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BULGARIAN QUARTERLY

Autumn 1991

BULGARIA AND THE WORLD

Svetla Strashimirova Milcho Lalkov
Boris Nikolov

MARCH ACROSS THE INSTITUTIONS

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CONSTITUTIONAL DILEMMAS

(conundrum)

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Roumen VESSELINOV

TRENDS AND REGULARITIES IN THE ECONOMIC DEVELOPMENT OF BULGARIA

AT PRESENT the Republic of Bulgaria is going through a deep social and economic crisis, whose strongest features, particularly acute since the end of 1987 have been observed over the last few years. Certain changes have begun in the economy, however, still insufficiently radical and final. The inertia of the Bulgarian economic system, built up in the course of half a century, is enormous and there is reason to believe that it is here to stay and precondition economic outcomes in the forthcoming years. The influence of this inertia on the future development of the system calls for a general review of the main macroeconomic trends and regularities of the Bulgarian economy at the macro level, in the branches of material production and the principal economic organizations, grouped in economic associations or, as they are known, complexes. It was these complexes that were selected as chief control targets by the former leading government bodies under the conditions of a centrally planned command-administrative system, and practically almost 100% state ownership over the means of production.

This article is divided into two parts. Part one deals with the dynamics of the economic development of Bulgaria, the trends of the main macroeconomic measurements (Gross domestic product) and it also analyses the dynamics of the development of

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Bulgaria as well as the principal structural changes of production factors and output (fixed assets, employment levels in material production, "accumulation fund", capital investment, produced national income).

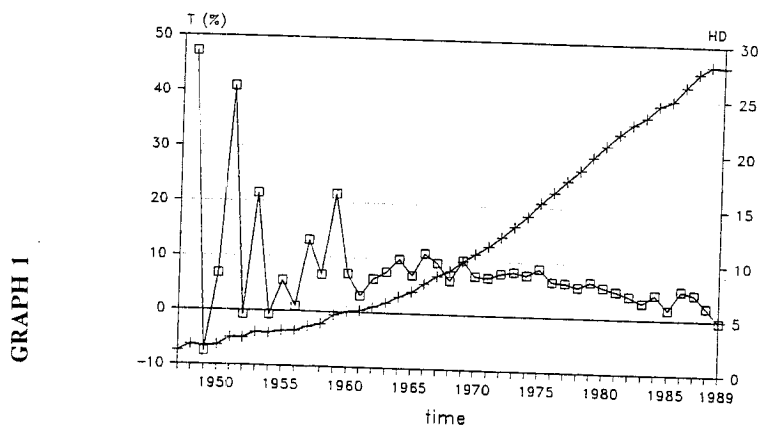
The second part comprises an analysis of production links and relationships, the influence and flexibility of the basic production factors according to branches of material production and the associations of economic organizations. Also offered is an analysis of some short-term, seasonal, and long term fluctuation cycles in the Bulgarian economy.

The data drawn refers to the period 1947-1989.¹ The data cover the entire country, broken down according to branches of material production, economic organizations and associations.²

BASIC TRENDS

Statistical economic information for Bulgaria is based on the System of National Balances, SNB. The national income constitutes its basic macroeconomic indicator. The dynamics of the national product in adjusted and comparable 1982 prices for the 1947-1989 period is shown by Graph 1. The same graph also contains the successive levels compared to the same indicator (broken line).

NATIONAL INCOME
AND ITS GROWTH RATE (OF NATIONAL PRODUCT)

