

ON HISTORICITY AND REALITY OF THE ECONOMIC GROWTH IN BULGARIA

The book by Rossitsa Rangelova, Senior Research Fellow, Ph.D., published at the end of 2006 analyses the economic growth in Bulgaria during the 20th century*. The title implies the growth to be traced through a long period of time in comparison to other European countries and its speed and trend to be truthfully estimated by applying relevant macroeconomic indicators. Generally speaking, the book can be regarded both as an empiric and as a methodological study. The historical aspect is a background for revealing the contemporary issues of economic growth and the forces driving its future development in a country striving to be an equivalent member of the European family.

A general view on the content shows a good logical structure of the expose in three chapters on the economic growth covering three long consecutive periods – until 1950's., 1950 – 1989 and the decades of transition to a market economy until the European Union membership. In terms of each period, several additional aspects are covered by the different chapters in relation to the object of study: economic growth measurement; development of methodology of its synthetic indicator GDP; ways to compose indicators and possibilities for accounting, etc. The interest of researchers in including Bulgaria in international comparative studies has been pointed out, their methods have been shown, as well as methods of international institutions.

The author has presented the economic development in Bulgaria according different estimates focusing on the issue of economic growth characterised by speed and structural changes. Additional indicators have been examined too, such as productivity, effectiveness, savings, investments, trade balance and demographic changes.

The economic growth of Bulgaria is presented in the context of the rhythm of European countries, so that the comparative analysis is relevant for sub-periods not only of Bulgaria but of most European countries.

Based on the study outlined above, Rangelova draws conclusions about the Bulgarian economy, the factors and the price of its transition.

Taking into account the broad range of the theme - economic growth in Bulgaria during the twentieth century, the readers' general question of interest is perhaps: whether the study is focused enough. It is not about the issue that Rangelova has stepped in the twenty first century as it is obvious from the data in tables and forecasts. The first chapter "Bulgaria in Europe" already suggests that the economic growth has been presented in comparison to other European countries. And it is not possible to skip the issue of information sources and

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methods of comparison. Trying to make a study, even a general one, about a period of one hundred years, the author cannot avoid the question about the homogeneity of indicators by periods and countries. Proceeding to the methodological issues about economic growth measuring, naturally the author as a researcher-statistician goes deeper in the research issues and makes her own evaluations about the level and the possibilities of other specialists' approaches and empiric comparisons. In her capacity of a contemporary of the development of some of them and a researcher in the field of the international comparative studies for Bulgaria, the author can not become estranged from the problems of the changing economy.

The above explains the scope of the theme. Its extension is a positive step regarding several aspects. Mainly the book has merit due to its concept about the historicity of the economic growth issue. On one side - it is empiric. Tracing the levels and changes in the synthetic indicator National Income (NI), later Gross National Product (GNP) and Gross Domestic Product (GDP), introduced in world practice and in Bulgaria already, shows the real state of the economy at different stages. This has influence on the contemporary level and speed of development and forms the basis of potential possibilities and orientation of driving factors in the future. Thus, the author touches these issues, including the context of Bulgaria's position among the other European countries. Therefore, the merit is not only that Rangelova has outlined the curve of the economic growth in Bulgaria for a period of more than one hundred years, but also the fact that she has explained some aspects of contemporary conditions and perspectives on the base of its dynamics.

R. Rangelova succeeds to establish relatively homogeneous time series data and trend characteristics, in spite of information scarcity and contradictory estimates of growth by world famous economists and international organizations. Thus, one of the author's main achievements is outlined. One can hardly imagine the author's efforts and long working hours of data gathering, comparison and adjustments. That is why; such empiric study could be classified as a contribution to our contemporary science, as well as due to its reliability concerning the historicity and the assessments. It could be useful for any study of development and economic growth, as well as for foresight studies and decision-making processes.

The methodological aspect of the book is of equal importance, offering systematisation of the approaches for the development and interpretation of the main indicators of economic growth – NI and GDP. The methodological comments are of mixed nature - there is bibliographic information for selected authors, tables comparing economic levels and rates of Bulgaria and other countries, names are repeated due to methodological changes in the next periods (described in chapter III), some episodes of the economic history of Bulgaria and Europe are mentioned. This distracts but also encourages the interested reader.

On the one hand, the careful gathering and arranging of data for Bulgaria and other countries shows that there is compatibility and proximity of Bulgarian and foreign authors' assessments. On the other hand, the theoretical thoroughness and competence of Bulgarian researchers from the beginning of the last century has

become apparent. The book's merit is that there is a separate point to remind of them and to emphasize on their international recognition.

