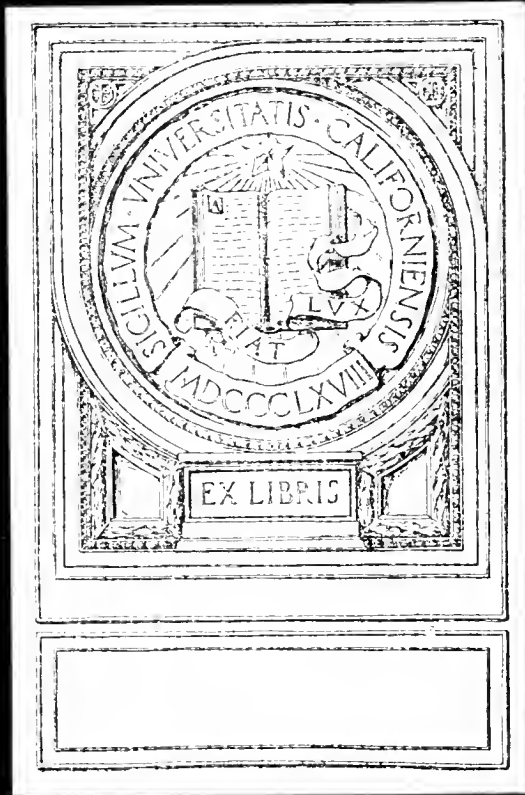


IHC
267
A2A6
1922

UC-NRLF



C 2 757 251



ANNEX No 1501

REPORT BY THE BUDAPEST BUREAUX
ON THE ECONOMIC AND FINANCIAL SITUATION
OF HUNGARY.

(Digest made by the Information Service together with observations by that Service.)

NOTE. — As the report drawn up by the Budapest Bureaux, under the direction of M. HERBERT included, with its annexes, more than 1,500 typewritten pages, the Information Service was requested by the General Secretariat to make a digest concise enough to be printed.

This digest was represented by the italicised parts of the present annex.

The observations made by the Information Service are printed in ordinary type.

The footnotes on each page refer to the corresponding chapters of the report from the Budapest Bureaux and its annexes. The full text of this report may be found in several copies in the Registry under reference No 202/3.

Confidential

70 1000
APPROX. 100

FHC 267
A246
1922

REPORT BY THE BUDAPEST BUREAUX

ON THE

ECONOMIC AND FINANCIAL SITUATION OF HUNGARY.

(Digest made by the Information Service together with observations by that Service.)

The Schedule of Payments of May 5, 1921, lays down the figure of 132,000,000,000 gold marks, as representing the total amount of Germany's reparation debt subject to the deduction of « any sums received from other enemy or ex-enemy Powers in respect of which the Commission may decide that credit should be given to Germany ». Among these sums are the payments which the Reparation Commission may claim from Hungary under the terms of Article 163 of the Treaty of Trianon, with the exception of those devoted to the amortisation of that portion of the Hungarian debt for which Germany is not jointly responsible (1).

It may be well to point out that the Financial Agreement of March 1922, which represents the decisions adopted by the Conference of Allied Finance Ministers held in Paris, in no way affects the amount of this debt; certain errors of interpretation, however, may occasionally have been committed. Article 11, which recalls the mandate given to the Commission to fix the reparation debt of Hungary, merely settles a question of the apportionment of the sums to be obtained from Germany and from her former allies. Whatever the amount of the debt fixed for Austria and Hungary, the States with credits against these countries will, in accordance with the percentages laid down in Article 2 of the Spa Agreement, receive bonds representing a portion of the total debt of 132 milliards, the amount of which « shall not be less than the total of the value of the properties transferred by Austria and Hungary under the Treaties of St. Germain and Trianon, plus six milliards of gold marks and of the Bulgarian debt; this question is merely one of the *apportionment* of these sums, and is quite distinct from that of their origin. The problem of the *determination* of the Hungarian debt in accordance with the resources and with the capacity of the country still remains to be settled.

The report submitted by the Bureaux of the Reparation Commission at Budapest (drawn up under the direction of M. HERBERT between November 4th 1921 and May 1st 1922) contains the data information necessary for the consideration of existing Hungary's capacity to pay. Its conclusions apply solely to the further debt which this country might assume, apart from the cessions and deliveries effected in the past; the question is therefore that of the determination of the Hungarian reparation debt, in excess of the value of property situated in ceded territories; these values and those of all other deliveries or cessions already effected (withdrawal of the Armies of Occupation after the armistice, etc.) will be determined at a later date by the Reparation Commission (2).

(1) See Annex No. 1101 and Decision 1579.

(2) See Introduction to the report of the Budapest Bureaux pages 3 and 4.

*
* *

This determination is dependent in the first place upon the *economic resources of Hungary*. It is also dependent on the *budget receipts* at the disposal of the Hungarian Government for the compensation of those of its nationals who may make reparation deliveries, either directly or indirectly.

There are therefore two aspects to the problem of Hungary's capacity to pay : the economic and the financial. The question must be examined from both points of view.

The repayment of deliveries effected by Hungarian nationals is however merely a question of the distribution of wealth within the community. Before examining the Hungarian budget and the possible resources at its disposal in the future, we must therefore consider how and to what extent the economic resources of Hungary can meet her obligations, apart from the interior problem of State finances.

I

HUNGARY'S ECONOMIC RESOURCES.

(Economic aspect of the question.)

	No of pages of the present digest.	Corresponding pages of Budapest Report.
Payments in kind and payments in specie	P. 5	
A. — <i>Production.</i>		
General remarks on Hungary	P. 6	P. 11 to 30 and Annexes 1, 2, 3, 138, 139, 140.
1. AGRICULTURE :		
General remarks	P. 6	P. 31 to 77 and Annexes 4 to 17, 48, 49, 141 to 146.
Wheat, rye	P. 7	P. 78 to 91 and Annexes 12 to 24, 48, 49.
Other products	P. 8	P. 92 to 123 and Annexes 12 to 17, 25 to 49.
2. LIVESTOCK :		
Horses	P. 8	P. 124 to 127 and Annexes 50 to 57, 147, 148, 150, 163 to 165.
Swine	P. 9	P. 130 to 131 and Annexes 50 to 53, 147, 157 to 159, 163 to 165.
Cattle	P. 9	P. 127 to 130 and Annexes 50 to 53, 147, 151 to 153, 163 to 166.
Other animals	P. 9	P. 131 to 143 and Annexes 50 to 53, 147, 154 to 156, 160 to 165, 167 to 174.
3. INDUSTRY :		
General remarks and coal	P. 10	P. 145 to 158 and Annexes 54 to 61, 64, 175 to 183, 197, 198.

