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23 Jun  
VII/RA/n.289

BULGARIAFINANCE

## Money

STANDARD OF LIVING

## Prices

## Clothing

TRADE

## Prices

Aspects Of Monetary Reform And Some Recent Prices

SOURCE TRIESTE: A Bulgarian in exile in contact with high Bulgarian political and commercial circles.

DATE OF OBSERVATION: Current period.

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The second part of the Deliberation regarding the monetary reform refers to the "abolition of ration cards for foodstuffs" and the "reduction of retail prices." These two provisions had already been made in March 1951 with regard to clothing, and at that time, as now, the population was forced to sing hosannas to the elimination of rationing and the reduction of prices which, however, did not correspond to reality, inasmuch as with the abolishment of ration cards prices were reduced not on the basis of the rationed prices, but on those of the free market.

With the abolishment of ration cards for the most common foodstuffs rationing ceased to exist, but the abolishment is accompanied by a mystified percentual "reduction" which, instead of being based on the old rationed prices, is based on free market prices. The result being that actually a price increase has taken place, as can be seen from table I<sup>o</sup>.

Table I<sup>o</sup>

Foodstuffs (formerly rationed and now not)	Pre-reform ration prices per kilo or liter	Free market price before reform per kilo or liter	Percentual numerical reduction on "free" prices before reform, pro- vided by deli- beration	Free price before reform, minus reduction quota	Numerical price increase (column E minus column B)	Present Calcu- lated price in Leva kilo or liter	Percent- ual in- crease
A	B	C	D	E	F	G	H
Macaroni products	80	300	23% 69	231	151	9.24	188%
Lard	340	650	27% 175.50	475	135	19.00	39%
Seed oil	148	650	38% 247	403	255	16.12	172%

(Over)

23 Jun  
VII/RA/n.289BULGARIA  
(cont'd)

1

A	B	C	D	E	F	G	H
Rice	130	500	50% 250	250	120	10.00	93%
Flour	80	300	no reduction	300	220	12.00	275%
Sirene (cheese)	140	400	15% 60	340	200	13.60	142%
Meat	320	500	10% 50	450	130	18.00	40%
Kashkaval (cheese)	340	550	no reduction	550	210	22.00	61%
White bread	50	150	no reduction	150	100	6.00	200%
Black bread	30	80	35% 28	52	22	2.08	73%

In order to have a more concrete picture of the effects of the much talked about reduction, let us concentrate our attention on one product mentioned above, that is bread, the most important food product.

Before the monetary reform the head of a Bulgarian family with an monthly average wage of 10,000 Leva could buy 333 loaves (less than one kilo) of "typical" dark bread at the rationed price of 30 Leva per loaf. Today his salary amounts to 452 Leva (10,000 Leva plus 1,300 Leva raise in accordance with point 22 of the deliberation equals 11,300 Leva - 11,300 Leva exchanged at the rate of 100 to four in accordance with point 8 of the deliberation equals 452 Leva. Dividing 452 by the present price for a loaf of "typical" dark bread (2.08 Leva) we get 217, which is the number of loaves of bread he can now purchase per month.

Let us check on white bread: before the reform, the rationed price was 50 Leva a kilo (equal to \$ 0.29 at the present exchange rate of the dollar;) now the same kilo costs six Leva (equal to \$ 0.87.) Before the reform the head of a Bulgarian family earning an average of 10,000 Leva a month could buy 226 kilos of white bread; today he can only buy 75 kilos of white bread a month.

Bulgarian citizens were tripped up in another field, that of financial obligations. Whereas debts of private individuals to the State were reevaluated at the ratio of 100 to four Leva, the debts of the State to private individuals were reevaluated at the ratio of 100 to one.

Let us look for a moment at the discrepancies between official prices established by the deliberation, and the prices actually in vigor in SOFIA on 18 May 1952 (six days after the reform.)