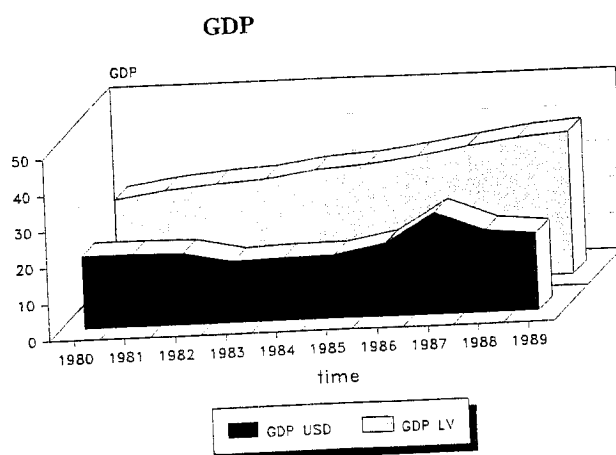


The graph confirms the well known fact of a certain delay of growth rates over the past years. In the early 80ies the growth rate was between 7-9% and was relatively constant. A new trend has set in since the 90s. Up to 1985 the annual increase of the national income varied within 4-5%, which is only a small decline in production. However, after 1985 a sharp fall of the growth rate occurred, reaching a negative growth (0,3%) in 1989, which took place for the first time in the observed period of 43 years. Moreover, there is ground to believe that this downward trend, leading to a decline in the growth of production in Bulgaria will be retained in the coming years.

The restructuring of the Bulgarian economy brought about a change in the system of gathering of economic information. The Central Department of Statistics in Bulgaria (CDS) has been gradually adopting the System of National Accounts to replace that of National balances.

At the recommendation of the International Monetary Fund, the CDS recalculated the basic macroeconomic indicators according to the System of National Accounts (SNA), the Gross Domestic Product (GDP). Its dynamics in leva and USD can be traced in Graph 2.

GRAPH 2



indicators of the Final Accountancy Data (without Agricultural Organizations) for the studied period.

² Gatev, K., Methods of Statistical Analysis of Economic and Social Structures, S., Nauka i izkoustvo, 1987, p. 56

The dynamics of GDP is seen in the upper curve of the graph in National currency (leva) while the lower curve (densely hatched) indicates that of the GNP in U.S.dollars.

The gradual smooth increase of the value of GDP in current prices sharply contrasts with the dynamics of its volume in dollars. Several abrupt falls of production can be observed, which maintain an average level and with nearly no tendency of increase. A sharp decline has been observed over the recent years. The same tendency is visible with the per capita GDP indicator, ranging between 2260 dollars in 1980, 1890 dollars in 1983, 3170 dollars in 1987, falling, in 1989, to 2400 dollars per capita.³

STRUCTURAL CHANGES

A number of attempts at changes and restructuring were made in the economic system of Bulgaria. At the macro level this concerned, above all, changes in the conditions of the reproductive process as related to the branch structure of production factors and output. In the long run certain structural ratios between the branches of industry were arrived at.

These structural ratios and, in particular the percentage of the national product, fixed assets, and employment in material production for 1987 are given on Table 1.

TABLE 1

BASIC FACTORS OF PRODUCTION AND RESULTS

INDICATOR	Percentage		
	NATIONAL INCOME	FIXED ASSETS	MANPOWER
TOTAL	100	100	100
INDUSTRY	60.6	56.6	46.51
CONSTRUCTION	9.6	3.97	10.19
AGRICULTURE	12.2	13.62	23.39
FORESTRY	0.4	0.86	0.7
TRANSPORT	6.4	13.93	7.01
COMMUNICATIONS	1.2	1.6	1.17
TRADE, MATERIAL AND TECHNICAL SUPPLY,	7.5	9.01	10.38
PURCHASING			
OTHER SECTORS			
	2.1	0.41	0.65

³ Owing to the fact that the lev is non-convertible, the rate of exchange is not the market rate of exchange but a fixed exchange rate by the National Bank.

Over 60% of the total of the National product came from the industries which used up 56% of the fixed assets and 46% of the work force employed in industry. The employment percentage in agriculture remains high – 23%, accounting for 12% of the national product. The data for developed industrial countries in these measurements vary from 5 to 8%.

The survey of these changes in the dynamics for the period 1970- 1987 show the following picture: the percentage of industry has gone from 55 % to 60 %; the construction industry has moved from 9% to 10% and the communication industries sector has made a very small step forward. A fall can be observed in the percentage of the national product produced in agriculture (from 16% to 12%) in the wholesale supply and purchase sector (from 9% to 7%) while for the remaining branches the relative share is without any change.

Changes also occurred in the distribution of fixed assets for the period studied. The relative share of funds for the industrial sector has grown (from 50% to 56%) as well as that of other branches of industry. The greatest fall of the relative share of funds is in agriculture (from 20% to 13%) and the retail and wholesale trade and supply sector.