Agricultural industries.....	P. 10	P. 174 to 185 and Annexes 62, 63, 192 to 195.
Metallurgic and mechanical industries.....	P. 10	P. 159 to 162 and Annexes 184, 185.
Other industries.....	P. 11	P. 163 to 173 and 186 to 191 and Annexes 186 to 191, 196.

B. — Commercial balance.

Statement of the situation.....	P. 11	P. 399 to 404.
1. FOREIGN TRADE.....	P. 11	P. 399 to 452 and Annexes 133 and following.
Present deficit, Trade policy and communications..	P. 15	P. 217 to 228 and 192 to 215 and Annexes 65, 66, 197 to 202.
2. OTHER FACTORS IN THE COMMERCIAL BALANCE.....	P. 13	P. 453 to 454 and Annex 226.
Constant factors.....	P. 13	P. 455 to 471 —
Variable factors (including the study of private financial institutions).....	P. 15	P. 230 to 277, 472 to 478 and Annexes 67 to 80.
Remarks on the economic resources of Hungary...	P. 16	P. 15 to 19.

II

RESOURCES OF THE HUNGARIAN BUDGET.

(Financial aspect of the question.)

ISSUE OF BANK NOTES.....	P. 17	P. 269 and Annex 220.
BUDGETARY DEFICIT.....	P. 17	P. 311 to 318 and Concluding Tables p. 370, 371, 394, 395, 396, 397.
Expenditure.....	P. 18	P. 318 to 371 and Annexes.
Receipts.....	P. 18	P. 372 to 395 —
FISCAL POLICY.....	P. 19	P. 278 to 305 —
Existing taxes.....	P. 19	} P. 278 to 305 —
Returns from existing taxes.....	P. 20	
Possible increase of returns.....	P. 20	
Further taxation.....	P. 20	} P. 372 to 395 —
Remarks on the Hungarian budget resources and on Hungary's capacity to pay.....	P. 20	

I. — ECONOMIC RESOURCES OF HUNGARY.

The examination of the commercial balance, that is, of the economic relations between Hungary and foreign countries, would strictly be sufficient to estimate the resources of Hungary available for the payment of reparation. With a view however to ascertaining what alterations may take place in the present situation, we will, in the first place, examine the production of Hungary, that is, her capacity to make delivery *in kind*. We will then examine her foreign trade and general balance sheet, that is, her opportunities of procuring *foreign currencies*.

A. — PRODUCTION.

The area [about 95,000 square km.] [1] of the new Hungary created by the Treaty, is 28 % of pre-war Hungary, and her population (almost 8,000,000 inhabitants) [2] is 37 % of that of former Hungary. The population is very homogeneous and principally occupied in agricultural pursuits; it generally leaves industry, banking and trade to the Jews, who, in spite of the present anti-Semitism, are very active. The portion of the population engaged in agricultural pursuits is proportionately smaller, however, than in former Hungary, owing to the numbers of the population of Budapest (1,000,000 inhabitants), which has remained the capital of Hungary (3).

The extremely fertile soil of Hungary, which affords abundant crops and allows the breeding industry to be followed with profit, constitutes her main source of wealth; mineral resources are scanty; industry is unimportant, except agricultural industry, in spite of the efforts made in this direction before the war; the means of communication are undeveloped, although the central position of Hungary makes of that country a normal transit region, and although the Danube, now greatly obstructed with sand, forms a splendid natural route across the Hungarian plain (4).

I. — AGRICULTURE.

Former Hungary offered the appearance of a vast agricultural plain bordered by heights generally covered with woods. The lower portion only of this basin is now Hungarian, and even of this the southern portion (in particular the Banat of Temesvar) is outside the boundaries of New Hungary.

The country has thus lost 82-83 % of its pre-war forests, but has kept 43 % of its arable land and 69 % of its vines, whereas 28 % only of the former territory has remained Hungarian. 6 % of the area of New Hungary is unproductive (5); almost 60 % consists of arable land, the remainder being constituted by forests, pastures and vineyards. Irrigation and the drainage of marshes might still further increase the proportion of land capable of cultivation (6).

The system of large estates prevails in Hungary; 68 % of the area covered by large estates of over 560 hectares has remained in the possession of Hungary. Nearly half these large estates are mortmain property belonging to the State, the Churches or the Communes. The law of December 1, 1920, provided for agrarian reform; its application however would appear to have been postponed for political reasons. The economic consequences of a subdivision would probably be a reduction of output during the first few years of the new regime (7).

The State exercises great influence over Hungarian agriculture, not only by means of the organisation of instruction in agriculture (8) and of model estates, but more especially by means of laws regulating the rotation of crops (9); the principle of these laws is peculiar to Hungary, but their application is not strictly supervised. In spite of the existence of credit co-operative organisations (10),

(1) Portugal 91,000 square km.

(2) Belgium 7,700,000 inhabitants.

(3) See Report from Budapest Bureaux page 11. Annexes 1, 2, 3 et 138.

(4) See Report from Budapest Bureaux page 15. Annex 138.

(5) France 9.4 %; Belgium, 12 %; Gr. Britain, 15 %.

(6) See Report from Budapest Bureaux page 36, Annex 229.

(7) See Report from Budapest Bureaux pages 40 and the following, Annexes 4, 141, 142, 144, 145, 146.

(8) See Report from Budapest Bureaux page 57, Annex 143.

(9) See Report from Budapest Bureaux pages 41 and the following.

(10) See Report from Budapest Bureaux pages 54 and the following.

the development of Hungarian agriculture and its output have remained below the results obtained in most other countries, even those which are less fertile. The very recent introduction and comparatively slow progress of moticulture, the habit of ploughing very superficially and the slight use of fertilisers explain these backward conditions which justify the anticipation of great improvements in the situation of Hungary in the future. The fertility of the soil, in fact, places this country in a particularly favourable situation, which can be compared with that of no other country in Europe, save certain regions of Russia.

WHEAT, RYE (1).

Hungary has kept 46 % of the area of the former Kingdom sown with wheat and 63 % of the area sown with rye. These proportions represent 1,500,000 and 600,000 hectares (2) devoted to the production of bread cereals. The 1920 and 1921 statistics, however, show a marked reduction in the area sown with wheat; the peasants and the communes appear to have returned figures which are too low, in order to avoid State requisitions.

Before the war, these areas produced 18,300,000 quintals of wheat and 7,500,000 quintals of rye, that is, for wheat 49 % and rye 65 % of the total output of the former Kingdom. The production reported in 1921 is only 12,800,000 quintals of wheat and 5,600,000 quintals of rye; the report from the Budapest Bureau, however, reaches the conclusion that it is possible to use the average pre-war figures as a basis (3).

