

AN ECONOMIC GLANCE AT FAR DISTANT BULGARIA

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INTRODUCTION

The economy of a nation can be greatly impacted by numerous factors absolutely **not** identified as “economic.” Such is currently the case with the former Warsaw Pact nation Bulgaria. In the paragraphs to follow, we shall examine some of these factors and, in some cases, note their very clear economic impact.

LOOKING TO THE WEST

For a February, 2004 issue of Germany’s *Handelsblatt*, Vera Sprothen painted a sketch of Eastern Europeans. The sketch is not complimentary and may not be accurate at all. Sprothen’s title answers the question: “Why are these Eastern Europeans here in Germany?” The title is: “Für eine Hand voll Euro” (57), meaning: “For a hand full of euros.” Sprothen enlarges:

Sie kommen aus Bulgarien oder Russland in der Hoffnung auf ein Stück vom deutschen Wohlstand (Ibid.) – They come out of Bulgaria or Russia in the hope of [gaining] a piece of German prosperity.... “Last summer,” one says, “there was work for us each day.”

At just about that same time – at a much higher level – the Sofia daily *Wirtschaftsblatt* reported a more sophisticated turn to the West:

“*Verstärkt sich das Interesse ausländischer Firmen an Investitionen in Sofia? Das Interesse für Investitionen ist konstant. Doch unsere Möglichkeiten sind nicht mehr so groß wie früher. Die Privatisierung wird nicht ewig dauern. Auf der anderen Seite konzentriert sich das Investoreninteresse auf den Stadtkern....*” (56) – Is there a strengthening of the interest by foreign firms in investing in Sofia? That interest in investing [here] is constant. However our possibilities are no longer as great as earlier. Privatizing could not go on forever. On the other hand, investor interest is concentrating in the center city....

Adobe Systems (29) – “Bulgaria Business Systems” (BBC) on Tuesday officially adopted for Bulgaria the software product of the American firm Adobe Systems....

As Bulgaria looks to the West, the West is looking to Bulgaria! *Wirtschaftsblatt*, a German-language newspaper in Bulgaria, asked a key question of the mayor of the capital city Sofia. Ironically, that mayor of Sofia bears the family name of **Sofianski**. Here are the question and answer:

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A main trading partner with Bulgaria is Germany. *Wirtschaftsblatt* made that quite clear while looking back over the year 2003 and

supplying an assortment of trade data:

Deutschland größter Lieferant von Waren an Bulgarien.... Der größte Abnehmer bulgarischer Waren war Italien.... Auf Platz zwei und drei folgten Deutschland und Griechenland. Die Mitgliedsländer der EU sind nach wie vor die größten Handelspartner Bulgariens.... (62) – Germany is the biggest supplier of goods to Bulgaria.... The largest importer of Bulgarian goods [in 2003] was Italy... Placing two and three [as importers from Bulgaria] were Germany and Greece. Member nations of the European Union are now as before the largest trade partners of Bulgaria....

The highly-favorable trade relationship evoked this early-2004 comment to *Wirtschaftsblatt* from Simeon Vassilev, a news director with BNT, Bulgarian National Television: “Wir sind gerne bereit, über die Aktivitäten der bulgarischen und der deutschen Wirtschaft zu berichten” (63), meaning: “We are happily ready to report about Bulgarian and German economic activities.” Surely some new memberships for Bulgaria can have economic impact.

SOME NEW MEMBERSHIPS FOR BULGARIA

Identifying our focus nation as *Wirtschaftsblatt*, the Greek newspaper *Wirtschaftsblatt* on February 6, 2004 indicated that NATO membership for *Wirtschaftsblatt* was just around the corner (40). And according to *Vijesti*, the Serbian newspaper in *Wirtschaftsblatt* (Belgrade), the next group of initiates was as follows: “baltische zemele zajedno sa Slovenijom, Slovačkom, Rumunijom i Bugarskom” (49), meaning: “the [three] Baltic nations altogether along with Slovenia, Slovakia, Romania and Bulgaria.” Just a

reminder: those *baltische zemele* [Baltic nations] are Latvia, Lithuania and Estonia. A *Wirtschaftsblatt* headline of February 10 proclaimed: “Nato-Beitritt früher als vorgesehen – April oder Anfang des Sommers 2004” (24), meaning: “Joining NATO [will be] earlier than planned – April or the beginning of summer of 2004.” Sofia’s daily *Wirtschaftsblatt* on February 13 left the specifics open: “Bulgarian entry into NATO will be in the year 2004.”

