prevent unjustified price increases. When necessary, the Commissioner can report and submit proposals to the Government.

(c) THE GOLD CLAUSE LAW.

On April 27th, 1937, the Government decreed a law on the gold clause, the purpose of which is to eliminate altogether the use of gold clauses in Austrian domestic transactions and even to restrict it in transactions with foreign countries. The text of the law and the official explanatory note are given in Appendix II.

4. ECONOMIC SITUATION.

V. — Production and Unemployment.



(a) PRODUCTION.

The general *production* index rose to 112 in June 1937, the last figure available (1929 = 100). When it is considered that, in June 1936, the index stood at 78, the extent of the improvement in the economic situation can be realised. Production continues to be stimulated by the favourable development of exports to which has been added lately a larger domestic investment in production goods. In this connection, it should be noted that the turnover for production goods reached the high level of 121 in June 1937 (see index on page 17).

The production of iron and steel, textiles, paper, cellulose and electricity all reached record figures. Detailed production statistics are given in Appendix IV.

(b) FOREIGN TRADE.

Foreign trade continues to expand. The total value of exports for the first seven months of 1937 was 684 million Schillings as against 541 millions during the same period last year—*i.e.*, an increase of 26.4%.

July 1937, with exports of 109 million Schillings, shows the highest monthly total reached since 1931. It is 53.5% above the figure for July 1936.

Imports have increased by practically the same amount, from 696 in 1936 to 837 in 1937, so that the import surplus has hardly changed (153 as against 155). The increase of the import of raw materials is a sign of the improvement of Austrian industrial activity which finds expression in the considerable rise in the export of finished products.

Merchandise, Gold and Silver.

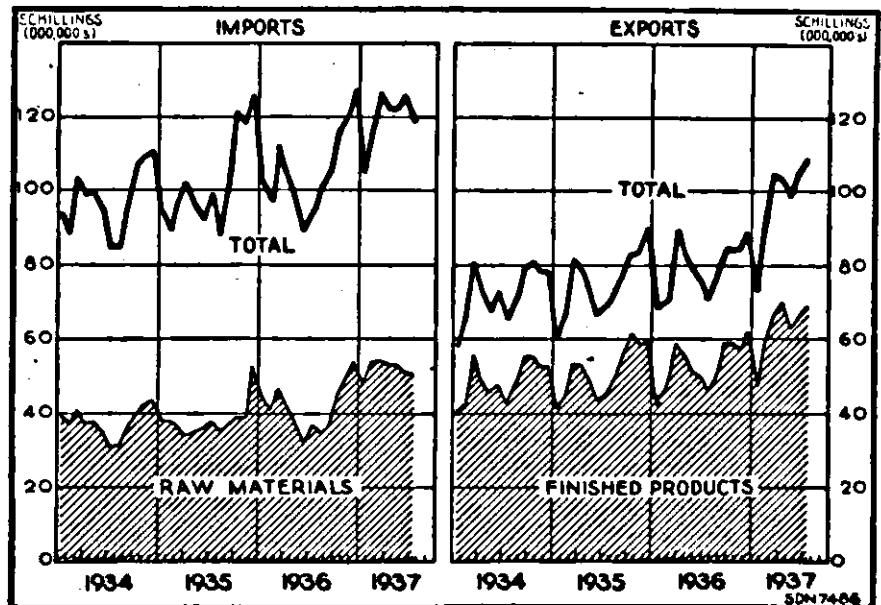
	Imports				Exports			Import surplus
	Total	Live animals and foodstuffs	Raw material (includ. fuel)	Finished products	Total	Raw material	Finished products	
In millions of Schillings								
January to July:								
1936	696.0	178.9	280.7	225.1	541.2	156.4	351.9	154.7
1937	836.7	234.1	362.2	238.2	683.9	214.8	439.8	152.8
Increase	140.7	55.2	81.5	13.1	142.7	58.4	87.9	— 1.9
Increase in percentage.	20.2	30.8	29.0	5.8	26.4	37.3	25.0	— 1.2

In the period under review, agreements were concluded with Italy for the prolongation for a year of the commercial agreements which terminated at the end of June. With Hungary, detailed negotiations took place concerning the importation of wheat during the 1937/38 campaign. For the autumn, a considerable programme of commercial negotiations is being prepared.

(c) TOURIST TRAFFIC.

Tourist traffic shows a favourable picture. The number of foreign tourists has been considerably higher than last year, when it was considered good. Prosperous conditions in a number of countries make more money available for foreign travelling than in previous years. It is noteworthy that the number of Austrian tourists is not increasing. This is probably to be explained by the increasing tendency on the part of better-situated classes in Austria which are profiting directly from the economic recovery to travel abroad, a tendency which is stimulated by very favourable tourist prices in certain neighbouring countries.

VI. — Foreign Trade.



Tourist Traffic.

1936	In special tourist centres			In Vienna			1937	In special tourist centres			In Vienna		
	Total	From abroad	From Austria	Total	From abroad	From Austria		Total	From abroad	From Austria	Total	From abroad	From Austria
In thousands of persons													
March . . .	90	23	67	32	20	12	March . . .	119	43	66	37	25	12
April . . .	91	18	73	30	20	10	April . . .	114	28	86	28	19	9
May . . .	120	21	99	32	22	10	May . . .	193	69	124	40	30	10
June . . .	216	72	144	35	27	8	June . . .	233	93	140	41	32	9
July . . .	341	126	215	44	36	8	July . . .	409	195	214	52	45	7
August . . .	421	163	258	58	50	8	August . . .	476	231	245	60	52	8

(d) UNEMPLOYMENT.

Unemployment has fallen steeply. The number of unemployed in receipt of benefit during the last two months was well below 200,000, the lowest level reached since 1930. As is brought out in the table below, unemployment is diminishing much more rapidly in the provinces than in Vienna. In certain industrial districts in the provinces, unemployment is stated to have practically disappeared. For the first time since 1923, the number of unemployed in the provinces (90,000) is lower than that in Vienna (92,000).

The same picture is given by the statistics for persons insured against illness, which give a rough indication of employment. There also the improvement as against last year is due much more to the provinces than to Vienna. The Burgomaster of Vienna has recently announced an active programme of measures in order to attack specially this problem of unemployment in Vienna.

One of the causes of the special unemployment problem in Vienna is that the Viennese industry is almost confined to the production of consumption-goods and is therefore apt to experience the recovery at a later stage than the production-goods industry.

Unemployed receiving Benefit.

	In Austria			In Vienna			In Austria apart from Vienna		
	1936	1937	Differ- ence	1936	1937	Differ- ence	1936	1937	Differ- ence
In thousands of persons									
Middle of:									
February	322	315	— 7	124	122	— 2	197	193	— 4
August	219	182	— 37	99	92	— 7	120	90	— 30
Improvement from Feb.- August	— 103	— 133	+ 30	— 25	— 30	+ 5	— 77	— 103	+ 26

Insured against Illness.

	In Austria			In Vienna			In Austria apart from Vienna		
	1936	1937	Differ- ence	1936	1937	Differ- ence	1936	1937	Differ- ence
In thousands of persons *									
End of:									
January	1,210	1,200	— 10	435	430	— 5	775	770	— 5
June	1,340	1,400	+ 60	460	466	+ 6	880	934	+ 54
Improvement from Janu- ary-June	+ 130	+ 200	+ 70	+ 25	+ 36	+ 11	+ 105	+ 164	+ 59

* The figures for the whole of Austria are published in millions, those for Vienna in thousands of persons, so that the calculations given for Austria apart from Vienna may not be quite accurate.

(e) CONSUMPTION.

Consumption is not yet showing clear signs of increasing and the contrast between industrial recovery and consumption to which attention was drawn in the previous report remains striking (see Second Report, page 22). Many consumption indices are at the same low level as last year or even lower.

*Turnover Indices.**

	General business	Consumption goods	Production goods
	1923-1931 = 100.		
1936:			
March	76	82	88
April	77	82	87
May	74	78	87
June	71	79	84
1937:			
March	84	80	101
April	86	73	108
May	84	75	108
June	86	79	121

* Weighted indices.

The Institut für Konjunkturforschung published an exhaustive study on consumption in Austria in the July number of its *Monthly Bulletin*, in which many other data are given showing the contraction of consumption in recent years and the absence of a clear revival. All these figures tend to show that, notwithstanding the remarkable improvement in the financial and economic situation, the purchasing power of the majority of the Austrian population remains very low.

Appendix

MONTHLY ESTIMATES AND PROVISIONAL

RECEIPTS (Gross)	March	April		May		June			
	1937	1936	1937		1936	1937			
	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Estimates	
ORDINARY BUDGET.									
In millions of Schillings									
A. Administration:									
Direct taxes	33.11	36.14	29.50	30.32	23.61	24.00	22.67	27.51	30.50
Customs	14.75	15.33	14.20	13.73	13.73	16.10	17.93	14.58	14.50
Tax on cattle fodder, etc.	3.08	3.15	2.70	4.38	3.48	2.70	4.02	3.46	3.00
Excise duties	13.17	15.63	14.63	14.98	14.02	14.42	14.50	14.30	15.42
Turnover tax	12.32	10.97	11.80	11.67	11.30	11.50	12.23	11.49	11.60
Turnover tax, emergency surtax	11.55	11.76	11.40	11.22	10.96	11.10	11.95	11.13	11.20
Tax on transactions, legal fees, etc.	11.00	11.03	10.85	13.32	9.45	10.04	11.14	9.85	10.12
Other receipts	0.34	0.28	0.30	0.32	0.29	0.30	0.34	0.25	0.30
Total taxes	99.32	104.29	95.38	99.94	86.84	90.16	94.78	92.57	96.64
<i>Deduct: Shares of Local Authorities</i>	<i>18.44</i>	<i>15.46</i>	<i>14.34</i>	<i>13.86</i>	<i>14.09</i>	<i>15.69</i>	<i>15.89</i>	<i>20.06</i>	<i>17.52</i>
Remaining State taxation receipts	80.88	88.83	81.04	86.08	72.75	74.47	78.89	72.51	79.12
Receipts of Social Administration	16.47	15.45	14.73	15.52	15.93	15.12	15.94	15.27	15.25
Administration of Public Debt	6.52	6.51	6.43	6.45	5.10	5.18	5.24	7.46	5.30
Other administrative receipts	14.52	5.99	6.30	8.13	6.45	4.80	6.43	6.59	8.96
Total receipts of the Administration	118.39	116.78	108.50	116.18	100.23	99.57	106.50	101.83	108.63
B. Monopolies:									
Tobacco	24.22	23.14	23.49	22.68	23.80	23.67	23.73	24.75	24.39
Salt	2.76	2.52	2.54	2.52	2.04	2.50	2.57	2.05	2.24
Lotteries	5.57	5.47	5.06	5.47	2.36	2.14	2.13	4.83	5.22
Gunpowder	1.24	0.71	0.75	0.90	0.88	0.80	1.15	0.57	1.12
Total Monopolies	33.79	31.84	31.84	31.57	29.08	29.11	29.58	32.20	32.97
C. Public Undertakings:									
Post and Telegraphs	19.84	17.70	17.67	17.69	16.07	15.74	15.51	17.14	17.71
Forests	1.17	0.78	0.80	1.06	0.76	0.80	1.15	0.80	0.80
Other	1.98	1.86	1.91	2.07	1.75	1.93	2.04	1.88	1.93
Total Public Undertakings	22.99	20.34	20.38	20.82	18.58	18.47	18.70	19.82	20.44
D. Total Railways	0.03	—	—	—	—	—	—	0.02	—
Total Ordinary Receipts	175.20	168.96	160.72	168.57	147.89	147.15	154.78	153.87	162.04

MONTHLY ESTIMATES AND PROVISIONAL

EXPENDITURE (Gross)	March	April		May			June		
	1937	1936	1937		1936	1937		1936	1937
	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates
ORDINARY BUDGET.									
In millions of Schillings									
A. Administration:									
Supreme State Organs	0.21	0.21	0.21	0.21	0.19	0.20	0.20	0.23	0.21
Debt Service	14.95	18.00	15.76	15.77	14.38	13.72	13.20	11.98	13.06
Payments to Local Authorities and Municipality of Vienna	1.84	1.87	1.97	5.03	1.87	1.89	2.02	2.13	3.00
Pensions	18.30	18.05	18.25	18.31	18.11	18.25	18.21	18.12	18.32
Federal Chancellor's Office and Foreign Affairs	2.31	1.70	1.76	1.78	1.30	1.70	1.70	1.79	2.01
Police	5.56	5.50	5.50	5.44	5.48	5.41	5.34	5.45	5.50
Gendarmerie	3.11	2.96	2.98	2.93	2.98	2.88	2.88	3.26	3.30
Auxiliary Defence Corps	0.08	0.53	0.05	0.05	0.31	0.05	0.05	0.41	0.10
Justice	4.35	4.09	4.05	4.00	3.84	3.89	3.85	4.34	4.36
Education, Fine Arts, Church	6.72	5.61	5.66	5.65	5.46	5.58	5.54	6.79	7.02
Unemployment and Old-age Pen- sioners	27.33	24.88	23.54	22.79	21.71	19.84	19.15	21.30	19.32
Social Administration, other	10.03	6.87	6.37	6.34	8.17	7.06	7.00	8.31	8.56
Financial Administration	4.31	4.10	4.11	4.07	3.86	4.02	3.93	4.25	4.51
Public Taxes	0.19	0.14	0.16	0.17	0.22	0.17	0.19	0.19	0.20
Treasury	0.40	0.38	0.27	0.33	0.47	0.26	0.31	0.62	0.30
Agriculture	4.37	3.77	3.71	4.11	4.55	3.64	3.31	4.48	3.76
Commerce and Traffic	6.13	5.31	5.21	6.00	5.96	5.64	4.84	6.13	7.72
Defence	10.87	8.29	11.41	10.65	8.83	11.10	10.93	8.88	11.40
Army Equipment	5.24	2.06	5.97	5.37	1.57	6.85	9.21	2.20	8.12
Other Administration	0.30	1.12	0.30	0.30	— 0.20	0.30	0.29	2.06	0.31
Total Administration	126.60	115.44	117.24	119.30	109.06	112.45	112.15	112.92	121.08
B. Monopolies:									
Tobacco	8.57	9.81	9.93	9.99	9.82	9.06	9.18	9.22	9.47
Salt	1.28	1.25	1.37	1.35	1.19	1.30	1.30	1.17	1.35
Lotteries	4.79	6.47	6.88	7.51	0.93	1.23	1.05	1.34	1.74
Gunpowder	0.90	0.64	0.61	0.66	0.38	0.65	0.89	0.72	0.94
Total Monopolies	15.54	18.17	18.79	19.51	12.32	12.24	12.42	12.45	13.50
C. Undertakings:									
Post and Telegraphs	17.99	18.13	18.13	18.05	18.17	17.52	17.47	18.13	17.78
Forests	1.75	1.60	1.64	1.59	1.69	1.71	1.76	1.63	1.71
Other Undertakings	2.28	2.25	2.32	2.34	2.22	2.31	2.26	2.44	2.36
Total Undertakings	22.02	21.98	22.09	21.98	22.08	21.54	21.49	22.20	21.85
D. Railways:									
Federal Railways	7.08	8.94	6.08	6.08	8.94	4.33	4.33	8.94	6.13
Charges under the Südbahn Con- vention	3.05	—	—	—	—	—	—	3.07	3.10
Other Railways	0.26	0.30	0.32	0.30	0.26	0.23	0.24	0.25	0.31
Total Railways	10.39	9.24	6.40	6.38	9.20	4.56	4.57	12.26	9.54
Total Ordinary Expenditure	174.55	164.83	164.52	167.17	152.66	150.79	150.63	159.83	165.97
Total Ordinary Receipts	175.20	168.96	160.72	168.57	147.89	147.15	154.78	153.87	162.04
Ordinary Budget Balance	+ 0.65	+ 4.13	— 3.80	+ 1.40	— 4.77	— 3.64	+ 4.15	— 5.96	— 3.93
INVESTMENTS.									
Tobacco	0.42	0.63	0.23	0.23	0.62	0.45	0.45	0.38	0.44
Salt	0.01	0.03	0.04	0.02	0.02	0.00	0.00	0.03	0.02
Post and Telegraphs	0.45	0.67	0.40	0.34	0.36	0.41	0.33	0.76	0.43
Other Undertakings	0.06	0.03	0.03	0.02	0.02	0.10	0.04	0.18	0.02
Railways	1.27	—	0.57	0.51	—	0.36	0.42	2.54	0.93
Total Investments	2.21	1.36	1.27	1.12	1.02	1.32	1.24	3.89	1.84
Total Budget Balance	— 1.56	+ 2.77	— 5.07	+ 0.28	— 5.79	— 4.96	+ 2.91	— 9.85	— 5.77

I (concluded).

RESULTS: MARCH TO SEPTEMBER 1937.

June		July		August			September		EXPENDITURE (Gross)	
1937	1936	1937		1936	1937		1936	1937		
Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates	Provisional results	Provisional results	Estimates		
In millions of Schillings										
0.21	0.35	0.37	0.37	0.33	0.34		0.27	0.24	ORDINARY BUDGET. A. Administration: Supreme State Organs. Debt Service. Payments to Local Authorities and Municipality of Vienna. Pensions. Federal Chancellor's Office and Foreign Affairs. Police. Gendarmerie. Auxiliary Defence Corps. Justice. Education, Fine Arts, Church. Unemployment and Old-age Pensioners. Social Administration, other. Financial Administration. Public Taxes. Treasury. Agriculture. Commerce and Traffic. Defence. Army Equipment. Other Administration. Total Administration.	
12.41	22.94	13.29	14.76	10.25	13.75		9.88	13.03		
3.09	2.01	1.84	2.87	1.86	1.86		1.84	1.86		
18.41	17.99	18.22	18.22	18.11	18.21		18.28	18.23		
2.02	2.29	2.58	2.79	2.29	2.56		1.81	2.03		
5.50	5.49	5.54	5.48	5.52	5.48		5.51	5.64		
3.31	3.11	3.19	3.17	3.08	3.09		3.17	3.11		
0.10	0.27	0.19	0.19	0.28	0.08		0.10	0.08		
4.29	4.11	4.07	4.08	3.85	3.93		4.35	4.40		
7.22	5.61	5.55	5.56	5.35	5.41		6.54	6.72		
20.04	21.24	19.07	18.73	19.86	17.63		20.13	18.37		
8.50	6.45	6.78	6.73	8.40	8.02		10.54	10.82		
4.42	4.00	4.12	4.17	3.98	4.06		4.23	4.36		
0.28	0.15	0.18	0.18	0.16	0.16		0.17	0.17		
0.43	10.93	0.41	0.34	0.32	0.37		1.44	0.29		
3.74	4.09	3.62	3.58	4.12	3.61		4.06	4.12		
6.55	7.06	9.64	9.28	7.15	8.36		7.22	8.80		
11.00	9.73	11.65	11.71	9.18	11.86		8.31	11.45		
6.56	3.04	7.04	8.37	6.07	9.80		8.39	8.80		
0.31	0.33	0.28	0.28	0.37	0.29		0.31	0.29		
118.39	131.19	117.63	120.86	110.53	118.87		116.55	122.81		
9.49	12.65	10.37	10.50	8.27	9.30	9.30	9.18	11.09		B. Monopolies: Tobacco. Salt. Lotteries. Gunpowder. Total Monopolies.
1.35	1.22	1.37	1.37	1.21	1.38		1.19	1.37		
1.48	1.78	1.79	1.62	1.45	1.75		4.83	4.32		
1.07	0.50	0.68	0.66	0.42	0.64		0.36	0.76		
13.39	16.15	14.21	14.15	11.35	13.07		15.56	17.54		
17.75	19.80	19.34	19.33	18.35	18.29		18.24	18.29	C. Undertakings: Post and Telegraphs. Forests. Other Undertakings. Total Undertakings.	
1.71	1.62	1.72	1.72	1.69	1.72		1.56	1.73		
2.28	2.40	2.16	2.25	1.82	1.93		2.05	2.13		
21.74	23.82	23.22	23.30	21.86	21.94		21.85	22.15		
4.33	8.94	3.33	3.33	7.58	3.33		7.30	3.33	D. Railways: Federal Railways. Charges under the Südbahn Convention. Other Railways. Total Railways.	
3.05	0.78	—	—	—	0.40		3.07	3.10		
0.31	0.22	0.12	0.12	0.26	0.17		0.22	0.31		
7.69	9.94	3.45	3.45	7.84	3.90		10.59	6.74		
161.21	181.10	158.51	161.76	151.58	157.78		164.55	169.24	Total Ordinary Expenditure. Total Ordinary Receipts.	
166.79	187.36	168.42	182.19	158.87	153.58		164.57	165.26		
+ 5.58	+ 6.26	+ 9.91	+ 20.43	+ 7.29	- 4.20		+ 0.02	- 3.98	Ordinary Budget Balance.	
0.35	1.18	0.25	0.35	0.22	0.07		0.16	0.17	INVESTMENTS. Tobacco. Salt. Post and Telegraphs. Other Undertakings. Railways. Total Investments.	
0.00	0.03	0.02	0.00	0.03	0.05		0.02	0.08		
0.27	0.49	0.36	0.20	0.86	0.33		0.69	0.50		
0.03	0.02	0.03	0.04	0.00	0.05		0.01	0.04		
0.95	1.00	1.54	1.54	0.60	1.34		1.90	1.07		
1.60	2.72	2.20	2.13	1.71	1.84		2.78	1.86		
+ 3.98	+ 3.54	+ 7.71	+ 18.30	+ 5.58	- 6.04		- 2.76	- 5.84		
									Total Budget Balance.	

Appendix II.

**FEDERAL LAW OF APRIL 27TH, 1937, CONCERNING PROVISIONS ON GOLD CLAUSES
(GOLD CLAUSE LAW).**

In accordance with Article III, paragraph 2, of the Federal Constitution (*B.G.Bl.* No. 255/1934), the Federal Government has decided as follows:

Article I, § 1.

(1) Agreements fixing the extent of a monetary liability on the basis of the gold value (gold clauses) shall be regarded as non-existent if they are concluded between nationals after the present Federal Law has entered into force (§ 3, paragraph 1, of the Foreign Payment Law, *B.G.Bl.* No. 98/1935).

(2) The provisions of paragraph 1 apply irrespective of whether the monetary liability is expressed in schillings or in any other currency and irrespective of whether the gold clause is added to a monetary liability already existing on the date of the coming into force of the present Federal Law or to a new monetary liability.

(3) Gold clauses are understood in the present Federal Law to mean both gold value clauses and gold currency clauses.

Article II, § 2.

(1) In the case of monetary liabilities expressed in foreign currency—whether in cash or not—the creditor cannot rely on gold clauses if, in accordance with the Law of the State in the currency of which the liability is expressed, gold clauses are ineffective in respect of monetary liabilities expressed in such currency. In this connection, it is of no consequence whether the ineffectiveness of the gold clauses extends to all such liabilities or not.

(2) The provisions of paragraph 1 apply irrespective of whether the gold clauses are ineffective in the foreign State on the date on which the present Federal Law comes into force or become ineffective later, and also irrespective of whether the gold clause was agreed upon before or after that date.

(3) Payments made before the coming into force of the present Federal Law in order to pay off part or the whole of a monetary liability expressed in a foreign currency and containing the gold clause shall be considered as having discharged the debtor in so far as such payments would be considered as having paid off the claim in case of the application of the provisions of § 2. Nevertheless, a refund cannot be claimed in respect of amounts paid in excess.

Article III, § 4.

(1) If an agreement concluded before March 25th, 1933, for the continuous supply of goods—in particular, electric power, gas, water, etc.—fixed a price for such supply and contained a gold clause, the customer is entitled at any time to terminate the contract by giving notice in writing. Such notice becomes effective one month after it has reached the supplier. The contract is, however, not terminated if the supplier informs the customer in writing before the expiry of the term of notice that he waives the gold clause.

(2) The provision of paragraph (1) applies to contracts concluded in schillings or in any other currency, whether in cash or not.

(3) The right of denunciation under paragraph (1) may also be exercised by the customer if denunciation is not provided for in the contract or is subject to certain conditions.

§ 5. If the customer exercises his right of denunciation in accordance with § 4, the following provisions apply:

(a) If the supplier has accepted sums—even subject to reservations—in total or partial payment of a monetary liability of the customer arising out of the contract of supply before the notice of denunciation was sent off, the customer is considered as discharged if such payments are in accordance with the nominal value of his liabilities without taking the gold clause into account. A refund of amounts paid in excess can, however, not be claimed.

(b) After sending off the notice of denunciation, the customer can discharge his liabilities arising out of the contract of supply at their nominal value, even if they have become due before this date.

(c) The legal consequences provided for in the contract shall not apply in the event of the contract being denounced or cancelled.

§ 6. The Federal Minister of Finance, in agreement with the Federal Minister of Justice, may fix by decree the date as from which the customer no longer possesses the right of denunciation in accordance with § 4. This date may not be earlier than July 1st, 1938.

Article IV, § 7.

The Federal Minister of Finance is responsible for the execution of the present Federal Law.

OFFICIAL COMMENTARY PUBLISHED IN THE "WIENER ZEITUNG"
ON APRIL 27TH, 1937.

NEW PROVISIONS REGARDING THE GOLD CLAUSES: GOLD CLAUSES BETWEEN NATIONALS
HENCEFORWARD INEFFECTIVE.

With regard to the gold clauses attaching to liabilities expressed in schillings, the law is based on the currency policy maintained by the Government for some time past, according to which the gold clauses must be dropped. The schilling has been recognised for some years both at home and abroad as a stable currency. It also proved to be stable when the wave of devaluation overcame a number of States last autumn. For some time past, therefore, there has been no reason to insert gold clauses in monetary liabilities expressed in schillings. Gold clauses disturb the uniformity of the currency. Events in a number of foreign States have proved that they lead to confusion and are harmful to economic life. Indeed, it is being more and more recognised that the surest basis for the transaction of business is constituted not by subtle gold clauses but by a stable currency. The Austrian Government has already taken steps, in Federal Law *B.G.Bl.* No. 131/36, to abandon the gold clauses in respect of life insurance policies; this law only recognises as valid agreements expressed in schillings without the gold clause. As regards mortgage credit, reference may be made to the measure contained in the Law of December 31st, 1936 (*B.G.Bl.* No. 474), by which mortgage bonds expressed in gold schillings were converted into bonds simply expressed in schillings. At the same time, it was provided that, in respect of mortgage claims expressed in gold schillings, a date for the conversion of the gold value would no longer be fixed, so that these agreements are now only expressed in schillings. The Federal Loan recently issued with such success is in the form of a simple obligation in schillings without the gold clause. The Government is now taking a considerable step further. In the Gold Clause Law, which has just been promulgated, the general legal principle is expressed that, as regards monetary liabilities between nationals arising out of agreements concluded after the present law comes into force, gold clauses are to be considered as non-existent. The rule hitherto applicable to life insurance is now extended to all legal relationships.

GOLD CLAUSES IN LIABILITIES EXPRESSED IN FOREIGN CURRENCY.

As regards gold clauses in liabilities expressed in foreign currency arising out of future contracts, Article I of the Gold Clause Law provides that such clauses will be ineffective if the contract is concluded between nationals. The law thus refuses in future to recognise the gold clause in liabilities expressed in foreign currency in Austria, even if the State in whose currency the contract is expressed recognises the gold clause. This provision is, however, restricted to contracts between nationals. The necessity for the above-mentioned provision is based on the following consideration. As gold clauses contained in liabilities expressed in schillings will in future not be effective between nationals, the possibility of providing for a gold clause in liabilities expressed in foreign currency in Austria must also be excluded. Otherwise nationals, in spite of the experience gained with foreign currencies, might be tempted to try to introduce the prohibited gold clause in liabilities expressed in schillings by the roundabout way of liability expressed in foreign currency.

It is true that, in accordance with the principle laid down in Article II, such gold clauses would only be recognised in Austria on condition that the State in whose currency the contract was expressed recognised the gold clause. Consequently, any such attempt to evade the law in future would be as problematical as it has proved questionable in the past. Nevertheless, for obvious reasons of currency policy, this roundabout way is excluded. The law endeavours by means of clear provisions to prevent any attempts of this kind. Article II expresses the legal principle that the validity of gold clauses in liabilities expressed in foreign currency is determined by the law of the State in whose currency the liability is expressed. This provision affects the existing liabilities in foreign currency, but only relates to new liabilities in so far as the gold clause is still recognised under Article I—that is to say, only liabilities at least one of the parties to which is a foreigner. If, therefore, such gold clauses are recognised as valid in the country in whose currency the contract is expressed, they must also be recognised in Austria. But if they are not recognised as valid in the country concerned, the gold clause (for instance, in the case of the American dollar) is also of no effect in Austria. (In the case of the Swiss franc, the clause is applicable.— *Note by the Editor.*) This view is widely recognised by authors and legal decision. It is true that legal practice has judged the validity of the gold clause in liabilities expressed in foreign currency only in accordance with its validity in the country whose currency is used if the contract is executed in that country. The view which is now sanctioned by law was already admitted by the Government in Federal Law *B.G.Bl.* No. 131/36, relating to the treatment of insurance policies of the Phoenix Life Insurance Company expressed in foreign currency. The present law now gives general effect to this view in Austria. Its main idea is that agreements providing for payment in a foreign currency admittedly come under the currency law of the State in whose currency the contract is expressed and that, therefore, the effect of the gold clause must be judged according to the currency law concerned, unless the question of the validity of the gold clause is settled in general without distinction of currency by an existing imperative provision. In cases relating to a gold clause in existing agreements expressed in foreign currency, an exact basis is thus offered to legal practice.

CONTRACTS FOR CONTINUOUS DELIVERIES.

Article III of the Gold Clause Law, unlike the first two articles, which are of a general character, relates only to a particular kind of contract containing the gold clause—namely, contracts for the continuous supply of goods (for instance, electric power, gas, water, etc.), concluded before the Gold Clause Ordinance came into force—*i.e.*, before March 25th, 1933—regardless of whether the price is expressed in schillings or in foreign currency. A number of such cases in which the price was dependent on a gold clause have led to unfairness. The Decree of March 29th, 1933, fixed the final date provided for in the Gold Clause Ordinance for monetary liabilities arising out of the supply of goods. Contracts for continuous deliveries of the kind mentioned above also come within this category. This led to a number of increases in price which were not justified by economic conditions. The present Gold Clause Law regulates the question in the interest of the customers, since it entitles them to terminate the contract by a special notice of one month.

The notice must be given in writing. But the supplier can avoid the termination of the contract if he waives the gold clause in writing before the expiry of the notice. The effect of sending the notice of denunciation to the supplier is that the customer can pay the nominal value of all sums which should be paid at the gold value in accordance with the contract, whether they are due before or after the notice

has been given; in addition, payments already made at the nominal value serve as a discharge of the debt, so that the difference between these payments and the gold value cannot be subsequently claimed. If, however, payment has already been made at a higher rate than the nominal value, the customer cannot either claim a refund of the excess payment or charge it against future payments. Further, the legal consequences provided in case of denunciation or cancellation of the contract do not apply. In cases where the supplier has hitherto accepted payment of the nominal amount agreed upon in schillings, in spite of the gold clause, the provision in question will presumably make no change. In other cases, the result will presumably be a certain alleviation for the customers. It will be for the customers who are bound by a long-term contract to see whether the contract contains a gold clause. If so, they will have to consider whether they should take advantage of the right of denunciation granted by law, even in cases where the supplier has hitherto accepted payment at the nominal value.

For the present, the notice of one month may be given at any time. The Government has, however, reserved the right to fix and to publish a final date for such notice, which may not be earlier than July 1st, 1938. This authorisation was necessary because, under certain circumstances, care must be taken that the uncertainty arising out of this possibility of denunciation is not unduly prolonged. The Government considers that this settlement of gold-clause questions in the case of contracts for continuous delivery is equitable and just, since the general price-level does not justify the practical application of the gold clause in such contracts. The settlement also appears to be compatible with the position of the suppliers, especially as many of them have received certain facilities in respect of the service of debts which they have contracted in foreign currencies. This legislation is closely connected with the price policy of the Federal Government, which strongly opposes unjustified price developments, and pays particular attention to the economic importance of prices for the supply of water and electric power.

Appendix III. — ECONOMIC DATA.

National Bank (middle of month)						
	Note circulation	Sight liabilities	Gold and foreign exchange ¹	Bills discounted	State debt	Bank rate
In millions of schillings						Per cent
*1929	934	110	725	206	109	7.33
*1930	916	130	814	123	101	5.75
*1931	994	171	628	434	96	7.04
*1932	915	190	215	726	663	6.83
*1933	853	196	193	252	624	5.23
*1934	910	209	256	261	624	4.71
*1935	885	282	324	233	624	3.80
*1936	883	290	340	218	624	3.50
1936 IV	883	277	323	219	624	3 1/2
V	807	263	324	218	624	3 1/2
VI	885	289	331	220	624	3 1/2
VII	886	286	330	221	624	3 1/2
VIII	897	300	358	219	624	3 1/2
IX	880	334	376	216	624	3 1/2
X	891	279	359	213	624	3 1/2
XI	861	300	348	209	624	3 1/2
XII	897	258	344	208	620	3 1/2
1937 I	846	297	341	206	620	3 1/2
II	826	310	349	202	620	3 1/2
III	841	294	341	199	620	3 1/2
IV	834	300	338	197	620	3 1/2
V	846	287	339	195	620	3 1/2
VI	823	318	341	191	620	3 1/2
VII	840	311	348	194	620	3 1/2
VIII	865	308	367	195	620	3 1/2
IX	855	332	383	192	620	3 1/2

Stock Exchange (middle of month)					
	Value of 34 industrial shares	Value of bonds	Austrian shares admitted to the Stock Exchange ²		Turnover tax on Stock Exchange transactions (monthly receipts)
			Total nominal value	Total Stock Exchange value	
			In millions of schillings		
	1923-1932 = 100	*1927 = 100			In thousands of schillings
*1929	98.8	99.8	810	1,070	55
*1930	80.5	99.9	819	893	39
*1931	60.9	98.7	807	654	33
*1932	51.7	86.8	808	570	15
*1933	43.0	90.3	807	478	14
*1934	47.9	98.5	784	462	15
*1935	63.6	107.4	762	557	20
*1936	80.9	109.0	728	707	30
1936 IV	83.9	106.8	735	747	39
V	77.2	105.9	731	683	38
VI	76.9	106.6	727	673	19
VII	76.4	106.6	725	675	21
VIII	79.7	106.9	724	699	19
IX	81.1	108.2	721	702	17
X	86.0	117.0	722	758	31
XI	91.7	116.6	722	803	47
XII	93.2	116.8	723	821	54
1937 I	95.1	115.4	717	847	44
II	100.9	115.3	720	917	54
III	101.0	115.8	719	947	78
IV	95.4	114.2	719	886	56
V	92.1	113.9	713	837	44
VI	89.9	110.3	712	809	29
VII	93.7	110.5	709	863	31
VIII	96.7	110.6	708	900	...
IX	94.8	109.4	709	870	...

* Average.

¹ In May 1934, the gold and foreign-exchange reserve was revalued.

² Shares of banks excluded.

Appendix III. — ECONOMIC DATA (continued).

	Total Savings Deposits (end of month)	Clearings (per month)	
		Austrian National Bank	Austrian Postal Savings Bank
		In millions of schillings	
*1929	2,119	4,149	2,069
*1930	2,419	4,093	2,173
*1931	2,025	4,140	2,080
*1932	1,959	3,431	1,878
*1933	2,015	3,066	1,786
*1934	2,087	2,227	1,895
*1935	2,249	2,057	2,005
*1936	2,327	2,244	2,047
1936 IV	2,337	2,244	1,983
V	2,327	2,129	1,913
VI	2,331	2,077	1,883
VII	2,338	2,242	2,119
VIII	2,347	2,148	2,002
IX	2,336	2,260	2,075
X	2,295	2,551	2,318
XI	2,300	2,259	2,142
XII	2,335	2,439	2,324
1937 I	2,350	2,218	2,045
II	2,358	2,113	1,913
III	2,322	2,606	2,140
IV	2,326	2,327	2,216
V	2,331	2,230	2,044
VI	2,338	2,261	2,143
VII	2,339	2,408	2,341
VIII	2,349	2,265	2,212

	Prices (middle of month)			
	Wholesale	Cost of living	Sensitive ¹	Fixed ¹
	First half-year 1914 = 100	VII.1914 = 100	1929 = 100	
*1929	130	111	100	100
*1930	117	111	83	98
*1931	109	106	58	98
*1932	112	108	49	103
*1933	108	105	55	104
*1934	110	105	58	104
*1935	110	105	57	105
*1936	109	105	63	104
1936 IV	108	104	62	105
V	108	104	62	104
VI	109	106	60	104
VII	110	104	61	104
VIII	109	105	62	104
IX	110	105	62	104
X	111	105	65	104
XI	111	105	66	105
XII	111	105	71	105
1937 I	112	105	76	105
II	112	105	79	105
III	112	104	84	106
IV	113	104	85	106
V	115	105	84	106
VI	115	106	78	106
VII	116	105	79	105
VIII	114	104	82	105
IX	113	105	79	105

* Average.
¹ Revised figures.

Appendix III. — ECONOMIC DATA (continued).

	Turnover (per month)			
	Consumption goods 1	Production goods 1	Consumption of sugar	Receipts from turnover tax
	1923-1931 = 100		In hundreds of tons	In millions of schillings
*1929	119	119	180	21
*1930	117	96	161	21
*1931	112	76	169	18
*1932	94	68	152	15
*1933	83	67	148	11
*1934	80	75	143	12
*1935	84	83	144	12
*1936	79	88	143	12
1936 II	81	90	116	12
III	82	88	129	11
IV	82	87	125	12
V	78	87	124	11
VI	79	84	142	11
VII	81	85	180	12
VIII	79	85	146	12
IX	78	87	200	12
X	82	91	188	14
XI	75	93	131	14
XII	73	93	113	15
1937 I	76	91	162	13
II	77	99	123	12
III	80	101	138	12
IV	73	108	126	12
V	75	108	129	12
VI	79	121	144	12
VII	...	122	184	13

	Tourist Traffic (per month)			
	In special tourist centres		In Vienna	
	Total	From abroad	Total	From abroad
	In thousands of persons			
*1929	.	.	53	35
*1930	.	.	55	37
*1931	.	.	46	30
*1932	.	.	36	24
*1933	.	.	34	22
*1934	119	25	29	19
*1935	142	36	32	22
*1936	155	47	35	26
1936 II	92	28	22	14
III	90	23	32	20
IV	91	18	30	20
V	120	21	32	22
VI	186	47	35	27
VII	341	126	44	36
VIII	421	163	58	50
IX	211	70	57	45
X	93	20	37	25
XI	62	9	28	17
XII	84	24	27	17
1937 I	83	22	26	17
II	96	35	25	15
III	119	43	37	25
IV	114	28	28	19
V	193	69	40	30
VI	233	93	41	32
VII	409	195	52	45
VIII	476	231	60	52

* Average.
1 Seasonally corrected index.

Appendix III. — ECONOMIC DATA (concluded).

	Production		
	General production index 1 2	Labour market	
		Insured against illness (end of month)	Unemployed receiving benefit in Austria (middle of month)
		1929 = 100	In millions	In thousands of persons
*1929	100	.	164
*1930	81	.	207
*1931	69	.	253
*1932	60	.	309
*1933	62	1.38	329
*1934	68	1.28	288
*1935	77	1.30	262
*1936	81	1.30	259
1936 II	84	1.21	322
III	78	1.25	314
IV	84	1.29	282
V	81	1.33	254
VI	78	1.34	236
VII	80	1.36	224
VIII	77	1.36	219
IX	78	1.35	216
X	81	1.34	221
XI	82	1.30	243
XII	91	1.23	273
1937 I	87	1.20	308
II	97	1.22	315
III	94	1.27	296
IV	101	1.32	258
V	107	1.37	226
VI	112	1.40	203
VII	111	...	191
VIII . . . . .	...	...	182
IX . . . . .	...	...	176

	Foreign Trade				
	Imports		Exports		
	Total value 1	Raw-material value 1	Total value 1	Finished products value 1	Total quantity
	1923-1930 = 100				
				In millions of metric quintals	
*1929	107	106	114	122	3.42
*1930	92	82	97	102	2.93
*1931	72	67	70	75	2.11
*1932	47	48	42	43	1.56
*1933	39	46	42	42	1.75
*1934	38	49	45	45	2.15
*1935	40	51	47	46	2.25
*1936	42	54	50	48	2.32
1936 III	46	59	55	52	2.20
IV	42	55	51	49	2.25
V	40	53	51	48	2.30
VI	36	44	47	45	2.49
VII	39	51	47	45	2.46
VIII	41	49	48	45	2.58
IX	41	51	48	47	2.57
X	44	61	49	49	2.24
XI	44	62	50	50	2.41
XII	41	54	53	48	2.68
1937 I	45	61	52	52	2.17
II	49	72	59	58	2.47
III	52	67	65	59	3.00
IV	49	69	63	62	3.12
V	49	73	62	58	3.25
VI	50	69	65	60	3.91
VII	48	68	70	65	3.90
VIII	45	68	63	65	3.00

* Average.
1 Seasonally corrected index.
2 Revised figures.

Appendix IV. — PRODUCTION STATISTICS.

	Production index	Electric-power production	Iron ore	Pig iron	Steel	Rolled and half-finished goods	Unfilled orders of iron industry in percentage of normal standard
	(1929 = 100)	(1929 = 100)	In thousand tons	1923-1932 = 100			
Monthly average:	1	1					
1929	100	100	156	144	143	146	102
1935	77	101	64	61	73	71	32
1936	81	101	85	78	86	85	37
1936:							
January	82	100	85	74	85	88	31
February	84	103	77	80	84	87	47
March	78	103	93	85	106	105	44
April	84	101	85	81	103	104	47
May	81	100	79	79	99	96	42
June	78	101	80	78	89	88	44
July	80	102	93	81	90	98	39
August	77	102	85	74	77	77	30
1937:							
January	87	105	98	88	118	107	80
February	97	112	100	77	117	129	84
March	94	116	125	87	123	135	101
April	101	114	128	97	148	145	102
May	107	117	124	106	152	157	104
June	112	118	157	112	151	151	95
July	111	122	170	154	165	157	89
August . . . . .	...	...	167	155	159	146	82

	Cotton yarn		Raw material consumed by weaving mills	Unfilled orders in cotton-yarn mills	Wood dust	Wood pulp	Paper	Cardboard
	In percentage of capacity	Production as per spindle						
	1923-1931 = 100				Wagons			
Monthly average:		1						
1929	78	110	105	119	868	1,870	1,913	455
1935	90	141	152	130	677	2,119	1,644	411
1936	96	160	168	153	684	2,118	1,488	435
1936:								
January	107	163	166	192	568	2,185	1,392	238
February	100	181	175	170	532	1,870	1,293	251
March	106	168	173	154	500	1,866	1,359	307
April	106	162	191	139	712	2,187	1,431	449
May	100	145	149	125	777	2,059	1,463	582
June	83	137	162	128	684	2,038	1,355	492
July	83	136	177	122	745	2,122	1,558	614
August	79	147	167	138	708	2,172	1,355	445
1937:								
January	98	155	159	192	533	2,177	1,559	247
February	98	165	164	200	587	2,431	1,781	241
March	97	162	182	217	789	2,456	1,850	392
April	100	172	191	223	862	2,551	1,903	514
May	93	159	162	213	1,003	2,596	2,231	530
June	96	187	201	200	965	2,577	2,080	602
July	104	187	197	177	1,047	2,669	2,135	597
August . . . . .	...	...	...	...	...	...	...	...

1 Weighted index.

Geneva, October 16th, 1937.

LEAGUE OF NATIONS

FISCAL COMMITTEE

**REPORT TO THE COUNCIL ON THE SEVENTH SESSION
OF THE COMMITTEE**

Held at Geneva from October 11th to 16th, 1937.

INTRODUCTION.

The Fiscal Committee has the honour to submit to the Council the following report on its seventh session, held at Geneva from October 11th to 16th, 1937.

The following members of the Committee were present:

- M. Georges A. MANTZAVINOS, *Chairman*, Deputy-Governor of the Bank of Greece, former Director-General of Public Accountancy and former Minister of Finance (Greek);
- M. Hans BLAU, Director of the Federal Administration of Taxes (Swiss);
- M. Marcel BORDUGE, Director-General *hors cadres* at the Ministry of Finance (French);
- Mr. Mitchell B. CARROLL, Counsellor at Law, former Special Attorney, U. S. Treasury (United States of America); accompanied by Mr. Eldon P. KING, Special Deputy Commissioner, Bureau of Internal Revenue, U. S. Treasury;
- Dr. Carl W. U. DE KUYLENSTIERNA, Counsellor at the Court of Accounts (Swedish);
- M. Rodolphe PUTMAN, Director-General of the Administration of Direct Taxes (Belgian);
- Mr. Clifford H. WAKELY, Assistant Secretary to the Board of Inland Revenue (British).

The meetings were also attended by the two following corresponding members of the Committee:

- Dr. Rudolf EGGER, Chief of Section at the Ministry of Finance, (Austrian);
- Mr. C. Fraser ELLIOTT, K.C., Commissioner of Income Tax, (Canadian);

and by

- M. Robert JULLIARD, former President of the Geneva Chamber of Commerce, representative of the International Chamber of Commerce.

I. FISCAL EVASION.

At its session held in Geneva from October 15th to 21st, 1936, the Fiscal Committee, acting on the request of the Assembly of the League of Nations (seventeenth session), studied the methods of combating tax evasion in the matter of income from movable capital, and advocated a system based on the communication by States of returns of income from capital within their respective territories received by non-resident foreigners. The Committee drew attention to the advantages of such a system, but pointed out at the same time that it would be more dangerous than effective unless a large number of States participated. The Committee accordingly suggested that the Council should "ascertain the prospects of reaching, if not a general agreement, at all events one that would extend to a considerable number of States".

The Council acted on this suggestion and, in accordance with its resolution of January 22nd, 1937, the Secretary-General submitted the Committee's report to sixty-one Member and non-member States of the League. Replies to this communication had been received from twenty-nine States by October 4th; at the same time, the Assembly showed the interest it took in the question by inviting the Fiscal Committee to study the "methods to be followed in order that a Convention—at least between a certain number of States—may be concluded at the earliest moment for the suppression of fiscal evasion, on the basis elaborated by the Fiscal Committee and submitted by the Council to the various States".

In compliance with this request, the Fiscal Committee met at Geneva from October 11th to 16th, 1937, and again considered the problem of tax evasion.

It was necessary, in the first place, to study the replies of the States to the communication of the Fiscal Committee's previous report to them by the Secretariat. Study of the replies showed that, without raising technical objections to the system advocated, the States were not, in general, prepared at present to conclude an agreement on the bases suggested by the Fiscal Committee. Though the replies of certain States suggested that they would be prepared to accept the Committee's conclusions, it has to be added that they at the same time made their signature of any agreement dependent on the accession of a large number of States, and that this condition not being at present fulfilled, their approval of the Fiscal Committee's labours does not imply an undertaking to sign a Convention, participation in which would be limited to a few States only.

The majority of Governments indicated that they would find difficulties in adhering to a convention such as that suggested and gave reasons for their attitude. These reasons exhibit at first sight considerable diversity. But closer study shows that they proceed from the same thought; the difficulty of modifying legislation in order to enable Governments to demand information from their nationals not needed for domestic purposes merely to suit the requirements of a foreign country.

To these arguments it is easy to answer that the prevention of tax evasion benefits all States, and that States which to-day have no interest in such benefits may to-morrow be in a position when they would be glad of them. It may also be pointed out—as the Fiscal Committee has done more than once—that tax evasion does not merely mean depriving States of their legitimate resources, but also exerts an influence on movements of capital. It reduces, therefore, not only the revenue of States, but also the supply of capital. The Fiscal Committee cannot, however, shut its eyes to the fact that the force of these arguments is apparent only in times of financial stringency. The Committee fears that there is no chance at present of inducing States to alter their point of view or of persuading revenue authorities to change their methods in such a way as to render them compatible with international control.

Does that mean that the upshot of the consultation of States referred to is the conclusion that tax evasion in the case of movable capital cannot at present be suppressed, and that nothing can be done to prevent it until public opinion on the subject has developed further under pressure of necessity? That certainly was not the attitude adopted by the Assembly of the League when it requested the Fiscal Committee to continue its labours, and did so in terms which would appear to recommend, not an enquiry into measures with immediate effect, but rather a progressive approach to better conditions. It is along the latter lines that the Fiscal Committee has proceeded.

The Fiscal Committee is still of opinion that the solution discussed at its previous session is the only comprehensive remedy for the situation. Since, however, there is insuperable opposition to such a solution, it believes that it would be appropriate to attempt obtaining some improvement by instituting exchanges of information between the revenue authorities of the different countries on lines which are compatible with the general maintenance of existing internal legislation. But the study of a partial solution of this kind is very much more difficult than anything previously attempted by the Committee. It presupposes a comprehensive knowledge of the statutory provisions and administrative practice which enable the different States adequately to control their collection of revenue. Before going farther, therefore, the Fiscal Committee requires the necessary information on the subject. With that object it has prepared the draft questionnaire printed below, which it suggests should be sent to all the States concerned.

Part I of the questionnaire refers to the methods employed to combat tax evasion of an internal character. Where States exercise a certain measure of control over their nationals in such a way as to place them in possession of information that might be useful to other States, all that is necessary is a "right of communication" to allow of some verification with very little disturbance of current practice. Even if such verification only applies to certain forms of revenue or to exceptional cases (such as decease of the tax-payer), it will represent an improvement on the present situation.

Part II of the questionnaire relates to certain statutory provisions, regulations or merely administrative practices in certain States, the effect of which is to place non-resident foreigners and foreign-owned corporations in a more advantageous position in the matter of taxation than nationals of the States concerned.

Part III asks for information on agreements or arrangements already concluded in the matter of tax evasion. The Fiscal Committee is in possession of documentary material in the case of Conventions already concluded and published; but the Conventions in question are often indefinitely worded, and information is desired as to their working and results.

To sum up, the labours of the Fiscal Committee in the course of its present session have been directed towards the study of a provisional system representing an improvement on present conditions, which does not involve excessive disturbance of existing legislation. But such study depends on the provision of certain information by the different States. The Committee would therefore be grateful if the Council would request governments to furnish replies to the questionnaire which follows.

Questionnaire.

I.

What means do the law and regulations place at the disposal of the authorities for the assessment of taxes and for the prevention of tax evasion of an internal character in the case of:

(a) Income derived from movable capital, such as shares and the like, public securities, bonds, loans, deposits and current accounts;

(b) Movable capital (property taxes, succession duties and taxation of capital gains). The reply to this question should cover the following points, the list of which is not exhaustive:

(1) Returns required from the parties who derive the income or own capital, from debtors and from individuals or legal entities through whom income is collected or paid or who hold capital for account of others;

(2) Such special information as the authorities are entitled to require from the parties concerned or from third parties, together with their powers of investigation and checking;

(3) Special requirements and procedures in particular cases to enable the authorities to assess taxation (*e.g.*, opening of safes in case of decease);

(4) Acts or practices prohibited, penalised or deemed to be null and void for tax purposes (*e.g.*, joint accounts).

It would be desirable to state to what extent the provisions of the current law or regulations in the matter are actually enforced, and to attach the text of such provisions to the reply.

II.

Is there any legislative or administrative practice the effect of which is to place non-resident foreigners and/or foreign-owned corporations in a more advantageous position than nationals in the matter of taxation of income from movable capital and of such capital?

III.

What conventions or arrangements have been concluded with other States for the exchange of information as regards income from movable capital and such capital?

Do such conventions or arrangements give rise to difficulties in application? If so, what difficulties?

What are the views of the contracting States on the effectiveness of such conventions or arrangements?

II. INTERNATIONAL CONVENTIONS RECENTLY CONCLUDED FOR THE AVOIDANCE OF DOUBLE TAXATION AND FOR THE SETTLEMENT OF OTHER QUESTIONS RELATING TO TAXES.

1. The Committee is glad to draw attention to the more liberal character which is developing in the international rules governing taxation. This is clear, not only from the relatively large number of Conventions, agreements and arrangements brought to the Committee's notice, since its session in October 1936, but also, and above all, from a study of the provisions adopted. Some Conventions, while not going beyond the framework of the principles laid down in the model Conventions drawn up under the auspices of the League of Nations, are noteworthy both for the comprehensive nature of the solutions admitted and for the effort made to throw light on various matters. Other agreements, though more modest in character, show that certain Governments are anxious to avoid double taxation, even in isolated cases. It should be noted, finally, that several Conventions concluded between important countries reveal a marked tendency to extend the field of mutual assistance with a view to lessening tax evasion and ensuring the collection of taxes.

2. Conventions or arrangements which have a limited object are of a provisional character or prevent double taxation in certain cases only:

(a) Arrangement concluded on October 26th, 1936, between Czechoslovakia and Hungary, providing that railway undertakings operating in the territory of both States shall be taxed only in the State in which their centre of management is situated and that they shall be taxed on the profits derived from the whole of the working of the railway.

(b) Convention concluded on December 30th, 1936, between Canada and the United States of America, fixing a maximum of 5%, subject to reciprocity, for the rate of the tax levied in respect of income or dividends derived from sources situated within the territory of one of the States, on non-resident persons or legal entities domiciled in the other State.

(c) Agreement of June 14th, 1937, between Norway and Sweden for the allocation as between the two States of the taxable profits of the "Luossavaara Kiirunavaara" company. This company operates in Sweden and exports the major part of its output through a Norwegian port.

(d) Decree of July 15th, 1937, amending the Decree of July 29th, 1926, for the abolition of double taxation in regard to direct taxes as between the Free City of Danzig and the German Reich.

(e) Decree of March 6th, 1936, for the provisional avoidance of double taxation in the case of direct taxes as between the German Reich and Poland.

(f) Convention of August 27th, 1936, between the United Kingdom of Great Britain and Northern Ireland and the Netherlands, providing for reciprocal exemption from certain taxes on profits, gains and dividends made or distributed by air transport undertakings, and also on property used by those undertakings.

(g) Convention of April 9th, 1935, between France and the United Kingdom for the avoidance of double taxation on profits derived from the business of air transport.

(h) Convention of September 17th, 1936, between the United Kingdom of Great Britain and Northern Ireland and Greece, providing for reciprocal exemption from income tax in respect of gains and profits earned directly or indirectly through the agency of a representative, unless such gains or profits are derived from the sale of goods forming part of a stock existing within the country or unless the representative has been given general powers to negotiate and conclude contracts and habitually makes use of those powers.

(i) Convention of January 28th, 1936, between the United States of America and Belgium for the prevention of double taxation on profits accruing from the business of shipping.

(j) Convention of September 8th, 1937, between Iceland and Sweden empowering the tax authorities of the two States to conclude, on the basis of certain agreed principles, arrangements to avoid double taxation of certain kinds of income and property.

Most of these Conventions are similar in all their provisions to earlier Conventions on the same subjects.

3. Conventions for the avoidance in a more general way of double taxation in respect of direct taxes concluded between:

- (a) The German Reich and the Republic of Finland, September 25th, 1935;
- (b) Hungary and Sweden, June 17th, 1936;
- (c) France and Sweden, December 24th, 1936;
- (d) The German Reich and Roumania, February 8th, 1937.

Some of these Conventions, and more particularly the Convention concluded between France and Sweden on December 24th, 1936, deserve special mention because of their wide scope and also because of the detailed way in which they provide, as fully as possible, for the exchange of information of a fiscal character with a view to ensuring the better application of taxes. Article 18, for instance, specifies in detail the information which the authorities of the two contracting States will communicate to each other. Attention should, however, be drawn to the restrictions embodied in Article 21 of this Convention, which are mentioned under 5 below. It will be interesting to see how far these restrictions are invoked by either contracting State in connection with the practical application of the Convention.

4. Conventions for the avoidance of double taxation, especially in respect of succession duties concluded between:

- (a) Hungary and Sweden, November 20th, 1936;
- (b) France and Sweden, December 24th, 1936;
- (c) Czechoslovakia and Hungary, October 26th, 1936.

5. Conventions which deal particularly with administrative assistance and collection in respect of direct taxes. Such Conventions were concluded between:

- (a) The German Reich and the Republic of Finland, September 25th, 1935;
- (b) The German Reich and Roumania on February 8th, 1937.

These Conventions, like the Convention concluded between France and Sweden on December 24th, 1936, contain serious restrictions in regard to assistance. Thus, administrative and judicial assistance may be refused in a number of cases at the discretion of the State to which application is made: for example, where there is danger of its sovereignty or security being prejudiced, where professional or commercial secrecy would be violated and where there is no legislation enabling the applicant State to ask for the same information from its own nationals.

Attention should be directed also to the detailed practical arrangements made in regard to collection with the object of obviating the difficulties arising from exchange instability and restrictions on the movement of foreign currency. The Convention of September 25th, 1935, between the German Reich and the Republic of Finland, in fact, provides that the debt shall always be collected in the currency of the State to which application is made. The amount of the debt will thus be converted into that currency when the application is received and the sums

collected will be placed at the disposal of the other State in the currency of the State to which application is made.

6. The following Conventions relate only to the avoidance of double taxation as regards motor vehicles:

- (a) Convention of December 17th, 1936, between Belgium and Norway;
- (b) Convention of November 6th, 1935, between Liechtenstein and the Netherlands;
- (c) Convention of November 11th, 1935, between Czechoslovakia and the Netherlands;
- (d) Convention of January 22nd, 1936, between Denmark and the Netherlands.

III. BEHAVIOUR OF TAX SYSTEMS.

As the Committee stated in its preceding report, it adopted, at its last session, a scheme of work relating to the evolution of tax systems. Thanks to the funds placed by the Rockefeller Foundation at the disposal of the League of Nations for the work of the Committee, it has been possible to have studies made by economists on the behaviour of tax systems in fourteen countries selected as representative of the different types of national economy—viz., the Argentine, Austria, Belgium, the United Kingdom, Bulgaria, Estonia, France, Greece, Hungary, the Netherlands, New Zealand, Peru, Poland and Sweden. The Committee is glad to note that the revenue authorities of these countries have extended the greatest facilities to the authors of the various studies and that, in a number of countries, statistics which were formerly scattered have been brought together as a result of the enquiry and may now be of the greatest service.

From these studies which bear on the behaviour of fiscal systems during the last decade a number of interesting conclusions may be drawn, more particularly as to the relationship between the economic structure of the various countries and their tax systems, the way in which the different types of taxes react to the ascending and descending phases of the economic cycle, the manner in which long term economic trends affect tax revenue and the fiscal policies which have been followed in various countries during the depression.

The Committee considered how the results of this enquiry could be presented to the Governments in order that they might avail themselves of them to the greatest possible extent in any reforms they might be contemplating in their tax systems and in any measures for the purpose of adapting their public finance systems to economic fluctuations. It felt that the real significance of the results of the enquiry would emerge only if they were co-ordinated in a comparative survey which might, in its opinion, be drawn up by the Secretariat of the League of Nations on the basis of the studies furnished by the experts who collaborated in the enquiry. At the same time, the questions dealt with being very largely economic in character, the Committee thinks it desirable that a small group of economists might with advantage be convened by the Council, in order to draw the scientific conclusions resulting from the information collected during the enquiry and to report thereon to the Council. The Committee also considers it would be of interest to publish the general survey prepared by the Secretariat and the report which would be drawn up by the meeting of economists just mentioned.

The results of this work may enable the Fiscal Committee to put forward certain considerations or recommendations concerning the economic, financial or administrative factors which affect the yield from taxation, the tax policies that should be followed during the different phases of economic cycles, having regard to the connection between the expenditure and revenue of the States, the stimulating or crippling influence the various taxes may have on the national economy and, lastly, the statistics concerning taxation that should be kept, in order that the administrations may determine the effects of the different taxes on the national economy and establish budget estimates on reliable bases.

Further, the Fiscal Committee is of opinion that, in view of the very diverse aspects of the problems thus raised by the enquiry, it would be desirable for it to be in a position to benefit by the collaboration, not only of economists, but also of budget experts. For that reason it suggests that when it comes, at its next session, to draw practical conclusions from the work undertaken, it should have the advantage of the external assistance that would be furnished by the participation in its work of economists and experts on public finance selected chiefly from the countries covered by the enquiry.

IV. SPECIAL QUESTIONS.

1. The Committee continued the work on the concept of business income begun at its last session, the main object of this work being to elucidate various questions which arise when conventions to avoid double taxation are being negotiated. The Committee felt it would be of interest to submit the results of its studies on this subject in the form of a comparative survey of the thirteen representative legislations examined. It has, therefore, asked the Secretariat to prepare a draft for consideration at the next session.

2. In its last report, the Committee suggested that a study of methods of collecting taxes would be useful. It has now drawn up a plan for this work; in conformity with this plan, a number of its members and corresponding members will prepare studies along comparable lines on the legislation and administrative practice in their respective countries concerning the collection of direct taxes and death duties.

The Committee hopes in this way to be able to collect material to enable Governments to benefit from the experience of other countries and, if necessary, to introduce in their own legislation or administrative practice improvements capable of bringing about a more punctual payment of taxes and, at the same time, causing the least possible disturbance to business.

3. The Committee has taken note of various studies dealing with Conventions concluded between 1921 and 1936 for the purpose of preventing double taxation in respect of income and property taxes. The discussion of these studies led it to the conclusion that detailed consideration of the similarities and differences between Conventions concluded in recent years as compared with the drafts prepared by the "General Meeting of Government Experts on Double Taxation and Fiscal Evasion" in 1928 would be desirable. The Committee will resume its examination of this question at its next session on the basis of a study to be prepared by the Secretariat.

Geneva, October 16th, 1937.

LEAGUE OF NATIONS

FINANCIAL POSITION

OF HUNGARY IN THE THIRD QUARTER OF 1937

TWENTY-FOURTH QUARTERLY REPORT

by Mr. Royall Tyler, the Representative, in Hungary
of the Financial Committee

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I. GENERAL.

I. INTRODUCTORY.

(1) The offers made by the Hungarian authorities, in some cases with the support of the creditors' protective organisations, but where possible actually agreed with the creditors, for a three-year settlement (definitive in the case of the Reconstruction Loan, 1924) involving direct transfers in the appropriate currencies now apply to the greater part of Hungary's foreign debts. Since my last report appeared, agreement has been reached on the Treasury Bills, 1931, and the offer regarding the non-State bonded debts has received support from bondbearers' protective organisations in several countries. Offers have also been made, and negotiations are pending, with regard to most of the remaining debts. Thus decided progress has been made towards putting Hungary's relations with her creditors on an agreed basis.

(2) These new arrangements will increase Hungary's free exchange requirements for debt service, and, when extended to the whole of the State's foreign obligations, may cost the Treasury some 15 to 20 million pengő more annually on the present basis than it has been paying recently. But they will simplify a question which has become excessively intricate, and will result in an all-round improvement from the creditor's point of view. Their conclusion should enable further steps to be taken towards setting the internal credit life of the country free from the restrictions imposed in the depression years.

(3) Budget receipts, in the first quarter of the financial year begun on July 1st last, were, on a level, some 6% above that of the corresponding months last year. Total expenditure is 7.5% higher, this being partly caused by the larger public-works programme authorised for this year. The State Undertakings are maintaining the progress which it has recently been possible to report.

(4) The Treasury position has continued to improve.

(5) The National Bank now assumes an increased measure of responsibility in connection with Hungary's foreign debts, and is more than over obliged both to ensure that Hungary's exports produce the requisite amount of free exchange and to protect the internal purchasing power of the currency. Its own position has not ceased to be strengthened.

(6) The cereal harvest this year was rather below the average, but fodder crops are again abundant, and food prices on foreign markets are higher than they were last year. Inland prices have also continued to rise.

(7) Hungary's export surplus for January-September 1937 is the largest recorded for the corresponding months. Trade with Austria has again been going less well. The big increase in exports from last year to this has been largely in goods shipped to distant markets.

(8) Production and distribution inside the country are still rising. No appreciable increase in the standard of living of the broad masses appears to have taken place.

(9) The upward tendency shown for some time past in certain sections has still not found expression in any visible accumulation of savings. Profits appear to have gone to the setting-up of new plant, to building and the purchase of land. The Stock Exchange, after declining in April and May, boomed again in June and July, but has declined during the last couple of months.

(10) I am indebted to Mr. Henry J. Bruce, Adviser to the National Bank, for the data on which are based the sections of this report dealing with the Bank and exchange control.

2. STATE BUDGET.

(a) Administration Budget, 1937/38.

The estimates for the fiscal year begun on July 1st last compare as follows with those for the two previous years :

<i>Administration :</i>	1937/38	1936/37 (In millions of pengő)	1935/36
Expenditure	821.7	788.1	766.5
Receipts	805.3	771.6	748.0
Balance	— 16.4	— 16.5	— 18.5
 <i>Undertakings :</i>			
Expenditure	445.2	423.6	409.5
Receipts	393.7	364.5	352.2
Balance	— 51.5	— 59.1	— 57.3
Total deficit	67.9	75.6	75.8

Expenditure estimates include full provision (at the official rate) for the service of the State's foreign debts. In recent years, the greater part of the estimated debt service was reborrowed, which practice went far to cover the actual deficit. This year, the debt arrangements arrived at, together with others still pending, will bring about an increase in the Treasury's actual disbursements in respect of foreign debt which, on an annual basis, may amount to some 15 to 20 million pengő. It cannot be foreseen at present if and when the terms offered by the Hungarian Government will be applied to all the State's foreign debts, besides the Reconstruction Loan, 1924, and the Treasury Bills, 1930 and 1931, the service of which, in conformity with the new procedure, has been in operation since the beginning of August last. The demands on the Treasury in respect of foreign debt service in 1937/38 therefore cannot now be accurately estimated.

Actual results (provisional) for the first three months of the fiscal year, including extra-budgetary items, are compared in the table below with those for the two previous years. The balance is somewhat less favourable than it was in July-September last year, but more favourable than that for the corresponding months of 1935. There has been a sharp increase in extra-budgetary expenditure, caused mainly by advances in respect of the extra-budgetary investment programme of 46 million pengő (as against 27 million pengő for 1936/37, see twenty-second report, page 4). These extra-budgetary investments can no longer be financed by borrowing from the Foreign Credits Cash Office, as they were formerly (to the extent of some 68 million pengő over three years). The Treasury thus has to face new charges in this connection, also, as a result of the agreements with the foreign creditors. Total expenditure is 7.5% higher than last year.

Budget receipts are on a level some 6% above last year's. The analysis of receipts printed in Appendix I shows that the increase is chiefly in turnover taxes, direct taxes, stamp dues and tobacco. Consumption taxes bring in 1 million pengő less than in the same months last year, when, however, they included a non-recurrent item in the form of 2 million pengő credit repayment. Thus the actual yield of consumption taxes is also higher, this year, as was to be expected in view of the rising trend.

Actual Expenditure and Receipts of the Administration.

	July to September 1937. (In millions of pengő)		
	1937	1936	1935
<i>Expenditure :</i>			
Actual budgetary	202.6	191.8	180.8
Deferred budgetary :			
Administration	—	3.6	6.6
Undertakings	—	—	5.1
Actual extra-budgetary	14.7	6.8	14.5
Total	217.3	202.2	207.0
<i>Receipts :</i>			
Actual budgetary	212.3	200.5	180.0
Refunds	—	2.0	3.5
Borrowings (net)	1.5	5.1	5.0
Total	213.8	207.6	188.5
Balance	—3.5	+5.4	—18.5

Borrowings in the above table included, up to and including July last, Treasury bills deposited in respect of untransferred service of the Reconstruction Loan, 1924, but, under the new procedure offered to the bondholders, with the support of the League Loans Committee, London, the old system of depositing and reborrowing untransferred foreign debt service came to an end, where the Reconstruction Loan is concerned, on August 1st last. The new procedure is also in force as regards the Treasury Bills, 1930 and 1931 (except for the Italian Lire Bills, see twenty-third report, page 11), but not yet as regards the rest of the State's foreign debts.

(b) *State Undertakings.*

Results for the whole year 1936/37 are here reproduced side by side with those for 1935/36 and 1934/35 :

	1936/37	1935/36	1934/35
	(In millions of pengő)		
<i>Expenditure :</i>			
Actual current budgetary ..	469.1	424.0	407.1
Actual capital expenditure in the budget	13.1	11.1	10.0
Actual capital expenditure from borrowings	5.2	6.3	6.2
Refunds to the Treasury	9.7	8.6	6.8
Total carried forward	497.1	450.0	430.1

<i>Receipts:</i>	1936/37	1935/36 (In millions of pengö)	1934/35
Total brought forward	497.1	450.0	430.1
Actual current budgetary.. ..	426.5	381.5	343.0
Balance	-70.6	-68.5	-87.1
<i>Borrowings:</i>			
Advances from the Treasury ..	74.6	63.7	76.5
Treasury bills placed with banks	—	—	20.0

The State Undertakings' performance in 1936/37 differs only slightly from that for the previous year: the Railways, however, repaid a loan of 20 million pengö, which is included in current expenditure. The turnover goes on expanding, the increase as compared with 1935/36 being 10% in expenditure and 12% in normal receipts (not including borrowings).

Returns of the chief individual undertakings show an increase (the above-mentioned repayment being included in expenditure) of 7% in losses of the Railways, a reduction of about 7% in losses of the Ironworks, and no change for the Post, Telegraph and Telephone.

	Whole budget year Post, Telegraph and Telephone (In millions of pengö)								
	Railways			Post, Telegraph and Telephone			Ironworks		
	1936/37	1935/36	1934/35	1936/37	1935/36	1934/35	1936/37	1935/36	1934/35
Current expenditure ..	293.8	262.0	259.9	87.7	84.8	82.3	62.7	52.9	42.2
Current receipts	246.6	219.1	197.2	101.0	95.9	91.8	51.9	41.4	29.8
Balance, current items ..	-47.2	-42.9	-62.7	+13.3	+11.1	+9.5	-10.8	-11.5	-12.4
Capital expenditure ..	7.4	8.0	5.8	5.6	3.2	3.4	—	—	—
Balance	-54.6	-50.9	-68.5	+7.7	+7.9	+6.1	-10.8	-11.5	-12.4

Actual results for July and August 1937 disclose no startling changes. Both expenditure and receipts are increasing. Advances from the Treasury are a bit lower, and it is to be hoped, in view of the increased receipts of the Undertakings, that it will be possible to give the Treasury, upon which the debt arrangements have now imposed new burdens, some sorely needed relief on the Undertakings side.

<i>Expenditure:</i>	1937	July 1st to August 31st 1936 (In millions of pengö)	1935
Actual current budgetary	69.—	67.0	60.6
Deferred current budgetary	0.7	0.1	3.7
Actual capital expenditure in the budget	2.7	2.0	1.9
Deferred capital expenditure	2.3	0.5	0.8
Refunds to the Treasury	—	1.5	2.0
Capital expenditure from loans	1.2	0.7	0.2
Total	75.9	71.8	69.2
<i>Receipts:</i>			
Actual current budgetary	77.3	72.4	64.2
Balance	+1.4	+0.6	-5.0
<i>Borrowings:</i>			
Advances from the Treasury	4.4	6.0	8.8
Treasury Bills placed with banks ..	—	—	—

(c) *Situation of the Treasury.*

(1) The Treasury position continues to improve:

<i>Receipts:</i>	July	August 1937 (In thousands of pengö)	September
Balance at the beginning of the month	137,248	119,470	132,424
Budget account	59,234	80,419	72,670
Repayment of advances	—	—	11
Loan account	4,929	—	—
Surplus of the Agricultural Fund ..	1,933	1,476	1,433
Total	203,344	201,365	206,538
<i>Expenditure:</i>			
Budget account	74,985	65,827	61,751
Capital expenditure from loan	1,681	2,449	3,990
Advances	3,755	665	2,220
Deficit of the Agricultural Fund ..	—	—	—
Loans	3,453	—	—
Balance at the end of the month ..	119,470	132,424	138,577
Total	203,344	201,365	206,538

(2) *Administrative claims and liabilities.*—Tax arrears over the year to August 31st last declined by 13.6 million pengö to 281.5 million pengö.

Commitments stood at 153.1 million pengö at September 30th last, having declined by 8.8 million pengö since September 30th, 1936 :

Commitments outstanding at September 30th, 1937.

<i>State Administration :</i>	Foreign	Domestic (In millions of pengö)	Total
Expenditure connected with land reform	—	52.4	52.4
Investments for road construction	—	23.3	23.3
Other administrative investments	—	12.7	12.7
For purposes of the Central Corporation of Banking Companies	—	28.9	28.9
Other liabilities	—	18.7	18.7
Total	—	136.0	136.0
 <i>State Undertakings :</i>			
Investments of Post, Telegraph and Telephone..	—	—	—
Investments of State Railways	—	0.3	0.3
Investments of the Forest Exploitation	—	—	—
Working capital of the State Railways	—	6.0	6.0
Working capital of the State Ironworks	1.9	8.9	10.8
Total	1.9	15.2	17.1
Grand total	1.9	151.2	153.1

(d) *Debt Position.*

No noteworthy change has taken place in the totals of funded State debt, domestic or foreign.

Foreign floating debt has again been calculated without regard to the consequences of the offer for a definitive and permanent settlement made by the Hungarian Government to the bondholders of the Reconstruction Loan, 1924.

Floating Debt of the State on September 30th, 1937.

<i>(a) State Administration :</i>	Foreign	Domestic (In millions of pengö)	Total
1. £3 million Treasury bills, 1930	58.9	—	58.9
2. £5 million Treasury bills, 1931	100.3	43.0	143.3
3. 5% Foreign Currency Loan, 1931	—	4.2	4.2
4. Treasury bills, 1932 ¹	—	90.8	90.8
5. 5% Treasury bills, 1933, placed with industry, agriculture, etc.	—	35.7	35.7
6. Treasury bills issued under Law II, 1933, Law IX, 1933, and subsequent laws :			
(a) Interest on 2% bills to face value of 73.1 million pengö in connection with League Loan Service ²	23.0	0.3	23.3
(b) Interest on 2% bills to face value of 97.1 million pengö deposited with Foreign Credits Cash Office in connection with other State debt service	79.9	—	79.9
7. Treasury bills representing loans from Foreign Credits Cash Office :			
(a) Loans for investments	—	42.5	42.5
(b) Loans for settlement of debts	—	12.0	12.0
8. Loan in connection with Agrarian Debt Relief (Act XXVII, 1933)	—	75.4	75.4
9. Book debt taken over by the Treasury in settle- ment of small farmers' debts (Act XXVII, 1933)	—	13.1	13.1
<i>Carried forward</i>	262.1	317.0	579.1

¹ Within the limits of the arrears of dues (at the end of 1937 : August, 91 million pengö).

² The Treasury Bonds deposited in connection with capital service figure under those loans in respect of which the deposits have been effected.

	Foreign	Domestic	Total
	(In millions of pengő)		
<i>Brought forward</i>	262.1	317.0	579.1
10. Loan for co-operative societies (Act XXI, 1934) ..	—	7.8	7.8
11. Liabilities in connection with the National Land Mortgage Institute (Law XIV, 1936)	—	4.0	4.0
12. Loans for repurchase of bonds	16.1	0.3	16.4
13. Loans for road construction	5.4	—	5.4
14. Loans for other administrative investments	2.8	—	2.8
15. Loans for working balance of the State Administration	17.4	2.5	19.9
(a) Total	303.8	331.6	635.4

(b) *State Undertakings:*

1. Loans for investments of the State Railways ..	16.6	20.3	36.9
2. Loans for investments of the State Ironworks ..	1.8	3.0	4.8
3. Loans for working balance of the State Railways	0.7	18.1	18.8
4. Loans for working balance of the State Ironworks	6.7	9.2	15.9
(b) Total	25.8	50.6	76.4
Grand total	329.6	382.2	711.8

(e) *Reconstruction Loan, 1924.*

My last report reproduced the offer for a permanent settlement of this loan made by the Hungarian Government and recommended to the bondholders' acceptance by the League Loans Committee, London, on June 29th last.

A memorandum dated September 17th last, explaining changes consequent upon the modifications of the original conditions of service, has been signed on behalf of the Hungarian Government, and was printed in *The Times* on September 28th. It is available for inspection by bondholders at the paying agents for the loan.

Apart from the Treasury bills to be cancelled and the interest accumulated on them to be returned to the Hungarian Government under paragraph 2(iii) of the announcement of June 29th, approximately 37 million pengő of service moneys accumulated in 1932 and 1933 remain untransferred. The Hungarian Government proposes that part of this sum should be used to reconstitute a reserve fund, as provided in paragraph 12 of the memorandum of September 17th: that a further part of this sum (*i.e.*, 7.5 million pengő) should be made available in foreign currencies within five years for the purchase of bonds of the loan in excess of the ordinary amortisation requirements, and that the balance be at the free disposal of the Hungarian Government.

The League Loans Committee, in an announcement published in *The Times* of September 28th, recommend the bondholders to accept these proposals as part of the settlement now proposed.

On September 29th, the Trustees of this loan, who were appointed by the League Council in 1924, issued a statement protesting against the infractions of the General Bond involved by the proposals above referred to.

It will be appreciated that the Trustees are precluded by the duties laid upon them by the General Bond from countenancing any proposal involving a decrease in the payments to be made by Hungary under that Bond.

The League Loans Committee, on the other hand, is free to form an opinion based on the practical interest of the bondholders, and on equity. In its fifth annual report, published on September 10th, the Committee makes the following remarks:

" Hungary's present position has been achieved as the result of continuous effort to restore the foundations of economic and financial stability. The Government has sought and applied the advice of the League of Nations Financial Committee and it has always recognised the special claims of the League Loan. The level at which the service of that loan is now to be stabilised is, the Committee believes, reasonable, and the burden one which Hungary may safely undertake to bear for the remainder of the period during which the loan will be outstanding. Moreover, the Committee believes that the conclusion of this settlement will help in the final settlement of Hungary's other external debts and thus assist her in the efforts she is making to put her financial house in order."

In view of the new procedure for supplying the service moneys for this loan, which has now been agreed with the League Loans Committee, it no longer appears necessary to reproduce here the revenues pledged for its service under the General Bond. The National Bank has been regularly setting aside, since August 2nd last, amounts in the appropriate currencies at a rate calculated to meet service requirements under the new arrangements.

3. BUDGETS OF THE LOCAL AUTHORITIES.

No details are yet available as to the execution of the budgets for 1937 reproduced in my twenty-second report, page 9.

4. STATE BORROWING.

Some further progress has been made towards a settlement for three years, on terms agreed with the creditors or with organisations formed for their protection, of all the State's foreign debts besides the Reconstruction Loan, 1924. In respect of this latter loan, it will be remembered, an offer for a definitive settlement was made with the support of the League Loans Committee, London, on terms which are already being applied.

In considering the cost to the Hungarian Treasury of the arrangements now concluded or pending, it will be realised that :

(a) All these arrangements involve transfers in the appropriate currencies, instead of the payments in pengő (except in the case of the Reconstruction Loan, 1924), which, up to the present, left it to the creditor, where he was able to dispose of them at all, to devise such means as he could, with the assent of the National Bank, for the utilisation of these pengő ;

(b) These transfers, calculated on an annual basis, and on the assumption that the whole of the State's foreign indebtedness is treated on the lines of the present proposals, may cost the Treasury some 15 to 20 million pengő more than it has latterly been paying in respect of foreign debt service.

The pengő burden to the Treasury increases because the National Bank's normal free exchange resources only enable it to supply the Treasury, at the old official rate, with the free exchange needed for the service of the Reconstruction Loan, 1924, but not for the other debts. In order to acquire exchange for the service of the rest of the State's foreign debts, the National Bank is obliged to authorise " additional exports "—*i.e.*, exports which, if the exporter could only count on receiving pengő at the official rate, plus the normal 50% premium for the foreign exchange surrendered to the National Bank, would not take place at all. In these cases, a higher premium is required in order to make the transaction possible.

The State's foreign indebtedness, apart from the Reconstruction Loan, 1924, and from some debts of the State Undertakings which are included in the standstill, falls into the following main groups.

I. Debts on which a Three-year Agreement has been reached with the Creditors.

Description	Outstanding capital value (in millions of pengő at official rate)	Service under new arrangement to be transferred in original currencies	
		Interest %	Capital repayment %
(a) Treasury bills, 1930 (original currency (millions)) :			
British £1.7	29.5	1.5	1.5
Swiss .. Swiss francs 13.6	10.7	1.5	1.5
U.S.A. \$5.4	18.6	1.5	1.5
Total	58.9		
(b) Treasury bills, 1931 :			
French .. Francs 375.3	84.1	1.5	1.5
Swiss .. Swiss francs 6.6	7.4	1.5	1.5
Dutch Florins 1.2	2.9	1.5	1.5
Total	94.4		
(c) British clearing (pre-war commercial debts)	13.4	0.25	0.75

In addition to the above, an offer for resumption, for three years, of payments in respect of the U.S.A. Relief Loan (outstanding capital 6.7 million pengő) involving a yearly payment equivalent to 1% has been made and accepted.