The greatest change occurred in employment levels. The relative share of employment changed as follows: in industry (35% to 46%), building industries (9% to 10%), transport (6% to 7%), retail and wholesale trade and supply (7% to 10%). The most sensitive fall was in manpower in agriculture (40% to 23%). There was also a fall in manpower in industrial sectors compared to total employment (86% to 81%).

Over the 1970-1987 period the relative share of the accumulation fund of the national income varied, reaching a level of 29-30% in the early years, and up to 23%-24% by the end of the studied period. The part of the fund accumulated in the industrial sector moved from 54% in 1970 to 80% in 1987. Of the remaining branches the highest is the percentage of accumulation in the transport sector (13%) and the retail and wholesale trade and supply sector (6%-7%). The relative share of accumulation in industry as compared to general accumulation fell from 73% in 1970 to 55% in 1987. Accumulation increased with the population and the non-material sphere. One of the most important constituent elements in the growth of accumulation is the growth of fixed assets and the part referring to capital goods. The relative share of the growth of accumulation in fixed assets compared to the total

for the country as a whole showed a trend of holding and fall from 60% to 45-50%. The same tendency appeared in the accumulation of capital goods compared with overall accumulation in industry – 60% to 30-40%.

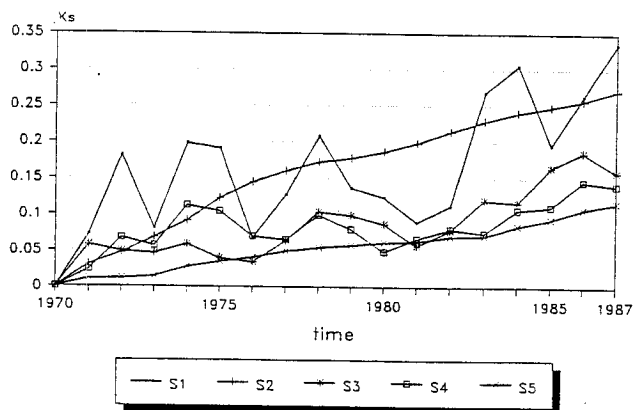
The relative share of capital investment in industry compared to their total volume showed a trend towards a small decrease for the 1970-1987 period (from 76% to 73%). An increase occurred in the volume of capital investment in the non-material sphere (from 17% to 21-22%). The largest is the volume and relative share of capital investment in the industry sector, as over the years a slight slowing down of the growth rate of investments had set in (from 59%, through 72% reaching 66%). Of the remaining branches transport occupied the greatest share (13%) as well as agriculture (from 19-20% it fell to 9% and this trend is still continuing).

An integral coefficient of structural change⁴ was used for the drawing up of the characteristics of structural changes in industry in Bulgaria.

The branch structure which existed in 1970 served as a base for the tracing of annual dynamics of the period compared to the base structure given in Graph 3.

STRUCTURAL CHANGES IN BRANCHES OF INDUSTRY

GRAPH 3



⁴ The integral coefficient of structural changes is analogous to the structure of the coefficient of Tale for the establishment of differences between predicted and real values. It varies within limits 0-1 incl. The larger the coefficient the greater the structural changes. See: Gatev, K., opus cit.

Given on the curve are the structural changes, according to branches in industry, as follows: S1 – Accumulation fund; S2 – Employment of industry; S3 – National income; S4 – Capital investment; S5 – Capital goods.

The structural changes in the accumulation fund are the greatest, with a sharp amplitude and considerable fluctuation as well as sharp and sudden random divergence in both directions, i.e. the economic policy in the fund accumulation has gone through frequent (justified or unjustified) changes. Fixed assets and capital investment have practically remained with no changes in the branch structure.

All factors share the low values of the integral coefficient (its highest values are 0,3) which strikingly come out. This provides sufficient ground for the claim that no considerable structural changes in the produced national income and the production fixed assets occurred over the studied period.

