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## Economic Developments in Eastern Europe

Every spring, the Department of Socialist Countries and East-West Economic Relations at the HWWA-Institut für Wirtschaftsforschung-Hamburg submits a summary of the past year's economic developments and of current trends in CMEA countries.<sup>1</sup> The main results are presented here.

### USSR

Mikhail Gorbachev's first year as secretary-general, and at the same time the final year of the 11th Five Year Plan, was marked by a better economic performance than 1984. Despite initial difficulties early on in the year (applied) national income increased by 3.1 %. The plan target, however, was not achieved.

Industry again made the decisive contribution to growth, the 3.9 % increase in production fulfilling the plan target. However, the good overall performance conceals problems in individual branches. In particular, certain primary industries revealed shortcomings, and the drop in oil production to a level below 600 million tonnes had a particularly adverse effect on the Soviet economy.

Once again, the agricultural sector must take its fair share of the blame for the non-fulfilment of the national income target. Gross agricultural production could not be increased and remained at the previous year's level. Although the cereal harvest (estimate: 190 million tonnes) was much higher than in 1984, it was still well below the annual average foreseen in the Five Year Plan.

Performance in the transport sector was also unsatisfactory in 1985, which contributed to the inadequate supply of intermediate products for production plants and of food for the population. There was only a 1.6 % increase in the amount of goods carried (planned increase: 3.3 %).

The volume of foreign trade only increased by 1.3 %, and there was a further clear regional shift towards trade with socialist countries. There was an expansion in both imports from and exports to this group of countries. At the same time the value of exports to western industrialised countries decreased to such an extent that the Soviet Union faced an import surplus in trade with these countries.

The supply situation of the population was again unsatisfactory in 1985. Neither retail trade turnover nor real per capita incomes achieved the promised levels. Although services were increased according to plan, and the production of consumer goods (Group B of industrial production) recorded a relatively high increase (+ 3.9 %), these achievements often failed to cater for the needs of the consumers.

It had already become clear in 1984 that it would not be possible to achieve many of the targets fixed in the Five Year Plan (1981-1985) by the end of 1985. Indeed, many of the plan targets were not achieved. The target of intensifying the economy via a better utilisation of production factors was not achieved to the desired extent. The productivity of labour, a particularly important indicator for this intensification, lagged behind the plan target of +3.4 % with an average annual

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<sup>1</sup> Klaus Bolz (ed.): Die wirtschaftliche Entwicklung in ausgewählten sozialistischen Ländern Osteuropas zur Jahreswende 1985/86, Verlag Weltachiv GmbH, Hamburg. The report on the GDR was written by Peter Plötz, that on the USSR by Sybille Reymann, and that on Rumania by Petra Pissulla, all from the HWWA-Institut für Wirtschaftsforschung-Hamburg. The contribution on Poland was written by Hubert Gabrisch and that on Bulgaria by Ilse Grosser, both of the Wiener Institut für Internationale Wirtschaftsvergleiche, Vienna. The author of the report on Czechoslovakia was Franz-Löthar Altmann, Osteuropa-Institut, Munich. The report on Hungary was contributed by Andreas Wass von Czege, University of Hamburg.

growth of 3.1 %. With the same increase, (applied) national income also failed to achieve the planning target (+ 3.4 %), which had already been lowered in comparison with the performance of the 10th Five Year Plan.

The investment figure was much higher than originally planned. There were continuing problems, however, such as the inability to meet deadlines, the overrunning of planned construction costs and the constantly growing stocks of plants and machinery unfinished or not put into operation. The urgently required technical conversion and modernisation of Soviet industry developed too slowly. The high level of investments in the agro-industrial complex – roughly one third of all investments – also failed to bring about the desired success.

The so-called social component of the Five Year Plan also fell short of its target. With the exception of the first year the planned increases in real per capita incomes were not achieved. Retail trade turnover and services for the population increased to a much lesser degree than planned. The development of residential building, on the other hand, was more positive. More residential accommodation capacity was created than foreseen in the Five Year Plan.

It remains to be seen whether Gorbachev will be able to promote the intensification of the Soviet economy with the help of the new Five Year Plan to such an extent as to ensure that the overall growth of national income and of individual economic sectors will be achieved via an increase in the productivity of labour.