This production represents an average output per hectare of the land sown (4) of about 13 quintals of wheat and 12 quintals of rye, which are below the figures quoted for most European countries (5), but comparable to the output of American countries, which produce cereals on a large scale.

As compared with the population, however, the annual output of Hungary is considerable : 2,287 quintals of wheat and 937 quintals of rye per thousand inhabitants (6), as against 2,147 and 603 in former Hungary, which nevertheless exported cereals on a large scale. Such quantities obviously exceed the requirements of the population and leave a considerable margin for exportation (7).

Hungary's annual consumption of bread cereals before the war was 182.3 kgs. per head; the report from the Budapest Bureau admits a consumption in food of 1,400 quintals of wheat and 400 quintals of rye per thousand inhabitants, or the utilisation under this heading of 11,200,000 quintals of wheat and 3,200,000 quintals of rye. If, for seed purposes, we assume that 190 Kgs. of wheat or rye are required per hectare, we are led to deduct another 2,850,000 quintals of wheat and 1,260,000 quintals of rye from the output.

These deductions made, there still remains an average annual surplus of 4,250,000 quintals of wheat and 3,040,000 quintals of rye, representing, at pre-war rates (8) a value of 145,000,000 gold crowns.

It is of course impossible to demand that Hungary deliver the whole of this surplus as

(1) See R. B. P. B. pages 79 and the following, 85 and the following.

(2) See Annexes 12, 13, 20, 21.

(3) See Annexes 12, 13, 15, 17, 20, 21, 22.

(4) See Annex 16.

(5) Belgium 25 and 22 %; Germany 21 and 18 %; Denmark 32 and 17 %.

(6) United States, 1,762 quintals of wheat and 83 of rye per thousand inhabitants; Germany, 610 and 1,668.

(7) See Annex 23.

(8) 22.5 crowns per quintal for wheat and 16 crowns per quintal for rye.

reparation in kind, since a large portion of these cereals are indispensable to her near neighbours, and particularly to Austria. These deliveries, however, are not made gratis; Hungary receives payment, either in currency or in commodities, for the exports which the considerable surplus of her agricultural output over her requirements enables her to make.

OTHER AGRICULTURAL PRODUCTS.

Other agricultural products are far less important in Hungary. The report from the Budapest Bureaux estimates the surplus of barley(1) at 1,600,000 quintals with small available quantities of oats(2), potatoes(3) and tobacco(4); the production of the latter commodity may be increased.

The vineyards(5) produce about 2,000,000 hectolitres of wine, the exportation of which, in 1920, amounted to 1,000,000 hectolitres, of a value of about 42,000,000 gold crowns. This is one of the sources of Hungary's wealth; one of the factors which should enable this country to reach commercial equilibrium, and even to obtain a credit balance.

The timber output(6) is no longer even sufficient to meet the requirements of the country, since some of the famous oaks formerly known as Hungarian oaks are now outside her frontiers, and since 93 % of the pine forest have been ceded to Roumania or Czecho-Slovakia.

2. — LIVESTOCK (7).

Breeding in Hungary is of far less importance than cereal growing: with the exception of horses and swine, the proportion of animals to the number of inhabitants was lower in former Hungary than in most other European countries, and is even lower in the new Hungary(8).

Being unable to obtain information concerning the annual output of stock breeding or as to home requirements, the Budapest Bureaux have considered the pre-war export figures, and, taking into account the ration between the export figures and the totals, the export figure and the number of animals per thousand inhabitants and per hectare of arable land, have fixed a probable annual margin.

HORSES (9).

Before the war, the territories forming present Hungary possessed 900,000 horses, or 118 per thousand inhabitants(10) or 163 per thousand hectares of arable land; this number is now reduced to 685,000, that is, 86 horses per thousand inhabitants or 124 per thousand hectares of arable land. This reduction of about 24 % is due to war and post-war requisition.

(1) See Report from Budapest Bureaux pages 92 and the following, Annexes 12, 13, 14, 15, 16, 17, 21, 22, 25, 26.

(2) See Report from Budapest Bureaux pages 95 and the following, Annexes 12, 13, 14, 15, 16, 21, 28, 29, 30.

(3) See Report from Budapest Bureaux pages 99 and the following, Annexes 12, 13, 15, 16, 17, 21, 34, 35, 36.

(4) See Report from Budapest Bureaux pages 103 and the following, Annexes 16, 17, 39, 40.

(5) See Report from Budapest Bureaux pages 109 and the following.

(6) See Report from Budapest Bureaux, pages 117 and the following.

(7) See Report from Budapest Bureaux, page 124.

(8) See Annex 147.

(9) See R. B. P. B., pages 124 and the following, Annex 148.

(10) France 61; Germany 49; Roumain 145; Denmark 182.

The breeding of asses and mules is not extensive in Hungary, and the exportation will probably be inconsiderable (1).

Before the war, Hungary exported about 2.47 % of her horses. It would now be difficult to reach this proportion, since the number of horses per hectare is lower than the pre-war number of horses working on the land. The Budapest Bureaux admit that 2 % is a likely figure; this gives an annual margin of 13,000 horses (2), representing a total value of 8,000,000 gold crowns.

In point of fact, the exportation of horses, which was only 2,000 head in 1920, had already reached 9,500 in 1921. The deliveries now required of Hungary by the Reparation Commission amount to 3,750 head.

SWINE (3).

Hungary now raises over 2,650,000 swine, representing, as compared with pre-war figures for the same territories, a reduction of 21.5 %. The main cause of this reduction would appear to be the greater difficulty in obtaining maize, which is now grown mostly outside the frontiers of Hungary. The annual margin is 185,000 swine, of a value of 30,000,000 gold crowns; the deliveries required by the Reparation Commission amount to 7,000.

CATTLE (4).

A considerable development would appear possible in the raising of cattle: the figure for 1920 (1,950,000) is only 10 % lower than the 1911 figure for the same territories. The number of animals (243 head of cattle) per thousand inhabitants, however, is lower in Hungary than in most other countries, although Hungary is essentially an agricultural country (5). The increase in the density of the Hungarian population renders an increase in the meat consumption probable. For this reason, it would not appear likely that the margin available annually for exportation would in future exceed 85,000 head (6), of value of about 38,000,000 gold crowns. The Reparation Commission has demanded advance deliveries of 13,000 head of cattle.

OTHER ANIMALS (7).

5,000 sheep are also claimed, but Hungary does not appear to be in a position to increase the exportation of these animals. The report of the Budapest Bureau even states that, by reason of a reduction of 45 % between 1911 and 1920, in the number of sheep existing in the territories of present Hungary, "the output is certainly below the requirements of the country" (8).