Although not so quickly, another new membership is looming. And Bulgarian officialdom wants to know what the public thinks. Here’s a quick capsule of the situation in February, 2004 as sketched by *Wirtschaftsblatt*:

Europäisches Parlament: Sofia wird 2007 in die EU aufgenommen. Staatspräsident Parvanov fordert Volksabstimmung – Alfa Research: 85% der Bulgaren für den EU-Beitritt (16) – European Parliament: Sofia will be integrated into the European Union in 2007. [Bulgarian] President Parvanov insists upon a survey of the population. Alfa Research [reports]: 85 percent of Bulgarians are for entry into the EU.

At that same time, Sofia’s *Wirtschaftsblatt* was able to add this further item:

10... Bulgaria and Romania are expected to be integrated into the European Union’s financial framework for the period 2007-2009. (38) – On February 10... Bulgaria and Romania are expected to be integrated into the European Union’s financial framework for the period 2007-2009.

Not provided were detailed specifics as to just what that means. But if we’re looking for

highly-specific trivia, we can find it in Bulgaria's joining the European "club." *Ziarul de iași*, a newspaper in neighboring Romania, had this report:

Bulgarii vor sa inregistreze marca "rakiya" in Comunitatea Europeana. Reprezentantii Ministerului Agriculturii spun ca Romania va continua sa utilizeze denumirea "rachiu" (48) – In the European Community, Bulgaria will use the registered brand name "rakiya" [meaning "brandy"]. A Representative of the Agricultural Ministry says that Romania will continue to use "rachiu" [also meaning "brandy"].

Both spellings basically come out in Bulgarian as *raikiya*. Although a significant development for Bulgarian and Romanian brandy producers, this was not big world news in 2004. **However**, as a sign that Bulgaria is being absorbed into the EU, this *raikiya* agreement was a loud signal!

And, yes, there were other changes in store for Bulgaria in 2004 and 2005.

HERE COME THE AMERICANS

Simon Saradzhyan, writing January 28, 2004 in the English language *Moscow Times*, opened up the possibilities:

It is well known...that recently admitted NATO member Poland is negotiating for the establishment of a U.S. base on its soil. Romania and Bulgaria, which are to join NATO in a few months, also are reportedly in [such] talks (55).

Just a few days later, the Romanian English language daily *Nine O'Clock* had some specifics regarding such a base:

...the Bulgarian media reported recently

that some of the U.S. troops will be deployed in Sarafovo airport in the coastal city of Burgas which is most likely to host a US base (4).

At that same moment, there was a rather surprising headline in Bulgaria's *Pravda* (February 6): "Russia is not against NATO bases here." A sign of Bulgarian enthusiasm for such a development was explained by Vassily Bubnov's or we could call him Vassily Bubnov. Here's what he reported way back on December 19, 2003. Take note of the "enthusiasm" of the final vote:

200 «for», 3 «against» (200 «for», 3 «against») voted to place in the territory of the country an American military base.

That final tally of 200 «for» and 3 «against» is pretty close to unanimous! However, in a formerly Iron Curtain nation, there can be discussion of such a move. In a report acquired February 6, 2004, Mitko Mandzhukov wrote for the English version of Sofia's *Pravda* that there were some reservations about the new U.S. base:

However, the Bulgarian head of state's insistence for the deployment to be carried out after an agreement within NATO is signed is bizarre.... Foreign Minister Solomon Passy countered President Georgi Parvanov's statement by saying that such an agreement is indeed necessary, but that it already

exists and is called the North Atlantic Treaty, an international agreement which Bulgaria is scheduled to adhere to in May 2004 (34).

But a military base is not the only American arrival! [redacted] had this report for February 19, 2004:

[redacted].
[redacted] [redacted] [redacted]
[redacted] (redacted) [redacted]
[redacted]...[redacted] [redacted] [redacted] [redacted]
[redacted], [redacted], [redacted]
“[redacted] [redacted]” (17) – Washington. Federal Bureau of Investigation (FBI) of the USA...is going to open its office in Sofia, Bulgaria, it was announced by [the German broadcast service] *Deutsche Welle*.