Lard, for example, was supposed to sell for 19 new Leva, but in reality is selling for 22 Leva, an unjustified increase of three Leva.

Macaroni products were supposed to sell for 9.24 Leva according

(Over)

23 Jun  
VII/RA/n.289BULGARIA  
(cont'd)

2

to the new price rates. Instead, during the afternoon of 18 May 1952 (six days after the reform) the price of this product was 10 Leva a kilo in a large State foodstore located at the corner of Rakovski street and Isker street in SOFIA.

Children's shoes: before the reform they sold for 700 Leva, equal to 28 new Leva. The deliberation called for a 10 per cent reduction on the price on shoes. Therefore, the price of a pair of children's shoes was officially set at 25.20 Leva. On 18 May 1952 shoeshops in SOFIA were selling children's shoes for 48 Leva a pair.

A shirt of poor make and quality costs 260 Leva, equal to a 17-day pay.

On 18 May 1952, a pair of low quality ski shoes were selling for 560 Leva in a shop on Stalin Boulevard (ex-Zaritsa Ioanna,) at the corner of Denkoglu street in SOFIA.

On 18 May 1952, a plain metal bedspring was selling for 376 Leva on the market at Hristo Botev Boulevard.

A house iron sold for 76 Leva, equal to a five-day pay.

The head of a Bulgarian household with an average wage of 452 Leva will have to work 16 days to buy a pair of men's shoes, which cost 240 Leva; to buy a bicycle (1,320 Leva) he will have to work three months.

This bicycle is the cheapest type. In reality, one may purchase at Stalin Boulevard "Mifa" bicycles of East German manufacture at 1,600 Leva (price on 18 May) equal to 106 work days. Not even this bike is of very high quality.

A meter of removen (reclaimed) woolen material of very poor quality costs 360 Leva, equal to 24 work days.

The following table II<sup>o</sup> quoting the prices of some common food-stuffs also serves to compare the relative prices and purchasing power of the average Bulgarian and Italian household heads.

Table II<sup>o</sup>

Products	Quantity	Actual price in Leva	Price in dollars (official rate of 6.80 Leva per \$)	Price in Lit (official rate of L.624 per \$)	Price in Italy	Purch. power of Bulg. with average monthly wage of Leva 452 equal to L. 41,477	Purch. power of Italy with average monthly wage of L. 41,477 equal to 452 Leva
1.	2.	3.	4.	5.	6.	7.	8.
							(Over)



23 Jun  
VII/RA/n.289BULGARIA  
(cont'd)

3

1	2	3	4	5	6	7	8
Macaroni	kilo	10.00	1.47	917.28	190	46,3 kilos	218 kilos
Sugar	kilo	10.00	1.47	917.28	260	46,3 kilos	159,5 kilos
Eggs (1)	each	0.80	0.11	68	30	609 eggs	1382 eggs
Seed oil	liter	16.12	2.37	1478.88	600	28 liters	69 liters
Rice	kilo	10.00	1.47	917.28	150	46,3 kilos	276 kilos
Black bread (2)	kilo	2.60	0.38	237.12	115	175 kilos	360 kilos
Flour	kilo	12.00	1.76	1098.24	150	37,7 kilos	276 kilos
Milk	liter	3.20	0.47	293.28	80	141 liters	518 liters
Wine (3)	liter	14.40	2.10	1310.40	105	31,30 liters	395 liters
Potatoes	kilo	3.76	0.55	343.20	60	120 kilos	691 kilos
Vinegar	liter	4.20	0.61	350.64	100	107 liters	414 liters
Plain crackers	kilo	28.00	4.10	2508.40	250	16 kilos	160 kilos

(1) It should be remembered that Bulgaria had always been a heavy producer and exporter of eggs.

(2) 2.60 Leva is for a kilo; the official price of Leva 2.08 is for a typical loaf weighing less than a kilo.

(3) Bulgaria had been a heavy producer and exporter of grapes..

EVAL. COMMENT: Correct.