A surplus exists, however, in regard to poultry (9): the main outlet at the present time is Italy: the available margin estimated at 20 % of that of former Hungary, has a value of about

(1) See R. B. P. B., page 127, Annex 160.

(2) See Report from Budapest Bureaux, Annexes 53, 149, 165.

(3) See Report from Budapest Bureaux page 130, Annexes 53, 157, 158, 159, 165.

(4) See Report from Budapest Bureaux, page 127 and the following, Annexes 53, 151, 165, 166.

(5) Denmark 710, France 336, Germany 300, Great Britain 282 head of cattle per thousand inhabitants.

(6) See Report from Budapest Bureaux, Annex 153.

(7) See Report from Budapest Bureaux page 131 and the following.

(8) See Report from Budapest Bureaux, Annexes 53, 154, 156, 165.

(9) See Report from Budapest Bureaux page 136, Annexes 167, 168

6,000,000 gold crowns. We should also mention animal products (1), as well as fish (2) and game (3), although, in this respect, the present situation of Hungary cannot be compared to what it was before the war : the reserves of large game are now situated outside the frontiers, and the exportation of hares, partridges and ducks alone remains possible.

3. — INDUSTRY (4).

Those products of Hungarian industry which are of real importance in Hungary's economic relations with other countries, are the products of agricultural industry and those of metallurgic and mechanical industry.

The coal output, minus the deliveries to the S. H. S. State under the terms of the Treaty, is not sufficient to cover the requirements of the country. The iron ore output is exported to Czecho-Slovakia, whereas the Hungarian blast furnaces import far greater quantities (5).

AGRICULTURAL INDUSTRIES (6).

The considerable importance of agriculture in the economic life of Hungary becomes apparent when we examine the export figures. The cereal surplus noted above is not exported whole, but ground. Budapest, which is the second town in the world for the number and size of her mills, and a great corn market, was the centre around which mills (7) were built. The cereals of former Hungary, and owing to the regime of temporary admission, those of foreign countries, Indian and Chinese rice for instance, were ground by the steam mills of Budapest, which can handle annually about 14,000,000 quintals. In view of the existence of mills outside the capital, the capacity of Hungarian mills is now far above the cereal output of the country. This fact might be taken into account in case deliveries in kind were contemplated : Hungarian flour might be claimed in preference to corn. In 1921, the flour exported amounted to 1,250,000 quintals of a minimum value of 35,000,000 gold crowns.

According to the findings of the Budapest report, the distilleries (8) would appear to be in a position to export 300,000 hectolitres of spirits; the macaroni and tinned food factories are capable of considerable expansion. Sugar factories (9) alone have now lost their pre-war importance : their output is not sufficient to meet the requirements of the country. Almost half of them have remained Hungarian, but they are now separated from the beet producing centres. Hungary can no longer occupy a place among sugar exporting countries.

METALLURGIC AND MECHANICAL INDUSTRIES (10).

Whereas, with a single exception, the iron mines are now outside the boundaries of Hungary, there are still blast furnaces on the northern frontiers whose pre-war output was 40 % of the total

(1) See Report from Budapest Bureaux page 140 and the following, Annexes 172, 173, 174.

(2) See Report from Budapest Bureaux page 139, Annexes 170, 171.

(3) See Report from Budapest Bureaux page 138, Annexes 170, 171.

(4) See Report from Budapest Bureaux page 145, Annexes 55 to 61, 64, 175, 176, 179, 181, 182, 183.

(5) With regard to mines, see Budapest Report page 154 and the following, Annexes 54, 177, 178, 227.

(6) See R. B. P. B., page 174, Annexes 56, 58, 59, 61, 63.

(7) See R. B. P. B., page 175, Annexes 58, 59, 61, 65.

(8) See R. B. P. B., page 177 and the following, Annexes 56, 63.

(9) See R. B. P. B., page 181 and the following, Annexes 194.

(10) See R. B. P. B. page 158 and the following, Annexes 56, 58, 59, 61.

output of the country. In the present state of commerce in Central Europe, this industry is suffering for the moment from a shortage of raw materials.

The iron and steel production is handled near Budapest in workshops (1) which have been considerably extended as a result of the war, and have maintained their activity. 90 % of the former concerns have been left to Hungary; the mechanical construction industry, which was able in the past to hold its own against Austrian and Bohemian competition, has received further impetus; assisted now apparently at any rate by the depreciation of Hungarian exchange, this industry supplies the Balkans and even Western countries with agricultural machinery and metal working machines, as well as dynamos, electric bulbs and apparatus. The gold value of exports was certainly greater in 1921 than in 1913.

OTHER INDUSTRIES.

Saw mills(2), furniture factories(3), tanneries(4) and more particularly paper mills(5) have lost their former position. Chemical(6) and textile(7) industries appear to be of only local importance.

B. — COMMERCIAL BALANCE(8).

Hungary must therefore depend mainly on her agriculture to procure assets. Agriculture supplies, in kind, those objects which serve for international trade. Hungary is one of those rare countries in which the saying is true that : "All riches come from the soil."

Such a situation gives to the problem of Hungarian reparation a very different aspect from that of German reparation. The surplus of German production is an industrial surplus, and its delivery runs the risk of meeting the opposition of the national industries of those Allied countries whose general economy is of the same type as that of Germany. The Hungarian surplus on the contrary is agricultural, and the danger of competition is therefore much smaller even for the agricultural countries of the Entente, since the war devastation necessitates readapting the methods of cultivation and re-stocking the land in these countries.

It is therefore to the interest of the Allied countries that Hungarian production should be intensified. It is impossible, however, to devote the whole of the surplus output to the payment of reparation. Hungary's industrial deficit and her lack of raw materials necessitate large imports which must be balanced by corresponding exports.

I. — FOREIGN TRADE AND COMMUNICATIONS (9).

Hungary now publishes the results of foreign trade only as regards quantities. The Budapest report contains an approximate valuation, which points to a commercial deficit of

(1) See R. B. P. B., page 161, Annexes 57, 58, 59, 61, 185.

(2) See R. B. P. B., page 164.

(3) See R. B. P. B., page 164 and the following, Annexes 58, 59, 61, 187.

(4) See R. B. P. B., page 167, Annexes 58, 59, 61, 188.

(5) See R. B. P. B., page 173, Annexes 58, 59, 61, 191.

(6) See R. B. P. B., page 186, Annexes 58, 59, 61, 196.

(7) See R. B. P. B., page 168 and the following, Annexes 58, 69, 61, 189.

(8) See R. B. P. B., page 399.

(9) See R. B. P. B. page 405 and the following.