II. Debts on which Agreement has not yet been reached.

Description	Outstanding capital value (in millions of pengő at official rate)
(a) Caisse Commune debts : ¹	
4% gold <i>rente</i>	399.60
4½% 1913	13.10
4½% 1914	66.30
4% 1910	14.50
Austro-Hungarian Railways	45.40

¹ The service of these debts was reduced to 32% on some descriptions and to 27% on others by the Innsbruck and Prague Agreements.

Description	Outstanding capital value (in millions of pengö at official rate)
(b) 6% Lira bills I	0.95
6% Lira bills II	0.99
(c) 6% French franc bills	0.16
6% French franc bonds	7.22
6½% French franc bonds	12.63
(d) 6% Swiss franc bills	11.20
(e) Austro-Hungarian Railways :	
Annuity	1.57
Arrears	0.27
(f) Italian Treasury bills, 1931	5.90
(g) Treasury bills, 1931, Hungarian <i>tranche</i>	43.—

III. Other Debts.

Greek Treasury bills	1.51
6% Belgian bonds	2.88
5% Austro-Hungarian Bank bonds	0.74

5. MONETARY AND FINANCIAL.

(a) Position of the National Bank.

Note circulation (see Appendix III) has ranged on an average some 10% higher during the July-September quarter this year than last. Treasury balances show a seasonal increase, moving on a much higher level than they did during the corresponding months of 1936. Private deposits, on the other hand, are slightly lower. There has been hardly any change in the "metal" reserve, over the last quarter, or in the gold included in it. A small seasonal increase has taken place in rediscounts, but the figure for September 30th last (419 million pengö) is lower by 93 million pengö than that for September 30th, 1936, the process indicated by returns for the last few years thus being continued. The State's debt to the National Bank has reached a total of 112 million pengö, having increased over the last year by 19 million pengö, representing advances under the Agrarian Debt Relief Scheme, which now total 75.4 million pengö. The ratio of cover, at 26.9% (legal minimum 24%), compares with a ratio of 24.2% a year ago.

Just as my last report was going to press, an agreement was reached, for three years as from July 18th last, on the Bank for International Settlements and other Central Bank credits, originally granted in 1931 and renewed since then, first from three months to three months and later for longer periods (see ninth report, I, 5(a), and twentieth report, I, 5(a)).

(b) Foreign Exchange Control.

The rate of increase shown by foreign exchange receipts from all sources, for nine months this year compared with last, is not quite as large as it was for the first half year, but the nine months show a welcome rising tendency in receipts "on free accounts", both from exports and from other sources. These "free accounts" receipts, however, are not necessarily free exchange. Compensation transactions, in which the exporter is allowed to retain the proceeds of his export in order to pay for approved imports, continue to increase.

On the "Outgoings" side, allotments for imports are much higher this year, those from free accounts showing a larger rate of increase than those passing through clearings or blocked accounts :

Incomings :

I. Receipts of the National Bank :	First nine months, 1937	First nine months, 1936 ¹
	(In thousands of pengö)	
1. From exports :		
(a) Through clearings and on blocked accounts	252,834	204,613
(b) On free accounts	92,301	51,253
2. Receipts through other sources (obligatory declaration, State, etc.) :		
(a) On blocked accounts	13,150	13,946
(b) On free accounts	39,701	27,838
Total of I.	397,986	297,650
II. Compensations	68,604	65,297
III. Export against pengö	17,641	12,503
IV. Purchases by authorised banks (net)	1,921	1,423
Grand total	486,152	376,873

¹ Revised figures.

Outgoings :

I. Allotments of the National Bank :	First nine months, 1937	First nine months, 1936 ¹
	(In thousands of pengö)	
1. For imports :		
(a) Through clearings and from blocked accounts	244,122	198,721
(b) From free accounts	59,744	38,662
2. For debt service :		
(a) From blocked accounts	558	9,183
(b) From free accounts	4,152	5,297
3. To the State :		
(a) From blocked accounts	2,018	1,955
(b) From free accounts	9,371	7,427
4. To others :		
(a) From blocked accounts	19,504	18,777
(b) From free accounts	10,772	6,900
Total of I	350,241	286,922
II. Compensations	68,604	65,297
III. Import through merchandise pengö	2,555	2,581
IV. Sales by authorised banks (net)	1,345	845
Grand total	422,745	355,645

(c) Foreign Debts : Foreign Credits Cash Office and Standstill.

The following table includes payments in pengö made by the debtors to the Foreign Credits Cash Office on bonded long-term debts due before July 16th last, and payments by the Office in respect of such receipts. Accounts for the period after the coming into force of the three-year settlement described in the twenty-third report, pages 14-15, cannot yet be submitted :

I. Receipts and Payments of the Office.

A. Under Order-in-Council 6900/M.E. ex 1931 :	State loans	Municipal and other public loans	Other loans	Total
	(In millions of pengö)			
1. Receipts of the Office :				
(a) In cash	28.7	116.2	136.6	281.5
(b) In Treasury bills	97.1	—	—	97.1
Total	125.8	116.2	136.6	378.6
2. Payments by the Office :				
(a) Coupons and bonds redeemed	19.9	85.6	116.5	222.0
(b) Advances to redemption offices	—	1.4	—	1.4
Total	19.9	87.0	116.5	223.4
3. Balance held :				
(a) In cash	8.8	29.2	20.1	58.1
(b) In Treasury bills	97.1	—	—	97.1
Total	105.9	29.2	20.1	155.2
B. Other receipts of the Office				37.7
Revenue of the Office				16.3
Balance (net)				209.2
C. Balance held by the Office :				
(a) In cash				112.1
(b) In Treasury bills				97.1
Total				209.2
D. Investments out of cash :				
(a) Loan to State for productive investments (secured by Treasury bills of same amounts)			54.5	
(b) Call money and deposits			27.4	
			81.9	
Net amount at present held in cash				30.2

¹ Revised figures.

The credits granted by the Office to the State have decreased by 1 million pengö since my last report. Other investments of the Office are unchanged.

The amounts advanced and actually utilised on investment programmes for which credits were granted to the State by the Office are shown in the following table :

Programme		Taken up from	Advanced by	Utilised
		the Foreign Credits Cash Office	the Ministry of Finance	
(In millions of pengö)				
I	15.0	14.5	15.0	15.0
II	15.0	13.5	14.7	14.7
III	10.0	9.5	9.9	9.9
IV	15.0	8.0	12.1	12.1
V	13.6	—	9.3	9.3
Totals	68.6	45.5	61.0	61.0

In all, 3 million pengö have been refunded from advances made in connection with these programmes.

In case of liquidation of the Cash Office, the State has undertaken to refund these credits.

The amounts deposited up to September 30th, 1937, under the old Standstill Agreements in pengö with the National Bank of Hungary to cover interest and commission on short-term banking debts due before July 16th, 1937, and not satisfied in foreign exchange totalled 80.07 million pengö, out of which 79.19 millions had been paid to creditors accepting such payments in full satisfaction. The balance held by the National Bank thus amounted to 0.88 million. The amount paid in up to September 30th, 1937, under the same agreements for capital repayments in pengö (also due before July 16th, 1937) to the National Bank totalled 33.59 millions, out of which 33.37 millions had been disposed of by the creditors. The balance held by the National Bank amounted to 0.22 million pengö.

No figures are as yet available with regard to the new Standstill Agreement (twenty-third report, page 16).

(d) *Foreign Debts : Three-year Settlements.*

The Foreign Credits Cash Office's offer in regard to non-State bonded debts was reproduced in my last report. The advisability of accepting this offer has since then been suggested to the bondholders by the Council of Foreign Bondholders, London, the American Foreign Bondholders' Protective Council, the Committee of the Amsterdam Stock Exchange, the Association Suisse de Banquiers, and the Association Belge pour la Défense des Détenteurs de Fonds publics.

The total non-State bonded debts of Hungary have been estimated, as mentioned in my last report, at some 500 million pengö. This sum, however, includes some issues in other than free-exchange currencies, and also some issues, of which the so-called Swedish Match Loan is the chief, which will, for various reasons, have to be treated separately. The issues to which the Cash Office's offer applies are estimated as follows :

	Outstanding capital (in millions of pengö at official rate)
Interest not exceeding 4% per annum	35.6
Interest not exceeding 4½% per annum	64.3
Interest exceeding 4½% per annum	216.5
Total	316.4

The National Bank has taken measures to regulate, on analogous lines, certain categories of non-State non-bonded debts, where it was not practicable to negotiate with the creditors, the total amount of which is estimated at 230 million pengö.

(e) *Standstill Debts.*

The debts to which the new three-year Standstill Agreement, described in my last report, applies have been estimated as follows :

	(In millions of pengö at official rate)
Bank guaranteed debts	201.1
Non-guaranteed	59.8
Total	260.9

II. ECONOMIC SITUATION.

I. GENERAL.

The cereal crop this year is rather below the normal. Maize, on the other hand, is even better than it was last year, when it was well above the average, and potatoes are again abundant. Thus there is a good fodder crop two years running. Sugar-beet is satisfactory: about the same as last year:

	Estimate, October 9th,		Actual yield (In millions of quintals)		Average	
	1937	1936	1935	1934	1931-1933	1926-1930
Wheat	19.1	23.9	22.9	17.6	21.1	22.3
Rye	6.2	7.1	7.3	6.2	7.6	7.4
Barley	4.8	6.6	5.6	5.4	6.8	6.0
Oats	2.4	2.6	2.5	2.6	2.8	3.5
Maize	27.2	25.9	14.2	20.9	19.2	16.3
Potatoes	26.1	24.5	13.9	21.1	16.2	18.7
Sugar-beet	10.7	11.2	7.7	9.2	9.2	14.8

Wheat exports will be on a lower level during the coming economic year than they have been for the past two years, but higher prices will offer some compensation. Meat, animal fats and poultry will be available for export in abundance, the difficulty here being to find free-currency markets. Frequent changes in the direction of Hungary's trade show a constant preoccupation with this problem.

The trend in business in the country as a whole is still a slightly rising one. The set-backs that have occurred on some important foreign stock-markets and apprehensions voiced abroad have somewhat affected confidence in future developments. The standard of living of the masses, the purchasing power of the land population and of the urban worker remain on a low level.

2. TRADE.

Foreign trade continues to expand:

	Imports		Exports		Imports		Exports	
	1937	1936	1937	1936	1937	1936	1937	1936
	(In millions of pengő)				(In millions of quintals)			
January-June	218.5	219.6	293.2	216.1	14.7	15.8	11.3	6.7
July	41.7	36.8	41.2	40.7	3.1	2.9	1.9	2.2
August	41.2	31.9	49.8	49.4	2.9	2.6	2.1	2.5
September	42.6	33.5	48.0	53.9	3.4	2.8	2.1	2.8
January-September	344.0	321.8	432.2	360.1	24.1	24.1	17.4	14.2

The export surplus for the first nine months (88 million pengő) this year is much the largest recorded for any corresponding period for many years past.

The following table shows the direction of Hungary's foreign trade for the first eight months this year and last, and yearly averages for earlier periods.

	Imports				Exports			
	Average		First eight months of		Average		First eight months of	
	1925-1930	1931-1936	1936	1937	1925-1930	1931-1936	1936	1937
	(In millions of pengő and in percentages of total imports and exports)							
<i>Austria:</i>								
Value	169.3	68.2	45.1	54.5	290.3	108.0	51.5	66.2
Per cent	16.7	17.3	15.64	18.09	32.9	24.4	16.82	17.22
<i>Italy:</i>								
Value	46.3	29.7	22.8	20.5	56.7	45.9	39.7	55.5
Per cent	4.6	7.5	7.91	6.81	6.4	10.3	12.97	14.43
<i>Germany:</i>								
Value	188.1	88.8	72.3	79.2	103.8	80.3	73.4	90.1
Per cent	18.6	22.6	25.07	26.28	11.7	18.0	23.98	23.45
<i>Switzerland:</i>								
Value	35.3	10.4	5.9	6.9	31.4	23.7	17.9	16.4
Per cent	3.4	2.6	2.05	2.29	3.5	5.4	5.85	4.27

	Imports				Exports			
	Average		First		Average		First	
	1925-1930	1931-1936	1936	1937	1925-1930	1931-1936	1936	1937
(In millions of pengö and in percentages of total imports and exports)								
<i>Czechoslovakia:</i>								
Value	230.2	30.2	14.3	18.2	165.7	22.6	11.7	12.0
Per cent	22.7	7.7	4.96	6.04	18.7	5.2	3.83	3.14
<i>Franco:</i>								
Value	26.0	11.3	3.1	2.7	8.6	15.6	5.9	7.8
Per cent	2.5	2.9	1.07	0.89	0.9	3.6	1.93	2.03
<i>England:</i>								
Value	31.1	18.5	14.3	17.0	25.6	37.1	29.8	24.2
Per cent	3.0	4.7	4.97	5.64	2.9	8.3	9.74	6.33
<i>Yugoslavia:</i>								
Value	45.2	22.2	15.1	16.2	53.4	17.9	6.1	7.3
Per cent	4.5	5.6	5.25	5.38	6.1	4.1	1.99	1.90
<i>Roumania:</i>								
Value	82.3	45.4	43.7	23.2	38.8	18.8	15.7	15.3
Per cent	8.1	11.6	15.16	7.70	4.3	4.3	5.13	3.98
<i>Poland:</i>								
Value	46.6	7.9	2.9	3.5	23.5	3.9	2.4	3.6
Per cent	4.6	2.0	1.00	1.16	2.7	0.9	0.78	0.93
<i>Other Countries:</i>								
Value	114.0	60.9	48.8	59.4	87.7	68.9	52.0	85.8
Per cent	11.2	15.5	16.92	19.72	9.9	15.5	16.98	22.32
<i>Total:</i>								
Value	1,014.7	393.5	288.3	301.3	884.7	443.1	306.1	384.2
Per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Quantities (in millions of quintals)	57.3	26.0	21.4	20.8	23.3	17.3	11.4	15.3

Recent trends where Italy and Austria are concerned may be judged by the following figures, covering September also :

	Imports	Exports	Balance
(In millions of pengö)			
<i>Italy:</i>			
January-June 1936	17.5	30.5	+ 13.1
January-June 1937	15.9	46.3	+ 30.4
July 1937	2.5	4.5	+ 2.0
August 1937	1.9	4.6	+ 2.6
September 1937	2.1	4.6	+ 2.5
<i>Austria:</i>			
January-June 1936	32.6	33.5	+ 0.9
January-June 1937	37.6	51.8	+ 14.2
July 1937	8.5	6.4	- 2.1
August 1937	8.3	8.0	- 0.3
September 1937	8.2	9.4	+ 1.2

Distribution of goods goes on increasing and the receipts of the Post, Telegraph and Telephone point in the same direction :

	State Railways				Post, Telegraph and Telephone receipts	
	Ton-kilometres		Receipts		1937	1936
	1937	1936	1937	1936		
	(Millions)		(In millions of pengö)		(In millions of pengö)	
January	178.6	141.9 ¹	20.0	16.3	8.4	8.2
April	186.8	159.0	19.0	15.7	8.0	7.8
June	212.7	174.5	21.4	20.0	8.4	7.7
July	216.5	186.8	22.1	20.6	8.9	8.4
August	248.4	214.9	24.1	22.0	8.6	8.0

¹ Revised figures.

3. PRODUCTION AND CONSUMPTION.

Industrial production continues to increase, the rate of increase being apparently higher in capital goods than in consumption goods. The output and industrial consumption of coal, and deliveries of coal to the heavy industries and to textile works, are now on the level of 1929, and in some cases above it.

	Coal		Output of		Steel
	(In millions of tons)		(In thousands of tons)		
Whole year, 1929	7.87		350		513
Second quarter of 1933	1.26		23		56
Second quarter of 1934	1.38		33		85
Second quarter of 1935	1.47		37		96
Second quarter of 1936	1.55		68		132
Second quarter of 1937	1.81		87		162

	Coal and coke consumed by all branches of industry	Hungarian coal delivered to industry		
		All branches	Heavy industry	Textiles, leather and rubber
(In thousands of tons)				
Whole year of 1929	4,388	3,427	796	302
Second quarter of 1933	565	442	106	70
Second quarter of 1934	682	539	133	75
Second quarter of 1935	740	580	158	78
Second quarter of 1936	873	660	174	82
Second quarter of 1937	1,020	764	208	85

4. PRICES.

The Hungarian Statistical Office's wholesale price-index (1913 = 100) has hardly varied since the beginning of the year. It stood at 96 for September last, as against 87 a year ago. The price decline in certain imported raw materials (non-ferrous metals and cotton) has been offset, where Hungary's trade balance is concerned, by a rise in others—*e.g.*, iron, wood and hides. The drop in cotton prices has not affected the retail prices of cotton goods or of ready-made clothing, which are higher than they were a year ago.

Wheat prices range decidedly higher than last year. The harvest having been under the average, and the exportable surplus being perhaps not much above 3 million quintals, offerings are not large and the internal price is high in relation to prices on the free markets.

Cattle prices are 30% or more higher than a year ago. Calves are also higher than they were then, but here the increase is less. Pig prices are slightly lower. In relation to trends on other producing markets which may compete with Hungary, prices in these groups appear to be on the high side :

	Wheat		Live cattle, middling quality		Calves		Pigs	
	Per 100 kg.		Per kg.		Per kg.		Per kg.	
	1937	1936	1937	1936	1937	1936	1937	1936
(Pengő)								
June	19.65	14.83	0.84	0.66	0.92	0.78	1.02	1.03
July	20.93	15.00	0.92	0.66	0.94	0.84	1.00	1.06
August	20.23	14.95	0.94	0.70	1.12	1.09	1.05	1.11
September	20.75	16.68	0.97	0.74	1.16	1.11	1.06	1.09

The Statistical Office's cost-of-living index, including rent, stands at 103.5 for September, as against 97 for September 1936.

5. STOCK EXCHANGE.

The boom which took the securities index (1926 = 100) from an average of 130 for the year 1936 to 185 in March last subsided somewhat in April and May, the index then declining to 146. June and July saw renewed advances, followed by a recession. At the time of writing (October 12th), a few leading shares have fallen below the quotations of "black Tuesday" (April 27th last), but most of them are still somewhat above that level.

	1937	1936	1935	1934
(1926 = 100)				
July	175	127	96	67
August	167	136	99	66
September	157	138	94	68

With prices at the end of September levels, leading stocks, calculated on the last dividend, give a return that in most cases is still little above 3%, and in a good many is less than 3%. There is a striking discrepancy between these prices and those of bonds, where the yield is in the neighbourhood of 6%, or even more.

6. COMMERCIAL BANKS.

There is no change to record here in the tendency that has prevailed for a long time past. There are only faint signs of an accumulation of savings. There is an increase over this time last year of some 6% in savings deposits, but none to speak of in current accounts. It is reported that the discount rate for prime commercial paper has declined in some cases to near the bank-rate (4%), but the volume of transactions at such rates as this doubtless continues to be very small.

7. COMMERCIAL POLICY.

Italy.—Since the conclusion of the Rome protocols in 1934, measures for the practical application of the general policy laid down in them have been worked out for periods of one year beginning in July.

This year, the problems arising in this connection are more complicated than they were on former occasions, and they have not yet been solved. Negotiations are to be resumed shortly in Rome.

When the Rome protocols were negotiated, cereal prices had sunk very low and Hungary's chief object was to obtain for her wheat-farmers better terms than the free markets offered. Latterly, world prices of wheat have risen, while this year Italy herself, with an abundant wheat crop, has small cereal import requirements.

Further, the arrangements concluded from year to year under the Rome protocols have greatly increased Hungary's exports, and her export surplus, to Italy. Whilst Hungary's total exports, for the last complete year, were still, in pengő values, only about half what they were, on an annual average, from 1925 to 1930, exports to Italy in 1936 amounted to more than they did, on a yearly basis, from 1925 to 1930. The first nine months of 1937 show a still further increase. No such increase has taken place on any of Hungary's important markets except Italy and Germany. Hungary's exports to Austria, for instance, have for the last couple of years amounted to about a third of what they were from 1925 to 1930.

The problems now awaiting solution result from the sharp rise in Hungary's export surplus to Italy and from the fact that changes in Italy's foreign trade position have altered the prospects for handling the proceeds of this surplus, these changes coming at a time when the whole question of marketing Hungary's exports may be examined anew in the light of the increase in food prices on the free markets.

Austria.—The uncleared balance of Austrian exporters' claims had declined during the earlier part of this year, but has increased again recently. The trade ratio, which was beginning to approach that of 1 : 1.5 in Hungary's favour aimed at by the trade agreements, has deteriorated once more, and has even at times been unfavourable to Hungary.

Germany.—Exchanges with Germany have continued to expand at about the same rate as Hungary's foreign trade in general. Negotiations for adjustment of the trade agreement are shortly to begin.

Switzerland.—Part of Hungary's wheat export surplus has been placed in Switzerland, and there are possibilities for further deals.

Negotiations with other countries, the Netherlands and Belgium in particular, are about to begin.

Appendix I.

**MONTHLY (QUARTERLY) RESULTS FOR THE YEAR 1937/38 COMPARED WITH
THE RESULTS FOR THE YEAR 1936/37.**

	Financial year		July		August		September	
	1935/36	1936/37	1936	1937	1936	1937	1936	1937
(In millions of pengó)								
A. ADMINISTRATION.								
<i>Receipts.</i>								
Direct taxes	229.7	250.1	11.9	12.0	25.5	26.6	19.0	20.1
Customs duties	42.2	45.4	3.6	3.7	3.2	3.7	3.7	3.7
Excise duties	92.8	101.2	8.9	8.1	8.7	8.6	12.2	12.0
Turnover tax	119.1	139.6	9.5	10.8	12.0	14.3	10.0	10.7
Dues	100.0	106.6	7.3	7.5	8.7	9.8	8.5	9.3
Tobacco Monopoly	111.6	113.8	9.9	10.4	10.1	10.4	9.4	10.4
Salt Monopoly (gross)	26.1	26.1	1.6	2.2	2.6	2.3	2.2	2.3
Saccharine and lotteries	2.2	2.9	0.2	0.2	0.2	0.2	0.2	0.3
Administrative receipts	79.4	85.9	4.1	4.3	3.1	4.5	4.2	3.9
Total receipts	803.1	871.6	57.0	59.2	74.1	80.4	69.4	72.7
<i>Expenditure.</i>								
Army	98.2	107.1	8.2	13.4	10.5	5.8	11.6	
Foreign Affairs	10.1	10.5	1.2	1.2	0.6	0.6	0.6	
Justice	32.4	32.4	2.9	3.0	2.4	2.5	2.6	
Supreme organs of the State ¹ ..	—	—	—	—	—	—	—	
Interior	120.2	125.8	8.6	10.6	8.6	9.5	8.7	
Agriculture	31.9	34.5	1.6	1.9	2.6	2.2	1.8	
Commerce	37.1	44.2	2.4	4.7	6.7	7.0	2.4	
Industry	10.7	11.7	0.5	1.1	0.6	0.9	1.1	
Education	65.6	68.2	5.2	6.0	4.8	5.4	5.0	
Finance	82.9	89.8	5.5	7.7	7.0	7.2	6.0	
Smaller departments	11.9	12.2	1.5	1.5	0.8	1.0	0.7	
Subsidies to local authorities ..	49.2	46.9	5.5	4.8	3.8	3.7	3.7	
Pensions	147.4	150.2	12.8	13.0	12.3	12.7	12.2	
Debt service	55.9	55.4	5.0	6.1	8.9	7.3	4.8	
Total expenditure	753.5	788.9	60.9	75.0	69.6	65.8	61.2	61.8
Balance	+ 49.6	+ 82.7	- 3.9	- 15.8	+ 4.5	+ 14.6	+ 8.2	+ 10.9
B. UNDERTAKINGS.								
<i>Receipts.</i>								
Post and Telegraph	95.9	101.0	8.5	9.-	8.1	8.5	8.7	
Railways ²	219.1	246.6	20.6	22.1	22.0	24.2	22.0	
Ironworks	41.4	51.9	5.3	3.4	3.0	4.6	3.9	
Other undertakings	25.1	27.0	3.3	3.6	1.6	1.9	1.8	
Total receipts	381.5	426.5	37.7	38.1	34.7	39.2	36.4	
<i>Expenditure.</i>								
Post and Telegraph	88.0	93.3	7.4	7.8	6.7	6.4	6.2	
Railways	270.0	301.2	20.9	21.9	20.2	21.6	21.1	
Ironworks	52.9	62.7	6.2	5.2	4.3	5.0	3.7	
Other undertakings	24.2	25.0	1.7	1.9	1.6	1.9	1.6	
Total expenditure	435.1	482.2	36.2	36.8	32.8	34.9	32.6	
Balance	- 53.6	- 55.7	+ 1.5	+ 1.3	+ 1.9	+ 4.3	+ 3.8	

¹ Included in "Smaller departments".

² Returns of the Railways for current fiscal year are provisional.

Appendix II.
ECONOMIC INDICES.
(End of date given.)

		Second quarter	July	August	September	
Index of industrial production ¹ .. (1927=100)	1937	143.1	—	—	—	
	1936	130.1	—	—	137.6	
	1935	105.8	—	—	123.1	
Output of coal ²	1937	181.2	65.5	69.0	—	
	1936	156.1	55.0	58.2	71.6	
	1935	147.1	52.5	58.5	64.4	
Unemployment ³	1937	13,513	13,169	12,584	—	
	1936	15,771	14,651	13,690	12,876	
	1935	18,448	18,317	17,751	16,136	
Prices (1913=100) : Wholesale ..	1937	94	94	94	96	
	1936	85	86	86	87	
	1935	87	90	89	92	
Retail	1937	102.52	102.67	103.58	103.52	
	1936	99.27	98.16	98.14	101.39	
	1935	96.98	99.09	100.50	100.60	
Stock-Exchange index ⁴ (1926=100)	1937	159.8	175.9	167.8	157.2	
	1936	121.7	127.2	136.4	138.7	
	1935	99.6	96.8	99.8	94.0	
(In millions of pengö)						
Savings deposits at the Post Office Savings Bank and the Budapest banks members of the Central Corporation of Bank- ing Companies ⁵	1937	737.7	742.9	747.4	751.8	
	1936	702.6	704.1	703.9	701.6	
	1935	662.5	662.3	660.2	653.8	
Current accounts at the Post Office Savings Bank and the Budapest banks members of the Central Corporation of Bank- ing Companies ⁵	1937	689.2	687.4	693.5	700.5	
	1936	671.7	675.9	678.6	686.7	
	1935	684.9	683.3	684.8	686.0	
Total	1937	1,426.9	1,430.3	1,440.9	1,452.2	
	1936	1,374.3	1,379.9	1,382.5	1,388.3	
	1935	1,347.4	1,345.6	1,345.0	1,339.8	
Official discount rates	1937	% 4.0	% 4.0	% 4.0	% 4.0	
	1936	% 4.0	% 4.0	% 4.0	% 4.0	
	1935	% 4.5	% 4.5	% 4.0	% 4.0	
Market discount rates : ⁶	3-month bills (maximum) ..	1937	6.5	6.5	6.5	6.5
		1936	6.5	6.5	6.5	6.5
		1935	4.0	4.0	4.0	4.0
3-month bills (minimum) ..	1937	4.0	4.0	4.0	4.0	
	1936	4.0	4.0	4.0	4.0	
(In millions of pengö)						
Imports	1937	120.4	41.7	41.2	42.6	
	1936	113.8	36.8	31.9	33.5	
	1935	89.3	31.5	30.4	33.4	
Exports	1937	143.2	41.2	49.8	48.0	
	1936	102.0	40.7	49.4	53.9	
	1935	92.6	31.9	31.5	41.8	
Difference	1937	+ 22.8	— 0.5	+ 8.6	+ 5.4	
	1936	— 11.8	+ 3.9	+ 17.5	+ 20.4	
	1935	+ 3.3	+ 0.4	+ 1.1	+ 8.4	

¹ The Hungarian Economic Research Institute's indices cannot be compared with those published previous to the fourteenth report.

² Coal output in hundreds of thousands of quintals.

³ Unemployed members of the Social-Democratic Union.

⁴ Office of Statistics index, including eighteen shares.

⁵ These figures are not comparable with those given in this place in reports previous to the nineteenth, which included the deposits of the Post Office Savings Bank and twelve leading Budapest banks.

⁶ Returns of the National Bank of Hungary.

⁷ Figures for 1935 and 1936 are definitive.

Appendix III.

NATIONAL BANK.

		December 31st		June 30th	July 31st	August 31st	September 30th
		(In millions of pengö)		(In millions of pengö)			
Note circulation	{ 1936	436.5	1937	437.5	459.6	453.3	457.1
	{ 1935	417.4	1936	393.2	396.3	410.2	417.4
Sight liabilities :							
Public	{ 1936	169.7	1937	148.3	133.4	169.8	174.6
	{ 1935	104.6	1936	98.4	89.3	107.4	129.7
Private	{ 1936	43.0	1937	31.4	22.2	21.6	22.0
	{ 1935	42.1	1936	35.5	21.6	23.6	24.6
Cash certificates ¹	{ 1936	92.9	1937	92.9	92.9	92.9	92.9
	{ 1935	104.3	1936	97.7	95.6	95.6	95.6
Other liabilities	{ 1936	164.4	1937	150.0	160.2	158.7	164.2
	{ 1935	173.9	1936	164.5	162.6	166.1	162.9
Metal reserve as shown ..	{ 1936	132.6	1937	146.3	147.1	147.0	145.7
	{ 1935	121.2	1936	116.1	112.7	112.5	115.9
Thereof gold	{ 1936	84.1	1937	84.1	84.1	84.1	84.1
	{ 1935	78.9	1936	78.9	78.9	78.9	78.9
Commercial bills discounted	{ 1936	535.1 ²	1937	400.0 ³	398.4 ⁴	416.4 ⁴	419.2 ⁴
	{ 1935	574.4 ⁵	1936	499.4 ⁶	476.2 ⁷	505.1 ⁸	512.5 ⁸
Advances on securities ⁹ ..	{ 1936	14.3	1937	12.4	17.5	17.5	17.5
	{ 1935	12.4	1936	12.4	12.4	12.4	12.4
Government debt	{ 1936	97.9	1937	107.2	111.6	111.5	112.3
	{ 1935	77.0	1936	90.1	90.7	93.6	93.2
Other assets	{ 1936	165.0	1937	232.8	232.5	242.5	254.7
	{ 1935	95.6	1936	109.9	112.0	117.8	134.7
		Per cent		Per cent			
Ratio of cover	{ 1936	24.1	1937	28.7	29.2	27.6	26.9
	{ 1935	24.9	1936	26.6	27.1	25.1	24.2

¹ Issued in connection with the consolidation of the Bank for International Settlements and Central Bank credits.

² Thereof Treasury bonds 23.7 million pengö.

³ " " " 19.4 " "

⁴ " " " 13.4 " "

⁵ " " " 32.6 " "

⁶ " " " 26.8 " "

⁷ " " " 24.7 " "

⁸ " " " 28.7 " "

⁹ All Treasury bonds.

Appendix IV.

FOREIGN EXCHANGE : PURCHASES AND SALES OF THE NATIONAL BANK OF HUNGARY IN THE THIRD QUARTER OF 1937 AND IN THE FIRST NINE MONTHS OF 1936¹ AND 1937.

	1937		
	July	August	September
	(In thousands of pengő)		
<i>Purchases :</i>			
(a) Export <i>Devisen</i> received ²	39,925	33,672	35,200
(b) Under obligatory declaration	746	3,093	2,143
(c) From the State	1,320	1,580	610
(d) From others	4,138	4,562	3,544
Total	46,129	42,907	41,497
Excess of sales	—	—	—
<i>Sales :</i>			
(a) For debt service	820	—	—
(b) For imports ¹	35,375	34,891	35,655
(c) To the State	1,134	1,262	1,264
(d) To others	7,492	4,163	2,566
Total	44,821	40,316	39,485
Excess of purchases	1,308	2,591	2,012

	1936	1937			
	First nine months	First quarter	Second quarter	Third quarter	Total first nine months
	(In thousands of pengő)				
<i>Purchases :</i>					
(a) Export <i>Devisen</i> received ²	255,866	117,832	118,506	108,797	345,135
(b) Under obligatory declaration	5,469	2,137	5,219	5,982	13,338
(c) From the State	6,870	2,484	2,324	3,510	8,318
(d) From others	29,445	8,804	10,147	12,244	31,195
Total	297,650	131,257	136,196	130,533	397,986
Excess of sales	—	—	—	—	—
<i>Sales :</i>					
(a) For loan service	14,480	1,697	2,193	820	4,710
(b) For imports ²	237,383	96,819	101,126	105,921	303,866
(c) To the State	9,382	3,891	3,838	3,660	11,389
(d) To others	25,677	8,150	7,905	14,221	30,276
Total	286,922	110,557	115,062	124,622	350,241
Excess of purchases	10,728	20,700	21,134	5,911	47,745

¹ Revised figures.
² Including clearing.

Appendix V.
FOREIGN EXCHANGE CONTROL.

	Actual exports	Exports notified, including compensations and exports against pengö	Percentage of column 2 to column 1	Export Devisen received by the National Bank	Certified compensations and certified exports against pengö	Columns 4 + 5—i.e., total of foreign exchange derived from exports	Percentage of column 6 to column 1	Actual imports	Import Devisen allotted by the National Bank	Certified compensations and import through merchandise pengö	Columns 9 + 10—i.e., total of foreign exchange used for imports	Percentage of column 11 to column 8
	1	2	3	4	5	6 (In millions of pengö)	7	8	9	10	11	12
1935: January ..	29.4	35.4	120.4	26.4	5.1	31.5	107.1	27.5	22.6	4.0	26.6	96.7
February ..	28.8	31.8	110.4	18.6	8.6	27.2	94.4	27.7	20.6	7.5	28.1	101.4
March ..	40.3	36.1	89.6	24.8	5.4	30.2	74.9	29.8	17.9	4.9	22.8	76.5
April ..	30.6	35.0	114.4	24.8	4.1	28.9	94.4	32.2	18.4	2.8	21.2	65.8
May ..	31.3	33.8	108.0	18.1	5.9	24.0	76.7	31.5	18.4	4.8	23.2	73.7
June ..	29.4	27.2	92.5	18.2	5.1	23.3	79.3	26.7	16.4	3.6	20.0	74.9
July ..	31.9	36.3	113.8	19.0	7.5	26.5	83.1	31.5	16.7	6.1	22.8	72.4
August ..	31.5	33.5	106.3	18.0	2.7	20.7	65.7	30.4	15.6	1.6	17.2	56.6
September ..	41.8	42.8	102.4	19.1	9.6	28.7	68.7	33.4	18.1	8.2	26.3	78.7
October ..	52.1	52.7	101.2	30.4	6.5	36.9	70.8	39.4	21.6	5.3	26.9	68.3
November ..	53.0	55.9	105.5	40.3	5.1	45.4	87.5	43.7	24.2	4.3	28.5	65.2
December ..	51.4	49.6	96.5	31.7	7.1	38.8	75.5	48.5	23.2	6.1	29.3	60.4
1936: January ..	34.9	36.7	105.2	32.4	6.7	39.1	112.0	40.6	31.0	6.0	37.0	91.1
February ..	41.2	47.4	115.0	24.5	6.3	30.8	74.8	30.2	25.9	4.9	30.8	102.0
March ..	38.0	39.9	105.0	36.8	4.8	41.6	109.5	35.0	26.1	4.5	30.6	87.4
April ..	32.9	31.4	95.4	24.4	12.8	37.2	113.1	40.3	24.2	12.2	36.4	90.3
May ..	31.8	31.9	100.3	24.3	5.1	29.4	92.5	38.8	25.9	4.7	30.6	78.9
June ..	37.3	37.8	101.3	21.0	6.8	27.8	74.5	34.7	23.9	5.7	29.6	85.3
July ..	40.7	53.3	131.0	28.6	12.2	40.8	100.2	36.8	26.8	10.0	36.8	100.0
August ..	49.4	49.3	99.8	27.1	12.7	39.8	80.6	31.9	24.3	11.7	36.0	112.9
September ..	53.9	52.7	97.8	38.0	10.3	48.3	89.6	33.5	29.4	8.1	37.5	111.9
October ..	45.8	46.3	101.1	34.7	7.6	42.3	92.4	36.4	27.6	6.8	34.4	94.5
November ..	49.5	52.6	106.3	28.7	5.6	34.3	69.3	35.8	28.3	4.4	32.7	91.3
December ..	51.2	52.9	103.3	37.6	7.1	44.7	87.3	39.0	26.7	5.1	31.8	81.5
1937: January ..	45.8	48.4	105.7	39.3	10.9	50.2	109.6	28.1	29.3	8.4	37.7	134.2
February ..	50.7	51.2	101.0	39.0	7.7	46.7	92.1	32.3	31.3	6.8	38.1	118.0
March ..	53.5	55.7	104.1	39.6	11.6	51.2	95.7	37.9	36.2	10.7	46.9	123.7
April ..	49.7	50.6	101.8	41.1	10.1	51.2	103.0	41.1	31.8	7.6	39.4	95.9
May ..	48.4	50.5	104.3	41.2	9.9	51.1	105.6	38.8	33.0	7.6	40.6	104.6
June ..	45.1	47.3	104.8	36.2	8.2	44.4	98.4	40.5	36.3	6.3	42.6	105.2
July ..	41.2	43.6	105.8	39.5	11.6	51.1	124.0	41.7	35.4	11.0	46.4	111.3
August ..	49.8	51.7	103.8	33.7	10.7	44.4	89.2	41.2	34.9	7.6	42.5	103.2
September ..	48.0	50.7	105.6	35.2	5.7	40.9	85.2	42.6	35.7	5.3	41.0	96.2

Genève, le 16 octobre 1937.

SOCIÉTÉ DES NATIONS

**QUARANTE-QUATRIÈME RAPPORT
DU COMMISSAIRE DE LA SOCIÉTÉ DES NATIONS EN BULGARIE**

(PÉRIODE JUIN-AOÛT 1937.)

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Série de Publications de la Société des Nations

II. QUESTIONS ÉCONOMIQUES
ET FINANCIÈRES
1937. II. A. 20.

INTRODUCTION.

1. La gestion budgétaire, à la fin du huitième mois de l'exercice, apparaît favorable. Les dépenses effectives et en souffrance des budgets de l'Etat et des chemins de fer dépassent, il est vrai, les recettes effectives de 156,4 millions, mais l'importance de ce déficit est faible (2,7% des dépenses globales) et reste inférieure de 200 millions au déficit qui a été constaté à la même époque de l'année précédente et qui représentait alors 7% des dépenses globales de l'Etat et des chemins de fer.

2. Les recouvrements sont supérieurs à ceux de l'année précédente de près de 18% ; les recettes des chemins de fer dépassent de 22% les recettes à fin août 1936. Ces recouvrements sont néanmoins légèrement inférieurs aux prévisions budgétaires (- 3,5%).

3. Des crédits supplémentaires pour un total de 46 millions viennent d'être accordés presque uniquement aux départements ministériels intéressés à la défense nationale. Les chemins de fer reçoivent, en outre, des crédits ou subventions pour 23 millions.

4. La situation économique continue à se développer favorablement. L'importance des récoltes et l'amélioration des prix, principalement des articles d'exportation, ont pour conséquence un accroissement du pouvoir d'achat de la population rurale et se traduisent par une augmentation de la consommation indigène et de la production des industries du pays.

5. La réserve d'or de la Banque a été de nouveau augmentée. Les besoins saisonniers du commerce ont amené la banque à accroître son portefeuille d'effets commerciaux jusqu'à 927 millions de leva, et la circulation jusqu'à 4.186 millions de leva. Ces chiffres n'ont jamais été atteints depuis 1930.

6. Le volume du commerce extérieur a continué à croître, il est supérieur de près de 2.400 millions (+ 63%) à celui de l'année dernière. Le déficit de la banque commerciale à fin août est passé d'une année à l'autre de 101 à 439 millions de leva.

7. Une loi pour l'allégement des réfugiés bulgares débiteurs de l'Etat annule, entre autres, la dette résultant des intérêts arriérés non payés et réduit à l'avenir le taux des intérêts. L'objet poursuivi est de permettre aux réfugiés de payer une dette réduite alors qu'ils étaient pour la plupart dans l'impossibilité de s'acquitter de la dette primitivement fixée et qui ne correspondait plus à la valeur actuelle de ce qu'ils ont reçu.

8. Le présent rapport a été établi par M. Pierre Cheysson, commissaire de la Société des Nations en Bulgarie, avec la collaboration de M. Kōstner, conseiller auprès de la Banque nationale de Bulgarie.

I. BUDGET.

I. Equilibre budgétaire (cf. Appendice I, a).

Au 31 août 1937, après le huitième mois de la gestion budgétaire, la situation est la suivante :

	Millions de leva		
	Etat	Chemins de fer	Total
Recettes effectives globales	4.508,7	1.013,8	5.522,5
Dépenses globales :			
effectives	4.270,5	962,6	
en souffrance	368,7	77,1	
	<u>4.639,2</u>	<u>1.039,7</u>	<u>5.678,9</u>
Déficit	130,5	25,9	156,4

Au cours des trois mois envisagés, le déficit, qui était fin mai de 165,7 millions de leva, dont 57,0 pour le budget de l'Etat, et 108,7 pour le budget des chemins de fer, a évolué comme suit :

	Budget de l'Etat	%	Budget des Chemins de fer	%	Total	%	+ ou -
Juin	6,6	0,1	78	10,8	84,6	2,1	- 81
Juillet	173,6	4,1	112,4	12,3	286	5,6	+ 201,4
Août	130,5	2,8	25,9	2,4	156,4	2,7	- 129,6

Le déficit est faible dans l'ensemble ; en particulier, le déficit du budget des chemins de fer n'a jamais été aussi réduit depuis longtemps ; si l'on remarque que la gestion de 1937 a pris en charge 69,1 millions de dépenses laissées en suspens par la gestion de 1936, la gestion des chemins de fer pour 1937 au huitième mois de l'exercice serait même bénéficiaire (+ 43,2 millions).

Le déficit global qui, en juin, était réduit à 84,6 millions, a augmenté en juillet pour diminuer en août. La gestion de 1936 présentait un phénomène analogue (déficit réduit au cours des mois de mai et juin) augmentant en juillet, mais contrairement à cette année, le déficit avait continué à croître ; il était supérieur de 200 millions au déficit de cette année (350,8 millions contre 156,4) et représentait 7% des dépenses budgétaires (contre 2,7% cette année).

2. Recettes.

Compte non tenu des recettes d'ordre (reprise en recettes des soldes non transférés de la dette publique extérieure), les recettes globales effectives de l'Etat et des chemins de fer s'élèvent à 5.298,4 millions de leva contre 4.502,1 millions pour la même période de 1936 ; la différence (+ 796 millions) correspond à une augmentation de 17,7% des rentrées de 1937 sur les rentrées de 1936.

Des plus-values de recettes sont à enregistrer dans tous les chapitres du budget de l'Etat, mais plus particulièrement dans les chapitres des impôts indirectes, des douanes et du timbre, et dans ceux des recettes administratives diverses. Il est à remarquer que les recettes des chemins de fer sont supérieures de 182,2 millions de leva à celles de l'année dernière (+ 22%).

La comparaison des prévisions de recettes avec les recettes effectives globales de l'Etat et des chemins de fer fait apparaître une insuffisance des rentrées de 197,1 millions de leva ou 3,5%, portant à peu près également sur les recettes du budget de l'Etat et sur celui des chemins de fer. Cette insuffisance a diminué au cours des trois derniers mois (cf. Appendice I, b) où, sauf pour le mois d'août, les rentrées ont été nettement supérieures aux prévisions, tout au moins en ce qui concerne le budget de l'Etat.

3. Dépenses (Cf. Appendice I, a).

Compte non tenu des dépenses d'ordre correspondant aux soldes non transférés de la dette publique extérieure, les dépenses effectives globales du budget de l'Etat et des chemins de fer (5.454,8 millions) sont supérieures aux dépenses des mois correspondants de 1936 de 596 millions de leva (+ 12,3%) et aux dépenses autorisées par budgets mensuels de 159,4 millions (+ 3%). L'augmentation la plus importante des dépenses d'une année à l'autre provient du Ministère de la Guerre et des Directions des prestataires et de l'aviation, pour lesquelles les dépenses sur crédits ordinaires, effectivement payées (compte non tenu des dépenses en souffrance) s'élevaient à fin avril 1937 à 1.137,4 millions contre 616,9 millions à fin août 1936 (+ 520,5 millions).

Au cours des trois derniers mois (cf. Appendice I, b), les dépenses globales des budgets de l'Etat et des chemins de fer ont dépassé les dépenses correspondantes de 1936 de 357,4 millions (+ 19,5%) et les dépenses autorisées de 88,2 millions (+ 4,2%).

4. Crédits supplémentaires.

Un décret-loi du 16 octobre 1937 accorde des crédits supplémentaires pour un montant de 49 millions de leva, dont 45 millions au Ministère de la Guerre, aux Directions des prestataires et de l'aviation, principalement pour la nourriture et l'entretien des troupes et la construction de hangars.

Un autre crédit de 3 millions de leva est donné à la Direction de la Dette publique, pour être versé à la Direction générale des chemins de fer à titre de subvention pour la construction d'un ferry-boat sur le Danube entre la Roumanie et la Bulgarie. Le même décret-loi autorise différents virements de crédits entre les chapitres d'un même budget ministériel.

Les dépenses au titre des crédits nouveaux accordés doivent être couvertes à concurrence de 20,4 millions de leva par les excédents de caisse laissés par les exercices clos et sur le surplus par des économies à réaliser sur le budget en cours.

La Direction des chemins de fer bénéficie d'un crédit supplémentaire de 20 millions pour des achats de charbon. Les dépenses seront à couvrir par les excédents de recettes à attendre du budget de 1937.

Le fonds « Amélioration des conditions de travail dans les cliniques et instituts dépendant de la Faculté de médecine de Sofia » a été autorisé à contracter un emprunt remboursable en quinze ans de 15 millions de leva au taux de 7% l'an à la Banque agricole et coopérative. Cette somme est destinée à la construction de cliniques chirurgicales.

5. Trésorerie (cf. Appendice I, d).

Le solde créditeur du Trésor à la Banque nationale de Bulgarie, qui était de 651,3 millions de leva à fin mai, est à fin août de 752 millions, malgré les décaissements importants et excédant les rentrées que le Trésor a dû supporter en juillet.

Les paiements exigibles en souffrance à fin août s'élèvent à 445,8 millions de leva (605 millions fin août 1936), dont 368,7 millions pour le budget de l'Etat et 77,1 millions pour le budget des chemins de fer. Ce montant est supérieur de 169,8 millions au montant des paiements en souffrance à fin mai (276 millions). La part relative aux appointements et pensions non encore touchés par les ayants droit, bien que les provisions aient été constituées, est à peu près constante (179,9 fin mai, 204,5 fin juin, 185,8 fin juillet, 179,9 fin août).

Les engagements pris au 31 août mais non encore liquidés représentent 504,5 millions de leva, dont 381,5 pour l'Etat et 123 pour les chemins de fer.

Le montant des bons du Trésor escomptés à la Banque nationale ou auprès de la Banque agricole ou de la Banque des Règlements internationaux est sans changement.

II. SITUATION ÉCONOMIQUE.

I. Généralités.

L'amélioration de la situation économique s'est poursuivie au cours de la période envisagée. Bien que les chiffres définitifs ne soient pas encore connus, la récolte a été bonne : la production du blé n'est certainement pas inférieure à celle de l'année dernière ; celle du maïs, compromise par la sécheresse dans un certain nombre de régions, n'en est probablement pas moins au-dessus de la moyenne pour l'ensemble du pays ; les tabacs et les produits agricoles de moindre importance se présentent bien.

Les cultivateurs ont vendu leur blé de bonne heure ; leur pouvoir d'achat s'est maintenu élevé du fait de la bonne récolte et des hauts prix payés par la Direction des céréales. Aussi, les ventes des coopératives de consommation en juillet de cette année ont dépassé de 19% celles de juillet de l'année dernière et l'index des ventes de l'industrie indigène pour juillet 1937 s'est élevé à 143, contre 126 en juin et 108 en juillet 1936 (l'indice 100 est celui de la moyenne 1934/35) ; l'index de la production industrielle est passé de 122 en juin et 102 en juillet 1936 à 130 en juillet 1937 ; le nombre des chômeurs enregistrés en août était de 3.919, alors qu'il était de 4.997 en août 1936.

La tendance générale des prix est à la hausse, particulièrement remarquable pour les produits d'exportation. L'index des prix agricoles indigènes était de 130 en août (100 pour 1934/35), contre 109 en août de l'année dernière. L'index des dépenses de la population rurale n'ayant augmenté que de 100 à 110, la marge bénéficiaire a crû et le pouvoir d'achat du paysan s'est sensiblement amélioré.

2. Banque nationale.

La réserve d'or de la Banque a été à nouveau augmentée de 48 millions de leva au cours de la période considérée (cf. Appendice II) ; les disponibilités en devises ont diminué d'autant. Les besoins saisonniers du commerce ont enflé le portefeuille commercial de la Banque de 269 millions, dont la majeure partie destinée au financement des achats de blé ; il a été porté à 927 millions, chiffre jamais atteint depuis 1930. Le Trésor public n'a pas fait un nouvel usage de ses possibilités d'escompte auprès de la Banque.

La circulation des billets est de 2.857 millions, en augmentation de 503 millions ; la circulation totale est de 4.186 millions (+ 699 millions), chiffre supérieur à tous ceux enregistrés depuis 1929. Les besoins saisonniers de monnaie ont entraîné une réduction de 429 millions de leva du montant des dépôts des banques à la Banque nationale de Bulgarie.

3. Législation bancaire.

Un nouvel amendement à la loi sur la protection des dépôts d'épargne (cf. les dix-huitième et vingt-septième rapports du Commissaire) publié dans le *Journal officiel* N° 162, du 29 juillet 1937, introduit quelques modifications dans la constitution des dépôts bloqués par les banques privées à la Banque nationale de Bulgarie et autorise, avec l'agrément du Conseil bancaire, le remplacement de ces dépôts par la constitution d'un portefeuille d'obligations émises ou garanties par l'Etat évaluées au cours du marché. En outre, les banques pourront ouvrir à leurs clients des crédits dépassant 100.000 leva sur des billets à ordre et de 300.000 leva sur des traites commerciales et des gages uniquement dans le cas où les bénéficiaires, particuliers ou sociétés, auront remis à l'appui leur bilan signé, avec la liste de leurs créanciers et de leurs débiteurs.

La législation bancaire bulgare demeure insuffisante en matière de liquidation des banques ; des années passent souvent avant qu'une banque en état de cessation de paiement soit remise aux mains des liquidateurs ou déclarée en « liquidation publique ». Un nouvel amendement à la loi cherche à accélérer la procédure.

4. Commerce extérieur.

Le tableau ci-après donne pour les huit premiers mois de 1936 et 1937, les chiffres du commerce extérieur :

	Janvier-août 1936	Janvier-août 1937	+ ou -
Importations	1.965,0	3.286,5	+ 1.321,5
Exportations	1.863,5	2.937,0	+ 1.073,5
Balance commerciale	- 101,5	- 349,5	-

L'importance de la balance passive, qui est passée de 100 millions environ en 1936 à 350 millions en 1937, n'est pas pour surprendre si l'on tient compte de l'accroissement considérable des importations et des exportations. Il est toutefois à signaler que ce déficit marque une tendance à augmenter au cours des derniers mois envisagés dans le présent rapport.

L'importance des machines (comprenant les moteurs, les machines de toute espèce et les armes) est de 870,7 millions de leva contre 302,9 millions (+ 567,8 millions) correspondant, prétend-on, à d'importantes commandes actuellement en cours d'exécution ; la situation redeviendrait normale par la suite.

Les statistiques montrent une augmentation sur l'année dernière de l'exportation de tous les produits bulgares, à l'exception du porc frais, des œufs et de quelques autres articles. Les accroissements les plus importants sont ceux du tabac (+ 367 millions), du blé (241 millions), des peaux brutes (65 millions), du maïs (56 millions), des pois (76 millions), de la graine de tournesol (43 millions).

L'exportation des tomates (7.070 tonnes jusqu'à la fin d'août contre 4.180 tonnes l'année dernière) n'a produit que 20,2 millions de leva, contre 20,7 l'année dernière, à la suite de la réduction des prix imposés par les autorités allemandes. L'exportation des fruits, pulpes de fruits, raisins et autres produits maraîchers bulgares, vendus aussi sur des marchés autres que le marché allemand, s'est développée favorablement.

La prédominance de l'Allemagne dans le commerce d'importation en Bulgarie subsiste ; le montant des importations allemandes pour les huit premiers mois de 1937 s'élève à 1.785 millions de leva ou 54 % de l'importation totale contre 1.221,4 millions de leva ou 62 % l'année dernière. Il est à signaler que la part de l'Allemagne dans le commerce d'exportation est, au contraire, tombée de 49 % en 1936 à 38 % (920 millions en 1936 et 1.124 millions en 1937). La balance du commerce avec l'Allemagne, qui était légèrement passive depuis 1935, est maintenant très favorable à la Bulgarie (661 millions de leva). L'on peut chercher une explication de cette situation dans les achats importants faits à crédit par l'État bulgare en Allemagne.

5. Loi pour l'allégement des débiteurs.

De nouveaux amendements à la loi sont publiés dans le *Journal officiel* N° 191, du 2 septembre.

Le premier crée des sous-commissions de revision destinées à accélérer la solution à donner aux réclamations présentées par la Caisse d'amortissement ou par des tiers et à permettre d'en finir le plus rapidement possible avec l'émission des obligations.

Un autre amendement autorise les débiteurs à payer les annuités semestrielles qu'ils doivent moitié en espèces, moitié en obligations de la Caisse d'amortissement qui sont actuellement négociées à 50 % de leur valeur nominale. L'avantage qui en résulte pour les débiteurs correspond actuellement à un nouvel abattement de 25 % des sommes dont ils avaient été déclarés redevables. Il est à prévoir que la plupart des obligations, à l'exception de celles détenues par la Banque agricole, seront achetées sur le marché par les débiteurs désireux d'acquitter leur dette, et c'est seulement après l'amortissement par la Caisse des obligations qui lui auront été ainsi remises que commencera l'amortissement des obligations possédées par la Banque agricole. Ce retard dans l'amortissement d'obligations qui reçoivent 5 % d'intérêt annuel représente pour la Caisse d'amortissement une majoration importante du service des intérêts.

Cette perte serait largement compensée si les débiteurs étaient amenés à montrer plus de ponctualité dans le règlement des échéances. Il est malheureusement à craindre que le système des concessions incessantes, loin d'amener les débiteurs à s'acquitter, les incite à attendre de nouvelles concessions.

Un décret-loi sur l'allégement des réfugiés débiteurs de l'État a été publié dans le *Journal officiel* N° 201, du 14 septembre ; il en est parlé plus loin dans le paragraphe consacré à l'emprunt 7 % 1926 (des réfugiés).

6. Direction des céréales.

Le Conseil des ministres a décidé (*Journal officiel* N° 87, du 21 avril 1937) de libérer la Direction de l'obligation d'acheter le riz à prix fixé et d'intervenir sur le marché du riz pour la présente campagne.

Le semi-monopole pour la graine de tournesol a été supprimé le 27 août (*Journal officiel* N° 187). Tous contrats d'achat et de vente de tourteaux de tournesol sont annulés s'ils n'ont pas reçu exécution avant la mise en vigueur du décret-loi dont il vient d'être question.

Un nouvel amendement à la loi sur le monopole du coton, publié dans le *Journal officiel* N° 188, du 30 août 1937, maintient un monopole au profit de la Direction des céréales en ce qui concerne l'achat et la vente de la production indigène de coton, mais non en ce qui concerne la graine de coton. Toutefois, la Direction doit obligatoirement accepter au prix de 1,50 leva par kilogramme la graine de coton qui lui est offerte par quantités d'au moins 10 tonnes.

Les nouveaux prix d'achat par la Direction du blé et du seigle ont été fixés par décision parues dans le *Journal officiel* N° 154, du 20 juillet 1937, à 0,20 lev au-dessus des prix de l'année dernière (3,20 leva et 2,45 par kilogramme respectivement), un prix spécial est donné pour le blé dur (3,50 leva) et pour le blé blanc (4 leva). Le Gouvernement a, en outre, décidé de répartir entre les producteurs, au prorata des quantités livrées par eux, tout le bénéfice que réaliserait la Direction des céréales sur le commerce du blé.

Les achats de blé sont, comme il a déjà été dit, supérieurs à ceux des dernières années, et la Direction rencontre certaines difficultés à vendre à l'étranger le surplus exportable. Les prescriptions de la Banque nationale de Bulgarie obligent à vendre le blé contre paiement en devises libres remises à la Banque nationale ; aussi, en fait, les ventes sont en grande partie faites au Royaume-Uni, car les marchés européens sont tous plus ou moins régis par un régime de clearing ou de compensation. Mais, d'une part, l'Angleterre, désireuse d'équilibrer son commerce avec la Bulgarie, lui demande d'accroître ses achats de produits anglais dans la proportion où les achats qu'elle fait elle-même de blés bulgares ont rendu la balance défavorable ; d'autre part, les pays empêchés par ces restrictions d'acheter le blé bulgare font pression pour obtenir des livraisons payables par clearing ou compensation. Quelques exceptions ont déjà été consenties.

III. ÉTABLISSEMENT DES RÉFUGIÉS BULGARES.

1. Position au 31 août 1937 du compte bloqué de l'emprunt 1926.		Leva
Produit net		1.614.296.149
Dont mis à la disposition du service d'établissement		1.610.824.302
		<hr/>
Solde en dépôt à la Banque nationale		3.471.847

2. Rendement des revenus gagés.

Chapitres du budget	Encaissements			1/12 des évaluations budgétaires
	Juin	Juillet	Août	
	(En millions de leva.)			
11. Accise sur le sel étranger, le café et autres marchandises et boissons étrangères	8,2	10,7	11,5	14,2
12. Accise sur le vinaigre, la bière, l'acide carbonique et autres boissons indigènes et accise sur l'alcool	7,3	7,0	8,2	3,7
14. Accise sur le sel	3,1	3,1	4,3	3,1
15. Accise sur le sucre et la glucose	37,1	38,8	25,8	24,2
16. Accise sur le riz, la benzine et le gazoil indigènes	1,6	3,1	3,3	1,3
34. Allumettes	7,4	8,1	8,4	7,0
57. Versements des réfugiés à titre d'intérêts	0,2	2,0	0,05	0,7
Total	64,9	72,8	61,55	54,2

Les versements des réfugiés affectés au remboursement des dépenses d'établissement ont atteint les montants ci-après (leva) :

	Juin	Juillet	Août	Antérieurs	31 août 1937
Intérêts	155.145	2.006.604	47.907	14.931.391	17.141.047
Amortissement et impôt foncier	19.018	43.283	28.976	27.562.246	27.653.528
Total	174.163	2.049.892	76.883	42.493.637	44.794.575

3. Utilisation de l'emprunt.

		Leva
Les engagements restant à régler au 31 août 1937 s'élèvent à		4.649.653
Pour y faire face, la Direction générale de la Dette publique dispose de :		
Banque nationale, compte « Commissariat »	3.471.847	
Banque nationale	1.177.806	
		<hr/>
		4.649.653

4. Loi pour l'allégement des réfugiés.

Comme il a été indiqué plus haut (loi sur l'allégement des débiteurs), un décret-loi publié dans le *Journal officiel* du 14 septembre accorde aux réfugiés, débiteurs de l'État, les principaux avantages suivants :

1. La dette résultant de tous les intérêts arriérés jusqu'au 31 décembre 1936 est annulée ; le montant des intérêts qui ont été déjà payés en totalité ou en partie par les débiteurs portuels ne sera ni remboursé ni affecté à l'amortissement de la dette en capital.
2. A partir du 1^{er} janvier 1937, les intérêts seront réduits de 8½% à 4% et l'amortissement de la dette en capital se fera en vingt années par versements semestriels.
3. Les débiteurs (à quelques exceptions près) pourront s'acquitter en obligations de l'emprunt 6% 1923, prises à leur valeur nominale.
4. Un avantage pouvant aller jusqu'à 10% du montant de la dette, en cas de remboursement total, est accordé aux débiteurs qui s'acquitteront par anticipation.
5. La qualité de réfugié au sens de la loi du 18 décembre 1926 est étendue, entre autres, à des réfugiés qui sont arrivés en Bulgarie après le 18 décembre 1936 et aux familles de réfugiés décédés avant la régularisation des opérations de transfert. Les héritiers des réfugiés bénéficieront des avantages consentis aux personnes dont ils héritent.

Les communes qui se sont endettées pour l'installation de l'adduction d'eau dans les colonies de réfugiés ne paieront à l'avenir qu'un intérêt de 5% l'an sur leur dette capitalisée au 31 décembre 1936, au lieu de 8½% fixé par la loi du 18 mars 1932. Cette dette devra être amortie en vingt ans par versements semestriels dont le premier est fixé au 10 décembre 1937. Il est prévu, en outre, que, sur la proposition de la Banque agricole et coopérative, chargée de l'administration des contrats passés entre l'État, d'une part, et les réfugiés et les communes, d'autre part, et de la perception des sommes dues, le Conseil de la Dette publique pourra prononcer l'annulation de dettes reconnues irrécouvrables. Cette décision sera soumise à l'approbation du Conseil des ministres et du Commissaire de la Société des Nations, agissant pour les trustees de l'emprunt 7% 1926.

Le ministre des Finances a fait connaître les considérations qui ont guidé le Gouvernement dans l'élaboration de la nouvelle loi. Ce sont des motifs d'équité, tout d'abord : des mesures devaient être prises en faveur de débiteurs qui n'ont, jusqu'alors, profité d'aucun des avantages accordés aux autres débiteurs en Bulgarie et qui sont écrasés par une dette hors de proportion avec la valeur actuelle de ce qu'ils possèdent parce qu'elle a été fixée à une période de hauts prix et qu'elle s'est accrue d'intérêts capitalisés à un taux élevé. Ce sont des considérations de rendement pour le Trésor public ; ensuite la loi doit permettre aux débiteurs solvables de payer une dette réduite alors qu'ils étaient incapables de s'acquitter des sommes qui leur étaient demandées ; ce sera la possibilité de connaître l'importance exacte du nombre des débiteurs réellement insolubles pour lesquels des mesures spéciales devront être envisagées.

Tout en formulant certaines observations sur les conséquences éventuelles de cette loi, les trustees de l'emprunt 7% 1926 (des réfugiés) n'ont pas fait en principe d'objection au projet de loi qui leur a été soumis.

Un état des dettes des réfugiés à la fin de chacune des années 1934, 1935 et 1936 est donné dans le rapport annuel de la Banque agricole et coopérative :

	1934	1935	1936
Nombre des débiteurs.....	69.613	70.729	72.222
Montant des sommes dues ¹ ..	447,7 millions	502,6 millions	565,7 millions
Intérêts arriérés impayés ...	222,4 »	288,0 »	365,8 »
Total.....	670,1 millions	790,6 millions	931,5 millions

Le montant moyen annuel des versements des réfugiés au titre des intérêts et du remboursement du capital a été d'environ 7 à 10 millions, tandis que le seul montant des intérêts dus par eux s'est élevé suivant les années de 60 à 80 millions. La loi d'allégement consacre l'annulation de 365,8 millions d'intérêts arriérés impayés.

Pour 1938, les réfugiés devraient payer, en exécution de la nouvelle loi :

à titre d'intérêts 4% des sommes dues (565,7 millions) ou	22,6 millions
à titre d'amortissement du capital (1/20)	28,3 »
	<hr/>
	50,9 millions

les versements qu'ils ont effectivement faits depuis l'origine sont de 44,8 millions de leva et au cours de la dernière année (septembre 1936 à août 1937) de 11 millions de leva.

IV. EMPRUNT DE STABILISATION 7½% 1928.

1. Position au 31 août 1937 du compte bloqué de l'emprunt.

	Leva
Produit net	3.370.065.553
Dont mis à la disposition des administrations	3.370.065.553
	<hr/>
Compte soldé	—

2. Rendement des revenus gagés (douanes).

(En millions de leva.)			
Juin	Juillet	Août	1/12 des évaluations budgétaires
74,9	78,6	76,8	71,7

3. Utilisation du produit de l'emprunt.

I. Chemins de fer et ports.

	Leva
La totalité de cette tranche s'est montée à	672.300.000
dont engagés au 31 août 1937	672.300.000
	<hr/>
Solde non engagé	—
Reste à payer sur engagements pris	—
	<hr/>
Solde à engager ou à payer	—
Sommes aux mains de l'Administration.	1.487.349 ²
Solde à recevoir du produit de l'emprunt	—

¹ Ces chiffres ne comprennent que les dettes actuellement liquidées et non les sommes dues pour des terres ou des maisons dont la cession n'a pas encore été régularisée et dont le montant dépassera certainement les chiffres indiqués ci-dessus.

² Le solde provient des sommes qui ont été engagées pour des fournitures de matériaux en valeurs étrangères et pour lesquelles les paiements étaient moindres par suite de la baisse de la monnaie.

II. *Routes et ponts.*

	<i>Leva</i>
La totalité de cette tranche s'est montée à	182.031.732
dont engagés au 31 août 1937	181.844.182
	<hr/>
Solde non engagé	187.550
Reste à payer sur engagements opérés	—
Sommes aux mains de l'Administration	187.550
Solde à recevoir du produit de l'emprunt	—
	<hr/>
	187.550

Appendice I.

**a) RÉSULTATS PROVISOIRES DES HUIT PREMIERS MOIS DE L'EXERCICE 1937
COMPARÉS AUX RÉSULTATS DES EXERCICES PRÉCÉDENTS.**

	Données annuelles			Résultats provisoires 1 ^{er} janvier-31 mai 1937			
	Résultats définitifs		Prévisions budgétaires 1937	1936	1937		%
	1935	1936			8/12 des précisions 1937	Effectives	
	(En millions de leva.)						
RECETTES.							
A. Budget de l'Etat :							
I. Recettes fiscales :							
1. Impôts directs	394,4	526,7	506	349,4	337,3	376,2	111,5
2. Impôts indirects :							
Douanes	821,8	956,2	1.031,5	593,4	687,7	704	102,3
Accises	1.214,9	1.350,6	1.371,6	857,8	914,4	946,5	103,5
Enregistrement	90	94,9	100	59,2	66,7	70	104,8
Timbre	285,1	362,1	362	216,9	241,3	286	118,5
3. Amendes et confiscations .	88,5	78,7	72,5	44,8	48,3	47,3	97,8
4. Monopoles	117,2	124,2	127	73,9	84,7	84,4	95,6
5. Exercices clos	292,2	263,6	280	166,5	186,7	171,1	91,6
Total I.	3.304,1	3.757,0	3.850,6	2.366,9	2.567,1	2.685,5	104,6
II. Autres recettes :							
6. Entreprises d'Etat	547,6	602,5	662	355,5	441,6	433	93
7. Participation des communes aux appointements des instituteurs et médecins	286,8	407,3	410	241	273,3	319,2	116,7
8. Recettes administratives et autres	1.052,4	838,4	1.004	510,8	673,8	634,6	101,5
III. 9. Recettes extraordinaires							
10. Ressources d'emprunt	—	150,3	507	87,3	426,6	152,5	35,7
IV. Recettes d'ordre :							
11. Reprise en recettes des soldes non transférés de la dette publique extérieure	531,9	414,8	417,9	186,6	278,6	224,1	80,4
Total I-IV.	5.722,8¹	6.468,8	6.912,9	3.857,1	4.710,5	4.508,7	95,7
Total des recettes réelles (sans N° II)	(5.191,0)¹	(6.054,0)	(6.495,0)	(3.670,5)	(4.431,9)	(4.284,6)	(96,6)
B. Chemins de fer et ports							
Total général	6.937,6¹	7.831,0	8.463,3	4.688,7	5.774,1	5.522,5	95,6
Total général non compris N° II.	(6.405,6)¹	(7.416,2)	(8.045,4)	(4.502,1)	(5.495,5)	(5.298,4)	(96,3)

¹ Pour rendre possible la comparaison des budgets 1935 et 1936 avec le budget 1937, il a été ajouté en recettes et en dépenses un montant de 323,6 millions pour le budget 1935 représentant, approximativement, les recettes et les dépenses des fonds qui sont incorporés dans le budget 1936 et étaient gérés en dehors du budget 1935.

Appendice I (suite).

	Données annuelles			Résultats provisoires 1 ^{er} janvier-31 août 1937		
	Résultats définitifs		Prévisions budgétaires 1937	1936	1937	
	1935	1936			Dépenses effectives	Dépenses autorisées par budgets mensuels
DÉPENSES.						
(En millions de leva.)						
A. Budget de l'Etat :						
1. Pouvoir suprême	39,4	36,9	37,6	24,6	25,7	25,9
2. Dette publique	— ¹	1.962,1	2.008,5	1.255	1.383,2	1.356
3. Cours des comptes	18,9	19,1	21	12,3	13,2	13,7
4. Affaires étrangères :						
a) Ministère	78	85	88,2	46,1	51,5	59
b) Cultes	68,9	70,6	71,5	45	47,4	48
5. Intérieur et Santé publi- que :						
a) Administration et Police	195,4	276,1	331,2	172,1	183,8	213,3
b) Direction générale de la Santé	157,2	177,6	197,7	87,8	99,7	129,2
6. Instruction publique	720,6	849,4	897,7	552,1	579,4	591,9
7. Finances	2.325,3 ²	194,9	248	122,5	150,7	162,3
8. Justice	161,1	162,7	169,5	103,1	106,9	113,1
9. Guerre	1.006,7	1.138,6	1.730	540	1.002,2	1.162
10. Commerce	300,5	65,1	73,4	38,9	45	46
11. Agriculture	300,5	297,4	315,3	174,7	182	212,1
12. Travaux publics :						
a) Direction générale des Travaux pu- blics	100,8	131,1	153,2	72,9	85,3	101,5
b) Direction générale de Prestation	116,5	104,6	135	54,5	84,8	94,7
13. Ministère des Chemins de fer et P. T. T.						
a) Service policier ma- ritime et fluvial	37,6	40,5	43,2	21,6	22,7	28,8
a) Direction générale des P. T. T.	176,8	212,8	266,9	124,1	147,9	161,1
c) Direction de l'Avia- tion	46,6	59,3	125	22,4	50,4	81,4
Sur crédits extraordinaires et supplémentaires	134,7	303,2	—	140,5	8,7	—
Dépenses en souffrance	—	—	—	509,2	368,7	—
	323,6 ²	—	—	—	—	—
Total A	6.008,6	6.187,0	6.912,9	4.119,4	4.639,2	4.600
B. Budget des Chemins de fer :						
a)	1.207	1.361,3	1.550,4	830,3	962,6	974
b) Dépenses en souffrance	—	—	—	95,8	77,1	—
Total B	1.207	1.361,3	1.550,4	926,1	1.039,7	974
Total général	7.215,6	7.548,3	8.463,3	5.045,5	5.678,9	5.574,0
Total général non com- pris les dépenses cor- respondant aux sol- des non transférés de la Dette Publique	6.683,6	7.133,5	8.045,4	4.858,9	5.454,8	5.295,4
Excédent	— 278	+ 282,7	—	— 356,8	— 156,4	+ 200,1

¹ Le budget de la Dette publique n'est suivi à part que depuis 1936. En 1935, il était compris dans le budget du Ministère des Finances.

² Pour rendre possible la comparaison des budgets 1935 et 1936 avec le budget 1937, il a été ajouté en recettes et en dépenses un montant de 323,6 millions pour le budget 1935 représentant, approximativement, les recettes et les dépenses des fonds qui sont incorporés dans le budget 1936 et étaient gérés en dehors du budget 1935.

Appendice I (suite).

b) RÉSULTATS MENSUELS DES TROIS DERNIERS MOIS.

(En millions de leva.)

	1937	Juin		Juillet		Août				
	1/12 du budget autorisé	1936	1937		1936	1937		1936	1937	
				Effec- tives	Budget mensuel		Effec- tives	Budget mensuel		Effec- tives	Budget mensuel
RECETTES.										
A. Budget de l'Etat :										
I. Recettes fiscales :										
1. Impôts directs	42,2	95,3	70,7	43	47,4	52,7	43	28,3	37	56
2. Impôts indirects :										
Douanes	86	71,3	83,1	88	61,1	89,3	95	66,9	88,2	92
Accises	114,3	120,4	135,9	112	110,7	139,8	115	109,7	126,8	118
Enregistrement	8,3	8,4	8,8	9	6,8	8,8	9	6,4	7,9	9
Timbre	30,2	27,2	36,7	37	34,5	39,5	34	26,5	32,9	36
3. Amendes et confiscations	6	6,1	5,7	7	4,8	4,2	7	5,2	3,6	6
4. Monopoles	10,6	9,2	10	10	11	12,4	11	11,2	11,7	11
5. Exercices clos	23,3	29,8	23	26	15,1	14	20	12	15,9	20
Total I	320,9	367,7	373,9	332	291,4	360,7	334	266,2	324	348
II. Autres recettes :										
6. Entreprises d'Etat	55,2	44	45,3	55	49,8	98,2	50	45,8	48,7	51
7. Participation des communes aux appointements des instituteurs et médecins	34,2	29,7	34,5	36	40,2	46,6	40	32,5	37,8	35
8. Recettes administratives	83,7	63,6	64,8	73,1	71,1	89,3	68,1	44,1	50	66,1
Total II	171,3	137,3	144,6	164,1	161,1	234,1	158,1	122,4	136,5	152,1
III. 9. Recettes extraordinaires										
10. Ressources d'emprunts	5,1	24,8	0,7	5,1	18,1	4,4	5,1	14,7	2,4	5,1
IV. Recettes d'ordre :										
11. Reprise en recettes des soldes non transférés de la dette publique extérieure	34,8	150,6	57,1	34,8	—	8,9	34,8	7,8	23,3	34,8
Total	576,1	692,3	654,2	573	488,7	618,8	572	425,2	516,8	680
Total des recettes réelles (sans les recettes d'ordre)	(541,2)	(541,7)	(597,1)	(538,2)	(488,7)	(609,9)	(537,2)	(417,4)	(493,5)	(645,2)
B. Chemins de fer et ports										
Total mensuel général	705,3	803,6	779,5	685	612,1	781,9	690	547,4	725,9	830
Total mensuel non compris les recettes d'ordre	(670,5)	(653)	(722,4)	(640,2)	(612,1)	(773)	(655,2)	(539,6)	(702,6)	(795,2)
DÉPENSES.										
A. Budget de l'Etat										
B. Chemins de fer et Ports										
Total des dépenses	705,3	722,1	585,2	685	671,3	922,8	690	546,1	600,3	830
Dépenses en souffrance (+ ou — au cours du mois)	—	—53	+113,2	—	+2,6	+60,5	—	+100,7	—3,9	—
Total mensuel général	705,3	669,1	698,4	685	673,9	983,3	690	646,8	596,4	830
Total mensuel non compris les dépenses d'ordre	(670,5)	(518,5)	(641,3)	(650,2)	(673,9)	(974,4)	(655,2)	(639)	(573,1)	(795,2)

Appendice I (fin).

c) SITUATION DÉTAILLÉE ET COMPARÉE DES RECOUVREMENTS DES IMPÔTS DIRECTS
POUR LES HUIT PREMIERS MOIS DE L'EXERCICE 1937.

Impôts	Résultats 1 ^{er} janvier-31 Août				Prévisions 1937	
	1936	1937	+ ou -	% de 1937 par rapport à 1936	Quote-part exigible	% des recou- virements
	(En millions de leva.)					
Impôts cédulaires ¹	231,6	248,6	+ 17	107	220	116
Impôt sur le revenu global	8,8	7,3	- 1,5	84	8,6	85
Impôt sur les brebis et les chèvres	39,9	39,8	- 0,1	—	43	92
Impôt sur l'exemption de la prestation	34,7	36,1	+ 1,4	104	34	106
Impôt militaire	15,7	21,5	+ 5,8	138	26,6	81
Impôt sur les successions	18,7	22,9	+ 4,2	122	20	118
Total	349,4	376,2	+ 26,8	107	352,2	107
Impôts arriérés	154,9	144,2	- 10,7	93	186,6	77
Amendes et intérêts de retard sur impôts arriérés	25,6	24,5	- 1,1	95	28	87
Total général	529,9	544,9	+ 15,0	103	566,8	94

¹ Y compris l'impôt sur les sociétés.

d) SITUATION DE LA TRÉSORERIE EN JUIN-AOÛT 1937.

	Juin 1937	Juillet 1937	Août 1937
	(En millions de leva.)		
Solde au début du mois du compte du Trésor à la Banque nationale	651,3	776,5	624,3
Budget de l'Etat et des Chemins de fer :			
Encaissements	779,5	781,9	726
Décaissements	585,3	922,8	600,3
	+ 194,2	- 140,9	+ 125,7
Ressources extrabudgétaires :			
Diverses	- 69	- 11,3	+ 2,4
Emission de bons du Trésor	—	—	—
Solde en fin du mois du compte du Trésor	776,5	624,3	752,4
Paiements exigibles en souf- france (non compris les dettes à long terme con- solidées ou en suspens)	389,3	449,7	445,8
Solde	+ 387,2	+ 174,6	+ 306,6

Appendice II.

a) SITUATION DE LA BANQUE NATIONALE DE BULGARIE EN 1935, 1936 ET 1937.

	15 sept. 1935	15 sept. 1936	15 juin 1937	15 sept. 1937
ACTIF.				
Or monnayé et non monnayé	1.583	1.616	1.786	1.834
Devises	185	469	422	375
Monnaies divisionnaires	440	418	484	308
Portefeuille et avances de commerce . .	563	547	658	927
Bons du Trésor	600	1.232	385	385
Dette de l'Etat	2.671	2.671	3.551	3.523
Placements	275	345	323	341
Autres avoirs	316	296	259	324
Total	6.633	7.594	7.859	8.017
PASSIF.				
Capital versé et réserve	1.756	1.743	1.738	1.708
Billets de banque en circulation	2.318	2.622	2.354	2.857
Comptes courants et de dépôts	1.975	2.089	3.150	2.854
• dont de banques	(626)	(705)	(1.748)	(1.319)
Exigibilités en devises	105	165	50	98
Autres exigibilités	479	976	578	500
Couverture %	34,75	31,10	32,45	32,11
Taux de l'escompte	6	6	6	6
Circulation totale	3.519	3.846	3.487	4.186

Appendice III.

DONNÉES GÉNÉRALES ÉCONOMIQUES ET FINANCIÈRES.