## German Democratic Republic

In 1985 the GDR continued the consolidation policy it took up following the crisis in 1982. Compared with 1984 there has been an only slight decrease in overall economic growth. The East German economy has been able to stabilise the growth path it has been pursuing since 1983. Produced national income in 1985 was 4.8 % up on the 1984 figure and thus surpassed the target fixed in the National Economic Plan by 0.4 percentage points.

Industrial production increased faster than expected. The productivity of industrial labour is also marked by a continuing upward trend. The development in the agricultural sector helped considerably to stabilise growth. A record performance was achieved by crop production, and there was a continuingly positive development in animal production.

For the fourth time running a surplus, this time amounting to 7 billion valuta marks (VM), was achieved in international goods traffic. As in 1984 imports by the GDR in 1985 again increased slightly more than exports.

On the application side, the economy's overall investments have not benefitted from the greater expansion of imports compared with exports. In real terms, investments have probably stagnated in comparison with 1984. The strategy pursued for some years now of compensating for the scarcity of investment funds via a more extensive utilisation of production plants was continued.

The East German population also benefitted from the stabilisation of overall growth in the GDR economy. Private consumption, in terms of retail trade turnover, increased nominally by 4.2 % instead of the planned 4 %. This growth rate corresponds to the 1984 figure, which means that towards the end of the recently expired Five Year Plan private consumption has again caught up with the average annual growth rates recorded during the second half of the 1970s.

Some major targets of the 1981-1985 Five Year Plan were not achieved. However, the GDR successfully continued the foreign trade strategy necessitated by its balance-of-payments situation during the expired medium-term Five Year Plan period. Nevertheless, the associated import restraint and accompanying substantial export expansion were bound to have implications for domestic production, since the effects emanating from foreign trade led to a decrease in the investment resources and materials available domestically. As a result, the growth prospects of the East German economy automatically deteriorated. The scarcity of resources compared to original plans led to a levelling off of the growth curve. In the end, this affected the East German population. The – in comparison with the 1970's – already low target for the growth rate of private consumption was failed by a considerable margin.

The medium-term growth targets for the 1986-1990 period are not yet known. If the National Economic Plan for 1986 is a reflection of the basic tendency for the new 1986-1990 Five Year Plan the GDR can be expected to stick to its consolidation course in future. The target for produced national income in 1986 is 4.4 % higher than in 1985, and for the production of industrial goods 3.8 % higher. For the first time in five years an albeit slight expansion of 1.8 % in the volume of investments is planned. It seems doubtful whether this expansion will

be enough to bring about the structural adjustments needed for a further stabilisation of economic growth.

Retail trade turnover as well as net money income of the population are planned to increase by 4.0 %. This fits in with the economic policy concept of political and economic planners in the GDR: a continual improvement in the supply situation of the population will have a positive effect on the achievement motivation of the workforce.

There has been a downward revision in the planned expansion target for foreign trade; exports and imports together are to be increased by 5 %. Although export and import data have – as usual – not been published, the difference between the planned increase in produced national income and planned national application (growth of overall investments and retail trade turnover) shows that exports are planned to increase more than imports. The year 1986 would then finish with a surplus.

## Poland

1985 was a disappointing year for the Polish government.

National income produced in 1985 is reported to have risen only by 3 %, at constant prices, as against 5.6 % in 1984 and 6 % in 1983. The average growth rate 1983-85 amounted to 4.9 %, thus exceeding the Three Year Plan figure. Yet, compared with 1978, national income fell short by 13 %, and its growth shows a downward trend. National income distributed in 1985 grew more quickly than national income produced; in 1983-85 both growth rates were more or less equal, though a definitely higher growth rate of the income produced had been planned.

The 3.8 % growth (at constant prices) of gross industrial production achieved in 1985 fell short of the plan (4.5 %), while the average growth rate over the whole period 1983-1985 corresponded to the plan figure (5.1 %). Output in primary industries in 1985 declined in some branches (extractive industries: -0.5 %, building materials: -2.8 %, iron and steel: -1.5 %). In others, growth of production was below the average level in industry and also below the level of previous years (electric energy, chemicals, fuels). Relatively high growth rates were recorded in the electronics and electrotechnical industries (7.9 %), machine building (7.7 %) and precision instruments (13.9 %).

Agricultural production in 1985 slightly surpassed the previous year's figure by 0.9 %, which can be

considered a success. The decline in grain harvests – down by 0.8 million tons as against 24.5 million tons in 1984 – was less marked than feared. Thus crop production declined by 2.2 % only. Animal production rose by 4.6 %. Between 1983 and 1985 agricultural production grew by 2.7 % on average as against the planned rate of 2.9 %.

