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SUB-COMMITTEE ON SOVIET ECONOMIC POLICY

ECONOMIC REVIEW OF EASTERN EUROPEAN
COUNTRIES

B U L G A R I A

Corrigendum to Working Paper AC/89-WP/164 dated 7th June 1965
(see footnote on page 1 of that document)

Paragraph 4, add at the end :

"The production of sulphuric acid is based on the roasting of sulphidic metal ore; common salt is available in sufficient quantity for the production of calcined and caustic soda as well as chlorine. Potash salts and phosphoric minerals have to be imported. Lime and all other materials required for cement production are available in sufficient quantities. Cellulose production can be increased considerably as soon as the forest areas are made accessible to traffic (see Table 8)".

Paragraph 10, add at the end :

"Bulgaria's accumulation rate is approximately the same as Poland's. The Soviet Zone of Germany, which is already industrialized, had a considerably lower accumulation share".

Paragraphs 11 to 16, delete present text and replace by the following wording :

"11. The share of Bulgaria's agriculture in the Net Material Product is a little over 30% (see Table 4 at Annex). However, its share in centralized investments (1) was just about 6% until 1962 and has risen to a little over 8% since 1963 (see Table 12 at Annex). All government and non-government funds invested up to now in agriculture are much too low for its requirements".

(1) Limited state investments, according to the Bulgarian terminology.

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"12. Since 1956, Bulgaria's agriculture has been almost completely collectivized (see Table 5 a at Annex). A little under 10% of the entire usable agricultural area are held by State farms and other agricultural enterprises owned by the State. This category receives an unproportionally high share of State investments. About 80% of the usable agricultural area are in the hands of agricultural production co-operatives which came into being after the compulsory collectivisation of private farms. Although these co-operatives are the back-bone of Bulgaria's agriculture they have to pay for most of their investments themselves. Private farming covers hardly 10% of the usable agricultural area, but not even one tenth of this category is the private property of individual farmers. The bulk are the plots of the collective farmers and small fields owned by craftsmen, employees and workers. The property cultivated by individual farmers has a particularly high productivity".

"13. The mechanization of Bulgaria's agriculture (see Table 5 b at Annex) started almost from scratch as did the use of artificial fertilizers (see Table 5 c at Annex). There is still a considerable demand for mechanization, general equipment, artificial fertilizers and other means of cultivation. The social changes in connection with the industrialization of the country as well as agreements with other COMECON member countries and long-term trade agreements with Western countries, which entailed rigid delivery commitments, have led to a complete change of Bulgaria's pre-war structure of agricultural cultivation. Grain cultivation has been considerably reduced and replaced by the cultivation of vegetables, fruit, fodder and viticulture. These measures were sound in principle but the grain and fodder basis remained small, which has without doubt negative effects on the present situation".

"14. Detrimental to Bulgaria's agriculture was the establishment - chiefly for doctrinary reasons - of giant agricultural production co-operatives according to the Soviet pattern together with rigorous measures against the breeding of livestock on the private plots of the co-operative farmers. The precipitated formation of these giant co-operatives, which on an average cover about four times the area held by the old agricultural co-operatives, has complicated their supervision and organization. A further drawback was the lack of equipment required for large-area cultivation. All these measures, which were introduced in 1958, have thrown back Bulgaria's agriculture by many years. The influence of doctrinary considerations in agriculture becomes particularly apparent in connection with the unrealistic planning targets which sometimes could not even be half fulfilled (see Table 5 at Annex)".

"15. It would seem, however, that a somewhat more realistic policy had gained the upper hand for some time. It started after the failure of the giant agricultural production co-operatives. In the summer of 1962 producer prices for milk, butter, cheese, poultry, tomatoes, onions, and strawberries were increased by 9 to 33%. The result was a drop in the standard of living of the urban consumers, who had to shoulder the burden of this increase of prices, all the more as the meat-price was raised, too, without any benefit for the producers".