But the F.B.I. is not the only American agency currently seeking office space in the Bulgarian capital. *Wirtschaftsblatt* featured this bulletin at about the same time:

SOFIA. Die CIA, das FBI und die DEA sollten eigene ständige Büros und Repräsentanzen in Bulgarien haben.... Laut Experten gebe es keine formellen Schranken für Büroöffnungen von CIA and DEA in Bulgarien (12) – SOFIA. The CIA, the FBI and the DEA [Drug Enforcement Administration] will have their own permanent offices and representatives in Sofia, Bulgaria.... The experts have expressed that there are no formal limitations to opening offices for the CIA and DEA in Bulgaria.

Wirtschaftsblatt's omitting the FBI from that final sentence may or may not have significance.

With American military units soon to be stationed on Bulgarian soil and with Bulgaria soon to be a NATO member, what have we
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learned recently about the Bulgarian military in action?

BULGARIA'S OWN MILITARY

There are at least two ways to investigate Bulgaria's military establishment. First, there's the processing of administrative and budget matters. Then, there is the always-more-exciting passing glance at Bulgarian forces *in action!*

Administrative Matters

Boitscho Popov, an editor for the German-language Bulgarian newspaper *Wirtschaftsblatt*, interviewed Bulgarian Defense Minister Nikolai Svinarov for a February, 2004 issue. Popov wanted to know how entry into NATO would impact the Bulgarian armed forces. Svinarov's answer indicates that when you're in NATO you have friendly troops from other nations who can help you out in a crisis:

Die Friedensstärke der bulgarischen Streitkräfte wurde auf 45 000 Mann reduziert, und die Kriegsstärke auf 100 000 (58) – The peacetime strength of the Bulgarian armed forces will be reduced by 45,000 men and the wartime strength by 100,000.

To accompany such a *reduction* in human potential there can well be a *growth* or *updating* in appropriate equipment. Russia's [redacted].*Ru* on January 27, 2004 reported on such an *updating* of Bulgarian equipment. The Air Force had concluded a deal with a long-established Russian corporate body named for two innovators of long ago: [redacted] [redacted], or anglicized as Mikoyan & Gurevich, and shortened to MiG. Here's the [redacted].*Ru* report:

[redacted] [redacted]
[redacted] [redacted]

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 The Bulgarian Defense Minister has
 fined the Russian...corporation “MiG”
 \$600,000 for the delay in carrying out
 the contract for modernizing twenty
 MiG-29 fighter planes....

It is hoped that the delay in updating will not last much longer. Those modernized MiG-29's could well be used at the front!

Bulgarian Troops at the Front

Sofia’s English-language newspaper *The Sofia Echo* indicated that a Bulgarian officer had lost his command among the Coalition Forces in Iraq:

In a surprise move, Lieutenant-Colonel Nasko Lyutskanov, commander of the second Bulgarian battalion in Kerbala, was replaced...by order of Minister of Defence Nikolai Svinarov....Lyutskanov spoke no English at all, which seriously hampered communica-tions with Polish and US commanders. The new commander of the Bulgarian military in Kerbala...is said to be an expert in English.... (37).

According to J.F.O. McAllister, writing in *Time Europe* for February 18, 2004, here was a breakdown of some of the units in the Coalition Forces – Bulgaria’s troops included:

Serving alongside 2,300 Polish soldiers will be 1,600 soldiers from Ukraine, 1,300 from Spain, 470 from Bulgaria, 300 from Hungary, 220 from Romania.... (35).

Rather close to home, let’s look at Hungary (with 300) and Romania (220). Hungary has a national population of 10,117,900 (59), while Romania counts 21,480,200. Bulgaria – much smaller at 7,888,600 – sends far more soldiers than either of those neighbors! Poland, the leader in numbers and command, has a national population of a swelling 38,158,000. Spain’s contribution is not impressive – 1,300 troops from a nation of 41,895,600. Good job, Bulgaria! Sadly, the website for *Global Security.org* provided in mid-February of 2004 this casualty report regarding Bulgarian troops:

Five Bulgarian soldiers were killed and 27 wounded in suicide bombings in the southern Iraqi city of Kerbala [also spelled “Kerbala”] on 27 December (11).