By means of cluster analysis we differentiated 5 sub-periods with homogeneous structural changes, namely Group One – 1970, Group Two – 1971 and 1973, Group Three – 1972, 1974 and 1975, Group Four – 1976-1982, Group Five – 1983-1987. The homogeneous groups, with few exceptions, include several successive years. We can therefore claim that the structural changes for the 1970-1987 period are altogether small, steady and gradual. Structural changes in the third sub-period are larger than those of the fourth sub-period, which means, that for a brief time relatively stronger and sharper structural changes were achieved, followed by a seven year period of stagnation of structures. The years of the last, the fifth sub-period are characterized by the greatest changes, however, the changes themselves are not large. The factor analysis of the structural changes points at two groups of structural changes. The first comprises structural changes in the produced domestic product and the output factors, changes which are characterized as smooth, gradual and relatively small. The second type of structural change includes those in the accumulation fund and capital investment and can be characterized as extreme (min or max) with many characteristic ups and downs for very short periods – 1-2 years – and with trends statistically different from the first group. Eventually, however, structural changes of the first type prevailed (the first factor explains 85% of all structural changes, while the second – only 9%). In practice all the structural changes did not exert any influence on the size of the GDP.

Towards the end of the studied period one of the principal targets of Government economic policy impact were the large economic organizations and firms, combined, from an administrative point of view, into economic complexes and associations. They were (and still remain) entirely state owned, and at present have become state firms. The private sector for that period was very small and did not exercise any significant impact on the economic processes in Bulgaria. At present the beginnings of privatization and demonopolization of the economic system are under way. These processes will however take some time, and meanwhile the present structures will continue to exercise their influence on the structure of the economy as far as its output potential and the privileged position of some of the state firms and associations are concerned. Therefore it is necessary to review the output potential and results of economic organizations in the economic complexes. In this part of the study for this purpose we studied the distribution of the complexes according to the size of the fixed assets, manpower, output, characterized by the pure output and profit.

Secondly, this part deals with the study of production links and relationships, the effect and flexibility of the main economic factors in the respective branches of material production, and the economic complexes. The analysis was carried out by means of the output functions of Cobb-Douglas. Also traced is the effect of the main output factors. An assessment is made of the potential size of the national income in case full use is made of human labour, employed in the material production.

Thirdly, certain fluctuations, both short-term seasonal and long-term cyclic ones, in the Bulgarian economy are examined. The possibilities of spectral analysis and the indexes of the seasonal fluctuations of macroeconomic indicators of the annual output of the national income and the monthly volumes of the net output have been used for this purpose.

ECONOMIC ORGANIZATIONS AND COMPLEXES

The relative share⁵ of the economic organizations in Bulgaria, grouped in associations (complexes) to the whole unit of the country on the size of output factors and the size of produced output are given in Table 2.

TABLE 2

RELATIVE SHARE OF BASIC FACTORS OF PRODUCTION AND RESULTS BY COMPLEXES

Percentage

INDICATOR COMPLEX	NET	PROFIT	MAN- POWER	FIXED ASSETS
TOTAL	100	100	100	100
ELECTRONICS	10.35	14.57	4.7	4.02
TRANSPORT, FARMING AND CONSTRUCTION TECHNOLOGY	3.42	3.46	3.08	3.09
HEAVY MACHINEBUILDING	2.22	1.35	3.24	4.59
BIOTECHNOLOGICAL AND CHEMICAL INDUSTRY	11.94	16.88	4.72	12.63
METALURGY AND MINERAL RAW MATERIALS	1.37	-0.84	3.48	9.74
AGRO-INDUSTRIAL	9.21	11.69	5.77	6.25
FOREST INDUSTRY	1.26	0.83	1.84	2.33
CONSTRUCTION AND BUILDING INDUSTRY	5.56	3.55	7.13	5.57
CONSUMER GOODS INDUSTRY	8.08	8.1	8.71	5.01
POWER GENERATION	2.84	1.58	3.54	16.32
TRANSPORT	7.42	6.28	9.47	14.37
COMMUNICATIONS	2.18	2.65	1.61	2.88
ECONOMIC ORGANIZATIONS	34.15	29.9	42.71	13.2

Firms belonging to the "Power Generation Complexes" (16%), "Transport Complex" (14%), "Non-complex Economic Organizations" (13%), and "Biotechnological and Chemical Industries" (12%) have the greatest share of fixed assets, i.e. four of the 13 complexes have more than half of the fixed assets of the entire economic system. The smallest relative share of assets belongs to the "Forestry-Industrial Complexes", and the "Communications Complexes" - 2-3%.

In manpower the highest relative share stays with the "Non-complex Economic organizations" (42%) category. The other half is evenly distributed among the complexes. The "Transport Complex" (9%) comes first, followed by "Consumer Industries Complex" (8%), "Construction and Construction Industries" (7%). The smallest relative share is in the "Forestry-Industrial" Complexes (under 2%).