200,000,000 gold crowns, in 1920. This deficit is reduced to 185,000,000 gold crowns if we consider the period from July 1st, 1920, to June 30th, 1921, and to 130,000,000 in 1921 (1). This rapid improvement seems likely to continue, and we may, without undue optimism, hope that a commercial credit balance will shortly be obtained.

This balance will be obtained by an increase in the value of exports rather than by a reduction in the value of imports (2), which are already much smaller than in former Hungary (3), in spite of the fact that 1920 and 1921 have been years of reconstruction. Sumptuary imports are scarce and of little value. The main items of the deficits are textiles (4), fuel (5), paper (6), leather articles (7) and iron (8); those which, on the contrary, show an excess of exports over imports are foodstuffs, animal products and mechanical articles (9).

The rapid resumption of Hungarian foreign trade may be illustrated by a few figures: in 1920, 15,000 quintals of flour only were exported, whereas 140,000 had to be imported from America (10); in 9 months of 1921, the export figure reached 386,000 quintals, with no importation, and for the whole of 1921, the export figure reached 1,257,000 quintals. From one year to the next, the exportation of horses increased tenfold; swine exports are being resumed (11). The machine trade (12), which showed a deficit of 18,000,000 gold crowns in 1920, owing to the reconstruction of plant, had a gold crown credit balance of 6,000,000 in 1921. One after the other, the former outlets have been re-opened and business is being resumed on former lines (13). In 1920, Czecho-Slovakia received only 10% of the tonnage of Hungarian exports: this proportion rose to 27% in 1921; in the case of the Serb-Croat-Slovene State it rose from .06 to 6%; for Roumania, from .03 to 2%.

These various tendencies show a return to notions of economic solidarity, after a period of reserve due to the political consequences of the war. On account of the obligations imposed upon Hungary by the Peace Treaty, this country is not free to determine her own commercial policy (14); since the Allied and Associated States must automatically derive a benefit from such advantages as might be the result of a commercial treaty with any country, Hungary can only conclude with her neighbours reciprocity conventions or contingent agreements. She has availed herself of this right to sign agreements, renewed periodically, with Austria, Czecho-Slovakia, Poland, Germany and Switzerland. The customs policy (15) of Hungary, however, has not yet been determined; the Austro-Hungarian tariff of 1907 (protective tariff) is applied, increased in such a way as to maintain this tariff in principle at gold parity. The commercial and industrial circles disagree as to the direction which the customs policy should take. The tariffs now under consideration seem to be protective. The agricultural circles are not interested in the question.

(1) See Explanation of method of valuation pages 438 and 439 of Budapest report.

(2) See R. B. P. B. page 413 and the following.

(3) See R. B. P. B. Annex 220.

(4) See R. B. P. B. page 413, Annexes 132, 220, 221.

(5) See R. B. P. B. page 419.

(6) See R. B. P. B. page 421, Annex 133.

(7) See R. B. P. B. page 419.

(8) See R. B. P. B. page 420, Annex 133.

(9) See R. B. P. B. page 421.

(10) See R. B. P. B. page 427, Annex 135.

(11) See R. B. P. B. page 428.

(12) See R. B. P. B. page 431.

(13) See R. B. P. B. pages 446 and the following, Annex.

(14) See R. B. P. B. pages 217 to 228.

(15) See R. B. P. B. page 224 and the following.

Another cause for the difficulty of commercial relations in Central Europe is the condition of communications : too many obstacles at the frontier, too much boycotting, too many temporary interruptions in postal or commercial relations hamper the normal resumption of business; the resolutions adopted at the Porto-Rosa Conference have not yet been ratified by most of the States represented on this Conference. Difficulties are also raised in connection with transit questions; the report from the Budapest Bureau examines the Hungarian railway situation and the result with regard to traffic of the stipulations of the Treaty (1).

2. OTHER FACTORS IN THE COMMERCIAL BALANCE (2).

The present commercial deficit would therefore appear to be well on the way to being covered. If reparation were claimed in the form of the large deliveries in kind which appear possible the improvement in the commercial balance would obviously be checked, since the value of these deliveries would be deducted from exportation on the open market, without any proportionate reduction in the corresponding imports being possible. Foreign trade, however, is only one factor in the international balance of Hungarian accounts. Since, during the last few years, a commercial debit balance has existed, it has been necessary for financial elements to restore the balance temporarily destroyed.

The accounts of Hungary, like those of any other country, must be balanced every year, by a correspondence between the credit and the debit side; if this were not the case, economic life would be suspended and international relations would come to an end. The difficulty of effecting this balance reacts on the rate of exchange (3); if the debit side exceeds the credit side, the national currency collapses and foreigners obtain a greater number of crowns for each one of their money units. They allow themselves to be tempted by this situation and bring capital into the country in order either to purchase shares or goods or to obtain payment for those which they have supplied, thus restoring the necessary balance.

The exceptional receipts due to this situation are added to the normal elements of the financial balance, but they are of an unsound nature, and the sacrifices made in order to obtain them are a drain on national economy.

CONSTANT FACTORS (4).

Certain financial factors in the balance of accounts may be considered to be normal, since they represent the actual receipt or expenditure of currency, to be repeated every year. Before the war, these factors enabled certain countries, such as Great Britain, France or Germany, to have a constant deficit in their commercial balance; this was inevitable, in spite of all customs regulations. These periodical movements of capital would appear to be balanced in present Hungary both at entrance and at exit.

The profits realised on account of transit (5) [receipt by Hungary of sums representing the

(1) See in Budapest report, chapter on communications, and more particularly page 207, Annex 64.

(2) See R. B. P. B. pages 453 and 454.

(3) The gold crown, which was worth 29 paper crowns in Budapest on July 1, 1920, and 125 on December 15, 1920, fell once more to 125 in June 1921, after having risen to 40 in May, and sunk to 240 in November 1921.

(4) See R. B. P. B., page 455, Annex 226.

(5) See R. B. P. B., page 456.

price of services rendered to foreign countries by transporting across Hungary, by rail or water, passengers or goods belonging to that foreign country], the currencies brought into the country by foreigners and the unrecorded exports taken out of the country by them are not counter-balanced (1). The central position of Hungary makes of that country a natural place of transit from North to South or East to West; the exchange situation no longer allows the Hungarians to travel outside their frontiers. The balance of diplomatic and consular services (2) is also a credit balance, since the expenses of Hungarian representatives abroad are certainly lower than those of foreign legations in Hungary. Currencies amounting to 2 or 3 million gold crowns are received every year for these various items.