The building industry's gross production at constant prices increased by approx. 3.5 %. While residential building decreased by 1.5 % (in the socialized sector even by 4 %), industrial building construction by far surpassed the plan stipulations. The total number of new apartments sank to 193,000 units.

As usual the government was either unable or unwilling to keep investment growth at the planned level. Outlays rose by 5 % (plan: 0 %). In the socialist sector investments grew even by 6.4 % (plan: -3 %). A further deterioration took place concerning the completion of investment projects in progress. Only 65.7 % of the project completion plan could be fulfilled in 1985 (70 % in 1984). Over the whole Three Year Plan period investments rose by 8.6 % at constant prices as against 1.6 % as planned.

In contrast to investments, private consumption stagnated. Consumption per inhabitant rose by a mere 1 % in 1985. Between 1983 and 1985 it increased by 3 % on average as against the planned 4.5 %. Here the failure of the plan, which had foreseen that consumption should be "defended" and investments cut, has been most obvious. Coupled with the unequal distribution of incomes, poverty rose and living conditions deteriorated. In particular, pensioners and families with more than one child, drawing incomes from the socialized sector, were impoverished. The disequilibrium in the consumer market increased. In 1985, nominal incomes of the population went up by 24 % (nominal wages by 18.4 % and pensioners' incomes by 17.7 %). Retail trade turnover at current prices rose by 17.7 % and at constant prices by 4.4 %.

Although the terms of trade in dealings with the convertible currency area improved by 3.3 %, the trade surplus sank from \$ 1,456 million in 1984 to \$ 1,077 million in 1985. Export revenue diminished by 2.9 %<sup>2</sup> to \$ 6,155 million. Instead of increasing as planned, exports of manufactured goods declined; hard coal sales diminished as well (-5.4 million tons). Import outlays rose by 5.6 % to \$ 5,078 million. Grain imports amounted to 3.3 million tons, thus falling short by 270,000 tons as against 1984.

<sup>2</sup> Note that these growth rates refer to customs statistics figures.

Poland was unable to pay \$ 550 million of interest delayed in 1982-84 to Western government creditors up to Dec. 31st (a condition of the Paris Club agreement from July 1985). The government creditors granted Poland a three-month extension up to March 31st, 1986.

Estimating a current account deficit in hard currencies of about \$ 800 million for the whole year and a dollar devaluation effect on Polish debt of about \$ 3.1 billion, net debt rose sharply from \$ 25.2 billion per end of 1984 to \$ 29.1 billion per end of 1985. Taking into account some assets of about \$ 1.4 billion, gross debt probably surpassed the \$ 30 billion level.

Terms of trade in turnover with the non-convertible currency area deteriorated by 1.2 %. Export revenue in roubles increased by 9.8 % and import outlays by 8.9 %. The deficit in the trade balance rose to Rbl 684 million. Gross debt rose from Rbl 4.8 billion (1984) to 5.6 billion.

The 10th Party Congress in June 1986 will decree the new Five Year Plan 1986-1990. This plan will outline a rather ambitious growth of the economy by 3.1-3.4 % (national income produced). Investment shall grow significantly faster than consumption. A major part shall

be devoted to finishing projects started in previous years (including many of those which were regarded as "inefficient" and completion of which was stopped in the early 1980's). There is no indication in the draft plan that equilibrium in the consumer goods market shall be restored.

The plan for 1986 corresponds to the new Five-Year Plan. National income produced is to rise by 3.5 %; but if Poland has to cut her procurement imports in 1986, growth will probably be weaker. National income distributed is planned to increase by 3.1 %, gross real investment by 4.2 % and consumption (per inhabitant) by 1.5 %.

## Czechoslovakia

Following the surprisingly good economic performance in 1984 – the growth estimate for (gross) produced national income was later adjusted from an initial 3.2 % to 3.5 % – economic growth slowed down slightly in 1985. A 3.3 % increase in national income, however, still represents an overfulfilment of the planning target (3.2 %). In the introductory chapter of the official plan fulfilment report it is further pointed out that the

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### **GOLD, PLATINMETALLE UND DIAMANTEN IN DER SOWJETISCHEN HANDELSPOLITIK**

**– Produktion, Export, Eigenverbrauch, Reserven**

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**– Produktion, Exports, Consumption, Reserves –**

This study centres on the question as to the importance of the production, export and stock-building of gold, platinum metals and diamonds for Soviet trade policy's financial room for manoeuvre. The data on mining output, sales, consumption and stocks in the USSR is probably unique, as the Soviet Union has not published official figures for several decades. Soviet activities on Western gold, platinum metals and diamond markets are described in detail and appraised. The general demand and supply relationships on these markets are also carefully depicted.