Années et mois	Commerce extérieur					Indices économiques							Banque nationale							
	Valeur (millions de leva)			Poids (1.000 t.)		Trans- port par chemin de fer. Mar- chan- dises arrivées (1.000 tonnes)	Volume de la produc- tion indus- trielle 1934/35 = 100	Ventes de détail des coopé- ratives (mil- lions de leva)	Prix de gros 1926 = 100	Coût de la vie 1926 = 100	Total d. s dépos (millions de leva)	Total des place- ments ¹ (millions de leva)	Or	Mon- tant net des devises	Porte- feuille commer- cial ²	Dette cou- rante du gou- verne- ment ³	Circulation		Conver- ture %	Taux d'es- compte
	Importa- tions	Expor- tations	Balance + ou -	Importa- tions	Expor- tations												de billets de banque	totale		
	(En millions de leva.)																			
	Moyenne mensuelle.					Moyenne mensuelle.							Fin.							
1931.	388	495	+ 107	24,6	64,1	366	—	—	79,1	89,3	—	—	1.511	257	579	279	2.919	3.629	37,69	9 1/2
1932.	289	282	— 7	21,8	49,0	376	—	—	70,3	82,2	—	—	1.519	123	427	423	2.635	3.521	36,07	8
1933.	184	237	+ 53	19,2	35,9	335	—	—	61,8	76,3	9.706	11.021	1.545	141	473	818	2.984	3.971	35,39	8
1934.	187	211	+ 24	20,5	33,0	327	98,3	—	63,6	71,2	10.024	10.901	1.547	121	373	655	2.449	3.736	35,71	7
1935.	251	271	+ 20	23,0	27,3	344	101,7	51,4	65,1	66,6	10.597	10.939	1.591	448	612	910	2.497	3.732	33,37	6
1936.	265	326	+ 61	23,6	47,4	365	112,3	56,3	67,5	63,8	11.493	11.245	1.652	724	505	936	2.571	3.811	34,17	6
1936: I.	181	376	+ 195	17,4	15,3	229	78,9	48,4	65,8	65,9	11.265	10.896	1.591	383	294	1.010	2.177	3.296	34,18	6
1936: II.	303	250	— 53	22,7	14,6	235	90,9	42,1	65,2	66,3	11.452	10.939	1.591	329	216	1.010	2.113	3.203	35,13	6
1936: III.	220	232	+ 12	18,9	17,6	258	108,3	54,1	64,7	66,0	11.360	10.946	1.591	237	239	928	2.293	3.417	36,06	6
1936: IV.	270	238	— 32	24,8	26,1	255	95,2	55,6	66,4	64,0	11.285	10.993	1.591	247	344	1.028	2.252	3.349	33,65	6
1936: V.	296	203	— 93	27,0	31,5	326	104,0	61,2	66,3	63,9	11.167	10.899	1.607	353	358	1.028	2.247	3.323	33,39	6
1936: VI.	291	179	— 112	25,9	39,9	389	109,4	56,9	66,0	63,9	11.273	10.970	1.607	306	370	1.032	2.453	3.551	32,56	6
1936: VII.	195	164	— 31	22,9	41,4	359	101,7	48,1	66,6	64,3	11.424	11.047	1.607	301	334	932	2.304	3.422	34,41	6
1936: VIII.	209	221	+ 12	26,0	55,7	440	106,2	53,7	67,7	63,7	11.559	11.481	1.607	355	410	1.132	2.561	3.755	33,20	6
1936: IX.	248	379	+ 131	25,6	69,0	479	138,7	55,0	68,8	63,8	11.631	11.681	1.616	407	649	1.235	2.790	4.090	31,92	6
1936: X.	263	539	+ 276	23,1	98,8	564	149,0	56,6	70,4	64,3	11.630	11.774	1.618	474	618	1.135	2.663	3.943	32,98	6
1936: XI.	327	482	+ 155	23,8	65,6	456	131,2	65,2	71,2	64,8	11.759	11.787	1.618	659	456	1.035	2.584	3.837	33,72	6
1936: XII.	377	647	+ 270	24,8	93,5	389	133,8	78,1	71,5	65,0	12.079	12.090	1.652	724	505	936	2.571	3.812	34,17	6
1937: I.	309	527	+ 218	20,7	58,4	284	85,2	44,3	72,0	65,1	12.228	12.018	1.705	763	336	374	2.572	3.783	31,72	6
1937: II.	295	394	+ 99	17,7	43,9	278	99,8	47,3	72,0	65,4	12.259	12.082	1.755	573	392	374	2.317	3.471	33,03	6
1937: III.	309	379	+ 70	25,2	41,8	303	112,5	66,4	72,2	65,3	12.301	12.143	1.755	514	546	375	2.440	3.622	32,24	6
1937: IV.	375	475	+ 100	29,3	72,5	335	122,9	66,7	73,1	65,3	12.299	12.186	1.755	496	604	375	2.636	3.909	32,32	6
1937: V.	456	356	— 100	29,6	50,5	338	109,5	71,7	73,3	65,4	12.316	12.187	1.766	427	646	385	2.430	3.617	32,13	6
1937: VI.	511	257	— 254	29,4	45,8	391	122,3	60,7	73,4	65,9	12.394	12.222	1.797	362	723	385	2.394	3.567	32,15	6
1937: VII.	430	313	— 117	33,3	64,0	453	130,4	57,3	76,6	66,5	12.624	12.343	1.801	328	757	385	2.543	3.771	32,35	6
1937: VIII.	602	239	— 363	34,1	37,7	498	—	—	77,4	66,5	—	—	1.833	208	91	385	2.856	4.178	32,51	6

¹ Données révisées.

² Escompte et avances.

³ Escompte et réescompte des bons du Trésor.

⁴ Le chiffre des unités de cette colonne n'est pas définitif.

Geneva, November 1st, 1937.

LEAGUE OF NATIONS

**COMMITTEE OF JURISTS FOR THE SUPPRESSION
OF THE FALSIFICATION OF SECURITIES¹**

**REPORT TO THE COUNCIL ON THE WORK OF THE MEETING
HELD IN PARIS ON OCTOBER 29TH AND 30TH, 1937**

The Committee of Jurists, set up under the resolution of the Council of the League of Nations of May 25th, 1937 (ninety-seventh session), relating to the suppression of the falsification of securities, has the honour to submit the following report on the work of the meeting held in Paris on October 29th and 30th, 1937.

Present:

M. V. POSPIŠIL, Envoy Extraordinary and Minister Plenipotentiary, former Governor of the National Bank of Czechoslovakia, representing the Financial Committee (*Chairman*).

Sir John Fischer WILLIAMS, C.B.E., K.C.

M. V. V. PELLA, Envoy Extraordinary and Minister Plenipotentiary of Roumania at The Hague, Professor of Penal Law at the University of Bucharest.

M. S. SERVAIS, Minister of State, Honorary Prosecutor-General at the Brussels Court of Appeal.

The following representative of the International Criminal Police Commission also attended the meeting in the capacity of assessor:

M. H. CORBY, Police Commissioner at the Sûreté Nationale (Paris).

1. In its report to the Council, dated May 1st, 1937, the Financial Committee stated that, in the light of the information at its disposal, international action to prevent the falsification of securities was likely to prove effective. Acting upon this suggestion, the Council, in the resolution mentioned above, instructed the Committee of Jurists to prepare a detailed report on this question and, if possible, a draft Convention or a Protocol extending to securities the provisions of the International Convention for the Suppression of Counterfeiting Currency of April 20th, 1929.

2. In conformity with these instructions, the Committee first of all endeavoured to determine for which securities international co-operation to prevent and punish falsification should be provided. For practical reasons, it would not be possible, the Committee considered, for the protection afforded by an international Convention to cover all the many and varied forms of securities. It accordingly decided to select securities in which falsification can least easily be detected in the course of transaction and handling, and which are most frequently falsified.

3. According to the information furnished by the International Criminal Police Commission, securities issued by States, public bodies and big companies, cheques—particularly travellers' cheques—and circular letters of credit are the documents which have most frequently been falsified during recent years. Owing to the nature of the interests they damage or to the manner in which they are committed, cases of such falsification are very often more than offences against the public order of a single particular State.

¹ This word, which arises from the more accurate French expression "*papiers de valeur*", has been adopted as the English equivalent.

4. In these circumstances, the Committee endeavoured to find an internationally acceptable formula covering the securities mentioned above and similar documents which in certain cases circulate in very much the same way as currency. These are the considerations underlying the text of Article I of the attached draft Protocol.

5. The analogy which the majority of securities defined above bear to currency seemed to call for the application, in the event of their falsification, of the provisions of the International Convention for the Suppression of Counterfeiting Currency of April 20th, 1929. This Convention enables the aims of international action for the suppression of such falsification to be achieved and provides the necessary machinery for this purpose. The Committee accordingly considered that it would be more appropriate to extend the provisions of the 1929 Convention to the falsification of securities by means of an additional Protocol than to propose a special Convention. This procedure has the advantage of being both simple and rapid.

6. There are, however, a few provisions of this Convention which it did not seem possible to apply as they stood:

(1) No. (5) of Article 3 of the Convention describes as offences certain acts of a purely preparatory character, such as the making or obtaining of instruments adapted to counterfeiting, and repeats in general terms the provisions with regard to counterfeiting currency contained in certain codes. These stipulations would, however, constitute an innovation in regard to the protection of securities. Moreover, they would be difficult to apply to acts purely preparatory to the fraudulent making of securities, as the purpose of acts of this kind cannot be determined with such certainty as in the case of the making or obtaining of stamps, presses or special paper for the imitation of coins or bank notes. This provision is therefore excluded by Article II of the annexed draft Protocol.

(2) Article 11 of the Convention provides for the compulsory handing over of counterfeit currency as well as instruments or other articles used for its manufacture, to the Government or bank of issue whose notes have been forged. This provision naturally had to be altered in the case of securities: this is the object of Article III of the draft Protocol.

(3) The functions assigned by Article 12 of the Convention to the central police offices can be adapted easily and appropriately to the prevention and punishment of the falsification of securities, especially to enable those offices to keep in touch with the stock exchanges, bankers' associations and other organisations concerned. This adaptation is contemplated in Article IV of the draft Protocol.

(4) In a case where it might be feared that the extension of a particular provision of the 1929 Convention to the falsification of securities would give rise to difficulty, the Committee thought it advisable to give in an annex to the draft Protocol certain explanations in the form of an Interpretation to be accepted by the Contracting Parties.

(5) The Committee has supplemented the draft Protocol by a draft optional Declaration to the effect that, so far as extradition is concerned, the falsification of securities will in every case be regarded as an ordinary offence. The considerations which would justify such a Declaration are those underlying the optional Protocol annexed to the 1929 Convention.

7. The Committee accordingly has the honour to submit the annexed draft Protocol to the Council, in order that the latter, if it so desires, may request Governments to state, in accordance with the procedure laid down by the 1931 Assembly, whether they are prepared to consider the draft and what are their views both as regards the main object and the suggested means of attaining it and also with regard to the various provisions of the draft. In the light of the observations thus obtained, the Council will be able to decide whether or not the Committee of Jurists should meet again in order to revise the draft Protocol.

8. The Committee of Jurists has noted with interest that the Financial Committee, in its report to the Council of May 1st, 1937, states that it proposes to ascertain what technical precautions and other measures against falsification are commonly adopted. In various countries, efforts are constantly being made to improve such measures and these efforts are tending more and more to assimilate, from the technical standpoint, the making of the securities specified by the Committee to currency. In these circumstances, international action such as that contemplated in the attached Protocol appears to be all the more necessary.

DRAFT PROTOCOL

FOR THE EXTENSION OF THE INTERNATIONAL CONVENTION FOR THE SUPPRESSION OF COUNTERFEITING CURRENCY, DATED APRIL 20TH, 1929, TO THE FALSIFICATION OF CERTAIN SECURITIES.¹

The undersigned Plenipotentiaries on behalf of their respective Governments, Recognising the necessity of the more effective prevention and punishment of the falsification of certain securities, Have agreed upon the following provisions:

Article I.

The securities covered by the present Protocol are:

- (1) Letters of credit and similar drafts payable in cash on presentation, and cheques; (2) Securities negotiable on a stock market and issued by States and by public or private bodies possessing legal personality; and the coupons of such securities representing interest, dividends or other rights.

Article II.

The provisions of Part I of the International Convention for the Suppression of Counterfeiting Currency, dated April 20th, 1929 (hereinafter called "the Convention"), shall apply to the securities covered by the present Protocol, with the exception of Articles 1, 2, 11, 12, 13, 14, 15 and No. (5) of Article 3.

Article III.

Falsified securities, as well as instruments or articles used for falsification shall be seized and confiscated. Such securities, instruments and articles may, after confiscation, be handed over on request to the Government or establishment concerned, with the exception of exhibits the preservation of which as a matter of record is required by the law of the country where the prosecution took place, and any specimens the transmission of which to one of the central offices referred to in Article 12 of the Convention may be deemed advisable. In any event, all such articles shall be rendered incapable of use.

Article IV.

The activities of the central offices referred to in the Convention shall be extended to the prevention and punishment of the falsification of securities.

[Here insert the formal clauses to be drawn up later, which should include the following text:

"The signature and ratification of, and accession to, the present Protocol are independent of the signature and ratification of, and accession to, the Convention for the Suppression of Counterfeiting Currency, dated April 20th, 1929."]

* * *

INTERPRETATION.

The High Contracting Parties to the Protocol agree that, as regards the application to securities of No. (2) of Article 3 of the Convention, the fraudulent uttering referred to therein shall mean any fraudulent use of a falsified security.

OPTIONAL DECLARATION.

Recognising the important progress achieved by the Protocol bearing this day's date for the extension to the falsification of certain securities of the International Convention for the Suppression of Counterfeiting Currency of April 20th, 1929, the High Contracting Parties signatories of this Declaration undertake, in their reciprocal relations, to consider, with regard to extradition, as ordinary offences the falsification of the securities covered by the said Protocol.

Extradition shall be granted according to the law of the country to which application is made.

[Here insert formal clauses similar to those contained in the Optional Protocol attached to the International Convention for the Suppression of Counterfeiting Currency, dated April 20th, 1929.]

¹ See footnote on page 1.

Geneva, December 4th, 1937.

LEAGUE OF NATIONS

FINANCIAL COMMITTEE

**REPORT TO THE COUNCIL ON THE WORK
OF THE SIXTY-FIFTH SESSION OF THE COMMITTEE**

(Geneva, November 29th-December 4th, 1937.)

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INTRODUCTION.

The Financial Committee has the honour to submit to the Council the following report on the various questions with which it has dealt during this session.

The following members were present:

M. POSPIŠIL (<i>Chairman</i>);	M. NEDELKOVITCH;
M. BRAMSNAES;	M. NOWAK;
M. DAYRAS;	Sir Frederick PHILLIPS;
M. JANSSEN;	Mr. W. W. RIEFLER;
Dr. CRENA DE JONGH;	Mr. S. Y. P. YOUNG;
Dr. KIENBÖCK;	M. BLAU, Delegate of the Fiscal Committee.

There were also present:

1. *For Bulgarian questions:*

M. MOMTCHILOFF, Permanent Delegate to the League of Nations;
M. CHEYSSON, Commissioner of the League of Nations in Bulgaria;
Professor KÖSTNER, Adviser to the National Bank of Bulgaria.

2. *For Hungarian questions:*

Dr. FABINYI, Minister of Finance;
Mr. Royall TYLER, Representative of the Financial Committee in Hungary;
Mr. H. J. BRUCE, Adviser to the National Bank of Hungary.

I. FALSIFICATION OF SECURITIES.

In its last report (document C.221.M.161.1937.II.A), the Financial Committee, responding to a request by the Council that it should examine the desirability of preparing an international convention for the suppression of the counterfeiting of securities, expressed the view that, in the light of all the material at its disposal, an international convention to prevent frauds of this sort was likely to be of value.

The Council accordingly appointed a small committee, composed of M. Servais, M. Pella and Sir John Fischer Williams, which met under the chairmanship of Dr. Pospišil, to prepare a detailed report. The International Criminal Police Commission was represented at this meeting by M. Corby, a police commissioner of the Sûreté nationale (Paris).

It will be recalled that the International Conference for the Adoption of a Convention for the Suppression of the Counterfeiting of Currency recommended in 1929 that the League of Nations should, if it thought fit, consider the desirability of preparing a convention on somewhat similar lines to apply to securities (shares, debentures, cheques, bills of exchange, etc.).

Before reaching the opinion on which the recommendation made in its last report is based, the Financial Committee had consulted a number of bodies possessing experience in the matter and collected much evidence concerning the existing legislation on the subject in different countries. The Committee had also obtained particulars as to the number of cases of counterfeiting which had occurred in various countries.

The report of the Committee of Jurists mentioned above has already been circulated to the Council.¹ The proposal is there made that a protocol should be added to the existing convention for the suppression of the counterfeiting of currency, to extend the protection given by the present convention to certain defined classes of securities.

The Financial Committee recommends that, in accordance with the procedure approved by the Assembly in 1931 (document A.80.1931), if the Council should approve of the protocol submitted to it, that protocol, together with the report of the Committee of Jurists and the above observations, should be communicated to Governments with the request that, if they feel that the draft should be taken into consideration, they should inform the Secretary-General of their views with regard to the main objects sought after, the suggested means of attaining them, and the draft protocol itself.

* * *

In its previous report to the Council, the Financial Committee stated that it proposed to ascertain what technical and other precautions were at present being taken in the manufacture of documents of value in order to prevent falsification or make its detection easier. In several countries, securities are only allowed to be quoted when such technical precautions have been taken in their manufacture. The Committee considers that this regulation is calculated to increase the value of the technical protection afforded. The Financial Committee understands that these technical guarantees have already been studied in some detail at recent annual congresses of the International Criminal Police Commission. The latter might well be left to conduct the researches in this connection and to draw up recommendations on the basis of those researches. The Commission is in touch with the national police authorities and with many of the organisations concerned, such as Stock Exchanges, etc. The mutual exchange of information and experience which takes place, thanks to permanent contacts and periodical meetings, seems likely to promote desirable technical improvements. In these circumstances, the Financial Committee considers that there is no necessity for it to deal further with this question for the present.

II. ASSEMBLY RESOLUTIONS.

The Financial Committee devoted several days to a preliminary consideration of certain resolutions adopted by the last Assembly on the recommendation of its Second Committee.

(a) *Resolution I, (1) to (4).* — QUOTAS AND EXCHANGE CONTROL.

The resolution of the Assembly on these questions reads as follows:

“ The Assembly,

“

“ (1) Takes note of the report of the Economic Committee on the work of its forty-sixth session and approves its suggestion that the existing systems of quotas and exchange control should be relaxed, with a view to their abolition at the earliest possible moment;

¹ Document C.542.M.379.1937.II.A.

" (2) Endorses generally the conclusions contained in the report of the Committee for the Study of the Problem of Raw Materials;

" (3) Requests the Economic and Financial Committee to pursue, each in its own sphere, and in consultation with the parties concerned, the study of the methods that could suitably be applied in order to carry into effect the principles referred to in paragraph (1) and (2) above; and particularly to recommend, with due regard to the special economic needs of each country, practical measures designed to increase international exchanges and, in particular, to facilitate the removal of exchange control;

" (4) Makes an earnest appeal to all countries concerned to lend every possible support to the efforts of these Committees in order to arrive at practical results."

The Financial Committee understands that M. van Zeeland will shortly submit to the British and French Governments a report on the mission with which he was charged by them last spring. As this report is likely to deal with questions similar to those discussed by the Economic Committee in the report on the work of its forty-sixth session, the Committee confined itself to a preliminary exchange of views on certain technical issues and to determining the procedure to be followed.

Owing to the nature of the question referred to it by the Assembly, which involves at once financial problems and problems of commercial policy, it is clearly necessary to establish a system of close co-operation with the Economic Committee.

The Financial Committee has had the advantage of being able to discuss this question with the President and Vice-President of the Economic Committee, and has been able, therefore, to arrange with them for such collaboration in the future.

It was agreed with them that the problems before it should be started by inviting members of the two committees from countries practising exchange control to furnish statements concerning the principal obstacles in the way of relaxing or abolishing such control within their respective countries and the practical steps which, in their view, would enable them to take action in that direction. At the same time, the Economic Committee will pursue its studies with reference to the question of quotas.

The Financial and Economic Committees would be glad to have the authority of the Council to invite, should occasion arise, representatives of the Governments of certain countries to come to Geneva to discuss the question raised by the Assembly resolution.

(b) *Resolution I, (2) and (3) (quoted above).* — REPORT OF THE COMMITTEE FOR THE STUDY OF THE PROBLEM OF RAW MATERIALS.

This report contains two suggestions of a financial character which the Assembly instructed the Financial Committee to go into.

The first was expressed in the following form by the Committee for the Study of the Problem of Raw Materials:

" The Committee would welcome every effort to abolish clearings, the serious effects of which on economic relations are universally recognised, by at least improving and increasing the elasticity of the methods at present in use. For this purpose, it would be necessary to study in detail the possibilities of financing commercial transactions concluded under the present systems, in order to remove difficulties due to the fact that these systems have to a great extent eliminated credit operations which were previously normal.

" International credit operations have indeed gradually disappeared from current banking practice, more particularly because possible lenders fear that repayment may be prevented at the last moment by some exchange control authority. Once these fears are dissipated, credit will once more operate without difficulty through the ordinary channels. To facilitate this in the present exceptional circumstances—and if a general declaration on the part of the responsible authorities that they will not interfere with such transactions is thought insufficient—credit operations might be afforded additional security. This might, if necessary, be provided by an undertaking, given by the competent authorities in some appropriate legal form, to exempt from all exchange restrictions the sum required to liquidate the credit. If it is to be really effective and achieve its purpose, such an undertaking should, more particularly, have the effect of making the documents relating to the operation negotiable on international markets.

" Such a system would naturally not be confined to transactions in raw materials; but the latter would probably be the first to benefit by it."

The Financial Committee considers that the machinery described above might in certain cases lead to the reintroduction of short-term credit in commercial transactions. At the same time, it is difficult, in the Committee's view, to see how this machinery could be made into a system that should be generally applied. The addition of a transfer guarantee, in the form proposed, to the bills representing the credit operation concluded, does not appear to be in itself a factor of sufficient weight to remedy the drawbacks of the present commercial systems. But it would doubtless enable them to be reduced to some extent in special cases where the possible lenders considered that the proposed machinery met the requirements of security (apart from the solvency of the debtor), normally attaching to credit operations. Moreover, such special cases would presumably consist chiefly of commercial transactions effected outside the clearings. Lastly, the

Financial Committee considers that, if it is to be fully effective, the proposed transfer guarantee should preferably take the form either of a visa affixed to the actual draft by the National Bank of the debtor country, certifying that the transfer will be made without fail when the draft falls due, or, in the case of a reimbursement credit, of an appropriate document transmitted for the same purpose to the foreign bank advancing the loan.

* * *

The second proposal made by the Committee for the Study of the Problem of Raw Materials is as follows:

“ Closer co-operation between the central banks might make it possible to meet certain difficulties against which countries are unable to take effective independent action. It has been pointed out, in particular, that the mutual granting of comparatively short-term credits by the central banks might enable a relaxation to be effected in the rigid clearing methods which still predominate, despite the progress which has been observed in the last few months, at any rate in certain countries. It would indeed appear that, in certain special cases, more particularly as between two countries whose trade with each other is governed by clearing agreements, the intervention of the central banks concerned, as and when they themselves may think fit, would render this system more elastic in practice.”

This is a suggestion the application of which falls exclusively within the province of the central banks; they alone are in a position to state whether it is practicable and, if so, how it should be applied. In these circumstances, the Financial Committee considers that this proposal should be submitted to the central banks for examination. This might be done through the Bank for International Settlements which, the Committee understands, is carrying out enquiries with some bearing on the ideas underlying this proposal. Moreover, the Bank for International Settlements was represented on the Sub-Committee whose work led to the foregoing proposal. The Financial Committee would, of course, be prepared to lend every assistance, so far as its powers extend, which might be necessary at a later stage of the enquiries.

(c) *Resolution II, (b).* — ECONOMIC DEPRESSIONS.

The resolution of the Assembly reads as follows:

“ The Assembly,

“ Recognising that technical progress in industry, agriculture and transport has made possible further advances in human welfare and recognising also that such advances depend upon economic co-operation between the nations:

“ (1) Invites the Economic and Financial Organisation of the League, in collaboration, when appropriate, with the International Labour Office, to take whatever steps it may deem appropriate for the examination of the following problems:

“ (a)

“ (b) Measures which might be employed with a view to the prevention or mitigation of economic depressions.”

Few problems are of graver concern to Governments to-day than that of devising measures to prevent or mitigate economic depressions.

Major depressions are world phenomena and demand collective action and a concerted policy. It is necessary to plan ahead and to endeavour to reach agreement at least about certain principles of policy in advance.

Whether our knowledge of the nature and causes of depressions is adequate to render possible the framing of common principles for positive action may be questioned. But there can be no doubt in the opinion of the Committee of the necessity of making every endeavour to this end, and joint discussions should at least prevent a repetition of some of the grave mistakes of recent years which tended to intensify the last depression.

For the purpose of this enquiry, the Committee ventures to suggest that the Council may find it advisable to appoint a special committee of mixed competence, including some members of the Economic and Financial Committees or other persons of similar competence and some economists who have specialised in this branch of economics.

A considerable amount of research into the problem of depressions has already been conducted by the Secretariat and it is obviously desirable that the results of this research should be made known to those who may be appointed to conduct the enquiry proposed by the Assembly.

In order to supplement this documentation, the Financial Committee suggests that it would be helpful to those charged with the study of this question, were Governments requested to furnish to the Secretary-General:

(a) Brief statements of the measures adopted in recent years with a view to reviving economic activity, indicating in so far as possible the relative order of the importance of those measures.

It would be convenient if, in furnishing this information, Governments would distinguish between those measures which were adopted as expedients intended to meet some exceptionally critical situation and those constituting an inherent part of a systematic endeavour to revive activity. The value of this information, moreover, would, the Committee feels, be still further enhanced were Governments willing to add any conclusions to which the experience of recent years would seem to point concerning the relative effectiveness of the various measures adopted.

(b) A summary of any measures of a more permanent character adopted by them with a view to the prevention or mitigation of depressions in the future.

(d) *Resolution II, 1, (c).* — AGRICULTURAL CREDITS AND AGRICULTURAL INSURANCE.

The resolution of the Assembly reads as follows:

“ The Assembly,

“ Invites . . . the Financial Organisation . . . to take whatever steps it may deem appropriate for:

“ (c) The study of systems of agricultural credit and insurance with a view to the elaboration of principles, calculated to strengthen internal and external credit, and suitable for adoption by countries contemplating a modification of their existing legislation on these subjects.”

The Financial Committee, at its present session, proceeded to an initial discussion of this resolution with a view to defining the elements of the problem and to drawing up a programme of work.

2. The discussion in the Second Committee which led to the adoption of the above resolution was concerned specially with the situation of the countries of Central and Eastern Europe. These countries are relatively poor in capital and predominantly agricultural; the land is held by small and medium proprietors. These factors go to create a state of affairs which renders credit operations difficult.

All these countries have evolved forms of agricultural credit within their own borders, with or without assistance from outside. But the majority of the existing systems of credit have never proved altogether satisfactory. Capital is limited and dear: but the shortage of domestic capital and the slowness with which it accumulates are not the sole causes of the difficulties encountered. There are other factors, which discourage at once the mobilisation of national savings for agricultural purposes and the co-operation of foreign capital. The factors in question are of an internal character, legislative, judicial, fiscal, etc. One purpose of the enquiry proposed must be to ascertain what these factors are and to suggest means of eliminating or attenuating their effect.

3. The study, the Committee feels, has been proposed at an opportune moment. Most of these countries have introduced various reforms with the object—which has generally been achieved—of relieving the debtor by reductions of debt or extensions of the period of payment. But it would be idle to disguise the fact that the effects of these measures on the creditor's position have been such as seriously to impair the credit systems. They have not solved the problem of the machinery of agricultural credit.

The increasingly severe competition of agricultural products on the world market makes it essential for the producer, if he is to maintain or extend his position, continually to improve the quality of his output. That postulates credit accommodation at reasonable rates for the reconstitution of working funds and the financing of medium- and long-term capital investment.

4. The position of the countries concerned may therefore be taken as the main basis of the proposed study; but the information thus collected should be supplemented by an examination of the position of other countries where the machinery of credit operates under more favourable conditions. This should make it possible to draw comparisons which cannot but strengthen the practical character of the recommendations to be made.

5. Under the terms of the Assembly resolution itself, these recommendations should take the form of principles and rules, the application of which is calculated to foster the development of agricultural credit. They should provide the States concerned with a basis for such legislative, judicial, fiscal or technical financial reforms as may be found necessary for the purpose in view. They should not relate to one country more than to another, but should constitute a guide to which the States in question may refer. The Financial Committee does not regard the task imposed on it as involving proposals for the elaboration of new financial machinery.

If the recommendations are to be genuinely useful and effective, it will no doubt be desirable to make a distinction between recommendations involving slow and costly reforms and recommendations admitting of rapid execution, without necessitating fundamental legislative changes or the fulfilment of long-drawn-out programmes.

6. Capital is mainly required for agriculture, especially in countries where agriculture does not lend itself to industrialisation, in order to furnish the producer with the means of rationalising his production, lowering the charges by which production is encumbered and increasing output while at the same time improving its quality. Credit made available for producers should therefore, if it is to be useful and effective, be adapted in substance and in form to these requirements.

7. Credit in its traditional forms is either short or long term: but medium-term credit extending over periods of two to five years would seem especially suitable for the most usual

requirements of agriculture. Such credit is required for the purchase of livestock and the cheaper forms of machinery, the conversion or erection of certain buildings, the improvement of land, the expense involved in changes of crop and so on. On the other hand, short-term credit also performs a useful function in providing the working capital required in connection with the rotation of crops, while it further enables the producer to spread his sales over the whole year. One of the best forms of short-term credit is the credit-warrant system. Its working depends on the possibilities of safe and effective warehousing, so that the warrants issued may constitute collateral security which can be generally accepted as representing a given quantity of agricultural products of a specific quality. Apart from its technical provisions, the legislation in the matter should make clear the rights of holders of such warrants.

But in practice it is commonly used for purposes for which medium-term credit is more properly suited, in particular those mentioned above. As the result of successive extensions on maturity it is transformed into medium- or even long-term credit. This circumstance explains in part the chronic immobilisation in certain countries of the institutions administering the capital placed at the disposal of agriculture and—in the absence of proper machinery—the fact that large elements of the peasant population remain the victims of the usurer.

Medium-term credit is in addition particularly well-suited, especially in countries where the land is split up into small holdings, to companies engaged on agricultural improvements, the amortisation of which extends over several years. The improvement of land by irrigation or canalisation, which a small proprietor cannot think of attempting himself, affords a productive form of activity for companies or groups of this kind, provided they can obtain a suitable form of credit.

8. Another important point in connection with medium-term credit is the question of guarantees and security. Where the credit is for a period not exceeding two years, the personal obligation of the debtor may be sufficient, if backed by collateral or guarantees by a co-operative. For anything more than that, security *in rem* is essential, whether in the form of a mortgage on immovable property, or in the form of a pledge on movable property. There are marked differences in the legislation of different countries in the matter of the definition of movable property and the position of pledges on such property. A study of the legislation in force in the different countries and of the practical application of such legislation should yield comparisons of interest from the legal, judicial and fiscal point of view.

9. Generally, co-operative associations play a preponderating part in the working of short-term and medium-term credits. The funds at their disposal constitute one of the main sources from which these forms of credit are derived. They are also indispensable organs for purposes of supervision and administration. It will therefore be necessary to make a careful study of their structure and operations, and in certain countries this study should also include agricultural banks. In the case of short-term credit, moreover, their relations with the central banks will have to be studied, when the latter's statutes contain provisions governing these relations.

10. In the case of long-term credits amortisable over a considerable number of years, the commonest instrument is a mortgage on immovable property. Here again, the legislation in the different countries shows great variety, and does not in every case offer the same completeness or security. The points on which important differences are to be found are not numerous, but they are none the less important. The chief provisions which will have to be studied and compared from the point of view of their practical effects are as follows:

- (1) Method of identification of the immovable property proposed for mortgage;
- (2) Method of ascertaining the ownership of the mortgager and the continuance of such ownership after mortgage;
- (3) Safeguards for the maintenance of the claim in the event of dispossession of the owner;
- (4) Continuance of the operation of the mortgage, notwithstanding conveyance of the mortgaged immovable property;
- (5) Continued validity of mortgages and recovery of annual payments thereon, where necessary by foreclosure and sale by order of a court.

Inadequate or unfavourable provisions of mortgage legislation are one of the circumstances which deter capital from this form of investment. They also add to the cost of loans by making it necessary for the creditor to cover himself against risks which have nothing to do with the debtor's payment capacity proper.

Lastly, it would be well to examine whether in certain countries measures have been contemplated, and if so, in what form, with a view to adjusting the conditions of long-term credit, if necessary, to the basic terms of repayment.

11. The Assembly resolution also refers to the study of agricultural insurance.

Agricultural insurance is not only designed to protect the agriculturalist from losses due to disasters to which his property or the fruit of his labour are exposed. It is an essential condition of agricultural credit. Its study is accordingly inseparable from that of the other points mentioned above. Among the questions which are likely to arise may be mentioned the following:

- (1) What are the different forms of insurance in use in the case of immovable property, livestock, crops?

- (2) Are they compulsory ?
- (3) Are they readily applicable to mortgageable objects ?
- (4) What are the legal provisions with regard to payment of compensation ?
- (5) Nature of companies specialising in this form of insurance (public institutions or private enterprise) ?
- (6) Government control—if any—how exercised ?

12. The Financial Committee has endeavoured in the above paragraphs to indicate the main headings of the preparatory work to be done. It suggests that a useful beginning might be made with the study of existing conditions in the agricultural countries which were mentioned in the Second Committee of the Assembly. But in expressing this opinion, the Committee has no wish to restrict the freedom of whoever is in charge of the enquiry in its initial stage to seek information from any sources he may think appropriate. The Committee has itself suggested above the desirability of including in the enquiry a study of countries relatively rich in capital.

The Committee believes that in the proposed enquiry use might with advantage be made of the important information collected some years ago on the same subject, particularly in connection with mortgage credits, by the organs of the Committee for European Union. The "Questionnaire on Mortgage Legislation" prepared in 1931 by a delegation of the Committee at this time is likely to prove useful. This document enumerates the various problems likely to arise in practice under the credit operations. The Committee further considers that the aid of the International Institute of Agriculture might be obtained at a later stage of the enquiry, in a form to be determined later.

(e) *Resolution II, 1, (d).* — MONETARY PROBLEMS.

The Resolution of the Assembly reads as follows:

" The Assembly,

" Invites . . . the Financial Organisation to take whatever steps it may deem appropriate for the examination of:

"

" (a) Existing economic and financial tendencies of which account should be taken by States in determining monetary systems."

The Financial Committee interprets this resolution as a general instruction by the Assembly to discuss and report on, should a suitable occasion arise, those economic and financial tendencies of importance in the formulation of Governmental policy concerning monetary systems.

At its present session, which was mainly occupied with laying down the procedure for its work on the questions submitted to it, the Committee has confined itself to taking note of its instructions.

III. BULGARIA.

The Financial Committee considered the situation in Bulgaria with the assistance of M. N. Momtchiloff, Permanent Delegate of Bulgaria to the League of Nations.

It heard M. P. Cheysson, Commissioner of the League of Nations in Bulgaria, and M. Köstner, Adviser to the National Bank of Bulgaria. Among the documents considered were the forty-third and forty-fourth reports of the League Commissioner, a statement on the financial situation of Bulgaria by the Finance Minister, and a statement on the position of the Bulgarian Public Debt by the Director-General of the Public Debt.

1. The accounts of the State and the Railways at the end of the tenth month of the financial year (October 31st, 1937) showed the following results:

	State	Railways	Total
	(In millions of leva.)		
Revenue	5,938.5	1,379.0	7,317.5
Expenditure	5,912.3	1,350.5	7,262.8
Surplus	<u>26.2</u>	<u>28.5</u>	<u>54.7</u>

A working deficit during the earlier months of 1937, which had reached 286 millions at the end of July, has given place to a surplus.

Receipts during the first ten months of 1937 exceed those for the corresponding months of 1936 by 19%, and are in excess of the budget estimates for the period.

Expenditure has been kept below the limits fixed by monthly budget appropriations, which are themselves 178.6 millions less than 10/12ths of the credits opened in the ordinary and supplementary budgets.

2. It must be borne in mind, however, that:

(1) The ordinary budget (8,463.3 millions) and the supplementary budgets (522.6 millions) published during the year for the State and Railways (making a total of 8,985.9 millions) have been, or will be, credited with extra-ordinary revenue amounting to 995.9 millions, as follows:

- 202.9 millions from loans for building and railway construction;
- 372.5 millions from exceptional resources such as the profit on the minting of silver coins, the sale of stocks of alcohol, etc.;
- 420.5 millions from the cash surplus for the year 1936 and previous years.

Allowing for facts that the loan proceeds (202.9 millions) are intended to meet exceptional expenditure on public works, and that approximately 120 millions of the supplementary credits are required to meet outstanding expenditure from previous years, the position will still be that nearly 700 millions of ordinary expenditure in 1937 will have been paid out of exceptional resources.

(2) The Treasury has benefited by the favourable economic position of the country; harvests have been abundant, and prices have substantially increased in comparison with previous years. The improvement in the yield of dues and taxes is therefore partly attributable to the growth of the national income.

3. The normal revenue of the next budget may suffer from the falling-off of economic activity, while it will not be aided by the exceptional resources available for the 1937 budget; its preparation, therefore, will be no easy matter.

The Finance Minister will have to continue to keep a careful watch over the expenditure of the different ministerial departments if he is to maintain the equilibrium which the Bulgarian Government was able to achieve in 1936 and 1937.

4. The Committee desires to recall that it was in order to assist the Bulgarian Government in balancing the 1937 budget—even by means of “proceedings which it did not unreservedly approve”—that it agreed, on the Bulgarian Government’s proposal, to suggest to the Council of the League important amendments in the 1928 Protocol and in the Statutes of the National Bank. The repayment of the State Debt to the Bank by means of an annual budgetary appropriation of 100 millions, and by the earmarking of the profits on the minting of silver and the annual profits of the National Bank, has been suspended “until further notice”. Further, of the total Treasury Bonds discounted or re-discounted by the State with the National Bank (1,462.5 millions), 600 millions of which were to be redeemed in three years, 1,000 millions have been transferred to the current account debt of the State, while all obligatory amortisation of the remaining Bonds has been stopped.

The results of the 1936 budget have been better than was expected when the Financial Committee last met. Instead of the 200 millions excess of expenditure over revenue which was expected, the year closed with a surplus of 282.7 millions. The Treasury benefited by this surplus and by the surpluses of previous years to the extent of 467.5 millions.

The Financial Committee is of opinion that the Bulgarian Government should always be in a position to resort to the discounting of Treasury Bonds at moments of difficulty. All cash surpluses should therefore go to redeem the Treasury Bonds issued in order to reconstitute the maximum discount possibilities available to the Bulgarian Government under the 1928 Protocol and the decisions of the Council of the League. In fact, the amount of Treasury Bonds issued at September 30th, 1937 (583.3 millions),¹ is only 37.9 millions less than the amount in circulation in December 1936 (621.2 millions).

5. The Committee has frequently expressed the view that supplementary budgets should be avoided, and the Bulgarian Finance Minister accepted the recommendation made by the Financial Committee on May 1st, 1937, that if such “credits were indispensable, they should be limited as much as possible in amount and number”. In 1937, the Bulgarian Government introduced eight supplementary budgets, to a total of 522.5 millions. More than half the appropriations in these supplementary budgets are for recurrent ordinary expenditure, the need for which should have been apparent when the original Budget was drawn up.

6. The Financial Committee has taken note of the new law to alleviate the indebtedness of refugees; it appreciates the reasons for the Bulgarian Government’s desire to assist a particularly deserving section of the population in paying off a heavy debt. It notes that the Trustees of the 7½% Refugee Loan of 1926 raised no objection of principle to the Bill on its submission to them before promulgation, and that they requested the Bulgarian Government to obtain the approval of the League of Nations Commissioner acting on their behalf for any cancellation of claims on

¹ Not including the five-year Treasury Bonds issued in respect of current contracts, to which reference was made in the Committee’s report on the work of its sixty-third session; these amounted to 1,128 millions at September 30th, 1937.

insolvent refugees. The Committee approves the exercise by the League Commissioner of these powers.

7. In general, the economic situation of the country remains satisfactory. The yield of the cereal crops seems unlikely to differ greatly from that of last year, although some minor crops, such as beans and sunflower-seed, are reported to be lower. Manufacturing industries, so far as can be judged from the figures available, have been more active than at any time since the establishment of the relevant statistics. The foreign trade figures for both imports and exports show considerable further increases. The foreign exchange position of the National Bank continues to improve, and the Bank has substantially strengthened its gold and foreign exchange reserves, especially the gold reserve, which has risen from 1,618 million leva at November 15th, 1936, to 1,900 millions at November 15th, 1937. The position of clearing accounts and, in general, the development of trade with individual countries are more satisfactory, and some of the greatest anomalies previously observed in this respect have been dealt with by means of special arrangements and by progressively transferring trade from the clearing system to that of private compensation.

8. There are, however, certain features in the situation which should be noted.

(a) The restriction of imports by tariffs and by quota limitations on foreign trade appears to have been excessive. Prices in local markets for manufactured products are high, thus restricting demand. More important, with regard to future activity, the growth of local industry under these forms of protection has already reached the point where the Government has found it necessary to forbid further increases in capacity in practically all branches of industry.

(b) The decline in the prices of some of Bulgaria's staple exports which has recently taken place reduces the purchasing-power of the agricultural population and reacts unfavourably on the internal market.

(c) The note-circulation has recently shown a steep increase (from 3,506 millions on May 15th, 1937, to 4,391 million leva on October 15th, 1937), which may prove to be of a seasonal and self-liquidating nature. On the other hand, in the deposit rates of different kinds of credit institutions, certain anomalies are discernible which tend to divert the normal flow of deposits from objects on which they could be more usefully employed. The Committee is satisfied that this problem is receiving the attention of the authorities, as there is no doubt that deposits of banks and State institutions with the National Bank, which exceed the present amount of the note-issue and may be withdrawn and put into circulation at any moment, are exceptionally high.

(d) Further amendments to the general legislation concerning the relief of debtors have been enacted and new relief measures taken. This undoubtedly creates a feeling of hesitation among the debtors, and may have a detrimental influence on their willingness to pay. Moreover, the demands on the Treasury for meeting the interest and sinking-fund of the Bonds issued by the Caisse d'Amortissement greatly exceed the original estimates.

9. New subsidiary coins have been ordered by the Government to a nominal value of 250 million leva. The Committee wishes to draw attention to the remarks it made on the subject in its last report.

IV. HUNGARY.

The Committee had before it the twenty-third and twenty-fourth quarterly reports of Mr. Royall Tyler, its representative in Hungary, supplemented by statements by Mr. Royall Tyler and Mr. Bruce, Adviser to the National Bank. The Committee had the advantage of hearing the Hungarian Minister of Finance, Dr. Fabinyi. Dr. Csizik, of the Finance Ministry, and Dr. Quandt, of the National Bank, were also present.

1. *State Budget: Yearly Results since 1931/32.* — The following table of actual receipts and expenditure for the last six complete fiscal years shows the process by which the deficit was first reduced to manageable proportions and then eliminated. There was, in fact, no cash deficit in 1935/36, for budget expenditure included 20.2 million pengő Treasury bills, deposited in respect of non-transferred League Loan service, a sum which was not disbursed in cash. For the same reason, the actual balance in 1936/37 was 18.2 million pengő better than this table shows:

	Expenditure			Receipts			Balance
	Budgetary	Extra-budgetary	Total	Budgetary	Extra-budgetary	Total	
	(In millions of pengő.)						
1931/32	863.1	59.2	922.3	781.3	16.8	798.1	-124.2
1932/33	733.0	70.7	803.7	708.9	6.9	715.8	- 87.9
1933/34	717.0	86.4	803.4	758.6	6.6	765.2	- 38.2
1934/35	728.1	84.2	812.3	762.9	6.8	769.7	- 42.6
1935/36	753.5	76.2	829.7	803.1	8.6	811.7	- 18.0
1936/37	788.9	80.4	869.3	871.6	9.7	881.3	+ 12.0

Extra-budgetary expenditure includes advances made by the Treasury to cover the losses of the State undertakings, and for investments unforeseen in the budget. The steady improvement achieved has resulted from reductions in administrative expenditure and from rising receipts, due in part to increases in the rates of certain taxes. The accounts of the State undertakings over the last six years, losses on which are met by Treasury advances, may be summarised as follows:

	1936/37	1935/36	1934/35	1933/34	1932/33	1931/32
	(In millions of pengö.)					
<i>Actual Expenditure:</i>						
Current	449.1	424.0	407.1	399.0	378.8	384.2
Capital	18.3	17.4	16.2	12.7	16.6	21.5
Refunds to Treasury	9.7	8.6	6.8	6.6	6.9	10.3
Other debt repayment	20.0	—	—	—	—	—
Total expenditure	497.1	450.0	430.1	418.3	402.3	416.0
<i>Actual Current Receipts</i>	426.5	381.5	343.0	341.2	324.8	362.3
Balance	-70.6	-68.5	-87.1	-77.1	-77.5	-53.7
<i>Borrowings:</i>						
Advances from Treasury	74.6	68.7	76.5	77.5	67.4	52.5
Bills placed with banks	—	—	20.0	—	—	—

It will be noticed that actual expenditure for 1936/37 includes 20 million pengö for debt payment. This sum was provided out of the State Railways' current receipts.

2. *Execution of the 1937/38 Budget.* — Provisional returns for the first five months of the current fiscal year compare as follows with those for the corresponding period of the two previous years:

Administration Budget.

	1937	July-November 1936	1935
	(In millions of pengö.)		
<i>Expenditure:</i>			
Actual budgetary	326.7	317.1	301.6
Deferred budgetary	8.7	9.7	13.0
Actual extra-budgetary	27.4	14.0	19.8
	362.8	340.8	334.4
<i>Receipts:</i>			
Actual budgetary	379.0	360.4	326.5
Refunds	2.0	3.5	4.6
Borrowings	4.5	8.2	8.4
	385.5	372.1	339.5
Balance	+22.7	+31.3	+5.1

The increase in extra-budgetary expenditure this year is caused by 15.8 million pengö spent on a programme of public works, outside the budget but presented to Parliament at the same time as the budget. This programme amounts to 46 million pengö, of which 40 million pengö is to be provided out of Treasury cash balances.

For the State undertakings, provisional results for four months, to October 31st, are available. Comparison with figures for the two foregoing years shows a well maintained improvement in the relation between expenditure and receipts:

State Undertakings.

	1937	July 1st-October 31st 1936	1935
	(In millions of pengö.)		
<i>Expenditure:</i>			
Actual current budgetary	142.0	137.8	127.1
Deferred current budgetary	—	—	3.1
Actual capital expenditure in the budget	6.1	3.4	2.4
Deferred capital expenditure	1.4	0.7	1.4
Refunds to the Treasury	1.9	3.5	3.5
Capital expenditure from loans (outside the budget)	2.8	1.6	1.5
Total	154.2	147.0	139.0
<i>Receipts:</i>			
Actual current budgetary	154.6	145.6	130.6
Balance	+0.4	-1.4	-8.4
<i>Borrowings (not included in receipts):</i>			
Advances from the Treasury	9.5	10.7	15.8

In the budget estimates for the current fiscal year, a deficit of 67.9 million pengő was forecast, the undertaking included, as against an estimated deficit of 75.6 million pengő for 1936/37, when there was actually a cash surplus. These estimates provide for the full service of the State's foreign debt at the contractual rates. In practice, the State has in recent years either deposited Treasury bills or made other arrangements where the greater part of its debt service was concerned, with the result that actual disbursements were considerably less than the corresponding estimates. Debt service figured for 83.4 million pengő in the 1936/37 estimates (80 million pengő for 1937/38) and actual disbursements, internal debt included, totalled 37.9 million pengő. Debt service figuring in the budget for 45.5 million pengő thus gave rise to no actual disbursement. On the assumption that the proposals made to the State's foreign creditors last summer, described below, are completely put into effect in the current fiscal year, actual disbursements in respect of State foreign debt will increase, as compared with 1936/37, by an amount which cannot be exactly stated at present, but is unlikely to be less than 15 million pengő on an annual basis. However, the amounts to be disbursed for foreign debt service will be less than those to be entered in the budget by some 32 million pengő.

There are certain additions to be made to effective expenditure for 1937/38. Four cuts in civil service salaries and pensions were made from 1931 to 1933, with a total annual economy of 92 million pengő, the net reduction in the budget being, however, less than this figure because of steadily-increasing pension charges. The Government has now granted an increase of salaries and pensions equivalent to some 5% of the total basic salaries; which will increase personnel charges by 18 million pengő per annum, and becomes effective on January 1st next. This 5% increase, roughly speaking, restores the last of the four cuts, that of 1933, since when the cost of living index has increased by about 15%. A new Agricultural Labourers' Pensions Bill is also under consideration, calculated to cost the State some 3.5 million pengő yearly. Further, State pensions charges, which are entered in each budget on the basis of actual disbursements in the last complete year, are growing. There will also be demands unprovided for in the budget, in respect of winter and distressed areas relief, buildings and various minor purposes. Expenditure on objects other than debt service exceeded the estimates by 46 million pengő in 1936/37, and they may be expected to do so this year by a substantial figure. However, losses on the State Undertakings are likely, in the light of returns for five months, to be less than those estimated. Administrative receipts for five months point to a total for the year considerably in excess of the 805 million pengő budgeted for. They reached 871 million pengő (exclusive of refunds) in 1936/37 and, for five months of the current fiscal year, in spite of some reduction in the rate of certain taxes, have been on a level 5% above that for the corresponding months last year. Due allowance being made for the increased cost to the Treasury of the new debt agreements and for the expenditure unprovided for in the budget, equilibrium does not seem likely to be disturbed this year. The Treasury position is sufficiently strong to provide for the execution of the above-mentioned extra-budgetary capital-expenditure programme (46 million pengő), on condition that this programme is confined to the limits now contemplated, and still to leave a margin of safety.

While recognising the progress that has been accomplished towards financial stability, the Committee wishes to point out that the level of expenditure, inside and outside the budget, cannot be allowed greatly to increase without imperilling the results achieved. Hungary's indifferent 1937 harvest, the downward tendency that has prevailed for some time past on the principal markets, are signs that caution is called for. In Hungary, where for several years many items of expenditure were deferred that in normal times would have been considered indispensable, it is natural that there should be great pressure, when the general position appears to have been righted, to restore cuts and to proceed with capital outlay. The only safe course, however, is to continue the vigilant policy followed hitherto, and to limit expenditure to the resources available out of revenue.

3. *The Debt Settlement.* — The Committee calls attention to the fact that Hungary has sought and reached agreement with her creditors as to the bulk of her foreign debt.

In the case of the loan issued in 1924 under the auspices of the League, proposals for a definitive settlement have been made, in recommending which the League Loans Committee, London, described them as fair and equitable.¹ Arrangements have been made with the paying agents to carry out the service of the loan as provided under the new scheme, and transfers of the foreign currency required are being regularly made. Since the proposals have been made public, they have been accepted by the holders of the greater part of the loan.

Offers have been made in respect of all the other foreign debts of Hungary. As for the greater part of them, three-year agreements have been concluded with various organisations formed for the protection of creditors, and negotiations are pending on the rest. Every category of creditor will receive more in his own currency than he had been receiving, and on the basis of the

¹ It should perhaps be added that the Trustees of the Loan were bound by their duties as defined in the General Bond to issue a protest against any modification of the terms of that instrument.

arrangements concluded to date, the total annual cost in foreign exchange to the currency of Hungary, which was some 25 to 30 million pengő, will now be in the order of 45 million pengő.

The Committee has several times pointed out, when countries in circumstances similar to Hungary's are concerned, that in many cases some adaptation of the burden of debt to the country's capacity of transfer is inevitable. It has also emphasised the advisability of direct negotiations between the debtor country and its creditors. In the case of debts created by public issues, this can only be done through bodies formed for the bondholders' protection. The new arrangements have been made possible by the improvement in the State's finances and the foreign exchange position, which has been in part a reflection of world recovery, but is also and in large measure due to the persistent efforts of the Hungarian authorities, on which the Committee has had frequent occasion to report. It is highly satisfactory, in the Committee's view, that the foreign creditors are among the first to benefit from the very considerable effort which Hungary has made.

The total capital amount of Hungary's foreign debt so far included in the debt settlement is 1,288 million gold pengő, of which 1,238 in convertible exchange. There remains a further amount of 550 million gold pengő still under discussion, including Caisse Commune debts, bringing the total amount of foreign debts included in the settlement or under negotiation to 1,838 million gold pengő. The total service, interest and sinking fund, on the portion already settled amounts to 44 million gold pengő, of which 41.8 in convertible exchange. The service on the amount under discussion might amount to between 2 and 4 million gold pengő, bringing the total service in convertible exchange up to a figure of about 45 million gold pengő. As from August 2nd, 1940, a further sum of 1.5 million gold pengő in convertible exchange will be added to this amount in respect of an amortisation of 1% on the outstanding capital (147 million pengő) of the Reconstruction Loan.

The following table gives a summary of the principal categories of the debts included in the settlement and under discussion, their outstanding amount and total service:

	Capital amount included	Total service <i>In</i> <i>convertible exchange</i>
	(In millions of gold pengő.)	
(a) Agreed:		
League Loan ¹	147	6.6 (until 1940; thereafter 8.1)
1930 and 1931 Treasury Bills and bonds ¹	153	4.2
Mortgage and other bonds	447	7.4
Standstill	261	13.3
Bank for International Settlements	83	4.9
Other standstill types	50	2.5
Total	1,141	38.9
(b) Provision made for Settlement:		
Non-bonded long-term	22	0.4
Non-standstill short-term	75	2.5
Total	97	2.9
Total in convertible exchange	1,238	41.8

4. *The National Bank.* — During the twelve months ended October 31st last, the National Bank has considerably strengthened its foreign exchange position though, partly owing to debt repayment and partly to the recently less favourable trade balance consequent on this year's indifferent harvest, the figures for the three months ended October 31st this year show some falling off as compared with those for the same period last year.

During the twelve months, the Metal Reserve increased by 23 million pengő, from 120 to 143 million pengő, whereas during the three months August to October, a decrease of 4 million pengő this year has to be compared with an increase last year of 7 million pengő.

The Bank's portfolio decreased by 83 million pengő over the twelve months ended October 31st last, from 508 to 425 million pengő.

¹ The League Loan and Treasury Bonds, in addition to the above sums, include a further capital sum of 50 million pengő, the service on which, amounting to 2.2 million pengő, can be paid in convertible exchange.

Note circulation over the twelve months increased by 41 million pengő (from 427 to 468 million pengő). Over the three months ended October 31st, 1937, it increased by 8 million pengő only as compared with an increase of 31 million pengő for the same three months last year.

5. *Economic Position and Foreign Trade.* — The harvest in 1937 was much less favourable than in 1936. The cereal crop was below the average. World prices have latterly been declining instead of last year's upward trend. Fodder crops, however, were above the average this year, and this will make for increased cattle exports. Industrial production is still expanding in capital goods, but not in consumers' goods. The wholesale-price index has not varied much throughout the year: the October figure being 93 as against 91 in October 1936 and 95 in October 1935. The goods traffic and receipts of the Railways and the Post, Telegraph and Telephone's receipts are increasing.

Foreign trade shows an export surplus, for ten months of 1937, of 98 million pengő as compared with 49 million pengő for the same period last year. Owing to the abundant 1936 harvest, the overwhelming part of these export surpluses accrued in the closing months of 1936 and the opening months of 1937. As to the direction of Hungary's trade, there is a striking increase in the percentage of total exports going to remote countries with freely convertible currencies.

Industrial employment has continued to improve, though latterly at a diminishing rate. There is always seasonal unemployment in agriculture, and in some districts where the harvest has failed it has been acute. The Government's public works programmes have to some extent been determined by the desire to provide work in distressed areas. It would be prudent to keep reserves in hand with a view to being able to face increased demands in the event of a change for the worse in the general economic trend.

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 - ✓ 1938.II.A.18. Balance of Payments, 1937 (*Bound separately*).
 - ✓ 1938.II.A.19. International Trade Statistics, 1937 (*Bound separately*).
 - ✓ 1938.II.A.20. International Trade in Certain Raw Materials and Foodstuffs by Countries of Origin and Consumption, 1937 (*Bound separately*).
 - ✓ 1938.II.A.21. Fiscal Committee. Report to the Council on the Work of the Eighth Session of the Committee (Held at Geneva from October 17th to 20th, 1938).
 - ✓ 1938.II.A.22. Quarante-huitième rapport du Commissaire de la Société des Nations en Bulgarie (Période juillet-septembre 1938) (*Only in French*).
 - ✓ 1938.II.A.23. A Method and its Application to Investment Activity, by J. Tinbergen (*Bound separately*).
 - ✓ 1938.II.A.24. Report on System of Agricultural Credit and Insurance, submitted by M. Louis Tardy (*Bound separately*).
 - 1938.II.A.25. Survey of National Nutrition Policies, 1937/38 (*Bound separately*).
 - ✓ 1938.II.A.26. Financial Committee. Report to the Council on the Work of the Sixty-seventh Session of the Committee (Geneva, December 9th-14th, 1938).

Geneva, February 26th, 1938.

LEAGUE OF NATIONS

**FINANCIAL POSITION
OF HUNGARY IN THE FOURTH QUARTER OF 1937**

**TWENTY-FIFTH AND FINAL REPORT
by Mr. Royall Tyler, the Representative in Hungary
of the Financial Committee**

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**II. ECONOMIC AND FINANCIAL
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I. GENERAL.

I. INTRODUCTORY.

(1) On January 27th last, the Council of the League of Nations, taking note of the Financial Committee's reports in which attention was drawn to the balancing of the budget in Hungary and to the conclusion of agreements with the creditors on the bulk of the country's foreign debts, decided to terminate as from March 31st, 1938, the office of the Financial Committee's representative at Budapest, which I have held since October 1931.

The series of quarterly reports on the financial position of Hungary which I have published for the last six years will therefore end with the present report. The Financial Committee is in future to receive reports, also to be made public, prepared once or twice a year by the Financial Organisation of the League. The Hungarian authorities have expressed their readiness to supply the necessary information.

The Council's decision constitutes a well-deserved recognition of the success Hungary has achieved in setting her financial house in order since the 1931 crisis, which caused her to seek the advice of the League's Financial Committee. Courage and determination were needed in the Government to make a new start and to pursue a hard task—year in, year out. In the nation, endurance and a patriotic willingness to make sacrifices have greatly contributed to the success achieved.

It has been a great privilege for me to be associated with Hungary during this period. I wish to express my gratitude for the spirit of collaboration I have met with from the Government in the carrying out of my duties. My thanks also go to the President of the National Bank and to the Adviser, Mr. Henry J. Bruce, for their constant help.

I am happy to add that Mr. Bruce, whose functions as defined in the Hungarian Government's declaration of October 1931 ended on January 31st, has now taken up duties as an Officer of the National Bank charged with maintaining contacts with foreign markets and organisations outside Hungary.

(2) Recent months have brought a slowing-down in the rate of increase of budget receipts, but some rise is still taking place, as shown by returns to the end of January.

In present conditions, no further appreciable increase can be looked for, and the course of normal expenditure should be shaped in consequence.

(3) The Treasury position has been further strengthened.

(4) Expenditure and receipts of the State Undertakings, taken together, continue to be roughly in the same relation as last year.

(5) Transfers in execution of the foreign debt agreements and offers of last summer are being regularly made by the Foreign Credits Cash Office. The offer for a permanent settlement in regard to the League Loan has already been accepted by holders of 80% of the bonds.

(6) Negotiations with the Caisse Commune for a three-year agreement as to Hungary's share of the debts of the former Austro-Hungarian monarchy have not yet been completed. These Caisse Commune debts represent the bulk of Hungary's foreign obligations that have not yet been settled.

(7) The position of the National Bank has been further reinforced.

(8) Hungary's foreign trade in 1937 reached the highest figures recorded for several years past, and an export surplus larger than any achieved since the war. A considerable part of the increase in exports has gone to countries whose currency is non-convertible.

(9) There are signs of a set back in the output of consumption goods in industry, but not of capital goods.

(10) Prices of Hungarian export articles and consumption goods have so far hardly been affected by the downward trend that has developed on the free markets.

2. SUMMARY OF RESULTS ACHIEVED SINCE 1931.

The decision of the League Council referred to in I, 1 above was taken in consideration of reports by the Financial Committee and of the Rapporteur's comments, which have already been published. It may be useful to pass rapidly in review the main problems which Hungary has had to face during the past six years, and the manner in which they have been dealt with.

The difficulties of readaptation to present conditions may be realised when it is remembered that, up to the crisis that culminated in 1931, Hungary had for a long time past been an importer of capital, and that, since then, in order to reach agreement with her foreign creditors, she has been forced, at a time when hindrances to world trade have greatly increased, to reverse the process and to start exporting capital.

The country's equipment on modern lines was still far from completion when it was interrupted by the war. After the war and the subsequent revolutions, new frontiers and new economic requirements again called for capital outlay on a large scale. Several years passed before even a beginning could be made. When, at length, opportunities for borrowing abroad did occur, and new purchasing power began to revive one branch of production and trade after another, the rate at which foreign obligations were incurred grew apace. Hungary was drawn into the world movement, not only by her own desire to make up for lost time, but also by the insistence with which loans were pressed upon her from abroad.

During this period of rapid expansion, of the revaluation of the national assets and the hasty fostering of new forms of economic activity, the public revenue increased at an astonishing

rate. The new high levels reached by receipts encouraged a corresponding rise in spending. Boom conditions prevailed for a time. The recession which set in with the withdrawal of foreign short-term credits made itself felt in dwindling receipts just at the moment when expenditure reached the peak. The result was a huge deficit. And, even after the massive withdrawals of short-term foreign credits of the summer of 1931, followed at the end of that year by a partial suspension of transfer, there remained a foreign debt which, *per capita*, was heavier than that of any other country in Europe. There was imminent danger of inflation leading to a new destruction of values, particularly to be dreaded in Hungary where the purchasing power of the currency had already sunk almost to nothing only a decade previously. The programme outlined in the Hungarian Government's declaration of October 1931, the terms of which were agreed with the Financial Committee, aimed at two main objects, closely connected one with the other: (a) the balancing of the budget and (b) the avoidance of inflation —i.e., defence of the currency. When, shortly afterwards, a partial suspension of transfer ensued, a third main problem (c) was added: the working out of a *modus vivendi*, in the changed circumstances, with the foreign creditors.

(a) *Balancing the Budget.*

The following table shows the course of public finance in Hungary since 1926, when the first reconstruction scheme was held to have succeeded:

State Administration : Actual Budget and Extra-budget Expenditure and Receipts.

	Expenditure			Receipts			Balance
	Budget	Extra-Budget	Total	Budget	Extra-Budget	Total	
	(In millions of pengő.)						
1926/27	739.1	67.4	806.5	894.8	60.0	954.8	+ 148.3
1930/31	922.7	152.2	1,074.9	812.1	230.5	1,042.6	— 32.3 ¹
1931/32	863.1	59.2	922.3	781.3	16.8	798.1	— 124.2
1932/33	733.0	70.7	803.7	708.9	6.9	715.8	— 87.9
1933/34	717.0	86.4	803.4	758.6	6.6	765.2	— 38.2
1934/35	728.1	84.2	812.3	762.9	6.8	769.7	— 42.6
1935/36	753.5	76.2	829.7	803.1	8.6	811.7	— 18.0
1936/37	788.9	80.4	869.3	871.6	9.7	881.3	+ 12.0

Extra-budget expenditure consists mainly of the losses of the State Undertakings, which are a charge on the Treasury.

The deficit, which reached an alarming size in 1930/31 and 1931/32, was progressively reduced, and was, in fact, eliminated in 1935/36, for in that year budget expenditure included 20.2 million pengő Treasury bills, deposited in respect of non-transferred League Loan service, which sum was not disbursed in cash. For the same reason, the actual balance in 1936/37 was 18.4 million pengő better than is shown in the above table.

The process by which expenditure and revenue were brought into a sound relation was a slow one. While the depression was at its depth, it was not to be expected that an increase in receipts could be brought about. Efforts had to be concentrated on checking the decline, and particularly on reduction in expenditure. At the same time, considerable increases were made in the rates of certain taxes, and some new taxes were introduced. The big deficits of the worst years had to be met by internal borrowing, and the floating debt of the State increased in consequence, but this process did not reach a point where it might have grown into a credit inflation. A gradual revival of prosperity inside the country, from 1934 on, having made for increased receipts, it has been possible in the last three years to avoid recourse to the internal market. Additions to the floating debt chiefly consist of advances from the National Bank to the State in connection with an agrarian debt relief scheme and a land settlement scheme, and borrowings, for expenditure on public works, of pengő deposited by inland debtors with the Foreign Credits Cash Office.

Contributions towards righting the position have been made in the budgets of the State Undertakings and of the local authorities, where spending, in certain cases, had been less effectively checked than in the State Administration. Local rates had long imposed a heavy additional charge on an already over-burdened taxpayer.

(b) *Defence of the Currency.*

In addition to the danger of inflation created by a heavy budget deficit, the remedy for which had to be applied by the Government, there were threats to the value of the currency which the National Bank itself had to cope with. In a country which had been through a radical depreciation only a few years before, much experience had been accumulated in the art of individual escape from the community's misfortune, and even of deriving profit from it. The guiding principle of the National Bank's policy throughout this period was that the purchasing power of the pengő must be protected, and, to this end, the rights both of the foreign creditor and of private firms and individuals inside the country were drastically curtailed.

A measure of exchange-control had been introduced at the height of the crisis in the summer of 1931. The Financial Committee's report of October 1931, in dwelling on the necessity for maintaining the value of the pengő, observed:

"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

¹ Of 230.5 million pengő extra-budget receipts in 1930/31, 125.9 million pengő were borrowings. The real deficit was therefore much greater than the balance shown here.

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.”

When this report was published, there had as yet been no interruption in the service of Hungary's foreign debts. Service was in fact continued at contractual rates until, late in December 1931, the National Bank's foreign exchange holdings had been reduced to a trifling amount, which would have been consumed in a few days had there not intervened a partial suspension of transfer, followed, in June 1932, after a considerable part of the National Bank's remaining gold had been sold, by a complete cessation of transfer, even on the League Loan.

The steps by which service payments were resumed are briefly described in the next section. The National Bank's policy of defence of the pengő involved a rigorous limitation of imports and of private applications for foreign exchange, and shortly resulted in a concentration in its hands of all legitimate exchange dealings between Hungary and the outer world. The clearing system which sprang up at this juncture covered for a time three-quarters or more of Hungary's foreign trade, effective exchange transactions being correspondingly restricted. In these circumstances, the building up of the National Bank's convertible exchange position to a point where the Bank was able to enter into general undertakings for the transfer of debt service was necessarily a long process.

In the earlier stages, lack of confidence in the pengő was an ever-present difficulty. An illicit free market was busy inside the country, and abroad Hungarian notes were offered at a substantial discount on the official rate. At the same time, however, internal prices were falling and, in terms of home commodities, over-valuation of the pengő was obscured, delayed or kept within bounds. But, little by little, it was found that, world prices also having sharply declined, an increasing number of Hungarian products could not be exported at a profit if the foreign exchange derived from sales abroad had to be surrendered at the official rate. For a couple of years, it was attempted to meet this emergency by granting a premium, where necessary to permit the export, the premium varying according to market conditions, so that, in the case of some exports, there might be a relatively high premium and, in others, none at all.

This variable premium system had drawbacks which became obvious as the changed value of the pengő found more consistent expression throughout the price structure. In the autumn of 1935 it was abandoned, and the accomplished fact was recognised by granting a unified premium of 50%, over and above the official rate, on free currencies (*Edeldevisen*) surrendered to the National Bank. Non-convertible currencies, among which it will be remembered are those of the countries with which Hungary is obliged to do the bulk of her trade, are treated each one according to the circumstances. Thus, without a formal change in the official valuation of the pengő, the exigencies of the situation were met in a manner that has proved its practical value, at least in the present unsettled conditions. The illicit internal market has died out, and the discount on Hungarian notes sold abroad has for some time past been very small.

After the introduction of the unified premia, the National Bank has continued to permit so-called additional exports, involving special premia through the purchase of blocked pengő, in cases where, in the Bank's judgment, this could be allowed without danger to the price structure. By means of these additional exports, it was for a time possible for certain categories of foreign creditors to convert their blocked pengő into their own currencies: at a sacrifice. The additional exports have lately been incorporated into the system by which the National Bank provides foreign exchange for the regular service payments contemplated by the offers made to the foreign creditors in the summer of 1937. The extent to which, in the National Bank's opinion, these additional exports can take place without upsetting the internal price-level, determines the amount of free exchange which can be devoted to foreign debt service.

The introduction of unified premia, coming when the demand for Hungarian exports on sound currency markets was growing, made for increased *Edeldevisen* receipts of the National Bank. At the same time, the clearing agreements that had been resorted to for the bulk of Hungary's trade were where feasible replaced by payment agreements. A characteristic feature in the recent development of Hungary's foreign trade is the increasing percentage of exports that seeks far distant markets, where freights swallow up most of the profit but sound currency is to be obtained. Hungary's access to nearer sound-currency markets being subject to various limitations, distant markets offer the only alternative, as a field for expansion, to neighbouring countries which practise exchange control.

(c) *Foreign Debt Settlement.*

The prior conditions of a resumption of service payments in exchange were a balanced budget and the rebuilding of a sufficient gold and foreign exchange position in the National

Bank. As soon as substantial progress in this direction had been made, Hungary negotiated the agreements of the summer of 1937, which, in all cases, have given the creditor, in exchange, more than he had been receiving, though of course less than the contractual rates. Due regard being had to exchange requirements for raw-material purposes, diplomatic and other expenditure abroad, and for the maintenance of the National Bank's foreign exchange position, it was estimated that Hungary could count on being able to devote to debt service the equivalent, annually, of some 45 million pengő (gold) in convertible exchange, and perhaps 8 million pengő in non-convertible currencies. Part of the sum in convertible exchange is provided by the National Bank's normal exchange receipts. The remainder has to be found by the National Bank by means of additional exports and the like, involving special premia. The additional cost of the exchange, reckoned in pengő is covered by the difference between the interest paid in pengő by the inland debtor and the amount in exchange received by the creditor or bond-bearer.

The National Bank's undertaking to transfer foreign debt payments meant a great improvement from the creditors' point of view over the previous position.

It will be recalled that after the partial suspension of transfer, in December 1931, the position went on deteriorating, the National Bank making sales from its scanty remaining stock of available gold in order to continue League Loan service transfers, until direct transfers in exchange for debt service ceased altogether in June 1932.

With regard to the *League Loan*, the consultations between the Hungarian Government and the League Loans Committee, London, which began in the summer of 1932, resulted in a resumption of transfers which sufficed, together with the reserve funds in the hands of the Trustees, to provide for the payment in full of the coupon for the service year ending August 1st, 1933. For the following service years, up to and including that ended on August 1st, 1937, 50% of the coupon was paid, and for the one service year 1933/34, the Hungarian Government offered to repurchase the unpaid part of the coupon at 10% of the face value. The offer for a permanent settlement made in 1937, with the support of the League Loans Committee, London, which has already been accepted by holders of over 94% of the British *tranche* and 80% of the entire loan, means, for the period beginning on August 2nd, 1937, 60% of the coupon in exchange, and as from August 2nd, 1940, amortisation at 1%, supplemented by the cumulative saving of interest as the nominal capital is progressively reduced. In addition, there are provisions for the reconstruction of the reserve fund, and for the application for additional amortisation of certain sums hitherto deposited in pengő in respect of service but not transferred.

The rest of Hungary's foreign debts, transfer on which was stopped by the decree of December 1931, fall into two main groups, long-term debts and short-term banking debts. The transfer-suspension decree did not relieve inland debtors from the obligation to make, in pengő, the payments for which they were liable. It provided that these payments were to be made into special accounts, and available only to the foreign creditor for certain approved purposes in the discretion of the National Bank.

Long-term Debts.—The State, in the course of the first half of 1932, ceased to pay into the Foreign Creditors' Fund the pengő equivalent of its non-transferred foreign debt service, and subsequently adopted the practice of depositing interest-bearing pengő bills in lieu of such payments. It may be added in this connection, that, on its Treasury bills issued abroad in 1930 and 1931 for three months and subsequently prolonged, the State made yearly arrangements with the creditors, providing for payment of interest in pengő and for the manner in which the pengő might be utilised. With regard to other State debts, temporary arrangements were made in cases where it proved possible to reach agreement.

Other public bodies, and private debtors on long term, continued to be required to make payment, in pengő calculated at the official rates, into the Foreign Creditors' Fund (later transformed into the Foreign Credits Cash Office). On October 31st, 1932, however, the interest payable on long-term agricultural debts was reduced to a uniform 5%. The same rate was applied to long-term foreign debts where the contractual rate had been in excess of 5%. At the same time, amortisation was suspended.

The pengő so deposited could be utilised by the bond-bearer, for certain purposes approved by the National Bank, which however kept a watchful eye on the effect on free quotations of the pengő, and on prices, produced by offerings by or on behalf of foreign creditors, the purposes authorised being strictly limited with a view to preserving the pengő's purchasing power. This was the position up to the summer of 1937, when offers for three-year settlements applicable to the Treasury bills, 1930 and 1931, and to the various categories of long-term debts were made (twenty-third report, page 11, and twenty-fourth report, pages 7-8). These offers were accepted by the 1930 and 1931 Treasury bill holders, who obtained, in exchange, an annuity of 3% of the outstanding principal, of which 1½% goes to interest, and the remainder to capital repayment by tender at a price not exceeding 45% of the nominal. With regard to the bulk of Hungary's non-State long-term debts, where the offer meant an interest payment, in exchange, varying between 1½% and 1¼% according to the original contractual rate, acceptance was suggested to the bond-holders by associations formed for their protection in several countries. For the long-term debts of the State, 1% interest was offered. Corresponding terms were proposed as regards the Caisse Commune debts (Hungary's share of the pre-war debts of the former Austro-Hungarian monarchy), as to which negotiations have not yet been concluded.

Short-term Banking Debts : Standstill.—Under the partial suspension of Transfer Decree of December 1931, payments in respect of non-funded debts might only be made with the permission of the National Bank.

Shortly afterwards, negotiations were started between the Hungarian debtors and their banking creditors for a standstill. The first agreement reached was with the British creditors, and was followed by one with the American creditors, both for six months ending July 31st, 1932. These agreements were renewed, at first for six-monthly periods and then for one year, and were later subscribed to by banking creditors of other nationalities. They provided for the renewal of the credits, for payments covering interest and commission and for a measure of compulsory capital payment, all in pengő, together with means by which the creditor might employ the pengő, in some cases for conversion into free currency and in others for investment in Hungary.

In the summer of 1937, an agreement was reached providing for payment no longer in pengő but in the appropriate currencies, with the British, American, Netherlands, French and Swiss banking creditors, for one year, twice renewable. Under it, the creditors receive in exchange 5½% per annum of the facilities outstanding and utilised as at July 15th, 1937, 1% being applicable to interest and the balance to capital repayment, with appropriate modifications where credits had been given direct to industry or commerce without bank guarantees, and for acceptance credits.

Mention should also be made of the credits granted in the summer of 1931 to the National Bank by the Bank for International Settlements and other central banks. These were consolidated for three years from October 18th, 1933, in agreement with the creditors, a special amortisation payment being made on that occasion, and interest rates settled, and, after the expiry of an interim arrangement, were consolidated for a further three years as from July 18th, 1937.

The principles followed in negotiating the agreements on the chief categories of Hungary's foreign debt have also been, or will be, applied in the case of debts which do not belong to any of these categories, and on those in respect of which it has not been possible to negotiate with the creditors.

Hungary's foreign indebtedness was estimated by the Financial Committee in October 1931, at 4,094 million pengő, the conversions being made at official rates. The gold value of the debts having in the meantime been reduced by repayment and as a result of the devaluation of several currencies in which the relevant obligations are expressed, it is now calculated that the total capital amount to which the recent arrangements apply is 1,274 million pengő (gold), of which 1,238 in free currencies. There remains under discussion a further 550 million pengő, in which the chief item is the Caisse Commune debts. The total service, including that of the debts still under negotiation and debts in non-convertible currency, is estimated, as stated above, at some 45 million pengő (gold) in convertible currency, and some 8 million pengő in non-convertible currency. As from August 2nd, 1940, a further annual sum of 1.5 million pengő in free exchange will have to be added for League Loan amortisation.

(d) *Future Prospects.*

By restoring budgetary equilibrium, by consolidation of the purchasing power of the pengő, and by reaching an agreed basis with their creditors, the Government and the National Bank have created a position of some strength, given the difficulties that continue to obstruct progress towards a revival of prosperity on an international scale.

These successes have not been achieved without sacrifices by the community. Now that the pressure of imminent danger has been relieved, there will be a demand for some relaxation of the rigour with which economy has been practised. It must be admitted that the civil service had a claim for some restoration (granted as from January 1st, 1938) of cuts in salary imposed at a time when the cost of living was appreciably lower than now. Also, the very drastic reductions made in maintenance and material expenditure have left the national equipment in a backward state in several respects. There is a case for a timely planning of public works, preferably to be carried out when normal business is tending to decline, provided that care is taken to choose the objects best calculated to raise the national income.

The extent of such a programme and the manner of financing it should be devised with a settled determination not to compromise the progress that has been achieved where the budget and the currency are concerned. A healthy budget is the prime requisite of national economic welfare. Unless expenditure is kept in a sound relation to receipts, no efforts on the part of the bank of issue are likely to avail, in the long run, to maintain the value of the currency.

The form in which danger to financial stability might develop, judging by the experience of past years, is the growth of expenditures and commitments outside the normal budget, dangerous not necessarily because any one item is exorbitant, but because the charges involved may go on increasing without their collective volume being realised. The only security lies in continued adherence to the principle of incorporating all recurrent expenditure in the budget, the avoidance of special funds, an all-embracing central control over the expenditure and commitments of departments and, more particularly, of undertakings and semi-official bodies for whose debts the Treasury is ultimately liable. Thus those responsible for the management of the State's finances may be in daily touch with the position as a whole, and able immediately to check any developments likely to compromise it.

With regard to the currency, the defence of which is the National Bank's main task, the prudent credit policy followed hitherto will no doubt be continued. The National Bank's present rôle in the regulation of Hungary's foreign trade also lays upon it certain duties in regard to the price structure. While there are arguments for not exposing the internal market to all short-term and erratic commodity price movements that may happen abroad,

it must be remembered that the health of the currency does depend on the maintenance of a certain general relation between internal price levels and those on external markets where the currency is not controlled. Now, since the rise ceased abroad and downward movements began, there has been a tendency to resistance in Hungary. In fact, internal prices have hardly budged, except for imported raw materials. If, as seems to be the case, the falls that have recently taken place are not merely passing fluctuations but part of a more lasting trend, it would soon become dangerous to attempt to keep Hungary altogether out of the movement. The existence of a demand, at tempting prices, for some agricultural products on markets where the currency is controlled, should not be allowed to obscure the fact that monetary stability on the present basis requires that a certain proportion of Hungary's exports should not become too dear, internally, to be saleable on the free-currency markets at rates corresponding to the inland price plus the official premium. The interested circles and opinion generally owe recognition of the importance of this question to the National Bank, whose success in defending the pengő is a prime national interest.

3. STATE BUDGET.

(a) Administration Budget, 1937/38.

The estimates for the current fiscal year that began on July 1st last were as follows, estimates for the two previous years also being given :

	1937/38	1936/37	1935/36
	(In millions of pengő)		
<i>Administration :</i>			
Expenditure	821.7	788.1	766.5
Receipts	805.3	771.6	748.0
Balance	— 16.4	— 16.5	— 18.5
<i>Undertakings :</i>			
Expenditure	445.2	423.6	409.5
Receipts	393.7	364.5	352.2
Balance	— 51.5	— 59.1	— 57.3
Total deficit	67.9	75.6	75.8

These estimates were prepared before the foreign debt agreements of last summer had been negotiated. They contain provision for the service of the State's debts at full contractual rates. As a result of last summer's debt agreements, actual disbursements will be less (by some 32 million pengő) than the relevant estimates, but they will be more, perhaps by 15 million pengő, than actual disbursements were in the last fiscal year, when the State continued to deposit bills or made some other arrangement where the greater part of its foreign debt service was concerned.

As for other expenditure, increases over the estimates are taking place under several heads. The last of the four cuts in public salaries, made from 1931 to 1933, has been restored as from January 1st; this costs some 18 million pengő on an annual basis. A new Agricultural Labourers' Pension Bill will involve some 3.5 million pengő yearly, and demands for winter and distressed areas relief, buildings and a variety of purposes are being met. Expenditure on objects other than debt service, extra-budgetary items included, exceeded the estimates by 46 million pengő in 1936/37, and they will do so this year by a substantial figure which cannot yet be accurately estimated. Total expenditure may be expected to be somewhat more than it was last year, and somewhat more, in the aggregate, than estimated expenditure plus the estimated deficit of the Undertakings. But receipts also bid to be well in excess of estimates, and indeed to be larger than they were in 1936/37. Budget equilibrium is not threatened at present. At the same time, the slowing-down of the increase in receipts sounds a warning that prudence in expenditure is now called for.

Provisional results for seven months to January 31st are as follows :

Actual Expenditure and Receipts of the Administration.