Greater still are the sums sent into the country by Hungarian emigrants (3), and the regularity of these remittances is confirmed by the Hungarian authorities. Professor Fellner, the pre-war authority on the balance of accounts, considers that, assuming that no more than 20 to 25 % of emigrants from former Hungary were of Magyar origin and have therefore remained Hungarian, this asset may now be estimated at 55,000,000 gold crowns. These sums should, in his opinion, balance the annual instalments to be paid by Hungary for the interest and amortisation of her former foreign loans.

One of the main financial factors in the balance of accounts in fact consists of the movements of capital which occur or should occur for the payment of coupons, interest and industrial benefits. In this respect, Hungary is in the debt of foreign countries for large annual instalments.

In view of her economic development and by reason also of her somewhat hazardous budget policy, Hungary had, before the war, raised important loans abroad (4). Assuming that the Committee for the Repartition of the Debt leaves Hungary burdened with 40 % of the former State loans (5), and since a portion of this debt is expressed in currencies other than the Hungarian crown, the annual interest on these loans will amount to 41,000,000 gold crowns. Post-war food loans, loans of the City of Budapest, foreign capital invested in Hungary in private concerns more particularly in the Hungarian railways, require an annual sum of 16,000,000. With the addition of the profits from foreign undertakings in Hungary, the sums annually due by Hungary to former foreign countries (6) exceed 58,000,000 gold crowns. There is set against this only a sum slightly in excess of 1,000,000 accruing from pre-war international investments made by Hungarians have remained nationals of the new State.

The financial balance of regular Hungarian accounts, however, also includes the balance of the debts and credits with respect to countries now separated from the former Kingdom, which have now become foreign countries (7). By reason of the position of Budapest, which was the pre-war financial centre of Hungary, this balance is certainly a credit balance: a portion of the Hungarian interests in liberated countries has been liquidated and supplies an exceptional source of revenue, but another portion remains, the annual interest of which has been valued at 2,000,000.

The general balance of interest on investments shows a deficit of 57,000,000 gold crowns in regard to former foreign countries and a credit of 2,000,000 gold crowns by new foreign

(1) See R. B. P. B., page 460.

(2) See R. B. P. B., page 461.

(3) See R. B. P. B., page 458.

(4) See R. B. P. B., page 462 and the following.

(5) Proportion accepted by Professor Fellner who, when suggesting this figure, points out that he takes into consideration the percentage of national wealth left in the possession of Hungary, but does not bind his Government in any way.

(6) See R. B. P. B., pages 466-467.

(7) See R. B. P. B., pages 468-469.

countries; in order to meet her engagements, Hungary should therefore annually procure foreign currencies amounting to about 55,000,000 gold crowns. This is the exact sum at which Hungarian authorities have estimated the receipts from cash remittances sent by Hungarians settled abroad: the Hungarian foreign debt in respect of interest on investments can therefore be met by the help of expatriated Hungarian nationals.

In point of fact, this has not been the case: by not resuming the service of her foreign debt, Hungary has granted herself a credit. The actual normal financial balance sheet (1) shows thus a considerable credit balance; the surplus obtained in this manner has served to make good a part of the temporary commercial deficit, which seems likely to disappear. It is obvious, however, that such a credit, due to the non-payment of interest on loans raised to a great extent in Paris, London, Amsterdam or Brussels, could not be used for the payment of reparation, even though it should become available through the disappearance of the commercial deficit. It would have to be put to its normal purpose, that is, the service of the foreign debt.

VARIABLE FACTORS (2).

The Hungarian financial balance would thus be obtained, if exceptional liabilities did not temporarily burden the balance-sheet.

These liabilities may be divided into three groups: commercial deficit, settlement of pre-war private debt and payments of reparation.

LIABILITIES.

In 1921, the commercial deficit was still very high: it seems likely to decrease in the course of the next few years, and even to give way to an export surplus which will change it into a commercial credit balance.

The burden of reparation has on the contrary been very light; it has been included in the commercial deficit (restitution, coal consignments to Yugo-Slavia, etc.). This burden will increase in the future and, in order to meet it, the Commercial balance will have to improve.

There remains the repayment of pre-war private debts in respect of which Hungary has signed conventions, in particular with the British Empire and France, with a view to the re-payment, in seven years, of accumulated interest and capital. The annual payments amount to about 32,000,000 gold crowns, to be paid to the clearing offices; this figure includes 7,500,000 gold crowns to be paid annually by the bank. At least this portion of the annuity would appear to be covered by those currencies which the banks have long since placed to a reserve fund; this is one form of migration of capital. Certain Hungarian circles admit that there exists, in the shape of securities and commercial bills, not estimated at their real value in the balance-sheets, sufficient funds to meet the banking obligations contracted with former foreign countries: according to the Budapest report, the banks are in a very strong position (3).

ASSETS (4).

For the remainder, certain exceptional assets would appear sufficient to meet these payments: the most important of these is remittance of part of the Hungarian assets still held by the new foreign countries. At least half of these appear likely to be handed back owing either to pressure

(1) See R. B. P. B., page 470.

(2) See R. B. P. B., page 472 and the following.

(3) See chapter on private finance: Budapest report, pages 229 to 276, Annex 226.

(4) See R. B. P. B., page 474.

exercised by the new States or to speculation on the rate of exchange: the other half remaining invested abroad and yielding an effective revenue. The value of securities, and personal and real property belonging to Hungarian nationals and situated outside the new boundaries, amounts to about 50,000,000 gold crowns. This revenue will cover many years; it amounts to a high figure already and has helped to make good the commercial deficit: the remainder may be applied to the amortisation of part of the pre-war debt.

The return of emigrants and of Hungarian nationals leaving the ceded territories and bringing their capital with them has also been an exceptional source of revenue. The exportation of precious metals which, in 1921, exceed 3,500,000 gold crowns, is also a transitory factor, since Hungary now produces neither gold nor silver.

During the last few years, these items have helped to re-establish the commercial balance which had been disturbed by an exceptional commercial deficit. They have proved inadequate since the exchange has collapsed; this collapse of the Hungarian crown, however, favoured the importation of new capital from abroad and the opening of credits which made it possible to postpone the settlement of certain debts to a later date. The considerable commercial deficit, which was made good partly by means of funds received from emigrants, which did not serve to pay arrears on the debt since such payments were suspended, and partly by assets provided by the ceded territories, was finally covered by means of credits and investments. Certain foreigners extended the time-limits for payment allowed to Hungarian importers, in the hope that an improvement in the rate of exchange might facilitate settlement by their clients at a later date. Others availed themselves of the depreciation of the crown to acquire shares, and have thus supplied the Budapest market with those currencies which Hungarian importers had to procure at all costs; in 1920/21, the sums invested in banking shares reached the figure of 2,000,000,000, that is, at the average rate of 75 paper crowns per gold crown, 27,000,000 gold crowns, the equivalent of which has been received in foreign currencies.