The main part of the net output came from the "Non-complex Economic Organizations" (34%). Of the remaining

complexes the largest share belongs to "Biotechnological and Chemical Industries Complex" and "Electronics Complex" each with 10-12% of the net output. In fact three complexes provided over half of the net output. The Agrarian-Industrial Complexes (9%) and "Consumer Durables Industries Complexes" (8%) had a comparatively large share. The lowest relative share of the complexes "Forestry-Industrial" and "Metallurgy and Mineral Resources" is about 1%.

The situation with profit is similar. About 30% of the profit came from the "Non-complex Economic Organizations". The remaining complexes with the largest contribution were: "Biotechnological and Chemical Industries" (17%), "Electronics" (15%) and Agrarian-Industrial (excluding farming organizations) (11%). The smallest relative share was in the "Metallurgy and Mineral Resources" (1% - loss), "Forestry-industrial" Complex, or "Power generation" Complex.

Generally speaking the complexes can be classified into three groups.

Group 1. The group of complexes characterized by a regular output of factors. It comprises the following complexes:

"Electronics", "Biotechnological and Chemical Industries", "Agrarian Industrial" (without the farming organizations) Complexes. The "Electronics" Complex for example accounted for 4% of the fixed assets and 5% capital assets, giving 15% of the profit. The same was valid for the "Biotechnological and Chemical Industries" Complex, with 12% of the assets and 5% of the capital assets, giving 17% of the profit of the country for 1988.

Group 2. The group of complexes with regular output factors comprising the following complexes: "Transport, agricultural and construction equipment", "Consumer Industries Complex", "Transport", and "Communications". For instance the first of the enumerated complexes had about 3% of the fixed assets and 3% of the capital assets, and produces about 3% of the total volume of profit and net output.

Group 3. This group of complexes had low levels of efficiency. It comprises the following complexes: "Heavy Machine Building", "Metallurgy and Mineral Resources", "Forestry Industrial" and "Energetics". For instance the last of these complexes, the Energetics Complex, was characterized by the circumstance that it had 16% of fixed assets, and 4% of capital assets, while it was responsible for 1-2% of the profit and net output.

OUTPUT ANALYSIS

The potentials of the output function of Cobb-Douglas have been used for the analysis of the main production relationships and the links in macroeconomic branches of material production and economic complexes. Through this function the resulting macroeconomic indicators for the GDP, net output etc., appear as a function of basic output factors: the main fixed assets, manpower and scientific and technological progress⁶. Coefficients of production factors and scientific and technological progress⁷ have been also subjected to interpretation.

*** Output Activity according to Branches of Material Production

An 1% increase in the volume of fixed assets corresponded to an increase of 0,4-0,6% of the national income of Bulgaria for the 1970-1987 period. For 1% increase of real labour the corresponding increase in the volume of the national income was 0,2-0,3%.

If we take into account the influence of scientific and technological progress and other unidentified factors the conclusion could be drawn, that one unit of change in their volume has resulted in 0,2 units of change in the volume of the national income. The sum total of the coefficients of flexibility of output factors (time T excluded) is 0,7-0,8%, i.e. to 1% simultaneous increase in the volume of included labour corresponds 0,7-0,8% increase in the volume of produced national income. In other words, there is a reduction of allocation of output factors of the studied period.

The analysis of the coefficients of flexibility according to branches leads to the following conclusions. As far as the flexibility of the main fixed assets is concerned, one group of branches of material production ("Industry", "Transport", and "Trade, Supply and Purchasing") has parameters close to those common for the country. To 1% increase of assets, 0,3-0,4% increase corresponds in the produced national income in the respective branches. A small impact of the factor "main assets" is

⁶ The effect of scientific and technological progress is realized through the independent variable t (time). Data for 1970-1987 (the rate at fixed basis, 1970 = 1.0).

⁷ They give the 1% increase of a given factor through the percentage of changed volume of output, domestic income, net output.

typical for the remaining branches (flexibility coefficients 0,1-0,2%) the minimum influence being in the "Forestry branch" and in "Other branches of material production".