	1937/38	July to January 1936/37	1935/36
	(In millions of pengő)		
<i>Expenditure :</i>			
Actual budgetary	465.8	453.5	426.9
Deferred budgetary	13.5	10.3	17.0
Actual extra-budgetary	46.1	29.4	40.3
Total	525.4	493.2	484.2
<i>Receipts :</i>			
Actual budgetary	533.4	510.2	469.7
Refunds	4.0	4.0	4.6
Borrowings	1.5	11.1	11.8
Total	538.9	525.3	486.1
Balance	+ 13.5	+ 32.1	+ 1.9

A sharp increase in extra-budget expenditure, from last year to this, is chiefly caused by the 46 million pengö public works programme, outside the budget, to which reference has been made in earlier reports (twenty-second report, page 4).

Receipts are still increasing, as compared with the same period last year. However, the rate of increase for these seven months, from 1935/36 to 1936/37, was about twice as high as it was from last year to this. The sources of revenue where the increase is still more marked (see Appendix I) are Customs, turnover-tax and tobacco. Increase has stopped in the case of consumption taxes, and is slight in direct taxes and in stamp-dues.

(b) *State Undertakings.*

Provisional returns for six months to December 31st last show that the Undertakings, as a whole, are doing just about as well as they were at this time last year. Here, as with the Administration budget, the increase in expenditure is keeping up, while receipts, though still rising, are doing so at a slower rate than formerly. The Railways are still improving, and have been able to devote a larger amount to capital expenditure. Results for all the Undertakings together are as follows :

Actual Expenditure and Receipts of the State Undertakings.

	July 1st-December 31st		
	1937	1936	1935
	(In millions of pengö.)		
<i>Expenditure :</i>			
Actual current, budgetary	228.6	219.4	202.4
Deferred current, budgetary	—	—	6.5
Actual capital expenditure, budgetary	7.6	5.3	3.9
Deferred capital expenditure, budgetary	2.4	0.9	0.7
Refunds to the Treasury	4.—	4.—	4.6
Capital expenditure, extra-budgetary	4.6	3.1	3.7
Total	247.2	232.7	221.8
<i>Receipts :</i>			
Actual current, budgetary	231.8	218.7	193.7
Balance	—15.4	—14.0	—28.1
<i>Borrowings :</i>			
Advances from the Treasury	20.7	21.3	28.9

Actual Results from the Chief Individual Undertakings.

	Railways		July-December Post, Telegraph, Telephone		Ironworks	
	1937	1936	1937	1936	1937	1936
	(In millions of pengö)					
Current expenditure	138.7	133.4	46.1	43.3	32.2	32.0
Current receipts	138.2	128.5	53.3	51.8	26.3	25.9
Balance, current items	—0.5	—4.9	+7.2	+8.5	—5.9	—6.1
Capital expenditure (budgetary)	5.3	2.3	2.2	3.0	—	—
Balance, all items	—5.8	—7.2	+5.0	+5.5	—5.9	—6.1

(c) *Situation of the Treasury.*

(1) There has been a further improvement in the Treasury position over the last few months, and particularly in comparison with the corresponding period in 1936 and previous years (see thirteenth, seventeenth and twenty-first reports) :

	1937		
	October	November	December
	(In thousands of pengö)		
<i>Receipts :</i>			
Balance at the beginning of the month	138,577	145,977	173,339
Budget account	75,260	91,423	87,836
Repayment of advances	1,905	96	2,000
Loan account	—	—	—
Surplus of the Agricultural Fund	1,412	1,520	3,711
Total	217,154	239,016	266,886
<i>Expenditure :</i>			
Budget account	62,378	61,765	67,153
Capital expenditure from loan	5,959	1,777	2,927
Advances	2,840	2,135	9,066
Deficit of the Agricultural Fund	—	—	—
Loans	—	—	—
Balance at the end of the month	145,977	173,339	187,740
Total	217,154	239,016	266,886

(2) *Administrative Claims and Liabilities.*—Tax arrears at December 31st last stood at 227.2 million pengö, as against 238.2 million pengö a year previously. Commitments have declined by some 5% over the year to end December last :

Commitments outstanding at December 31st, 1937.

	Foreign	Domestic (In millions of pengö)	Total
<i>State Administration :</i>			
Expenditure connected with land reform	—	54.0	54.0
Investments for road construction	—	27.3	27.3
Other administrative investments	—	12.7	12.7
For purposes of the Central Corporation of Banking Companies	—	28.7	28.7
Other liabilities	—	18.7	18.7
Total	—	141.4	141.4
<i>State Undertakings :</i>			
Investments of State Railways	—	0.3	0.3
Working capital of the State Railways	—	7.7	7.7
Working capital of the State Ironworks	2.3	8.6	10.9
Total	2.3	16.6	18.9
Grand total	2.3	158.0	160.3

(d) *Debt Position.*

Very slight changes have taken place over the past year, to December 31st, in the capital outstanding of the State's debts. Foreign funded debt has declined by 11.1 million pengö to 789.2 million pengö, domestic funded debt by 2.8 million pengö to 103.9 million pengö. Foreign floating debt shows no change, and domestic floating debt has decreased by 2.2 million pengö to 385.2 million pengö. State guaranteed debts, at 88.9 million pengö, are 4.8 million pengö lower, not including the State's obligation to repay to the Foreign Credits Cash Office (see 6(c) below), in the event of the latter's liquidation, the loans obtained from it. These loans figure in the following table :

Floating Debt of the State on December 31st, 1937.

	Foreign	Domestic (In millions of pengö)	Total
<i>(a) State Administration :</i>			
1. £3 million Treasury bills, 1930	58.9	—	58.9
2. £5 million Treasury bills, 1931	100.3	43.0	143.3
3. 5% Foreign Currency Loan, 1931	—	4.2	4.2
4. Treasury bills, 1932 ¹	—	90.8	90.8
5. 5% Treasury bills, 1933, placed with industry, agriculture, etc.	—	35.7	35.7
6. Treasury bills issued under Law II, 1933, Law IX, 1933, and subsequent laws :			
(a) Interest on 2% bills to face value of 73.1 million pengö in connection with League Loan Service ²	23.0	0.3	23.3
(b) Interest on 2% bills to face value of 97.1 million pengö deposited with Foreign Credits Cash Office in connection with other State debt service	79.9	—	79.9
7. Treasury bills representing loans from Foreign Credits Cash Office :			
(a) Loans for investments	—	42.5	42.5
(b) Loans for settlement of debts	—	12.0	12.0
8. Loan in connection with Agrarian Debt Relief (Act XXVII, 1933)	—	79.3	79.3
9. Book debt taken over by the Treasury in settle- ment of small farmers' debts (Act XXVII, 1933)	—	12.5	12.5
10. Loan for co-operative societies (Act XXI, 1934)	—	7.7	7.7
11. Liabilities in connection with the National Land Mortgage Institute (Law XIV, 1936)	—	4.0	4.0
12. Loans for repurchase of bonds	16.0	0.3	16.3
13. Loans for road construction	5.3	—	5.3
14. Loans for other administrative investments	2.7	—	2.7
15. Loans for working balance of the State Adminis- tration	17.2	2.5	19.7
(a) Total	303.3	334.8	638.1

¹ Within the limits of the arrears of dues (at the end of December 1937 : 91 million pengö).
² The Treasury Bonds deposited in connection with redemption figure under those loans in respect of which the deposit has been effected.

(b) <i>State Undertakings:</i>	Foreign	Domestic	Total
	(In millions of pengö)		
1. Investment loans of State Railways	16.5	20.3	36.8
2. Investment loans of State Ironworks	1.8	3.0	4.8
3. Working capital for the State Railways	0.6	18.1	18.7
4. Working capital for the State Ironworks	6.8	9.0	15.8
(b) Total	25.7	50.4	76.1
Grand total	329.0	385.2	714.2

(e) *Reconstruction Loan.*

The offer for a permanent settlement of this loan (twenty-third report, pages 9, 10, and twenty-fourth report, page 6) has been accepted by the holders of roughly 80% of the outstanding capital, in the following proportions, *tranche* by *tranche*. These figures are as at February 14th, except for the Dutch *tranche*, in which case they are a few days older. The percentage of the outstanding capital represented by each *tranche* is also given :

<i>Tranches</i> Capital outstanding	Percentage of total outstanding capital	Percentage of acceptances of offer of June 29th, 1937	Acceptances in percentage of total outstanding capital
British, £5,837,100	54.3	94.8	51.5
U.S.A., \$6,578,600	12.5	19.3 ¹	2.4
Swiss, 22,065,000 Swiss francs	9.7	88.85	8.6
Italian, 123,190,000 lire	12.3	67.—	8.2
Dutch, 3,669,000 florins	3.8	60.—	2.3
Hungarian, \$656,780.. .. .	1.3	91.3	1.2
Czechoslovak, 64,947,000 Cz. crowns	4.4	100.—	4.4
Swedish, 3,562,000 kronor	1.7	100.—	1.7
	100.0		80.3

The outstanding capital was stated in the Hungarian budget for 1937/38 at 179 million pengö (gold). Of this total, the service on 32 million pengö can be paid in non-convertible currencies, leaving 147 million pengö the service of which has to be paid in *Edeldevisen*.

4. BUDGETS OF THE LOCAL AUTHORITIES.

No results of the execution of the local authorities' budgets for 1937 are as yet available, nor are estimates for 1938, except for the City of Budapest.

	1936	<i>City of Budapest</i> 1937	1938
	Closed accounts	Budget as approved (In millions of pengö)	Revised estimates (not yet approved)
Total expenditure	147.0	154.6	166.2
Total receipts	149.5	154.6	166.2
Balance	+ 2.5	—	—

Estimates for 1938, with a deficit of 9.9 million pengö, were approved by the Municipality, but were returned to it for revision by the Ministry of the Interior. The deficit was then eliminated : the city's share in turnover-tax was increased by 3.5 million pengö, increased contributions were required from certain public utility undertakings, and the estimates of some taxes were revised upwards. On the other side, certain extraordinary expenditure was struck out.

5. STATE BORROWING.

There is nothing to be added to the information given in my twenty-fourth report. Negotiations on the Caisse Commune debts are still continuing.

6. MONETARY AND FINANCIAL.

(a) *Position of the National Bank.*

Some further consolidation is revealed by the National Bank's statement (Appendix III) for the end of December 1937. As compared with the position one year previously, the metal reserve as shown increases by 16.8 million pengö to 149.4 million pengö, and "Other Assets" by 97.5 million pengö to 262.5 million pengö, the increase in "Other Liabilities" being 9.3 million pengö to 173.7 million pengö.

¹ Acceptances in the case of the American *tranche* have been retarded by the fact that the technical arrangements were only made as from February 1st.

Note circulation, at 466.2 million pengö, is roughly 7% higher than it was at the end of 1936. Sight liabilities have gone up 32.9 million pengö to 245.6 million pengö, all the increase here being in Treasury deposits. At the same time, the increase in the metal reserve has been sufficient to produce an exchange ratio which, at 25.1%, is one point higher than it was at December 31st, 1936.

Bills discounted have declined by 85.4 million pengö to 449.7 million pengö, this decrease being due to the increase in the metal reserve, in the debt of the State to the Bank, and in "Other Assets". The effect of further repayments in respect of the credits granted by the Bank for International Settlements and other central banks in 1931, is to be seen in a drop of 23.2 million pengö to 69.7 million pengö in cash certificates.

The Government debt to the National Bank has increased, as a result of further advances under the Agrarian Debt Relief Scheme, by 17.4 million pengö to 115.3 million pengö.

(b) Foreign Exchange Control.

Returns for the whole year 1937, compared with 1936, show an increase in total incomings of some 32%, or slightly more than from 1935 to 1936, and also an increase in the excess of incomings over outgoings. The proportion of receipts on free accounts to those going through the clearings and blocked accounts has improved. The increase in compensations, which was ver large (50%) from 1935 to 1936, was only 2% from 1936 to 1937. Exports against pengö have increased, after a decrease last year. A satisfactory feature is the increase in purchases (net) by authorised banks. It will be realised that the year 1937 benefited largely by the good crop of 1936. The tendency during the closing months of 1937 was not as favourable as it had been earlier in the year, as was to be expected in view of a mediocre wheat harvest.

Total outgoings increased rather less from 1936 to 1937 than they did from 1935 to 1936, but imports continued to rise. Allotments for debt service were appreciably higher, especially those from three accounts, which rose from 7.2 million pengö in 1936 to 20.2 million pengö in 1937.

Incomings :

I. Receipts of the National Bank :	Total year 1937	Total year 1936 ¹
	(In thousands of pengö)	
1. From exports :		
(a) Through clearings and on blocked accounts	345,815	278,048
(b) On free accounts	125,639	78,446
2. Receipts through other sources (obligatory declaration, State, etc.) :		
(a) On blocked accounts	18,961	18,784
(b) On free accounts	51,034	33,403
Total of I.	541,449	408,681
II. Compensations	83,278	81,322
III. Export against pengö	21,128	16,779
IV. Purchases by authorised banks (net)	2,115	1,630
Grand total	647,970	508,462

Outgoings :

I. Allotments of the National Bank :		
1. For imports :		
(a) Through clearings and from blocked accounts	333,676	267,944
(b) From free accounts	85,132	51,975
2. For debt service :		
(a) From blocked accounts	1,034	9,768
(b) From free accounts	20,191	7,212
3. To the State :		
(a) From blocked accounts	3,189	2,881
(b) From free accounts	12,739	10,397
4. To others :		
(a) From blocked accounts	23,419	22,177
(b) From free accounts	14,069	8,968
Total of I	493,449	381,322
II. Compensations	83,278	81,322
III. Import through merchandise pengö	2,610	2,875
IV. Sales by authorised banks (net)	1,742	1,247
Grand total	581,079	466,766

¹ Revised figures.

(c) *Foreign Debts.*

The debts, settlements in regard to which were concluded last summer, together with those provision for the settlement of which has since been made, may be summarised as follows :

	Capital amount included	Total service in convertible exchange
	(In millions of gold pengö)	
A. <i>Agreed.</i>		
League Loan ¹	147	6.6 (until 1940, thereafter 8.1)
1930 and 1931 Treasury Bills and Bonds ¹ ..	153	4.2
Mortgage and other bonds	447	6.9
Standstill	261	13.3
Bank for International Settlements	83	4.9
Other debts	50	1.5
A. Total	1,141	37.4
B. <i>Provision made for Settlement.</i>		
Non-bonded long-term	22	0.4
Non-Standstill short-term	75	2.5
B. Total	97	2.9
Total in convertible exchange ..	1,238	40.3

There remains under discussion a further capital amount of 550 million pengö, including Caisse Commune debts. The total service of outstanding convertible exchange debts amounts to some 45 million pengö annually.

The Foreign Credits Cash Office began making service payments in exchange on July 16th last. From that day until December 15th, debtors paid in a total of 17.2 million pengö, and the Office made payments amounting to 7.3 million pengö (gold), of which 4.5 million pengö for interest and 2.8 million pengö for redemption. A further sum of 1.1 million pengö, due to creditors, had not yet been claimed by them at December 15th. In considering these figures, it will be remembered that the Cash Office, which has taken over payments under the recent agreements, does not handle the service of the National Bank's debts or of the League Loan, and also that in the five months to December 15th last the scheme set up under the 1937 agreements was not yet in full operation.

At December 31st last, the position of the Foreign Credits Cash Office in respect of payments due before July 15th last on long-term loans, and of outgoings on account of such receipts, was as follows :

Receipts and Payments of the Office.

	State loans	Municipal and other public loans	Other loans	Total
	(In millions of pengö)			
A. Under Order-in-Council 6900/M.E. ex 1931 :				
1. Receipts of the Office :				
(a) In cash	28.7	116.2	136.5	281.4
(b) In Treasury bills	97.1	—	—	97.1
Total	125.8	116.2	136.5	378.5
2. Payments by the Office :				
(a) Coupons and bonds redeemed ..	20.2	85.9	116.7	222.8
(b) Advances to redemption offices ..	—	0.2	—	0.2
Total	20.2	86.1	116.7	223.0
3. Balance held :				
(a) In cash	8.5	30.1	19.8	58.4
(b) In Treasury bills	97.1	—	—	97.1
Total	105.6	30.1	19.8	155.5
B. Other receipts of the Office				37.9
Revenue of the Office				16.4
Balance (net)				209.8

¹ The League Loan and Treasury Bonds, in addition to the above sums, include a further capital amount of 36 million pengö, the service of which, amounting to 1.4 million pengö, can be paid in non-convertible exchange.

	Other loans	Total
	(In millions of pengő)	
C. Balance held by the Office :		
(a) In cash		112.7
(b) In Treasury bills		<u>97.1</u>
Total		209.8
D. Investments out of cash :		
(a) Loan to State for productive investments (secured by Treasury bills of same amounts)	54.5	
(b) Call money and deposits	<u>27.4</u>	81.9
Net amount at present held in cash		<u>30.8</u>

The State remains under the obligation to refund to the Cash Office, in case of liquidation, the loans for investments (54.5 million pengő, for details of which see twenty-fourth report, page 10).

The amounts deposited up to December 31st, 1937, under the old Standstill Agreements, in pengő with the National Bank of Hungary to cover interest and commission on short-term banking debts due before July 15th, 1937, and not satisfied in foreign exchange totalled 80.12 million pengő, out of which 79.71 millions had been paid to creditors accepting such payments in full satisfaction. The balance held by the National Bank thus amounted to 0.41 million. The amount paid in up to December 31st, 1937, under the same agreements for capital repayments in pengő (also due before July 15th, 1937) to the National Bank totalled 33.59 millions, of which 33.57 millions had been disposed of by the creditors. The balance held by the National Bank amounted to 0.01 million pengő.

II. ECONOMIC SITUATION.

I. GENERAL.

The widespread business recession that has taken place during the last few months necessarily affects Hungary. However, as Hungary is an importer of raw materials for her industry, the marked price decline in some important branches, such as metals and raw cotton, should offer some compensation, from a national point of view, for less good prices to be obtained for Hungary's exports, agricultural and even industrial. In order that full advantage may be taken of such possibilities, there must be some flexibility in Hungary's own price structure, and the levels lately reached both by agrarian prices and by retail prices of manufactured goods must not be regarded as achievements to be defended at all costs. Excessive rigidity in this respect would prevent Hungary from maintaining the foothold she has latterly won on a number of free-exchange markets.

The local position in Hungary has some strong points in it. Although the 1937 wheat harvest was below the average, the fodder crops were good. Public utility works on a relatively large scale will be resumed in the spring, and there is a large margin of legitimate unfilled need for them, as also for housing. Hungary did not participate to the full in the prosperity enjoyed by some countries during the last couple of years; it is to be hoped that she may not feel the full drag of the present recession. But it would certainly be inadvisable for her to attempt to keep her internal prices from being affected by adverse movements outside.

The calculations of national income undertaken by the Hungarian Statistical Office and by the Hungarian Economic Research Institute (see twenty-third report, page 16) have not yet produced their results for the year 1937. The *Pester Lloyd*, however, has prepared an estimate which shows, for 1937, an increase of 3.9% from 1936 to 1937: a rate of increase that is much less than those shown by all calculations for the previous two years:

	1937	1936
	(In millions of pengő)	
Agricultural and grazing	1,392	1,474
Game and fish	10	11
Mining	110	97
Total	<u>1,512</u>	<u>1,582</u>
Manufacturing	1,170	1,078
Home industries	470	411
Total	<u>1,640</u>	<u>1,489</u>
Commerce	253	230
Distribution	200	173
Total	<u>453</u>	<u>403</u>
Claims on foreign countries	25	19
Gross national income	3,631	3,494
Foreign debt service	28	26
Net national income	<u>3,603</u>	<u>3,467</u>

2. TRADE.

Both in imports and in exports, Hungary's foreign trade in 1937 reached the highest point, in values and in quantities, recorded since before the 1931 crisis, with an excess of export over import values (112.6 million pengő) greater than any year has shown since the country's present frontiers were fixed. This was of course due in large part to the all-round good harvest of 1936, which worked itself out in 1937. It was to be expected, in view of the weak wheat harvest in 1937, that the forward tendency would not continue into 1938.

	Imports		Exports		Imports		Exports	
	1937	1936	1937	1936	1937	1936	1937	1936
	(In millions of pengő)				(In millions of quintals)			
January-September ..	344.0	324.4	428.9	358.5	24.2	24.2	17.4	14.1
October-December ..	131.5	112.1	159.7	145.9	9.9	8.3	6.9	6.6
	1938	1937	1938	1937	1938	1937	1938	1937
January	27.6	28.0	43.4	45.8	2.5	1.7	1.3	1.5

The next table shows the direction of Hungary's trade for 1936 and 1937, together with averages for earlier periods.

Where the two other partners in the Rome protocols are concerned, comparing the figures for 1937 with those for 1936, imports from Austria have increased; exports to Austria are a little larger in value, but not in percentages of total values. In the case of Italy, there has been a percentage decline, both in imports and exports.

From Germany, imports have slightly increased, but exports to Germany have risen by 23%—i.e., a higher rate of increase than that shown by total exports.

The most striking development shown by the table, however, is an increase of 43% from 1936 to 1937, in exports going to "Other countries"—i.e., countries which individually take a very small percentage of the total. Hungary's exports to these countries, collectively, amount to more than those to any one country except Germany, and are on a much higher level than they were in the boom years. The markets in question, of course, produce convertible exchange:

	Imports				Exports			
	Average		Whole year		Average		Whole year	
	1925-1930	1931-1936	1936	1937	1925-1930	1931-1936	1936	1937
	(In millions of pengő and in percentages of total imports and exports)							
<i>Austria:</i>								
Value	169.3	68.2	72.4	85.4	290.3	108.0	86.9	99.4
Per cent	16.7	17.3	16.59	17.95	32.9	24.4	17.24	16.90
<i>Italy:</i>								
Value	46.3	29.7	32.5	33.2	56.7	45.9	65.6	70.9
Per cent	4.6	7.5	7.44	6.98	6.4	10.3	13.01	12.05
<i>Germany:</i>								
Value	188.1	88.8	113.4	124.9	103.8	80.3	115.2	141.6
Per cent	18.6	22.6	25.97	26.24	11.7	18.0	22.84	24.05
<i>Switzerland:</i>								
Value	35.3	10.4	10.2	11.1	31.4	23.7	30.0	24.9
Per cent	3.4	2.6	2.34	2.33	3.5	5.4	5.95	4.23
<i>Czechoslovakia:</i>								
Value	230.2	30.2	22.0	29.6	165.7	22.6	20.2	20.6
Per cent	22.7	7.7	5.05	6.22	18.7	5.2	4.01	3.50
<i>France:</i>								
Value	26.0	11.3	4.6	4.3	8.6	15.6	9.6	12.4
Per cent	2.5	2.9	1.04	0.90	0.9	3.6	1.91	2.11
<i>England:</i>								
Value	31.1	18.5	22.2	25.0	25.6	37.1	44.0	43.1
Per cent	3.0	4.7	5.09	5.25	2.9	8.3	8.73	7.32
<i>Yugoslavia:</i>								
Value	45.2	22.2	19.0	23.8	53.4	17.9	11.7	12.8
Per cent	4.5	5.6	4.35	5.00	6.1	4.1	2.33	2.17
<i>Roumania:</i>								
Value	82.3	45.4	58.5	45.5	38.8	18.8	24.4	25.1
Per cent	8.1	11.6	13.41	9.56	4.3	4.3	4.83	4.26

	Imports				Exports			
	Average		Whole year		Average		Whole year	
	1925-1930	1931-1936	1936	1937	1925-1930	1931-1936	1936	1937
(In millions of pengő and in percentages of total imports and exports)								
Poland:								
Value	46.6	7.9	4.6	5.3	23.5	3.9	3.9	5.3
Per cent	4.6	2.0	1.05	1.12	2.7	0.9	0.77	0.90
Other Countries:								
Value	114.0	60.9	77.1	87.5	87.5	68.9	92.9	132.4
Per cent	11.2	15.5	17.67	18.41	9.9	15.5	18.38	22.50
Total:								
Value	1,014.7	393.5	436.5	475.5	884.7	443.1	504.4	588.6
Per cent	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Quantities (in millions of quintals)	57.3	26.0	32.6	34.1	23.3	17.3	20.7	24.4

The impulsion given to trade inside the country by the 1936 harvest continued to make itself felt throughout most of 1937, but the goods traffic of the Railways has latterly declined somewhat. In the case of the Post, Telegraph and Telephone, there is no decline, but receipts are not increasing as much as formerly :

	State Railways				Post, Telegraph and Telephone receipts	
	Ton-kilometres		Receipts		1937	1936
	1937	1936 ¹	1937	1936 ¹		
	(Millions)		(In millions of pengő)		(In millions of pengő)	
January-September ..	1,868	1,587	188	167	75.4	72.3
October	316	260	24	22	8.9	8.7
November	244	261	22	21	8.8	8.7
December	216	222	21	20	9.2	9.1

3. PRODUCTION AND CONSUMPTION.

Symptoms are beginning to be visible, here and there, of an interruption in the upward tendency in industry that had persisted for several years past. The most recent publication of the Hungarian Economic Research Institute, reviewing the position down to the end of November, mentions a slight set-back in consumption, attributed partly to disappointed expectations of lower prices and partly to the existence of large inventories. The output of consumption goods in industry, while it had not actually declined during the third quarter of 1937, was no longer increasing appreciably. In the following weeks there seems to have been some decrease and laying-off of labour in the textile, leather, chemical and paper branches. This is borne out by the unemployment returns of the Union of Socialist Workers, which after having shown a decrease in unemployment for each successive November and December from 1933 to 1936, point to a slight increase in those months in 1937, as compared with the previous year. The production of capital goods does not appear to have slowed down as yet ; in this field, there are public works programmes for which funds are available and contracts in the building trades :

	Coal		Output of Iron		Steel
	(In millions of tons)		(In thousands of tons)		
Whole year, 1929	7.86		350		513
Third quarter of 1933	1.53		23		65
Third quarter of 1934	1.58		36		81
Third quarter of 1935	1.75		42		124
Third quarter of 1936	1.84		78		142
Third quarter of 1937	2.14		95		183
	Coal and coke consumed by all branches of industry		Hungarian coal delivered to industry		
			All branches	Heavy industry	Textiles, leather and rubber
			(In thousands of tons)		
Whole year of 1929	4,388		3,427	796	302
Third quarter of 1933	699		571	135	74
Third quarter of 1934	765		611	147	78
Third quarter of 1935	886		695	190	80
Third quarter of 1936	987		764	196	90
Third quarter of 1937	1,137		873	230	98

¹ Revised figures.

Available returns do not point to any decline in the consumption of staple articles of food and drink, or in the traffic of the trams, buses and local trains in the capital. It is to be noticed, however, that, for seven months to the end of January 1937, consumption taxes brought in a shade less than they did for the same period last year.

4. PRICES.

Hardly any change has occurred in the Hungarian Statistical Office's wholesale-price index for several months past : the index number for January is 94, as against 95 in December, 94 in November and 96 in January 1937. The decline of two points over the year is due to the drop in certain imported raw materials—*i.e.*, metals and raw cotton. This has not been accompanied by any decline in the prices of manufactured goods or of agricultural products, though prices abroad have sunk of late. A tendency to disparity, internal prices sticking to levels that do not correspond with those on the free markets, has before now come out in Hungary when world prices decline. If not corrected, it might seriously interfere with Hungary's access to free currency markets.

Prices of the country's chief food products have remained remarkably stable over the last year :

	Wheat Per 100 kg.	Live cattle middling quality Per kg.	Calves Per kg.	Pigs Per kg.
1936 :				
December	20.10	0.79	1.16	1.14
1937 :				
January	21.10	0.84	1.22	1.24
October	20.88	0.96	1.12	1.09
November	20.53	0.92	1.09	1.08
December	21.10	0.96	1.11	1.12
1938 :				
January	21.03	0.84	1.11	1.14

The Statistical Office's cost-of-living index for January 1938 stands at 104.7, as against 101.4 a year previously. The list of retail prices published by the Office shows that the increase has taken place mostly in ready-made clothing and footwear. Some articles of food (*e.g.*, beef) are also dearer, but in most of them there is little or no change.

5. STOCK EXCHANGE.

In the last few months, all last year's advance in equities has been wiped out :

	1938	1937	1936 (1926 = 100)	1935	1934
January	140	171	110	86	77
October	—	156	155	94	67
November	—	147	154	100	75
December	—	143	160	101	78

Since January, there has been a further slight decline in most shares.

Quotations of bonds stamped in Hungary have remained fairly stable over the year. Forced loan is on a yield basis of roughly 6.5% : a shade less than a year ago. Even at the present reduced prices of stocks, the yield is in many cases not more than about 4% to 5%.

6. COMMERCIAL BANKS.

The combined balance-sheets of the principal banks for the end of 1937 are not yet available. However, several of them have announced that they propose to pay an increased dividend. The absence of dividend increases for 1936 was a matter for congratulation.

No change in the trend is disclosed by the returns of savings deposits and current accounts.

7. COMMERCIAL POLICY.

Italy.—A new payments agreement entered into force on November 22nd, based on the so-called *loro* system, devised to prevent any considerable accumulation of arrears on either side out of merchandise transactions, payment orders to exporters being carried out only to the extent to which funds are available in the accounts fed by importers.

Germany.—One of the periodical meetings held to examine current questions arising in connection with trade between Hungary and Germany has recently taken place in Berlin. Measures were considered with a view to securing a better balance in merchandise transactions. There was also some revision of quotas, on both sides.

Austria.—There has been no appreciable improvement in the ratio of trade between Hungary and Austria, and the uncleared balance of Austrian exporter's claims remains a problem. Austria's percentage share in Hungary's trade has continued to decline.

Czechoslovakia.—Exchanges of merchandise provided for by recent agreements may, if the facilities are completely utilised, reach a somewhat higher level in 1938 than they did in 1937.

Appendix I.

**MONTHLY (QUARTERLY) RESULTS FOR THE YEAR 1937/38 COMPARED WITH
THE RESULTS FOR THE YEAR 1936/37.**

	Financial year July-September		October		November		December	
	1936/37	1937/38	1936	1937	1936	1937	1936	1937
(In millions of pengo)								
A. ADMINISTRATION.								
<i>Receipts.</i>								
Direct taxes	56.4	58.7	23.4	24.1	36.8	38.6	20.4	20.7
Customs duties	10.5	11.1	4.3	4.3	3.4	4.3	4.0	5.2
Excise duties	29.8	28.7	8.5	9.1	8.5	8.3	9.3	9.3
Turnover tax	31.5	35.8	11.2	12.4	12.0	12.9	12.6	13.1
Dues	24.5	26.6	8.8	8.4	8.8	9.2	9.5	9.4
Tobacco Monopoly	29.4	31.2	9.1	9.8	8.7	10.0	9.8	10.7
Salt Monopoly (gross)	6.4	6.8	2.4	2.3	2.5	2.7	3.1	2.8
Saccharine and lotteries	0.6	0.7	0.6	—	—	0.6	0.2	0.2
Administrative receipts	11.4	12.7	6.5	4.9	4.4	4.8	16.4	16.4
Total receipts	200.5	212.3	74.8	75.3	85.1	91.4	85.3	87.8
<i>Expenditure.</i>								
Army	30.3	29.0	9.4	8.6	9.4	9.2	9.8	10.6
Foreign Affairs	2.4	3.1	1.1	1.2	0.6	0.5	0.7	0.6
Justice	8.0	8.1	2.7	2.6	2.6	2.8	3.1	3.4
Supreme organs of the State ¹ ..	—	—	—	—	—	—	—	—
Interior	25.9	29.2	10.3	11.4	10.5	10.6	14.8	11.5
Agriculture	6.0	7.2	3.0	3.2	3.5	3.9	2.9	3.0
Commerce	11.5	15.0	4.1	1.4	2.6	2.9	2.1	1.4
Education	15.0	17.1	5.3	5.4	5.5	5.8	5.4	5.8
Finance	18.5	22.4	5.7	5.8	5.5	5.7	8.0	9.7
Industry	2.2	2.8	0.7	0.9	0.8	1.2	1.0	2.2
Smaller departments	3.0	3.5	1.2	1.3	0.7	1.7	0.8	1.3
Subsidies to local authorities ..	13.0	12.1	4.5	4.6	3.5	3.6	3.5	3.5
Pensions	37.3	38.0	12.9	13.2	12.1	12.3	12.1	12.3
Debt service	18.7	15.1	3.8	2.8	3.3	1.5	5.1	1.9
Total expenditure	191.8	202.6	64.7	62.4	60.6	61.7	69.3	67.2
Balance	+ 8.7	+ 9.7	+ 10.1	+ 12.9	+ 24.5	+ 29.7	+ 16.0	+ 20.6
B. UNDERTAKINGS.								
<i>Receipts.</i>								
Post and Telegraph	25.3	26.3	8.7	8.9	8.7	8.8	9.1	9.3
Railways ²	64.6	70.1	22.0	24.5	21.7	22.3	20.2	21.3
Ironworks	12.2	12.4	4.2	3.3	5.4	5.9	4.1	4.7
Other undertakings	6.7	7.2	1.9	1.9	1.7	2.2	2.2	2.7
Total receipts	108.8	116.0	36.8	38.6	37.5	39.2	35.6	38.0
<i>Expenditure.</i>								
Post and Telegraph	20.3	21.0	6.6	7.0	6.5	7.0	12.9	13.3
Railways	62.2	66.2	24.5	25.4	21.9	23.6	27.1	28.8
Ironworks	14.2	15.4	6.3	5.4	6.4	6.0	5.1	5.4
Other undertakings	4.9	5.5	2.2	2.2	1.8	2.0	1.8	2.0
Total expenditure	101.6	108.1	39.6	40.0	36.6	38.6	46.9	49.5
Balance	+ 7.2	+ 7.9	- 2.8	- 1.4	+ 0.9	+ 0.6	- 11.3	- 11.5

¹ Included in "Smaller departments".

² Returns of the Railways for current fiscal year are provisional.

Appendix II.
ECONOMIC INDICES.
(End of date given.)

		Third quarter	October	November	December
Index of industrial production ¹ .. (1927 = 100)	1937	148.6	—	—	—
	1936	137.6	—	—	139.3
	1935	123.1	—	—	127.6
Output of coal ²	1937	214.6	95.0	94.0	—
	1936	184.8	88.4	85.0	82.5
	1935	175.4	80.7	81.9	77.3
Unemployment ³	1937	12,895	12,896	13,840	16,163
	1936	12,876	12,838	13,815	15,044
	1935	16,136	15,343	14,976	18,318
Prices (1913 = 100) : Wholesale ..	1937	96	93	94	95
	1936	87	91	89	92
	1935	92	95	95	97
Retail	1937	103.52	103.49	103.72	104.49
	1936	101.39	101.23	101.56	101.49
	1935	100.60	101.01	101.80	102.25
Stock-Exchange index ⁴ (1926 = 100)	1937	157.2	156.0	147.3	143.4
	1936	138.7	155.1	153.9	160.0
	1935	94.0	93.8	99.7	104.7
		(In millions of pengő)			
Savings deposits at the Post Office Savings Bank and the Budapest banks members of the Central Corporation of Banking Companies ⁵	1937	751.8	758.1	771.1	788.1
	1936	701.6	680.4	685.1	710.3
	1935	653.8	645.9	653.6	679.3
Current account at the Post Office Savings Bank and the Budapest banks members of the Central Corporation of Banking Companies ⁵	1937	700.4	708.0	708.8	711.7
	1936	686.7	695.5	692.7	682.8
	1935	686.0	696.9	699.8	703.6
Total	1937	1,452.2	1,466.1	1,479.9	1,499.8
	1936	1,388.3	1,375.9	1,377.8	1,393.1
	1935	1,339.8	1,342.8	1,353.4	1,382.9
		%	%	%	%
Official discount rates	1937	4.0	4.0	4.0	4.0
	1936	4.0	4.0	4.0	4.0
	1935	4.0	4.0	4.0	4.0
Market discount rates : ⁶					
3-month bills (maximum) ..	1937	6.5	6.5	6.5	6.5
	1936	6.5	6.5	6.5	6.5
3-month bills (minimum) ..	1937	4.0	4.0	4.0	4.0
	1936	4.0	4.0	4.0	4.0
<i>Foreign trade :⁷</i>		(In millions of pengő)			
Imports	1937	125.5	43.3	41.5	46.7
	1936	103.1	36.7	36.1	39.3
	1935	95.3	39.4	43.7	48.5
Exports	1937	135.7	48.9	50.6	60.2
	1936	143.3	45.6	49.3	51.0
	1935	105.2	52.1	53.0	51.4
Difference	1937	+ 10.2	+ 5.6	+ 9.1	+ 13.5
	1936	+ 40.2	+ 8.9	+ 13.2	+ 11.7
	1935	+ 9.9	+ 12.7	+ 9.3	+ 2.9

¹ The Hungarian Economic Research Institute's indices cannot be compared with those published previous to the 14th Report.

² Coal output in hundreds of thousands of quintals.

³ Unemployed members of the Social-Democratic Union.

⁴ Office of Statistics index, including eighteen shares.

⁵ These figures are not comparable with those given in this place in reports previous to the 19th, which includes the deposits of the Post Office Savings Bank and twelve leading Budapest banks.

⁶ Returns of the National Bank of Hungary.

⁷ Figures for 1935 and 1936 are definitive.

Appendix III.

NATIONAL BANK.

	December 31st		September 30th	October 31st	November 30th	December 31st
	(In millions of pengö)			(In millions of pengö)		
Note circulation	{ 1936 436.5 1935 417.4	1937 457.1 1936 417.4	468.5 427.4	430.8 402.2	466.2 436.5	
Sight liabilities :						
Public	{ 1936 169.7 1935 104.6	1937 174.6 1936 129.7	167.8 131.8	213.3 171.9	203.0 169.7	
Private	{ 1936 43.0 1935 42.1	1937 22.0 1936 24.6	23.0 25.1	23.0 22.1	42.6 43.0	
Cash certificates ¹	{ 1936 92.9 1935 104.3	1937 92.9 1936 95.6	89.2 92.9	89.2 92.9	69.7 92.9	
Other liabilities	{ 1936 164.4 1935 173.9	1937 164.2 1936 162.9	171.8 167.2	174.1 167.4	173.7 164.4	
Metal reserve as shown ..	{ 1936 132.6 1935 121.2	1937 145.7 1936 115.9	143.1 119.8	147.7 122.4	149.4 132.6	
Thereof gold	{ 1936 84.1 1935 78.9	1937 84.1 1936 78.9	84.1 78.9	84.1 84.1	84.1 84.1	
Commercial bills discounted	{ 1936 535.1 ² 1935 574.4 ³	1937 419.2 ³ 1936 512.5 ⁶	425.2 ⁴ 507.7 ⁷	422.0 ⁴ 507.8 ⁸	449.7 ⁴ 535.1 ²	
Advances on securities ⁹ ..	{ 1936 14.3 1935 12.4	1937 17.5 1936 12.4	16.9 12.4	16.9 12.4	17.0 14.3	
Government debt	{ 1936 97.9 1935 77.0	1937 112.3 1936 93.2	113.5 94.2	114.4 94.9	115.3 97.9	
Other assets	{ 1936 165.0 1935 95.6	1937 254.7 1936 134.7	260.2 148.8	268.0 157.5	262.5 165.0	
	Per cent		Per cent			
Ratio of cover	{ 1936 24.1 1935 24.9	1937 26.9 1936 24.2	26.2 24.4	26.7 24.4	25.1 24.1	

¹ Issued in connection with the consolidation of the Bank for International Settlements and Central Bank credits.
² Thereof Treasury bonds 23 7 million pengö.
³ " " " 13 4 " "
⁴ " " " 19.1 " "
⁵ " " " 32 6 " "
⁶ " " " 28.7 " "
⁷ " " " 24.7 " "
⁸ " " " 19.7 " "
⁹ All Treasury bonds.

Appendix IV.

FOREIGN EXCHANGE : PURCHASES AND SALES OF THE NATIONAL BANK OF HUNGARY IN THE FOURTH QUARTER OF 1937 AND IN THE YEARS 1936¹ AND 1937.¹

	1937		
	October	November	December
<i>Purchases :</i>	(In thousands of pengö)		
(a) Export <i>Devisen</i> received ²	37,155	41,926	47,238
(b) Under obligatory declaration	1,452	1,656	1,736
(c) From the State	424	507	1,852
(d) From others	3,777	3,165	2,575
Total	42,808	47,254	53,401
Excess of sales	16,040	—	—
<i>Sales :</i>			
(a) For loan service	15,157	693	665
(b) For imports ²	39,925	35,370	39,647
(c) To the State	1,465	1,436	1,638
(d) To others	2,301	1,740	3,171
Total	58,848	39,239	45,121
Excess of purchases	—	8,015	8,280

	1936	1937				
	Total year	First quarter	Second quarter	Third quarter	Fourth quarter	Total year
<i>Purchases :</i>	(In thousands of pengö)					
(a) Export <i>Devisen</i> received ²	356,494	117,832	118,506	108,797	126,319	471,454
(b) Under obligatory declaration	7,051	2,137	5,219	5,982	4,844	18,182
(c) From the State	8,439	2,484	2,324	3,510	2,783	11,101
(d) From others	36,697	8,804	10,147	12,244	9,517	40,712
Total	408,681	131,257	136,196	130,533	143,463	541,449
Excess of sales	—	—	—	—	—	—
<i>Sales :</i>						
(a) For loan service	16,980	1,697	2,193	820	16,515	21,225
(b) For imports ²	319,919	96,819	101,126	105,921	114,942	418,808
(c) To the State	13,278	3,891	3,838	3,660	4,539	15,928
(d) To others	31,145	8,150	7,905	14,221	7,212	37,488
Total	381,322	110,557	115,062	124,622	143,208	493,449
Excess of purchases	27,359	20,700	21,134	5,911	255	48,000

¹ Revised figures.

² Including clearing.

Appendix V.
FOREIGN EXCHANGE CONTROL.

	Actual exports	Exports notified, including compensations and exports against pengö	Percentage of column 2 to column 1	Export Devisen received by the National Bank	Certified compensations and certified exports against pengö	Columns 4 + 5—i.e., total of foreign exchange derived from exports	Percentage of column 6 to column 1	Actual imports	Import Devisen allotted by the National Bank	Certified compensations and import through merchandise pengö	Columns 9 + 10—i.e., total of foreign exchange used for imports	Percentage of column 11 to column 8
	1	2	3	4	5	6 (In millions of pengö)	7	8	9	10	11	12
1935: January ..	29.4	35.4	120.4	26.4	5.1	31.5	107.1	27.5	22.6	4.0	26.6	96.7
February ..	28.8	31.8	110.4	18.6	8.6	27.2	94.4	27.7	20.6	7.5	28.1	101.4
March ..	40.3	36.1	89.6	24.8	5.4	30.2	74.9	29.8	17.9	4.9	22.8	76.5
April ..	30.6	35.0	114.4	24.8	4.1	28.9	94.4	32.2	18.4	2.8	21.2	65.8
May ..	31.3	33.8	108.0	18.1	5.9	24.0	76.7	31.5	18.4	4.8	23.2	73.7
June ..	29.4	27.2	92.5	18.2	5.1	23.3	79.3	26.7	16.4	3.6	20.0	74.9
July ..	31.9	36.3	113.8	19.0	7.5	26.5	83.1	31.5	16.7	6.1	22.8	72.4
August ..	31.5	33.5	106.3	18.0	2.7	20.7	65.7	30.4	15.6	1.6	17.2	56.6
September ..	41.8	42.8	102.4	19.1	9.6	28.7	68.7	33.4	18.1	8.2	26.3	78.7
October ..	52.1	52.7	101.2	30.4	6.5	36.9	70.8	39.4	21.6	5.3	26.9	68.3
November ..	53.0	55.9	105.5	40.3	5.1	45.4	87.5	43.7	24.2	4.3	28.5	65.2
December ..	51.4	49.6	96.5	31.7	7.1	38.8	75.5	48.5	23.2	6.1	29.3	60.4
1936: January ..	34.9	36.7	105.2	32.4	6.7	39.1	112.0	40.6	31.0	6.0	37.0	91.1
February ..	41.2	47.4	115.0	24.5	6.3	30.8	74.8	30.2	25.9	4.9	30.8	102.0
March ..	38.0	39.9	105.0	36.8	4.8	41.6	109.5	35.0	26.1	4.5	30.6	87.4
April ..	32.9	31.4	95.4	24.4	12.8	37.2	113.1	40.3	24.2	12.2	36.4	90.3
May ..	31.8	31.9	100.3	24.3	5.1	29.4	92.5	38.8	25.9	4.7	30.6	78.9
June ..	37.3	37.8	101.3	21.0	6.8	27.8	74.5	34.7	23.9	5.7	29.6	85.3
July ..	40.7	53.3	131.0	28.6	12.2	40.8	100.2	36.8	26.8	10.0	36.8	100.0
August ..	49.4	49.3	99.8	27.1	12.7	39.8	80.6	31.9	24.3	11.7	36.0	112.0
September ..	53.9	52.7	97.8	38.0	10.3	48.3	89.6	33.5	29.4	8.1	37.5	111.9
October ..	45.8	46.3	101.1	34.7	7.6	42.1	91.9	36.4	27.6	6.8	34.4	94.5
November ..	49.5	52.6	106.3	28.7	5.6	34.3	69.3	35.8	28.3	4.4	32.7	91.3
December ..	51.2	52.9	103.3	37.6	7.1	44.7	87.3	39.0	26.7	5.1	31.8	81.5
1937: January ..	45.8	48.4	105.7	39.3	10.9	50.2	109.6	28.0	29.3	8.4	37.7	134.6
February ..	50.7	51.2	101.0	39.0	7.7	46.7	92.1	32.2	31.3	6.8	38.1	118.3
March ..	53.5	55.7	104.1	39.6	11.6	51.2	95.7	37.9	36.2	10.7	46.9	123.7
April ..	49.7	50.6	101.8	41.1	10.1	51.2	103.0	41.1	31.8	7.6	39.4	95.9
May ..	48.4	50.5	104.3	41.2	9.9	51.1	105.6	38.8	33.0	7.6	40.6	104.6
June ..	45.1	47.3	104.8	36.2	8.2	44.4	98.4	40.5	36.3	6.3	42.6	105.2
July ..	41.2	43.6	105.8	39.5	11.6	51.1	124.0	41.7	35.4	11.0	46.4	111.3
August ..	49.8	51.7	103.8	33.7	10.7	44.4	89.2	41.2	34.9	7.6	42.5	103.2
September ..	48.0	50.7	105.6	35.2	5.7	40.9	85.2	42.6	35.7	5.3	41.0	96.2
October ..	52.6	53.3	101.3	37.2	6.7	43.9	83.5	43.4	39.9	6.7	46.6	107.4
November ..	53.5	54.8	102.4	41.9	8.9	50.8	95.0	41.7	35.4	5.5	40.9	98.1
December ..	62.8	63.8	101.6	47.2	2.5	49.7	79.1	46.9	39.6	2.5	42.1	89.8

Genève, le 25 mars 1938.

SOCIÉTÉ DES NATIONS

**QUARANTE-CINQUIÈME RAPPORT
DU COMMISSAIRE DE LA SOCIÉTÉ DES NATIONS EN BULGARIE**

(PÉRIODE SEPTEMBRE-DÉCEMBRE 1937.)

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Série de Publications de la Société des Nations
**II. QUESTIONS ÉCONOMIQUES
ET FINANCIÈRES**
1938. II.A. 2.

INTRODUCTION.

1. Les opérations du budget de l'Etat et des chemins de fer pour 1937 arrêtées à la fin de la période complémentaire, le 31 janvier 1938, laissent un excédent de caisse s'élevant à 641,3 millions. Si l'on ne tient pas compte du prélèvement effectué sur la Trésorerie au titre d'excédents de caisse des exercices antérieurs, l'excédent laissé par le budget de 1937 est de 214,3 millions.

2. L'examen comparé du budget de 1937 et des budgets antérieurs fait apparaître une augmentation progressive rapide de plus de 20% au cours des trois dernières années.

3. Le budget de 1937, comme les budgets de 1935 et de 1936, a comporté de nombreux crédits supplémentaires accordés en cours d'année. Une partie de ces crédits n'était pas couverte par une prévision de recettes correspondante.

4. Les recettes effectives de 1937 du budget de l'Etat et des chemins de fer s'élevant à 9.348,1 millions de leva sont supérieures aux prévisions de 390 millions ; jusqu'alors, les prévisions de recettes avaient toujours dépassé la réalité, parfois de près de 20%, comme en 1932/33.

5. Les recettes effectives de l'Etat et des chemins de fer en 1937 sont supérieures de 697,9 millions (11,6%) aux recettes comparables de 1936.

6. Les dépenses effectives de l'Etat se sont élevées en 1937 à 7.087,2 millions. Elles n'ont pu être couvertes par les recettes que grâce à un prélèvement sur la Trésorerie de 427 millions et à des rentrées extraordinaires s'élevant à 599,4 millions ; défalcation faite de ces recettes exceptionnelles, les dépenses auraient dépassé les recettes ordinaires de 234,3 millions.

7. Le budget de 1938 a été promulgué le 3 janvier 1938. Les recettes globales prévues pour l'Etat, les chemins de fer et les fonds autonomes, compte tenu des corrections nécessaires, s'élèvent à 11.016,3 millions de leva contre 10.381 millions de recettes prévues pour 1937.

Les crédits ouverts par les budgets pour 1938 de l'Etat, des chemins de fer et des fonds sont de 10.870,4 millions contre 10.433,6 millions pour 1937.

Les prévisions de recettes sont établies d'après les résultats effectifs de 1937 ; elles reposent sur l'hypothèse que la situation économique du pays restera favorable comme en 1937.

Les crédits sont sensiblement les mêmes qu'en 1937, si l'on tient compte de la totalité des crédits ouverts en 1937, y compris tous les crédits supplémentaires promulgués en cours d'exercice.

Il est à noter l'importance des crédits accordés pour l'exécution de travaux publics, tant pour l'édification de bâtiments administratifs que pour la réfection des routes et la construction de nouvelles lignes ferroviaires.

8. La situation économique est demeurée favorable au cours de la période envisagée, bien que certains signes de régression aient apparu récemment.

9. La circulation monétaire a été considérablement réduite ; les dépôts de la Banque nationale ont augmenté corrélativement, surtout ceux de la Banque agricole et coopérative ; les dépôts des banques privées ont cependant eu tendance à diminuer.

10. Bien que la balance du commerce extérieur de 1937 soit moins favorable, les statistiques font apparaître une élévation importante du chiffre d'affaires avec l'étranger.

11. L'étude statistique de l'activité des coopératives montre à quel point le problème de la réorganisation et de l'assainissement de ces coopératives est devenu urgent.

12. Le présent rapport a été établi par M. Pierre Cheysson, commissaire de la Société des Nations en Bulgarie, avec la collaboration de M. Köstner, conseiller auprès de la Banque nationale de Bulgarie.

I. BUDGET.

A. RÉSULTATS DU BUDGET 1937.

1. Equilibre.

Au 31 décembre 1937, la situation du budget de 1937 était la suivante :

	Millions de leva		
	Etat	Chemins de fer	Total
Recettes effectives globales	7.679,3	1.668,8	9.348,1
Dépenses globales effectives	7.087,2	1.619,6	8.706,8
Excédent	592,1	49,2	641,3

Comme on le verra plus loin, les recettes comprennent un versement du Trésor de 427 millions de leva. Abstraction faite de ce versement, l'excédent des recettes sur les dépenses est de 214,3 millions.

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Dépenses globales effectives	7.087,2	1.619,6	8.706,8
	<hr/>	<hr/>	<hr/>
Excédent	592,1	49,2	641,3

Comme on le verra plus loin, les recettes comprennent un versement du Trésor de 427 millions de leva. Abstraction faite de ce versement, l'excédent des recettes sur les dépenses est de 214,3 millions.

Le tableau comparatif des budgets de l'Etat et des chemins de fer pour les six dernières années est le suivant :

	1932/33 ¹		1933/34 ¹		1934 (9 mois)	
	Prévisions budgétaires ²	Résultats	Prévisions budgétaires ²	Résultats	Prévisions budgétaires ²	Résultats
	(En millions de leva.)					
Recettes	7.393,7	5.856,1	6.981,5	6.263,0	4.996,0	4.888,3
Dépenses	7.485,9	6.607,1	6.982,2	6.495,9	5.059,5	5.138,1
Excédent ou déficit	— 92,2	— 751,0	— 0,7	— 232,9	— 63,5	— 249,8

	1935			1936		
	Prévisions		Résultats	Prévisions		Résultats
	Primitives	Définitives		Primitives	Définitives	
	(En millions de leva.)					
Recettes	6.970,8	6.970,8	6.613,9	7.556,6	7.862,1	7.831,0
Dépenses	6.970,8	7.388,8	6.891,9 ³	7.556,6	7.903,2	7.548,3
Excédent ou déficit	—	— 418,0	— 278,0	—	— 41,1	+ 282,7

	1937			1938
	Prévisions		Résultats	Prévisions
	Primitives	Définitives		
	(En millions de leva.)			
Recettes	8.463,3	8.958,2	9.348,1	9.077,4
Dépenses	8.463,3	9.055,8	8.706,8	9.059,4
Excédent ou déficit	—	— 97,6	+ 641,3	+ 18,0

¹ Jusqu'en 1933, l'exercice budgétaire s'étendait du 1^{er} avril d'une année au 31 mars de la suivante. Depuis 1935, il commence le 1^{er} janvier et se termine le 31 décembre.

² Les budgets 1932/33, 1933/34 et 1934 ne comprennent pas de crédits supplémentaires.

³ Le budget de 1935 laissait lui-même 315,5 millions de dépenses impayées ; le déficit réel était donc de 278 + 315,5 = 593,5 millions.

Ce tableau suggère quelques observations :

1. Les budgets sont en progression croissante rapide depuis 1936 : les dépenses de l'Etat et des chemins de fer étaient, de 1932 à 1936, voisines de 6,5 milliards (même si l'on tient compte de certains fonds qui n'ont été incorporés au budget que par la suite), elles ont été, en 1937, de 8.707 millions ; la différence représente une augmentation des budgets en trois ans de plus de 20%.

2. Si les trois premiers budgets considérés n'ont pas été modifiés en cours d'exercice, les trois derniers (1935, 1936 et 1937) l'ont été par de nouveaux crédits supplémentaires (quatorze en 1936 et neuf en 1937) qui ont augmenté les crédits primitifs de 5 à 7%.

3. Les budgets primitifs étaient établis en équilibre de recettes et de dépenses ; les budgets supplémentaires, par contre, ont escompté dans une certaine proportion la plus-value des rentrées fiscales ou un prélèvement sur la Trésorerie pour faire face aux dépenses nouvelles qu'ils autorisaient. En 1937, en particulier, les prévisions de recettes sont restées inférieures de 97,6 millions aux crédits ouverts, bien que dans les recettes ordinaires il ait été prévu un appel à la Trésorerie s'élevant à 427 millions.

4. Au cours des six années considérées, les recettes effectives se sont rapprochées, puis ont dépassé les prévisions de recettes. Si, en 1932/33, les recettes effectives étaient restées inférieures (— 31 millions) en 1936 et les dépassaient de 390 millions (+ 4%) en 1937 ; cette dernière proportion serait même sensiblement plus forte, si l'on ne tenait compte que des recettes fiscales.

5. Les dépenses effectives sont toujours restées inférieures aux crédits ouverts. La différence a été de 497 millions en 1935, de 355 millions en 1936 et de 349 millions en 1937 ; elle

provient, pour partie, d'économies, mais principalement d'annulation de crédits résultant, par exemple, de la suspension du remboursement automatique de bons du Trésor prévu dans le budget de 1936 et de la limitation des dépenses des chemins de fer au montant des recettes effectives.

6. Les déficits successifs ont été réglés par des prélèvements sur l'avoir du Trésor public. La situation comparative de caisse des six derniers exercices est la suivante :

Exercices	Solde actif ou passif de la Trésorerie à la fin de l'exercice ¹	Ressources extrabudgétaires (bons du Trésor et divers) au cours de l'exercice	Excédents de caisse ou arriérés de dépenses à régler restant à la fin de l'exercice
	Leva	Leva	Leva
1932/33 (30 juin 1933)	— 1.614,2	562,7	— 1.051,5
1933/34 (30 juin 1934)	— 1.284,4	713,8	— 570,6
1934 (28 février 1935).	— 820,4	+ 440,7	— 379,7
1935 (29 février 1936).	— 657,7	775,3	+ 117,6
1936 (31 janvier 1937)	+ 400,3	67,2	+ 467,5 ²
1937 (31 janvier 1938)	641,3	20,1	+ 661,4

Pour faire face aux charges qui lui incombait au cours des six derniers exercices budgétaires, le Trésor a donc dû recourir à des ressources spéciales en sus des recettes inscrites aux budgets ordinaires et extraordinaires (dont le produit de plusieurs emprunts s'élevant à 758 millions) ³. Ces ressources extrabudgétaires, s'élevant à 2.579,8 millions de leva (environ 6% du total des budgets correspondants), comprennent 1.726.012 millions de leva provenant de l'escompte de bons du Trésor et 465,3 millions d'un prélèvement sur le bénéfice laissé par la frappe de monnaies divisionnaires qui statutairement était réservé pour amortir la dette de l'Etat envers la Banque nationale (il n'est pas fait état ici de la frappe de monnaie, effectuée en 1937, et dont le bénéfice — 235,7 millions — a été régulièrement incorporé au budget de 1937 après autorisation spéciale du Conseil de la Société des Nations). Le Trésor a, par contre, il est vrai, remboursé, en 1936, 50,5 millions de bons du Trésor et, en 1937, 75,1 millions, entrant ainsi dans la voie d'amortissement des bons du Trésor qui a été conseillée par le Comité financier à maintes reprises et particulièrement au cours des sessions de mai et décembre 1937.

Le 31 janvier 1938, le montant des bons du Trésor s'élevait à 533,3 millions ; 1 milliard de bons ont en janvier 1937 été remboursés par une avance de même montant faite au Trésor par la Banque nationale de Bulgarie ⁴. En outre, ont été émis : des bons du Trésor pour le paiement de fournitures diverses à l'Etat, pour 1.062,1 millions ; des bons représentatifs du service non transféré des emprunts extérieurs pour 96,1 millions, et des bons en garantie de l'exécution des accords avec les associations des porteurs d'emprunts extérieurs pour 555,5 millions.

2. Recettes 1937.

a) *Budget de l'Etat.* (Cf. appendice I, a)). — Les recettes globales du budget de l'Etat en 1937 s'élèvent, comme il a été dit plus haut, à 7.679,3 millions de leva.

Elles comprennent 832,5 millions de recettes extraordinaires et exceptionnelles, dont :

	Millions de leva
Bénéfices sur une frappe de monnaies divisionnaires	235,8
Economies réalisées sur une partie de la provision constituée pour le paiement aux porteurs d'emprunts bulgares, d'intérêts non réglés en 1935 et 1936	60,0
Versement de la Trésorerie sur les excédents de caisse de 1935 et 1936	427,0
Vente du stock d'alcool constitué par la Direction du monopole de l'alcool, actuellement liquidée	79,0
Ressources d'emprunts destinés à assurer l'exécution de travaux publics et prélevées au fur et à mesure des besoins	24,6
	<hr/>
	826,4

Les recettes extraordinaires, en 1936, s'élevaient à 438,5 millions, dont 298,5 provenaient d'emprunts.

Le budget de l'Etat a reçu, en 1937, au titre des recettes administratives, 124,8 millions de leva pour ristourne des bénéfices de la Banque nationale de Bulgarie ; ces bénéfices étaient jusqu'alors laissés à la Banque nationale et servaient à amortir la dette de l'Etat à la Banque.

¹ Représente l'excédent de caisse ou l'arriéré à régler laissé par les exercices précédents augmenté ou diminué de l'excédent ou du déficit de l'exercice courant.

² Ont été employés à concurrence de 427 millions à une contribution au budget ordinaire de 1937 pour 40,5 millions à parfaire le rachat de bons du Trésor (75,1 millions) assuré, en 1937, par l'emploi des ressources extrabudgétaires excédant 20,1 millions.

	Millions de leva
³ Exercice 1934/35 emprunt public	230
Exercice 1935 aux fonds	30
Exercice 1935 à la Caisse d'amortissement	200
Exercice 1936 emprunt public	208

⁴ La dette de l'Etat envers la Banque nationale de Bulgarie était, au 31 janvier 1938, de 3.494,7 millions de leva.

Les recettes comparables du budget de l'Etat en 1937 et en 1936 font apparaître en 1937 un excédent de (7.679,3 — 826,4 — 124,8) — (6.468,7 — 438,5) millions = 697,9 millions (11,6% environ).

Les recettes proprement fiscales sont en augmentation de près de 12% sur celles de l'année précédente ; l'amélioration du rendement des impôts directs, indirects et des taxes de douane est générale. L'appendice I, c) donne la situation comparée du recouvrement des impôts directs en 1936 et en 1937 : seules les rentrées de l'impôt supplémentaire sur le revenu sont en légère régression par rapport à celles de 1936, aussi bien que par rapport aux prévisions budgétaires.

Les recettes effectives globales sont supérieures de 364,4 millions aux prévisions budgétaires. Comme il a été dit plus haut, l'exercice 1937 est le premier où les prévisions budgétaires des recettes n'aient pas été optimistes et aient été largement dépassées par les résultats.

b) *Budget des chemins de fer et des ports.* — Les recettes de 1937 sont supérieures aux recettes de 1936 de 306,6 millions ou 22,5% et aux prévisions de 25,5 millions ou 1,5%.

c) *Budget des fonds.* — Comme les recettes du budget de l'Etat, les recettes des fonds provenant de taxes directes ou indirectes sont en plus-value sensible tant sur les recettes correspondantes de 1937 que sur les prévisions. Les recettes du fonds des pensions, par exemple, s'élevaient, après onze mois d'exercice au 30 novembre 1937, à 953,4 millions, alors que les recettes de l'exercice total 1936 étaient de 931,3 millions et les prévisions pour 1937 de 893,3 millions ; les taxes municipales avaient, après dix mois à fin octobre, produit 265,2 millions, alors que les recettes des douze mois de 1936 étaient de 260,8 millions et les prévisions pour 1937 de 270 millions.

3. Dépenses 1937.

a) *Budget de l'Etat.* — Le budget primitif de 1937 s'élevait à 6.912,9 millions ; au cours de l'année six oukazes ont augmenté les crédits et en ont modifié la répartition, portant ainsi le total des crédits ouverts à 7.343,4 millions. L'augmentation de 430,5 millions (6%) devait être couverte, à concurrence de 401,7 millions seulement, par un prélèvement sur la Trésorerie de 286,1 millions (partie des excédents de caisse laissés par les budgets 1935 et 1936), par de nouvelles taxes pour 21,1 millions, par des économies réalisées sur le paiement de coupons arriérés dûs aux porteurs d'emprunts bulgares pour 60 millions et par 34,5 millions par l'emprunt.

Les dépenses effectives au cours de la gestion budgétaire 1937 se sont élevées à 7.087,2 millions ; elles ont été inférieures de 256,2 millions aux crédits ouverts, et sont restées dans le cadre des dépenses autorisées par les budgets mensuels (7.154 millions).

Les dépenses effectives en 1937 dépassent de 900,1 millions les dépenses de 1936 (14,5%). L'augmentation porte sur les dépenses de tous les ministères à l'exception du Ministère des Affaires étrangères (— 10,7 millions), mais particulièrement sur celles du Ministère de la Guerre (+ 579,8 millions), de la Direction de la Dette publique (+ 97,3 millions) qui a versé au budget des chemins de fer une subvention de 22,8 millions et au fonds des routes 60 millions (90 millions avaient été prévus), du Ministère des Finances (+ 53,3) correspondant au coût de la frappe de nouvelles monnaies divisionnaires, des Directions de l'Aviation (+ 43,9 millions) et des Prestations (+ 31,8 millions).

Les dépenses globales du Ministère de la Guerre et des Directions de l'Aviation et des Prestations se sont élevées, en 1937, à 2.100 millions contre 1.444,5 millions en 1936 et 1.237,3 millions en 1935 : elles correspondent, en 1937, à 30% du budget, et l'augmentation de ces dépenses en trois ans représente près de 50% de l'augmentation générale des budgets pendant la même période.

b) *Budget des chemins de fer.* — Les crédits ont été portés de 1.550,4 millions à 1.712,3 millions par l'octroi de quatre crédits supplémentaires s'élevant à 161,9 millions, couverts seulement à concurrence de 93 millions par l'emprunt et les subventions de l'Etat.

c) *Budget des fonds.* — Le fonds des routes disposait de 607 millions de crédits dont 302 sur ressources ordinaires et 305 millions sur ressources d'emprunt. A la fin de l'exercice, 128,3 millions de crédits étaient restés inutilisés, d'une part ; les engagements pris, mais non encore réglés, d'autre part, s'élevaient à 265 millions.

Il est intéressant de noter l'effort accompli en matière de travaux publics et de relever l'importance des crédits ouverts à cet effet par les budgets de l'Etat, des chemins de fer et des fonds (sans faire état des travaux publics engagés par les communes, les syndicats coopératifs, subventionnés ou non, tels que le syndicat de la rivière Vatcha dont il a été parlé à maintes reprises).

Le budget de l'Etat a ouvert 250,5 millions de crédits pour construction de bâtiments publics, d'hôpitaux, de sanatoria, de routes forestières, de hangars d'aviation. Sur ces crédits, au 15 novembre 1937, 196 millions étaient engagés.

Les budgets des fonds ont prévu 731,8 millions, dont 540,6 millions pour les routes ; au 15 novembre 1937, 627,2 millions étaient engagés. Enfin, les chemins de fer avaient engagé la totalité des crédits accordés, soit 229,5 millions pour la construction de lignes ferroviaires et d'un ferry-boat sur le Danube entre Giurgiu (Roumanie) et Roussé (Bulgarie).

Au total, les crédits ouverts pour travaux publics en 1937 se sont élevés à 1.211,8 millions, dont 1.052,7 millions étaient engagés au 15 novembre et qui devaient être payés 581,9 millions en 1937 et 470,8 millions en 1938.

Ces crédits sont couverts à concurrence de 653 millions par des emprunts contractés auprès des fonds, de la Caisse d'épargne, de la Banque agricole et coopérative. Le fonds des routes seul, en dehors de ses ressources propres (environ 300 millions) a reçu de l'Etat une

subvention de 60 millions (prévue sur ce budget pour 90 millions) ; il disposait au début de 1937 de 105 millions, solde d'un emprunt contracté en 1936, il a emprunté 200 millions en juillet 1937.

B. BUDGET DE 1938.

Les prévisions du budget de 1938, comparées aux résultats de 1937, se présentent comme suit (Cf. appendice I, a) :

<i>En recettes :</i>	1938 Prévisions	Prévisions 1937 Millions de leva	Résultats
Budget de l'Etat	7.200,0	7.314,8	7.679,3
Budget des chemins de fer	1.877,4	1.643,4	1.668,8
Budget des fonds	3.015,7	2.505,4	— ¹
<i>En dépenses :</i>			
Budget de l'Etat	7.200,0	7.343,5	7.087,2
Budget des chemins de fer	1.859,4	1.712,3	1.619,6
Budget des fonds	2.887,8	2.480,0	— ¹

L'on ne peut, pour apprécier la situation des recettes et des dépenses publiques de l'Etat, additionner purement et simplement les chiffres ci-dessus tant en recettes qu'en dépenses ; en effet :

1° Le budget de l'Etat contribue aux recettes des fonds et des chemins de fer par des subventions qui figurent en dépenses au budget de la Direction de la Dette publique. C'est le cas pour le

	1938	1937
Fonds des pensions à concurrence de	328,0	313,0
Fonds des assurances sociales	11,5	11,5
Fonds des routes	— ²	60,0 ³
Budget des chemins de fer	—	29,8
	339,5	414,3

2° Les fonds contribuent au budget de l'Etat :

Fonds « Appointements des instituteurs », pour	452,3	412,5
Fonds « Taxes communales », pour	9,6	8,1
	461,9	420,6

3° Certains fonds contribuent aux recettes d'autres fonds :

Le fonds « Taxes communales » verse au fonds « Appoin- tements des instituteurs »	226,4	205,8
Le fonds « Taxes communales » verse au fonds « Prêts aux communes pour adduction d'eau »	48,0	40,5
Le fonds « Routes » verse au fonds « Carrières d'Etat » . . .	1,0	1,0
	275,4	247,3

Compte tenu des doubles emplois ci-dessus, les prévisions de recettes et de dépenses publiques, comparées aux recettes et dépenses publiques de 1937, sont les suivantes :

<i>Recettes :</i>	Prévisions 1938	Prévisions 1937	+ ou -
Budget de l'Etat	7.200,0	7.314,8	— 114,8
Budget des chemins de fer	1.877,4	1.643,4	+ 234,0
Budget des fonds	3.015,7	2.505,4	+ 510,3
	12.091,3	11.463,6	+ 629,5
A déduire pour doubles emplois	1.076,8	1.082,2	— 5,4
Total	11.016,3	10.381,4	+ 634,9

<i>Dépenses :</i>	Prévisions 1938	Crédits ouverts 1937	+ ou -
Budget de l'Etat	7.200,0	7.343,5	— 143,5
Budget des chemins de fer	1.859,4	1.712,3	+ 147,1
Budget des fonds	2.887,8	2.480,0	+ 407,8
	11.947,2	11.535,8	+ 411,4
A déduire pour doubles emplois	1.076,8	1.082,2	— 5,4
Total	10.870,4	10.453,6	+ 416,8

¹ Ne sont pas encore connus.
² Prévu pour 60 millions en 1938, mais aucun crédit correspondant n'est ouvert à la Direction de la Dette publique.
³ Etait prévu pour 90 millions ; 60 millions ont été versés effectivement.

I. Prévisions des recettes pour 1938.

a) *Budget de l'Etat.* (Cf. appendice I, a)). — Les recettes prévues au budget de l'Etat pour 1938 (7.200 millions) sont inférieures de 114,8 millions aux recettes prévues au budget de 1937 et de 479,3 millions aux recettes effectives de 1937.

A l'exception de quelques taxes nouvelles prévues pour 9,1 millions et correspondant à la rémunération de services rendus par l'Etat, le budget de 1938 ne prévoit aucun impôt nouveau.

Les prévisions de rendement des impôts et des taxes administratives sont sensiblement les mêmes qu'en 1937. Parmi les dernières, le bénéfice de la Banque nationale, qui est réservé au budget de l'Etat depuis l'année dernière, alors qu'au préalable il contribuait à amortir la dette de l'Etat envers la Banque, est estimé à 125 millions ; il sera probablement supérieur. Les revenus du domaine de l'Etat sont évalués à 720,5 millions, en augmentation de 45,9 millions sur les revenus de 1937 : les recettes des forêts domaniales (110 millions au lieu de 75 en 1937) comprendront à l'avenir certaines recettes jusque-là versées à un fonds autonome ; les dépenses supportées dans le passé par ce fonds sont également incorporées au budget ordinaire du domaine de l'Etat.

La différence essentielle du budget de 1938 par rapport au budget de 1937 apparaît au chapitre IX (Recettes extraordinaires) : le budget de 1937 a, comme il a été dit plus haut (A. Budget 1937, recettes) bénéficié de 807,9 millions de recettes extraordinaires, à savoir :

	Millions de leva
Bénéfice de la frappe de monnaies divisionnaires	235,7
Vente de stocks d'alcool constitués par la Direction du mono- pole liquidée depuis	79,0
Divers	6,2
	<hr/>
	320,9
Economie sur le paiement de coupons arriérés des emprunts extérieurs	60,0
Prélèvement sur l'excédent de caisse laissé par les budgets antérieurs	427,0
	<hr/>
	807,9
 Le budget de 1938 ne pourra compter que sur :	
Des recettes diverses	15,0
Le solde du bénéfice de la frappe de monnaies	11,3
	<hr/>
	26,3
 Il prélèvera en outre sur les excédents de caisse laissés par les budgets antérieurs	367,3
	<hr/>
	393,6

soit en moins, pour 1938, 414,3 millions.

Les ressources d'emprunt en 1938 seront à peu près les mêmes qu'en 1937 : elles proviennent d'emprunts contractés antérieurement pour financer l'exécution de certains travaux publics, particulièrement la construction de bâtiments administratifs, et qui sont utilisés au fur et à mesure des besoins. Il est à remarquer que depuis 1937, toutes les ressources d'emprunt figurent au budget ordinaire des recettes et toutes les dépenses correspondantes sont inscrites dans les budgets ordinaires des différents départements ministériels.

b) *Chemins de fer.* — Les prévisions de recettes pour 1938 s'élèvent à 1.877,4 millions de leva, supérieures de 234 millions aux prévisions pour 1937 (1.643,4 millions). Elles tiennent compte du produit d'un emprunt de 200 millions qui a été conclu le 25 février 1937 auprès de la Caisse d'épargne postale, et qui est destiné à permettre la construction de nouvelles lignes ferroviaires. En 1937, le budget des chemins de fer avait reçu 90 millions d'un emprunt à la Caisse d'épargne postale.

La Direction des chemins de fer ne bénéficiera, par contre, en 1938, d'aucune subvention du budget de l'Etat (29,8 millions en 1937).

Si l'on tient compte de ces modifications dans l'importance des ressources extraordinaires des chemins de fer, l'on constate, que la plus-value des recettes ordinaires escomptées par le budget de 1938 sur les recettes ordinaires encaissées en 1937 est de 68,3 millions.

c) *Fonds.* — Les prévisions de recettes pour 1938 s'élèvent à 3.015,7 millions, supérieures de 510,3 millions aux prévisions de 1937 (2.505,4). Les principales modifications proviennent, soit d'une réévaluation des prévisions en fonction du meilleur rendement des taxes en 1937, soit d'un plus large recours à l'emprunt.

Le fonds créé pour améliorer l'installation des cliniques universitaires a reçu un prêt de la Banque agricole et coopérative de 15 millions.

Le fonds des routes dispose, à concurrence de 305 millions, du solde d'emprunts conclus en 1936 et 1937. Il bénéficiera d'une subvention de l'Etat évaluée à 60 millions à prélever sur les sommes qui rentreront au Trésor par suite d'une économie dans le paiement de coupons arriérés de 1935 et 1936 des emprunts extérieurs de l'Etat. Une subvention de même importance a été versée en 1937. Le crédit budgétaire correspondant ne sera ouvert à la Direction de la Dette publique et la subvention mandatée au fonds que lorsque le Trésor aura lui-même encaissé les économies dont il s'agit.

2. *Prévisions des dépenses.*

a) *Budget de l'Etat.* — Les crédits ouverts par le budget de 1938 s'élèvent à 7.200 millions. Ils sont supérieurs de 112,8 millions aux dépenses effectives (7.087,2 millions) de 1937, mais inférieurs de 143,5 millions aux crédits ouverts la même année. Les crédits accordés en 1938 à la Direction générale de la Dette publique sont en diminution de 217,7 sur ceux qui lui étaient ouverts en 1937 ; ils ne comprennent aucune subvention aux chemins de fer (29,8 millions en 1937), ni au fonds des routes bien que le budget de ce fonds prévoit un versement de 60 millions à recevoir de l'Etat. Le Ministère des Finances économise 35,1 millions, représentant la plus grosse partie du coût de la frappe des monnaies divisionnaires faite en 1937 ; les autres départements ministériels pourront disposer de 109,3 millions de plus qu'en 1937 ; c'est le Ministère des Travaux publics qui en absorbera la plus grosse partie (66,4 millions) ; tous les crédits pour travaux jusqu'ici à la charge des différents départements ministériels sont désormais centralisés dans ce ministère.

Dans tout ce qui précède, le budget de 1938 a été comparé non avec le budget promulgué en janvier 1937, mais avec le budget définitif, qui comprend non seulement les crédits primitifs du budget originel de 1937, mais aussi les crédits ouverts au cours de l'année par six budgets supplémentaires et qui ont augmenté le budget originel de 430,6 millions.

Si la pratique des budgets supplémentaires devait être poursuivie en 1938 dans les conditions où elle l'a été en 1936 et 1937, il y a lieu de craindre que l'équilibre des recettes et des dépenses publiques ne puisse être maintenu. L'on a pu constater par ce qui a été dit plus haut, que l'exercice actuel ne peut pas compter sur les ressources exceptionnelles des exercices précédents ; en outre, le rendement des impôts a été estimé d'après le rendement d'une année de bonnes récoltes et l'on ne peut raisonnablement espérer un dépassement sensible des prévisions ; tout au contraire, il y a lieu de craindre un fléchissement de ces rentrées si la récolte était moins bonne ou les prix des produits agricoles moins rémunérateurs. Toute nouvelle dépense devrait être couverte par de nouveaux impôts et par l'aggravation du système fiscal. Par ailleurs, la possibilité de recourir au Trésor pour régler de nouvelles dépenses est des plus limitées, les prélèvements effectués en 1937 (427 millions) et celui qui est prévu en 1938 (367,3 millions) absorberont la plus grande partie des excédents de caisse laissés par les exercices 1935 et 1936 ; ce ne serait pas sans danger qu'on continuerait à faire face à des dépenses ordinaires au moyen de l'avoir du Trésor. Pour pouvoir régler avec ponctualité les engagements de l'Etat, la Trésorerie doit disposer d'une liquidité minimum. Elle doit tendre, par ailleurs, à reconstituer au maximum les possibilités d'escompte des bons du Trésor qui lui ont été données par le Protocole de 1928 et les décisions du Conseil de la Société des Nations, de façon à pouvoir, aux moments difficiles, recourir à l'escompte de ces bons ; les excédents de caisse, réalisés dans de bonnes années, auraient dû servir, par priorité, au remboursement des bons du Trésor en circulation. L'on a constaté plus haut que le Ministère des Finances avait, en 1937, remboursé 75 millions de bons ; il serait hautement désirable qu'il pût continuer dans cette voie.

b) Les crédits ouverts aux *chemins de fer* ont marqué une progression rapide depuis quatre ans :

	Millions de leva
1935	1.257,3
1936	1.366,3
1937	1.685,4 ¹
1938	1.859,4

Ces derniers crédits dépassent donc de 174 millions les crédits de 1937 et de 602,1 millions ceux de 1935, soit près de 50%. Ils sont supérieurs de 239,8 millions aux dépenses effectives en 1937.

Les nouveaux crédits sont principalement destinés à la construction de lignes neuves à laquelle 314 millions sont consacrés. Ces constructions seront payées sur la rentrée de recettes spécialement affectées prévues pour 54 millions de leva et sur le produit d'emprunts conclus avec la Caisse d'épargne postale (90 millions empruntés en juillet 1937, dont il reste 60 millions disponibles et 200 millions empruntés en février 1938).

II. SITUATION ÉCONOMIQUE ET FINANCIÈRE.

1. *Banque nationale* (Cf. appendice II, a)).

Entre le 15 septembre et le 15 décembre 1937, la réserve-or de la Banque a augmenté à nouveau de 66 millions de leva, et le montant des devises de 268 millions de leva. Le portefeuille commercial et les avances ont diminué de 47 millions, le montant des bons du Trésor escomptés par la Banque est sans changement. L'accroissement de 57 millions de leva des « placements » provient d'une acquisition de titres d'emprunts bulgares extérieurs. La circulation des billets de banque a diminué de 300 millions et le montant des dépôts a simultanément augmenté de façon considérable (731 millions de leva en trois mois, dont 284 pour le Trésor public et 433 pour les banques) ; la réduction de la circulation est due, pour la plus grande part, à l'accumulation de réserves en compte courant par le Trésor et les banques ; elle est temporaire et dispa-

¹ Les crédits ouverts en 1937 (1.712,3 millions) comprennent 26,9 millions de crédits ouverts sans autorisation spéciale de la loi de budget et n'y figurant que pour mémoire. Ils correspondent au remboursement à des Etats étrangers de frais de transit et autres.

raîtra plus ou moins lorsque le Trésor et les banques auront à décaisser des sommes importantes. La plus grande partie des réserves de banques appartient à la Banque agricole qui démontre ainsi une grande liquidité.

L'ordonnance de la Banque réglementant les échanges commerciaux avec l'étranger n'a pas subi d'importants changements. Les accords de clearing et de compensation avec l'Italie, l'Allemagne et l'Autriche ont été renouvelés pour 1938. Certaines concessions ont dû être faites aux deux premiers pays, afin de conserver des marchés pour certains produits bulgares difficilement exportables ailleurs.

Un accord est intervenu entre la Banque de Grèce et la Banque nationale de Bulgarie. Les échanges commerciaux se feront sur une base de compensation auxquelles les ordonnances sur le change actuellement en cours dans chaque pays seront appliquées. Le Gouvernement grec a, par décret qui entrera en vigueur en même temps que l'accord des deux banques et qui restera en vigueur pendant la durée de cet accord, accordé la clause de la nation la plus favorisée, en ce qui concerne les droits de douane, à une série d'articles d'exportation bulgares énumérés dans le décret. Cet accord est particulièrement important ; il marque, fort heureusement, la fin des difficultés douanières qui avaient lourdement affecté les échanges commerciaux entre les deux pays depuis 1931.