A portion of these exceptional assets should continue to supply the Hungarian market with foreign currencies. If the commercial balance is obtained automatically, which we are inclined to believe will be the case, the receipt of capital will serve for the amortisation of pre-war debts and will be added to a possible export surplus to enable the payment of reparation.

This surplus is, indeed, the main factor in the payment of important debts. Currencies derived from new investments correspond to the proceeds of the sale of home securities; in a country whose currency is still depreciating, purchasers of such securities lose in the bargain. Deliveries of commodities, on the contrary, are preferable to the delivery of securities. They may be effected either directly, in the shape of payments in kind, or indirectly by the handing over of the value of the export surplus. In the case of Hungary, it is possible to claim direct delivery and to choose one of several solutions for the payment in specie. The exports may continue to be effected freely, thus supplying the Hungarian market with currencies which the State will acquire as an ordinary purchaser. Certain sales on the contrary, such as the sale of mill products, for instance, may be effected through the agency of a supervised consortium, in which case the State will replace by paper crowns the foreign bills received by this consortium.

In any case, the Hungarian budget is bound to refund to the community the value of the deliveries in kind, the currencies withdrawn from circulation or those specially placed at the disposal of the State. To this end, it must procure resources and distribute the burden which it imposes on certain persons.

II. — RECEIPTS OF THE HUNGARIAN BUDGET.

In order to discharge the obligations incumbent upon it, and to re-imburse its nationals for reparation deliveries made by them either directly or indirectly, the Hungarian State must be in possession of financial means. The issue of paper crowns⁽¹⁾ has never been sufficient to constitute a budget policy.

The fiduciary circulation, which amounted to 18,000,000,000 crowns at the time of the creation of the National office of issue (August 1921), reached the figure of 32,000,000,000 on May 31, 1922; this increase is largely due to the increase in the budget deficit.

BUDGETARY DEFICIT (2).

The first draft budget drawn up by the Finance Minister Hegedüs for the financial year July 1st, 1921/June 30th, 1922, estimated receipts at 20,296,000,000 and expenditure at 26,785,000,000 that is, a deficit of 6,500,000,000 Hungarian crowns.

The present Finance Minister, M. de Kallay, taking into account all probable surpluses and increases, estimates the receipts at 26,000,000,000, and the expenditure at from 45 to 46,000,000,000. In addition to this he anticipates a return of 5,500,000,000 from a new tax on the purchase of property; the total receipts will thus be raised to 31,500,000,000, which leaves a probable deficit of about 15,000,000,000.

For the year 1922/23, the Minister estimates receipts at 33,000,000,000 and expenditure at 55,000,000,000. The estimated deficit is therefore 22,000,000,000 covered only in part by 2,500,000,000 derived from the tax on the purchase of property; that is, total deficit of 19,500,000,000.

The Budapest Bureaux examined the situation and came to the following conclusions :

1° As regards expenditure :

a) The data in their possession clearly prove that a reduction of 1,495,000,000 may easily be obtained ;

b) If the actual use made of the assets mentioned in the budget were known, it would undoubtedly be possible to effect infinitely greater reductions.

2° Receipts :

a) By raising the taxes to the pre-war level, it would be possible to increase the revenue by at least 1,000,000,000 ;

b) The rate of taxation could be raised above its pre-war figure, as had been done in most countries, particularly in view of the fact that Hungary paid very small taxes before the war ;

c) That it would furthermore be advisable to take into account the depreciation of the crown between the date of the determination of the sum due by the tax-payer and the collection of this sum ; this point is of great importance in a country in which considerable delays occur in the collection of the taxes.

(1) See R. B. P. B. page 269.

(2) See R. B. P. B. pages 311 to 318 and concluding tables, pages 370-371, 394-395, 396-397.

Taking into account the possible reductions in expenditure which the Budapest Bureaux have estimated with the help of the data in their possession, and the increase in receipts which would be the result of a return to the pre-war rate of taxation, the deficit anticipated by M. Hegedüs would be reduced from 6,500,000 to 4,000,000, and that anticipated by M. de Kallay for 1921/22 from 15,000,000,000 to 11 or 12,000,000,000 and for 1922/23, from 19,500,000,000 to 17,000,000,000.

This deficit is due to expenditure incurred in respect of the salaries and allowances in kind to employees, of food subsidies, of State railways and the Service of the Debt. The Budapest Bureaux have made a comprehensive examination of all possible reductions, the total amount of which (1,500,000,000 less than the budget estimates) is included in the above figures (1).

The expenditure quoted in the budget for 1921/22 may be distributed as follows :

	TOTAL IN MILLIONS of crowns.	PERCENTAGE WITH REGARD TO	
		Total expenditure 26,785	Total receipts 20,296
1. Salaries.....	4,563	17 %	22.5 %
2. Pensions.....	671	2.5 -	3.3 -
3. Food subsidies.....	2,604	9.7 -	12.8 -
4. Material (2).....	4,491	16.7 -	22.2 -
5. State undertakings.....	6,213	23.2 -	30.6 -
6. Service of the Debt.....	3,246	12 -	16 -
7. Investments.....	2,120	8 -	10.5 -
Other expenses.....	2,877	10.9 -	14.1 -
	26,785	100 -	

A reduction in the number of officials is under consideration, but the surplus expenditure for the year exceeds 3,000,000,000. The suspension of food subsidies is necessary; the actual expenditure for 1921/1922 will amount to 9,000,000,000 instead of the anticipated 2,604,000,000. As regards the State undertakings, the anticipated returns were 5,986,000,000 only, as against an expenditure of 6,213,000,000; the estimated deficit for the railways alone amounted to 2,000,000,000; in point of fact, it amounted to 3,500,000,000. On the other hand, interest on the Debt was paid only to present Hungarian nationals and to certain neutral nationals, former Allies of the Central Powers residing in Hungary and holding their securities in that country. The chapter of Investments, which might have been reduced to a certain extent, was increased by 325,000,000.

Hungary can however balance her budget and find the sums necessary to meet her reparation obligations by other means than the mere reduction of expenses. The question of receipts seems to be much more important and deserves a longer examination (3). It would appear that the Government should look into this matter especially.

(1) See Examination of expenditure : Budapest Report, pages 318 to 371, Annexes 85, 97, 99 to 100, 102, 103, 105, 106, 108, 109, 111, 112, 114, 115, 117, 118, 120, 121, 122, 124, 203, 208.

(2) In the Budapest Report, the expenditure of the State undertakings, the costs connected with the staff, and the material and investments of these undertakings have been given separately; they are mentioned under Nos. 1, 4 and 7 respectively.