Reluctantly, we leave the military on duty in Iraq and return home.

WESTERN RETAILING ARRIVES IN BULGARIA

There are many ways to evaluate a distant nation’s economy. There may be some Americans who feel that a positive sign is the arrival in a Bulgaria of Western Retailing. Such a sign may not always be positive. For example, in its issue for February 6, 2004, □□□□□□□□ printed this headline: “□□□□□□□ □□□□-□□□□ 100 000 □□. □□ □□□□” (20), meaning: “Coca Cola is fined 100 000 *levs* for its game.” The fine was levied against Coke’s Bulgaria subsidiary by the □□□□□□□□□□ □□ □□□□□□ □□ □□□□□□□□□□□□□□ (Commission for the Protection of Competition). The marketing “game” was labeled as “□□□□□□□□ □□□□□□□□! □□□□ □□□□□□-□□□□!” That comes across into English roughly as: “A commission prize! Capture the whole market!” This appears to be a matter of Coca-Cola rewarding retailers for forcing Coke on their

Monetary Fund has approved the release to Bulgaria of a final tranche [installment] of \$39 million as part of a two-year agreement...by which Bulgaria was to receive [a total of] \$281 million.

Like a cautious *parent*, the World Bank expressed pride in Bulgaria but also had a warning, as reported in *Wirtschaftsblatt* in January:

Bulgarien, Rumänien und Kroatien verzeichneten einen durchschnittlichen jährlichen BIP-Zuwachs von rund 4,5 Prozent.... Transformationswirtschaften von Bulgarien, Rumänien und Kroatien haben mit der Inflation, der Arbeitslosigkeit und der rapiden Erweiterung der Kredite zu kämpfen, warnten Experten der Weltbank (65) – Bulgaria, Romania and Croatia are registering an average yearly increase in GDP [gross domestic product] of around 4.5 percent.... [However] The transformation economies of Bulgaria, Romania and Croatia must engage in combat against inflation, unemployment and the rapid expansion of credit, the experts of the World Bank are warning.

On February 2, some positive signs were coming out of a meeting in Moscow. The excellent business publication and website known as www.wirtschaftsblatt.com provided these details in its English version:

Russia expects Russian-Bulgarian trade volume to be doubled within the next five years, Russian Finance Minister Alexey Kudrin said after his meeting with Bulgarian Economy Minister Lidiya Shuleva.... [Also] Russia expressed its readiness to repay its debt to Bulgaria in cash before 2005, Russian Finance Minister Alexey Kudrin told journalists.... (54).

Also quite impressive – and with economic implications – is a newly-developed part of the capital Sofia. Here’s a description from *Wirtschaftsblatt* in the middle of February of 2004:

Das neue Viertel mit acht Einfamilienhäusern soll bis zum Frühjahr fertig sein, schrieb die Tagespresse.... Zum neuen Wohnviertel werden auch ein Swimmingpool, einige Gaststätten und Geschäften gehören. Der gesamte Ort wird 24 Stunden am Tag bewacht sein.... Häuser im neuen Sofioter Wohnviertel Aristocrat kosten 180 000 bis 300 000 Euro (27) – The new quarter of eight one-family houses should be ready by early spring, the local press reports. In the new residential area, there will be...a swimming pool, some restaurants and businesses. The entire area will be guarded 24 hours a day. Houses in the

new Sofia aristocratic residential area will cost 180,000 to 300,000 euros.

In February, 2004 that upper figure translated into American currency as \$375,000!

Think back to the Bulgaria we knew for so many years. We in the West pictured, maybe not accurately, an Iron Curtain puppet Communist Government in Sofia under the thumb of the Soviet Union. It was a Warsaw Pact nation where individual freedoms and private entrepreneurship were hard to find. Never in *that picture* would we expect to see a Bulgarian living in a home worth \$375,000! Yes, there have been changes in that **old picture**.

CONCLUSION

In the 1989 motion picture classic “Field of Dreams,” Ray Kinsella (played by Kevin

