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The implementation of the financial and economic clauses of the Armistice Agreement with Bulgaria of October 28th, 1944

(Summary)

In implementing the Armistice Agreement Bulgaria had to meet extremely heavy payments, which had very unfavourable impact on the country's economy. The overall expenditures amounted to nearly 39 billions of BGLev, a sum comparable only to the huge debt of 38 billions of BGLev that Germany has piled up on its clearing trade with Bulgaria for the period 1941-1944. According to the exchange rate acknowledged by the Bulgarian Government in 1947 (450 BGLev for 1 USD), it had spent to meet the payments on the Armistice only an amount of 87 millions of USD - equal to 2/3 of the balance (about 127 million of USD) of the foreign debt on pre-war loans and exceeding the amount of the reparations imposed by the Paris Peace Treaty. The exhaustion of Bulgarian economy resources, the draining the capital out of the banking system had prepared the conditions for a speedy imposition of the Soviet political and economic influence in the country. The considerable impoverishment of the population as a result of the BGLev's devaluation, the currency reform, the huge taxes along with the acute lack of consumer's goods in fact annulled the opportunities for developing private incentive in trade and industry long before the official governmental policy on nationalisation was to be implemented.