Two branches stand out with respect to the included real labour indicator: "Construction" and "Agriculture". Here 0,5-0,6% increase in volume of branch output corresponds to 1% increase of included labour.

Concerning unidentified factors, incl. scientific and technological progress, those with the smallest impact occur in the branches of "Agriculture" and "Trade, supply and purchase" (0,1%). The values of coefficients in the remaining branches are close to the mean values for the country.

The coefficients of flexibility for all branches and their sum total were less than 1. Therefore a fall in the allocation of output factors was evident clearly expressing a labour intensive production field and insufficiently effective allocation of fixed assets.

*** Potential and Real National Income

The potential volume of the national income is generally defined as the volume which would have been realized if there had been full employment of the work force (i.e. lack of unemployment or, its presence, but at a small constant acceptable level). In this study the problem has been solved through output functions, making use of the indicator for the maximum work time fund. It has been established that the difference between potential and real volume of domestic income existed over the studied 1970-1987 period and varied between 1-6%. Over the 1970-1976 period, the 1980-1981 period and for 1987 the difference is insignificant – from 1% to 3%; for the 1977-1979 and the 1982-1986 the difference between real and potential volume of national income is considerable – reaching up to 6%, which points to the insufficient use of output resources, losses and lost income due to unrealized labour results.

*** Results of Output of Economic Organizations according to Complexes⁸

For 1988, on average, for all observed economic organizations, 0,3% increase in the volume of net output corresponded to 1% increase of fixed assets. To 1% increase of manpower the

⁸ The analysis of output results of firms and complexes was also carried out by means of the Cobb-Douglas function. Net output served as an output indicator for 1988.

corresponding increase of the volume of net output was 0,6, which comes to show that manpower still has a strong impact on the volume of output depending on the available capital investment, i.e. output is generally labour intensive and the efficiency of the assets is comparatively low. The sum of flexibility is about 0,9, i.e. less than 1. Therefore there is evidence of a decrease of allocation of output factors.

The fixed assets factor has the strongest positive effect in the Electronics Complex - 1% increase in the volume of assets corresponds to 0,7% increase in the volume of net output. For the Power Energetics Complex the link between assets and net output is almost absent: to 11% of the change in the volume of assets corresponds respectively 0,09% increase of volume of output. On average in its impact and positive direction the influence of this factor is felt in the Biotechnological and Chemical Industries Complex and the Agricultural- Industrial Complexes. The level of impact on assets in the remaining complexes is close throughout the country. The factor "manpower" exercises its strongest influence in the "Energetics" Complex - to 1% increase, the corresponding increase of output is 1,2%. The effect of this factor in the "Biotechnological and Chemical Industries" Complex and the "Non-complex Economics Organization" Sector with a flexibility coefficient of approx. 0,7-0,8% is considerable. The smallest changes in manpower occur in the economic organizations in the "Transport" Complex. The remaining complexes in their flexibility coefficient are close to the general values of the countries.

The sum of flexibility coefficients for the prevailing complexes is under 1% or in other words, what we have is a decreasing allocation of output factors. Only some of them, such as the "Biotechnological and Chemical Industries" Complex have a constant or a small increase of allocation of output factors.

ECONOMIC CYCLES

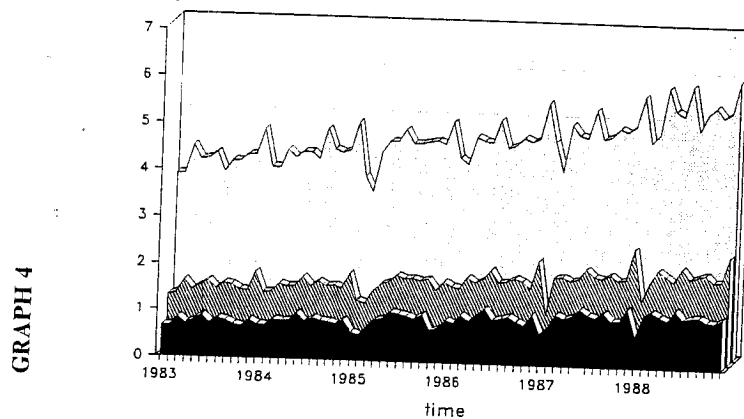
The dynamics of economic growth analysed in a long-term plan or according to monthly or quarterly periods can be seriously influenced by the presence of certain periodical, fluctuation cycles, resulting from causes contained in the economic system itself. There is ground to suppose that fluctuation cycles were not alien to the Bulgarian economy. Moreover centralized planning

was done according to five-year plans, while the obligations of the respective Government bodies to economic organizations were concentrated in realization of the plan for the six-month period and in the course of one year. This provides good justification to suppose that such a requirement on the part of the Government led to the formation of seasonal and other causes of fluctuation cycles. The above hypothesis was subjected to an empirical analysis.