2. Banques privées.

Les bilans trimestriels pour 1937 de l'ensemble des banques commerciales privées sont donnés en appendice II, b). L'activité croissante des banques apparaît, à l'actif, dans l'augmentation considérable des effets escomptés (535 millions entre le 31 mars et le 30 septembre) et dans une réduction de près de moitié de l'encaisse. Au passif, le montant des dépôts commerciaux diminue, en six mois, de 133 millions de leva alors que celui des dépôts d'épargne est à peine le même ; il n'est pas étonnant, dans ces conditions, que les banques aient augmenté le réescompte de leur portefeuille commercial de 378 millions de leva. La mise en application de la loi d'allégement des débiteurs et l'intervention de la Caisse d'amortissement ont peu affecté les banques privées, elles ont modifié profondément les bilans des banques coopératives de crédit : la réduction des créances douteuses ne porte que sur 64 millions de leva et ne résulte pas uniquement du transfert des mauvais débiteurs à la Caisse d'amortissement.

3. Coopératives.

La Direction générale de la statistique a publié les renseignements statistiques provisoires à la fin de 1936 sur l'activité des coopératives.

BILAN D'ENSEMBLE DES COOPÉRATIVES BULGARES.

	1934	Fin 1935	1936
Nombre des coopératives en activité	4.488	5.064	5.300
Nombre des coopératives ayant communiqué des renseignements officiels	2.996	3.088	?
Nombre des membres (en milliers)	827	888	914
<i>Actif</i>			
		Millions de leva	
Caisse et banques.	1.152,5	1.130,8	1.252,7
Capital non appelé	125,7	126,8	128,9
Obligations, participation dans les unions, etc	160,1	208,3	761,2
Prêts et avances	3.943,1	3.307,0	3.348,3
Prêts en recouvrement forcé	703,7	467,4	464,5
Prêts objets de la loi d'allégement des réfugiés	—	1.358,6	936,3
Autres débiteurs	1.640,8	1.600,0	1.774,4
Marchandises	1.037,0	1.038,1	1.355,2
Immeubles	1.706,2	1.906,2	2.105,7
Autres actifs.	379,9	311,2	212,1
Pertes des années antérieures.	150,5	197,0	236,7
Perte nette	69,5	129,4	82,2
Total	11.069,0	11.780,8	12.658,1
<i>Passif</i>			
Capital et fonds d'amortissement	3.248,5	3.621,0	3.815,1
Dépôts	3.175,0	3.376,9	3.748,3
Créditeurs.	4.463,8	4.600,1	4.869,2
Dette envers la Banque agricole et coopérative	(2.446,3)	(2.471,1)	(2.811,8) ¹
Autres passifs	67,5	76,7	79,2
Profit net	114,2	106,1	146,4
Total	11.069,0	11.780,8	12.658,1

¹ Chiffre figurant au bilan de la Banque agricole et coopérative. Il y a entre ces chiffres et ceux des coopératives des différences atteignant 100 millions pour les années antérieures. En 1935, les coopératives devaient à la Banque 2.559,9 millions de leva d'après le rapport qu'elle a publié.

Les chiffres de 1936 sont provisoires mais peuvent, néanmoins, être comparés à ceux de 1934 et 1935 : le nombre des coopératives a augmenté de 236 et celui des membres de 26.000. Les renseignements ci-dessus comprennent ceux relatifs aux coopératives pour l'assurance de bétail (au nombre de 2.165) qui n'ont pas d'actifs et ont été créées uniquement pour les besoins de la Section d'assurance de la Banque agricole et coopérative. Compte non tenu de ces dernières, il reste 3.135 coopératives, dont environ 3.100 ont publié un rapport et qui groupent environ 800.000 membres. La lecture du bilan ci-dessus ne peut que donner une idée approximative de la situation, car les doubles ou triples entrées d'un même chiffre sont fréquentes, les mêmes postes n'étant souvent pas appelés du même nom ; parfois le compte « profits et pertes » figure sous une autre dénomination. Il se dégage, néanmoins, des renseignements donnés une impression générale de la situation et en particulier de ses côtés faibles.

La liquidité des coopératives est moindre encore qu'elle n'apparaît au bilan ; les excédents de caisse sont, en effet, déposés dans les coopératives de crédit ou les banques populaires et par celles-ci dans leurs unions centrales qui redistribuent les dépôts à titre d'avances aux coopératives à la recherche de crédits. La situation générale des coopératives au cours des deux années envisagées ne paraît pas s'être modifiée de façon importante, à l'exception, toutefois, des changements résultant de la mise en application de la loi d'allégement des débiteurs : le total des avances et prêts a été réduit de 595 millions de leva, les prêts en recouvrement forcé de 239 millions, et les autres actifs, de 168 millions de leva, parmi lesquels certaines créances douteuses ont probablement été amorties ; par contre, l'augmentation du poste « Obligations, etc. » est de 601 millions, due en grande partie, semble-t-il, à la mise en portefeuille par les coopératives d'obligations de la Caisse d'amortissement. Le total des prêts, y compris ceux représentés par les obligations de la Caisse, est supérieur de 704 millions de leva à celui d'il y a deux ans ; cet accroissement résulte non seulement des nouveaux financements assurés par les coopératives, mais aussi de l'accumulation des intérêts non payés ; il est, du reste, peu différent du montant des intérêts échus depuis deux ans qui peut être évalué à 750 millions.

L'augmentation des chiffres figurant aux postes « Autres débiteurs » et « Marchandises » est l'indice d'une activité plus grande des coopératives dans le domaine de la production et du commerce.

Au passif, l'important accroissement du « Capital et des fonds » peut être attribué, pour la plus forte part, à l'accumulation des sommes destinées à l'amortissement des « Mobilier et immeubles ». En deux ans, les dépôts ont augmenté de 573 millions de leva et les dettes de 405 millions : il est à remarquer que le montant des dettes est supérieur à celui des dépôts. Le créancier le plus important des coopératives est la Banque agricole et coopérative avec environ 2,8 milliards de leva.

Lorsque toutes les créances objets de la loi d'allégement des débiteurs auront été transformées en obligations de la Caisse d'amortissement, le total du portefeuille de créances se trouvera réduit à nouveau de 800 millions. Malheureusement, comme il a été déjà dit à la fin de 1935, la plus grande partie des créances restant aux coopératives après déduction de celles qui tombent sous le coup de la loi d'allégement des débiteurs n'ont, elle aussi, qu'une valeur douteuse ; et l'on ne peut considérer que la loi précitée permette d'assainir la situation des coopératives.

Les pertes globales pour 1936 restent inférieures aux profits réalisés ; les pertes accumulées des exercices antérieurs ont diminué de près de 50 millions au cours de l'année 1936, si l'on s'en rapporte aux statistiques. Ce serait l'indice d'une amélioration de la situation des coopératives.

Une étude spéciale est consacrée aux coopératives de crédit agricole (Raiffeisen) qui passent pour être les plus actives et qui sont censées jouer un rôle prépondérant dans le mouvement coopératif bulgare.

Le bilan global résumé de ces coopératives est le suivant ¹ :

	1934	1935	1936
Coopératives en activité	1.654	1.700	1.744
Membres	166,900	167,600	166,900
<i>Actif</i>			
	(Millions de leva.)		
Caisse et Banques	72,7	85,5	103,4
Débiteurs	856,1	405,7	368,7
Débiteurs en recouvrement forcé	113,9	40,1	44,5
Débiteurs bénéficiant de la loi sur l'allé- gement des débiteurs	—	672,9	377,5
Autres débiteurs et correspondants	241,1	215,3	204,4
Actions des Unions centrales coopératives et obligations	33,4	35,0	286,7
Marchandises	207,9	202,2	315,2
Immeubles	181,7	296,7	330,2
Autres actifs	222,1	144,4	122,0
Pertes des années antérieures	56,7	73,8	109,2
Perte nette pour l'année	22,8	48,4	16,8
Total	2.008,4	2.220,1	2.278,8

¹ Les chiffres de ce tableau étaient compris dans les bilans donnés plus haut de l'ensemble des coopératives bulgares.

<i>Passif</i>	1934	1935 (Millions de leva.)	1936
Capital	342,4	347,0	351,4
Fonds	145,8	270,1	306,6
Dépôts	518,2	534,1	558,4
Créditeurs	964,7	1.033,0	1.002,7
Dont la Banque agricole et coopérative . .	(797,7)	(847,4)	(764,0) ¹
Autres passifs	19,5	22,9	29,9
Profit net	17,8	13,0	29,7

Sur un total de créances qui, y compris celles en recouvrement forcé, s'élevait à 970 millions de leva à la fin de 1934, 673 millions, ou 69% du total, tombaient sous le coup de la loi sur l'allégement des débiteurs. A la fin de 1936, il ne restait au bilan des coopératives agricoles que 369 millions de créances normales et 44 millions en recouvrement forcé ; le reste avait été ou était sur le point d'être transformé en obligations de la Caisse d'amortissement. Le montant global des créances et des obligations de la Caisse en 1936 est inférieur de 70 millions de leva au même montant en 1934 ; la diminution est certainement due à l'emploi par les coopératives en question d'une partie des obligations de la Caisse qu'elles ont reçues, au remboursement de leurs dettes envers la Banque agricole et coopérative. Les prêts consentis par les coopératives sont pour la plupart « gelés », et l'on n'y constate pratiquement aucun mouvement ; cette impression est confirmée par les renseignements à la fin de 1935, d'après lesquels sur les prêts consentis et ne tombant pas sous le coup de la loi d'allégement des débiteurs, 72% étaient échus ou en recouvrement forcé. L'on prétend que depuis deux ans la situation se serait améliorée et que le paysan ferait un effort pour s'acquitter de ses dettes ; aucun bilan n'a encore été publié qui permette de connaître l'importance des remboursements.

Au passif, les coopératives de crédit agricole devaient à fin 1936 à leurs déposants, 558 millions de leva et 1.003 millions aux autres créanciers dont le plus important est la Banque agricole et coopérative, avec 764 millions de leva. En acceptant des coopératives en paiement de leurs dettes des obligations de la Caisse d'amortissement, la Banque agricole et coopérative a pu réduire le montant de ces dettes ; elle pourrait recevoir encore de la même façon d'autres obligations de la Caisse pour environ 500 millions ; mais alors la couverture réalisable des dépôts s'en trouverait réduite à presque rien². L'on sait que la Banque agricole et coopérative accepte les obligations en question pour leur valeur nominale, mais à condition que les coopératives lui bonifient un intérêt annuel supplémentaire de 2% sur le montant des obligations, jusqu'à ce qu'elles soient sorties au tirage ; aussi, bien qu'ayant remboursé leur dette envers la Banque agricole, les coopératives doivent continuer à payer à cette banque un intérêt annuel de 2% sur le montant remboursé, à prélever par elles sur leurs profits bruts.

Les chiffres donnés plus haut sont sujets à caution : un examen détaillé et critique ferait apparaître à quel point la comptabilité de nombreuses coopératives laisse à désirer. Si l'on a déjà réussi à obtenir des résultats satisfaisants pour les banques populaires, il reste beaucoup à faire pour les autres coopératives, et leur réorganisation apparaît nécessaire et urgente.

On retrouve les mêmes signes graves de désordre dans un autre groupe de coopératives, appelées « Sociétés d'épargne et de construction », où l'on provoqua, en 1934, un « boom » de courte durée : des vingt-trois sociétés enregistrées en 1934-1936, dix seulement étaient encore en activité à la fin de 1936. Leur objet est d'attirer les dépôts de membres à qui l'on promet de consentir des prêts sans intérêts destinés à la construction de maisons. Ces prêts doivent être faits sur le montant des dépôts reçus et dans l'ordre chronologique des inscriptions. En réalité, seuls ou presque, les fondateurs des sociétés, premiers inscrits, sont servis ; la masse des membres doivent attendre, pour recevoir des prêts, le moment où ils auront eux-mêmes fourni par de nouveaux dépôts l'argent nécessaire. A la fin de 1936, le capital des sociétés était de 79 millions et les dépôts de 192 millions de leva ; les prêts consentis s'élevaient à 232 millions et les prêts demandés à 3 milliards de leva ; l'on se rend compte du délai au bout duquel l'on pourra satisfaire les demandes présentées. Le Gouvernement vient de renforcer (*Journal officiel*, 20 janvier 1938) le contrôle à exercer sur ces sociétés d'épargne et de construction par une commission spéciale créée en 1935 (*Journal officiel*, 3 juillet 1935 et 24 mai 1936).

4. Commerce extérieur.

Les chiffres du commerce extérieur pour 1937 en comparaison avec les précédentes années sont données ci-dessous (en millions de leva) :

	1935	1936	1937	Augmentation en 1937
Importations	3.009,0	3.181,1	4.926,0	+ 1.745,0
Exportations	3.253,3	3.910,4	5.019,5	+ 1.109,1
Solde	+ 244,3	+ 729,3	+ 93,5	

La balance commerciale mensuelle est devenue favorable après le mois de septembre ; l'amélioration mensuelle depuis lors a permis non seulement de combler le déficit de 350 millions de leva existant à fin août, mais de terminer l'année avec un surplus des exportations de 93,5 millions de leva.

La situation moins bonne de la balance annuelle est due à un accroissement de 55% des importations, alors que les exportations augmentaient seulement de 34%. Il y a toutefois lieu

¹ Chiffre extrait du rapport de la Banque agricole et coopérative.
² Un fonds d'assistance aux coopératives de crédits existe, il est vrai, à la Banque agricole et coopérative ; il s'élevait au 31 décembre 1937 à environ 17 millions de leva.

de noter que, dans le chiffre des importations, figure pour près de 350 millions l'importation de l'or, et que, si l'on veut faire une comparaison avec les années précédentes, le solde actif de la balance de 1938 devrait être augmenté de ce montant et porté à environ 450 millions.

La balance des paiements de 1938 est encore plus avantageuse : d'importantes fournitures au gouvernement ont été, en effet, reçues à crédit.

Les principaux articles importés en 1936 et 1937 sont les suivants :

	(Millions de leva.)		
	1936	1937	
Machines et fournitures militaires	523,8	1.285,4	+ 761,6
Matières et produits textiles	782,9	985,9	+ 203,0
Wagons, automobiles	251,2	246,6	— 4,6
Métaux et produits métallurgiques	659,5	1.090,4	+ 430,9
Produits chimiques	111,4	178,9	+ 67,5
Huiles végétales	111,1	184,4	+ 73,3

Les importations d'or sont comprises sous la rubrique métaux et produits métallurgiques ; compte non tenu de ces importations, l'augmentation du chiffre des importations en 1938 est, pour les deux tiers, représentée par une augmentation des achats bulgares de machines et de fournitures militaires étrangères. L'accroissement des importations porte, du reste, sur presque tous les articles.

Les principaux produits exportés, classés par importance de valeur en 1937, sont :

	1936		1937		+ ou -
	(Milliers de tonnes.)		(Millions de leva.)		
Tabac brut	20,0	22,1	1.263,3	1.609,7	+ 346,4
Blé	124,4	193,5	331,3	653,8	+ 322,5
Oeufs	17,5	17,5	465,6	430,1	— 35,5
Raisins	23,2	36,0	190,9	238,3	+ 47,4
Maïs	104,1	98,7	153,3	174,7	+ 21,4
Peaux d'agneaux	1,9	2,0	91,7	171,8	+ 80,1
Volailles abattues	3,7	4,8	125,7	151,6	+ 25,9
Semences de tournesol	45,7	42,6	129,1	138,9	+ 9,8
Haricots	24,4	21,9	94,1	120,8	+ 26,7

L'exportation de ces neuf espèces de produits représente 75% de l'exportation totale. L'accroissement des prix d'une année à l'autre a été parfois considérable ; par contre, les prix des oeufs, du raisin et d'autres articles, principalement vendus en Allemagne, ont baissé.

Il est à remarquer qu'en 1938, les balances favorables ont eu tendance à s'établir de plus en plus avec des pays à « devises libres », particulièrement le Royaume-Uni, le Danemark, l'Egypte, la Palestine et les Etats-Unis. Les balances passives les plus importantes sont celles du commerce de la Bulgarie avec l'Allemagne (536 millions contre 80 millions en 1936), et avec la Roumanie (131 millions contre 93 en 1936). Le tableau suivant donne les chiffres du commerce de la Bulgarie avec quelques pays particulièrement importants pour elle : il est à noter que la position de la Belgique a été complètement retournée du fait des exportations d'or en Bulgarie.

	1936			1937		
	Impor-tations	Expor-tations	Différence en plus ou en moins	Impor-tations	Expor-tations	Différence en plus ou en moins
	(Millions de leva.)					
Allemagne	1.940,1	1.859,9	— 80,2	2.699,0	2.162,5	— 536,5
Royaume-Uni	146,0	435,7	+ 307,7	232,3	695,1	+ 462,8
Tchécoslovaquie	244,2	127,7	— 116,5	244,2	278,9	+ 34,7
Italie	18,6	142,2	+ 123,6	245,8	210,8	— 35,0
Pologne	92,5	146,1	+ 53,6	212,5	233,0	+ 20,5
Autriche	181,3	116,1	+ 65,2	166,2	202,2	+ 36,0
Etats-Unis	69,1	100,6	+ 31,5	100,2	192,2	+ 92,0
Belgique	47,7	146,2	+ 98,5	213,0	84,6	— 128,4

III. AGRICULTURE.

I. Généralités.

De nouveaux amendements à la loi des tabacs (*Journal officiel* 272, du 8 décembre 1937) ont pour but d'éviter à l'avenir les litiges dans la fixation des « écarts » au moment de la livraison des tabacs achetés dans les villages. Ces amendements, qui heurtent les intérêts de certains producteurs, n'ont pas été accueillis partout avec la même faveur.

Les statistiques officielles donnent les renseignements suivants sur la situation comparée des exploitations agricoles en 1934 et en 1926¹.

	Superficie totale			Cultivées		Non cultivées	
	Nombre de fermes	Nombre de parcelles	Superficie (hectares)	Nombre de parcelles	Superficie (hectares)	Nombre de parcelles	Superficie (hectares)
	(En milliers.)						
1934	885,0	11.861,3	4.372,4	10.441,4	3.891,0	1.419,9	481,4
1926	750,6	11.478,0	4.291,1	9.948,7	3.721,2	1.529,3	569,9
(+ ou -)	+ 134,4	+ 383,3	+ 81,3	+ 492,7	+ 169,8	- 109,4	- 88,5

Le nombre de fermes a, au cours des huit années envisagées, augmenté de 134.000, ou 18% et, comme la superficie totale occupée par elles ne s'est accrue que de 1,9%, il en résulte une diminution importante de l'étendue de chacune des fermes, qui est passée en moyenne de 5,7 à 4,9 hectares. Le nombre des petites fermes inférieures à 9 hectares est plus élevé de 25%, alors que celui des fermes plus importantes a baissé considérablement. En 1934, 63% des fermes ont moins de cinq hectares et occupent 30% de la superficie cultivée, alors qu'en 1926, les chiffres correspondants étaient de 56% et de 24%. L'évolution constatée à cet égard comme, du reste, dans l'augmentation du nombre des petites fermes, est due en grande partie à l'installation des nombreux réfugiés bulgares provenant des pays voisins, ainsi qu'à la disparition progressive des communautés familiales (Zadrougi). Les efforts de regroupement des terres (commassation) n'ont été entrepris systématiquement qu'en 1934, et leurs résultats ne pouvaient encore être enregistrés par les statistiques ci-dessus.

La surface cultivée s'est accrue en huit années de 169.800 hectares, ou 4,6%. Cela correspond à la mise en exploitation, pour moitié environ, de terres appartenant à l'Etat ou aux communes, pour moitié de terres jusque-là laissées incultes par leurs propriétaires.

La répartition des terres est donnée dans le tableau ci-dessous :

	(Milliers d'hectares.)		
	1934	1926	+ ou -
Labours	3.465,0	3.295,6	+ 169,4
Potagers	19,4	14,2	+ 5,2
Vignobles	109,3	78,9	+ 30,4
Vergers	22,5	19,2	+ 3,3
Mûriers	4,6	3,1	+ 1,5
Roses	7,0	5,1	+ 1,9
Prairies	263,2	305,1	- 41,9
Total des terres cultivées	3.891,0	3.721,2	+ 169,8
Pâturages	74,6	96,2	- 21,6
Forêts	374,5	450,6	- 76,1
Déserts	30,4	10,6	+ 19,8
Divers	1,9	12,4	- 10,5
Total des terres non cultivées.	481,4	569,9	- 88,5
Total général	4.372,4	4.291,1	+ 81,3

L'augmentation la plus importante est celle des champs. Bien que les superficies consacrées aux potagers, vergers et vignobles aient considérablement augmenté, ce sont néanmoins les champs labourés qui occupent encore la plus grande partie des terres cultivées. L'encouragement donné par l'Etat à la production de l'essence de rose a abouti au résultat paradoxal de porter de 5.100 à 7.000 hectares la surface plantée en rosiers au temps même où la vente sur les marchés internationaux de l'essence de rose était en pleine crise.

La répartition des champs labourés entre les différentes cultures n'a pas encore été indiquée dans les rapports officiels ; néanmoins, il semble, d'après la statistique des récoltes, que les labours ensemencés en céréales représentaient, en 1934, 76% de la superficie totale, contre 71% en 1926.

Une enquête sur l'agriculture faite en 1934 et qui a porté sur 15.000 fermes, a montré que la presque totalité des terres étaient cultivées par ceux mêmes qui en ont la propriété ou la location. Il ressort des statistiques que la surpopulation des campagnes amène à un emploi anormalement élevé de la main-d'œuvre humaine et des bêtes de trait.

Les chiffres donnent un aperçu sur la situation des fermes bulgares : une ferme moyenne possède 0,7 chevaux, 2 têtes de bétail, 0,5 buffles, 12,8 moutons, 1,1 chèvres, 0,7 cochons et 14,9 volailles. L'enquête de 1934 faisait apparaître également l'acuité du problème posé par la reproduction du bétail, la faible proportion du nombre des vaches laitières parmi les bêtes à cornes et le rendement inférieur en lait de ces vaches.

L'enquête de 1934 a essayé d'établir une statistique de la « rotation » des cultures dans les villages : l'analyse des chiffres montre que l'ancien système d'assolement biennal régulier ou irrégulier est encore la base de « rotation » des trois cinquièmes des fermes sur lesquelles a porté l'enquête. L'assolement triennal, qui a marqué le début de l'essor agricole en Europe centrale et orientale, n'était pratiqué que par un sixième des fermes. La raison majeure d'adoption d'un système ou de l'autre en Bulgarie paraît être la nécessité de plus en plus

¹ *Annuaire statistique 1937, page 155.*

grande pour le paysan de mettre en culture même les jachères pour arriver à satisfaire aux besoins de la population ; cette façon de faire, si elle n'est pas accompagnée d'une augmentation du bétail et d'une intensification de la culture, représente un danger certain pour l'avenir du pays.

La Bulgarie est dès aujourd'hui devant le grave problème de trouver les moyens d'assurer l'existence d'une population qui croît rapidement (près de 70.000 habitants par an). Les terres disponibles sont rares, celles que l'on peut conquérir sur les marais, les landes, les forêts ne peuvent l'être que par un effort continu, long et onéreux.

Les communes disposent, il est vrai, de terres couvrant de grandes superficies, mais elles ne peuvent être utilisées que comme pâturages, et l'on n'a pas, jusqu'à présent, envisagé de les employer à une autre fin, sauf récemment pour des cas particuliers, assez rares, d'échange avec certaines parcelles de terres sans rendement appartenant aux « réfugiés ». C'est donc surtout dans l'amélioration de la rentabilité des terres que l'on peut espérer trouver une solution, et dans le remplacement progressif de cultures extensives par des cultures intensives. Pour y parvenir, il faut non seulement parfaire l'éducation du paysan, mais entreprendre des travaux importants d'irrigation, et, enfin, il faut assurer des marchés aux produits. C'est une œuvre qui ne pourra être menée à bien que si l'Etat et le paysan, représenté le plus souvent par des coopératives de production, de consommation et de crédit et en définitive par la Banque agricole, arrivent à collaborer étroitement, non seulement dans l'exécution des travaux, mais dans l'élaboration des programmes.

2. Forêts.

La superficie occupée par les régions administratives forestières en Bulgarie était de 3.197.200 hectares en 1935/36 et de 2.867.800 hectares en 1926. Les statistiques risqueraient de donner un aperçu inexact de la situation, si elles n'étaient corrigées par une analyse détaillée des renseignements qu'elles contiennent. Les forêts proprement dites couvraient une superficie inférieure à 2.200.000 hectares, ou 21% de la superficie totale du pays, mais si l'on fait abstraction des taillis, les bois de haute futaie n'occupaient en 1934/35 pas plus de 831.000 hectares, représentant 130 millions de m³ de bois, soit environ 20 m³ par tête d'habitant ; cette dernière évaluation paraît même très élevée et devrait probablement être réduite d'au moins un tiers. La réserve de la Bulgarie en bois est donc faible, et les besoins du pays ne peuvent être satisfaits par une exploitation normale et conservatrice des forêts.

La consommation de bois national, à l'exception du bois de chauffage, était, en 1934/35, de 859.000 m³, soit environ 0,13 m³ par tête d'habitant, et celle du bois à brûler de 3,2 millions de stères ou 0,5 stère par tête.

Les quantités de bois vendues sont à peu près égales aux quantités abattues, elles se répartissent comme suit :

<i>Bois de construction :</i>	Quantités vendues en m ³	Valeur en millions de leva
Etat	251,5	63,3
Communes	211,4	43,2
Ecoles	3,3	0,2
Monastères	13,5	3,1
Coopératives	15,4	8,1
Particuliers	11,8	3,2
Total	506,9	121,1
 <i>Bois à brûler (stères) :</i>		
Etat	397,5	11,4
Communes	1.791,2	45,4
Ecoles	11,2	0,4
Coopératives	1,8	0,2
Monastères	17,2	0,6
Particuliers	10,2	0,5
Total	2.229,2	58,5

En tenant compte des profits accessoires, les forêts rapportaient en 1934/35 à l'Etat environ 87 millions et aux communes 112 millions, soit par hectare 169 et 82 leva respectivement ; la différence de rendement s'explique par le fait que l'Etat possède surtout de la haute futaie et les communes des bois en taillis.

L'Etat vend souvent sur pied, principalement aux coopératives et à la population locale, à des prix réduits ; parfois, l'Etat exploite pour son compte et vend les produits, soit à prix bas aux coopératives et à la population locale, soit par adjudication aux marchands de bois. En 1934/35, 46.600 m³ ont été cédés aux coopératives à 260 leva le m³, et 100.400 m³ par adjudication à 352 leva le m³. Les prix à la ville sont beaucoup plus élevés, la demande étant grande (le prix de gros de planches de sapin était, en 1935/36, de 1.748 leva le m³) ; ils dépassaient sensiblement les prix pratiqués sur les marchés internationaux.

IV. INDICES DE L'ACTIVITÉ ÉCONOMIQUE.

Les prix d'articles de consommation locale aussi bien que ceux destinés à l'exportation marquent, en novembre 1937, un léger temps d'arrêt dans leur hausse continue. Toutefois, les index des prix de détail et du coût de la vie continuent à monter.

	Novembre 1936	Août 1937 (1934/35 = 100)	Octobre 1937	Novembre 1937
Index des prix de gros	110,6	120,3	133,0	122,5
» des produits exportables	133,6	148,4	156,8	155,2
» des produits importés	87,6	99,5	99,3	99,5
» des produits de consommation locale	104,6	112,2	113,1	113,0
Index des prix de détail	101,2	108,3	112,3	113,4
» du coût de la vie	92,9	95,3	96,4	97,4
» du coût de la vie du paysan fermier	101,0	109,9	111,3	111,7

La production industrielle des dix premiers mois de 1937 a atteint en valeur 5.267 millions de leva contre 4.578 millions au cours de la période correspondante de 1936 ; l'index en volume (1934/35 = 100) était de 175,4 en octobre 1937, et de 167,1 en septembre contre 158,4 en octobre 1936. Les permis de construire accordés de janvier à octobre portent sur 1.969.000 m³ au lieu de 1.774.000 m³ pour les mêmes mois de 1936 ; il est probable, toutefois, que la construction privée a été moins importante que l'année dernière, les travaux publics, par contre, ont largement compensé cette réduction. La Chambre de compensation à la Bourse de Sofia a, en onze mois, traité pour 11,3 milliards de leva de chèques contre 9,3 pour la période correspondante de 1936.

Le total des chômeurs était de 6.943 à fin novembre 1937 et de 7.689 à fin novembre 1936.

V. ETABLISSEMENT DES RÉFUGIÉS BULGARES.

1. Position au 31 décembre 1937 du compte bloqué de l'emprunt 1926.

	Leva
Produit net	1.614.296.149
Dont mis à la disposition du service d'établissement	1.612.824.302
Solde en dépôt à la Banque nationale	1.471.847

2. Rendement des revenus gagés.

Chapitres du budget	Encaissements				1/12 des évaluations budgétaires
	Septembre	Octobre	Novembre	Décembre	
	(En millions de leva.)				
10. Accise sur le sel étranger, le café et autres marchandises, et boissons étrangères	12	13,1	11,4	12,4	14,2
11. Accise sur le vinaigre, la bière, l'acide carbonique et autres boissons indigènes, et accise sur l'alcool	4,4	4,4	3,5	2,5	3,7
14. Accise sur le sel	6,8	6,7	12,6	4,3	3,1
15. Accise sur le sucre et la glucose	22,2	25,5	33,9	34,1	24,2
16. Accise sur le riz, la benzine et le gasoil indigènes	2,8	2,6	5,6	4,1	1,3
34. Allumettes	8,6	8,8	8,2	6,7	7,0
57. Versement des réfugiés à titre d'intérêts	0,1	0,1	0,1	0,1	0,7
Total	56,9	61,2	75,3	64,2	54,2

Les versements des réfugiés affectés au remboursement des dépenses d'établissement ont atteint les montants ci-après (leva) :

	Septembre	Octobre	Novembre	Décembre	Antérieurs	31 déc. 1937
Intérêts	99.445	13.813	92.416	103.867	17.141.047	17.450.588
Amortissement	33.527	56.513	2.327.194	72.104	27.653.528	30.142.866
Total	132.972	70.326	2.419.610	175.971	44.794.575	47.593.454

3. *Utilisation de l'emprunt.*

Les engagements restant à régler au 31 décembre 1937 s'élèvent à	Leva 3.465.834
Pour y faire face, la Direction générale de la Dette publique dispose de :	
Banque nationale, compte « Commissariat »	1.471.847
Banque nationale	<u>1.993.987</u>
	3.465.834

VI. EMPRUNT DE STABILISATION 7½% 1928.

1. *Position au 31 décembre 1937 du compte bloqué de l'emprunt.*

Produit net	Leva 3.370.065.553
Dont mis à la disposition des administrations	<u>3.370.065.553</u>
Compte soldé	—

2. *Rendement des revenus gagés (douanes).*

	(En millions de leva.)				
	Septembre	Octobre	Novembre	Décembre	1/12 des évaluations budgétaires
	85,9	92,8	95,2	96,8	<u>71,7</u>

3. *Utilisation du produit de l'emprunt.*

I. *Chemins de fer et ports.*

La totalité de cette tranche s'est montée à	Leva 672.300.000
dont mis à la disposition de la Direction des Chemins de fer au 31 décembre 1937	<u>672.300.000</u>

Sommes aux mains de l'Administration : 1.487.349¹.

II. *Routes et ponts.*

La totalité de cette tranche s'est montée à	182.031.732
dont engagés au 31 décembre 1937	<u>181.844.182</u>

Solde non engagé	187.550
Reste à payer sur engagements opérés	—

Sommes aux mains de l'Administration : 187.550.

¹ Le solde provient des sommes qui ont été engagées pour des fournitures de matériaux en valeurs étrangères et pour lesquelles les paiements étaient moindres par suite de la baisse de la monnaie.

Appendice I.

**a) RÉSULTATS ET PRÉVISIONS DU BUDGET DE 1937
EN COMPARAISON AVEC LE BUDGET DE 1938.**

	Résultats 1 ^{er} janvier-31 décembre		Prévisions budgétaires	
	1936	1937	1937	1938
	(En millions de leva.)			
RECETTES.				
A. Budget de l'Etat :				
I. Recettes fiscales :				
1. Impôts directs	526,8	589,9	506	576
2. Impôts indirects :				
Douanes	956,2	1.123,6	1.031,5	1.093
Accises	1.350,6	1.513,4	1.371,6	1.447,2
Enregistrement	94,9	110,5	100	108
Timbre	362,1	449,8	362	420
3. Amendes et confiscations .	78,7	76,5	72,5	71
4. Monopoles	124,2	134,1	127	132
5. Exercices clos	275,2	239,1	280	230
Total I.	3.768,7	4.236,9	3.850,6	4.077,2
II. Autres recettes :				
6. Entreprises d'Etat	602,4	674,9	662,9	720,5
7. Participation des communes aux appointements des instituteurs et médecins	407,3	503,4	410	466
8. Recettes administratives et autres	826,7	1.023,7	1.024,3	1.031,8
III. 9. Recettes extraordinaires . .	150,2	807,9	853,1	393,6
10. Ressources d'emprunt . .	298,5	24,6	96	96,5
IV. Recettes d'ordre :				
11. Reprise en recettes des soldes non transférés de la dette publique extérieure	414,9	407,9	417,9	414,4
Total I-IV.	6.468,7	7.679,3	7.314,8	7.200,0
Total des recettes réelles (sans N° 11)	(6.053,8)	(7.271,4)	(6.896,9)	(6.785,6)
B. Chemins de fer et ports	1.362,2	1.668,8	1.643,4	1.877,4
Total général	7.830,9	9.348,1	8.958,2	9.077,4
Total général non compris N° 11. . .	(7.416,0)	(8.940,2)	(8.540,3)	(8.663,0)

Appendice I (suite).

**DÉPENSES EFFECTIVES ET CRÉDITS OUVERTS EN 1937 EN COMPARAISON
AVEC LES CRÉDITS OUVERTS PAR LE BUDGET DE 1938.**

	Résultats 1 ^{er} janvier-31 décembre		Crédits ouverts	
	1936	1937	1937	1938
DÉPENSES.	(En millions de leva.)			
A. Budget de l'Etat :				
1. Pouvoir suprême	36,9	38,8	39,7	52,5
2. Dette publique	2.009,0 ¹	2.106,3	2.134,7	1.917,0
3. Cours des comptes	19,1	19,9	21	21,1
4. Affaires étrangères :				
a) Ministère	94,8 ²	84,1	91,7	91,8
b) Cultes	70,6	71,1	71,5	72
5. Intérieur et Santé publique :				
a) Administration et Police	276,1	315,5	345,1	332,5
b) Direction générale de la Santé	177,6	192,5	203	199,5
6. Instruction publique	849,4	879,2	916,6	917,8
7. Finances	194,9	248,2	253,9	218,5
8. Justice	162,7	180,5	185,9	175
9. Guerre	1.318,6 ³	1.798,4	1.806,6	1.820,6
10. Commerce	65,1	74,2	82,2	78
11. Agriculture	297,4	324	361	372,5
12. Travaux publics :				
a) Direction générale des Travaux publics	131,1	160,6	176,7	243,1
b) Direction générale de Prestation	126,6 ⁴	158,4	159,6	146,5
13. Ministère des Chemins de fer et P. T. T. :				
a) Service policier maritime et fluvial	40,5	43	44,6	50,6
b) Direction générale des P. T. T.	212,8	247,3	304,7	316
c) Direction de l'Aviation	99,3 ⁵	143,2	145	175
Sur crédits extraordinaires	4,5	1,9	—	—
Total A	6.187,0	7.087,2	7.343,5	7.200,0
B. Budget des Chemins de fer :	1.361,3	1.619,6	1.712,3	1.859,4
Total général	7.548,3	8.706,8	9.055,8	9.059,4
Total général non compris les dépenses correspondant aux soldes non transférés de la Dette publique	7.133,4	8.298,9	8.637,9	8.645,0
Excédent	+ 282,6	+ 641,3	- 97,6	+ 182,0

¹ Dont 46,9 sur crédits supplémentaires.
² Dont 9,8 sur crédits supplémentaires.
³ Dont 180 sur crédits supplémentaires.
⁴ Dont 22 sur crédits supplémentaires.
⁵ Dont 40 sur crédits supplémentaires.

Appendice I (suite).

b) RÉSULTATS MENSUELS DES QUATRE DERNIERS MOIS DE 1937.

(En millions de leva.)

	1937	Septembre		Octobre		Novembre		Décembre					
	1/12 du budget autorisé	1936	1937		1936	1937		1936	1937				
			Effectives	Budget mensuel		Effectives	Budget mensuel		Effectives	Budget mensuel			
RECETTES.													
<i>A. Budget de l'Etat.</i>													
I. Recettes fiscales :													
1. Impôts directs	42,2	43,7	51	52	45,2	56	52	38,4	44,1	40	50,1	62,6	45
2. Impôts indirects :													
Douanes	86	84,1	97,7	88	87	106	87	89	106,6	90	102,7	109,2	92
Accises	114,3	130	138,4	130	105,3	137,3	130	130,3	146,7	130	127,3	144,5	127
Enregistrement	8,3	8,4	8,3	9	8,5	9,6	8	8	9,2	8	10,7	13,4	8,5
Timbre	30,2	36,9	40,5	36	35,7	41,7	36	33,2	37,8	35	39,3	43,7	36
3. Amendes et confiscations	6	6,2	6	6	9,6	7,7	5	8,6	6,3	5	9,5	9,3	5
4. Monopoles	10,6	11,6	12,5	11	12,2	12,7	12	11,4	12,2	12	10	12,3	10
5. Exercices clos	23,3	17,4	7,8	16	35,4	28,9	25	22,4	15,1	13	33,5	16,1	17
Total I	320,9	338,3	362,4	348	338,9	399,9	355	341,3	378,0	333	383,1	411,1	340,5
II. Autres recettes :													
6. Entreprises d'Etat	55,2	54	51,7	52,4	71,9	64,1	52,9	49,4	50,6	45,9	71,7	75,4	43,1
7. Participation des communes aux appointements des instituteurs et médecins	34,2	26,3	35,7	35	36,7	40,9	36	46,6	51,4	35	56,8	56,2	30
8. Recettes administratives	83,7	77,6	82,4	73,2	81	84,5	81,7	70,5	74,3	85,5	86,9	98	72,6
Total II	173,1	157,9	169,8	160,6	189,6	189,5	170,6	166,5	176,3	166,5	215,4	229,6	145,7
III. Recettes extraordinaires :													
9. Recettes extraordinaires	42,2	23,3	167,1	71	6,9	92,6	80	12,2	116,6	84	20,5	279,1	71
10. Ressources d'emprunts	5,1	30,7	3,6	5,6	50	4	11,6	30,4	3,6	11,7	34,3	36	—

IV. Recettes d'ordre :														
II. Reprise en recettes des soldes non transférés de la dette publique extérieure	34,8	21,4	23,8	34,8	10,3	17,1	34,8	17,4	57,6	34,8	179,2	85,3	34,8	
Total	576,1	571,6	726,7	620,0	595,7	703,1	652,0	567,8	732,1	630,0	832,5	1.008,7	592,0	
Total des recettes réelles (sans les recettes d'ordre) .	(541,3)	(550,2)	(702,9)	(585,2)	(585,4)	(686,0)	(617,2)	(550,4)	(674,5)	(595,2)	(653,3)	(923,4)	(557,2)	
B. Chemins de fer et ports	129,2	140,5	172,4	160	147,5	192,8	170	127,9	159,2	170	115,1	130,6	148	
Total mensuel général . . .	705,3	712,1	899,1	780,0	743,2	895,9	822,0	695,7	891,3	800	947,6	1.139,3	740	
Total mensuel non compris les recettes d'ordre . . .	(670,5)	(690,7)	(875,3)	(745,2)	(732,9)	(878,8)	(787,2)	(678,3)	(833,7)	(765,2)	(768,4)	(1.054,0)	(705,2)	
DÉPENSES.														
A. Budget de l'Etat	576,1	152,0	467,1	620,0	527,8	692,0	652,0	472	527,6	630	657,7	637,4	592	
B. Chemins de fer et ports	129,2	142,7	150,8	160	140,7	150,4	170,0	103,3	147,6	170	100,1	139,4	148	
Total des dépenses	705,3	662,7	617,9	780,0	668,5	842,4	822	575,3	675,2	800	756,8	776,8	740	
Dépenses en souffrance (+ ou — au cours du mois) .	—	— 19,2	+ 127,0	—	+ 20,2	— 3,4	—	+ 42,2	+ 41,1	—	— 127,8	+ 13,5	—	
Total mensuel général . . .	705,3	643,5	744,9	780,0	688,7	839,0	822,0	617,5	716,3	800	629	790,3	740	
Total mensuel non compris les dépenses d'ordre . . .	(670,5)	(622,1)	(721,1)	(745,2)	(678,4)	(721,9)	(787,2)	(600,1)	(658,7)	(765,2)	(449,8)	(705,0)	(705,2)	

Appendice I (fin).

c) SITUATION DÉTAILLÉE ET COMPARÉE DES RECOUVREMENTS DES IMPÔTS DIRECTS
POUR L'EXERCICE 1937.

	Résultats 1 ^{er} janvier - 31 décembre				Prévisions 1937	
	1936	1937	+ ou -	% de 1937 par rapport à 1936	Quote-part exigible	% des recouvrements par rapport à la quote-part exigible
	(En millions de leva.)					
Impôts cédulaires ¹						
Impôt sur le revenu global	359,1	385,9	+ 26,8	107	330	117
Impôt sur les brebis et les chèvres	12,1	9,7	- 2,4	75	13	74
Impôt sur l'exemption de la prestation	41,6	41,0	- 0,6	98	43	95
Impôt militaire	48,6	54,8	+ 6,2	113	50	109
Impôt sur les successions	30,2	58,4	+ 28,2	193	40	145
	35,1	40,1	+ 5,0	114	30	134
Total	526,7	589,9	+ 63,2	112	506	116
Impôts arriérés	248,3	212,1	- 36,1	85	280	76
Amendes et intérêts de retard sur impôts arriérés	46,6	38,9	- 6,7	83	42	93
Total général	821,6	840,9	+ 19,3	102	828	101

¹ Y compris l'impôt sur les sociétés.

d) SITUATION DE LA TRÉSORERIE EN SEPTEMBRE-DÉCEMBRE 1937.

	Septembre	Octobre	Novembre	Décembre
	(En millions de leva.)			
Solde au début du mois du compte du Trésor à la Banque nationale	752,3	867,5	863,8	1.024,0
Budget de l'Etat et des Chemins de fer :				
Encaissements	899,1	895,9	891,3	1.139,3
Décaissements	617,9	842,4	675,2	776,8
Ressources extrabudgétaires :	+ 281,2	+ 53,5	+ 216,1	+ 362,5
Diverses	- 166,0	- 57,2	—	—
Emission de bons du Trésor	—	—	—	—
Solde en fin du mois du compte du Trésor	867,5	863,8	1.024,0	1.273,6
Paiements exigibles en souffrance (non compris les dettes à long terme consolidées ou en suspens)	572,9	569,4	610,5	624,0
Solde	+ 294,6	+ 294,4	+ 413,5	+ 649,6

Appendice II.

a) SITUATION DE LA BANQUE NATIONALE DE BULGARIE EN 1935, 1936 ET 1937.

ACTIF.	15 déc. 1935	15 déc. 1936	15 sept. 1937	15 déc. 1937
Or monnayé et non monnayé	1.591	1.618	1.834	1.900
Devises	612	791	375	643
Monnaies divisionnaires	456	386	308	436
Portefeuille et avances de commerce .	493	409	927	880
Bons du Trésor	855	1.035	385	385
Dette de l'Etat	2.671	2.572	3.523	3.523
Placements	267	333	341	398
Autres avoirs	335	323	324	382
Total	7.280	7.467	8.017	8.547
PASSIF.				
Capital versé et réserve	1.751	1.742	1.708	1.703
Billets de banque en circulation . . .	2.280	2.563	2.857	2.558
Comptes courants et de dépôts	2.091	2.316	2.854	3.585
dont de banques	(729)	(865)	(1.319)	(1.752)
Exigibilités en devises	142	50	98	100
Autres exigibilités	1.017	795	500	601
Couverture (%)	33,58	33,16	32,11	30,92
Taux de l'escompte	6	6	6	6
Circulation totale	3.466	3.818	4.186	3.838

b) SITUATION DES BANQUES PRIVÉES EN BULGARIE AUX 31 DÉCEMBRE 1936, 31 MARS, 30 JUIN ET 30 SEPTEMBRE 1937.

ACTIF.	31 déc. 1936	31 mars 1937	30 juin 1937	30 sept. 1937
Caisse et Banque nationale	556,2	426,0	223,0	221,4
Autres banques	163,4	139,6	119,9	102,0
Effets escomptés	1.488,1	1.405,1	1.506,7	1.940,4
Avances	1.494,0	1.526,2	1.625,3	1.569,2
Gages	457,3	384,1	487,3	529,2
Placements	319,2	356,6	349,8	371,0
Immeubles et mobiliers	253,5	244,1	242,7	250,1
Contentieux et effets protestés	483,9	477,6	437,3	413,6
Divers	604,3	691,4	1.053,8	992,1
Pertes	59,1	—	—	—
Balance	5.879,0	5.650,6	6.045,6	6.389,0
PASSIF.				
Capitaux	987,4	958,7	933,8	928,7
Dépôts d'épargne	1.348,9	1.349,2	1.374,5	1.361,5
Dépôts commerciaux	1.592,9	1.526,0	1.415,1	1.393,4
Autres créditeurs	417,3	323,4	406,1	374,6
Banques	56,2	48,3	44,2	45,8
Récompte	417,9	389,6	451,8	767,6
Gages	457,3	384,1	487,3	529,2
Succursales	223,3	276,7	265,2	260,7
Divers	348,8	394,8	667,7	727,4
Profit	29,0	—	—	—

Appendice II (fin).

c) DONNÉES GÉNÉRALES ÉCONOMIQUES ET FINANCIÈRES.

Années et mois	Commerce extérieur					Indices économiques							Banque nationale							
	Valeur (millions de leva)			Poids (1.000 t.)		Trans- port par chemin de fer. Mar- chan- dises arrivées (1.000 tonnes)	Volume de la produc- tion indus- trielle 1934/35 = 100	Ventes de détail des coopé- ratives (mil- lions de leva)	Prix de gros 1926 = 100	Coût de la vie 1926 = 100	Total des dépôts (millions de leva)	Total des place- ments ¹ (millions de leva)	Or	Mon- tant net des devises	Porte- feuille commer- cial ²	Dettes cou- rantes du gou- verne- ment ³	Circulation		Couver- ture ⁴ %	Taux d'es- compte
	Impor- tations	Expor- tations	Balance + ou -	Impor- tations	Expor- tations												de billets de banque	totale		
(En millions de leva.)																				
	Moyenne mensuelle.					Moyenne mensuelle.							Fin.							
1931 .	388	495	+ 107	24,6	64,1	366	—	—	79,1	89,3	—	—	1.511	257	579	279	2.919	3.629	37,69	9 1/2
1932 .	289	282	— 7	21,8	49,0	376	—	—	70,3	82,2	—	—	1.519	123	427	423	2.635	3.521	36,07	8
1933 .	184	237	+ 53	19,2	35,9	353	—	—	61,8	76,3	9.706	11.021	1.545	141	473	818	2.984	3.971	35,39	8
1934 .	187	211	+ 24	20,5	33,0	327	98,3	—	63,6	71,2	10.024	10.901	1.547	121	373	655	2.449	3.736	35,71	7
1935 .	251	271	+ 20	23,0	27,3	344	101,7	51,4	65,1	66,6	10.597	10.939	1.591	448	612	910	2.497	3.732	33,37	6
1936 .	265	326	+ 61	23,6	47,4	365	112,3	56,3	67,5	63,8	11.493	11.245	1.652	724	505	936	2.571	3.811	34,17	6
1936:																				
I .	181	376	+ 195	17,4	15,3	229	78,9	48,4	65,8	65,9	11.265	10.896	1.591	383	294	1.010	2.177	3.294	34,18	6
II .	303	250	— 53	22,7	14,6	235	90,9	42,1	65,2	66,3	11.452	10.939	1.591	329	216	1.010	2.113	3.203	35,13	6
III .	220	232	+ 12	18,9	17,6	258	108,3	54,1	64,7	66,0	11.360	10.946	1.591	237	239	928	2.293	3.417	36,06	6
IV .	270	238	— 32	24,8	26,1	255	95,2	55,6	66,4	64,0	11.285	10.993	1.591	247	344	1.028	2.252	3.349	33,65	6
V .	296	203	— 93	27,0	31,5	326	104,0	61,2	66,3	63,9	11.167	10.899	1.607	353	358	1.028	2.247	3.323	33,39	6
VI .	291	179	— 112	25,9	39,9	389	109,4	56,9	66,0	63,9	11.273	10.970	1.607	306	370	1.032	2.453	3.551	32,56	6
VII .	195	164	— 31	22,9	41,4	359	101,7	48,1	66,6	64,3	11.424	11.047	1.607	301	334	932	2.304	3.422	34,41	6
VIII .	209	221	+ 12	26,0	55,7	440	106,2	53,7	67,7	63,7	11.559	11.481	1.607	355	410	1.132	2.561	3.755	33,20	6
IX .	248	379	+ 131	25,6	69,0	479	138,7	55,0	68,8	63,8	11.631	11.682	1.616	407	649	1.235	2.790	4.090	31,92	6
X .	263	539	+ 276	23,1	98,8	564	149,0	56,6	70,4	64,3	11.630	11.774	1.618	474	618	1.135	2.663	3.943	32,98	6
XI .	327	482	+ 155	23,8	65,6	456	131,2	65,2	71,2	64,8	11.759	11.787	1.618	659	456	1.035	2.584	3.837	33,72	6
XII .	377	647	+ 270	24,8	93,5	389	133,8	78,1	61,5	65,0	12.079	12.090	1.652	724	505	936	2.571	3.812	34,17	6
1937:																				
I .	309	527	+ 218	20,7	58,4	284	85,2	44,3	72,0	65,1	12.228	12.018	1.705	763	336	374	2.572	3.783	31,72	6
II .	295	394	+ 99	17,7	43,9	278	99,8	47,3	72,0	65,4	12.259	12.082	1.755	573	392	374	2.317	3.471	33,03	6
III .	309	379	+ 70	25,2	41,8	303	112,6	66,4	72,2	65,3	12.301	12.143	1.755	514	546	375	2.440	3.622	32,24	6
IV .	375	475	+ 100	29,3	72,5	335	122,9	66,7	73,1	65,3	12.299	12.186	1.755	496	604	375	2.636	3.909	32,32	6
V .	456	356	— 100	29,6	50,5	338	109,5	71,7	73,3	65,4	12.316	12.187	1.766	427	646	385	2.430	3.617	32,13	6
VI .	511	257	— 254	29,4	45,8	391	122,3	60,7	73,4	66,0	12.394	12.222	1.797	362	723	385	2.394	3.567	32,15	6
VII .	430	313	— 117	33,3	64,0	453	130,4	57,3	76,6	66,6	12.624	12.343	1.801	328	757	385	2.543	3.771	32,35	6
VIII .	602	239	— 363	34,1	37,7	498	137,3	62,4	77,4	66,5	12.777	12.751	1.833	208	901	385	2.856	4.178	32,51	6
IX .	415	437	+ 22	29,5	61,4	498	137,7	58,5	78,1	66,7	12.708	12.878	1.834	295	1.052	385	2.950	4.314	31,51	6
X .	337	556	+ 219	25,0	81,1	575	187,4	63,6	79,1	66,9	13.027	13.330	1.871	470	1.185	385	2.968	4.367	30,76	6
XI .	447	514	+ 67	26,1	72,9	560	—	—	78,8	68,2	13.005	12.940	1.900	537	999	385	2.744	4.090	31,03	6
XII .	441	573	+ 132	25,1	57,2	—	—	—	—	—	—	—	1.994	585	1.001	385	2.569	3.849	31,62	6

¹ Données révisées.

² Escompte et avances.

³ Escompte et réescompte des bons du Trésor.

⁴ Le chiffre des unités de cette colonne n'est pas définitif.

Genève, le 27 juin 1938.

SOCIÉTÉ DES NATIONS

**QUARANTE-SIXIÈME RAPPORT
DU COMMISSAIRE DE LA SOCIÉTÉ DES NATIONS EN BULGARIE**

(PÉRIODE JANVIER-AVRIL 1938.)

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Série de Publications de la Société des Nations

II. QUESTIONS ÉCONOMIQUES
ET FINANCIÈRES
1938. II.A. 6.

INTRODUCTION.

1. Le Parlement bulgare s'est réuni le 22 mai 1938, après une suspension de quatre ans. Les élections législatives se sont passées sans incident, et le pays a approuvé en majorité la politique suivie depuis trois ans par les gouvernements successifs présidés par M. Kiosséïvanov.

Le Parlement a ratifié globalement tous les décrets-lois pris depuis le 19 mai 1934 en exécution de l'article 47 de la Constitution, qui prévoit qu'en l'absence du Parlement et dans l'impossibilité de le réunir, le Gouvernement a le pouvoir de légiférer.

2. A fin avril 1938, les dépenses réglées ou à régler de l'Etat et des Chemins de fer excèdent les encaissements de 163,4 millions de leva, soit environ 5%.

3. Les recettes, et tout spécialement celles des Chemins de fer sont supérieures aux recettes de l'année précédente ; leur montant correspond à peu près aux prévisions budgétaires.

4. L'effort en matière de construction et de travaux publics (routes, chemins de fer) se poursuit ; de nombreux emprunts ont été consentis à cet effet. Une Direction générale des constructions vient d'être créée ; elle est chargée de centraliser et de coordonner l'élaboration d'un plan de dix années et sa réalisation.

5. Le point culminant de l'activité commerciale semble avoir été atteint à la fin de l'automne dernier ; depuis lors, le commerce local, en particulier, est en regression sensible ; il ne pourrait être ranimé que par une belle récolte qu'il est actuellement prématuré d'escompter.

6. La situation des banques et de la Banque nationale en particulier demeure satisfaisante.

7. Le volume du commerce extérieur au cours du premier trimestre de 1938 est légèrement supérieur à celui du commerce extérieur de la période correspondante de 1937.

8. Le présent rapport a été établi par M. Pierre Cheysson, commissaire de la Société des Nations en Bulgarie, avec la collaboration de M. Kōstner, conseiller auprès de la Banque nationale de Bulgarie.

I. BUDGET.

1. Equilibre budgétaire (cf. appendice I, a)).

Après quatre mois de gestion, le budget de 1938 se présente comme suit :

	Millions de leva		
	Etat	Chemins de fer	Total
Recettes effectives globales	2.389,8	557,9	2.947,7
Dépenses globales :			
Effectives	2.227,1	477,9	
En souffrance	282,7	123,4	
	<u>2.509,8</u>	<u>601,3</u>	<u>3.111,1</u>
Déficit	120,0	43,4	163,4

Le tableau donné dans l'appendice I, b) sur l'état des encaissements, des décaissements et des dépenses non réglées pour chacun des quatre premiers mois permet de suivre l'évolution du déficit depuis le début de l'exercice.

	Janvier			Février		
	Etat	Chemins de fer	Total	Etat	Chemins de fer	Total
	(En millions de leva)					
Encaissements	632,5	110,2	742,7	563,0	113,4	676,3
Paiements faits et en souffrance	739,2	133,5	872,7	490,1	177,6	667,7
Déficit du mois	106,7	23,3	130,0	-72,9	64,3	-8,6
Déficit antérieur			—	106,7	23,3	130,0
Déficit total à la fin du mois			130,0	33,8	87,6	121,4

	Mars			Avril		
	Etat	Chemins de fer	Total	Etat	Chemins de fer	Total
	(En millions de leva)					
Encaissements	672,3	134,0	806,3	522,0	200,4	722,4
Paiements faits et en souffrance	641,5	144,3	785,8	639,0	145,9	784,9
Déficit du mois	— 30,8	10,3	— 20,5	117,0	— 54,5	62,5
Déficit antérieur	3,8	87,6	121,4	3,0	97,9	100,9
Déficit à la fin du mois	3,0	97,9	100,9	120,0	43,4	163,4

Les dépenses (effectives et en souffrance) non couvertes par les rentrées budgétaires représentent, à la fin d'avril, 5,3% du montant total de ces dépenses; la proportion est de 4,8% pour les dépenses d'Etat et de 7,2% pour les dépenses des Chemins de fer. A pareille date en 1937, les chiffres correspondants étaient 7,5% (210 millions de leva), 4,1% (93,4 millions) pour l'Etat, 23,3% (117,2 millions) pour les Chemins de fer.

En 1937, les premiers mois de l'exercice avaient été déficitaires et la situation budgétaire n'avait commencé à s'améliorer qu'à partir du mois d'août; il est probable que la courbe des déficits mensuels aura cette année la même allure; les encaissements sont fonction de l'activité économique du pays, qui est ralentie pendant l'hiver et le printemps et se développe au moment des récoltes et de la vente des produits agricoles.

2. Recettes.

Compte non tenu des recettes d'ordre (reprise en recettes des soldes non transférés de la dette publique extérieure), les recettes effectives de l'Etat et des Chemins de fer des quatre premiers mois de 1938 s'élèvent à 2.882,9 millions de leva, dont 2.325 millions pour l'Etat et 557,9 millions pour les Chemins de fer. Par rapport à 1937, l'on enregistre une plus-value de 413 millions (16,5%) des recettes globales, de 240,3 millions (11,4%) des recettes de l'Etat et de 172,7 millions (44,3%) des recettes des Chemins de fer.

L'amélioration des recettes est générale, et tous les chapitres du budget y participent, à l'exception des chapitres des douanes (— 3%) et des exercices clos (— 25%). L'augmentation du produit des Chemins de fer est particulièrement remarquable (+ 44,3%); ce produit n'en reste pas moins sensiblement inférieur aux prévisions budgétaires (— 11%).

En général, les encaissements sont voisins des prévisions: si l'on ne tient pas compte des recettes d'ordre, les rentrées du budget de l'Etat dépassent de 60 millions les prévisions (+ 2,7%), et les recettes globales (Etat et Chemins de fer) représentent 99,5% des prévisions.

Les rentrées du mois d'avril (cf. appendice I, b)) au titre du budget de l'Etat (522 millions) sont les plus faibles qui ont été enregistrées depuis le début de l'année et sont inférieures de 13% aux rentrées prévues (600 millions); par contre, les recettes des Chemins de fer au cours du même mois ont atteint 200,4 millions et sont supérieures à celles des autres mois et aux prévisions (156,5 millions).

3. Dépenses (cf. appendice I, a) et b)):

Si l'on fait abstraction des dépenses d'ordre, les dépenses globales payées ou en souffrance (Etat et Chemins de fer) des quatre premiers mois de l'exercice 1938 s'élèvent à 3.046,3 millions de leva, dont 2.445 millions pour l'Etat et 601,3 millions pour les Chemins de fer; les dépenses globales dépassent de 13% les dépenses globales de la période correspondante de 1937; l'Etat a dépensé 266,9 millions (12%) de plus qu'en 1937 et les Chemins de fer 98,9 millions (20%).

Les dépenses globales ont excédé de 289,2 millions les crédits autorisés par les budgets mensuels. Il convient de remarquer que la Dette publique a dépensé 156 millions de plus qu'elle n'y était autorisée et les Chemins de fer, 121 millions, soit, pour ces deux administrations seules, 277 millions. Les crédits mensuels alloués à la Dette publique sont dépensés par elle au moment des échéances (les pensions, par exemple, sont payées trimestriellement), et il peut se produire qu'au cours d'un mois déterminé la Dette publique, qui est autorisée à tirer à découvert sur son compte courant à la Banque nationale, dépasse les crédits autorisés, alors qu'au cours d'un autre mois, elle n'épuisera pas les crédits accordés. Pour les Chemins de fer, le caractère même de leur exploitation ne leur permet pas, bien souvent, de rester dans la limite de crédits mensuels fixés à l'avance. En dehors de ces deux exceptions, on peut considérer que le contrôle exercé par le ministre des Finances par le moyen des budgets mensuels joue de façon satisfaisante.

4. Crédits supplémentaires.

Les crédits supplémentaires ou les virements de chapitre à chapitre accordés par différents oukazes sont de faible importance.

Au contraire, le montant des sommes mises à la disposition des ministères, des chemins de fer et des fonds publics sous forme de prêts destinés à des constructions de bâtiments et à des travaux, est particulièrement élevé.

Le 26 février 1938 (*Journal officiel*, N° 44), la Direction générale des Chemins de fer a été autorisée à emprunter 200 millions à la Caisse d'épargne postale, remboursables avant le

1^{er} novembre 1954, au taux d'intérêt de la Caisse augmenté de 1%. Cet emprunt était prévu dans le budget des Chemins de fer de 1938 comme il a été dit dans le quarante-cinquième rapport.

Le *Journal officiel* N° 87 du 20 avril publie les conditions du prêt de 7 millions accordé par la Caisse d'épargne postale au fond des « édifices judiciaires ».

Le 20 avril également, le Ministère des Finances est autorisé à emprunter 30 millions de leva à la Banque agricole et coopérative pour fournir à crédit aux municipalités les tuyaux destinés aux adductions d'eau.

Les Chemins de fer bénéficient d'un crédit supplémentaire de 49 millions pour pouvoir, en particulier, augmenter leurs achats de locomotives et de wagons (*Journal officiel* du 28 avril).

La Direction générale de la Dette publique, qui fait construire un bâtiment destiné à recevoir ses services, a besoin, pour le terminer, de porter de 22,5 millions à 37,5 millions le montant de l'emprunt qu'elle avait contracté en 1936 auprès du fonds des pensions (*Journal officiel* du 28 avril, N° 91).

Le « fonds des routes » réalise le 5 mai (*Journal officiel*, N° 97) le projet d'emprunt de 200 millions prévu par son budget ; la Banque agricole et coopérative lui prête cette somme à 5% d'intérêt annuel, amortissable en treize semestrialités à partir du 1^{er} juillet 1940.

Un grand nombre de villes (Sofia a emprunté 100 millions depuis le début de l'année), d'établissements publics, etc., ont contracté des prêts pour des montants importants, afin d'améliorer les conditions d'existence de la population (adductions d'eau, construction d'abattoirs, d'écoles, d'hôpitaux, etc.).

Le précédent rapport (page 6, budget des fonds) avait déjà signalé « l'effort accompli en matière de travaux publics » en 1937 et avait relevé « l'importance des crédits ouverts à cet effet par les budgets de l'Etat, des Chemins de fer et des fonds ». Cet effort s'intensifie encore.

5. Direction générale des constructions.

Pour éviter la concurrence qui pouvait se produire dans l'approvisionnement des matériaux, dans le recrutement de la main-d'œuvre et dans la recherche des entrepreneurs et pour assurer la coordination des programmes et de leur exécution, le Gouvernement a décidé, le 12 mai 1938 (*Journal officiel*, N° 102), de créer une « Direction générale des constructions » auprès du Ministère des Travaux publics. Cette Direction est chargée d'exécuter, d'après un « plan de dix ans », tous travaux relatifs aux routes, aux chemins de fer et aux aménagements hydrauliques. Elle est constituée en administration publique autonome, jouissant de la personnalité juridique, et est placée sous le contrôle suprême du Conseil des ministres. Son conseil d'administration est composé du ministre des Travaux publics, président de droit, et de hauts fonctionnaires des Ministères des Travaux publics, des Finances, de la Guerre, de l'Agriculture, des Chemins de fer, des Postes et Télégraphes.

Le programme général des travaux à exécuter est approuvé par le Conseil des ministres et fait l'objet d'un oukaze royal promulgué au *Journal officiel*. Le budget de la Direction générale est divisé en trois chapitres : routes, chemins de fer, travaux hydrauliques. La Direction générale bénéficie des recettes propres au fonds des routes et à chacune des sections des Ministères des Travaux publics, de l'Agriculture et des Chemins de fer qui lui ont été incorporées sans qu'il puisse y avoir confusion de ces recettes qui resteront affectées aux besoins pour lesquels elles avaient été prévues. Le fonds des routes subsiste et reste responsable des engagements qu'il a pris (contrats, emprunts, etc.).

La Direction générale disposera, pour cette année, de 1262,2 millions¹ de leva, dont 917 millions pour les routes, 314 millions pour la construction de nouvelles lignes de chemins de fer, et 31,2 millions pour les aménagements hydrauliques. Cette dernière dotation est signalée comme particulièrement faible, étant donnée l'importance des travaux à entreprendre tant pour rectifier le cours des rivières que pour endiguer les torrents et pour améliorer l'irrigation. L'on connaît (*cf.* quarante-cinquième rapport, page 15) les problèmes que posent la forte natalité de la Bulgarie et la nécessité pour elle de récupérer de nouvelles terres de culture, d'une part, et d'améliorer le rendement des autres, d'autre part.

6. Trésorerie.

Profitant de l'aisance de trésorerie résultant de l'excédent budgétaire laissé par le budget de 1937, le ministre des Finances a payé 75 millions de bons du Trésor à leur échéance. Il poursuit ainsi l'effort commencé en 1936 (où 50,5 millions de bons ont été remboursés) et poursuivi en 1937 (où 75,1 millions de bons ont été retirés de la circulation). La situation des bons du Trésor est actuellement la suivante :

385 millions sont escomptés à la Banque nationale,
73,3 millions sont escomptés auprès des différents fonds.
<hr/>
458,3

Il est rappelé que le Trésor dispose de la faculté d'escompter 800 millions de bons dont 600 auprès de la Banque nationale.

II. SITUATION ÉCONOMIQUE ET FINANCIÈRE.

a) Généralités.

Les prix de gros ont atteint leur maximum en octobre dernier ; depuis lors, les indices principaux et secondaires sont en baisse, mais dans une proportion moindre que sur la plupart

¹ Le budget primitif de 1262,2 millions sera prochainement complété par un crédit de 200 millions correspondant à l'emprunt de même somme contracté récemment par le fonds des routes.

des marchés mondiaux ; les prix de détail marquent la même tendance, avec un décalage d'un ou deux mois. Le coût de la vie est toutefois en hausse, plus importante même probablement que ne le montre l'index.

Le consommateur ne paraît plus aussi disposé à acheter qu'il l'était l'année dernière ; il faut en voir peut-être la raison dans une diminution de son pouvoir d'achat résultant du déficit de quelques récoltes de seconde importance et dans l'appréhension pour les futures récoltes qu'ont donnée les gelées tardives. Les élections législatives et le retour du pays à la vie parlementaire après une interruption de quatre années ont accentué la réserve du Bulgare à s'engager dans de nouveaux achats ou de nouvelles affaires ; le calme parfait dans lequel se sont déroulées les opérations électorales et la rentrée parlementaire ne manqueront pas de le rassurer sur l'avenir immédiat. L'activité du commerce local pour la saison de printemps est donc sensiblement inférieure aux espoirs des vendeurs ; les indices de chiffres d'affaires, ceux qui sont connus du moins, restent néanmoins au-dessus des indices des mois correspondants de 1937.

Ce ralentissement de l'activité commerciale a atteint l'industrie au moment où elle venait d'augmenter sa capacité de production par l'installation de nouvelles machines et où elle essayait d'écouler des stocks de matières premières achetées aux prix les plus élevés de l'année dernière. L'industrie textile est particulièrement atteinte : les prix ont baissé de 9% depuis septembre, et l'on admet que le chiffre des ventes de printemps est inférieur de près de 30% à celui de l'année dernière ; la concurrence étrangère se fait sentir malgré la protection de tarifs douaniers élevés ; la crise qui sévit dans l'industrie textile à l'étranger l'amène à rechercher à accroître ses importations en recourant probablement au dumping. L'expansion de l'industrie locale pendant la crise semble toucher à sa fin ; il n'est pas certain que, même après la consolidation et l'adaptation de la production, l'on n'ait pas à constater une régression. Le Gouvernement, consacrant une situation de fait, a déclaré « saturées » la plupart des branches d'industries et s'est ainsi opposé à la création de nouvelles usines.

L'hésitation à dépenser et à acheter se traduit par l'accroissement rapide des dépôts, qui ont augmenté, de mars 1937 à mars 1938, de 1,5 milliard de leva net, soit plus de 12% du montant antérieur, alors que pendant les douze mois correspondants de 1936/37 l'on avait constaté une légère diminution. Un tiers seulement de cette augmentation correspond à un accroissement de dépôts des fonds publics. Le montant des prêts bancaires qui aurait dû s'élever corrélativement, a crû seulement de 500 millions de leva ; aussi les réserves liquides inemployées de la Banque agricole et coopérative de Bulgarie (où vont éventuellement en Bulgarie les épargnes accumulées) ont dépassé le chiffre-record de 2 milliards de leva. Ces réserves sont en cours de résorption partielle grâce aux prêts faits à l'Etat, aux communes et aux établissements publics pour des travaux publics. Il est à remarquer qu'une fraction importante des fonds ainsi prêtés sera employée à l'achat de machines et de produits divers à l'étranger et ne contribuera pas à augmenter le pouvoir d'achat du consommateur et à développer le commerce local.

La diminution de l'activité économique se manifeste par une augmentation du chômage dans les villes et une réduction, entre autres, de la fréquentation des théâtres et des cinémas de 13% au cours de l'année courante ; ce dernier indice est particulièrement sensible, et il est caractéristique de l'état du commerce local.

Les perspectives de récolte étaient belles ; la sécheresse actuelle risque de les compromettre.

Quelques données intéressant la vie du pays sont indiquées ci-après :

<i>Prix.</i>			
	Mars 1937	Oct. 1937	Mars 1938
Index général des prix de gros (1934/35 = 100)	111,6	121,9	116,9
Produits exportés	127,0	153,0	140,7
» importés	112,9	117,1	108,8
» locaux	106,1	112,6	110,5
» agricoles locaux	118,7	134,3	127,9
Coût de la vie	93,3	96,4	97,2
 <i>Industrie et Commerce.</i>			
	Fév. 1937	Oct. 1937	Fév. 1938
Index du volume de la production (1934/35 = 100)	99,8	187,4	113,3
Index du volume des ventes faites par l'industrie	108,2	150,4	115,2
Index de la proportion des ventes à la production	106,6	78,9	99,9
	Janv.-fév. 1937	Janv.-fév. 1938	
Permis de construire (1.000 m ³)	36,5	55,3	
	Janv.-mars 1937	Janv.-mars 1938	
Chômeurs enregistrés (nombre)	34.102	38.977	
Chiffre d'affaires des bourses de marchandises (millions de leva)	642,8	387,9	
Billets de cinéma et de théâtre vendus (nombre)	1.147.000	1.001.000	
Marchandises transportées par chemin de fer (tonnes)	865.000	973.000	

<i>Banques.</i>	Mars 1937	Mars 1938
Total net des dépôts (millions de leva)	12.301	13.814
Total net des placements (millions de leva)	12.143	12.625

b) *Banque nationale* (cf. appendice II).

Le compte rendu de la Banque nationale pour l'exercice 1937 annonce un bénéfice net de 192,2 millions de leva contre 132,7 millions en 1936 et 54,2 millions en 1935.

Le bilan du trimestre considéré (15 février-15 mai) ne fait apparaître aucune modification importante. Le montant de l'or en réserve est inchangé ; une légère diminution de 18 millions des disponibilités en devises n'altère pas la situation favorable de la Banque (850 millions de leva de devises contre un engagement de 150 millions de leva) ; le portefeuille commercial reste sensiblement au niveau de l'année précédente (590 millions contre 579 millions). Au passif, le montant des billets en circulation a augmenté de 150 millions de leva, mais est encore inférieur à celui de l'année dernière à pareille époque (2.442 millions) ; les dépôts en compte courant se sont encore accrus de 26 millions et s'élèvent à 3.942 millions de leva, soit 960 millions de leva de plus qu'au 15 mai 1937 ; l'augmentation est, à concurrence de 652 millions, imputable aux banques (et principalement à la Banque agricole et coopérative), le reste provient d'un accroissement des sommes déposées par les fonds d'Etat et par le Trésor public.

L'augmentation de la circulation totale (+ 94 millions de leva) est due principalement à une réduction du poste « autres créditeurs » et à une élévation des « placements » et « autres actifs » ; un certain nombre de pièces de billon sont rentrées à la Banque et ont été remplacées par des billets (57 millions de leva). Depuis 1934, la Banque a émis pour 608 millions de monnaies divisionnaires ; une partie de ces monnaies a remplacé les billets de 100 leva et au-dessous, qui ont été retirés de la circulation à la fin de 1936 ; la proportion de la monnaie divisionnaire par rapport à la circulation totale s'en est accrue de 28-30% en 1933/34 à 34-36% en 1936/37 ou, en valeur absolue, de 200 millions de leva environ ; toutefois, le montant de la monnaie de billon en circulation est resté à peu près stationnaire au cours des dernières années, et un tiers des monnaies frappées est venu augmenter les disponibilités de la Banque nationale (cf. tableau de l'appendice II, b)).

c) *Banque agricole et coopérative.*

La Banque agricole et coopérative a comptabilisé pour 1937 un bénéfice de 27,2 millions de leva. La situation au cours des quatre premiers mois de 1938 est caractérisée par les chiffres ci-après :

	31 décembre 1937	30 avril 1938	+ ou —
	Millions de leva		
Caisse, Banque nationale, etc.	1.493	2.066	+ 573
Obligations 3% de la Caisse d'amortissement et autres obligations d'Etat . .	2.582	2.803,4	+ 221
Avances et prêts	5.398	5.025	— 373
Produits et outils agricoles	380	383	+ 3
Capital et fonds	1.149	1.149	—
Dettes à long terme (emprunts 1926 et 1928)	475	475	—
Dépôts	8.460	8.843	+ 383

L'augmentation de la liquidité provient principalement de nouveaux dépôts, mais aussi du remboursement effectué par des débiteurs qui n'avaient pas bénéficié de la loi d'allégement.

Le portefeuille d'obligations d'Etat se décompose comme suit :

	31 décembre 1937	30 mai 1938	+ ou —
	Millions de leva		
Obligations 3% de la Caisse d'amortissement reçues en paiement de dettes transférées à la Caisse	1.800	1.800	—
Dito, remises par les coopératives en paiement d'avances.	502	532	+ 30
Autres obligations d'Etat	279	471	+ 192
	<u>2.581</u>	<u>2.873</u>	<u>+ 222</u>

Il résulte de ce tableau que le montant des dettes prises en charge par la Caisse d'amortissement est définitif, et que, par contre, le montant des dettes des coopératives payées par elles en obligations de la Caisse a augmenté récemment encore de 30 millions de leva. L'accroissement du poste « autres obligations d'Etat » de 192 millions de leva correspond à de nouveaux financements consentis à l'Etat.

Parmi les avances consenties, 2.585 millions de leva ont été prêtés aux coopératives (dont 677 sous la garantie de l'Etat aux syndicats hydrauliques) et 1.155 millions à l'Etat et aux établissements publics ; les prêts individuels ne s'élèvent qu'à 25% du total. Au passif, les dépôts privés au 30 avril étaient de 2,7 millions (y compris les dépôts des coopératives) ou 31% du total ; le reste appartenait à la Caisse d'épargne postale (2,1 milliards), à l'Etat et aux fonds publics. Si l'on considère que l'argent liquide sert principalement de couverture

aux dépôts privés, l'on constate que les actifs réellement utilisables de la Banque sont pour 90% constitués par l'Etat et les établissements publics.

d) *Banques privées.*

La situation globale des banques privées comparée au 31 décembre 1936, au 30 septembre 1937 et au 30 décembre 1937 est donnée dans l'appendice III. Depuis la fin de septembre dernier, par suite du mouvement saisonnier habituel, les réserves liquides se sont enflées de 274,8 millions de leva, en même temps que le montant des prêts et avances diminuait ; en outre, les dépôts augmentaient légèrement. Comparativement à la fin de 1936, l'ensemble des dépôts des banques privées à la fin de 1937 est passé de 2.942 millions à 2.851 millions, et les avances, de 2.982 à 3.304 millions ; les réescomptes ont augmenté corrélativement de 418 à 721 millions de leva. Deux importantes banques privées à participations étrangères — la Banque générale de Bulgarie et la Banque franco-belge et balkanique — ont fusionné en avril dernier pour former la Banque franco-bulgare ; les modifications que cette fusion pourra apporter dans la situation globale des banques privées n'apparaîtra que dans les bilans ultérieurs.

e) *Allégement des débiteurs.*

A la fin d'avril 1938, 203.468 dossiers avaient été définitivement comptabilisés par la Caisse d'amortissement ; il restait environ 5.700 cas à régler. Bien que les chiffres définitifs ne soient pas encore connus, l'on peut admettre avec quelque certitude que le montant des obligations à remettre aux créanciers n'excédera pas 5,1 milliards de leva, alors que le montant en capital des dettes allégées remboursables en quinze ans s'élèvera à environ 3,6 milliards de leva ; la réduction de dette en capital consentie aux débiteurs serait donc en moyenne voisine de 30%. Sur ce total de 5 milliards d'obligations, 1.860 millions (37,5%) sont remis à la Banque agricole et coopérative, 567 millions (11,4%) aux Banques populaires, 798 millions (16,1%) aux autres coopératives, 285 millions (5,8%) aux banques privées et 1.430 millions de leva (28,8%) aux particuliers et aux sociétés. Ainsi, la Banque agricole et coopérative et les coopératives qui lui sont liées avaient à elles seules les deux tiers des créances allégées par la loi.

Les renseignements obtenus permettent de formuler avec un minimum d'approximation les quelques observations suivantes :

1° Les versements faits par les débiteurs au titre des intérêts et de l'amortissement représentent environ 62% des sommes exigibles ; toutefois, la dernière échéance du 7 avril n'était, à la fin d'avril, réglée qu'à concurrence de 15% ;

2° La totalité des versements jusqu'au 30 avril 1938 était de 296,3 millions de leva en espèces et de 345,7 millions en obligations de la Caisse ; 103,7 millions (en obligations) avaient été remis en remboursement anticipé du capital de la dette et non en règlement d'annuités ;

3° Si l'on évalue à 5,1 milliards la totalité des obligations à émettre, le service des coupons aurait déjà dû coûter à la Caisse, pour cinq semestres, 468 millions de leva, correspondant, en premier lieu, au versement de 3% l'an sur la totalité de l'émission (75 millions par semestre), soit, pour cinq semestres, 375 millions ; en second lieu, à une bonification de 2% accordée aux 1.860 millions de leva d'obligations remises à la Banque agricole et coopérative (18,6 millions par semestre), soit, pour cinq semestres, 93 millions. La Caisse n'aura rien à prévoir pour les tirages d'obligations fixés par le plan d'amortissement, puisqu'elle a suffisamment reçu de ces dernières en paiement. La Caisse ayant encaissé des débiteurs 296,3 millions, comme il a été dit plus haut, et ayant dû décaisser 468 millions, se trouverait en déficit de 172 millions ; mais elle a bénéficié de deux subventions de l'Etat, de 130 millions de leva chacune ; en outre, la totalité des obligations n'a pas encore été émise, et les coupons des quelque 800 millions de leva d'obligations restant à livrer aux créanciers ne seront détachés qu'après cette remise ; il semble donc que si l'on tient compte de la partie de la subvention d'Etat encore à recevoir cette année et de l'excédent de trésorerie actuel, la Caisse pourra faire face, au moins, au paiement du coupon d'août prochain.

f) *Commerce extérieur.*

Les chiffres comparatifs pour les trois dernières années sont les suivants (en millions de leva) :

Commerce extérieur janvier-avril.

Années	Importations	Exportations	Balance commerciale
1936	973,6	1.096,3	+ 122,7
1937	1.288,1	1.774,6	+ 486,5
1938	1.519,2	1.962,9	+ 443,7

Il n'est pas possible de tirer une conclusion de l'augmentation apparente en valeur du commerce extérieur de cette année sur les deux précédentes ; les prix de 1938 tiennent compte, en effet, de la prime sur le change, alors qu'au préalable, les prix étaient calculés sur la parité officielle du change ; l'augmentation en valeur sur 1937 paraît être de 10 à 15%, alors qu'en réalité il semble que le chiffre d'affaires des quatre premiers mois de cette année est sensiblement le même que l'année dernière. L'index du volume des importations évalué sur la base des prix

de 1934/35 est, pour le premier trimestre de 1938, 141 contre 136 pour le premier trimestre de 1937, et l'index du volume des exportations, 161 contre 141.

