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1. The Bulgarian national budget in 1951, as officially announced, was 279 billion leva, or 67 billion leva more than the previous year. This, however, is really only part of the actual budget, as it does not include the national, municipal, and welfare enterprises supported by state funds. The actual budget for Bulgaria can by no means be less than 400 billion leva, excluding secret funds for military and Party expenditures. Assuming that the budget is at least 450 million, this means that each of the seven million citizens supports a burden of 5,700 leva yearly. Since, according to official statistics, there are about one million aged persons, invalids, etc, the actual tax burden is around 40 thousand leva a year per family, although its average income is at the most 80 thousand leva.
2. Despite official declarations to the contrary, a great deal of unemployment exists in Bulgaria. Those who cannot prove that they are supporters of the Communist Party simply do not receive employment, and live in misery. In the villages, the cooperatives are not allowed to give work to more than a quarter of the qualified able-bodied members of the rural families. In addition to this, raw material shortages brings about lay-offs by industrial enterprises. As a result of the continual failures of the workers' production cooperatives, almost all of their labor force is today unemployed.
3. The taxation policy for 1951 is not based on property owned or income, but rather on whether the taxpayer is for or against the Communist Party. By means of its policy the Party is striving, and with a great measure of success, to make proletarians out of wealthy Bulgarians.
4. About December 1950 the workers of the Dimitrov Plant, at a special meeting, requested the government to extend them a loan for the completion of new installations. Following this example, other enterprises made similar requests. At the beginning of 1951 explanatory materials and forms regarding the loans were received from the government by the Okoliya agencies. On 20 Jan 51 there was a conference in the city of Elkhovo attended by Party functionaries and workers' representatives. At that time it was announced that the total loan to the Okoliya would be 125 million leva, which the citizens of the Okoliya would pay out of their own pockets. Individuals were appointed to go from house to house seeking pledges from each family. Those who resisted were threatened. Finally all signed the pledges, promising at least one month's pay. Instead of 10 billion a total of 15 billion was pledged.

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5. The present financial situation in Bulgaria may be characterized as hopeless. The financial policies followed by the Communist government might be described as ruinous. A clearer picture of the situation is offered by considering the question under the following sub-headings:

- (1) Monetary Policy
- (2) Credit Policy
- (3) Savings.

MONETARY POLICY

6. The value of money of any state depends on the stability of the national economy, a favorable export balance, and maintenance of the gold reserve.
7. These conditions are not being fulfilled in Bulgaria. Since the Communist government of Bulgaria is a satellite of Moscow, all its economic policies are intended to profit the USSR rather than Bulgaria. Bulgarian foreign trade is limited to the USSR, and through this country, to other satellites. Thus, for instance, all Bulgarian agricultural production is shipped to the USSR at cost prices, while goods imported from the USSR are paid for at high prices above the USSR market ceiling. In the meantime, the USSR exports Bulgarian produce at high prices, thereby damaging national economy, especially as regards the sale of tobaccos and rose oil. As a result of these discrepancies between prices received for exports and prices paid for imports, Bulgaria is always in debt to the USSR.
8. For reasons of security and stability, according to the Communists, the entire Bulgarian gold reserve has been transferred to the USSR, and at present the lev has no cover at all.
9. As a result of the unfavorable trade balance and the lack of gold cover for the lev, the currency has depreciated with respect to the dollar to one tenth of its 1939 value. By the same token, its value has diminished in relation to other foreign currencies. Hence, in order to camouflage the catastrophic inflation in Bulgaria, the Communists resorted to the exchange of banknotes in 1947. In 1950 the government made payments despite the absence of any funds. The norms, contributions, and payments required by the state are so great that the citizens remain in a perpetual state of indebtedness to it. Inflation despite frantic efforts of the Government is growing, damaging the national economy and causing poverty. The result is hunger, sickness, and in particular, the scourge of tuberculosis.

CREDIT POLICY

10. The credit activities of the Bulgarian National Bank, the Mortgage Bank, the people's banks, and numerous private banking institutions have been concentrated since 9 Sep 44 into two credit institutions; the Bulgarian National Bank and the Bulgarian Investment Bank. The Bulgarian National Bank extends commercial credit while the Bulgarian Investment Bank engages in investments and is not authorized to extend credit to private business. The only function remaining to the people's banks and the village credit cooperatives is that of collecting deposits for the Bulgarian National Bank.
11. Credit extension to government economic and industrial enterprises is carefully planned and strictly limited. There is a great deal of "red tape" involved and the rates of interests are high, being five to seven percent. Due to the incompetence of those in charge of credit, and the uncompromising attitude of the administrative and technical experts, who have only Party backing and often cannot sign their own name, more than 50 percent of the enterprises show losses on operations and are headed for certain ruin, as is the national economy.

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SAVINGS

12. By virtue of the Bulgarian National Bank law and the ministerial decrees, the right to accept savings deposits belongs only to the Bulgarian National Bank, while the people's banks, the credit cooperatives, and the postal savings bank can only accept savings deposits for the accounts of the Bulgarian National Bank. Partly as a result of this, the Bulgarian economy is going from bad to worse.
13. During 1939, with the stabilization of the lev, the strengthening of the national economy, and guarantee of savings, savings, deposits totaled over 20 billion leva while by the end of 1950, with the lev devaluated to one tenth of its value in 1939, there were no more than five or six billion leva thus invested. This is due to the sagging economy, the lack of interest in productive work, the absence of any insurance of savings, the people's lack of confidence in any credit institutions, and the fact that the Government collects savings for back taxes and debts or spends the people's money recklessly on stupid and impractical Communist building projects, such as dams, strategic roads, militarily strategic installations, etc. Today the nation owns a mere five to six billion in rapidly decreasing savings. In Elkhovo Okoliya out of 600 million in savings, a mere 50 million had remained by the end of 1950.
14. The second type of savings is life insurance, but in Bulgaria because of the disjointed national economy and impoverishment of the people, this type of savings is decreasing in volume each year. Until the establishment of the State Insurance Institute during the month of June 1946, a total of 26 insurance societies had reserves in the amount of over 10 billion leva, which were in part deposited in banks and partly invested in securities, giving the policyholders adequate guarantees on their insurance. Today, all the old and new reserves are dissipated by the Communist Government on socialist construction and other expenditures which pauperize the Bulgarians. There is no guarantee for the investor, and the people have lost all confidence in this type of savings.

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