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**V E R L A G   W E L T A R C H I V   G M B H   –   H A M B U R G**

economic performance in 1985 decisively contributed towards the fulfilment of the basic objectives of the 7th Five Year Plan (1981-1985). A glance at the statistics clearly shows that this claim is correct if the lower target levels for the increases in production are taken as the criteria. Above all, the most important aggregates such as national income, gross industrial and agricultural production and residential building, fulfilled the minimum targets. In comparison with the previous five-year period, however, average annual growth rates have declined markedly. This fact must be attributed to setbacks in 1981 and 1982. In view of these two extremely poor years, the achievement of the lower target levels, however, must be regarded as a success.

Two sectors even reveal setbacks throughout the whole 7th Five Year Plan period: freight transportation and investment activity. According to original plans, the latter was to be frozen at the 1980 level anyway. In May 1982 an investment volume was fixed for 1985 which would have represented a reduction of 8 % in comparison with 1980. This low level was almost already achieved in 1982 and maintained in 1983. Due to a renewed reduction in overall investments the corresponding figure in 1984 was well below the target. Investment spending in 1984 was over 10 % down on the 1980 level. In 1985 an increase which was twice as high as planned (6.5 % instead of 2.9 %) resulted in an investment volume which was roughly 4.5 % below the 1980 level. One major observation is that there are signs of a structural shift in investment activity in so far as the share of expenditure on machinery and industrial equipment in total investments is growing: 44.3 % in 1985 in comparison with 41.2 % in 1984.

The following are a few of the major projects completed and going into operation during the last planning year: the first block of the new nuclear power plant in Dukovany and the fourth block in Jaslovské Bohunice; a new section of the "Consortium" gas pipeline with additional compressor stations; the second stage of the conversion to natural gas of the "Slovnaft" chemicals complex in Bratislava (Pressburg); the B Line of the Prague metro; and the conversion of a section of the old part of Prague into a pedestrian precinct. Nevertheless, 12 of the 115 priority projects planned to go into operation in 1985 were not completed on time! Altogether, the number of unfinished investment projects increased in comparison with the previous year, although this was also due to the growing number of projects which had just started.

The national plan for 1986 envisages a 3.4 % increase of (gross) national income. The statement that

industry is to play a decisive role in this respect with a four-fifths share is not quite clear, where at the same time an increase of only 2.6 % is planned for industrial production. In addition, the wording "moderate increase in investment activity" must be regarded as an understatement in view of a 6 % growth rate target. There is a continuing emphasis on modernisation investments, characterised by an increase in machinery and industrial equipment investments of 11.4 % and an accompanying drop in construction activities of 6.4 %.

## Hungary

Contrary to all expectations the upswing of the Hungarian economy which began in 1984 only continued at a modest pace in 1985. The increase in industrial production did not reach the level planned. Agricultural production was unable to repeat the previous year's good performance. Instead of the planned upturn the construction industry recorded a further decrease of 5 % and was thus 10 % below the 1980 level. The hard-currency balance-of-trade surplus failed to match planning expectations and was below the previous year's figure. Due to this development national income fell by about 1 % to just under 840 billion forint and was thus only 7 % above the 1980 level. Those targets of the national economic plan relating to the reduction of the balance-of-trade deficit in transfer roubles vis-à-vis neighbouring socialist countries and the level of domestic consumption, on the other hand, were fulfilled. For the first time in many years there was a surplus in CMEA trade, the volume of overall investments (190.5 billion forint) roughly corresponded to planning expectations, and the real income and consumption levels of the population increased to the desired modest extent at 1-1.5 %. On the whole, domestic consumption moved closer to the previous year's level, but was still 4 % down on the comparable figure in 1980.

The extreme weather conditions – especially at the beginning of the year – as well as the continuingly unfavourable development for Hungary of world market prices explain the partial non-fulfilment of the national economic plan. However, factors inherent within the system showed themselves to be more responsible for the country's generally unsatisfactory economic development than in previous years. In 1985 the "soft budgetary restrictions" reflected in the extremely high level of state subsidies to loss-making production plants and sectors, and the strong influence exerted by the state via financial assistance on the extent and direction of investment flows also prevented a reorganisation of

production in line with demand and efficiency criteria and thus a structural shift in the Hungarian economy designed to increase international competitive strength. On the other hand, they resulted in a record government budget deficit of 14-16 billion forint (plan: 2.5 billion) and a total spending figure of 611 billion forint.