L'on constate, au cours de la période considérée, une augmentation de l'importation de presque tous les articles, à l'exception des produits chimiques, du matériel ferroviaire, des bateaux et des automobiles ; l'on peut signaler tout spécialement l'accroissement des entrées de machines et de fournitures militaires (361 millions contre 231 millions en 1937).

Le courant d'exportation s'est ressenti du mauvais rendement en 1937 des récoltes de produits accessoires, tels que l'orge, les haricots, les fèves, les prunes, la graine de tournesol et la vesce, mais l'équilibre a été largement rétabli par le surplus d'exportations du blé (67.000 tonnes pour 216 millions de leva en 1938 contre 32.000 tonnes pour 105 millions en 1937) et du tabac (16.000 tonnes pour 1.099 millions de leva contre 12.000 tonnes pour 846 millions).

L'accroissement du chiffre des importations sur l'année dernière (231 millions) a bénéficié particulièrement à l'Allemagne (y compris l'Autriche) pour 118 millions, au Royaume-Uni pour 40 millions, à l'Italie pour 37 millions de leva. Parmi les pays qui ont reçu des produits bulgares, l'Allemagne a augmenté ses achats en 1938 de 153 millions de leva, l'Italie de 63 millions de leva et la Pologne de 51 millions ; par contre, les exportations dans le Royaume-Uni ont diminué de 55 millions de leva. La part de l'Allemagne (y compris l'Autriche) dans le commerce extérieur de la Bulgarie pour les quatre premiers mois de 1937 était de 54% des importations et de 48% des exportations ; elle est, pour les quatre premiers mois de 1938, de 54% et 51% respectivement ; il est à remarquer toutefois que ces pourcentages ne sont pas à proprement parler comparables : comme il a été dit ci-dessus, en effet, les évaluations du commerce extérieur pour 1938 comprennent les primes de compensation, alors qu'en 1937 il n'en était pas tenu compte ; or, la prime pour l'Allemagne est négative ; elle est positive pour les autres pays et peut atteindre 34-35% ; les chiffres du commerce extérieur en 1938 sont donc, par rapport à ceux de 1937, majorés pour tous les pays autres que l'Allemagne, et la proportion du commerce avec l'Allemagne par rapport au commerce avec les autres pays tel qu'il résulte des chiffres de 1938 est en diminution si on la compare à la proportion qui ressort des chiffres de 1937.

III. ETABLISSEMENT DES RÉFUGIÉS BULGARES.

1. *Position au 30 avril 1938 du compte bloqué de l'emprunt 1926.*

	Leva
Produit net	1.614.296.149
Dont mis à la disposition du service d'établissement	1.612.824.302
Solde en dépôt à la Banque nationale	1.471.847

2. *Rendement des revenus gagés.*

Chapitres du budget	Encaissements				1/12 des évaluations budgétaires
	Janvier	Février	Mars	Avril	
	(En millions de leva.)				
11. Accise sur le sel étranger, le café et autres marchandises, et boissons étrangères	6,5	8,3	9,2	10,8	10,8
12. Accise sur le vinaigre, la bière, l'acide carbonique et autres boissons indigènes, et accise sur l'alcool	1,2	3,6	5,1	5,4	4,4
15. Accise sur le sel	2,6	1,6	2,1	1,8	3,1
16. Accise sur le sucre et la glucose	14,5	29,0	50,6	37,3	26,3
17. Accise sur le riz, la benzine, le pétrole et le gasoil	1,9	1,1	4,4	4,3	3,3
37. Allumettes	6,3	5,4	7,6	7,3	7,3
62. Intérêts versés par les réfugiés pour emprunts accordés sur ressources provenant d'emprunt des réfugiés	0,1	0,1	2,0	0,1	0,7
Total	33,1	49,1	81,0	67,0	55,9

Les versements des réfugiés affectés au remboursement des dépenses d'établissement ont atteint les montants ci-après (leva) :

	Janvier	Février	Mars	Avril	Antérieurs	30 avril 1938
Intérêts	132.765	82.539	1.980.321	45.994	17.450.588	19.692.207
Amortissement	218	95.661	81.296	23.674	30.294.952	30.495.801
Total	132.983	178.200	2.061.617	69.668	47.745.540	50.188.008

3. *Utilisation de l'emprunt.*

	Leva
Les engagements restant à régler au 30 avril 1938 s'élèvent à	3.431.734
Pour y faire face, la Direction générale de la Dette publique dispose de :	
Banque nationale, compte « Commissariat »	1.471.847
Banque nationale	1.959.887
	<u>3.431.734</u>

La nouvelle loi d'allégement des réfugiés, promulguée le 14 septembre 1937 (*cf.* quarante-quatrième rapport, page 7), entrainé en application le 30 décembre 1937. Il est rappelé que cette loi annulait la dette résultant du non-paiement des intérêts échus avant le 31 décembre 1935, réduisait le taux des intérêts de 8½% à 4% et autorisait tous les débiteurs à s'acquitter en obligations 6% 1923 qu'ils pouvaient acheter à un cours inférieur à la valeur nominale au cas où ils n'en auraient pas eux-mêmes reçu en dédommagement des dommages subis. Les rentrées ont été très faibles; elles s'élèvent à 23,2 millions de leva, représentant seulement 27% des sommes exigibles. L'on invoque pour expliquer cette situation : en premier lieu, le fait qu'un assez grand nombre de titres de propriété ne sont pas encore remis aux réfugiés, soit parce que les notaires, surchargés de besogne, n'ont pas encore pu les établir, soit parce que les réfugiés se refusent à accepter les prix qui sont fixés dans les actes d'après les valeurs anormalement élevées des années 1928-1930; en second lieu, la mauvaise époque de recouvrement, le paysan bulgare ne se trouvant en mesure de payer que lorsqu'il a lui-même reçu le produit de sa récolte; en troisième lieu, la période des élections législatives, pendant laquelle toutes mesures de rigueur à l'égard des débiteurs ont été pratiquement suspendues; enfin, l'on insiste sur le fait que l'avantage accordé au débiteur de s'acquitter en obligations a perdu de sa valeur depuis que le cours des obligations est devenu voisin de 75%.

La situation de la dette et des recouvrements des réfugiés au 30 avril était approximativement la suivante :

I. Nombre des débiteurs, environ 31.000; 9.350 dossiers ne sont pas encore régularisés, dont 5.500 environ sont en instance chez les notaires.

II. Dette des réfugiés :

1. Résultant de la fourniture des maisons nouvellement construites, de semences, de bétail, de matériel agricole, achetés sur le produit de l'emprunt 7% 1926	995
Cette dette n'est pas encore intégralement comptabilisée.	
2. Pour les terres et les maisons achetées par l'Etat, très approximativement	650
Au 30 avril, la valeur des terres et maisons figurant dans les actes de propriété déjà enregistrés chez les notaires était de 479,5 millions. Une première évaluation de la valeur totale de ces terres et maisons était d'un milliard; le chiffre de 650 millions figure dans l'exposé des motifs présentés par le ministre des Finances à l'appui de la loi d'allégement des réfugiés.	
Dette totale des réfugiés, environ	<u>1.645</u>

III. Versements effectués par les réfugiés à la fin avril :

1. En obligations 6% 1923, valeur nominale, environ	87
Les obligations retenues s'élèvent à 99 millions, mais un montant de 12 millions d'obligations a été amorti, et le produit en a été versé au compte espèces.	
2. En espèces	50
	<u>137</u>

IV. Les versements effectués par les réfugiés du 30 septembre à fin avril au titre d'amortissement et d'intérêts s'élèvent :

	Millions de leva
En obligations, à	22
En espèces, à	1

V. Au 30 décembre 1937, les réfugiés devaient payer :

1. Une semestrialité d'amortissement, soit 1/40 de la dette totale (évaluée ci-dessus à 1.645 millions, mais dont la partie comptabilisée ne doit pas dépasser 1.300 millions), soit environ	32,5
2. Les intérêts à 4% pour les deux semestres de 1937, soit 4% de 1.300 millions.	52,0
	<u>84,5</u>

VI. Le pourcentage des versements effectués (obligations et espèces) :

1. Aux sommes exigibles d'après la nouvelle loi est de :

$$\frac{23}{84,5} = 27\%$$

2. A la dette totale actuellement comptabilisée, de :

$$\frac{137}{1.300} = 10\%$$

Tous ces renseignements sont très approximatifs et seront probablement modifiés ultérieurement de façon substantielle.

IV. EMPRUNT DE STABILISATION 7½% 1928.

1. Position au 30 avril 1938 du compte bloqué de l'emprunt.

	Leva
Produit net	3.370.065.553
Dont mis à la disposition des administrations	3.370.065.553
	<hr/>
Compte soldé	—

2. Rendement des revenus gagés (douanes).

(En millions de leva.)				
Janvier	Février	Mars	Avril	1/12 des évaluations budgétaires
65,5	62,3	87,0	91,6	80,3

3. Utilisation du produit de l'emprunt.

I. Chemins de fer et ports.

	Leva
La totalité de cette tranche s'est montée à	672.300.000
Dont mis à la disposition de la Direction des Chemins de fer au 30 avril 1938	672.300.000
	<hr/>
	—

Somme aux mains de l'Administration : 1.487.349 leva¹.

II. Routes et ponts.

La totalité de cette tranche s'est montée à	182.031.732
Dont engagés au 30 avril 1938	181.844.182
	<hr/>
Solde non engagé	187.550
Reste à payer sur engagements opérés	—
Somme aux mains de l'Administration : 187.550 leva.	

¹ Le solde provient d'un bénéfice de change réalisé sur des fournitures provenant de l'étranger.

Appendice I.

**a) RÉSULTATS PROVISOIRES DES QUATRE PREMIERS MOIS DE L'EXERCICE 1938
COMPARÉS AUX RÉSULTATS DES EXERCICES PRÉCÉDENTS.**

	Données annuelles			Résultats provisoires 1 ^{er} janv.-30 avril 1938			
	Résultats définitifs		Prévisions budgétaires 1938	1937	1938		
	1936	1937			4/12 des prévisions 1938	Effectives	%
RECETTES.							
A. Budget de l'Etat.							
I. Recettes fiscales :							
1. Impôts directs	526,8	589,9	576	156,9	192	161,9	84,3
2. Impôts indirects :							
Douanes	956,2	1.123,6	1.093	352,7	364,3	341,1	93,6
Accises	1.350,6	1.513,4	1.447,2	428,2	482,4	502,8	104,2
Enregistrement	94,9	110,5	108	35,7	36	37,9	105,1
Timbre	362,1	449,8	420	144,1	140	154,6	110,4
3. Amendes et confiscations	78,7	76,5	71	27,3	23,7	30,5	128,7
4. Monopoles	124,2	134,1	132	39	44	41,7	94,8
5. Exercices clos	275,2	239,1	230	106,3	76,7	80,2	104,5
Total I.	3.768,7	4.236,9	4.077,2	1.290,2	1.359,1	1.350,7	99,4
II. Autres recettes :							
6. Entreprises d'Etat	602,4	674,9	720,5	197,2	241	217,2	90,1
7. Participation des communes aux appointements des instituteurs et des médecins	407,3	503,4	466	158,9	155,3	161,6	104
8. Recettes administratives et autres	826,7	1.023,7	1.031,8	414,7	343,9	480,8	139,8
III. Recettes extraordinaires							
9. Recettes extraordinaires	150,2	807,9	393,6	23,1	131,2	110,1	83,9
10. Ressources d'emprunts	298,5	24,6	96,5	0,6	33,8	4,6	13,4
IV. Recettes d'ordre :							
11. Reprise en recettes des soldes non transférés de la dette publique extérieure	414,9	407,9	414,4	92,5	138,2	64,8	46,9
Total I-IV	6.468,7	7.679,3	7.200,0	2.177,2	2.402,5	2.389,8	99,4
Total des recettes réelles (sans n° 11)	(6.053,8)	(7.271,4)	(6.785,6)	(2.084,7)	(2.264,3)	(2.325,0)	(102,7)
B. Chemins de fer et ports :							
Total général	1.362,2	1.668,8	1.877,4	385,2	631,3	557,9	88,3
Total général, non compris n° 11	7.830,9	9.348,1	9.077,4	2.562,4	3.033,8	2.947,7	97,1
	(7.416,0)	(8.940,2)	(8.663,0)	(2.469,9)	(2.895,6)	(2.882,9)	(99,5)

	Données annuelles			Résultats provisoires 1 ^{er} janvier-30 avril 1938		
	Résultats définitifs		Prévisions budgétaires	1937	1938	
	1936	1937			Dépenses effectives	Dépenses autorisées par budgets mensuels
DÉPENSES.						
<i>A. Budget de l'Etat.</i>						
	(En millions de leva.)					
1. Pouvoir suprême	36,9	38,8	52,5	12,5	13	15,6
2. Dette publique	2.009,0 ¹	2.106,3	1.917	698	791,5	635,5
3. Cours des comptes	19,1	19,9	21,1	6,7	6,8	7
4. Affaires étrangères :						
a) Ministère	94,8 ²	84,1	91,8	26	22,8	29
b) Cultes	70,6	71,1	72	24	23,9	24,1
5. Intérieur et Santé publique						
a) Administration et Po- lice	276,1	315,5	332,5	78,9	110,8	106
b) Direction générale de la Santé	177,6	192,5	199,5	44,5	46,3	62,4
6. Instruction publique	849,4	879,2	917,8	295,3	307,6	316,9
7. Finances	194,9	248,2	218,5	78,9	68,9	73
8. Justice	162,7	180,5	175	51,7	53,1	59,5
9. Guerre	1.318,6 ³	1.798,4	1.820,6	534,4	466,3	617
10. Commerce	65,1	74,2	78	22,5	21,3	24
11. Agriculture	297,4	324	372,5	79,6	92,4	104,2
12. Travaux publics :						
a) Direction générale des Travaux publics	131,1	160,6	243,1	41	48,2	54
b) Direction générale de la Prestation	126,6 ⁴	158,4	146,5	27,9	36,9	47,9
13. Ministère des Chemins de fer et des P. T. T. :						
a) Service policier mariti- me et fluvial	40,5	43	50,6	9,6	11,3	16,4
b) Direction générale des P. T. T.	212,8	247,3	316	70,3	75	79,5
c) Direction de l'Aviation .	99,3 ⁵	143,2	175	13,7	22,5	52
Sur crédits extraordinaires et supplémentaires	4,5	1,9	—	9,6	8,6	—
Dépenses en souffrance	—	—	—	145,5	282,7	—
Total A	6.187,0	7.087,2	7.200,0	2.270,6	2.509,8	2.324,0
<i>B. Budget des Chemins de fer :</i>						
a)	1.361,3	1.619,6	1.859,4	416,9	477,9	480
b) Dépenses en souffrance . .	—	—	—	85,5	123,4	—
Total B	1.361,3	1.619,6	1.859,4	502,4	601,3	480
Total général	7.548,3	8.706,8	9.059,4	2.773,0	3.111,1	2.804,0
Total général non compris les dé- penses correspondant aux soldes non transférés de la Dette pu- blique	(7.133,5)	(8.298,9)	(8.645,0)	(2.680,5)	(3.046,3)	(2.757,1)
Excédent	+ 282,7	+ 641,3	+ 182,0	- 210,6	- 163,4	+ 229,8

¹ Dont 46,9 sur crédits supplémentaires.
² Dont 9,8 sur crédits supplémentaires.
³ Dont 180 sur crédits supplémentaires.
⁴ Dont 22 sur crédits supplémentaires.
⁵ Dont 40 sur crédits supplémentaires.

Appendice I (suite).

b) RÉSULTATS MENSUELS DES QUATRE PREMIERS MOIS DE L'EXERCICE 1938.

(En millions de leva.)

	1938		Janvier		Février		Mars		Avril				
	1/12 du budget autorisé	1937	1938		1937	1938		1937	1938				
				Effectives	Budget mensuel		Effectives	Budget mensuel		Effectives	Budget mensuel		
RECETTES.													
<i>A. Budget de l'Etat.</i>													
I. Recettes fiscales :													
1. Impôts directs	48	36,4	43,1	30	48,1	46,2	50	32,9	37,3	33	39,5	35,2	42
2. Impôts indirects :													
Douanes	91,1	83,2	72	80	72,3	70,5	82	96,3	96,2	94	100,9	102,4	101
Accises	120,6	90,9	110,7	90	107	113,3	106	127,4	147,9	125	103	131,1	115
Enregistrement	9	8	8,2	8	7,1	9,5	8	10,2	10,6	10	10,3	9,6	10
Timbre	35	33,8	34,7	34	34,1	35,8	34	38,2	40,1	37	38	43,9	38
3. Amendes et confiscations	5,9	5,7	7,2	5	6,7	8,9	6	7,4	7,2	5	7,5	7	7
4. Monopoles	11	8,5	10,8	9	8,2	8,7	10	11,5	11,5	11,5	10,8	10,8	11
5. Exercices clos	19,2	26,2	27,7	18	34,1	28,2	19	20,7	13,8	18	25,3	10,5	25
Total I	339,8	292,7	314,4	274	317,6	321,1	315	344,6	364,6	333,5	335,3	350,5	349
II. Autres recettes :													
6. Entreprises d'Etat	60,1	40,3	49,5	47,9	22,3	48,1	50,9	77,5	74,5	51,6	57	45	54,6
7. Participation des communes aux appointements des instituteurs et des médecins	38,8	1,9	3,9	35	79,6	78,1	38	40,3	40,5	35	37,1	39,1	37
8. Recettes administratives	86	196,8	259,1	210,1	80,9	82,7	70,8	70,4	79,2	70,2	66,6	60	82
Total II	184,9	239,1	312,5	293,0	182,8	208,9	159,7	188,2	194,2	156,8	160,7	144,1	173,6
III. Recettes extraordinaires :													
9. Recettes extraordinaires	32,8	0,1	5,6	30	10,4	12	30	5,3	92,1	33	7,4	0,4	32,9
10. Ressources d'emprunts	8	—	—	0,5	—	1,2	0,8	0,5	0,3	2,2	0,1	3,1	2

IV. Recettes d'ordre :													
II. Reprise en recettes des soldes non transférés de la dette publique extérieure	34,5	—	—	34,5	—	19,8	34,5	68,8	21,1	34,5	23,7	23,9	34,5
Total	600	531,9	632,5	632	510,8	563	540	607,4	672,3	560	527,2	522	592
Total des recettes réelles (sans les recettes d'ordre) .	(565,5)	(531,9)	(632,5)	(597,5)	(510,8)	(543,2)	(505,5)	(538,6)	(651,2)	(525,5)	(503,5)	(498,1)	(557,5)
B. Chemins de fer et ports	156,5	80,3	110,2	120	80,7	113,3	120	116,7	134	120	107,5	200,4	120
Total mensuel général . . .	756,5	612,2	742,7	752	591,5	676,3	660	724,1	806,3	680	634,7	722,4	712
Total mensuel, non compris les recettes d'ordre . . .	(722,0)	(612,2)	(742,7)	(717,5)	(591,5)	(656,5)	(625,5)	(655,3)	(785,2)	(645,5)	(611,0)	(698,5)	(677,5)
DÉPENSES.													
A. Budget de l'Etat	600	314,7	397,8	632	441,8	544,9	540	617,1	664,1	560	714	620,4	592
B. Chemins de fer et ports	155	—	61,6	120	87,3	76,7	120	256,9	179,2	120	110,2	160,4	120
Total des dépenses	755	314,7	459,4	752	529,1	621,6	660	874	843,3	680	824,2	780,8	712
Dépenses en souffrance (+ ou — au cours du mois) .	—	390,6	413,3	—	157,9	+ 46,2	—	—204,2	— 57,5	—	— 113,2	+ 4,2	—
Total mensuel général . . .	755	705,3	872,7	752	687,0	667,8	660	669,8	785,8	680	711	785	712
Total mensuel, non compris les dépenses d'ordre . . .	(720,5)	(705,3)	(872,7)	(717,5)	(687,0)	(648,0)	(625,5)	(601,0)	(764,7)	(645,5)	(687,3)	(761,1)	(677,5)

Appendice I (fin).

**c) SITUATION DÉTAILLÉE ET COMPARÉE DES RECOUVREMENTS DES IMPÔTS DIRECTS
POUR LES QUATRE PREMIERS MOIS DE L'EXERCICE 1938.**

	Résultats 1 ^{er} janvier - 30 avril				Prévisions 1938	
	1937	1938	+ ou -	% de 1938 par rapport à 1937	Quote-part exigible	% des recou- virements par rapport à la quote-part exigible
	(En millions de leva.)					
Impôts cédulaires ¹						
Impôt sur le revenu global	118,2	127,8	+ 9,6	108	128,3	99
Impôt sur les brebis et les chèvres	0,6	0,3	- 0,3	50	3,3	9
Impôt sur l'exemption de la prestation	1,0	0,7	- 0,3	74	41	2
Impôt militaire	11,7	12,5	+ 0,8	107	17,7	71
Impôt sur les successions	11	11	-	-	16,7	66
Total	14,5	9,6	- 4,9	66	12	80
Impôts arriérés	157,0	161,9	+ 4,9	103	219,0	74
Amendes et intérêts de retard sur impôts arriérés	91,9	67,7	- 24,2	74	76,6	88
	15,1	11,1	- 4,0	74	12	92
Total général	264,0	240,7	- 23,3	91	307,6	78

¹ Y compris l'impôt sur les sociétés.

d) SITUATION DE LA TRÉSORERIE EN JANVIER-AVRIL 1938.

	Janvier	Février	Mars	Avril
	(En millions de leva.)			
Solde au début du mois du compte du Trésor à la Ban- que nationale	1.273,6	949,0	980,9	804,0
Budget de l'Etat et des Chemins de fer :				
Encaissements	742,6	676,3	806,3	722,4
Décaissements	1.020,8	621,6	843,3	780,8
	- 278,2	+ 54,7	- 37,0	- 58,4
Ressources extrabudgétaires :				
Diverses	- 46,4	- 22,8	- 139,9	- 44,9
Emission de bons du Trésor	-	-	-	-
Solde en fin de mois du compte du Trésor	949,0	980,9	804,0	700,7
Paiements exigibles en souffran- ce (non compris les dettes à long terme consolidées ou en suspens)	413,4	459,5	402,0	406,2
Solde	535,6	521,4	402,0	294,5

Appendice II.

a) SITUATION DE LA BANQUE NATIONALE DE BULGARIE EN 1936, 1937 ET 1938.

ACTIF.				
	15 mai 1936	15 avril 1937	15 février 1938	15 mai 1938
Or monnayé et non monnayé	1.597	1.579	1.994	1.994
Devises	512	542	868	850
Monnaies divisionnaires	567	447	649	706
Portefeuille et avances de commerce	332	579	575	590
Bons du Trésor	1.027	375	385	385
Dette de l'Etat	2.671	3.551	3.495	3.495
Placements	274	305	363	384
Autres avoirs	266	253	180	233
Total	7.247	7.812	8.510	8.637
PASSIF.				
Capital versé et réserve	1.749	1.742	1.713	1.701
Billets de banque en circulation	2.217	2.442	2.229	2.379
Comptes courants et de dépôts	2.222	2.982	3.916	3.942
Dont de banques	(848)	(1.645)	(2.178)	(2.297)
Exigibilités en devises	142	50	143	151
Autres exigibilités	917	597	509	464
Couverture (%)	33,02	32,44	32,46	31,55
Taux de l'escompte	6	6	6	6
Circulation totale	3.292	3.632	3.452	3.546

b) MONNAIES DIVISIONNAIRES EN CIRCULATION AU 15 JANVIER 1938.

(En millions de leva.)

Années	Sto- tinki	1-10 leva	20 leva	50 leva	100 leva	Total	Billets de banque de 100 leva et au-dessous	Total général	Monnaies divisionnai- res à la Banque nationale	Total des monnaies divisionnai- res émises
1933. . .	28	177	156	378	142	881	160	1.041	360	1.241
1934. . .	28	213	180	424	151	996	127	1.123	244	1.240
1935. . .	27	221	169	487	343	1.247	67	1.314	394	1.641
1936. . .	27	209	154	457	345	1.192	51	1.243	449	1.641
1937. . .	27	207	153	461	349	1.197	35	1.232	440	1.637
1938. . .	4	212	164	492	402	1.274	—	1.274	573	1.847

Appendice III.

SITUATION DES BANQUES PRIVÉES EN BULGARIE AUX 31 DÉCEMBRE 1936,
30 SEPTEMBRE 1937 ET 30 DÉCEMBRE 1937.

ACTIF.	31 déc. 1936	30 sept. 1937	30 déc. 1937
Caisse et Banque nationale	556,2	221,4	496,2
Autres banques	163,4	102,0	163,1
Effets escomptés	1.488,1	1.940,4	1.877,3
Avances	1.494,0	1.569,2	1.426,7
Gages	457,3	529,2	512,7
Placements	319,2	371,0	386,2
Immeubles et mobiliers	253,5	250,1	254,7
Contentieux et effets protestés	483,9	413,6	386,4
Divers	604,3	992,1	756,0
Pertes	59,1	—	—
Total	5.879,0	6.389,0	6.259,3
PASSIF.			
Capitaux	987,4	928,7	914,7
Dépôts d'épargne	1.348,9	1.361,5	1.392,4
Dépôts commerciaux	1.592,9	1.393,4	1.458,5
Autres créditeurs	417,3	374,6	441,4
Banques	56,2	45,8	34,3
Récompte	417,9	767,6	721,4
Gages	457,3	529,2	512,7
Succursales	223,3	260,7	181,0
Divers	348,8	727,4	602,8
Profit	29,0	—	—
Total	5.879,0	6.389,0	6.259,3

Appendice IV.
DONNÉES GÉNÉRALES ÉCONOMIQUES ET FINANCIÈRES.

Années et mois	Commerce extérieur					Indices économiques							Banque nationale								
	Valeur (millions de leva)			Poids (1.000 t.)		Trans- port par chemin de fer. Mar- chan- dises arrivées (1.000 tonnes)	Volume de la produc- tion indus- trielle 1934/35 = 100	Ventes de détail des coopé- ratives (mil- lions de leva)	Prix de gros 1926 = 100	Coût de la vie 1926 = 100	Total des dépôts (millions de leva)	Total des place- ments ¹ (millions de leva)	Or	Mon- tant net des devises	Porte- feuille commer- cial ²	Dette cou- rante du gou- verne- ment ³	Circulation		Couver- ture %	Taux d'es- compte	
	Impor- tations ¹	Expor- tations	Balance + ou -	Impor- tations	Expor- tations												de billets de banque ⁴	totale			
	(En millions de leva.)																				
	Moyenne mensuelle.					Moyenne mensuelle.							Fin.								
1931 .	388	495	+ 107	24,6	64,1	366	—	—	74,2	89,3	—	—	1.511	257	579	279	2.919	3.629	37,69	9 1/2	
1932 .	289	282	— 7	21,8	49,0	376	—	—	64,8	82,2	—	—	1.519	123	427	423	2.635	3.521	36,07	8	
1933 .	184	237	+ 53	19,2	35,9	353	—	—	58,2	76,3	9.706	11.021	1.545	141	473	818	2.984	3.971	35,39	8	
1934 .	187	211	+ 24	20,5	33,0	327	98,3	—	59,3	71,2	10.024	10.901	1.547	121	373	655	2.449	3.736	35,71	7	
1935 .	251	271	+ 20	23,0	27,3	344	101,7	51,4	60,5	66,6	10.597	10.939	1.591	448	612	910	2.497	3.732	33,37	6	
1936 .	265	326	+ 61	23,6	47,4	365	112,3	56,3	61,6	63,8	11.493	11.245	1.652	724	505	936	2.571	3.811	34,17	6	
1937 .	411	418	+ 8	27,2	57,3	413	129,6	61,4	69,8	65,0	12.605	12.500	1.994	585	1.001	385	2.569	3.849	31,62	6	
1937 :																					
I .	309	527	+ 218	20,7	58,4	284	85,2	44,3	66,2	65,1	12.228	12.018	1.705	763	336	374	2.572	3.783	31,72	6	
II .	295	394	+ 99	17,7	43,9	278	99,8	47,3	66,3	65,4	12.259	12.082	1.755	573	392	374	2.317	3.471	33,03	6	
III .	309	379	+ 70	25,2	41,8	303	112,6	66,4	66,9	65,3	12.301	12.143	1.755	514	546	375	2.440	3.622	32,24	6	
IV .	375	475	+ 100	29,3	72,5	335	122,9	66,7	68,4	65,3	12.299	12.186	1.755	496	604	375	2.636	3.909	32,32	6	
V .	456	356	— 100	29,6	50,5	338	109,5	71,7	68,6	65,4	12.316	12.187	1.766	427	646	385	2.430	3.617	32,13	6	
VI .	511	257	— 254	29,4	45,8	391	122,3	60,7	69,1	66,0	12.394	12.222	1.797	362	723	385	2.394	3.567	32,15	6	
VII .	428	313	— 116	33,3	64,0	453	130,4	57,3	71,3	66,6	12.624	12.343	1.801	328	757	385	2.543	3.771	32,35	6	
VIII .	602	239	— 363	34,1	37,7	498	137,3	62,4	71,6	66,5	12.777	12.751	1.833	208	901	385	2.856	4.178	32,51	6	
IX .	415	437	+ 21	29,5	61,4	498	137,7	58,5	72,2	66,7	12.708	12.878	1.834	295	1.052	385	2.950	4.314	31,51	6	
X .	337	556	+ 219	25,0	81,1	575	187,4	63,6	73,0	66,9	12.823	13.087	1.871	470	1.185	385	2.968	4.337	30,76	6	
XI .	447	514	+ 67	26,1	72,9	560	177,4	72,1	72,3	68,2	13.060	13.048	1.900	537	999	385	2.744	4.090	31,03	6	
XII .	441	573	+ 132	25,1	57,2	438	132,6	66,3	72,5	68,1	13.472	13.059	1.994	585	1.001	385	2.569	3.849	31,62	6	
1938 :																					
I .	290	547	+ 257	13,5	55,0	302	93,3	49,0	72,0	68,1	13.853	13.853	1.994	698	675	385	2.361	3.627	31,99	6	
II .	360	531	+ 171	20,3	42,9	318	113,3	49,2	70,8	68,1	14.029	12.889	1.994	673	694	385	2.262	3.465	31,77	6	
III .	431	500	+ 70	29,2	56,8	—	—	—	70,0	68,0	13.814	12.625	1.994	749	592	385	2.356	3.545	32,02	6	
IV .	439	384	— 55	38,0	46,8	—	—	—	—	—	—	—	1.994	695	598	385	2.441	3.658	31,93	6	

¹ Données révisées.

² Escompte et avances.

³ Escompte et réescompte des bons du Trésor.

⁴ Le chiffre des unités de cette colonne n'est pas définitif.

Geneva, July 9th, 1938.

LEAGUE OF NATIONS

COMMITTEE OF STATISTICAL EXPERTS

**REPORT TO THE COUNCIL
ON THE WORK OF THE SEVENTH SESSION**

(Held in Geneva from July 4th to 9th, 1938).

Members present: M. M. HUBER (*Chairman*),
M. C. BRÜSCHWEILER,
M. E. COHN,
Mr. D. DURAND,
Sir Alfred W. FLUX,
M. G. JAHN,
M. E. SZTUM DE SZTREM.

International Institute of Agriculture: M. V. DORE.

International Labour Office: Mr. J. W. NIXON.

Associated member for trade statistics: M. J. P. L. GAYON.

Associated member for indices of industrial production: M. O. ANDERSON.

Representative of the Danish Government for the question of a permanent exhibition of graphs: Dr. R. CHRISTIANI.

I. STATISTICS OF THE GAINFULLY-OCCUPIED POPULATION.

1. In accordance with Recommendation IV of the International Conference relating to Economic Statistics of 1928, the Committee submitted, in its last report (document C.217.M.158.1937.II.A) to the Council, an international minimum programme for statistics of the gainfully-occupied population. The Council decided, on May 25th, 1937, to communicate this programme to all Governments of States Members of the League of Nations and of non-member States for their observations.

2. A large part of the Committee's present session has been devoted to the reconsideration of the programme in the light of the numerous and valuable observations received. The Committee was happy to note that the programme was approved by all countries in its general outline. The revised programme annexed to this report (Appendix I) does not therefore differ substantially from the provisional programme circulated to Governments for observations. With some few

exceptions, the observations received related to points of secondary importance or asked for greater precision or further explanations. The answer to most of the questions raised will be found, it is hoped, in the revised programme and in the statement regarding the principles which guided the Committee in its preparatory work. As it has not proved possible to accept all the suggestions made by the various Governments, the Committee suggests that the summary of the observations prepared by the Secretariat which has served as a basis for the Committee's discussions should be communicated to all the Governments from which replies have been received. This document will show that, especially in respect of questions of classification, varying and sometimes opposite views were held which could not always be reconciled.

3. The Committee ventures to hope that the Council will decide to communicate the annexed programme to all the parties to the International Convention relating to Economic Statistics and to all other Governments of States Members of the League of Nations and of non-member States and invite them to carry it out at their next census of population.

4. The Committee is of the opinion that, in censuses of occupied persons, national requirements and the need of maintaining comparability with previous censuses are of such overwhelming importance that countries cannot be expected willingly to change the whole system of their censuses in order to comply with a uniform international scheme. The recommendations of the Committee therefore set out from the idea that, in the same way as has successfully been done in the field of foreign trade statistics, countries will prepare and publish, as a part of the results of the next census, a supplementary table according to the international minimum programme, which will facilitate comparisons between different countries. A specimen table is attached to the present report.

5. The figures for this supplementary table will probably in most cases be arrived at by a regrouping of the figures shown under the national definitions and classifications. It is therefore of fundamental importance that all the elements for such a regrouping should be obtainable from national statistics. The Committee believes that its recommendations may, in addition, serve as a general plan for the development of national statistics of the occupied population in the case of countries in which similar statistics have not been compiled at previous censuses.

6. The Committee has prepared a definition of the gainfully-occupied population, mainly with a view to facilitating international comparisons. It is fully aware that some Governments may have well-founded objections to the exclusive use of this definition for their national censuses, in particular if they distinguish between principal and secondary activities. All that is required under the minimum programme is that separate figures should be furnished for the groups of persons covered by the international definition of the gainfully-occupied population, so as to allow of the preparation of internationally comparable figures.

7. With regard to systems of classification of the gainfully-occupied population, the minimum programme is based on the view, already expressed by other conferences of statisticians, that a classification according to the three following principles:

- (a) By branches of economic activity,
- (b) By personal status,
- (c) By individual occupation,

is necessary in order to obtain an adequate picture of the economic and social structure of the population.

8. The Committee has prepared a nomenclature of branches of economic activity which has been drawn up with a view to allowing a sufficiently detailed grouping of the gainfully-occupied population. The Committee wishes, however, to make it clear that the nine sections and forty-five chapters of the nomenclature given in Appendix I represent, in its opinion, the minimum desirable for statistics of the gainfully-occupied population, but that for other statistics (statistics dealing with establishments of all kinds, with production, distribution, etc.), a more detailed or a different subdivision will be required.

9. The classification according to personal status has been simplified in the light of the comments of Governments.

10. As regards the nomenclature of individual occupations, the Committee's opinion, which was fully shared by Governments, is that, from the *international* standpoint, a very large part of the gainfully-occupied population is sufficiently characterised by its place in the classification by branches of economic activity and by personal status. Classification by individual occupations is, in the Committee's view, a question of national, rather than of international concern. For these reasons, which are set out more fully in Appendix I, the Committee has not prepared, at the present moment, a detailed nomenclature of occupations. The Committee is, however, fully conscious of the value and importance of a grouping according to individual occupations in *national* statistics of the gainfully-occupied population.

11. It recommends further that each class of occupied persons should be recorded in groups distinguishing sex, age and marital status, and that certain groups of persons not considered as gainfully-occupied should also be distinguished by sex and age.

II. HOUSING AND BUILDING STATISTICS.

1. In September 1937, the Assembly of the League of Nations decided, with reference to urban and rural housing (document A.46.1937.III), that the competent organisation of the League should, *inter alia*, undertake "studies with a view to making recommendations concerning statistical methodology":

- (a) Of methods for estimating future housing needs;
- (b) Of methods employed in collecting the statistics relating to actual housing accommodation;
- (c) Of methods employed in compiling building statistics;
- (d) Of methods employed in the statistics of building costs, prices of materials, etc.

2. The statistics relating to actual housing accommodation referred to in item (b) are, in many countries, collected in connection with the general population censuses, which, in most cases, will be held in or about the year 1940. The Committee thought it desirable, therefore, to deal with this problem first. A special Sub-Committee was accordingly set up.¹ It has prepared the statement and recommendations on housing statistics which will be found in Appendix II to the present report. The other studies required under the Assembly's resolution have been referred to another Sub-Committee; and the Committee will report on them later.

3. The Committee suggests that the draft recommendations on housing statistics should be communicated to all Governments of States Members of the League and non-member States, for their observations, so that the final recommendations may be prepared in the light of the comments received by an early date in 1939.

4. At the present stage, the Committee has limited its recommendations to those subjects on which, in its view, adequate information can be obtained by a "general housing census". This term is intended to cover all censuses, whether forming an integral part of the population census, or taken concurrently therewith, in which the data are collected by means of household forms or schedules completed by the householder, either with or without the aid of enumerators. The Committee proposes to study at a later stage of its work the information to be obtained from more detailed investigations or housing surveys, which in the opinion of the Committee can only be carried out by trained investigators or special agents. Such investigations may be confined to a sample of houses only and, where this is the case, information relating to all dwellings obtained from a general housing census is necessary as a basis for securing an adequate and representative sample.

5. The recommendations are further restricted to the problem of how the population, and more especially family households, are housed. As the data obtained by housing censuses will form the basis for current building statistics, statistics of rents, of vacant dwellings, etc., the Committee, when formulating its definitions, has also borne in mind the requirements of these branches of statistics.

6. These recommendations should be considered as a minimum programme capable of meeting the most important statistical requirements from an international point of view. As housing conditions vary widely in different countries on account of climatic and social conditions, and as housing policy is frequently a matter which devolves largely on local authorities, national and even local circumstances will usually play an important part in the determination of the scope of, and the classifications to be derived from, the national censuses. The Committee therefore thought it wise to limit itself to a very restricted programme and to omit, at this stage, detailed consideration of more complex factors such as rents, which are sometimes covered by national housing censuses. While the several national programmes would, as a rule, cover a wider field than that of the minimum programme, the Committee suggests that they should in all cases be founded upon the definitions recommended in Appendix II.

7. For the reasons set out in paragraph 6 above, the Committee has refrained from recommending that statistics compiled under the proposed definitions and classifications should be published in special tables, supplementing or summarising the national classifications. The Committee thought that it might be sufficient if all the data required could be obtained from the ordinary tables. The Committee would, however, welcome the comments of Governments as to the desirability of preparing specimen tables for the international minimum programme and as to their willingness to compile and publish such tables, the scope of which can be judged from the statement given in Appendix II.

¹ This Sub-Committee included the following members of the main Committee: M. G. JAHN (Norway), M. M. HUBER (France) and Mr. J. W. NIXON (representative of the International Labour Office). It had the benefit of the assistance of some outside experts on housing statistics: Mr. V. P. A. DERRICK (United Kingdom), M. B. NYSTRÖM (Rapporteur of the Committee on Housing Statistics of the International Institute of Statistics), M. V. SEKERA (Czechoslovakia) and Mr. E. FISHER (United States of America).

III. APPLICATION AND REVISION OF THE MINIMUM LIST OF COMMODITIES FOR INTERNATIONAL TRADE STATISTICS.

1. By a resolution dated September 17th, 1935, the Council expressed the hope that Governments would see their way to publishing, at least annually, supplementary statistics of their imports and exports classified in accordance with the "Minimum List" drawn up by the Committee.

2. The Committee was glad to learn that statistics in accordance with the "Minimum List" are now available for, or will be prepared by, the following countries or statistical territories:

- | | | |
|----------------------|-------------------|------------------------------|
| 1. Australia | 10. Iran | 19. United Kingdom |
| 2. Belgium-Luxemburg | 11. Ireland | 20. United States of America |
| 3. Bulgaria | 12. Lithuania | 21. Yugoslavia ¹ |
| 4. Canada | 13. New Zealand | 22. Estonia ² |
| 5. Czechoslovakia | 14. Norway | 23. Iraq ² |
| 6. Denmark | 15. Palestine | 24. Latvia ² |
| 7. Egypt | 16. Poland-Danzig | 25. Mexico ² |
| 8. France | 17. Portugal | |
| 9. Iceland | 18. Sweden | |

In addition

26. Hungary

accepted in principle, but made the actual application of the new list dependent on the termination of the Brussels Convention.

27. Union of South Africa

postponed decision.

China, India, Japan, the Netherlands, the Netherlands Indies, Switzerland and Turkey stated that they were not prepared for the moment to compile the supplementary statistics in question.

A Conference of statisticians of the British Commonwealth of Nations, held in 1935, recommended all countries belonging to the British Commonwealth to prepare trade statistics in accordance with the items of the "Minimum List". The Government of the United Kingdom asked all dependencies whose trade is of real significance in relation to world trade (*e.g.*, Hong-Kong, Malaya, Ceylon, Nigeria and the Gold Coast) to consider the annual publication of supplementary statistics of trade based on the classification in the "Minimum List". Therefore, a still wider application of the list may accordingly be anticipated.

3. In accordance with the above-mentioned resolution of the Council, the great majority of countries have not only compiled but have also published statistics classified in accordance with the "Minimum List". As some doubts have arisen as to the procedure for the publication of these statistics, the Committee desires to renew its former recommendation that they should be published by each country itself, thereby making them available without delay to the general public. The demand for a summarised publication of the data available under the "Minimum List" will be met, in the Committee's opinion, by the plan of publication adopted by the Secretariat. Under this plan, the League's annual publication on "International Trade Statistics" will be gradually adapted to the "Minimum List". It already contains summary tables showing the grouping by "sections" and "chapters", and all the groups for the classification by "stage of production and use". It will also contain, for each country, tables of imports and exports of the principal articles, where the data for those items of the "Minimum List" are of real importance for that country.

4. The "Minimum List", which was communicated to Governments in 1935,³ is based on the draft Customs Nomenclature (document C.921.M.486.1931.II.B, Volumes I and II), the content of each item of the "Minimum List" being defined by means of a reference to the corresponding items of the draft Customs Nomenclature. In 1937, a revised draft Customs Nomenclature (document C.295.M.194.1937.II.B, Volumes I and II) was published, and the Committee undertook, at the present session, to revise the "Minimum List" accordingly. The revised edition of the list will be found in Appendix III.

5. The experience gained since 1935 has not revealed the necessity of any changes in the "sections", "chapters", or "items" of the "Minimum List". On the other hand, the revised

¹ Sections and chapters only.

² Statistics not yet published.

³ See document C.268.M.136.1935.II.A. Report of the Committee of Statistical Experts to the Council on the Work of its Fourth Session.

draft Customs Nomenclature shows only relatively slight modifications compared with the first draft. In several cases, the principle applied in the "Minimum List" was also adopted by the Sub-Committee on Customs Nomenclature, thus bringing the two classifications into closer agreement with one another. Although numerous changes in reference numbers, due to a changed numbering of items in the Customs Nomenclature, are required in the "Minimum List", the Committee has reduced changes in the scope of the items to a strict minimum, and the number and order of items has not been changed at all. All items the scope of which has been affected by the revision are marked in the revised edition with an asterisk (*).

6. Although the classification of the items of the "Minimum List" by "sections" and "chapters" has been carried out in a great number of countries, the classification of items by "stage of production and use", which is simply a rearrangement of the items of the "Minimum List", has not found the same wide application. The Committee is inclined to think that the reason for this fact, since the work involved in this second classification is not great, is due either to insufficient interest in groupings destined for analytical purposes, to the relatively large number of groups and sub-groups, or to disagreement with the principles of the grouping or with the allocation of items to the various groups. Since the Committee attaches great importance to the grouping by stage of production and use, it would be glad if the respective Governments were asked to communicate the reasons for which they have not been able to adopt this grouping.

7. With a view to taking account without delay of the observations made concerning the number of groups and sub-groups of this classification, the Committee has prepared the following summary of the complete classification by stage of production and use given in Appendix III. It hopes that this summary classification will overcome the difficulties which have prevented certain countries from applying the complete classification.

A-E. Merchandise only:

- A. Human food, beverages and tobacco, and materials therefor (groups 1 and 8);
- B. Materials for production in agriculture, industry and commerce, including oils and fuels (except A), (groups 2 to 6):
 - (a) Crude;
 - (b) Simply transformed;
 - (c) More elaborately transformed;
- C. Capital equipment for agriculture, industry and commerce (group 7);
- D. Articles ready for retail sale or for consumers' use (except A), (groups 9 and 10);
- E. Articles which cannot be classified (postal packages, returned goods and special transactions) (group 11).

If desired:

- F. Gold and specie (group 12).

8. The Committee trusts that the Council will decide:

- (a) To communicate the revised "Minimum List" to all the parties to the international Convention relating to Economic Statistics and to all other Governments of States Members of the League and of non-member States, and to invite them to compile and publish supplementary statistics of the imports and exports in accordance with the revised "Minimum List";
- (b) To invite the Governments concerned to communicate to the Secretary-General of the League of Nations the reasons which have prevented them so far from preparing the classification by stage of production and use, together with any observations they may wish to formulate with regard to the application of the abridged classification in paragraph 7, or with reference to the possible revision of the detailed classification in Appendix III.

IV. INDICES OF INDUSTRIAL PRODUCTION.

1. In virtue of Article 2, V (C), and Article 7 and Annex V of the international Convention relating to Economic Statistics, the parties to the Convention undertook to publish "statistical series, in the form either of absolute figures or relative figures referring to a period taken as a basis of comparison, at regular intervals, if possible quarterly, or preferably monthly, showing variations of the industrial activity of the most representative branches of production".

2. The compilation of such series, generally in the form of indices of industrial production, is being undertaken in a steadily increasing number of countries. The Committee has therefore set up a special Sub-Committee to study this subject from the two-fold point of view of supplying some theoretical and practical guidance for countries intending to compile such indices or to revise their present compilations, and of securing, as far as possible, the international comparability of these indices. This Sub-Committee has prepared the report which will be found in Appendix IV.¹

3. Here again, the Committee ventures to hope that the Council will authorise the Secretary-General to communicate the statement and draft recommendations contained in Appendix IV to all authorities or bureaux, whether official or not, which compile such indices, and to ask for their observations. Final recommendations will be drawn up later, in the light of the comments received.

V. TIMBER STATISTICS.

1. The Committee of Statistical Experts has undertaken the examination of timber statistics, in order to give effect to a resolution of the Monetary and Economic Conference of 1933 that:

“ . . . each country, acting in concert with the League of Nations and the International Institute of Agriculture, should organise rational statistics of the production of, and international trade in, timber.”

2. A special Sub-Committee, which included representatives of the International Institute of Agriculture and the International Timber Committee, examined the various aspects of timber statistics and presented a first report in 1936.²

3. Following a suggestion of the Committee, the Council, on January 22nd, 1937, authorised the Secretary-General to undertake an enquiry with a view to obtaining the comments of Governments particularly interested in timber statistics on the draft recommendations prepared by the Committee. These draft recommendations covered, in accordance with the Committee's mandate, a complete minimum programme of rational timber statistics. The replies to the enquiry have shown that there is general interest in this matter. They have, however, also shown that existing statistics are still far from complete correspondence with the programme outlined in the first report. The changes and improvements, which it appears from the replies countries are likely to carry out, frequently fall far short of fulfilling the Committee's original programme. This is particularly the case for statistics of stocks of workable timber.

4. The Committee reconsidered the recommendations on timber statistics, in the light of the valuable observations and suggestions made by Governments, with a view to simplifying and reducing the minimum programme, as far as this was possible without abandoning the task of preparing recommendations on “rational” timber statistics. The Committee's final recommendations will be found in Appendix V to this report.

5. The Committee hopes that the Council will decide to communicate these recommendations and the accompanying statement to all Governments of States Members and non-members of the League of Nations, inviting them to put the recommendations into effect.

VI. FINANCIAL STATISTICS.

1. On May 13th, 1936, on the recommendation of the Financial Committee, the Council of the League of Nations requested the Committee of Statistical Experts to take up the question of financial statistics, and to study and report upon the methods by which the comparability of financial statistics might be improved. The preparatory study of these questions was entrusted to a special Sub-Committee composed of some of the Committee's own members, to which were added a number of outside experts qualified for this new task.³

2. In accordance with a suggestion made by the Financial Committee, the work in this field has been directed at the outset to a study of the “statistics relating to the formation of capital and the manner in which that capital is invested”. The report presented by the Sub-Committee on this subject will be found in Appendix VI.

¹ This Sub-Committee included some members of the main Committee: M. HUBER (France), M. BRÜSCHWEILER (Switzerland), Sir Alfred FLUX (United Kingdom), M. G. JAHN (Norway); and two outside experts: Professor O. ANDERSON (Bulgaria), Mr. C. SNYDER (United States of America).

² This Sub-Committee included the following members of the main Committee: M. G. JAHN (Norway), Mr. COATS (Canada), M. DORE (International Institute of Agriculture). It had the benefit of the assistance of the following outside experts: M. Ch. COLOMB (France), M. GIESINGER (Comité international du bois), M. SUNDIN (Sweden) and Mr. R. E. MARSH (United States of America).

³ This Sub-Committee was composed of the following members of the main Committee: Sir Alfred FLUX (United Kingdom), M. E. COHN (Denmark), M. O. MORGENSTERN (Austria); and the following outside experts: M. E. ACKERMANN (Switzerland), H. CLAY (United Kingdom), J. DENUC (France), E. LINDAHL (Sweden), F. RAVIZZA (International Thrift Institute), Mr. W. W. RIEPLER (United States of America), M. J. VINCENT (Belgium). The Sub-Committee was assisted at its first meeting by Professor D. ROBERTSON (United Kingdom).

3. The Sub-Committee's report is to be regarded as preliminary. It differs in character from the reports prepared hitherto by the Committee and its Sub-Committees, inasmuch as it does not contain any draft recommendations on statistical methods. The Sub-Committee felt that, before making any recommendations on the methods of statistics relating to capital formation, it was of particular importance to describe and to define the phenomena which the statistics are intended to measure. The Sub-Committee's report shows that the problem of capital formation is extremely complex and difficult to subject to exact statistical measurements. The Sub-Committee concluded accordingly that all it can do for the time being with reference to this subject is to help to define the problems to be studied, and to endeavour to promote effective discussion of these problems with a view to subsequent recommendations regarding the methods which would be best suited for measuring various factors entering into play in the formation of capital.

4. The Sub-Committee's report also contains an outline of its future programme of work. It has begun the study of statistics of banking, capital issues and insurance, and hopes to continue in the near future with the study of balance-sheets and of profit-and-loss accounts of other business enterprises. In addition, the Committee proposes to study the possibility of using for general statistical purposes the information collected in many countries in the course of making tax assessments.

5. The Committee proposes to deal with these statistics from the point of view of capital formation and also of their other aspects and uses.

6. The Committee hopes that the Council will decide:

(a) To communicate the Sub-Committee's statement on statistics of capital formation to all Governments of States Members of the League of Nations and of non-member States;

(b) To authorise the Secretary-General to communicate it direct to institutions and persons taking a special interest in this subject,

with a view to obtaining comments on the principles outlined and on the definitions adopted in the statement under review.

VII. BALANCE OF PAYMENTS STATISTICS.

1. The recommendations which have been made or are still to be made by the Committee of Statistical Experts with reference to trade, tourist and financial statistics have a more or less direct bearing on the preparation of accounts of international transactions generally known as "balance of payments". Moreover, the experience gained by the Secretariat in compiling its annual publication, *Balances of Payments*, shows that some progress could be made in this field of statistics by defining the nature of the statements to be prepared, by laying down rules as to the general principles and the terminology to be used, and possibly by drawing up a revised standard plan, with explanatory notes, for the presentation of balances of payments and balances of international assets and liabilities.

2. The Committee therefore intends to follow up its work in the fields mentioned above by a systematic study of the question of balances of payments. The work will probably be of long duration, mainly because some of the questions involved require rather detailed studies for which it seems necessary to have recourse to national experts. The work should be entrusted to a special sub-committee, assisted, when necessary, by such outside experts.

VIII. PERMANENT EXHIBITION OF GRAPHS RELATING TO CURRENT ECONOMIC AND FINANCIAL CONDITIONS.

1. In September 1937, the Assembly of the League of Nations adopted a resolution requesting "the Economic and Financial Organisation to consider ways and means for arranging for a permanent exhibition of graphs relating to current economic and financial conditions". Later, the Danish Government offered to place at the disposal of the Secretariat an exhibition of graphs for the preparation of which a sum of 50,000 Danish crowns is offered by the Otto Mønsted Foundation.

2. By a resolution of May 13th, 1938, the Council of the League of Nations requested "the Committee of Statistical Experts to consider this offer in connection with the Assembly resolution quoted above, and to submit a report on both questions in time for consideration by the Council at its next ordinary session".

3. When considering the ways and means for arranging for a permanent exhibition of graphs, a number of questions arose on certain of which the Committee did not feel itself competent.

It has accordingly consulted the Secretary-General and the Directors of the Secretariat indicated by him, and certain of the recommendations set out below are based on the evidence and views furnished by them.

The questions that arise for consideration may be summarised as follows:

- (a) For what public would a permanent exhibition of graphs be intended?
- (b) In what place should such an exhibition be situated?
- (c) What subjects should such an exhibition illustrate?
- (d) What form of graphs should be employed?
- (e) Can the generous offer made by the Danish Government on behalf of the Otto Monsted Foundation be employed for the purposes contemplated by the last Assembly?
- (f) What costs would be involved:
 - (i) Were the costs of an exhibition of graphs met directly from League funds?
 - (ii) Were the Danish offer accepted and employed for the purposes contemplated by the last Assembly?

4. *For what public would a permanent exhibition of graphs be intended?* — The scope and the nature of any exhibition will have to be adjusted to the public which can or should be reached. As the exhibition is intended to be permanent and to relate to current and therefore to changing conditions, it will have to be continually brought up to date. For practical reasons, the exhibition should therefore be installed in Geneva, although the public which can be reached there is of a special kind and restricted in number.

The following groups of persons, which may possibly be interested in the proposed exhibition and which can be reached in Geneva, may be distinguished:

- (a) Delegations to the Assembly and the International Labour Conference and Members of League Committees;
- (b) Members of the Secretariat of the League of Nations and the International Labour Office and representatives of the Press;
- (c) Persons using the Library;
- (d) Tourists visiting the League building;
- (e) The general public in Geneva.

If the exhibition is installed within the League's building, only the first four groups of persons are likely to be reached.

The Committee also considered the question whether a wider public could be reached either in Geneva or elsewhere.

As any attempt to reach the general public of Geneva which does not come to the League's building would lead to extra expenses for accommodation and as, in addition, the exhibition would then rarely be visited by delegates, etc., the Committee has not retained this idea. One might nevertheless consider the exhibition of some graphs at the railway-station, or at some other suitable place in Geneva, intended mainly to draw attention to the exhibition in the League's building.

The public outside Geneva might be reached in two different ways:

- (a) The whole exhibition, or parts or duplicates of certain graphs, might be lent to international exhibitions—*e.g.*, to the New York World's Fair. Demands for League participation in international exhibitions are frequent, and it would be advantageous to dispose of a certain stock of graphs out of which such demands could be met.
- (b) Photographic reproductions of all graphs or of some of them might be published in the form of a special pamphlet or might be inserted in existing publications of the League—*e.g.*, in the *Monthly Bulletin of Statistics*, in the *Monthly Summary* or the *Fortnightly News* issued by the Information Section. A selected public might thus be reached all over the world. One might even contemplate the distribution of flexible clichés of certain graphs to the Press as a further means for securing a still wider publicity.

The choice of the subjects and the form of presentation suggested in the present report have been decided on the assumption that the visitors will, in general, have a certain knowledge of economic questions or will have a general culture enabling them to understand the meaning of the graphs without the guidance of detailed explanations. If the graphs are used for a wider public, such explanations will be required.

5. *In what place should the exhibition be situated?* After consultation with the Director of the Information Section, the Committee suggests that the graphs should be exhibited inside the League's building, in a place, or very near to a place, where the persons coming into the building normally pass, so that they are not obliged to make a special visit to a distant exhibition room.

As, for the aims outlined in paragraph 1, the mobility of the exhibition is essential, the most convenient way to achieve this object may be the use of movable standing panels. If these panels

are placed in one of the big committee rooms near the Assembly Hall, the exhibition would be easily accessible to delegates, journalists, members of the Secretariat and to the tourists to whom the committee rooms are shown. The whole exhibition, or parts of it, can then be easily transferred to other rooms (Press rooms, committee rooms in the Secretariat's wing, waiting-room for tourists, etc.), if occasion arises. If the form of execution finally adopted implies the use of special electric installations, etc., a permanent room would be required for the exhibition.

6. *What subjects should the exhibition illustrate?* — The Committee has drawn up a list of subjects for permanent exhibition, which will be found in Appendix VII. In its opinion, the topics selected would constitute a useful basis for an exhibition such as that which it understands the last Assembly had in mind. In preparing this list, the Committee assumed that the object of the exhibition should be to show in graphical form, and in such a way as to be rapidly understood, the main changes in world conditions year by year, quarter by quarter, or month by month, and, so far as possible, the economic interdependence of nations.

In drawing up this list, the Committee has taken particular care to avoid seeming to expound any particular doctrine other than that of the economic interdependence of the world, and to avoid at the same time over-burdening the exhibition with detail.

7. *What form of graphs should be employed?* — Any decision as to the form of graphs to be employed will depend on the amount of money available for their execution. The Committee is of the opinion that for diagrams which have to be brought up to date rather simple means of presentation will have to be used—*e.g.*, simple bars or curves which can be prolonged or boards on which pins or tape are placed. Photographs and other methods of presentation, such as carved models, relief maps, electric installations, are generally more expensive. Care has therefore been taken that the subjects proposed can, if necessary, be presented by simple means, without excluding the use of more refined methods of presentation.

If more attractive methods of presentation are finally adopted, the Committee suggests that photographs or other artistic means should not be used at the expense of mathematical correctness of diagrams, but should be mainly utilised to replace or to illustrate explanatory notes. For example, diagrams showing the production of certain commodities might be accompanied by pictures or models showing the production process of the commodities concerned; or, in a bar which is subdivided in order to show the importance of various branches of economic activity, these branches might be represented inside the bar by adequate pictures, showing, for example, agriculture, mining and manufacturing industries, etc. The plan suggested in Appendix VII foresees, in general, a combination of a map or other diagram relating to a given fact at a given moment, which might be presented with the help of more attractive means of presentation, with graphs on the same subjects showing the current development for which simple means would be the most appropriate.

8. *Can the generous offer made by the Danish Government on behalf of the Otto Mønsted Foundation be employed for the purposes contemplated by the last Assembly?* — The Committee has had the advantage of being able to discuss the whole subject submitted to it by the Council and subsequently the offer of the Otto Mønsted Foundation with M. Christiani, who represented the Danish Government. M. Christiani expressed himself as being satisfied that the list of topics was selected so as to meet the terms of the offer of the Otto Mønsted Foundation. He agreed therefore, on behalf of the Danish Government, to undertake to defray the costs of the preparation of diagrams and models for this exhibition, subject to the conditions set out below.

9. *What costs would be involved if the costs of an exhibition of graphs are met directly from League funds?* — According to an estimate made by the Secretariat, the non-recurrent expenditure would amount to 33,000 Swiss francs, provided that cheap means of presentation are chosen. This sum might be spread over two years.

The current expenditure would be 4,600 Swiss francs in the third year and about 9,000 Swiss francs in the fourth and the following years, during each of which a quarter of the graphs would have to be renewed. This estimate is based on a form of presentation which remains within the capacities of the Draughting Service of the League, so that only the strengthening of certain services of the Secretariat would be required. The estimate presupposes that the technical execution of the exhibition and its keeping up to date would be directly undertaken by the competent services of the Secretariat.

The actual costs might still be reduced by adopting poorer means of presentation or by reducing the scope of the exhibition. It is, however, felt that the object of the whole plan can be attained only if the budgetary resources are sufficient to allow for the adoption of adequate means for an attractive presentation of the graphs.

The estimates given above relate only to the exhibition proper, they do not include the cost of duplicates to be lent to international exhibitions nor the cost of printing photographic reproductions of the graphs in the form of a special pamphlet or in the ordinary publications of the League. They provide, however, for a certain sum for taking photographs of the diagrams.

10. *What costs would be involved in the event of the Danish offer being accepted?* — As has been stated, M. Christiani indicated to the Committee that the Danish Government would be prepared to defray the costs of preparing diagrams and models for this exhibition up to a total of 50,000 Danish crowns (48,500 Swiss francs). The cost of keeping the diagrams up to date and the general

expenses for upkeep, heating, lighting, supervision, etc., of the rooms occupied would be covered for two years. M. Christiani pointed out that a very simple form of presentation, such as that underlying the Secretariat's estimate, does not meet the offer of the Mønsted Foundation intended for an exhibition which, by its character and by the means of presentation chosen, would be apt to arouse particular interest. Photographs, models, electric installations, etc., should therefore be used to a rather large extent. He thought that the amount of 50,000 Danish crowns might not permit of covering the whole list of topics, so that, for the time being, the Mønsted Foundation could only undertake the preparation of a part of the graphs and models. He did not, however, exclude the possibility that, when experience has been gained, both as regards the cost of the technical execution and the success of the first parts of the exhibition, the Mønsted Foundation might be willing to undertake later the preparation of the remaining parts of the programme.

The offer of the Mønsted Foundation is an offer of graphs, models, etc., to be prepared under the direction and supervision of the Secretariat in accordance with the plan agreed on in the present document. The payment of all costs involved would be made directly by the Mønsted Foundation, which would set up a special bureau in Geneva for the technical execution of the exhibition. The Committee is of the opinion that the exact terms of the collaboration between the League's Secretariat and this bureau of the Mønsted Foundation is a matter to be settled between these two institutions.

If the generous offer made by the Danish Government were accepted, the plan of an exhibition of graphs more restricted in scope but more attractive by its presentation could be carried out without any expense to the League during the first two years.

After this period, a decision as to the future of the exhibition will be required. As stated above, it is not excluded that the Mønsted Foundation, after having seen the results, will continue its contributions.

Appendix I.

STATISTICS OF THE GAINFULLY-OCCUPIED POPULATION.

(Published separately in "Studies and Reports on Statistical Methods", No. I.)

Appendix II.

HOUSING STATISTICS.

A. GEOGRAPHICAL SCOPE OF GENERAL HOUSING CENSUSES.

In accordance with its terms of reference, the recommendations of the Sub-Committee apply to both urban and rural housing. Rural housing conditions, however, differ substantially in certain respects from urban conditions, and in view of the particular interest which attaches to the problem of rural housing,¹ the Sub-Committee devoted special attention to the information on this subject which can be readily obtained on the occasion of a population census. The Sub-Committee did not consider it necessary to define the border-line between urban and rural districts, as the validity of the comparisons which can be made from the statistics drawn up in accordance with the minimum programme is hardly affected by the different solutions of the problem.

B. DEFINITIONS OF BASIC UNITS.

For the purposes of the minimum programme of the Sub-Committee, the following units require to be defined:

- I. The room;
- II. The dwelling;
- III. The household;
- IV. The occupants.

For reasons which will be found in Part F of this report, the Sub-Committee has not given a definition of "the building" for the purpose of a general housing census.

¹ See, for example, the studies on rural housing being made by the Health Organisation of the League and its Conferences on rural hygiene.

I. *Definition of the "Room"*

The determination of the space to be counted as a "room" for statistical purposes is usually governed in practice by considerations which can be roughly classified under two main types:

- (a) Those which rely on a formal definition based upon physical characteristics, in which a criterion of minimum size can be incorporated if so desired;
- (b) Those which have regard to the purposes for which the space is or may be used and which rely therefore upon a conventional selection of purposes justifying the recording of a space as a "room".

Both types are, in fact, used for ascertaining the number of rooms. By the former, rooms are identified irrespectively of the purposes for which they may be used, and the head of the household, controlled by the enumerator, has to decide which spaces fall under the definition. Under the second type, in which physical characteristics are disregarded, the householder or enumerator requires to be informed as precisely as possible of the kind of rooms to be counted—*e.g.*, bedrooms, kitchens, servants' rooms, etc.—and also of the types of rooms to be ignored—*e.g.*, bathrooms, toilets, etc.

The second method alone does not readily permit of the introduction of a criterion of minimum size if the dimensions of rooms are not asked. The Sub-Committee is aware that the exact measurement of each room is very difficult to obtain in a general housing census. It thought, however, that the uniformity and comparability of the statistics would be greatly increased if a minimum size for the spaces to be counted as rooms were introduced, and it recommended the fixing of the limit at about 4 square metres.

As, however, the proportions of the room are no less important than its superficial area, the Sub-Committee adopted, as an additional test, its ability to contain a bed for an adult, such specification being regarded as the simplest way of describing the proportions of a room. Long and very narrow corridors having more than 4 square metres are thus excluded. The Sub-Committee wishes to state clearly that the limit of 4 square metres was adopted in order to include among the "rooms" all spaces which are, in the practice of to-day, actually inhabited; this limit is by no means intended to imply any judgment as to what constitutes a standard of desirable space.

The Sub-Committee suggests therefore the following *definition of rooms*:

As "rooms" should be regarded bedrooms, dining-rooms, living-rooms, habitable attics, servants' rooms, kitchens and other habitable spaces, separated from one another by walls reaching from the floor to the ceiling and of a size large enough to hold a bed for an adult (approximately 4 square metres).

Kitchenettes, corridors, verandas, lobbies, etc., not falling under the above definition, as well as bathrooms and toilets, should not be counted as rooms.

Rooms regardless of size, if used only for professional or business purposes, should not be counted as rooms for habitation for the purpose of showing the size of dwellings by the number of rooms and for calculating the number of persons per room.

II. *The Definition of Dwellings.*

In existing housing statistics, dwellings are defined by:

- (a) The structural disposition of rooms, coinciding in the case of permanent buildings with the intended use of premises;
- (b) The actual use of premises;

or by a combination of both.

A third criterion determined by legal conditions—namely, one which identifies the dwelling with the rooms or premises covered by a lease from the house-owner—was not considered as offering particular advantages from the international point of view. Apart from the difficulties which would arise from differences in legal practice as between one country and another, the definition would only apply to rented dwellings and would therefore require supplementation for dwellings occupied by the proprietor or occupied on a legal basis other than a lease.

As the definition of the "dwelling" should be the same for housing statistics as for current building statistics, etc., the structural layout of rooms appears to be the only common criterion. This criterion is inherent in the popular conception of a dwelling, and the difficulties of its application are therefore relatively small, at least in urban districts. Moreover, an interpretation based on structural disposition is likely to correspond most nearly to the intended use of the premises, so far as habitation by family households is concerned. A definition based on

the structural disposition of premises needs, however, certain rectifications depending on the actual use made of these premises, where this differs from the intended use, as in the case of dwellings originally intended for habitation by family households which are actually used as offices or for other business purposes. As the occupation of dwellings for such purposes is frequently permanent, running parallel with the development of business quarters in big towns, such premises should be excluded from statistics of dwellings. Following the same line of thought, rooms or parts of dwellings used only for business purposes should not be counted as part of the dwelling.

The Sub-Committee therefore proposes the following *definition of a dwelling*:

The dwelling should comprise any structurally separated room or suite of rooms in permanent buildings used or intended for habitation by family households—whether occupied or vacant—and having a separate access to a street or to a common passage or stairway. Detached rooms for habitation which are clearly intended to form a part of the dwelling should be counted as part of the dwelling. Rooms used only for business purposes should not be counted as parts of the dwelling.

III. *The Definition of Households.*

Two types of households should be distinguished:

- (a) The family household;
- (b) The non-family household;

both of which are also basic units for general population censuses.

The Sub-Committee suggests the following definitions:

The *family household* should comprise the members of a family forming the nucleus of the household. Servants and other persons unrelated to the family but sharing the rooms occupied by the family or having separate rooms in the dwelling, but taking their meals with the family, should be counted as members of the family household.

Persons living alone and lodgers occupying rooms of their own and not sharing in the meals of the family should be counted as separate family households.

It should be noted that, under the above definition, one dwelling may be occupied by several family households, and that the family household is not necessarily identical with the total number of persons living in the same dwelling.

Non-family households should comprise all persons living in groups which are not to be considered as family households—*e.g.*, in hotels, institutions, military barracks, etc.

In doubtful cases, which may particularly arise in respect of pensions and boarding-houses, the border-line between the family household and the non-family household should be drawn at the point where the number of boarders, etc., exceeds the number of the family members, including servants, etc.

IV. *The Definition of Occupants.*

If the methods adopted for enumerating the population in the general population census enable the usual residents of a dwelling to be identified as distinct from the persons enumerated therein, only the usual residents should be counted as occupants. Each physical person, regardless of age, should be counted as one unit.

C. STATISTICS RELATING TO THE CHARACTERISTICS OF DWELLINGS.

The Sub-Committee was of the opinion that the most important information bearing on the characteristics of dwellings is, from the point of view of international comparisons, that dealing with the number and size of the dwellings and the existence of certain types of conveniences.

The *size of dwellings* should be measured only by the number of rooms, as any other method requiring reference to the dimensions of the premises appears to be unsuitable for adoption in general censuses.

As regards the conveniences available in a dwelling, the Sub-Committee recommends that these conveniences should be ascertained for each dwelling to which they structurally belong. There is no doubt that it would be equally important to show the conveniences available for each household; the necessary basic information on this point is, however, more difficult to obtain in practice and has therefore been disregarded.

The Sub-Committee recommends that the following conveniences should be distinguished in the tabular analyses:

- (1) Kitchenettes (*i.e.*, kitchens not counted as rooms);
- (2) Bathrooms:
 - (a) Private;
 - (b) Common;
- (3) Running-water supply:
 - (a) Inside the dwelling;
 - (b) Outside the dwelling;
- (4) Toilets:
 - (a) Private;
 - (b) Common;
- (5) Electricity supply;
- (6) Gas supply.

These data should at least be given separately for dwellings with one, two, three, etc., eight and more rooms.

In many countries, the heating system, and especially central heating, is a matter of importance, but as international comparisons of this kind have less significance owing to differences in climatic conditions, the Sub-Committee did not include this topic in its programme.

D. STATISTICS RELATING TO THE OCCUPATION OF DWELLINGS AND ROOMS.

The occupation of dwellings and rooms should be shown for international comparison on the basis of physical persons, adults and children being counted as equal units. Although information as to sex, age, marital status and the situation in the household is frequently available for all persons of the household, the Sub-Committee abstained from including such distinctions in the minimum programme.

One of the main objects of housing censuses in several countries is to throw light on the *occupation of dwellings by more than one family household*, as this information is of importance in the determination of existing housing needs. The Sub-Committee recommends therefore that the number of dwellings occupied by:

- (a) One family household;
- (b) Two family households;
- (c) Three and more family households

should be given, at least separately for dwellings with one, two, three, etc., eight and more rooms.

In addition to the total number of dwellings occupied by family households, the *number of vacant dwellings* should be given for the same room categories, and it should be exactly stated which kinds of dwellings have been included as vacant dwellings.

Statistics showing the density of occupation—i.e., the number of persons in relation to the number of rooms—are computed in different ways in various countries. They are generally based on one of the following methods:

- (a) By reference to the dwellings as the unit, the total number of persons being related to the total number of rooms in the dwelling;
- (b) By reference to the household as the unit, the number of persons in a family being related to the number of rooms occupied by that family.

In those cases—the great majority—in which a dwelling is occupied by one household, the two methods yield the same result. In cases where more than one household occupies a dwelling, the Sub-Committee recommends that the second method be adopted, in view of the fact that the number of persons per room may vary considerably for each of the households in the same dwelling. It is understood that the kitchen, or any other room, if shared by more than one household should be allocated to the main household in the dwelling.

The Sub-Committee recommends that the tabulation displaying family households in relation to the rooms they occupy should be in the following form:

Number of Family Households of Different Sizes occupying Different Numbers of Rooms.

Number of persons per family household	Number of family households occupying . . . rooms						Total number of family households
	1	2	3	4	5, etc.	10 and more	
One							
Two							
Three							
etc.							
Ten and more							
Total number of family households							

The Sub-Committee has adopted this form of presentation as it permits of calculating the total number of persons associated with each room category and the total number of rooms associated with each size of family household. At the same time, the several items can be aggregated in any desired density group, in terms either of persons per room or rooms per person; an arrangement which facilitates the application of varying national crowding or overcrowding standards and dispenses with the necessity of introducing any international standard of density measurement.

E. OTHER STATISTICS RELATING TO HOUSEHOLDS AND DWELLINGS.

The Sub-Committee has considered various other statistics which are frequently obtained from national housing censuses, without making recommendations in respect of them for its first minimum programme.

If the housing census is undertaken in connection with a census of population in which occupations are recorded, the necessary basic data for a classification of *households by the occupation of the head of the household* are available. The Sub-Committee is aware that such a grouping is sometimes undertaken as a means of throwing light on the housing conditions of various social groups, and emphasises the importance of such grouping. At this stage, however, the Sub-Committee does not suggest a uniform classification for that purposes. The classifications prepared by the Committee of Statistical Experts for the purpose of grouping the gainfully-occupied population will offer certain groups which might be useful also for the purpose of housing censuses.

Statistics of rents, although of importance for statistics of housing conditions, have been excluded from consideration, owing to the difficulty of defining what is included in rents in different countries and the difficulty of obtaining such information by means of a general housing census. In this connection, the Sub-Committee draws attention to the compilation of rents on a uniform basis for certain selected types of dwellings which is being undertaken by the International Labour Office and its Committee of Statistical Experts.¹

Statistics of the *tenure of dwellings* are generally required if statistics of rents are prepared. They are, however, also of considerable importance for other national purposes, especially in relation to differences between urban and rural districts and the changes in the various forms of tenure. The definitions and classifications needed depend largely on legal practice and national customs; they have therefore not been included in the minimum programme.

F. STATISTICS OF BUILDINGS.

At a general housing census, the notion of the "building" has to be introduced for the administrative purpose of ensuring the completeness of the enumeration, but it may also serve as a unit to be subjected to statistical measurement. In the latter event, the main information which it is generally desired to obtain is the following:

- (a) The character of the building according to the type of construction:
 - (1) Whether the buildings are constructed in such a way as to serve permanently for habitation;
 - (2) Whether the structures inhabited are of a provisional or special type—*e.g.*, huts, tents, wagons, boats;
- (b) The character of permanent building according to the material of construction, its age, its state of repair and other criteria throwing light on the conditions of the building;

¹ See Robert GUYE: "A Further Contribution to the International Comparison of Rents", *International Labour Review*, Vol. XXXIV, No. 5, November 1936. The results of a second enquiry will be published shortly.

- (c) The character of permanent buildings according to their use:
- (1) Whether used mainly or wholly for habitation by family households (residential buildings);
 - (2) Whether used mainly or wholly for other purposes (*e.g.*, commercial, industrial and public buildings);
- (d) The size of permanent buildings; which is most frequently measured in general censuses by the number of floors or by the number of dwellings per building and sometimes by the number of rooms;
- (e) The situation of the building (*e.g.*, whether detached or forming a row with other buildings, whether situated on the street or on a courtyard, etc.).

The Sub-Committee considered all this information as being very valuable from the national point of view. As, however, numerous countries do not at present consider it necessary for their own purposes to prepare statistics showing the number of buildings of different kinds, the Sub-Committee believed that this subject could be regarded as a matter of secondary importance which should not be especially pressed for in an international minimum programme.

In order to secure comparability between the statistics of those countries which are willing to prepare statistics of buildings, the Sub-Committee has drawn up certain recommendations relating to some of the above-mentioned questions—namely, to the type of construction, the use and the size of buildings.

These recommendations are intended to be applied to urban districts only. They provide for some broad distinctions, and it is indicated later that the application of a uniform definition of a "building" is not indispensable for this purpose. The Sub-Committee therefore abstained from formulating a definition of a "building".

If statistics of buildings are prepared, the Sub-Committee suggests that they should cover and distinguish for international purposes at least the following *groups of buildings by types of construction and by use*:

- (1) Permanent residential buildings (*i.e.*, used mainly or wholly for habitation by family households);
- (2) Huts, tents, wagons, boats, caves and similar units of a special kind actually inhabited by family households;
- (3) Permanent buildings other than residential buildings (*i.e.*, used mainly or wholly for industrial, commercial or public purposes), but containing some dwellings for family households—for instance, commercial buildings, schools, etc., containing caretakers' or service dwellings; hotels, if they contain dwellings for family households, etc.

For the above groups, the following particulars should be shown:

- (a) The number of buildings or units for each of the groups 1, 2 and 3;
- (b) The number of dwellings situated in buildings of each of groups 1 and 3;
- (c) The number of persons living in the dwellings of groups 1 and 3 and in the premises of group 2.

Buildings used only for commercial, industrial and public purposes, and containing no dwellings for family households—*e.g.*, hotels, boarding-houses, military barracks, etc.—could be ignored from the international point of view. The population living therein, which is accordingly not covered by group (c) above, should be shown separately or might be disregarded entirely.

As regards the *size of the buildings*, the Sub-Committee thought that the most important distinction, again from the international point of view, is that between houses consisting of one or two dwellings, on the one hand, and larger houses, on the other.

The Sub-Committee therefore recommends that permanent residential buildings should be grouped according to size.

The classifications should at least distinguish:

- (a) Buildings with 1, 2, 3, 4, 5 and more dwellings;
- (b) Buildings with 1-2 floors, 3 floors, 4 floors, 5 and more floors.
(The term "floor" is used as excluding the cellar, but including the ground floor and habitable attics.)

For each group the number of buildings, dwellings and persons and, as far as possible, the number of rooms should be shown.

If the above classifications of buildings are to be comparable as to the *number* of buildings, buildings should be defined in all countries in the same manner. The Sub-Committee is, however, aware that it is very difficult to find a uniform definition which could be applied to all the varying types of buildings in the different countries.

The existing definitions are based on criteria derived either from structural considerations—*e.g.*, that buildings separated from each other by a wall from the cellar to the roof should be

counted as separate units—or from legal, administrative or other conditions in a given country. Although the Sub-Committee believes that a definition derived from the construction might be the most suitable from the international point of view, it does not think that such a definition will be suitable for all countries or cover all cases.

As, however, the statistics of the number and size of buildings prepared in various countries reveal important facts, the Sub-Committee recommends that such statistics should be compiled, even if the international comparability of the number of buildings might be defective. The classifications proposed above provide, however, that, in addition to the number of buildings, the number of dwellings and the number of persons in each group should be shown. For international comparisons, a distinction between the number of dwellings in one- or two-family houses and those in larger buildings, and more particularly between the number of persons living in these different types of buildings, appears to be of greater importance than the identification of the number of buildings. Moreover, as buildings with five and more dwellings are included in one group, and differences on account of different definitions will mainly arise for the larger buildings only, the number of dwellings and the number of persons shown for the larger buildings, on the one hand, and for the smaller buildings, on the other, will not be materially influenced by the differences in definitions.

Appendix III.

MINIMUM LIST OF COMMODITIES FOR INTERNATIONAL TRADE STATISTICS.

(Published separately in "Studies and Reports on Statistical Methods", No. 2.)

Appendix IV.

INDICES OF INDUSTRIAL PRODUCTION.

PART A. — THE OBJECT AND MEANING OF INDICES OF INDUSTRIAL PRODUCTION.

Indices of industrial production are compiled in some countries to provide, on a representative basis, information on current changes in production occurring during the intervals between complete production censuses or records. In other countries, in which the actual amount of the industrial production is not known from complete production statistics, such indices are compiled as the only means of throwing some light on the movement of production. There can be no doubt that production indices which are not based on complete production records and which cannot be checked from time to time against such records are somewhat lacking in foundation. Countries compiling such indices should aim at obtaining data similar to those which are generally obtained by complete production censuses. The Sub-Committee was of the opinion that the emergency methods adopted in such countries cannot constitute a basis for recommendations, and it has therefore based its recommendations on the assumption that complete production statistics are available in the country concerned. If this is not the case, the recommendations might nevertheless serve as a guide for the choice of the replacement data which have to be estimated on the basis of other sources.

Further, all recommendations made in this report start from the assumption that indices of industrial production are intended, in principle, to measure changes in the physical volume of industrial production during a given period. The Sub-Committee preferred the term "indices of industrial production" to the description "indices of industrial activity", which was used in the Convention of 1928, as the object of the indices is to measure changes in the results of the production process rather than in the activity displayed in obtaining these results. This new terminology was adopted with a view to preventing different interpretations of the term "activity".