*** Seasonal Fluctuations

Analysed here are the main indicators of output at the macrolevel according to months, as related to short-term fluctuations within one year. Indicator dynamics⁹ for the total output and total profit are given on Graph 4.

**PROFIT, NET AND TOTAL OUTPUT
OF ECONOMIC ORGANIZATIONS**



The top curve of the graph shows the dynamics of total output, the second one – net output, the third – total profit. The broad band of material expenditure, sharp fluctuations and absence of rhythmical output according to months is borne out. In order to assess the seasonal element, the values of indicators for seasonal fluctuations have been calculated for the main indicators – Table 3.

TABLE 3

SEASONAL FLUCTUATION INDICATORS

Percentage

INDICATOR MONTH	NET	PROFIT	LABOUR PRODUCTIVITY
JANUARY	77.43	77.98	78.03
FEBRUARY	90.39	86.8	89.62
MARCH	102.07	105.14	104.71
APRIL	99.12	100.7	99.44
MAY	99.94	103.64	100.82
JUNE	112.58	120.94	111.08
JULY	100.45	103.27	100.43
AUGUST	103.34	106.64	102.43
SEPTEMBER	102.39	105.36	102.62
OCTOBER	98.9	99.01	97.86
NOVEMBER	93.34	86.73	94.09
DECEMBER	119.76	103.99	118.87

The review of seasonal fluctuation indicators shows that in the course of the first two months every year output and labour productivity are about 12% below the mean monthly average for the year. At the end of every quarter of the year output is by 4-5% higher and in June and December by 10-15% higher than the mean monthly values. Throughout the rest of the year output is above average.

*** Cycles of Fluctuation

Spectral analysis has been used to present cycles of fluctuation and analyse them. Considering the main indicators¹⁰ GDP according to years and monthly volume of net output, the preliminary data is taken without the forecasts for their development.

Spectral analysis and the analysis of the curves of Fourier show, that GDP has a clearly expressed cycle of a curve with a length of 20 years, i.e. every 20 years a repetition of the trends is

¹⁰ Annual data for the 1947-1989 period, monthly data for January 1983 - December 1988.

visible in the development of the Bulgarian economy, characterized by the generation of the national income. Also present here are three smaller cycles of respectively 7, 10 and 14 years.

Concerning the dynamics of the monthly production of the net output a powerful cycle with a duration of 24 months is visible, i.e. every two years in the reproductive process, broken down by months, identical trends and regularities in the Bulgarian economy are observed. Also present are two weaker cycles with a duration of 2,5 and 3 years.

CONCLUSION

For the studied period the economy of Bulgaria is characterized by various trends. The main trends determine the regular impact on overall economic life in the country. Slowed down and reduced growth rates of GDP, characteristic for the last decade are stable and probably will remain the same in the future.

Over the studied period a number of attempts were made for structural changes in output factors according to branches of material output. As a rule, changes were inconsiderable, varying, and had not substantially influenced the generated GDP.

Output factors – main fixed assets and manpower were irrationally and ineffectively used with a reduced allocation as related to national output. Resources were distributed unevenly according to branches and economic complexes. Many of the economic organizations or complexes were not competitive, even working at a loss. In some fields large state corporations had a monopoly position (today they have become state companies), part of which were ineffective. Within economic organizations there had been a reduced allocation of output factors.

Clearly outlined were the features for the short-term seasonal fluctuations within the course of one year, as well as the presence of a long-term cycle.

100 All these negative and constant trends in the development of the Bulgarian economy give ground to believe, that the

difficulties with the change of the economic system and the transition towards a market economy will be considerable, also due to the fact that this transitional development of the economic system has occurred in an unfavourable time internationally, for the carrying out of a change of a system without any precedent consequently with no ready idea for success.