So as not to jeopardise the government's stability policy, and since not only the 1986 targets but also those of the new 1986-1990 planning period are jeopardised by the economic setback of 1985, the consolidation policy pursued during recent years will be continued this year. The planned investments of 201-204 billion forint roughly correspond in real terms to last year's level. Business investments will amount to 114 billion forint, i.e. 56 % of this figure. Higher demand for capital goods is to be countered by various measures aimed at limiting the liquidity of enterprises.

The desired structural shift, which will be stimulated in 1986 by the adoption of a new bankruptcy law, further facilitation of the intersectoral flow of capital, and a major reorganisation in sectors which are not internationally competitive, will receive additional impetus from the relaxation of restrictions on domestic consumption. It is hoped that growth rates of 1-3 % in almost all sectors in which goods and services are provided will ensure a further reduction of debts both in terms of hard currency and transfer roubles without further reducing the low level of domestic consumption. The once again planned increase of domestic consumption by a modest 0.2-1.0 % should primarily benefit the population's consumption and real income levels. The expected increase of only 5 % in consumer prices, however, is a very optimistic estimate.

## Rumania

The Rumanian plan fulfilment communiqué for 1985 confirms what was already predictable following the announcement of last year's plan data: the ambitious plan had no chance of success. In 1985, national income only increased to 750.8 billion lei, i.e. by 5.9 % in real terms instead of the planned 10.0 % compared with 1984. The production of industrial goods – including intermediate inputs – only increased by 4.9 % instead of 7.5 %, and net production also recorded an increase of no more than 4.9 % instead of a planned growth figure of 13.5 %. Nevertheless, these increases must be regarded as a success. In 1985 the overall economic performance was not only adversely affected by the underutilisation of production capacities caused by the permanently inadequate supply of energy and raw materials, but also by production disruptions resulting

from the serious power failures during the last severe winter. In addition, the continuation of the austerity policy by the Rumanian government in an effort to improve the country's foreign trade position undoubtedly contributed towards the fact that a better result failed to be achieved.

The fact that not only the targets of the annual plan but also those of the 1981-1985 Five Year Plan were far from being achieved is by no means surprising. It is fair to claim that only roughly fifty per cent of the Five Year Plan – at least with regard to major economic targets – was achieved. The average annual growth of national income was 4.4 % (plan: 6.7-7.4 %), the increase of gross industrial production 4.0 % (plan: 8-9 %), and the increase in net production 5.2 % (plan: 9-10 %). The average increase in agricultural production over the five years was also only 2.0 % p.a. instead of 4.5-5.0 %.

Investment activity was also well below both the annual plan and the Five Year Plan target levels. Instead of increasing by the planned 8.3 % in 1985 it was only 1.6 % up on the 1984 figure, and the annual average for the 1981-1985 period was only 1.3 % higher than the 1976-1980 average instead of the planned 5.6-6.2 %. One of the major reasons for the non-fulfilment of the Five Year Plan was the deliberate curbing of investment activity during the first three years within the framework of the IMF adjustment programme agreed upon in 1981. Investments even fell in real terms in 1981 and 1982. The below-average increase in investment activity meant that the still exorbitantly high investment ratio during the 1976-1980 period fell from an annual average of 35.3 % to 27.9 % by 1985.

Despite the declining investment ratio there was basically no increase in the standard of living of the Rumanian population during the last five-year period. This is reflected in the development of real incomes and retail trade turnovers, which only increased on an annual average by 1.6 % and 1.7 % respectively between 1981 and 1985, and above all in the fact that – despite food rationing – the queues in front of shops became longer and the energy-saving stipulations for private persons became stiffer.

The development of foreign trade in 1985 was probably one of the most unpleasant aspects for Rumania's economic leaders. Instead of increasing by 15.0 % the volume of foreign trade in 1985 was only 0.6 % up in real terms on the 1984 level. Although the 5.7 % real increase in imports is welcome from a supply situation point of view, the 3 % drop in exports hardly improved the foreign trade situation. Nevertheless, a substantial export surplus could yet again be achieved in 1985. The overall balance of trade surplus is

estimated by the Rumanian side at \$ 2.5 billion. There was a continued reduction of debts. At the end of September 1985 the gross debt total in convertible currency was only \$ 6.3 billion.