The term "physical volume of production" is meant to cover the quantities or "quantum" of goods produced for final use as well as for further industrial transformation. A general index of this kind should cover all stages of production, each stage being taken into account in proportion to its "net output"—*i.e.*, only to the extent of the productive contribution made by each industry to the products which it manufactures or finishes during a given period. Although the total of all these productive contributions can more easily be conceived as the "value added" by each branch

of industry than as an aggregate of commodities, measurable in units of quantities, the quantitative changes in this aggregate are the object which should be measured.

It should be noted that production indices of the type described above cannot be used as such for measuring changes in the supply of goods to the community as a whole or to various groups of consumers. The supply of commodities to the community is the object of all branches of economic activity—*e.g.*, agriculture, mining, manufacture, building, and also of distribution (transport, commerce, etc.). Even if an index of *industrial* production were to include only goods ready for consumption, leaving aside goods in the earlier stages of production, it would still be incomplete and would therefore not serve to illustrate changes in supply. The Sub-Committee has drawn attention to this difference between "production" and "supply" indices, because in existing indices of production the elements of both types are sometimes mixed. In measuring fluctuations of supply, it is, for instance, irrelevant at what time the productive contributions of earlier stages were made; the time at which the finished product comes into the market is alone of importance in this connection. An extreme example will illustrate the difference. The "net production" of a shipyard constructing a big vessel will be recorded over a long period of time; from the point of view of actual "supply", however, a change takes place only at the moment when the ship is ready for use. Although the Sub-Committee excluded from its recommendations indices intended to measure the supply of goods, it considered it necessary to emphasise the difference in conception, as this difference will have some bearing on the methods of measurement dealt with below.

It may add to clarity of conception if the phenomena which are proposed for measurement are expressed in mathematical symbols.

As the quantities produced by each branch of industry—*i.e.*, the "net production" of each branch—cannot be added up if expressed in measures of quantity, the value of the products will have to be introduced as the simplest and most adequate unit of measurement. The net production of each branch of industry can then be expressed as a product of $q \cdot p$, in which q is the quantity and p the part of the price which corresponds to the value added. The total production in the year o would then be $\Sigma q_o \cdot p_o$. The p serves a twofold purpose: first, to reduce each q , which is a given quantity of commodities, measurable in units of quantities, but containing all productive contributions of earlier stages to the productive contribution—*i.e.*, the value added by each branch of industry concerned; and, secondly, to render the quantities commensurable by multiplying them by a constant "price".

The Sub-Committee is, of course, fully aware that the statistical information available in the various countries does not allow of a correct and current measurement of the entities " q " and " p ". It thought it indispensable, however, to state clearly what was intended to be measured, as the suitability of the various practical procedures of measuring these entities or their changes can only be checked against what is theoretically desirable.

PART B. — BRANCHES OF INDUSTRY TO BE INCLUDED IN THE INDEX AND THEIR GROUPING.

I. "Industries" or "Commodities".

Existing production indices show a lack of uniformity with regard to whether the various series relate to the output of given "commodities" or whether the production of given "branches of industry" is intended to be covered. Mixtures of descriptions of commodities and descriptions of branches of industries are even to be found in one and the same index. Although the physical volume of production is a concept corresponding more easily to the output of commodities, the basic information as to the "net production" or the "value added" can, as a rule, in the case of establishments with complete production, only be obtained for the establishment as a whole, as it will probably be often impossible to segregate the net value by commodities. Indices relating to the output of various kinds of commodities would have the advantage of being more easily classified by use, for instance, into producers' goods and consumers' goods or into similar groups. The individual series of such indices can also be compared better with statistics of changes in the international trade of the country concerned. Production censuses and other complete production statistics, however, generally start from the establishment and the branch of industry to which they belong; complete production statistics of a purely commodity basis are nowhere available. In view of the importance of production censuses as a basis for production indices, and particularly for the weighting system, and of the fact that data reflecting changes in production, if statistics of actual output are lacking, are also more easily obtainable for industries than for commodities, the Sub-Committee has based its recommendations on the assumption that the basic series composing

the index will relate to branches of industry. It is for this reason that the branches of industry to be included, and not the kinds of products, are discussed here.

II. *Scope of "Industrial" Production.*

The meaning of the term "industrial production" has already been defined in Annex IV, 2, of the Convention of 1928, where it is stated that industrial production should cover all branches of manufacturing activity, including building and other works of construction, and also mining and metallurgy. With regard to operations on the border-line between manufacturing industry and agriculture, fishing, transport or commerce, it has been laid down, as a rule, that it will be necessary to determine in each case whether the nature and the organisation of the work and the processes employed are characteristic of industry rather than of agriculture, transport, etc.

Since then, the Committee has prepared a nomenclature of branches of economic activity primarily for the purpose of grouping the gainfully-occupied population. The following sections of this nomenclature cover the branches of economic activity the output of which should be considered as "industrial production":

- Section B: Extraction of minerals;
- Section C: Manufacturing industries;
- Section D: Building and other construction.

Consequently, "industrial production" does not cover the purely distributing trades (transport, commerce) or personal services.

III. *Scope of the Index.*

Changes in industrial production can be measured for a single establishment, for a certain number of establishments belonging to the same branch of industry, for a total branch of industry, for certain groups of branches of industry or for the total industry of the country. The Sub-Committee is of the opinion that any general index of industrial production, whether weighted or unweighted, which is incomplete inasmuch as it does not cover or represent production in a clearly defined field of economic activity, has only the meaning of an average which facilitates a comparison of the relative movements of the series included, without in itself having real significance. The Sub-Committee is fully aware that this statement is a criticism of many of the existing general indices of industrial production, from which, owing to lack of information, certain branches of industry are missing. From the point of view of international comparability, the completeness of the index or of its groups is, however, essential. If the output included in the index of one country covers, for instance, the food industries and other consumers' goods industries, while these branches are not covered in another country—as is frequently the case—the two indices are not directly comparable, as the branches mentioned generally show less violent fluctuations than producers' goods industries.

The Sub-Committee is aware that it is usually impossible, in practice, to obtain monthly or quarterly records of production for the total industry or even for the total output of a given branch. The indices will therefore have to be compiled on the basis of the representative current data which can be made available. Under such conditions, the need for complete indices referred to above can only be met by the adoption of an adequate weighting system (see Part C, II, below). If it proves impossible in a given country to compile complete indices in this way for all the branches covered by the total index, international comparability would gain if they could be computed at least for comparable sub-groups of economic significance.

IV. *Grouping of the Branches of Industries included in the Index.*

(a) *Principles of Classification adopted.*

When preparing the Minimum Nomenclature of Industries for the purpose of grouping the gainfully-occupied population, the Committee, for reasons set out in its report on its sixth session, adopted a compromise solution, as the consistent application of a single principle of classification leads to results which are far removed from what is commonly recognised, and often organised, as a branch of industry. The grouping suggested for the manufacturing industries has been based mainly on a combination of the raw-material principle with the technique of work, while for the industries producing articles ready for consumption, for which the above principles cannot reasonably be applied, the use of their products has been taken into consideration.

Existing indices of industrial production show, however, that several countries have aimed at preparing a consistent grouping, in accordance with the "use" principle, into producers' goods and consumers' goods. In view of the different courses taken by production in these broad groups in the various stages of the economic cycle, a consistent grouping by use would appear to be the best way to arrive at groups of economic significance. It is true that in the case of branches of industry which transform raw materials and deliver semi-finished products, which may be put to very

different uses, the "use" principle cannot be correctly applied. It would appear useful, nevertheless, to adopt a classification which supplies, as correctly as possible, the elements for a grouping by use. Certain approximations will have to be accepted, but the claims to correctness which can be made by any index of industrial production are in any case not so great as those which should be put forward, for instance, with regard to a production census.

(b) *Classification by Branches of Industries.*

The Sub-Committee suggests the following grouping, which is largely based on the Minimum Nomenclature of Industries; the references to "sections", "chapters", and "items" refer to that classification.

The groups thus obtained should then be reclassified in accordance with the grouping by use. The references in the last column refer to the proposed classification by use which distinguishes the following groups, particulars of which are given on a later page.

- Producers' equipment and materials for capital goods (P.);
- Consumers' permanent equipment (consumers' capital goods) (C.E.);
- Current consumption goods and materials therefor (C.C.).

Classification by Branches of Industries.

	Classification by use
A. Extraction of minerals (Section B):	
1. Extraction of ores (Chapter IV, 5-6)	P.
2. Extraction of coal, oil and other non-metallic minerals (Chapter IV, 4, 7-8)	C.C.
3. Extraction of stone and other materials used principally for construction (Chapter V)	P.
B. Manufacturing industries (Section C, without Chapter XVIII):	
1. Manufacture of food (Chapter VI)	C.C.
2. Beverage industries, distilleries (Chapter VII)	C.C.
3. Tobacco industries (Chapter VIII)	C.C.
4. Manufacture of animal and vegetable oils and fats, including margarine (Chapter IX)	C.C.
5. Chemical industries (Chapter X)	C.C.
6. Manufacture of rubber (Chapter XI)	C.C.
7. Manufacture of wood and cork (Chapter XII)	P. and C.E.
8. Pulp- and paper-mills, manufacture of paper articles (Chapter XIII)	C.C.
9. Printing and bookbinding, photography (Chapter XIV)	C.C.
10. Leather and fur industries (Chapter XV)	C.C.
11. Textile industries (Chapter XVI)	C.C.
12. Manufacture of wearing apparel and of made-up textile goods (Chapter XVII)	C.C.
13. Manufacture of mineral fuels (Chapter XIX)	C.C.
14. Manufacture of non-metallic minerals, n.e.s. (Chapter XX)	P. and C.E.
15. Smelting, casting, rolling, forging and drawing of base metals (Chapter XXI)	P.
16. Manufacture of articles of base metals, n.e.s. (Chapter XXII)	P.
17. Manufacture of machinery, including all electrical appliances, means of transport by land, water and air (Chapter XXIII)	P. and C.E.
18. Manufacture of instruments, clocks and watches and jewellery (Chapter XXIV)	C.E. and P.
19. Miscellaneous manufacturing industries, n.e.s. (Chapter XXV)	C.E.
C. Production and supply of electricity, gas and heat (Chapter XVIII, excluding water supply):	
1. Electricity	C.C.
2. Gas and heat	C.C.
D. Building and other construction (Chapter XXVII).¹	
1. Residential building	C.E.
2. Industrial, commercial and public building	P.
3. Railway, road, telephone line, and other construction	P.

The Committee recommends that groups A, B, C and D, which have economic significance in themselves, should always be calculated separately, and that for each group the aggregates or weighting coefficients should be published. This procedure would permit of the inclusion or exclusion of one or more of the three groups A, C and D from the general index—group B being always covered in principle—in making international comparisons.

¹ In virtue of a resolution by the 1937 Assembly on urban and rural housing, the Committee was instructed to study the methods employed for building statistics, and it will prepare more detailed recommendations on this subject than those contained in the present report. In particular, a distinction between private and public building and construction might be envisaged.

Production within each of the four groups is influenced in varying degree by special factors outside from the general trend of business activity. The omission or inclusion in the general index of any of the non-manufacturing groups here considered therefore tends to affect both its level and movement.

(c) *Classification by Use.*

The Sub-Committee is of the opinion that a classification of industries according to the use of their products should, in the first instance, make a distinction between the capital goods industries and the industries working for current consumption—a distinction which coincides largely with that between "durable" and "non-durable" goods. Further, a distinction between producers' goods and consumers' goods should also be available. The Sub-Committee considers that these requirements could best be met by the classification suggested below, in which Categories I and II, as opposed to III, correspond to the first distinction, and Categories II and III, as opposed to I, to the second.

For the purposes of this grouping, oils and fats (Group B, 4), chemicals (B, 5) and mineral fuels (B, 13), which are consumed only in part by the general public (or transformed into products thus consumed), have been considered as consumption goods. It is true that the remaining part of these commodities are used up in the capital goods industries, but as they ultimately form no material part of the products of these industries, their inclusion in the consumption goods industries appears to be justified.

For the regrouping of the nineteen industrial branches shown under "B, Manufacturing industries," according to the use of their products, the following three groups are proposed:

I. *Industries producing mainly or wholly producers' equipment and materials for capital goods*
to include:

- 7 (or part thereof): Manufacture of wood and cork.
- 14 (or part thereof): Manufacture of non-metallic minerals, n.e.s.
- 15: Smelting, casting, rolling, forging and drawing of base metals.
- 16: Manufacture of articles of base metals, n.e.s.
- 17 (or part thereof): Manufacture of machinery, etc.
- Part of 18: Manufacture of instruments, clocks, etc.

II. *Industries producing mainly or wholly consumers' permanent equipment (consumers' capital goods)*
to include:

- Part of 7: Manufacture of wood and cork.
- Part of 14: Manufacture of non-metallic minerals, n.e.s.
- Part of 17: Manufacture of machinery, etc.
- 18 (or part thereof): Manufacture of instruments, clocks, etc.
- 19: Miscellaneous manufacture industries, n.e.s.

III. *Industries producing mainly or wholly current consumption goods or materials therefor*
to include:

- | | |
|--|--|
| 1. Manufacture of food. | 8. Pulp- and paper-mills, etc. |
| 2. Beverage industries, etc. | 9. Printing, etc. |
| 3. Tobacco industries. | 10. Leather and fur industries. |
| 4. Manufacture of animal, etc., oils and fats. | 11. Textile industries. |
| 5. Chemical industries. | 12. Manufacture of wearing apparel, etc. |
| 6. Manufacture of rubber. | 13. Manufacture of mineral fuels. |

The above grouping shows that the separation of Category III—Industries producing goods for current consumption—from the rest of the manufacturing industries producing capital goods can be roughly effected without splitting up the groups given in the above classification (by branches of industries). On the other hand, the distinction between Categories I and II requires a further subdivision of certain groups. In some cases—especially if the changes in industrial production are measured by changes in the output of various types of commodities—it will be possible to make the necessary distinctions on the basis of the commodities produced. For example, it will be possible to segregate the production of motor-cars for private use from the manufacture of machinery and other vehicles.

There remain, however, numerous cases in which substitute series are used for measuring quantitative changes of output, which do not permit of distinguishing products by their use (e.g., hours worked in factories producing various kinds of products). In such cases, it may be possible, as a rough approximation, under certain conditions, to include the same industry, as to part of its weight, in one group, and as to the remaining part, in another. This procedure assumes that the output of the kinds of goods distinguished move on parallel lines, and presupposes that the distinction according to use can be made or estimated for production during the base period and can be introduced into the weighting system (see also below, Part C, II). The proportions

in which the basic weight of the industry concerned is divided between different groups of the index may, however, have to be adjusted from time to time.

The subdivisions in Groups A and D are made with a view to permitting of a regrouping of all series included in the general production index according to the "use" principle. Group A, 1 and 3, would go with materials for capital goods; A, 2, and C, with current consumption goods; D, 1, with consumers' capital goods; and D, 2 and 3, with producers' equipment.

(d) *Combined Classification by Main Branches of Industries and by Use.*

If countries, for their own use, prefer a more detailed classification or a classification taking into account other or additional principles of grouping, the Committee recommends that such classification should nevertheless be so arranged as to allow a regrouping of the individual series for purposes of international comparison in accordance with the following abridgment of the standard scheme proposed above in section (b).

- A. Extraction of minerals:
 - I. Ores and construction materials (stones, etc.);
 - II. Coal, oil and other minerals.
- B. Manufacturing industries:
 - I. Producing mainly or wholly producers' equipment and materials for capital goods;
 - II. Producing mainly or wholly consumers' permanent equipment (consumers' capital goods);
 - III. Producing mainly or wholly current consumption goods or materials therefor.
- C. Production and supply of electricity, gas and heat.
- D. Building and construction:
 - I. Residential building;
 - II. Industrial, commercial and public building;
 - III. Railway, road, telephone line, and other construction.

The total A-D constitutes the general index of industrial production.

The Committee further recommends the calculation and current publication by each country concerned of supplementary summaries of the national indices according to this abbreviated international classification, which could be done, it believes, without involving undue expense.

PART C. — MEASUREMENT OF QUANTITATIVE CHANGES OF PRODUCTION.

I. *The Mathematical Formula.*

The considerations on the object and meaning of indices of industrial production set out in Part A of this report suggest that the simplest formula corresponding best to what is desired to be measured is the aggregative formula:

$$I_1 = \frac{\sum q_1 \cdot p_0}{\sum q_0 \cdot p_0}$$

that is, the aggregate net production of the year under observation made commensurable by the factors p_0 , the meaning of which has already been explained in Part A, is compared with the aggregate net production during the base year.

By simple transformation, the above formula can be reduced to the following form:

$$I_1 = \frac{\sum q_0 p_0 \cdot \frac{q_1}{q_0}}{\sum q_0 \cdot p_0}$$

Although the first formula corresponds better to the meaning of the index, the second, identical in its results, is more appropriate for the technical construction of the index. As the quantities of the type $q_0 p_0$ represent total values of commodities produced during the base period and remain

constant throughout the whole period for which the index is calculated, they can be considered as weighting coefficients. There are therefore two problems which require solution.

- (a) The determination of the weighting coefficients;
- (b) The measurement of indices of the type $\frac{q_1}{q_0}$ representing changes in quantities.

II. *The System of Weighting.*

For the reasons set out in Part A and Part B, III, dealing with the scope of the index, the constant weighting coefficients applied to the quantitative changes actually measured should correspond to the "value added" by each branch of industry to the raw materials or semi-finished products which it takes over from the previous stage of production. Regardless of what method

of measurement is used for the relatives $\frac{q_1}{q_0}$, and regardless of whether the quantities statistically

observed correspond with the total production or only with a representative part of it, the weighting coefficients should always correspond with the value added by the total branch of industry under consideration. It is only by this procedure that the relative importance of the various branches and their influence on the index of the total industrial output of the country can be duly taken into account.¹

In view of the divergences of methods in use for measuring the changes in quantities produced and of the fact that the percentage of production considered sufficient to represent adequately the movement of the total production of the branch concerned depends on the structure of each branch of industry in each country, the Sub-Committee refrained from drawing up uniform rules for the degree of representation to be obtained (by fixing, for example, the percentage of total output which should be covered by the establishments or products regularly observed).

The Sub-Committee is aware that the adoption of the weighting system recommended above requires a knowledge of the value added by the various branches of industry, which can in general only be obtained by detailed censuses of production. For the purposes of grouping according to use, the information available from production censuses may even need completion by special enquiries. If no production census is taken in a country, the compiling of adequate weights is, of course, a very difficult task; but even in such cases, an attempt should be made to estimate approximate figures corresponding as nearly as possible to the "value added", instead of using weighting coefficients derived from other conceptions of the "importance" of an industry. The information available from wage statistics, balance-sheets and profit-and-loss accounts of typical establishments, combined with statistics of the number of establishments and the number of persons employed, may serve as a basis for such estimates. The statistics of other countries may also furnish useful data.

The Sub-Committee recommends that the weighting coefficients and, as far as possible, the total net value of production during the base period should be published separately for each series. For the compilation of indices of industrial production by groups of countries or in the world as a whole, it is important to know the total net values in absolute figures.

III. *The Measurement of Quantity Indices.*

The changes in the physical volume of production in each branch of industry which the index is intended to measure may be a result of one or several or all of the following elements:

- (a) Changes in the number of establishments ("opening" and "closing-down" of establishments, seasonal suspension and resumption of production);
- (b) Changes in the quantities produced by each establishment:
 - (1) Due to changes in the size of production equipment (men and machinery);
 - (2) Due to changes in the average performance per unit of means of production, for instance, due to:
 - (i) Changes in working-hours, in efficiency of human work or in the general organisation of human work;
 - (ii) Changing yield of processes by which the materials used for production are treated;

¹ If, for instance, owing to technical difficulties of statistical observation, the food industries enter into the weighting with 1/10 of their actual volume, while motor-car production enters with 100%, the general index becomes meaningless. It is therefore indispensable that the "value added" of the total branch of industry, and not the values (or added values) of the quantities actually observed, should be used as weighting coefficients.

(iii) Changes in efficiency of equipment (not measurable by the number of machines, containers, etc.).

If it were possible to observe statistically the total quantities produced in each period, no difficulties would arise as regards purely quantitative changes. The relation $\frac{q_1}{q_0}$ for the particular branch could be calculated by comparing the two quantities expressed in numbers, weight or any other quantitative measure.

For a complete and correct index, the statistical observation should be exhaustive, and it should in particular take account of the changes in the number of establishments. If a representative method is adopted, care should be taken that the group of establishments selected maintains its representative character throughout the period under review.

The recording of the quantities actually produced, although theoretically the best method, meets with numerous practical difficulties. It presupposes first that the commodities produced during each period remain the same in quality as in the base period. This assumption is frequently unjustified. Further, there are many industries for the products of which no quantitative measure can be reasonably applied. To measure, for instance, the output of machinery or of garments by number or weight would often be meaningless, and such basic data are usually not available. Changes in the number of hours worked, in the quantities of raw materials used, in the power consumed, in values deflated by appropriate price indices or in other indirect production data, may, in the case of such industries, reflect more correctly the actual changes in output or may even, in the case of other industries, be the only basic data actually available. In such cases, the relation $\frac{q_1}{q_0}$ may be calculated on the basis of the most representative "replacement" series.

Which series can be regarded as the best replacement series is a question depending on the organisation and technique of the industry concerned in each country and especially on the possibility of obtaining statistical records. This question does not lend itself therefore to a uniform answer on international grounds.

In branches of industry depending on one raw material, or using a raw material in quantities varying in proportion to the quantity produced, the quantities of raw materials used may be the best indicator. In other industries, in which human work is the main contribution, the number of hours worked may be a better basic series. There is a great variety of replacement series which can be used for calculating the ratio $\frac{q_1}{q_0}$; all that matters from the international point of view is that these series should be selected in such a way as to correspond as closely as possible to the actual quantitative changes of output. Exact correspondence cannot be expected, since the use of a replacement series relating to one of the elements enumerated above under (b) 2 entails the assumption that conditions remain unchanged as regards the other elements. For instance, an index using hours worked as basic series does not take into account changes due to an alteration in the methods of using raw materials nor changes in the efficiency equipment and vice versa. Such changes might, however, be taken into account by means of an appropriate correction coefficient.

When replacement series are used, special attention should be paid to the difference in time between the facts recorded as basic data for the index and actual production. In industries dealing with the earlier stages of production, the time-lag between the work done on the materials and the completion of the product is usually not considerable as compared with the interval of the index computation. In coal-mining, for instance, the results will be identical from the point of view of time, regardless of whether the hours or shifts worked or the quantities of coal produced are taken as a basis. In the case of industries producing highly elaborate products which might take a considerable time for completion, indices based on the delivery (or export) of products may reflect an activity which has already taken place many months earlier. The construction of a ship might be quoted as an extreme case; but in engineering, too, the time-lag may be considerable. On the other hand, if the consumption of raw materials is used as basis for the index, and the figures are derived from import statistics, the facts recorded anticipate production at a later date. Moreover, the raw materials imported may be put into stock or the raw materials consumed may be taken from stocks, so that data based on trade statistics are not altogether reliable. The necessary adjustments should be made in such cases, so that the index really reflects the industrial production of the period for which the index is calculated.

IV. Base Period.

As current indices of industrial production are usually built up on the data obtained by general censuses of production, the period to which the last census of production refers in each country would be the normal base period for the index of the country concerned. The Sub-Committee

refrained from recommending an international uniform base year for reasons similar to those which were regarded as valid in the case of price indices and quantum indices of foreign trade. As the aggregate formula (or the weighted arithmetic average of quantity relatives) recommended in this report permits of a shifting of the base period if desired, the adoption of the same base period in all countries is not necessary for international comparisons. In order to keep in touch with the reality of economic life, however, the base period should be shifted and the weighting system adjusted at reasonable intervals to take account, *inter alia*, of new industries or of new information as to the relative importance of the different branches of the industrial system, and of changes in the quality of products.

V. *Adjustments for Differences in the Number of Working-days per Month.*

In certain countries, indices are calculated as an average per working-day of the period under review, and not for the total period. The advantage of this method consists in eliminating changes due to the different number of working-days per month, owing to holidays and the unequal length of the months; its drawback is that it obscures the actual situation and renders the compilation of average indices for longer periods more difficult.

The Sub-Committee recommends that, if such adjustments are made, the method adopted and the number of working-days used for the calculation should be stated.

VI. *Adjustment for Seasonal Variations.*

The Sub-Committee recommends that, if adjustments for seasonal variations are made, the method of calculation should be clearly stated and that the unadjusted figures should be published together with the adjusted series.

Appendix V.

TIMBER STATISTICS.

(Published separately in "Studies and Reports on Statistical Methods", No. 3.)

Appendix VI.

STATISTICS RELATING TO CAPITAL FORMATION.

(Published separately in "Studies and Reports on Statistical Methods", No. 4.)

Appendix VII.

LIST OF SUBJECTS FOR AN EXHIBITION OF GRAPHS.

I. POPULATION.

1. *Number of Inhabitants.*

A map of the world showing the territories forming a national economic unit and the population of each territory (by circles or spheres) according to the latest figures.

2. *Population Growth during the Last Decade.*

A bar-diagram showing the countries by order of their population and comparing the last two censuses.

3. *Annual Rates of Increase or Decrease.*

Countries grouped in the order of rates of their net increase in a given year; rates to be shown over a longer period.

II. ECONOMIC STRUCTURE OF CERTAIN COUNTRIES.

On the basis of census results on the gainfully-occupied population, the importance of agriculture, industry, commerce, etc., should be illustrated.

III. PRODUCTION.

1. *Production of Important Foodstuffs and Raw Materials.*

Graphs of the following type, each relating to one particular commodity, should be given for about twenty to thirty foodstuffs and raw materials: a world map showing by circles the importance of each country in the production of the commodity concerned in a given year (or period). Each map should be combined with a diagram showing, on the basis of absolute figures, by bars or curves the movement of production since 1929, either in annual or in monthly figures.

Commodities to be covered: Butter, meat, eggs, wheat, rice, maize, oats, sugar, tobacco, coffee, tea, cocoa, coal, petroleum, pig-iron, steel, copper, tin, lead, zinc, aluminium, cotton, wool, raw silk, wood-pulp, artificial textile fibres, rubber, gold, silver.

2. *World Indices of Primary Production.*

The movement of primary production in the world as a whole and in certain regions for all basic commodities and for certain groups of foodstuffs and raw materials should be shown on the basis of the primary production indices calculated by the Economic Intelligence Service of the League.

3. *Industrial Production.*

(a) *World indices of industrial production.* — A map of the world showing the relative importance of the various countries in the total industrial production of the world to be combined with a diagram showing the movement of industrial production in the world as a whole (League index) and in certain selected countries since 1929.

(b) *The production of capital goods and of consumption goods in certain selected countries.*

(c) *The production of motor-cars.*

(d) *Shipbuilding.* — The tonnage launched each year to be shown for the world as a whole and for the main shipbuilding countries.

IV. INTERNATIONAL TRADE.

1. *The Share of the Different Countries in Total World Trade.*

A world map or another diagram showing the amount of each country's trade.

2. *International Trade per Head of Population.*

The diagram should show the importance of international trade for smaller countries. Instructive diagrams of this kind were published in the Report on Raw Materials (document A.27.1937.II.B).

3. *The Movement of World Trade.*

Curves showing the movement of value, quantum and price of world trade since 1929.

4. *Movement of Trade in Certain Important Countries.*

Diagram showing the movement of the value of imports and exports and of the trade balance since 1929.

5. *The Composition of the Trade of Certain Important Countries.*

This diagram should show separately for imports and exports the trade in foodstuffs, raw materials, semi-finished articles, manufactured articles, etc., on the basis of the new international classification (Minimum List of Commodities for International Trade Statistics).

The data should relate to a given year. The diagram should also show the importance of the trade of each country, but should permit of comparison between the various countries on a percentage basis.

6. *Changes in the Composition of Trade.*

For a number of selected countries, the imports and exports of certain classes of goods should be shown over a longer period.

7. *The Direction of International Trade.*

For a number of important countries or groups of countries, maps should be shown, one for each country, indicating from where imports come and to where exports go. These maps should be schematic, over-emphasising the area of the country under review and of its neighbour countries, so that the main streams of trade can be shown by different thicknesses. Each map should be combined with a graph showing the changes of direction over a longer period of years for certain groups of supplier and customer of the country under review. These groups will have to be formed in accordance with the special conditions of each country—*e.g.*, trade with own colonies, empire trade, trade under clearing agreements, etc.

8. *Trade in Certain Important Raw Materials and Foodstuffs.*

The results of the international auxiliary trade statistics compiled for some years by the Secretariat of the League offer the basic material for showing the flow of exports to the consuming countries. Separate maps for each commodity should show the main exporters and importers of the commodity concerned in a given year. Each map could be combined with a bar-diagram showing the development of trade in a given commodity over a longer period for the most important countries.

9. *Diagrams relating to Trade Policy.*

Such diagrams might be helpful in explaining the policy which has led to the conditions stated in the other diagrams on trade on the basis of statistics. One might consider mainly maps showing for each country or group of countries the areas between which special trade agreements exist—*e.g.*, on preferential duties, clearing arrangements, quotas, etc.

V. STOCKS OF PRIMARY COMMODITIES.

The movement of world stocks of important foodstuffs and raw materials should be shown with the help of the stock indices calculated by the League's Economic Intelligence Service.

VI. PRICES.

1. *Wholesale Prices of Commodities.*

(a) *General movement of gold prices.* — This movement might be shown by the index of commodities entering into international trade compiled by the Secretariat of the League.

(b) *Movement of wholesale prices in different countries.* — The movement both in national currencies and in gold should be shown. Countries might be grouped in accordance with their exchange-rate policy.

(c) *Movement of prices of agricultural products.* — To be shown on the basis of sub-groups of national indices.

(d) *Movement of prices of raw materials and of finished products.* — To be shown also on the basis of sub-groups of national indices.

(e) *Wholesale prices of important commodities at markets of international importance.* — The monthly fluctuations to be shown over a longer period.

2. *Movement of the Cost of Living.*

The movement to be shown in national currencies and in gold. Grouping similar to VI, 1 (b).

3. *Movement of Wage Rates.*

The statistics collected by the International Labour Office will furnish the basic data.

4. *Prices of Industrial Shares.*

The movement to be shown over a longer period on the basis of national indices.

VII. EXCHANGE RATES.

1. *Degree of Currency Depreciation since 1929.*

World map showing by different shadowing the percentage depreciation of the currency in relation to gold at a given moment. To be combined with a bar-diagram giving the countries in the order of their depreciation.

2. *Movement of Exchange Rates.*

A diagram showing the movement of exchange rates over a longer period. Countries to be grouped together in accordance with their exchange-rate policy.

VIII. CURRENCY CIRCULATION AND MONETARY GOLD RESERVES.

1. *Distribution of Monetary Gold Reserves.*

This diagram should show the amount and the fluctuations of the visible gold reserves in certain important countries.

2. *Currency Circulation.*

A diagram showing the note circulation and the other currency items (coins, sight liabilities, etc.), in order to arrive at the net amount of currency available.

IX. BANK DEPOSITS, BANK CREDITS AND INTEREST RATES.

1. *Movement of Bank Deposits.*

The movement of commercial banks' and savings banks' deposits to be shown over a period of years.

2. *Movement of Bank Credits and Investments.*

The movement of discounts, loans and advances, of investments in Government securities and other investments and participations to be shown over a period of years.

3. *Interest Rates.*

The movement of discount rates, other money rates and long-term interest rates to be shown over a period of years.

X. INTERNATIONAL PAYMENTS.

1. *International Capital Movements.*

A schematic map or other diagram showing the inward and outward movement of long-term capital for some important debtor and creditor countries over a longer period.

2. *Receipts and Payments of Interest and Dividends.*

These data to be shown for certain important countries over a longer period.

3. *International Tourists' Expenditure.*

The inward and outward payments on tourist account to be shown over a longer period.

XI. EMPLOYMENT AND UNEMPLOYMENT.

1. *Employment.*

The international index of employment calculated by the International Labour Office to be shown together with the employment indices of individual countries for a longer period.

2. *Unemployment.*

The international unemployment index of the International Labour Office to be shown together with national data on unemployment for a longer period.

XII. NATIONAL INCOME.

The movement of total national income and, as far as possible, also the income of various groups of the population (agriculture, wage-earners, etc.) to be shown for certain countries over a longer period.

Geneva, July 9th, 1938.

LEAGUE OF NATIONS

FINANCIAL COMMITTEE

**REPORT TO THE COUNCIL ON THE WORK
OF THE SIXTY-SIXTH SESSION OF THE COMMITTEE**

(Geneva, July 4th-9th, 1938.)

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INTRODUCTION.

The Financial Committee has the honour to submit to the Council the following report on the various questions with which it has dealt during this session.

The following members were present:

- | | |
|----------------------------------|--|
| M. POSPIŠIL (<i>Chairman</i>); | Dr. CRENA DE IONGH; |
| M. BRAMSNAES; | M. NEDELKOVITCH; |
| Mr. CLARK; | M. NOWAK; |
| Mr. COOLIDGE; | Sir Frederick PHILLIPS; |
| M. DAYRAS; | M. S. Y. P. YOUNG, replacing Dr. Wei; |
| M. JANSSEN; | M. BLAU, Delegate of the Fiscal Committee. |

There were also present:

1. For Bulgarian questions:

M. KARADJOFF, Permanent Delegate to the League of Nations;
M. CHEYSSON, Commissioner of the League of Nations in Bulgaria;
Professor KÖSTNER, Adviser to the National Bank of Bulgaria.

2. For Hungarian questions:

Dr. BARANYAI, President of the National Bank of Hungary;
Mr. H. J. BRUCE, Adviser to the National Bank of Hungary.

II. BULGARIA.

The Financial Committee considered the financial and economic situation of Bulgaria, with the assistance of M. Karadjoff, Permanent Delegate of Bulgaria accredited to the League of Nations.

It heard M. P. Cheysson, Commissioner of the League of Nations in Bulgaria, and M. Köstner, Adviser to the National Bank of Bulgaria. Among the documents considered were the forty-fifth and forty-sixth reports of the League Commissioner, a statement by the Finance Minister on the financial situation of Bulgaria, and a statement by the Director-General of the Bulgarian Public Debt on the position of that debt.

1. The accounts of the State and the Railways for 1937 showed the following results:

	State	Railways (In millions of leva)	Total
Revenue	7,679.3	1,668.8	9,348.1
Expenditure	7,087.2	1,619.6	8,706.8
Surplus	592.1	49.2	641.3

Receipts during 1937 exceed those for 1936 by 19.4%, and are 4.3% higher than the budget estimates.

The expenditure of nearly all the Ministerial Departments in 1937 exceeded the 1936 expenditure: in 1937, the aggregate expenditure of the War Ministry and the Departments of Aviation and Supplies accounted for about 30% of the total State expenditure, and its increase in three years represents nearly 50% of the increase in the State budgets for that same period.

2. The cash surplus of 641.3 millions for 1937 is due:

	Millions of leva
(a) To a contribution by the Treasury in the form of an appropriation from the surplus of the 1936 budget, amounting to	427.0
(b) To the proceeds from the sale of the stocks of alcohol held by the alcohol monopoly, which has now been liquidated	79.0
(c) To the balance of interest not transferred on the coupons of Bulgarian loans settled contractually	60.0
(d) To the appropriation from the proceeds of loans	30.8
(e) To the profit on the minting of subsidiary coin	235.7
(f) To the profit made by the National Bank of Bulgaria	124.8
Total	957.3

These last two revenue items are allocated to the current requirements of the ordinary budget (until further notice), with the consent of the League Council. Until 1936, they were used for the partial redemption of the State's debt on current account to the National Bank of Bulgaria.

The cash surplus for 1937 is also due to the improvement in fiscal receipts resulting from the economic situation.

As regards expenditure, the 100 million leva for the annual amortisation of the State's debt on current account to the National Bank were not paid out of the 1937 budget, which also benefited by the saving effected as a result of the consolidation in 1936 of 1 milliard of Treasury bonds, this amount being debited to the current account of the State with the National Bank.

3. The budget estimates for 1938, as compared with the budget estimates for 1937 (including supplementary budgets), are as follows:

	State		Railways		Total	
	1938	1937	(In millions of leva)		1938	1937
			1938	1937		
Revenue	7,200	7,314.8	1,877.4	1,643.4	9,077.4	8,958.2
Expenditure	7,200	7,343.5	1,859.4	1,712.3	9,059.4	9,055.8

As regards revenue, the budget for 1938 includes no new resources, and the estimates of receipts not only provide for the maintenance of the increased revenue obtained in 1937, and thus anticipate economic conditions no less favourable than those obtaining in 1937, but also include supplementary receipts from indirect taxes (excise and Customs) in particular.

Exceptional resources are reduced to 247.8 millions (125 millions derived from the profits of the National Bank of Bulgaria and 96.5 millions from loans), instead of 957.3 millions. In order to balance receipts and expenditure, a Treasury contribution of 367.3 millions had to be provided for, in the form of an appropriation from the cash surplus left over from the 1937 budget.

The estimated expenditure for 1938 is less than the amount of the credits opened in 1937, if the total amount of these credits, including those granted by the supplementary budgets, is taken

into account. If the system of supplementary credits is to be continued in 1938 as it was in 1936 and 1937, it may be difficult to balance public receipts and expenditure.

4. The budgetary situation for 1938 and for the coming years appears to be precarious. Normal receipts are likely to be affected by the slowing down of economic activity which has already begun; the yield from taxation, calculated on the yield for a year when the harvest was good, cannot be maintained if the harvest is less good and prices are less favourable. Exceptional resources are, for the most part, exhausted. Furthermore, the facilities granted by the Council, mentioned in paragraph 2 above, were intended to meet specially urgent needs and are temporary in character.

It will be difficult to reduce expenditure which is earmarked for essential public services or for former financial commitments. In this connection, it should be noted that supplies and public works have to be paid for by instalments and sometimes represent a heavy charge on future budgets.¹

If Bulgaria does not wish to jeopardise the work of financial reconstruction undertaken and pursued during the last few years, she must avoid increasing public expenditure.

5. The economic situation in general remains satisfactory, though signs of recession are apparent in comparison with the autumn of last year. There are complaints of stagnation in certain industries (and of reduced sales of manufactured products), but these are not confirmed by the statistics and are probably a reflection rather of the increased industrial capacity than of narrowing markets. The reduction of prices on world markets has on the whole not yet adversely affected Bulgaria's terms of trade. Owing to a change in methods of computation, the foreign trade figures for the current year are not strictly comparable with those of 1937, but they appear to indicate that, up to April, at any rate, the volume of trade was not running below the level of 1937. A noticeable reduction took place in May, but it is too early to say whether this was a definite turn for the worse or merely a temporary set-back of a seasonal character. The winter crops are reported to be good and the totals probably near those of 1937. The spring crops are belated and suffer at the moment from drought; grain, fruits and grapes, on the other hand, are doing well and promise a good harvest. It is difficult to draw any definite conclusions regarding the immediate future since much depends on the outcome of spring crops; for the present, however, the situation seems to have deteriorated less from the peak in 1937 than in more industrialised countries.

6. The foreign exchange situation of the National Bank remains satisfactory and no radical changes in the exchange-control are contemplated. The monetary circulation is lower than last year; this is due not to a policy of deflation on the part of the National Bank, but to a surprisingly heavy accumulation of funds on current account with the Bank, which, at a record level of 4,003 million leva are 853 million leva above the corresponding figure of last year. Of the total, 2,359 million leva represent the cash reserve of banks, the rest belonging mainly to the Treasury or other governmental departments, and State funds.

7. The Committee understand that the growth of the bank deposits reflects mainly the high cash resources of the Agricultural and Co-operative Bank, to which for reasons of local banking policy most of the savings of the country and surplus fund moneys tend to flow. The Committee have referred to the phenomenon in their previous report. Since then, a reduction of deposit rates has been carried out by the Agricultural and Co-operative Bank (March 14th, 1938) with no visible results; the cash reserves of the Agricultural Bank continue to expand in a manner which would appear disproportionate.

8. The Committee has had occasion in previous reports to refer to frequent amendments made to the Law for the Relief of Debtors since its promulgation at the beginning of 1934. It is with some concern that the Committee has to report that new relief measures have again been promised by the Government which are liable to upset the settlement already achieved. The new measures contemplated, so far as reported to the Committee, may lead debtors to believe that the Government is reluctant to enforce the existing law even in respect of solvent debtors and may, therefore, induce them to discontinue the payment of annuities. It is to be feared therefore that the whole burden of the service of the bonds issued to creditors may fall on the shoulders of the Treasury, a result which was by no means intended by the original legislation.

¹ For instance, in 1934 the largest deliveries of material went to the railways and gave rise to the issue of Treasury bonds redeemable in five annual instalments, while the supplies furnished to the War Ministry and the Department of Aviation in particular, chiefly in 1936 and 1937, but some of which are still outstanding, were paid for in Treasury bonds, the majority maturing before 1941 and some in 1951. The amount of Treasury bonds issued up to April 30th, 1938, was as follows:

	In millions of leva	
For the first series	885.3	
For the second series	1,180.5	
	<hr/>	2,065.8
Amount of bonds redeemed from 1935 down to that same date		920.8
		<hr/>
Remainder charged to future budgets		1,145.0

9. The Financial Committee, at its previous session, took note of the relief to refugees provided for under the Law of September 1937 and, like the trustees of the 1926 7½% (Refugee) Loan, approved the facilities granted for the payment of this debt to a part of the Bulgarian population that is particularly deserving of consideration.

The Committee is disappointed to note that the first payments made by the refugees, in accordance with the new Law, do not exceed 27% of the sums due.

III. HUNGARY.

The Committee had before it Mr. Tyler's twenty-fifth and final report covering the period up to the end of 1937 and heard a statement by Mr. Bruce on the position in Hungary during the last six months. It had the further advantage of the presence of Dr. Baranyai, President of the National Bank, who, in answering questions put to him by the Committee, dealt at length with several outstanding financial and economic problems.

Mr. Tyler's concluding report as representative of the Financial Committee resident in Hungary, while dealing fully with the position as at the end of December last, contains also a general review of the progress achieved by Hungary over the last six years in balancing the budget, defending the currency and negotiating arrangements with foreign creditors.

Provisional returns show that the fiscal year 1937/38 closed, at June 30th last, with expenditure and receipts in substantial equilibrium, all extra-budgetary expenditure being included. Figures as to public debt are available up to March 31st last and show a decrease, both in domestic and foreign debts, over the past year. While the final figures to June 30th last are not yet available, they are not expected to show any considerable change. The Treasury position as at June 30th remains approximately what it was a year ago.

There has been a slight contraction both in exports and imports since the beginning of the present calendar year, but receipts of foreign exchange have continued to be satisfactory. The offers made by Hungary in July last year in regard to her foreign debts have been accepted by the great majority of the foreign creditors, and payments in the appropriate currencies have been punctually carried out.

A satisfactory wheat harvest is anticipated this year. Arrangements have been made for marketing a considerable part of the probable surplus.

Dr. Baranyai gave to the Committee his opinion on the economic effects to be expected from the Hungarian Government's five years' national equipment plan, involving a total expenditure of one milliard pengő: 600 million pengő for national defence and 400 million pengő for public works. The plan is to be financed as to 600 million pengő by a capital levy, and as to 400 million pengő by internal borrowing. The first tranche of the loan to produce 125 million pengő is to be issued shortly and is to be placed with banks, industry and insurance companies. The capital levy is to be assessed on a graduated scale, private fortunes of under 50,000 pengő being exempt; collection is spread over 5 years, with an exception in favour of agriculture, which is allowed to pay a part of the relatively small share that falls to it during the course of the succeeding five years.

A price-control commissioner has been appointed by the Government.

The Committee had before it a letter from Dr. Baranyai describing certain modifications in the National Bank's Statutes, which form the subject of a bill at present before Parliament. It is proposed to renew the charter of the National Bank for 20 years after 1943, when the present charter expires. Under the modified Statutes, it will be possible for the National Bank to participate in the execution of the five-year plan. The Bank will be authorised within prescribed limits (a) to make an advance to the State for the purpose of repaying a certain part of the existing floating debt, (b) to pursue on a limited scale an open market policy, and (c) to finance a temporary shortage of revenue in the earlier months of the calendar years by ways and means advances repayable before the end of the calendar year.

Genève, le 19 août 1938.

SOCIÉTÉ DES NATIONS

**QUARANTE-SEPTIÈME RAPPORT
DU COMMISSAIRE DE LA SOCIÉTÉ DES NATIONS EN BULGARIE
(PÉRIODE MAI-JUIN 1938)**

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Série de Publications de la Société des Nations

II. QUESTIONS ÉCONOMIQUES
ET FINANCIÈRES
1938. II.A. 17.

INTRODUCTION

1. Les renseignements recueillis depuis le précédent rapport ne modifient pas sensiblement l'impression générale que l'on pouvait avoir sur l'état des finances publiques et sur la situation économique du pays.

2. L'équilibre entre les encaissements de l'Etat et des Chemins de fer et leurs dépenses réglées ou à régler est, à la fin du sixième mois de l'exercice, réalisé à 0,4% près.

3. Les recettes encaissées au titre du budget de l'Etat au cours des six premiers mois de 1938 sont supérieures de 16% à celles de l'année dernière; la plus-value des recettes des Chemins de fer pendant la même période atteint 38%.

Les prévisions du budget originel de 1938 ont été légèrement dépassées (1,9%).

4. Si la récolte de blé paraît satisfaisante en quantité comme en qualité et peut-être même supérieure à celle de l'année dernière, les récoltes de printemps sont en partie compromises par la sécheresse. Les pronostics pour la récolte de tabac sont défavorables et l'on craint une réduction de près de 50% de la production, que compensera, peut-être en partie, une amélioration de la qualité. La production de raisins et de prunes sera supérieure à celle de l'année dernière.

5. L'étude des statistiques du commerce extérieur semble montrer que le montant des importations au cours des six premiers mois de 1938 est sensiblement inférieur à celui de la période comparable de 1937. Le montant des exportations doit être à peu près le même.

6. La session extraordinaire du Parlement a été close le 22 juillet 1938 et les projets en cours ont été renvoyés à la prochaine session qui se réunira le 28 octobre 1938. C'est le cas, en particulier, des propositions tendant à amender la loi d'allègement des débiteurs; en attendant cette session, le Gouvernement a, par voie de décret, accordé jusqu'au 1^{er} janvier 1939 un moratoire qui s'applique à toutes les dettes antérieures à 1931, en particulier aux dettes des réfugiés établis en Bulgarie au moyen des fonds de l'emprunt 7% 1926.

7. Le présent rapport a été établi par M. Pierre Cheysson, commissaire de la Société des Nations en Bulgarie, avec la collaboration de M. Köstner, conseiller auprès de la Banque nationale de Bulgarie.

I. BUDGET

1. Equilibre budgétaire (cf. appendice I, a).

A la fin du sixième mois de gestion, le budget de 1938 se présente comme suit :

	Millions de leva		
	Etat	Chemins de fer	Total
Recettes effectives globales	3.723,4	885,9	4.609,3
Dépenses globales :			
Effectives	3.343,3	791,6	
En souffrance	359,1	135,5	
	3.702,4	927,1	4.629,5
Solde	+ 21,0	- 41,2	- 20,2

Le précédent rapport s'arrêtait à fin avril 1938; le déficit de la gestion du budget était alors de 163,4 millions, dont 120 millions pour l'Etat et 43,4 millions pour les Chemins de fer. Depuis lors, la situation s'est modifiée comme suit :

	Mai			Juin		
	Etat	Chemins de fer	Total	Etat	Chemins de fer	Total
	(En millions de leva)					
Encaissements	648,8	163,8	812,6	684,8	164,2	849,0
Paiements faits et en souffrance	519,0	140,1	659,1	673,6	185,7	859,3
Solde du mois	+ 129,8	+ 23,7	+ 153,5	+ 11,2	- 21,5	- 10,3
Solde antérieur	- 120,0	- 43,4	- 163,4	+ 9,8	- 19,7	- 9,9
Solde global à la fin du mois	+ 9,8	- 19,7	- 9,9	+ 21,0	- 41,2	- 20,2

Fin juin 1937, le déficit global était de 84,6 millions (dont 6,6 millions pour le budget de l'Etat et 78 millions pour les Chemins de fer) et l'on avait constaté comme cette année-ci en mai et juin une amélioration de la situation budgétaire qui, malheureusement, n'a pas persisté en juillet.

2. Recettes.

Les recettes effectivement encaissées par l'Etat et les Chemins de fer au cours des six premiers mois continuent à être en plus-value importante (16%)¹ sur celles encaissées au cours de la même période de l'année passée ; la plus-value pour les encaissements des Chemins de fer atteint 38%. L'amélioration est générale, à l'exception des recettes sur exercice clos, qui ont fléchi de 30 millions (31%) et des recettes de douane (— 10 millions ou 2%).

Les prévisions globales ont été dépassées légèrement (+ 1,9%). Les recettes effectives des douanes, des monopoles, sur exercices clos sont quelque peu inférieures aux prévisions. Il en est de même pour les rentrées des Chemins de fer qui restent en-dessous des prévisions de 69,1 millions (7,3%).

Les recettes de mai et juin (*cf.* appendice I, b)) sont satisfaisantes, particulièrement celles du mois de juin.

3. Dépenses.

Les dépenses globales de l'Etat et des Chemins de fer (abstraction faite des dépenses d'ordre) au cours des six premiers mois dépassent de 14% les dépenses correspondantes de 1937 ; pour les Chemins de fer seuls l'augmentation est de 29%.

L'observation faite dans le précédent rapport sur les dépassements de crédits de la Dette publique et des Chemins de fer conserve sa valeur.

Les paiements en souffrance s'élevaient à fin juin à 494,6 millions de leva ; ils se décomposaient comme suit :

	Etat	Chemins de fer	Total
	(Millions de leva)		
Appointements	69,9	40,9	110,8
Pensions	40,7	—	40,7
Autres dépenses	248,5	94,6	343,1
	<hr/>	<hr/>	<hr/>
Total	359,1	135,5	494,6

Le montant des paiements en souffrance a augmenté de 123,8 millions au cours du mois de juin, il avait diminué en mai de 35,3 millions ; il varie habituellement entre 400 et 500 millions, sauf pendant les derniers mois de l'année où il arrive à atteindre près de 700 millions.

4. Crédits supplémentaires et emprunts.

La Direction générale des constructions a, comme il était prévu dans le précédent rapport (page 5), reçu 200 millions de crédits supplémentaires au titre du chapitre I de son budget (Routes), (*Journal Officiel*, N° 172, du 8 août) ; les sommes nécessaires au règlement des dépenses autorisées seront prélevées au fur et à mesure des besoins sur le produit de l'emprunt de 200 millions, contracté par le Fonds des routes le 5 mai dernier auprès de la Banque agricole et coopérative (*Journal officiel*, N° 97).

Comme il est indiqué plus loin à propos de l'activité de la Banque agricole et coopérative (III, b)), cette dernière prête à la Direction générale des Chemins de fer et ports 170 millions de leva au taux annuel de 5%, remboursables en trente semestrialités à partir du 1^{er} juin 1940. La Direction générale des Chemins de fer emploiera 150 millions de leva à la construction ou à l'achat de navires qui circuleront sur le Danube et 20 millions à la construction de magasins et entrepôts destinés à ses propres besoins.

Le précédent rapport avait déjà signalé le grand nombre de prêts consentis à des municipalités. Du 30 mai au 11 août (*Journal officiel*, N° 116 à 175) des arrêtés ministériels ont autorisé vingt-deux opérations portant sur un total de 109 millions entre des municipalités d'une part et, d'autre part, le fonds « Prêts aux communes pour adduction d'eau, éclairage et autres travaux publics » ou la Banque agricole et coopérative, la Banque hypothécaire ou les Banques populaires. Sauf pour un prêt de 20 millions de leva, un autre de 15 et deux de 10 millions de leva, la plupart de ces prêts ne dépassent pas 3 à 4 millions. Les prêts consentis par le Fonds sont généralement remboursables en 30 années et coûtent annuellement 4¼ % ; ceux accordés par la Banque agricole et coopérative, par la Banque hypothécaire et les Banques populaires sont beaucoup plus onéreux (7 à 8% annuellement) et de plus courte durée (5 à 15 ans).

5. Trésorerie.

Elle reste facile. La situation des bons du Trésor est sans changement depuis le dernier rapport.

¹ Il n'est pas tenu compte des recettes d'ordre dans le calcul de ce pourcentage.

II. GÉNÉRALITÉS SUR LA SITUATION ÉCONOMIQUE

La récolte du blé est satisfaisante en quantité et bonne en qualité. Les prix d'achat au producteur ont été fixés à 3,40 leva au lieu de 3,20 leva précédemment ; en réalité, le cultivateur recevra davantage, puisqu'il bénéficiera, dans la plupart des cas, de la prime accordée à la qualité. La production des autres céréales d'hiver (seigle et orge) est également considérée comme bonne aussi bien en quantité qu'en qualité. Par contre, les céréales de printemps ont été endommagées par la sécheresse prolongée, et la récolte probable est estimée à 50 ou 60% de celle de l'année dernière, aussi bien pour le maïs que pour les orges et avoines de printemps, la graine de tournesol, le coton, etc. On craint de manquer de foin et le Gouvernement a interdit l'exportation du foin, de la paille, de l'orge et de l'avoine ; on songe également, sur l'avis d'une commission interministérielle, à interdire l'exportation du maïs, des vesces, de la graine de tournesol et de coton et des tourteaux. Ces différents articles représentent 10 à 12% du montant total de l'exportation et environ 14 à 16% du montant des devises libres dont bénéficie la Banque nationale ; la position de la Banque nationale en devises libres serait surtout atteinte si les exportations de blé venaient à diminuer par suite d'une augmentation de la consommation intérieure due à la récolte déficitaire des autres céréales. La pénurie de foin fait craindre que le paysan ne soit obligé d'abattre une quantité de bétail plus forte que d'habitude.

En prévision de la mauvaise récolte, les produits agricoles ont augmenté de prix, alors que les articles industriels et importés marquaient une tendance contraire, comme l'indique le tableau ci-après :

Quelques indices de prix pour 1938 (base 1934/35 = 100) :

	Mars 1938	Juin 1938
Céréales	117,7	123,3
Autres produits agricoles	147,2	146,6
Viande et laitages	109,7	117,7
Index général des produits agricoles	127,9	131,6
Prix des articles industriels locaux	104,9	104,0
Dont articles textiles	99,1	97,2
Articles importés	108,8	105,4

La production industrielle (nouvel indice) d'avril est en régression sur l'année précédente d'environ 10% dans la plupart des branches ; la vente des articles de consommation, à l'exception des articles d'alimentation, est en diminution. Le nombre des chômeurs enregistrés en mai 1938 est de 6.927 contre 5.834 en mai 1937.

III. MONNAIE ET CRÉDIT

a) Banque nationale.

Les disponibilités en change ont diminué de 66 millions au cours des trois mois considérés ; il est à remarquer que cette diminution porte surtout sur les disponibilités en devises libres ; le mouvement est, du reste, saisonnier. Le montant du portefeuille commercial s'est encore réduit de 51 millions et est sensiblement inférieur au montant à la même date de l'année dernière.

Au passif, les comptes courants ont fléchi de 33 millions, du fait de retraits effectués par le Trésor public et les autres instituts gouvernementaux. Les soldes créditeurs des banques ont encore augmenté de 63 millions de leva. Comme l'année dernière, à pareille époque, la circulation des billets de banque et la circulation totale ont légèrement diminué (*cf.* appendice II, II).

b) Banque agricole et coopérative.

Le tableau ci-dessous donne un état comparatif des principaux postes des bilans au 30 juin 1938 et 30 juin 1937 :

	Juin 1937	Juin 1938	+ ou -
ACTIF			
Caisse et banques	1.764	2.023	+ 259
Bons et obligations d'Etat	1.921	2.844	+ 923
Prêts et avances	5.199	4.948	- 251
Produits agricoles achetés	346	444	+ 98
Divers	402	292	- 110
PASSIF			
Capital	1.119	1.151	+ 32
Dettes à long terme	475	475	—
Dépôts	7.899	8.739	+ 840

On peut déduire des chiffres donnés ci-dessus, que les 872 millions de nouvelles ressources et de dépôts apparaissant au passif ont été employés comme suit : 562 millions environ à de nouveaux financements, soit sous forme de prêts et avances, soit sous forme de bons et

obligations d'Etats (923 — (251 + 110) et les 310 millions restant contribuent à l'accroissement de la liquidité (+ 259 millions) et à l'achat de produits agricoles (+ 98 millions). La composition du poste « bons et obligations d'Etat » pour 1937 n'est pas indiquée ; il n'est donc pas possible de savoir dans quelle proportion l'appui de la Banque agricole et coopérative a été réparti entre l'économie privée, d'une part, et l'Etat et les établissements publics, d'autre part. Des explications plus détaillées sur l'activité de la Banque agricole et coopérative ont été données dans le quarante-sixième rapport (page 7).

La loi du 22 juillet 1938 (*Journal officiel*, N° 158) a autorisé la Banque agricole et coopérative à prêter 170 millions de leva à la Direction des Chemins de fer et ports pour une durée de quinze ans à 5% ; cet emprunt est remboursable par semestrialités commençant à courir le 1^{er} juin 1940 ; 150 millions doivent être employés à l'achat de bateaux pour le Danube et 20 millions à l'édification d'entrepôts.

La Banque a, au cours des derniers mois, été obligée à plusieurs reprises de consentir de tels emprunts. Cette façon de faire rend bien illusoire l'autonomie de la Banque, d'une part ; elle amène, d'autre part, la Banque à prêter à long terme des fonds provenant pour la plupart de dépôts à court terme ; il est vrai, que la Banque a, bien souvent et sans y être contrainte, consenti à des municipalités et à des établissements publics des emprunts dans des conditions semblables.

c) *Allégement des débiteurs.*

Sur la demande de quelques milieux parlementaires, le Gouvernement a étudié différents amendements à la loi sur l'allégement des débiteurs, mais, dans l'impossibilité d'aboutir à une solution avant la prochaine session parlementaire, il a ordonné que toutes poursuites de recouvrement forcé des dettes antérieures au 1^{er} janvier 1931 fussent suspendues jusqu'au 1^{er} janvier 1939 (*Journal Officiel*, N° 175, du 4 août 1938).

Le moratoire ainsi consenti jusqu'au 1^{er} janvier 1939 s'applique à toutes les dettes antérieures à 1931, et, entre autres, aux dettes prises en charge par la Caisse d'amortissement et aux dettes des réfugiés qui ont été installés en Bulgarie par les soins de l'Etat bulgare.

d) *Crédit étranger.*

Le Gouvernement bulgare a reçu un crédit de 375 millions de francs français d'un groupe de banquiers français composé de la Banque de Paris et des Pays-Bas, MM. Lazard Frères et Dreyfus et C^{ie}. Le montant prêté portera un intérêt annuel de 6 % payable semestriellement jusqu'en 1942 et sera à partir de 1942 remboursable par dix annuités égales se terminant en 1951 ; l'intérêt durant la période 1942-1951 sera de 5 1/2 %. Le produit de l'emprunt doit être employé à l'achat de fournitures en France, en particulier pour les Chemins de fer. L'opération ne deviendra définitive qu'après ratifications.

IV. COMMERCE EXTÉRIEUR

L'état comparatif du commerce extérieur au cours des six premiers mois de 1937 et de 1938 est le suivant :

	1937	1938	1937	1938
	(En millions de tonnes)		(En millions de leva)	
Importations	151,7	164,8	2.255,0	2.260,0
Exportations	312,8	285,2	2.387,6	2.582,6
Balance commerciale	—	—	+ 132,6	+ 322,6

La valeur du commerce extérieur en 1938 tient compte de la prime de compensation sur le lev (lorsqu'il y en a une) et est de ce fait, majorée d'environ 10% par rapport à la valeur estimée de 1937. Il en résulte que le montant des importations en 1938 est sensiblement inférieur à celui de 1937 et que le montant des exportations doit être à peu près le même qu'en 1937, bien que les quantités exportées soient inférieures. Aucun changement important dans la répartition des importations et des exportations par pays n'est à noter ; la balance avec le Royaume-Uni, toutefois, est redevenue passive, comme elle l'était autrefois ; la balance avec l'Allemagne est active de 41 millions de leva, alors que l'année dernière à la même époque elle était passive de 215 millions. L'appendice III, a) donne les renseignements relatifs à l'exportation des principaux articles au cours des premiers semestres de 1937 et 1938. Les quantités exportées des produits agricoles de seconde importance (haricots, orge, graine de tournesol, huile de tournesol, prunes) sont toutes en diminution que compense l'accroissement des exportations de tabac, de blé et de maïs.

V. ÉTABLISSEMENT DES RÉFUGIÉS BULGARES

1. *Position au 30 juin 1938 du compte bloqué de l'emprunt 1926.*

Produit net	Leva
Dont mis à la disposition du service d'établissement	1.614.296.149
	1.612.824.302
Solde en dépôt à la Banque nationale	<hr/> 1.471.847

2. Rendement des revenus gagés.

Chapitres du budget	Encaissements		1/12 des évaluations budgétaires
	Mai	Juin	
	(En millions de leva.)		
11. Accise sur le sel étranger, le café et autres marchandises, et boissons étrangères	10,3	8,4	10,8
12. Accise sur le vinaigre, la bière, l'acide carbonique et autres boissons indigènes, et accise sur l'alcool	6,8	11,0	4,4
15. Accise sur le sel.	2,7	2,3	3,1
16. Accise sur le sucre et la glucose	20,0	21,9	26,3
17. Accise sur le riz, la benzine, le pétrole et le gasoil	2,7	16,9	3,3
37. Allumettes	7,5	8,0	7,3
62. Intérêts versés par les réfugiés pour emprunts accordés sur ressources provenant d'emprunt des réfugiés.	0,1	0,1	0,7
Total	50,1	68,6	55,9

Les versements des réfugiés affectés au remboursement des dépenses d'établissement ont atteint les montants ci-après (leva) :

	Mai	Juin	Antérieurs	30 juin 1938
Intérêts	63.634	36.843	19.692.207	19.792.684
Amortissement	73.898	78.420	30.495.801	30.648.119
Total	137.532	115.263	50.188.008	50.440.803

Comme il a été dit plus haut (III, c), toutes poursuites à l'égard des réfugiés seront suspendues jusqu'au 1^{er} janvier 1939 (*Journal Officiel*, N° 169, du 4 août 1938). Il n'y a pas de doute que la plupart des réfugiés ne profitent de ce véritable moratoire.

3. Utilisation de l'emprunt¹.

	Leva
Les engagements restant à régler au 30 juin 1938 s'élèvent à	3.431.734
Pour y faire face, la Direction générale de la Dette publique dispose de :	
Banque nationale, compte « Commissariat »	1.471.847
Banque nationale	1.959.887
	<u>3.431.734</u>

VI. EMPRUNT DE STABILISATION 7½% 1928

1. Position au 30 juin 1938 du compte bloqué de l'emprunt.

	Leva
Produit net	3.370.065.553
Dont mis à la disposition des administrations	3.370.065.553
Compte soldé	—

2. Rendement des revenus gagés (douanes).

(En millions de leva.)		
Mai	Juin	1/12 des évaluations budgétaires
85,4	71,0	80,3

¹ Les chiffres donnés sont les mêmes que dans le précédent rapport; les renseignements postérieurs au 30 avril n'ont pas encore été reçus.

3. *Utilisation du produit de l'emprunt.*

I. *Chemins de fer et ports.*

Leva

La totalité de cette tranche s'est montée à	672.300.000
Dont mis à la disposition de la Direction des Chemins de fer au 30 juin 1938	672.300.000

Somme aux mains de l'Administration : 1.487.349 leva ¹.

II. *Routes et ponts.*

La totalité de cette tranche s'est montée à	182.031.732
Dont engagés au 30 juin 1938	181.844.182

Solde non engagé 187.550

Reste à payer sur engagements opérés —

Somme aux mains de l'Administration : 187.550 leva.

¹ Le solde provient d'un bénéfice de change réalisé sur des fournitures provenant de l'étranger.

Appendice I

**a) RÉSULTATS PROVISOIRES DES SIX PREMIERS MOIS DE L'EXERCICE 1938
COMPARÉS AUX RÉSULTATS DES EXERCICES PRÉCÉDENTS**

	Données annuelles			Résultats provisoires 1 ^{er} janv.-30 juin 1938			
	Résultats définitifs		Prévisions budgétaires 1938	1937	1938		
	1936	1937			4/12 des prévisions 1938	Effectives	%
RECETTES							
<i>Budget de l'Etat.</i>							
I. Recettes fiscales :							
1. Impôts directs	526,8	589,9	576	286,5	288	308,7	107,1
2. Impôts indirects :							
Douanes	956,2	1.123,6	1.093	526,5	546,2	516,2	94,4
Accises	1.350,6	1.513,4	1.447,2	679,9	723,6	771,0	106,5
Enregistrement	94,9	110,5	108	53,2	54	56,9	105,3
Timbre	362,1	449,8	420	213,6	210	233,9	111,3
3. Amendes et confiscations	78,7	76,5	71	39,4	35,5	46,4	130,6
4. Monopoles	124,2	134,1	132	60,3	66	64,5	97,7
5. Exercices clos	275,2	239,1	230	141,3	115	111,3	96,7
Total I.	3.768,7	4.236,9	4.077,2	2.000,7	2.038,6	2.108,9	103,5
II. Autres recettes :							
6. Entreprises d'Etat	602,4	674,9	720,5	286,1	361,7	359,7	99,4
7. Participation des communes aux appointements des instituteurs et des médecins	407,3	503,4	466	234,8	233	235,5	101
8. Recettes administratives et autres	826,7	1.023,7	1.031,8	545,3	515,9	636	123,2
III. Recettes extraordinaires							
9. Recettes extraordinaires	150,2	807,9	393,6	111,3	196,8	202,9	103,1
10. Ressources d'emprunts	298,5	24,6	96,5	3	53,2	8,6	16
IV. Recettes d'ordre :							
II. Reprise en recettes des soldes non transférés de la dette publique extérieure	414,9	407,9	414,4	191,9	207,2	171,8	82,9
Total I-IV	6.468,7	7.679,3	7.200,0	3.373,0	3.606,4	3.723,4	103,2
Total des recettes réelles (sans n° II)	(6.053,8)	(7.271,4)	(6.785,6)	(3.181,1)	(3.399,2)	(3.551,6)	(104,4)
B. Chemins de fer et ports	1.362,2	1.668,8	1.877,4	641,6	955,1	886	92,7
Total général	7.830,9	9.348,1	9.077,4	4.014,6	4.561,5	4.609,4	101,0
Total général, non compris n° II.	(7.416,0)	(8.940,2)	(8.663,0)	(3.822,7)	(4.354,3)	(4.437,6)	(101,9)

	Données annuelles			Résultats provisoires 1 ^{er} janvier-30 juin 1938		
	Résultats définitifs		Prévisions budgétaires 1938	1937	1938	
	1936	1937			Dépenses effectives	Dépenses autorisées par budgets mensuels
DÉPENSES						
<i>(En millions de leva.)</i>						
A. Budget de l'Etat.						
1. Pouvoir suprême	36,9	38,8	52,5	18,3	21,9	24,1
2. Dette publique	2.009,0 ¹	2.106,3	1.917	981,7	1.131,7	962,3
3. Cours des comptes	19,1	19,9	21,1	9,6	9,9	10,2
4. Affaires étrangères :						
a) Ministère	94,8 ²	84,1	91,8	34,6	36,5	44,6
b) Cultes	70,6	71,1	72	33,7	32,6	35,5
5. Intérieur et Santé publique :						
a) Administration et Po- lice	276,1	315,5	332,5	124,8	150,9	162,7
b) Direction générale de la Santé	177,6	192,5	199,5	69,6	69,2	96,4
6. Instruction publique	849,4	879,2	917,8	417,2	432,2	454,4
7. Finances	194,9	248,2	218,5	110,6	98,4	109,5
8. Justice	162,7	180,5	175	76,8	78,8	86
9. Guerre	1.318,6 ³	1.798,4	1.820,6	772,8	774,8	909
10. Commerce	65,1	74,2	78	32,6	32,4	35
11. Agriculture	297,4	324	372,5	119,8	147,2	171,2
12. Travaux publics :						
a) Direction générale des Travaux publics	131,1	160,6	243,1	61,2	81,6	94,4
b) Direction générale de la Prestation	126,6 ⁴	158,4	146,5	49,8	60,6	72,4
13. Ministère des Chemins de fer et P. T. T. :						
a) Service policier mariti- me et fluvial	40,5	43	50,6	15,3	18,4	24,4
b) Direction générale des P. T. T.	212,8	247,3	316	111,1	114,9	121,4
c) Direction de l'Aviation	99,3 ⁵	143,2	175	27,3	42,9	80,5
Sur crédits extraordinaires et supplémentaires	4,5	1,9	—	8,7	8,4	—
Dépenses en souffrance	—	—	—	304,1	359,1	—
Total A	6.187,0	7.087,2	7.200,0	3.379,6	3.702,4	3.494,0
B. Budget des Chemins de fer :						
a)	1.361,3	1.619,6	1.859,4	634,5	791,6	810
b) Dépenses en souffrance	—	—	—	85,1	135,5	—
Total B	1.361,3	1.619,6	1.859,4	719,6	927,1	810
Total général	7.548,3	8.706,8	9.059,4	4.099,3	4.629,5	4.304,0
Total général non compris les dé- penses correspondant aux soldes non transférés de la Dette pu- blique	(7.133,5)	(8.298,9)	(8.645,0)	(3.907,4)	(4.457,7)	(4.096,8)
Excédent	+ 282,7	+ 641,3	+ 182,0	- 84,6	- 20,2	+ 257,5

¹ Dont 46,9 sur crédits supplémentaires.
² Dont 9,8 sur crédits supplémentaires.
³ Dont 180 sur crédits supplémentaires.
⁴ Dont 22 sur crédits supplémentaires.
⁵ Dont 40 sur crédits supplémentaires.

Appendice I (suite)

b) RÉSULTATS MENSUELS DES DEUX DERNIERS MOIS

	1938	Mai		Juin	
	1/12 du budget autorisé	1937	1938	1937	1938
RECETTES					
(En millions de leva.)					
A. Budget de l'Etat.					
I. Recettes fiscales :					
1. Impôts directs	48	58,8	62,6	70,8	84,2
2. Impôts indirects :					
Douanes	91,1	90,7	95,7	83,1	79,4
Accises	120,6	115,8	119,9	135,9	148,3
Enregistrement	9	8,7	9,8	8,8	9,2
Timbre	35	32,8	44,2	36,7	35,1
3. Amendes et confiscations	5,9	6,5	8,3	5,6	7,6
4. Monopoles	11	11,3	11,2	10	11,5
5. Exercices clos	19,2	12	9,7	23	21,4
Total I	339,8	336,7	361,5	373,9	396,6
II. Autres recettes :					
6. Entreprises d'Etat	60,1	43,6	85,3	45,3	57,3
7. Participation des communes aux appointements des instituteurs et des médecins	38,8	41,4	38,4	34,5	35,5
8. Recettes administratives	86	65,7	85,2	64,8	70
Total II	184,9	150,7	208,9	144,6	162,8
III. 9. Recettes extraordinaires					
10. Ressources d'emprunts	8	1,7	0,6	0,7	3,4
IV. Recettes d'ordre :					
11. Reprise en recettes des soldes non transférés de la dette publique extérieure	34,5	42,2	77,3	57,1	29,7
Total	600,0	541,6	648,8	654,2	684,8
Total des recettes réelles (sans les recettes d'ordre)	(565,5)	(499,4)	(571,5)	(597,1)	(655,1)
B. Chemins de fer et ports	156,5	131,1	163,8	125,3	164,2
Total mensuel général	756,5	672,7	812,6	779,5	849,0
Total mensuel, non compris les recettes d'ordre	(722,0)	(630,5)	(735,3)	(722,4)	(819,3)
DÉPENSES					
A. Budget de l'Etat	600	466,3	499,4	484,1	616,9
B. Chemins de fer et ports	155	116,4	195	101,2	118,6
Total des dépenses	755	582,7	694,4	585,3	735,5
Dépenses en souffrance (+ ou - au cours du mois)	—	+ 45	- 35,3	+ 113,2	+ 123,8
Total mensuel général	755	627,7	659,1	698,5	859,3
Total mensuel, non compris les dépenses d'ordre	(720,5)	(585,5)	(581,8)	(641,4)	(829,6)

Appendice I (fin)

**c) SITUATION DÉTAILLÉE ET COMPARÉE DES RECOUVREMENTS DES IMPÔTS DIRECTS
POUR LES SIX PREMIERS MOIS DE L'EXERCICE 1938**

	Résultats 1 ^{er} janvier - 30 juin				Prévisions 1938	
	1937	1938	+ ou -	% de 1938 par rapport à 1937	Quote-part exigible	% des recou- vremets par rappor à la quote-part exigible
	(En millions de leva.)					
Impôts cédulaires ¹	194,1	218,0	+ 23,9	113	192,5	113
Impôt sur le revenu global	6,5	8,9	+ 2,4	137	5,0	178
Impôt sur les brebis et les chèvres	27,4	28,8	+ 1,4	105	20,5	140
Impôt sur l'exemption de la prestation	23,3	24,4	+ 1,1	104	26,5	92
Impôt militaire	16,4	14,9	- 1,5	91	25	50
Impôt sur les successions	18,7	13,6	- 5	73	18,5	90
Total	286,5	308,7	+ 22,2	108	288,0	107
Impôts arriérés	123,9	95,3	- 28,6	77	—	—
Amendes et intérêts de retard sur impôts arriérés	21,5	17,1	- 4,4	80	—	—
Total général	431,9	421,1	- 10,8	98	—	—

¹ Y compris l'impôt sur les sociétés.

d) SITUATION DE LA TRÉSORERIE EN MAI-JUIN 1938

	Mai	Juin
	(En millions de leva.)	
Solde au début du mois du compte du Trésor à la Banque nationale	700,7	819,1
Budget de l'Etat et des Chemins de fer :		
Encaissements	812,6	849
Décaissements	<u>694,4</u>	<u>735,5</u>
Ressources extrabudgétaires :	+ 118,2	+ 113,5
Diverses	+ 0,2	— 91,0
Emission de bons du Trésor	—	—
Solde en fin de mois du compte du Trésor	819,1	841,7
Paiements exigibles en souffrance (non compris les dettes à long terme consolidées ou en suspens)	370,9	494,6
Solde	448,2	347,1

Appendice II

SITUATION DE LA BANQUE NATIONALE DE BULGARIE EN 1936, 1937 ET 1938

	15 juillet 1936	15 juillet 1937	15 avril 1938	15 juillet 1938
ACTIF				
Or monnayé et non monnayé	1.607	1.797	1.994	1.994
Devises	472	397	900	834
Monnaies divisionnaires	552	451	654	666
Portefeuille et avances de commerce .	343	708	600	549
Bons du Trésor	932	385	385	385
Dette de l'Etat	2.671	3.523	3.495	3.468
Placements	322	322	382	396
Autres avoirs	289	252	211	245
Total	7.188	7.835	8.621	8.537
PASSIF				
Capital versé et réserve	1.747	1.713	1.703	1.700
Billets de banque en circulation . . .	2.222	2.425	2.455	2.421
Comptes courants et de dépôts	2.072	3.102	3.817	3.784
Dont de banques	(860)	(1.739)	(2.253)	(2.316)
Exigibilités en devises	152	50	165	152
Autres exigibilités	995	546	481	479
Couverture (%)	34,00	32,51	31,80	32,14
Taux de l'escompte	6	6	6	6
Circulation totale	3.312	3.611	3.674	3.628

Appendice III

a) EXPORTATIONS DES PRINCIPALES ESPÈCES DE MARCHANDISES

Principales espèces de marchandises	Janvier-Juin				Différence	
	1938	1937	1938	1937		
	Quantités		Valeurs en milliers de leva		Quantités	
Gros bétail à cornes, nombre	5.833	7.151	24.921	28.004	- 1.318	- 3.083
Porcs vivants, nombre	11.466	3.350	33.809	6.755	+ 8.116	+ 27.054
Poules vivantes, nombre	683.817	543.229	23.263	19.032	+ 140.588	+ 4.231
Viande de porc, fraîche, tonnes	1.030	266	24.857	5.911	+ 764	+ 18.946
Poules abattues, tonnes	1.937	2.451	61.965	77.324	- 514	- 15.359
Saindoux, tonnes	1.102	1.415	34.208	41.689	- 313	- 7.481
Kachkaval (fromage genre gruyère), tonnes	693	516	23.150	13.946	+ 177	+ 9.204
Œufs, tonnes	8.201	9.957	198.122	204.054	- 1.756	- 5.932
Froment, tonnes	104.710	70.138	346.187	233.270	+ 34.572	+ 112.917
Orge, tonnes	500	11.455	1.565	26.296	- 10.955	- 24.731
Maïs, tonnes	56.217	77.285	143.510	135.418	- 21.068	+ 8.092
Haricots secs, tonnes	4.142	19.913	21.690	109.837	- 15.771	- 88.147
Pruneaux, tonnes	441	3.568	5.582	39.833	- 3.127	- 34.251
Fraises mi-conservées, tonnes	1.919	1.122	21.567	12.281	+ 797	+ 9.286
Semences de tournesol, tonnes	9.517	17.142	38.242	54.308	- 7.625	- 16.066
Tabac en feuilles, tonnes	18.133	13.711	1.261.245	983.560	+ 4.422	+ 277.685
Tourteaux, tonnes	20.107	18.397	51.866	40.214	+ 1.710	+ 11.652
Huile de tournesol, tonnes	8	3.227	108	37.224	- 3.219	- 37.116
Peaux d'agneaux, brutes, tonnes	327	642	24.780	53.544	- 315	- 28.764
Peaux tannées, tonnes	300	297	35.495	34.369	+ 3	+ 1.126

Appendice III (fin)

b) DONNÉES GÉNÉRALES ÉCONOMIQUES ET FINANCIÈRES

Années et mois	Commerce extérieur					Indices économiques							Banque nationale								
	Valeur (millions de leva)			Poids (1.000 t.)		Trans- port par chemin de fer. Mar- chan- dises arrivées (1.000 tonnes)	Volume de la produc- tion indus- trielle 1934/35 = 100	Ventes de détail des coopé- ratives (mil- lions de leva)	Prix de gros 1926 = 100	Coût de la vie 1926 = 100	Total des dépôts (millions de leva)	Total des place- ments (millions de leva)	Or	Mon- tant net des devises	Porte- feuille commer- cial *	Dette cou- rante du gou- verne- ment	Circulation		Couver- ture %	Taux d'es- compte	
	Impor- tations	Expor- tations	Balance + ou -	Impor- tations	Expor- tations												de billets de banque	totale			
(En millions de leva.)																					
	Moyenne mensuelle.					Moyenne mensuelle.							Fin.								
1931 .	388	495	+ 107	24,6	64,1	366	—	—	74,2	89,3	—	—	1.511	257	579	279	2.919	3.629	37,69	9 1/2	
1932 .	289	282	— 7	21,8	49,0	376	—	—	64,8	82,2	—	—	1.519	123	427	423	2.635	3.521	36,07	8	
1933 .	184	237	+ 53	19,2	35,9	353	—	—	58,2	76,3	9.706	11.021	1.545	141	473	818	2.984	3.971	35,39	8	
1934 .	187	211	+ 24	20,5	33,0	327	—	—	59,3	71,2	10.024	10.901	1.547	121	373	655	2.449	3.736	35,71	7	
1935 .	251	271	+ 20	23,0	27,3	344	—	51,4	60,5	66,6	10.597	10.939	1.591	448	612	910	2.497	3.732	33,37	6	
1936 .	265	326	+ 61	23,6	47,4	365	—	56,3	61,6	63,8	11.493	11.245	1.652	724	505	936	2.571	3.811	34,17	6	
1937 .	411	418	+ 8	27,2	57,3	413	142,5	61,4	69,8	65,0	12.605	12.500	1.994	585	1.001	385	2.569	3.849	31,62	6	
1937 :																					
I .	309	527	+ 218	20,7	58,4	284	90,3	44,3	66,2	65,1	12.228	12.018	1.705	763	336	374	2.572	3.783	31,72	6	
II .	295	394	+ 99	17,7	43,9	278	105,6	47,3	66,3	65,4	12.259	12.082	1.755	573	392	374	2.317	3.471	33,03	6	
III .	309	379	+ 70	25,2	41,8	303	114,3	66,4	66,9	65,3	12.301	12.143	1.755	514	546	375	2.440	3.622	32,24	6	
IV .	375	475	+ 100	29,3	72,5	335	122,9	66,7	68,4	65,3	12.299	12.186	1.755	496	604	375	2.636	3.909	32,32	6	
V .	456	356	— 100	29,6	50,5	338	115,1	71,7	68,6	65,4	12.316	12.187	1.766	427	646	385	2.430	3.617	32,13	6	
VI .	511	257	— 254	29,4	45,8	391	135,9	60,7	69,1	66,0	12.394	12.222	1.797	362	723	385	2.394	3.567	32,15	6	
VII .	428	313	— 116	33,3	64,0	453	157,7	57,3	71,3	66,6	12.624	12.343	1.801	328	757	385	2.543	3.771	32,35	6	
VIII .	602	239	— 363	34,1	37,7	498	164,3	62,4	71,6	66,5	12.777	12.751	1.833	208	901	385	2.856	4.178	32,51	6	
IX .	415	437	+ 21	29,5	61,4	498	169,6	58,5	72,2	66,7	12.708	12.878	1.834	295	1.052	385	2.950	4.314	31,51	6	
X .	337	556	+ 219	25,0	81,1	575	198,2	63,6	73,0	66,9	12.823	13.087	1.871	470	1.185	385	2.968	4.337	30,76	6	
XI .	447	514	+ 67	26,1	72,9	560	180,1	72,1	72,3	68,2	13.060	13.048	1.900	537	999	385	2.744	4.090	31,03	6	
XII .	441	573	+ 132	25,1	57,2	438	155,3	66,3	72,5	67,9	13.472	13.059	1.994	585	1.001	385	2.569	3.849	31,62	6	
1938 :																					
I .	290	547	+ 257	13,5	55,0	302	109,6	49,0	72,0	67,8	13.853	12.853	1.994	698	675	385	2.361	3.627	31,99	6	
II .	360	531	+ 171	20,3	42,9	318	120,8	49,2	70,8	67,8	14.029	12.889	1.994	673	694	385	2.262	3.465	31,77	6	
III .	431	500	+ 70	29,2	56,8	353	126,0	70,8	70,0	67,6	13.814	12.625	1.994	749	592	385	2.356	3.545	32,02	6	
IV .	439	384	— 55	38,0	46,8	363	110,6	70,6	70,3	67,4	13.943	12.655	1.994	695	598	385	2.441	3.658	31,93	6	
V .	415	307	— 108	37,1	27,3	429	—	—	70,7	67,5	13.824	12.527	1.994	669	576	385	2.350	3.521	31,86	6	
VI .	325	313	— 12	26,7	56,4	—	—	—	—	—	—	—	1.994	689	580	385	2.313	3.473	31,76	6	

* Données révisées.

