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Bulgarian economy during the second ‘golden decade’: 1935–1939

(Summary)

Being under and increasing pressure from its official creditors and from the inflating budget and balance of payments deficits in the second half of 1930s Bulgaria had to follow a restrictive financial policy, which resulted in an improved fiscal position. Both the financial stabilization (even though few pro-inflation centers like the grain monopoly Hranoiznos and the Amortization Fund continue to exist) and the world economic recovery contributed to a remarkable GNP growth per capita of round 12% for the period 1935 to 1939. However, the real economy (the agriculture and the industry) had to face an increasing state intervention and growing control over entrepreneurship. Existing for over four decades the protectionist model had already exhausted its capacity to contribute for the industrial development. Instead of its abolitions the government had substituted it with an even more unproductive system of .saturated branches., which continue to stifle incentives and limit growth. A liberalization of the economy and an outward looking industry, instead, would have contributed to the overall stabilization, fueled by the financial and budget discipline, which were introduced under foreign pressure. Such a political choice would have sustained the upward economic trends and resulted in an increased modernization. Due to political (the autarchy, the clearing and barter trade, foreign exchange shortages etc) and ideological (the dominant worldwide in the 1930s interventionism) reasons this pro-market option was not among the possible alternatives in constructing the post-depression Bulgarian economic project.