On the other hand, one can learn from the study more about the development of the methodology and the transition in the world practice from the NI to GNP and GDP. The difference between the accounting of market economies, known as System of National Accounts and accounting of former socialist countries - Balance of National Economy is presented both in a methodological and in an ideological-theoretic aspect. Using the assessments of two famous western authors T. Alton and A. Madison and giving comments on their approach, Rangelova presents data about the growth of selected countries explaining correctly the differences with the rates in Bulgaria as a result of the different volume and composition of macro indicators. The methods for adjustment of indicators of the UN international program for comparative studies, as well as the efforts of our official accounting authorities or researchers in that respect (Chapter II) are not enough covered and discussed, even though they are known and are more precise.

A comment is made in the book, based on assessments of the above mentioned authors, about the factors of growth till the beginning of the transition period, hampering also the very transition. It is associated correctly with the transition of the very accounting system and in this view, even though generally, the methodological problems of the statistic studies on prices, inflation, hidden economy, property types are categorised. Attention is paid to the method of GDP evaluation on the purchasing power parity (PPP) approach, where Bulgaria is included since 1993 in the UN international program for comparative studies of the GDP in Europe.

The detailed information is quite interesting, as well as the interpretation of several issues concerning the meaning of the comparative analysis. One of them refers to the composition and structural changes in the GDP on which the nature and speed of growth depends. Although the volume indicators and the rates are not formally analytically tied with the structures and no differentiation is made between GNP and GDP, an idea emerges for measuring the factors of the economic growth and the real value of its nature, price and quality.

The second issue related with "the economic content of growth" (p. 141), as defined by the author, refers to the increased role of technological changes. Unfortunately the problem of measurement has not been discussed. It is only underlined to keep it in mind as a phenomenon mainly when comparing the economic changes by time periods and by countries. It is also mentioned that the economic levels (GDP per capita) depends on the number of population and especially on its decline and that, "the demographic characteristic has worsen strongly in the long-term in Bulgaria, as well as in other European countries and in the world as a whole". Without discussing what "worsening" means and what the world demographic characteristic is, we will point out that the issue about the economic levels and the changes in population number does not refer only to its decrease but to its variation. That is why, the standardisation not only of the total growth rate is necessary, but also

of structures given certain symptoms of population. Section 2.2 in the book "Demographic changes" is a general characteristic, which does not clarify in the methodological aspect and specification in measurements. Author's explanations about the way of establishment and the meaning of purchasing power parity (PPP) are interesting but not clear enough. More important are the analyses of the changes in economic levels in Bulgaria and selected European countries by PPP and the real GDP respectively, which is also connected to the human development index.

Apart from the historical data and methodological issues concerning faults in accounting and international comparisons, Rangelova succeeds to outline a quite uneven curve of the economic growth rate in Bulgaria and its lagging behind other European countries. Probably on the base of it and the low economic levels, Rangelova has drawn a pessimistic conclusion at the end of the book, quoting also other Bulgarian authors. It is accepted that the economic growth in Bulgaria during the 20th century, "was not definitely a vector of modernity" (p.166). However, the outlined growth curve shows increases in national income irrespective which evaluations and which kind of growth is selected from the 100-year period. The highly fluctuating but never zero rates have pulled Bulgaria out the feudal-capitalist monstrosity and given evidences for a development comparable to other European countries. Bulgaria levels even surpass other countries in some indicators of development which though depending on the growth, have also other driving forces. In the last chapter the author examines a number of them and as a witness to the transitional period gives her own evaluations about the price of growth and the prospects of development. To some extent, all the above makes the book one of a mixed character, as well as lacking concentration in respect to the topic, but at the same time a book with a larger information and discussion value.

One of the explanations, proven by reference sources listed at the end of each chapter, is that R. Rangelova relies on a great number of Bulgarian and foreign literature and statistical sources and uses applicative own publication, which allows some scattering. A good solution is that the additional information about some authors or methodological issues is presented in boxes. To our regret they are not well formatted. There are some omissions and inaccuracies in the table titles and not updated time series. Nevertheless, the book is written in orderly manner, well sustained and logically presented, with reader-friendly language and persuasive argumentation.

The study is interesting to a wide circle of readers. The book gives rich information, knowledge, scientific argumentation, as well as grounds for objections and emerging of other ideas or general concept. It is provocative, useful and timely.

Penka Naydenova, Professor, Dr. Ec. Scs.