(3) See R. B. P. B. Report on receipts pages 372, to 395, Annexes to 126, 131, 203.

If the disadvantages of a further increase in the paper circulation are to be avoided, some means must be found of obtaining resources without resorting to the printing press. The points which appear to require attention are the fiscal system, the present tax returns, the possibility of increasing these returns and the assessment of new taxes comparable to those assessed in other countries whose currency is depreciated.

FISCAL POLICY (1).

Former Hungary, seeking to develop her economic system, resorted largely to a policy of loans, utilising the proceeds partly for investments and partly for covering the deficits in the normal administration budget (2). Even at this time, therefore, the fiscal effort would seem to have been insufficient. Some of these loans were floated abroad in foreign currency or in gold, and this fact now imposes a heavy burden on the Hungarian budgets; unlike other countries which owe reparation, Hungary has already a foreign debt, and her present capacity for payment is proportionately reduced.

M. Hegedüs, the financial dictator of 1921, attempted to change the traditional fiscal policy, which was to follow the line of least resistance, and M. de Kallay, his successor in the Ministry of Finance, continued this attempt.

The gross receipts of the Hungarian Government are derived from the following sources :

	ESTIMATE FOR 1921-22 (millions).	PERCENTAGE.
1. Taxes :		
Direct	2,711.4	} 41.86 %
Indirect	2,634.8	
Rates	3,150	
2. Customs	1,422.7	} 22.01 -
Monopolies	3,044.9	
3. State undertakings.....	5,986	29.50 -
4. State property and miscellaneous.....	1,346	6.63 -
TOTAL.....	20,296	100 -

Direct taxes therefore furnished only 32 % of the returns from taxes and similar resources, or 13 % of the total receipts. This percentage is especially low if we remember that the figure of direct taxes includes 900 millions derived from an extraordinary tax on war profits with retroactive effect as from 1914. The 1,811 millions derived from direct taxation thus represents only 15 % of the tax returns and only 8 % of the total receipts. Of this figure, half is derived from the income tax, the supplementary income tax and the tax on capital; the tax on houses furnishes 70 millions, the tax on personal profits 240 millions and the land tax only 260 millions (3) In a country where all wealth is derived from the soil and where according to

(1) See R. B. P. B. page 278 and the following, Annexes 81, 82, 83, 203, 204, 205, Annex 228, page 73 and the following.

(2) See R. B. P. B., pages 302 to 306.

(3) See R. B. P. B., page 375 and the following, Annexes 126, 128, 129, 130, 203.

the physiocratic theory a single tax on land might be assessed, only 3.42 % is realised from the tax on property without buildings.

The present Minister of Finance provides an answer : the assessment of the land tax, now founded on a constant basis, that is, the net income as entered in the land registry (1), and not on percentages, would be based on the average sale price of grain. It is computed that the returns would increase from 260 millions to 3 milliards; there is considerable opposition to this measure, however, among the agriculturists, who are promised compensation by the abolition of the tax on grist.

A general levy on the public capital, by means of a "re-purchase of property", was one of M. Hegedüs's ideas. The proceeds were to be devoted to the amortisation of the public debt, and for this reason the present Minister does not insert in the budget balance the estimated returns, which amount to 5 and a half milliards for 1921/22, and to 2 and a half milliards for 1922/23.

Indirect taxes are for the most part pre-war taxes, but the base rate was greatly increased in 1921/22 (2).

Taxes on circulation were created in 1920 and added to the stamp and registry duties (3). Financial and industrial circles complain of the burden of these taxes, which they find heavy in comparison with the land taxes.

Hungarian tax returns might certainly be improved by the reorganisation of the finance administration and a change in the bases of assessment. For instance, taxes are collected so slowly as to prejudice the interests of the Treasury; there is practically no auditing, and the distinction is very vague between the taxes collected by the provincial administration for the State, and those derived from supplementary duties collected for the comitats and the communes (4).

No fiscal system based on constant rates and not on percentages of incomes actually realised can ensure a balanced budget in a country where the currency is very unstable. The expenditure increases with the increased cost of living, whereas the receipts do not increase in proportion. An example of this is shown in the tables which compare the actual receipts and expenditure of 1921/22 with the budget estimates of that year. The Minister of Finance anticipates very few surplus receipts, except for customs duties collected in gold.

A system of new taxes based on *ad valorem* duties, like the German coal tax, for example, is obviously necessary in Hungary. Such a policy alone will enable the country to balance its budget, and to diminish the consequences of a further possible depreciation of the currency.

It would seem that the Hungarian economic situation, which now shows a deficit, should very shortly improve; the time is coming when Hungary will regularly be able to make moderate reparation payments in cash or in kind, without danger to her economic balance.

The Government must be in a position to distribute the burden over all the taxpayers,

(1) The 1921 legislator decided that the registry net income of 1860 which serves as a basis should be multiplied by 10; the money is thus taxed at 11 paper crowns, that is, about 11 gold crowns, instead of 1.16 gold crowns as in 1913 (see *Budapest Report*, p. 297).

(2) See R. B. P. B., page 379, Annexes 126, 130.

(3) See R. B. P. B., page 380, Annex 131.

(4) See R. B. P. B., pages 293, 306 and the following.

throwing the major portion on the wealthy. The budget now shows a deficit, and will apparently continue to do so under the present fiscal legislation. It is obvious that the budget cannot long be balanced by issues of paper money ; this expedient constitutes one of the most fatal forms of indirect taxation, since the State obtains financial resources only by depreciating the value of the national currency, and therefore of the public capital. The expenditure of Hungary, like that of Germany and Austria, would be increased and the tax returns diminished in proportion as the currency depreciated. In order to realise the possibilities referred to above, the budget balance must be assured by normal means, a serious fiscal effort is indispensable, which does not hitherto seem to have been made.

Paris, June 15, 1922.

Signed : Pierre QUESNAY.

Maurice FRÈRE.



THIS BOOK IS DUE ON THE LAST DATE
STAMPED BELOW

AN INITIAL FINE OF 25 CENTS
WILL BE ASSESSED FOR FAILURE TO RETURN
THIS BOOK ON THE DATE DUE. THE PENALTY
WILL INCREASE TO 50 CENTS ON THE FOURTH
DAY AND TO \$1.00 ON THE SEVENTH DAY
OVERDUE.

SEP 30 1932

DEC 14 1932

LD 21-50m-8,32

Photomount
Pamphlet
Binder
Gaylord Bros.
Makers
Stockton, Calif.
PAT. JAN. 21, 1908

597368

UNIVERSITY OF CALIFORNIA LIBRARY