* Escompte et avances.

* Escompte et réescompte des bons du Trésor.

* Le chiffre des unités de cette colonne n'est pas définitif.

Geneva, October 25th, 1938.

LEAGUE OF NATIONS

FISCAL COMMITTEE

**REPORT TO THE COUNCIL ON THE WORK OF THE EIGHTH
SESSION OF THE COMMITTEE**

Held at Geneva from October 17th to 20th, 1938.

INTRODUCTION

The Fiscal Committee has the honour to submit to the Council the following report on the work of its eighth session, held at Geneva from October 17th to 20th, 1938.

The following members of the Committee were present:

- Mr. Mitchell B. CARROLL, *Chairman*, Counsellor at Law, former Special Attorney, U.S. Treasury (American);
- M. Hans BLAU, Director of the Federal Administration of Taxes (Swiss);
- M. Marcel BORDUGE, Director-General *hors cadres* at the Ministry of Finance (French);
- M. Carlos P. JIMENEZ, C., Director-General of the Administration of Direct Taxes (Peruvian);
- Dr. Carl W. U. DE KUYLENSTIERNA, Counsellor at the Court of Accounts (Swedish);
- M. Georges A. MANTZAVINOS, Deputy-Governor of the Bank of Greece, former Director-General of Public Accountancy and former Minister of Finance (Greek);
- M. Rodolphe PUTMAN, Director-General of the Administration of Direct Taxes (Belgian);
- Mr. Clifford H. WAKELY, Assistant Secretary to the Board of Inland Revenue (British).

I. FISCAL EVASION

1. The Fiscal Committee has once again considered the problem of fiscal evasion in the matter of income from movable capital. At its meeting on October 9th, 1936, the Assembly of the League of Nations asked the Committee to study measures calculated to suppress such evasion, and the Committee, in compliance with that request, advocated at its sixth session a system for the exchange of information which, if adopted by a large number of countries, seemed likely to prove effective. At the Committee's request, the Council then asked the Members of the League and non-member States whether they were prepared, in so far as they were concerned, to approve a general convention providing for such a system. The replies were not, however, encouraging and the Committee was asked by the Assembly to resume the discussion of the question at its seventh session in October 1937.

2. No technical objections were made to the Committee's proposal, but Governments showed reluctance to change their domestic legislation merely to meet the requirements of foreign administrations, and they were unwilling to ask their nationals to supply information not needed for domestic purposes. It then appeared to the Committee that if a complete solution of the problem had been prevented by the refusal to set up new measures of control, a system for the exchange of information might perhaps be instituted with the help of existing forms of control which, without entirely putting an end to fiscal evasion, would yet be an improvement over the present situation. As the formulation of such a system would require detailed knowledge of

laws and administrative practices, the Council, acting on a suggestion contained in the Committee's report, agreed that the necessary information should be collected and had a questionnaire sent out to the various Governments.

3. The replies to the questionnaire received from thirty-three Governments were communicated to the Fiscal Committee, which examined them at its eighth session. It appeared that divergent methods of control were employed in the various countries and that the methods were for the most part the result of a slow adaptation of the laws and regulations to circumstances: gaps in the taxation system had been closed and the administrations had shown great ingenuity in combating evasion in every form. But the efforts of the various administrations were of so special a character that it appeared to be difficult to employ the methods used in one country in other countries, and it was clear that any proposal for a general scheme would have been received with serious hesitation.

4. However, an examination of the replies to the questionnaire shows that the administrations are not without information and might usefully help each other. But owing to the variety of the methods of control, the exchange of information will possess a very different interest in different cases. Hence each case has to be dealt with individually, and for the problem of fiscal evasion, as for the problem of double taxation, bilateral conventions are the only possibility as they can be adapted to circumstances and the nature of the results aimed at.

5. In short, the Fiscal Committee, while once more affirming that the suppression of fiscal evasion should preferably be attained by a far-reaching modification of existing legislations, in particular by the adoption of the recommendations of its sixth session:

Is of the opinion:

That it would be advisable to communicate to the various States the replies to the questionnaire attached to the report on the seventh session;

That this communication would enable each State to know what measures of control are at the disposal of the administrations of other countries for the purpose of combating fiscal evasion;

That States might advantageously use that knowledge to negotiate the conclusion of bilateral treaties which, without necessitating far-reaching reforms in domestic legislation, would nevertheless permit of the organisation of effective measures of control, it being clearly understood that the States, sole judges of the advisability of concluding such agreements, would be in a position to weigh their advantages and disadvantages.

II. PRINCIPLES OF TAXATION

1. The Committee took note of the resolution adopted by the Assembly on September 29th, 1938 (nineteenth ordinary session), inviting it:

"To study and advise upon the principles on which fiscal legislation dealing with the main categories of taxes, such as income tax, land taxes, turnover taxes, etc., should be based."

2. The Committee's discussions regarding the practical action to be taken on the Assembly's recommendation showed that, in the terms in which it is stated, the problem embraces a considerable field and involves very serious difficulties.

3. The tax system of the various countries has, indeed, been created piece by piece according to the needs of the day and along the lines which appeared to offer the least difficulty from the purely administrative point of view and which were, at the same time, the least likely to cause conflict with public opinion and accepted ideas. Contemporary tax systems are therefore the outcome of historical developments, economic and social considerations and administrative possibilities.

4. In such circumstances, a detailed comparative study of the different tax systems would scarcely be likely to yield conclusions of value to States which might desire to modify or improve their fiscal legislation. The Committee therefore agreed to confine itself, at least for the time being, to the technical administrative aspect of the problem, which, in itself, is sufficiently comprehensive.

5. To give effect to the Assembly's recommendation, the Committee must primarily concentrate upon collecting the results of the practical experience of its members regarding the technical organisation and practical working of the chief categories of taxes, naturally without losing sight of the effects which such taxes are liable to exert on the economic and social development of different countries (agricultural, industrial, creditor, debtor, etc.).

6. In other words, the Committee took the view that its contribution to the work of the League's Economic and Financial Organisation must deal primarily with the possible *technical* methods of applying the main types of taxes. The enquiries would bear more particularly on the selection of sources of tax revenue, administrative methods for determining the bases of taxation, methods of collection, taxpayers' safeguards and right of appeal and, in general, on the manner in which the authorities responsible for the assessment and collection of taxes should be organised. In the course of this enquiry, the Committee would naturally have regard, as far as possible, to ways and means of adapting its conclusions to the various types of national economy.

7. The Committee would also take into consideration the principles to be introduced into national laws with a view to eliminating extra-territorial taxation and to avoiding double taxation.

(Communiqué au Conseil et
aux Membres de la Société.)

No officiel: C. 384. M. 229. 1938. II.A.
(F./Fiscal 104.)

Corrigendum

Genève, le 7 novembre 1938.

SOCIÉTÉ DES NATIONS

COMITÉ FISCAL

**RAPPORT AU CONSEIL SUR LES TRAVAUX DE LA HUITIÈME SESSION
DU COMITÉ**

Tenue à Genève du 17 au 20 octobre 1938.

Corrigendum

Insérer avant la dernière ligne de l'Introduction la mention suivante:

Dr J. H. R. Sinninghe-Damsté, Conseiller à la Cour de Cassation
(Néerlandais).

LEAGUE OF NATIONS

FISCAL COMMITTEE

**REPORT TO THE COUNCIL ON THE WORK OF THE EIGHTH SESSION
OF THE COMMITTEE**

Held at Geneva from October 17th to 20th, 1938.

Corrigendum

Insert before the last line of the Introduction the following name:

Dr. J. H. R. Sinninghe-Damsté, Counsellor at the Supreme Court
(Dutch).

8. To be in a position to submit practical suggestions on these matters at the earliest possible date, the Fiscal Committee has set up a Sub-Committee consisting of some of its members to study, with the assistance of the Secretariat, the various problems involved. At the same time, the Committee ventures to draw the Council's attention to the fact that the Sub-Committee may find it necessary to seek outside assistance, more particularly from those of its corresponding members with special experience of some of the subjects which it may be found necessary to study in the course of the enquiry and from economists whose views on the economic or social effects of certain forms of taxation might be of value.

9. The Committee desires to add that circumstances may arise which might make it seem desirable to the Secretariat to send an expert to certain countries to study the economic, financial and administrative conditions of these countries on the spot, and to discuss the particular difficulties and problems that present themselves to those responsible for their fiscal policy. In the light of such information and of the information conveyed, personally, it may be hoped, by the corresponding Members of these countries, the Fiscal Committee anticipates that it may be in the position to submit evidence of practical value drawn from the experience of a number of countries.

III. INTERNATIONAL CONVENTIONS RECENTLY CONCLUDED FOR THE AVOIDANCE OF DOUBLE TAXATION AND FOR THE SETTLEMENT OF OTHER QUESTIONS RELATING TO TAXATION

1. The Fiscal Committee is glad to record that, since its last session, it has been able to take note of a number of Conventions, ratified or not, for the settlement between States of difficulties arising from double taxation as well as from other measures relating to taxation. These Conventions are in general based on the principles worked out at Geneva since 1923, and attention continues to be paid to the terms in which these principles are promulgated.

2. Of Conventions dealing with the problem of double taxation on the broadest lines, mention may be made of the following:

Convention of October 13th, 1937, signed by France and Switzerland, for the Avoidance of Double Taxation in the Case of Direct Taxes;

Protocol of October 2nd, 1937, supplementing the Treaty between Germany and Hungary, concerning Double Taxation in the Case of Direct Taxes.

3. Of Agreements relating to international traffic, mention may be made of the following:

Agreement of November 10th, 1937, between Germany and the United Kingdom, concerning Exemption from Income Tax on Profits derived from Air Transport Undertakings;

Exchange of Notes of March 31st, 1938, between the United States of America and Sweden, constituting an Arrangement for the Avoidance of Double Taxation of Maritime Shipping Profits.

4. Of Agreements relating to succession duties, mention may be made of the Convention of February 24th, 1936, between Czechoslovakia and Yugoslavia, for the Avoidance of Double Taxation in the Case of these Duties.

5. Other Conventions of a more specialised character are:

Agreement of September 17th, 1936, between the United Kingdom and Greece, for the Purpose of regulating the Taxation of Profits earned through Agencies;

Agreement of February 2nd, 1938, between Poland and the Free City of Danzig, for the Avoidance of Double Taxation in the Case of Bills of Exchange.

IV. SPECIAL QUESTIONS

1. At its last session, the Committee drew up a scheme of work for the study of methods of collecting direct taxes and succession duties. It has now examined memoranda on the laws and administrative practices in this field in some ten countries. These studies it regards as forming very valuable material, and it therefore thinks it desirable that the Secretariat should bring them to the notice of its corresponding members in the various countries.

2. The work undertaken by the Committee since its sixth session on the determination of business income for purposes of taxation is to some extent linked with various problems involved in the study of the principles of taxation, to which reference has been made in the previous chapter. Accordingly, the Committee has thought it desirable not to pursue separately its work on the concept of business income, but to use the results already obtained in that field for the new and more extensive investigation it is undertaking.

Genève, le 30 novembre 1938.

SOCIÉTÉ DES NATIONS

**QUARANTE-HUITIÈME RAPPORT
DU COMMISSAIRE DE LA SOCIÉTÉ DES NATIONS EN BULGARIE**

(PÉRIODE JUILLET-SEPTEMBRE 1938)

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INTRODUCTION

1. Le Gouvernement bulgare ayant présenté sa démission le 14 novembre, M. Kiosséivanov, appelé à nouveau par le Roi, a constitué son sixième cabinet. M. Bojiloff, précédemment gouverneur de la Banque nationale, a été appelé aux fonctions de ministre des Finances. M. Gounev, ancien ministre des Finances et sous-gouverneur de la Banque nationale, est chargé de gérer la Banque.

2. La gestion du budget de 1938 reste favorable. Les recettes de l'Etat et des chemins de fer pour les neuf premiers mois sont supérieures de 58 millions de leva aux dépenses (effectives et en souffrance). L'on enregistre une plus-value de recettes par rapport à l'année dernière de 10% et par rapport aux prévisions budgétaires de 4%.

3. Le Parlement bulgare a autorisé le Gouvernement à poursuivre à concurrence de 5.800 millions de leva la réalisation d'un grand programme d'équipement militaire et économique du pays. Les dépenses à faire sont relatives à des fournitures (la plupart de l'étranger) pour l'armée (4.250 millions), pour les chemins de fer (1.000 millions), pour les grands travaux (550 millions) : elles devront être réglées dans un délai maximum de douze ans à partir de 1942. Des bons du Trésor, venant à échéance au cours de ce délai, seront remis en paiement aux fournisseurs ; les budgets de l'Etat devront ouvrir chaque année aux ministères intéressés les crédits nécessaires pour assurer le service (intérêt et amortissement) des bons émis.

4. La dernière récolte de blé a été abondante, mais la chute des prix sur les marchés internationaux a, jusqu'à présent, empêché la Direction des céréales de réaliser aucune vente du surplus exportable à l'étranger. Les récoltes des autres céréales, des graines oléagineuses et du tabac ont été ou s'annoncent en regression sensible sur les récoltes de l'année dernière.

5. Les renseignements statistiques à fin août sur le mouvement des prix et le volume de la production et des échanges sont favorables ; néanmoins, l'on prétend que, soit parce que la statistique ne tiendrait pas compte de tous les éléments, soit parce que les chiffres dont elle a fait usage seraient relativement anciens, la réalité est quelque peu différente. L'on se plaint d'une hausse générale des prix et du coût de la vie.

6. Les importations bulgares pendant les neuf premiers mois sont inférieures à celles de l'année dernière. La diminution des exportations de céréales et de graines oléagineuses a été compensée par une amélioration des exportations de tabac et de fruits.

La balance commerciale des neuf mois est favorable de 334 millions de leva.

7. Le présent rapport a été établi par M. Pierre Cheysson, commissaire de la Société des Nations en Bulgarie, avec la collaboration de M. Köstner, conseiller auprès de la Banque nationale de Bulgarie.

I. BUDGET

1. Equilibre budgétaire (cf. appendice I, a)).

A la fin du neuvième mois de gestion (30 septembre), le budget de 1938 se présente comme suit :

	Millions de leva		
	Etat	Chemins de fer	Total
Recettes effectives globales . . .	5.574,6	1.520,2	7.094,9
Dépenses globales :			
Effectives	5.046,0	1.361,4	
En souffrance	485,7	144,0	
	<u>5.531,7</u>	<u>1.505,4</u>	<u>7.037,1</u>
Solde	+ 42,9	+ 14,9	+ 57,8

Au cours des mois de juillet, août et septembre, la situation s'est développée comme suit :

	Juillet			Août			Septembre		
	Etat	Chemins de fer	Total	Etat	Chemins de fer	Total	Etat	Chemins de fer	Total
	(En millions de leva)								
Encaissements	592,6	172,6	765,2	545,1	246,9	792,0	713,5	214,8	928,3
Décaissements (effectifs et en souffrance)	655,9	164,5	820,4	559,2	165,6	724,8	614,1	248,2	862,3
Solde du mois	- 63,3	+ 8,1	- 55,2	- 14,1	+ 81,3	+ 67,2	+ 99,4	- 33,4	+ 66,0
Solde antérieur	+ 21,0	- 41,2	- 20,2	- 42,3	- 33,1	- 75,4	- 56,4	+ 48,2	- 8,2
Solde global à la fin du mois	- 42,3	- 33,1	- 75,4	- 56,4	+ 48,2	- 8,2	+ 43,0	+ 14,8	+ 57,8

Le déficit, qui était tombé à 20,2 millions à fin juin, s'est aggravé en juillet, mais les mois d'août et de septembre ont été favorables et pour la première fois, depuis le début de l'année, l'on a pu enregistrer au 31 août un excédent des encaissements sur les dépenses (effectives et en souffrance).

La situation se développe comme l'année dernière, à cette exception près qu'en 1937, les mois d'août et de septembre étaient encore déficitaires. Il faut espérer que l'analogie se poursuivra et que les trois derniers mois de 1938 seront favorables comme l'ont été ceux de 1937.

2. Recettes.

Les recettes effectivement encaissées par l'Etat et les Chemins de fer continuent à être supérieures à celles encaissées au cours de la période correspondante de 1937, mais le pourcentage de plus-value relevé dans le dernier rapport pour les six premiers mois (+ 16%) est tombé à 10%.

Les recettes globales de l'Etat et des Chemins de fer au cours des trois derniers mois envisagés n'ont dépassé que de 44,2 millions les recettes correspondantes de 1937 (1,8%); les recettes effectives de l'Etat seul au cours de cette période ont même été inférieures de 2,5% aux recettes correspondantes de l'année dernière. Cette diminution est due à une réduction en septembre des recettes extraordinaires qui sont passées de 167,1 millions en 1937 à 92,4 millions en 1938 (— 74,7 millions) (cf. appendice I, b)); le Trésor avait fourni une contribution extraordinaire au titre d'excédents budgétaires antérieurs de 166,5 millions en septembre 1937, alors qu'en septembre 1938 le versement du Trésor n'a été que de 91,8 millions. Les recettes ordinaires normales du budget de l'Etat au cours des trois mois sont en légère augmentation sur celles de l'année précédente.

Les recettes des Chemins de fer pour les neuf premiers mois restent supérieures de 28% aux recettes encaissées l'année dernière.

Par rapport aux prévisions (cf. appendice I, a)), les recettes globales de l'Etat et des Chemins de fer sont en excédent de 4%.

3. Dépenses.

Le montant des dépenses effectives et en souffrance des budgets de l'Etat et des Chemins de fer au cours des neuf premiers mois de 1938 dépassent de 613,2 millions (9,5%) le montant des dépenses correspondantes en 1937.

Les crédits autorisés ont été dépassés de 323 millions (4,5%); les observations formulées à ce sujet dans les précédents rapports subsistent.

4. Crédits supplémentaires.

Une loi du 15 novembre 1938 a ouvert au Ministère des Chemins de fer un budget supplémentaire de 116,2 millions, dont 50 millions correspondent à une nouvelle contribution à la Direction générale des constructions (section construction de nouvelles lignes de chemins de fer) et 31 millions à des achats de charbon.

Les dépenses à faire sont sans autre couverture que les excédents de recettes attendus du budget des Chemins de fer (au 30 septembre, ces excédents de recettes s'élevaient à 14,9 millions).

Dès le 24 octobre, M. Gounev, ministre des Finances, faisait voter en première lecture par le Parlement un budget supplémentaire de 123 millions comportant entre autres des crédits nouveaux de 65 millions pour l'armée, de 30 millions pour une subvention au fonds des routes et de 8 millions pour les besoins de la Direction de la presse. Lors du vote intervenu après la discussion en deuxième lecture de ce dernier crédit, le 9 novembre, le Gouvernement fut mis en minorité de deux voix.

Les crédits étaient couverts à concurrence de 30 millions (destinés au fonds des routes) par le solde de l'économie résultant de l'arrangement conclu en novembre 1936 avec les associations de porteurs d'emprunts extérieurs de l'Etat. L'excédent de recettes budgétaires déjà réalisé et l'excédent attendu jusqu'à la fin de l'année devraient couvrir le surplus des crédits.

5. Lois relatives à l'équipement militaire et économique du pays.

Au cours de la session ordinaire, le Parlement a été saisi de trois lois relatives à l'équipement militaire et économique du pays. Les crédits ouverts s'élèvent à 5.800 millions, à savoir :

	Millions de leva
Pour le Ministère de la Guerre (fourniture d'armes et de munitions, de machines, d'appareils, de matériel, d'habillement et d'équipement et travaux nécessaires à la défense nationale (<i>Journal Officiel</i> , N° 248, du 7 novembre 1938)	4.250
Pour le Ministère des Travaux publics (Direction générale des constructions) :	
Pour les routes (fournitures de rouleaux, wagonnets, fer, machines, etc.)	150
Pour la construction de nouvelles lignes de chemins de fer	400
	—
Pour le Ministère des Chemins de fer, fourniture de locomotives, wagons, rails	550
	1.000

Les sommes dues porteront un intérêt maximum de 6% l'an et pourront être amorties en douze années maximum, à partir de 1942. C'est, en effet, à partir de 1942 que les budgets seront libérés de la plupart des annuités actuellement payées pour l'amortissement des dettes

contractées depuis 1934 pour différentes fournitures (affaire dite de compensation et programmes militaires de 1935 et suivants).

Les fournitures pourront, pour la plupart, être faites sans recourir à l'adjudication d'après les dispositions de l'article 120 a) de la loi sur le budget, la comptabilité et les contrats du 26 février 1936, qui est donné en appendice II.

Le paiement des fournitures se fera en bons du Trésor échéant tous les six mois et portant un intérêt maximum de 6% l'an. Il est prévu que des avances (en bons du Trésor) pourront être consenties aux fournisseurs agréés jusqu'à concurrence de 30 ou 40% de la valeur des commandes faites.

Les crédits nécessaires pour l'exécution des engagements pris (intérêts et amortissement) seront chaque année prévus dans le budget des ministères intéressés, à partir de 1939.

6. *La Trésorerie* reste aisée. L'avoir du Trésor public à la Banque nationale était, à fin septembre, de 966,4 millions, en augmentation de 190 millions sur l'avoir à fin juillet.

Mais le montant des paiements en souffrance qui, depuis le début de l'année, était resté compris entre 400 et 500 millions, s'est élevé à fin septembre à 629,7 millions. Comme il a été indiqué dans le précédent rapport, c'est là un phénomène qui se renouvelle chaque année au cours des derniers mois de l'exercice.

II. DETTE PUBLIQUE

L'accord conclu avec les associations de porteurs le 24 décembre 1936 expire le 31 décembre prochain.

Conformément à l'engagement pris en 1936, le Gouvernement bulgare envoie le 21 novembre à Londres une délégation présidée par le ministre des Finances, pour y discuter avec les représentants des porteurs les conditions dans lesquelles sera assuré le service des emprunts antérieurs à partir du 1^{er} janvier 1939.

Il est rappelé qu'en exécution de l'accord en vigueur, le Gouvernement bulgare transfère en devises étrangères, aux dates prévues par les contrats d'emprunts, 32½% du montant des coupons venant à échéance et que ces versements éteignent les obligations du Gouvernement bulgare sans recours possible des porteurs pour les sommes excédant les 32½% ainsi payées.

La situation de la Dette publique au 30 septembre était la suivante :

a) <i>Dette flottante.</i>	Millions de leva
1. Bons du Trésor à court terme escomptables par la Banque nationale ou divers fonds	458,3
Situation sans changement depuis fin mars 1938.	
Le Trésor dispose de la faculté d'escompter 800 millions de bons.	
2. Bons émis en paiement de diverses fournitures (à la Direction générale des Chemins de fer et au Ministère de la Guerre principalement)	1.459,0
La plupart de ces bons viennent à échéance avant 1942, sont libellés en leva et portent un intérêt de 6% l'an. Leur service (intérêt et amortissement) est assuré sur les crédits spéciaux ouverts chaque année par le budget à chacun des ministères intéressés.	
3. Il existe en outre des bons du Trésor de garantie représentant 90% de la valeur des scrips des emprunts extérieurs de l'Etat et représentant la valeur des arriérés non payés du 1 ^{er} avril 1932 au 1 ^{er} avril 1934.. . . .	(mémoire)
4. Autres dettes	789,5
Total de la dette flottante	<u>2.706,8</u>

b) *Dette consolidée.*

Emprunts extérieurs :	Millions de leva	
d'avant guerre		9.213,0
d'après guerre :		
7% 1926	1.173,7	
7½% 1928	2.502,3	
divers	293,1	
	<u>3.969,1</u>	
Emprunts intérieurs		13.182,1
Dette de l'Etat envers la Banque nationale		2.645,4
		<u>3.467,7</u>
		19.295,2

c) *Dette garantie par l'Etat.*

Emprunts extérieurs	482,6
Emprunts intérieurs	6.821,0
	<u>7.303,6</u>

III. GÉNÉRALITÉS SUR LA SITUATION ÉCONOMIQUE

Le mouvement des prix de gros se caractérise comme suit : l'index général n'a cessé de s'élever depuis mars et s'établit en août à 122,6, contre 119,6 en août 1937 ; l'index des prix des produits exportés est en août de 170,9, contre 141,3 en août 1937 ; celui des produits importés de 105,2, contre 118,5 à la même époque de l'année dernière ; l'index des prix intérieurs est, pour les produits agricoles, de 141,5 contre 130 l'année passée, et pour les produits industriels de 104,5, contre 106,8. La situation continue donc à évoluer favorablement pour le paysan ; le coût de la vie dans les villes a, par contre, augmenté dans les derniers temps et l'indice est passé de 95,3 à 98,2 d'août 1937 à août 1938.

Le volume de la production industrielle cette année a été constamment au-dessus du volume de cette production au cours de l'année dernière, sauf en avril ; l'index en juillet 1938 était de 160,9 contre 157,7 en juillet 1937. Le montant des ventes des fabriques, comme celles des coopératives de consommation sont, elles aussi, supérieures à celles de 1937. Les chemins de fer ont, au cours des huit premiers mois, transporté 6,5 millions de voyageurs et 3,3 millions de tonnes de marchandises, contre 5,6 millions de voyageurs, et 2,9 millions de tonnes de marchandises au cours de la période correspondante de 1937. Les permis de construire portent sur 1,7 million de mètres cubes, contre 1,5 million de mètres cubes en 1937. Toutefois, les chômeurs (4.629 en août) étaient plus nombreux que l'année dernière (3.819). Le total des dépôts était de 14 milliards à la fin de juillet, dépassant de 1,4 milliard le montant des dépôts à fin juillet 1937 : les placements et investissements s'élevaient à 12,6 milliards de leva (12,3 en 1937).

La situation générale, pour autant qu'on la juge d'un point de vue statistique, n'apparaît donc pas en régression. Toutefois, les renseignements obtenus s'arrêtent à fin août, et l'on prétend que depuis lors la situation s'est modifiée défavorablement. L'on doit remarquer, en outre, que, si jusqu'en août 1938, le coût général de la vie avait peu augmenté, il n'en était pas de même du coût de la nourriture qui, officiellement, était alors de 8% plus élevé qu'en août 1937, et qui ne cesse de croître (*cf.* plus loin « Agriculture » les prix comparés des haricots secs, des pommes de terre, etc., en août 1937 et 1938). Les salaires et traitements ne paraissent pas avoir été adaptés à cette augmentation ; l'on en trouve un témoignage indirect dans le fait que le nombre des tickets de cinéma et lieux de distraction vendus pendant les huit premiers mois de 1938 (2,4 millions) est inférieur à celui qui a été vendu pendant la même période de 1937 (2,6 millions).

a) Banque nationale.

Chaque année, à pareille époque, l'on constate une augmentation de la circulation ; elle a été, cette année, beaucoup plus importante que l'année précédente, comme le montre le tableau ci-après :

	15 octobre	15 juillet	Différence
	(Millions de leva)		
Circulation totale en 1938	4.558	3.628	+ 929
Circulation totale en 1937	4.390	3.611	+ 779

Il faut en chercher la raison dans l'élévation du prix payé pour le blé par la Direction des céréales et aussi dans les nouvelles avances consenties au Gouvernement par la Banque agricole et coopérative.

Le portefeuille commercial escompté par la Banque nationale ne s'est accru au cours de la période considérée que de 221 millions alors qu'au cours de la même période, en 1937, l'accroissement était de 506 millions. Les dépôts des banques à la Banque nationale ont été réduits de 2.316 millions en juillet à 1.269 millions en octobre, soit plus d'un milliard de leva, alors que la diminution correspondante en 1937, était seulement de 267 millions de leva ; cela tient au fait que la Banque agricole et coopérative a, cette année, assuré seule le financement des achats de la Direction des céréales. Si l'on examine les chiffres des dépôts globaux (et non pas seulement des dépôts bancaires), l'on remarque une diminution de 640 millions au cours des trois mois envisagés ; elle était de 65 millions pour la même période (juillet-octobre) de 1937. L'accroissement de la circulation monétaire cette année est entièrement dû au retrait de dépôts par les banques, alors que l'année dernière les avances aux banques privées pour le financement d'une partie des achats de la Direction des céréales contribuaient à cet accroissement.

Le montant des devises de la Banque nationale (principalement des devises libes) a diminué au cours de la période considérée de 100 millions de leva. L'impossibilité qu'a éprouvée jusqu'à présent la Direction des céréales à vendre du blé à l'étranger du fait de la chute des prix sur les marchés internationaux, les prohibitions d'exportation de céréales, de fourrage, de graines oléagineuses auxquelles le Gouvernement a été amené par la diminution des quantités récoltées en 1938, ont enlevé à la Bulgarie une part importante des devises qu'elle avait reçues les années précédentes (contre valeur de plus d'un milliard de leva). Le manque de devises libes au marché des compensations est sensible, et la tendance sur la valeur de la prime est très soutenue.

Il est à remarquer que les actifs des banques privées ont toujours été relativement liquides : pendant les trois premières années de la crise, les banques ont pu payer 1.200 millions aux déposants et 150 millions d'effets réescomptés. Etant donné le moratoire de fait pour tous les débiteurs, 1.400 millions de leva ou plus d'un tiers du portefeuille commercial a été résorbé au cours des trois ans, et il en est résulté que le pourcentage relatif des disponibilités de caisse en 1934 a dépassé le pourcentage de 1931. La liquidation de la crise s'est accomplie de façon remarquable : elle a prouvé la solidité du système bancaire qui n'a fait appel qu'occasionnellement à la Banque nationale.

Au cours de la période de réorganisation qui a commencé en 1934, les banques privées ont pu recouvrer ou amortir la moitié de leurs créances douteuses ; elles ont aujourd'hui tendance à modifier leur politique de crédit et à préférer l'escompte des effets aux avances à plus ou moins long terme.

d) *Allègement des débiteurs.*

Au 30 septembre 1938, 205.482 allègements accordés avaient été comptabilisés comme suit : 534.899 créanciers étaient crédités de 5.149,9 millions de leva et 205.482 débiteurs débités de 4.894 millions ; cette somme comprend les intérêts futurs décomptés à 5% rétroactivement à partir du 7 avril 1936, date du premier paiement d'intérêts ; la somme due en capital au 7 avril 1935 était de 3.650,5 millions de leva. L'allègement moyen accordé apparaît voisin de 30%. Il reste encore à comptabiliser 4.089 dossiers pour lesquels une décision favorable est intervenue ; il en résulterait une augmentation des obligations à émettre d'environ 111 millions. Les obligations déjà émises représentent 4.485 millions de leva ; il reste à émettre 664,4 millions pour atteindre le total de 5.149,9 millions ci-dessus. La répartition des créanciers est donnée dans le tableau suivant :

Créanciers	Total des obligations à émettre Millions de leva	%
Banque agricole et coopérative	1.891,047	36,7
Banque nationale	26,485	0,5
Banques populaires	595,222	11,6
Coopératives	806,545	15,7
Banques privées	321,007	6,2
Particuliers	1.509,600	29,3
Total	5.149,908	100,0

Les règlements effectués par les débiteurs depuis l'origine ont été :

	En espèces	En obligations (En milliers de leva)	Total
1935	6.807	—	6.807
1936	145.073	22.196	167.269
1937	132.870	260.101	392.971
1 ^{er} janvier-30 septembre 1938	36.375	125.313	161.688
Total au 30 septembre 1938	321.124	407.610	728.734

Les paiements en espèces ont atteint leur maximum en 1936. En 1937, une loi autorisa les débiteurs à payer 50% des intérêts et de l'amortissement en obligations ; les 50% autres devant être payés en espèces. Les rentrées en espèces de la Caisse d'amortissement en 1938 atteindront difficilement 50 millions ; entre temps, les paiements en obligations ont, eux aussi, brusquement fléchi. C'est la conséquence d'une mesure prise le 4 août 1938 par le Gouvernement accordant un moratoire jusqu'au 1^{er} janvier 1939 pour toutes les dettes antérieures au 1^{er} janvier 1931 et aussi de l'espoir qu'ont les débiteurs de voir prochainement étendre les allègements qui leur ont déjà été accordés.

Il y a lieu de remarquer que les chiffres ci-dessus représentent non seulement les paiements au titre des annuités dues, mais aussi au titre des remboursements anticipés de capital (qui peuvent être effectués en obligations au pair, si au moins 15% du capital dû est remboursé) ; le montant net des annuités payées est donc inconnu et la comptabilité de la Caisse d'amortissement évaluait à 47% la proportion des annuités effectivement payées ; depuis lors, la situation s'est considérablement aggravée : sur un total de versements au cours des neuf mois de 1938 (cf. le tableau) de 161,7 millions, la part des remboursements de capital s'élève à 103,3 millions ; si l'on admet ce chiffre et si l'on suppose que le surplus (58,4 millions) correspond au paiement de la semestrialité d'avril évaluée par la Caisse à 231,4 millions, la proportion de la dette effectivement réglée tomberait à 26%. L'importance des remboursements anticipés de capital cette année est due en partie à la politique de la Banque agricole et coopérative, qui a consenti aux débiteurs des avances pour leur permettre d'effectuer en obligations les remboursements du capital dû par eux.

Jusqu'à présent (après paiement du coupon du 7 août 1938), la Caisse d'amortissement a dû décaisser ou constituer provision pour le service contractuel des obligations émises ou à émettre 561,9 millions de leva ; et elle a dû recevoir des débiteurs (cf. tableau ci-dessus) 321,1 millions de leva. Si l'on tient compte, en outre, des frais de gestion de la Caisse depuis l'origine

(85 millions), le déficit de la Caisse serait de 325,8 millions, dont 60 millions resteraient à verser pour le service d'obligations non encore émises (664,4 millions). Les budgets de l'Etat de 1935 à 1938 ont ouvert au ministre des Finances (Direction générale de la Dette publique) 360 millions de crédits au titre de subventions à verser à la Caisse d'amortissement pour couvrir son déficit.

Depuis 1936, les encaissements d'espèces n'ont cessé de diminuer et les paiements annuels en obligations n'ont jamais atteint même le montant de l'amortissement annuel contractuel imposé à la Caisse, aussi l'avenir de la Caisse, si cet état de choses n'est pas modifié, apparaît inquiétant.

Une première analyse des documents tendrait à établir que 94,7% des débiteurs bénéficiant d'allègement sont des agriculteurs, 4,2% des artisans et 1,6% des commerçants. La dette moyenne d'un agriculteur serait de 22.000 leva, celle d'un artisan de 30.000 et celle d'un commerçant de 76.000 (intérêts de la dette compris).

IV. COMMERCE EXTÉRIEUR

La comparaison du commerce extérieur bulgare au cours des neuf premiers mois de 1938 et de 1937 est la suivante (en milliers de leva) :

	1937	1938	+ ou —
Importations	3.701,1	3.431,5	— 269,5
Exportations	3.376,5	3.441,1	+ 64,6
Balance	— 324,6	+ 9,6	+ 334,2

La comparaison est rendue difficile du fait que les valeurs de 1938 renferment la prime de compensation que ne comprenaient pas les valeurs de 1937.

Des changements importants par rapport à 1937 sont à noter : les exportations vers les pays à monnaies soutenues artificiellement ont augmenté (Allemagne + 156 millions de leva, Italie + 200 millions, Hongrie + 32 millions de leva) pendant que les exportations vers les pays à monnaies libres ont diminué (Royaume-Uni — 231 millions, Belgique — 37 millions, Palestine — 32 millions). En ce qui concerne les importations, la tendance est moins nette : les importations de la Grande Allemagne sont en réduction de 502 millions, alors que celles en provenance du Royaume-Uni sont en augmentation de 99 millions. La balance du commerce avec l'Allemagne est, pour les neuf mois, favorable de 28 millions, alors que celle des neuf premiers mois de 1937 était en déficit de 630 millions de leva ; les importations de la Grande Allemagne représentent 49% du total des importations, et les exportations vers la Grande Allemagne s'élèvent à 50%. (Les chiffres de 1937 ne sont pas comparables.)

La réduction des importations (269 millions de leva) est entièrement due à une diminution des importations de machines et d'armes (264 millions de leva).

L'appendice V donne le détail des exportations par marchandises : l'exportation des céréales, graines oléagineuses et peaux a considérablement diminué ; cette réduction a été compensée par une amélioration des ventes de tabacs, fruits et légumes. L'interdiction de sortie de céréales et fourrages (*cf.* plus loin) a également exercé son influence.

V. AGRICULTURE

Aucun renseignement officiel n'a encore été donné sur les récoltes de l'année. Toutefois, des chiffres semi-officiels ont été fournis par la Direction des céréales estimant la récolte de blé de 1938 à 1.664.000 tonnes, contre 1.582.000 pour l'année dernière, ce qui classerait cette récolte au deuxième rang des plus importantes récoltes d'après guerre. Néanmoins, si l'on ne tient pas compte seulement du blé mais aussi du seigle et du méteil, la récolte totale de 1938 (estimée à 1.948.000 tonnes) serait inférieure à celle de 1937 (2.039.000).

Par contre, les récoltes de printemps, en y comprenant le fourrage et les graines oléagineuses, sont estimées très inférieures à celles de l'année précédente ; il en est de même pour les perspectives de récoltes de tabac, dont, toutefois, la qualité s'annoncerait devoir être bonne. Les restrictions d'exportation de fourrage et de produits alimentaires signalées dans le précédent rapport, page 5, ont été en partie rapportées et les prohibitions imposées à l'exportation des mélasses, du tournesol et des tourteaux supprimées. L'élévation des prix de certaines céréales et denrées alimentaires (donné ci-dessous), témoigne de l'insuffisance de leur production.

Prix de détail	Prix du mois d'août	
	1937 %	1938 %
Haricots	7,56	11,50
Pommes de terre	2,58	5,58
Oignons	2,19	6,92
 Prix de gros		
Orge	2,61	3,28
Maïs	2,43	3,44
Avoine	2,54	3,84

La publication des chiffres du recensement de 1934 permet d'extraire des renseignements intéressants sur le cheptel dans les villages :

Années	Nombre de fermes	Superficie exploitée (hectares)	Chevaux, mulets, ânes	Bétail et buffles	Moutons	Chèvres	Volaille
1926	668,4	4.071,2	573,2	2.101,5	8.095,3	1.147,5	8.566,1
1934	798,7	4.171,6	640,9	1.773,9	8.320,6	851,5	11.168,1
Différence	+ 130,3	+ 100,4	+ 67,7	- 327,6	+ 225,3	- 296,0	+ 2.602,0
%	+ 19,5	+ 2,5	+ 11,8	- 15,5	+ 2,8	- 25,8	+ 30,3

La diminution du bétail est particulièrement remarquable. Il est difficile de dire si elle est due à la crise économique ou à des conceptions nouvelles d'emploi du bétail. Les bœufs de trait ont tendance à être remplacés par les vaches, qui donnent du lait ; il semble, en outre, que le paysan a avantage, du fait que les impôts sur la viande sont lourds, à vendre et à exporter le fourrage et les céréales avec lesquelles il nourrissait son bétail. Toutefois, le nombre total des bêtes de trait (chevaux, mulets, bœufs et vaches) employées au travail, est demeuré sensiblement sans changement pendant la période envisagée.

VI. COOPÉRATIVES

Les renseignements préliminaires sur l'activité des coopératives en 1937 font ressortir une augmentation du nombre des coopératives actives de 3.053 fin de 1936 à 3.179 fin de 1937 et du nombre des membres de 810.000 à 850.000. Le bilan global indique un profit net de 154,6 millions de leva et une perte nette de 82,6 millions (contre 148,1 et 79,7 l'année dernière). Malheureusement, en ce qui concerne les coopératives des villages, la perte globale continue à dépasser le profit global, et l'on ne peut par conséquent conclure à une amélioration de la situation.

VII. ÉTABLISSEMENT DES RÉFUGIÉS BULGARES

1. *Position au 30 septembre 1938 du compte bloqué de l'emprunt 1926.*

	Leva
Produit net	1.614.296.149
Dont mis à la disposition du service d'établissement	1.612.824.302
Solde en dépôt à la Banque nationale	1.471.847

2. *Rendement des revenus gagés.*

Chapitres du budget	Encaissements			1/12 des évaluations budgétaires
	Juillet	Août	Septembre	
(En millions de leva.)				
11. Accise sur le sel étranger, le café et autres marchandises et boissons étrangères	11,0	11,6	14,2	10,8
12. Accise sur le vinaigre, la bière, l'acide carbonique et autres boissons indigènes, et accise sur l'alcool	11,0	10,7	9,1	4,4
15. Accise sur le sel.	5,1	4,0	4,1	3,1
16. Accise sur le sucre et la glucose	25,6	32,7	18,1	26,3
17. Accise sur le riz, la benzine, le pétrole et le gasoil	4,1	3,0	3,6	3,3
37. Allumettes	8,1	10,0	9,8	7,3
62. Intérêts versés par les réfugiés pour emprunts accordés sur ressources provenant d'emprunt des réfugiés.	2,1	0,1	0,1	0,7
Total	67,0	72,1	59,0	55,9

Appendice I

**a) RÉSULTATS PROVISOIRES DES NEUF PREMIERS MOIS DE L'EXERCICE 1938
COMPARÉS AUX RÉSULTATS DES EXERCICES PRÉCÉDENTS**

	Données annuelles			Résultats provisoires 1 ^{er} janv.-30 sept. 1938			
	Résultats définitifs		Prévisions budgétaires 1938	1937	1938		
	1936	1937			9/12 des prévisions 1938	Effectives	%
RECETTES							
<i>A. Budget de l'Etat.</i>							
<i>I. Recettes fiscales :</i>							
1. Impôts directs	526,8	589,9	576	427,2	432	444,6	102,9
2. Impôts indirects :							
Douanes	956,2	1.123,6	1.093	801,8	819,7	806,1	98,3
Accises	1.350,6	1.513,4	1.447,2	1.084,9	1.085,4	1.205,3	111
Enregistrement	94,9	110,5	108	78,2	81	89	109,8
Timbre	362,1	449,8	420	326,5	315	357	113,3
3. Amendes et confiscations	78,7	76,5	71	53,3	53,2	69,3	130
4. Monopoles	124,2	134,1	132	96,9	99	104,7	105,7
5. Exercices clos	275,2	239,1	230	179	172,5	138,5	80,2
Total I.	3.768,7	4.236,9	4.077,2	3.047,8	3.057,8	3.214,5	105,1
<i>II. Autres recettes :</i>							
6. Entreprises d'Etat	602,4	674,9	720,5	484,7	542,7	541,9	99,8
7. Participation des communes aux appointements des instituteurs et des médecins	407,3	503,4	466	354,9	349,5	359	102,7
8. Recettes administratives et autres.	826,7	1.023,7	1.031,8	767	773,8	868,8	112,2
<i>III. Recettes extraordinaires</i>							
9. Recettes extraordinaires	150,2	807,9	393,6	319,6	295,2	297,5	100,7
10. Ressources d'emprunts	298,5	24,6	96,5	13,4	82,4	30,8	37,3
<i>IV. Recettes d'ordre :</i>							
11. Reprise en recettes des soldes non transférés de la dette publique extérieure	414,9	407,9	414,4	247,9	310,8	262,1	84,3
Total I-IV	6.468,7	7.679,3	7.200,0	5.235,3	5.412,2	5.574,6	103,0
Total des recettes réelles (sans n° 11)	(6.053,8)	(7.271,4)	(6.785,6)	(4.987,4)	(5.101,4)	(5.312,5)	(104,1)
<i>B. Chemins de fer et ports</i>							
Total général	1.362,2	1.668,8	1.877,4	1.186,3	1.440,8	1.520,3	105,5
Total général, non compris n° 11.	7.830,9	9.348,1	9.077,4	6.421,6	6.853,0	7.094,9	103,5
	(7.416,0)	(8.940,2)	(8.663,0)	(6.173,7)	(6.542,2)	(6.832,8)	(104,6)

	Données annuelles			Résultats provisoires 1 ^{er} janvier-30 septembre		
	Résultats définitifs		Prévisions budgétaires	1937	1938	
	1936	1937			Dépenses effectives	Dépenses autorisées par budgets mensuels
DÉPENSES						
<i>A. Budget de l'Etat.</i>						
	(En millions de leva.)					
1. Pouvoir suprême	36,9	38,8	52,5	28,6	33,2	38,6
2. Dette publique	2.009,0 ¹	2.106,3	1.917	1.483,8	1.595,8	1.448,5
3. Cours des comptes	19,1	19,9	21,1	14,7	14,8	15,7
4. Affaires étrangères :						
a) Ministère	94,8 ²	84,1	91,8	57,7	62,4	67,8
b) Cultes	70,6	71,1	72	53	52,3	53,7
5. Intérieur et Santé publique :						
a) Administration et Po- lice	276,1	315,5	332,5	205,3	220,7	244,3
b) Direction générale de la Santé	177,6	192,5	199,5	113	112,2	146,4
6. Instruction publique	849,4	879,2	917,8	639,9	649,6	683,5
7. Finances	194,9	248,2	218,5	168,1	154,5	160,5
8. Justice	162,7	180,5	175	126,2	123,6	130
9. Guerre	1.318,6 ³	1.798,4	1.820,6	1.122,4	1.164,9	1.364
10. Commerce	65,1	74,2	78	50,8	49,6	57
11. Agriculture	297,4	324	372,5	208,9	247,5	266,7
12. Travaux publics :						
a) Direction générale des Travaux publics	131,1	160,6	243,1	99,9	141,3	157,4
b) Direction générale de la Prestation	126,6 ⁴	158,4	146,5	99,8	100,5	109
13. Ministère des Chemins de fer et P. T. T. :						
a) Service policier mariti- me et fluvial	40,5	43	50,6	26,1	31,2	37
b) Direction générale des P. T. T.	212,8	247,3	316	171,2	191,5	206,9
c) Direction de l'Aviation	99,3 ⁵	143,2	175	59,8	87,9	127
Sur crédits extraordinaires et supplémentaires	4,5	1,9	—	8,5	12,4	—
Dépenses en souffrance	—	—	—	504	485,7	—
Total A	6.187,0	7.087,2	7.200,0	5.241,7	5.531,7	5.314,0
<i>B. Budget des Chemins de fer :</i>						
a)	1.361,3	1.619,6	1.859,4	1.113,3	1.361,4	1.400,0
b) Dépenses en souffrance	—	—	—	68,9	144	—
Total B	1.361,3	1.619,6	1.859,4	1.182,2	1.505,4	1.400,0
Total général	7.548,3	8.706,8	9.059,4	6.423,9	7.037,1	6.714,0
Total général, non compris les dé- penses correspondant aux soldes non transférés de la dette pu- blique	(7.133,5)	(8.298,9)	(8.645,0)	(6.176,0)	(6.775,0)	(6.403,2)
Excédent	+ 282,7	+ 641,3	+ 182,0	- 2,3	+ 57,0	+ 139,0

¹ Dont 46,9 sur crédits supplémentaires.
² Dont 9,8 sur crédits supplémentaires.
³ Dont 180 sur crédits supplémentaires.
⁴ Dont 22 sur crédits supplémentaires.
⁵ Dont 40 sur crédits supplémentaires.

Appendice I (suite)

b) RÉSULTATS MENSUELS DES TROIS DERNIERS MOIS

	1938	Juillet		Août		Septembre	
	1/12 du budget autorisé	1937	1938	1937	1938	1937	1938
(En millions de leva.)							
RECETTES							
<i>A. Budget de l'Etat.</i>							
I. Recettes fiscales :							
1. Impôts directs	48	52,7	48,4	37,0	41,1	50,9	46,5
2. Impôts indirects :							
Douanes	91,1	89,3	84,6	88,2	98,1	97,9	107,1
Accises	120,6	139,8	130,7	126,8	154,7	138,4	148,9
Enregistrement	9	8,9	8,7	7,9	13,5	8,3	9,9
Timbre	35	39,5	37,4	32,9	41,8	40,5	43,9
3. Amendes et confiscations	5,9	4,2	8,6	3,6	7,9	6	6,4
4. Monopoles	11	12,3	11,9	11,7	14,2	12,5	14,1
5. Exercices clos	19,2	14	9,2	15,9	9,3	7,8	8,7
Total I	339,8	360,7	339,5	324,0	380,6	362,3	385,5
II. Autres recettes :							
6. Entreprises d'Etat	60,1	98,2	61,6	48,8	52,9	51,7	67,6
7. Participation des communes aux appointements des instituteurs et des médecins	38,8	46,6	49,7	37,8	41	35,8	32,8
8. Recettes administratives	86	89,3	82,2	50	58,5	82,4	92,2
Total II	184,9	234,1	193,5	136,6	152,4	169,9	192,6
III. 9. Recettes extraordinaires							
10. Ressources d'emprunts	32,8	10,7	1,5	30,6	0,7	167,1	92,4
	8	4,4	13,4	2,4	7,3	3,6	1,5
IV. Recettes d'ordre :							
II. Reprise en recettes des soldes non transférés de la dette publique extérieure	34,5	8,9	44,7	23,3	4,1	23,8	41,5
Total	600	618,8	592,6	516,9	545,1	726,7	713,5
Total des recettes réelles (sans les recettes d'ordre)	(565,5)	(609,9)	(547,9)	493,6)	(541,0)	(702,9)	(672,0)
B. Chemins de fer et ports	156,5	163,1	172,6	209,1	246,9	172,4	214,8
Total mensuel général	756,5	781,9	765,2	726,0	792,0	899,1	928,3
Total mensuel, non compris les recettes d'ordre	(722,0)	(773,0)	(720,5)	(702,7)	(787,9)	(875,3)	(886,8)
DÉPENSES							
A. Budget de l'Etat	600	725,9	660,8	469,2	526,7	467,1	515,3
B. Chemins de fer et ports	155	196,9	169,9	131,1	189,6	150,8	210,2
Total des dépenses	755	922,8	830,7	600,3	716,3	617,9	725,5
Dépenses en souffrance (+ ou - au cours du mois)	—	+60,5	-10,3	-3,9	+8,5	+127,0	+136,8
Total mensuel général	755	983,3	820,4	596,4	724,8	744,9	862,3
Total mensuel, non compris les dépenses d'ordre	(720,5)	(974,4)	(775,7)	(573,1)	(720,7)	(721,1)	(820,8)

Appendice I (fin)

c) SITUATION DÉTAILLÉE ET COMPARÉE DES RECOUVREMENTS DES IMPÔTS DIRECTS
POUR LES NEUF PREMIERS MOIS DE L'EXERCICE 1938

	Résultats 1 ^{er} janvier - 30 septembre				Prévisions 1938	
	1937	1938	+ ou -	% de 1938 par rapport à 1937	Quote-part exigible	% des recouvrements par rapport à la quote-part exigible
	(En millions de leva.)					
Impôts cédulaires ¹	286	316,3	+ 30,3	111	288,7	109
Impôt sur le revenu global	7,4	10	+ 2,6	135	7,5	133
Impôt sur les brebis et les chèvres	40,4	41,9	+ 1,5	104	41	102
Impôt sur l'exemption de la prestation	40,4	34,8	- 5,6	87	40	87
Impôt militaire	27,5	21	- 6,5	76	37,5	56
Impôt sur les successions	25,5	20,6	- 4,9	81	27,7	74
Total	427,2	444,6	+ 17,4	104	442,4	100
Impôts arriérés	156	119,8	- 36,2	77	—	—
Amendes et intérêts de retard sur impôts arriérés	27	26,3	- 0,7	98	—	—
Total général	610,2	590,7	- 19,5	97	—	—

¹ Y compris l'impôt sur les sociétés.

d) SITUATION DE LA TRÉSORERIE, JUILLET-SEPTEMBRE 1938

	Juillet	Août	Septembre
	(En millions de leva.)		
Solde au début du mois du compte du Trésor à la Banque nationale	841,7	776,0	853,0
Budget de l'Etat et des Chemins de fer			
Encaissements	765,2	792,0	928,3
Décaissements	830,7	716,3	725,5
	— 65,5	+ 75,7	+ 202,8
Ressources extrabudgétaires :			
Diverses	— 0,2	+ 1,3	— 89,4
Emission de bons du Trésor	—	—	—
Solde en fin du mois du compte du Trésor	776,0	853,0	966,4
Paiements exigibles en souffrance (non compris les dettes à long terme consolidées ou en suspens)	484,3	492,9	629,7
Solde	291,7	360,1	336,7

Appendice II

ARTICLE 120 a) DE LA LOI SUR LE BUDGET, LA COMPTABILITÉ ET LES CONTRATS (du 26 février 1936)

Dans des cas exceptionnels (affaires de compensation et autres), le Conseil des ministres peut attribuer le marché ou l'exécution de fournitures ou de travaux, ainsi que leur réception, sans tenir compte des dispositions de la présente loi ou d'une autre loi, ainsi que libérer les parties contractantes avec l'Etat de tous impôts, taxes, droits, frais de timbre et autres sur la base de n'importe quelle loi. Cette attribution est faite par une commission nommée par le Conseil des ministres et comprenant un haut fonctionnaire de la Cour de cassation, un de la Haute Cour des comptes, un de la Banque nationale de Bulgarie et un ou deux représentants du ministère intéressé, ainsi que le chef de la Section du budget et du contrôle du même ministère.

Les marchés de travaux ou fournitures ainsi conclus doivent être approuvés par le Conseil des ministres.

Les engagements découlant de ces marchés peuvent, par décision du Conseil des ministres, être payés dans un délai dépassant trois exercices budgétaires.

Appendice III

SITUATION DE LA BANQUE NATIONALE DE BULGARIE EN 1936, 1937 ET 1938

ACTIF	15 octobre 1936	15 octobre 1937	15 juillet 1938	15 octobre 1938
Or monnayé et non monnayé	1.616	1.871	1.994	2.003
Devises	513	549	834	734
Monnaies divisionnaires	357	251	666	463
Portefeuille et avances de commerce.	636	1.214	549	770
Bons du Trésor.	1.185	385	385	400
Dette de l'Etat.	2.671	3.523	3.468	3.468
Placements	306	373	396	436
Autres avoirs	294	298	245	289
Total	7.578	8.464	8.537	8.563
PASSIF				
Capital versé et réserve	1.742	1.705	1.700	1.691
Billets de banque en circulation	2.680	3.004	2.421	3.148
Comptes courants et de dépôts	2.122	3.037	3.784	3.145
Dont de banques	(794)	(1.472)	(2.316)	(1.269)
Exigibilités en devises.	80	124	152	45
Autres exigibilités	954	594	479	534
Couverture (%)	32,23	30,96	32,14	31,83
Taux de l'escompte	6	6	6	6
Circulation totale	3.965	4.390	3.628	4.558

Appendice IV

SITUATION DES BANQUES PRIVÉES EN BULGARIE AUX 31 DÉCEMBRE 1931 31 DÉCEMBRE 1934 ET 31 DÉCEMBRE 1937

ACTIF	31 décembre 1931	31 décembre 1934	31 décembre 1937
	Caisse et Banque nationale	710,9	529,5	496,4
Autres banques	582,2	147,9	166,9
Effets escomptés	1.792,3	1.150,5	1.872,2
Avances	2.533,0	1.785,1	1.437,9
Gages	409,7	283,0	512,6
Placements	250,0	244,7	382,0
Immeubles et mobiliers	282,2	256,7	250,9
Contentieux et effets protestés	439,0	637,2	359,2
Divers	267,9	397,8	711,8
Pertes	53,6	37,2	37,6
Total	7.320,7	5.469,5	6.227,7
PASSIF			
Capitaux	1.376,2	1.124,0	871,3
Dépôts d'épargne	1.886,3	1.238,6	1.411,7
Dépôts commerciaux	1.985,8	1.400,3	1.477,2
Autres créditeurs	591,6	590,7	447,5
Banques	88,6	48,3	40,6
Réescompte	400,8	257,8	717,5
Gages	409,7	283,0	512,6
Succursales	203,9	180,4	242,7
Divers	307,4	330,8	462,1
Profit	70,5	15,6	44,5
Total	7.320,7	5.469,5	6.227,7

Appendice V

EXPORTATIONS DES PRINCIPALES ESPÈCES DE MARCHANDISES

Principales espèces de marchandises	Janvier-Septembre					
	1938	1937	1938	1937	Différence	
	Quantités		Valeur en milliers de leva		Quantités	Valeur
Gros bétail à cornes, nombre	7.243	11.041	30.693	41.963	— 3.798	— 11.270
Porcs vivants, nombre . . .	11.537	4.302	33.992	8.964	+ 7.235	+ 25.028
Œufs, tonnes	12.026	13.689	320.668	293.292	— 1.663	+ 27.376
Froment, tonnes	109.410	121.601	360.657	428.463	— 12.191	— 67.806
Orge, tonnes	500	20.188	1.565	46.702	— 19.688	— 45.137
Maïs, tonnes	58.614	92.262	150.873	162.069	— 33.648	— 11.196
Haricots secs, tonnes . . .	4.213	20.792	22.118	114.331	— 16.579	— 92.213
Fraises mi-conservées, tonnes	6.449	2.774	72.620	30.767	+ 3.675	+ 41.853
Soya, tonnes	2.050	4.135	12.390	22.739	— 2.085	— 10.349
Semences de tournesol, tonnes	10.382	23.486	41.192	73.217	— 13.104	— 32.025
Tabac en feuilles, tonnes . .	19.991	15.035	1.357.183	1.077.026	+ 4.956	+ 280.157
Huile de tournesol, tonnes .	23	4.552	298	51.483	— 4.529	— 51.185
Essence de roses, kilos . . .	1.315	1.564	39.807	39.263	— 249	+ 544
Peaux d'agneau, brutes, tonnes	869	1.738	61.675	153.338	— 869	— 91.663
Raisins frais, tonnes	23.202	17.088	221.686	119.504	+ 6.114	+ 102.182
Pommes fraîches, tonnes . .	3.040	328	26.166	2.374	+ 2.712	+ 23.792
Prunes fraîches, tonnes . . .	7.909	125	44.833	392	+ 7.784	+ 44.441

Appendice VI
DONNÉES GÉNÉRALES ÉCONOMIQUES ET FINANCIÈRES

Années et mois	Commerce extérieur					Indices économiques							Banque nationale							
	Valeur (millions de leva)			Poids (1.000 t.)		Trans- port par chemin de fer. Mar- chan- dises arrivées (1.000 tonnes)	Volume de la produc- tion indus- trielle 1934/35 = 100	Ventes de détail des coopé- ratives (mil- lions de leva)	Prix de gros 1926 = 100	Coût de la vie 1926 = 100	Total des dépôts (millions de leva)	Total des place- ments (millions de leva)	Or	Mon- tant net des devises	Porte- feuille commer- cial *	Dette cou- rante du gou- verne- ment	Circulation		Couver- ture %	Taux d'es- compte
	Impor- tations	Expor- tations	Balance + ou -	Impor- tations	Expor- tations												de billets de banque	totale		
(En millions de leva.)																				
	Moyenne mensuelle.					Moyenne mensuelle.							Fin.							
1931 .	388	495	+ 107	24,6	64,1	366	—	—	74,2	89,3	—	—	1.511	257	579	279	2.919	3.629	37,69	9 1/2
1932 .	289	282	— 7	21,8	49,0	376	—	—	64,8	82,2	—	—	1.519	123	427	423	2.635	3.521	36,07	8
1933 .	184	237	+ 53	19,2	35,9	353	—	—	58,2	76,3	9.706	11.021	1.545	141	473	818	2.984	3.971	35,39	8
1934 .	187	211	+ 24	20,5	33,0	327	—	—	59,3	71,2	10.024	10.901	1.547	121	373	655	2.449	3.736	35,71	7
1935 .	251	271	+ 20	23,0	27,3	344	—	51,4	60,5	66,6	10.597	10.939	1.591	448	612	910	2.497	3.732	33,37	6
1936 .	265	326	+ 61	23,6	47,4	365	—	56,3	61,6	63,8	11.493	11.245	1.652	724	505	936	2.571	3.811	34,17	6
1937 .	411	418	+ 8	27,2	57,3	413	142,5	61,4	69,8	65,0	12.605	12.500	1.994	585	1.001	385	2.569	3.849	31,62	6
1937 :																				
I .	309	527	+ 218	20,7	58,4	284	90,3	44,3	66,2	65,1	12.228	12.018	1.705	763	336	374	2.572	3.783	31,72	6
II .	295	394	+ 99	17,7	43,9	278	105,6	47,3	66,3	65,4	12.259	12.082	1.755	573	392	374	2.317	3.471	33,03	6
III .	309	379	+ 70	25,2	41,8	303	114,3	66,4	66,9	65,3	12.301	12.143	1.755	514	546	375	2.440	3.622	32,24	6
IV .	375	475	+ 100	29,3	72,5	335	122,9	66,7	68,4	65,3	12.299	12.186	1.755	496	604	375	2.636	3.909	32,32	6
V .	456	356	— 100	29,6	50,5	338	115,1	71,7	68,6	65,4	12.316	12.187	1.766	427	646	385	2.430	3.617	32,13	6
VI .	511	257	— 254	29,4	45,8	391	135,9	60,7	69,1	66,0	12.394	12.222	1.797	362	723	385	2.394	3.567	32,15	6
VII .	428	313	— 116	33,3	64,0	453	157,7	57,3	71,3	66,6	12.624	12.343	1.801	328	757	385	2.543	3.771	32,35	6
VIII .	602	239	— 363	34,1	37,7	498	164,3	62,4	71,6	66,5	12.777	12.751	1.833	208	901	385	2.856	4.178	32,51	6
IX .	415	437	+ 21	29,5	61,4	498	169,6	58,5	72,2	66,7	12.708	12.878	1.834	295	1.052	385	2.950	4.314	31,51	6
X .	337	556	+ 219	25,0	81,1	475	198,2	63,6	73,0	66,9	12.823	13.087	1.871	470	1.185	385	2.968	4.337	30,76	6
XI .	447	514	+ 67	26,1	72,9	560	180,1	72,1	72,3	68,2	13.060	13.048	1.900	537	999	385	2.744	4.090	31,03	6
XII .	441	573	+ 132	25,1	57,2	438	155,3	66,3	72,5	67,9	13.472	13.059	1.994	585	1.001	385	2.569	3.849	31,62	6
1938 :																				
I .	290	547	+ 257	13,5	55,0	302	109,6	49,0	72,0	67,8	13.853	12.853	1.994	698	675	385	2.361	3.627	31,99	6
II .	360	531	+ 171	20,3	42,9	318	120,8	49,2	70,8	67,8	14.029	12.889	1.994	673	694	385	2.262	3.465	31,77	6
III .	431	500	+ 70	29,2	56,8	353	126,0	70,8	70,0	67,6	13.814	12.625	1.994	749	592	385	2.356	3.545	32,02	6
IV .	439	384	— 55	38,0	46,8	363	110,6	70,6	70,3	67,4	13.943	12.655	1.994	695	598	385	2.441	3.658	31,93	6
V .	415	307	— 108	37,1	27,3	429	130,1	75,8	70,7	67,5	13.824	12.590	1.994	669	576	385	2.350	3.521	31,86	6
VI .	325	313	— 12	26,7	56,4	462	144,5	66,4	70,5	67,6	13.858	12.655	1.994	689	580	385	2.313	3.473	31,76	6
VII .	379	208	— 171	35,2	28,9	486	160,9	65,1	73,3	68,9	13.970	12.626	1.994	719	532	385	2.489	3.717	32,41	6
VIII .	457	188	— 269	40,0	24,5	578	—	—	74,8	68,6	—	—	1.994	592	629	385	2.968	4.303	32,80	6
IX .	336	463	+ 127	32,5	48,6	—	—	—	—	—	—	—	2.003	606	792	385	3.137	4.515	31,90	6

* Données révisées.

* Escompte et avances.

* Escompte et réescompte des bons du Trésor.

* Le chiffre des unités de cette colonne n'est pas définitif.

Geneva, December 14th, 1938.

LEAGUE OF NATIONS

FINANCIAL COMMITTEE

**REPORT TO THE COUNCIL ON THE WORK
OF THE SIXTY-SEVENTH SESSION OF THE COMMITTEE**

(Geneva, December 9th-14th, 1938)

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INTRODUCTION

The Financial Committee has the honour to submit to the Council the following report on the various questions with which it has dealt during this session.

The following members were present :

- Dr. BRAMSNAES (*Chairman*) ;
- Dr. BINNERTS, replacing Dr. Crena de Iongh ;
- M. DAYRAS ;
- M. FRÈRE, replacing M. Janssen ;
- M. NOWAK ;
- Sir Frederick PHILLIPS ;
- Mr. RIEFLER ;
- Dr. WEI.

There were also present :

1. *For Agricultural Credit and Insurance* :
 - M. Louis TARDY, Honorary Director-General of the " Caisse nationale de Crédit agricole " (Paris).
2. *For Bulgarian questions* :
 - M. KARADJOFF, Permanent Delegate to the League of Nations ;
 - M. CHEYSSON, Commissioner of the League of Nations in Bulgaria ;
 - Professor KÖSTNER, Adviser to the National Bank of Bulgaria.

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I. GENERAL

The Committee devoted the greater part of its sixty-seventh session to a consideration of three important questions submitted to it by the Assembly. These questions related to : (a) Agricultural credit and insurance ; (b) Monetary and credit policy in agricultural countries ; and (c) Medium-term industrial credit.

(a) AGRICULTURAL CREDIT AND INSURANCE

The question of agricultural credit was raised by the Assembly of 1937, which invited the Financial Organisation to take whatever steps it might deem appropriate for " the study of agricultural credit and insurance with a view to the elaboration of principles calculated to strengthen internal and external credit and suitable for adoption by countries contemplating a modification of their existing legislation on these subjects ".

The discussion in the Second Committee, which led to the adoption of the above resolution, was specially concerned with the situation of the countries of Central and Eastern Europe.

This decision of the Assembly was submitted to the Financial Committee for comment and, at its sixty-fifth session, the Financial Committee drew up a programme of general considerations to guide the Economic and Financial Organisation in its preparatory work and investigation.

Later, the Secretary-General commissioned M. Louis Tardy, Honorary Director-General of the Caisse nationale de Crédit agricole, Paris, whose eminent services to agriculture are well known, to undertake a study of the problem of agricultural credit in various countries. M. Tardy's report constitutes one facet of the work in connection with agricultural credit with which the Economic and Financial Organisation of the League was charged by the Assembly. The Financial Committee considers that the mandate given to it by the Assembly of 1937 requires, in addition, a study of agricultural credit in relationship to general economic conditions. It hopes, in its next report, to be able to deal with certain wider aspects of the problem and especially with the question of agricultural credit in relationship to present world agricultural conditions.

At the present session, however, the Financial Committee was asked to comment on the report prepared by M. Tardy. After having had the advantage of hearing him, the Committee has formulated the following observations :

From a perusal of the report, it would appear that M. Tardy has had mainly in mind the credit problems which present themselves when a primary object of social policy is rural resettlement, including the adaptation of agriculture to the conditions created by more or less recent changes in land tenure, or when the object of such policy is to afford support or relief to the agricultural population. On the assumption that these aims are postulated as desirable, M. Tardy's main concern — that of dealing with the nature of such assistance — is clearly of importance. These limits, however, have naturally affected the extent to which the study deals — or deals directly — with certain related problems of a general financial policy.

Any report on such problems would require a full discussion of the means of preventing credit extended to agriculture from being absorbed in land speculation and from resulting in an over-supply of agricultural products or certain classes of such products ; it would also require a careful consideration of the influence of subsidies to agriculture, in whatever form, on the public finances of the State and the influence of various forms of agricultural credit mechanisms on the foreign credit standing of the State.

The Committee feels that all specific proposals for agricultural credit must be considered with the wider problems of economic equilibrium in mind. In attempting to deal with the crisis in agriculture of recent years, States have been forced to subsidise farmers, to arrange artificially low interest rates on their borrowings, to grant moratoria and to relax terms of amortisation. Each country, when acting to alleviate a critical situation, should bear in mind the danger inherent in applying these devices in such a way as to aggravate the general situation.

The Committee desires to make one further observation of a more specific character with regard to the recommendation that banks of issue should grant, whenever possible, special terms as to interest and duration in connection with the rediscounting of paper submitted by agricultural credit institutions. Agriculture differs essentially from industry, as the report points out, inasmuch as the period of production is necessarily longer, being dependent on the seasons, and adaptation, contraction and expansion are necessarily slower. These are facts of which the central bank must indeed take cognisance, and in countries largely dependent on agriculture, they may have an important influence on central banking legislation and central banking policy. But the primary function of central banks is, and must be, that of controlling the whole credit structure of the country so as to promote economic activity and maintain the value of the money. This primary function should, in the opinion of the Committee, never be sacrificed.

But in some countries where a special agricultural bank exists, the efficiency with which the central bank is able to conduct its monetary policy may be dependent on its relationship to that institution. In the course of its work, the Financial Committee has had frequent occasion to observe in actual cases that the practice of these central agricultural

credit institutions, unless kept on rigorously defined lines, may lead to the development of serious problems for the national economy as a whole. Accordingly, the Committee proposes to include among its own contemplated investigations into agricultural credit a study of the fundamental principles on which the rules governing such institutions should be based.

(b) MONETARY AND CREDIT POLICY IN AGRICULTURAL COUNTRIES

The Assembly of 1938 requested the Economic and Financial Organisation "to advise upon the fundamental principles of monetary and credit policy which might be applied in agricultural countries with a view to diminishing the influence of fluctuations in the balance of payments on the credit structure and the rate of exchange".

The Financial Committee had a preliminary discussion on this subject on the basis of a note prepared by the Secretariat and decided on the procedure to be followed for its further study. It requested its Chairman to convene a sub-committee to formulate recommendations on this subject, should he consider such a course advisable. It contemplates that it may be necessary for him to invite at the same time certain specially qualified persons who are not members of the Financial Committee, and accordingly requests the authorisation of the Council for this action.

(c) MEDIUM-TERM INDUSTRIAL CREDIT

The Assembly of 1938 also requested the Economic and Financial Organisation "to study methods of providing medium-term credit to industry". The Financial Committee had a general exchange of views on this subject and came to the conclusion that the wish expressed by the Assembly could best be met by an exposition of the methods most successfully applied in the provision of medium-term credit to industry in a number of selected countries. Various members of the Committee undertook to furnish information regarding their own countries, and material will also be obtained from other sources; it is proposed to set out the information thus obtained, analyse it, and make some general comments on the problem in the next report of the Financial Committee.

II. HUNGARY

In view of the unusually rapid changes in the financial situation which are taking place in Hungary, no report has been made on the situation there and the Financial Committee has not considered this question at its present session.

III. BULGARIA

The Financial Committee examined the financial and economic situation of Bulgaria with the assistance of M. D. Karadjoff, Permanent Delegate to the League of Nations.

It heard statements from M. Cheysson, League of Nations Commissioner in Bulgaria, and M. N. Köstner, Adviser to the National-Bank of Bulgaria, and examined the forty-seventh and forty-eighth reports of the League Commissioner, a statement on the financial situation of Bulgaria prepared by the Minister for Finance, and a statement on the situation of the Bulgarian National Debt prepared by the Director-General of the National Debt.

1. The accounts for the administration of the State and Railway budget for the first ten months (*i.e.*, to the end of October 1938) are as follows :

	State	Railways		Total
	(In millions of leva)			
Actual income	6,199.7		1,784.8	7,984.5
Expenditure :				
Disbursements	5,656.1	1,552.6		
Accounts outstanding	461.8	172.1		
	<u>6,117.9</u>	<u>1,724.7</u>		<u>7,842.6</u>
Surplus	81.8	60.1		141.9

The total income of the State and the Railways for the first ten months of 1938 exceeds the corresponding total for 1937 by 6.5%.

It also exceeds the budget estimates by 5%.

Since the end of August, income has been in excess of expenditure, including accounts outstanding; the situation is developing similarly to last year, and it already seems probable that there will be a surplus on the budget in 1938, as there was in 1937.

2. The Bulgarian Government has just received authority from Parliament to pursue its efforts to improve the country's military and economic equipment.

The credits recently opened for this purpose amount to 5,800 million leva, of which 4,250 millions are for military supplies, 1 milliard for purchases for the Railways, and 550 millions for public works.

Purchases will be paid for in Treasury bonds bearing interest at a maximum rate of 6% per annum and repayable in not more than twelve years beginning in 1942. From that year onward, the budgets will be relieved of a large part of the annual payments now being made for the amortisation of debts contracted since 1934 for miscellaneous outlays.

The credits required for the execution of commitments already undertaken, or to be undertaken (interest and amortisation), will be provided in the budgets of the Ministries concerned. Credits opened in 1938 for the service of bonds previously issued (including borrowings for the Railways) amount to 591.9 million leva. It may be foreseen that the amounts so granted will have to be increased considerably from 1942 onwards.

3. The budget estimates for 1939 have not yet been laid before the Bulgarian Parliament. In the preparation of this budget, the Bulgarian Government is faced by a number of difficulties. The recently granted debt moratorium and the possibility of a revision of the law to ease the situation of debtors have already caused a very appreciable fall in the receipts of the Caisse d'Amortissement; and that Fund may prove unable to continue to meet its liabilities without a further subsidy from the State. The much higher price paid to farmers for wheat by the Cereal Board than can be obtained on the world market may leave that body with a large deficit, which will have to be borne by the State budget.

4. The Financial Committee took cognisance of the Agreement of December 1st, 1938, between the Bulgarian Government and the associations of holders of Bulgarian bonds.

The Bulgarian Government has, in execution of the Agreement of December 24th, 1936, regularly paid and transferred 32½% of the amounts contractually specified for the service of foreign loans up to December 31st, 1938. It has now entered into the following commitments for the period up to January 1st, 1940:

(1) The Bulgarian Government will provide the full service of the foreign loans in its budget for the financial year 1939.

(2) At the beginning of the financial year 1939, the Bulgarian Government will hand to the League Commissioner non-interest-bearing bonds representing 61¾% of the interest and the full amount of the sinking fund where this applies.

(3) The Bulgarian Government will pay and transfer, at the dates specified in the loan contracts: 36½% of the coupons falling due on or before July 1st, 1939, and 40% of the coupons falling due between July 2nd, 1939, and January 1st, 1940.

(4) At the end of the financial year 1939, when the Bulgarian Government has duly transferred the sums provided for in the new agreement, the League of Nations Commissioner will return to it the bonds referred to in (2) above.

(5) The Bulgarian Government undertakes that, if it accords more favourable treatment to any other foreign obligation due from, or guaranteed by, the Bulgarian Government, it will accord at least as favourable treatment to all the loans covered by this Agreement.

(6) The Bulgarian Government undertakes to discuss the future service of these loans with the bondholders' committees before it frames its budget for 1940 and, in any case, before the end of the first week in December 1939.

5. Three tendencies have influenced the balance of payments with free-currency countries since the beginning of the current year:

(a) The reduction in exportable surpluses resulting from deficient secondary crops;

(b) The reluctance of the Cereal Board to export its stocks of wheat at the present low level of wheat prices in world markets;

(c) The reversal of foreign trade trends described later in the report.

6. The total monetary circulation tends to remain at a higher level than last year, the increase being due mainly to the withdrawal of bankers' deposits at the National Bank, which have fallen from the high level of 2,316 million leva on July 15th to 1,269 million leva on October 15th, 1938. A comparison of the balance-sheets of the Agricultural and Co-operative Bank for the end of June and the end of September reveals a drop in the bank's cash reserve and current account with the National Bank from 2,023 million leva to 852 millions; this item alone, therefore, is sufficient to account for the increase of 929 million leva in the monetary circulation between July 15th and October 15th, 1938. The balance-sheets further show that three-quarters of the withdrawals from the Agricultural and Co-operative Bank were due to loans and advances to public bodies or to withdrawals of public fund monies deposited with the Bank. The situation which has been described in previous reports of the Committee (*cf.* page 3, paragraph 7, of the report on the sixty-sixth session, and page 9, paragraph 8 (c), of the report on the sixty-fifth session) has thus undergone a rapid change. The present situation will no doubt receive the special attention of the Minister of Finance, who in accordance with the Protocol of 1928 has the power, jointly with the Minister of Agriculture, to supervise the general financial policy of the bank.

7. Though the figures for the 1938 crop have not yet been published, it appears from the available information that the winter crops were, in general, satisfactory and, in the case of wheat, excellent. The spring crops suffered from drought, and many of them do not even seem sufficient to cover the requirements of domestic consumption, as is indicated by increases in local prices. The tobacco crop is smaller this season, but of good quality. As stated above, substantial stocks of wheat have been accumulated in the hands of the Cereal Board.

8. The indices of industrial production, factory sales and co-operative retail trade, together with the traffic returns of the Railways, all seem to show that the level of internal trade and industrial activity is somewhat higher than last year.

9. The foreign trade statistics for the first ten months of 1938, compared with the corresponding period of 1937, show a reduction in import values from 4,038 million leva to 3,793 million leva, an increase in exports from 3,932 million leva to 4,018 millions, and a favourable balance of 225 millions as against an unfavourable one of 106 millions in the first ten months of 1937. As, however, the 1938 figures include the compensation premia on foreign exchange, care must be taken in drawing conclusions from the comparison with 1937.

10. A particularly striking feature of the foreign trade situation is the increase of 547 million leva in exports to the two most important clearing countries — Germany and Italy. These two countries between them absorbed nearly two-thirds (64%) of the total value of Bulgarian exports in the first ten months of 1938 as compared with 50% last year. If exact allowance could be made for the exchange premia, it would undoubtedly appear that exports to free *devisen* countries have undergone a decline which is greater than the rise in exports to Germany and Italy. This development would appear to be due to the fact that the lev is undervalued in relation to certain controlled currencies and overvalued in relation to free currencies.

IV. ESTONIA

The Committee examined the eleventh annual report by the Trustee of the 7% Estonian Banking and Currency Reform Loan of 1927 and the reports by the Eesti Pank for the quarters ending March 31st and June 30th, 1938.

The Estonian Government has regularly met the full service of its loan and the present situation calls for no special observations. But the Committee desires to record its appreciation of the very detailed and illuminating information on the economic and financial situation in Estonia regularly furnished to it by the Eesti Pank.