"16. Prices for fuel, fertilizers and building material were reduced for the agricultural production co-operatives in July 1962 thus putting them on a level with the State farms as far as purchasing privileges for these goods are concerned. Moreover, a so-called government fund was created at the agricultural co-operatives in order to guarantee minimum wages for co-operative farmers. This fund consists partly of government grants and partly of the profits made by the co-operatives. Furthermore, the cultivation of small private plots by co-operative farmers was encouraged by the provisions of the co-operative statute aimed primarily at preventing arbitrary interference by local party organizations. Finally, in the spring of 1963, an action was started under which uncultivated small plots were given to people interested to cultivate them for their private use."

Paragraph 18, line 4:

Add after the word "Investments": "(See Table 12 at Annex)."

Paragraph 22, line 7:

Replace: "Other Eastern European countries"
by: "Also Czechoslovakia, the Soviet Zone and Poland".

Paragraph 27

- (a) line 14: insert behind "annually": "Almost two-thirds of the required quantity of crude oil are to be purchases from the Soviet Union".
- (b) line 20: "(see Table 8 No. 2)" should be corrected to read: "(see Table 8 No. 4)".

Paragraph 28

Delete present text and replace by the following wording:

"Bulgaria was equipped with modern industrial plants for large-scale production only during the past 15 years. Among the projects already under construction, there are some whose planned capacity is very considerable, even for western standards, for example:

- the power plant complex "Marica Iztok I, II and III", based on lignite with a planned installed capacity of 2,300 mW in 1970 to be raised to 3,500 mW by 1980;

- the iron and steel works at Kremikovci with a final capacity of about 3 million tons of crude steel annually;
- the copper smeltery "Georgi Damianov" near Pirdop with an annual electrolytic capacity of 55,000 tons of copper;
- the chemical combine at Dimitrovgrad producing at present 100,000 tons of nitrogen (N) and 89,000 tons of phosphor (P₂O₅) per year, both in the form of artificial fertilizers; it is planned to double the output by 1970;
- the chemical combine near Stara Zagora with an initial capacity of 200,000 tons of synthetic ammonia per year;
- and the chemical combine near Vraca - based on natural gas-conversion - with a planned final capacity of 400,000 tons of synthetic ammonia per year.

In view of the fact that all these plants have comparatively modern equipment that permits rational production, Bulgaria hopes to be able to supply its processing industries with raw materials at low costs, thus making them more competitive in foreign markets. Among the new industrial projects, there are also production facilities of potential importance for the armaments industry (copper, synthetic ammonia, methanol, etc.) but they are all relatively vulnerable because of their size and the complex nature of their installations."

Paragraph 33, line 3:

After "1960-1965" add the following:

"(Remark: It is not sure whether the funds earmarked for national defence in the 1963 budget have in fact been spent. The accounts for the 1963 budget, which were published in the Statistical Yearbook of Bulgaria for 1964, contain - for the first time in several years - no figures on defence expenditure.)"

Paragraph 35

Delete present text and replace by the following wording:

"The share of expenditures for imported machinery and equipment in total investment increases from year to year. The speed of industrialisation depends essentially on these imports and their availability according to schedule."

Paragraph 37

- Line 6: replace "as from 1st January 1966"
by: "in 1966".

- Lines 7 and 8: replace these two lines by the
following wording:

"In Bulgaria, as in other COMECON countries, the
present discussions, and to some extent also the
present experiments, are concerned with the following
main problems:"

- Sub-paragraph (b): add at the end:

"In order to come to more realistic results in cost
calculations and planning it is envisaged to follow
the example of Hungary and impose a production tax
on the investment capital."

- Sub-paragraph (d): add at the end:

"It is still too early to judge whether these
"Workers' Committees" have been influenced by the
Yugoslav example."

Paragraph 38, table

Replace the figure of +10.3% for 1961 by "+10.5%".

OTAN/NATO,
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