## Bulgaria

1985 was a disappointing year for the Bulgarian economy. The nominal increase of produced national income of only 1.8 % (plan: 4.1 % in real terms) represents the lowest economic growth figure of the post-war period. Climatic factors played a major part. An extremely cold winter at the beginning of the year led to breakdowns in the power supply, problems in the transport and construction sectors, and production setbacks. Whereas industrial production recovered during the course of the year and increased by 4 % (plan: 5.2 %), agricultural production fell by 9 % (plan: + 3.4 %). The main reason for this development was a long period of drought. The considerable repercussions of these unfavourable weather conditions, however, are due to the lack of efficiency, especially the wasting of material and energy, and the insufficient adaptability of the economy. In addition, in the field of foreign trade there were growing strains in economic relations with the Soviet Union.

The engine of economic growth in industry was mechanical engineering, where production increased by 12.3 %. The crisis in the energy sector was reflected in a drop of 6.8 % in electricity production. The main reasons for this development were, on the one hand, supply problems in the caloric power plants (domestic production of coal fell by 4.3 % and there were probably shortages in supplies from the USSR) and a shortage of water, and, on the other hand, the precarious state of production plant and machinery. Most of these are obsolete and suffer from poor maintenance and a lack of spare parts.

In the agricultural sector, which had only just recovered to a certain extent from a setback in 1984, there was a renewed crop failure in 1985. According to western estimates, the cereal harvest of 7.9 million tonnes is approx. 15 % lower than last year's figure, and total crops fell by about 20 %. Animal production, which had to be supported by special animal feed imports from the West, decreased by 1.8 %.

A net flow of foreign resources prevented a drastic reduction in domestic application of national income. Investments increased nominally by 2.6 %, real per capita incomes by 2.7 %, and the average wage level and retail trade turnover (both in nominal terms) by 2.7 % and 4.7 % respectively. The population's

standard of living, however, was adversely affected by considerable supply bottlenecks for certain foodstuffs, frequent power cuts, the rationing of water, and huge price increases in autumn 1985. These primarily hit goods which cannot be classed as catering for basic needs, whose prices were raised by 10-40 %, as well as electrical energy (+ 41 %), fuels (+ 35 %) and drinking water (+ 67 %).<sup>3</sup> Slight adjustments were made for the lowest income groups to offset the effects of price increases.

The production problems in 1985 slowed down the growth of exports to 5.8 %, whereas imports increased by 9 % – partly due to stopgap purchases from abroad. Following a balance of trade surplus of 145 billion valuta lewa in 1984 the Bulgarian balance of trade recorded a deficit of 260 billion VL in 1985. The regional development of foreign trade during the first nine months of 1985 indicate growing pressure by the USSR towards a reduction in the Bulgarian balance-of-trade deficit, which was about half the level recorded during the comparable period in the previous year. The resultant strain on the domestic economy was offset by trade with the industrialised western countries and developing countries, where Bulgarian exports declined and imports increased strongly.<sup>4</sup> For the first time since 1978, therefore, the Bulgarian balance-of-trade surplus vis-à-vis developing countries was lower than its deficit in trade with the West. This deterioration in the regional balance of trade was accompanied by Bulgaria's return (following a five-year period of absence) as a borrower on international financial markets. A total of US\$ 475 million was borrowed in 1985. Bulgaria's net hard-currency debts increased by \$ 460 million to an estimated \$ 1.9 billion by the end of 1985.

The draft plan for 1986-1990 envisages an acceleration of economic growth to 4.1-4.6 % p.a. (1981-85: approx. 3.7 % p.a.). This presupposes a noticeable improvement in agricultural production (3.9-4.5 % p.a.). Industrial production is planned to increase at a somewhat faster pace than during the previous five-year period at 4.6-5.4 % p.a. With an eye to the planned modernisation of the economy and in particular the development of new technologies, investments are planned to increase considerably by an estimated 6.5-7.9 % p.a. As a result, therefore, there is relatively little scope for the development of consumption (real per capita income: 2.3-2.8 % p.a.).

<sup>3</sup> The prices of electricity and water for production plants were increased even more (by 58 % and 264 % respectively).

<sup>4</sup> Exports to western industrialised countries – 6.6 %, to developing countries – 11.6 %, and corresponding imports + 11.6 % and + 47.6 % on a \$ basis.