DOI: https://doi.org/10.37075/EA.2022.2.02 Economic Alternatives, 2022, Issue 2, pp. 171-200

Dependent monetary regimes in the Balkans

Long-term historical perspectives (1878-1989)

Received: 30.01.2022
Available online: 30.06.2022

Eric Magnin[*], Nikolay Nenovsky[**]

Abstract

In this article, we look at the main stages of the monetary systems in the Balkans, representing a cyclical alternation of dependent models, each of them effectively serving the relationship of the Balkan peripheral economies with their dominant military, geopolitical and economic centre. This centre of attraction is the anchor against which the monetary regime of the periphery is adjusted. We consider four periods: (i) the building of a national monetary system after long years of Ottoman domination, and especially the accession to the Latin Monetary Union, (ii) the adoption of the rules of the League of Nations and monetary stabilizations based on the gold exchange standard, (iii) the inclusion in the German *Lebensraum* and the system of currency control and clearings, and finally (iv) the Soviet zone and the COMECON, the mechanism of passive money and the transferable ruble. In the last period we present the Yugoslav monetary regime, which was attached to the West.

Keywords: Balkan economies, Balkan monetary history, dependent monetary regime, bimetallism, monetary stabilisation, gold exchange standard, exchange control, clearing, transferable ruble

JEL: E42, F4, N13, N14

Introduction and theoretical background

The post-socialist transformation process, initiated after the fall of the Berlin Wall, and the subsequent integration into the European Union have prompted social scientists to examine economic models emerging in Central and Eastern Europe as an outcome of these major institutional changes[1]. Among the different paths explored, the dependent capitalism hypothesis has been given greater interest and relevance in the context of the 2008 economic and financial crisis[2]. The crisis brought to light the

[*] LADYSS, University Paris Cité, France
[**] LEFMI, University of Picardie Jules Verne, France
SU Higher School of Economics, Russia
RUDN, Department of Political Economy, Russia

[1] See Chavance and Magnin (2002), Lane and Myant (2007), Bohle and Greskovits (2012).

[2] See King (2002), Nölke and Vliegenthart (2009), Drahokoupil and Myant (2011).

weaknesses of East-European economies, especially their structural dependence on foreign capital. The concept of dependence initially refers to the 1960s-1970s studies on Latin America within a Marxist theoretical framework[3]. Dependence is then typical of "peripheral" economies whose growth and accumulation depend on the decisions of actors belonging to a hegemonic "center" (Evans, 1979). However, the concept of dependent capitalism, which reappeared in the 2000s, belongs to a very different theoretical and historical context. It moves away from the original Marxist framework and imperialism and now falls within the field of comparative capitalism (May and Nölke, 2018). Dependent capitalism displays a number of complementary institutional elements shared by most Central and Eastern European countries and the Western Balkans: FDI, cheap and skilled labour, labour market flexibility, liberal tax regime and limited social protection, etc[4].

In recent years, we have turned the attention of researchers of dependent capitalism to an obvious but practically unexplored and non-integrated leading element of it. It is about the monetary regime of dependent capitalism, which fits into the above institutional configuration, and which we have called "Dependent Monetary Regime" (Magnin and Nenovsky, 2021, see also the forthcoming monograph by Magnin and Nenovsky, 2022). Here, in theoretical terms, we note the following.

Firstly, a monetary regime can be defined as a set of formal rules of monetary behaviour, as well as mechanisms of their enforcement. Within the monetary regime, two components (sub-regimes) can be distinguished – internal and external – which often conflict with each other. The first, external component (external rules) we can call 'exchange rate regime'. It covers the legal rules of exchange rate formation (through the market or through monetary authorities' interventions), as well as the mechanisms of convertibility of national currency into foreign currency (from full convertibility to full control). The second, internal component of the monetary regime (internal monetary rules), can be referred to as 'monetary policy regime'. Monetary policy is related to the influence on the monetary base, and on money supply in general (this includes domestic credit), on liquidity and generally on GDP domestic components. Monetary policy is associated with the interest rate policy (i.e. with the different channels of transmission mechanisms), and nowadays with quantitative and qualitative easing and the active management of the yield curve. Monetary policy can be discretional or conducted according to pre-set rules. Monetary regime, i.e., the formal, codified monetary relations, also reflect the power relationships, economic interests, and strategies of the key political and economic actors or groups of actors. Broadly speaking, a country's monetary regime is an extension of its geopolitical and geo-economic place in the international system. Structurally, the political, military and economic power hierarchy, the relationship of dominance among individual nation-states within the world economy, determine and

[3] Interestingly, Latin American structuralism is strongly influenced by an economist from the Balkans, the Romanian Mihail Manoilescu (1891-1950), whose theories of protectionism and of corporatism were extremely popular between the two world wars (Manoilescu, 1929, 1938 [1934], Nenovsky and Torre, 2014, 2018, Nenovsky and Penchev, 2013). In fact, this is an important "Balkan" source of modern theory of economic dependence.

[4] See Nölke and Vliegenthart (2009), Farkas (2016).

actively interact with the hierarchy of national money.

Second, the main feature of dependent capitalism is dependence on foreign capital. The need for external capital is dictated by insufficient domestic savings, and a generally low technological level and limited competitive export opportunities. Peripheral and dependent countries cannot borrow on international markets debt denominated in their own national currencies. They borrow in major world currencies and become vulnerable to currency (exchange rate) risk. The inflow of external capital, in turn, requires a corresponding stable institutional and political environment. Indeed, a leading condition for foreign capital, as well as for the involvement of foreign financial institutions, in addition to favourable tax conditions, is the introduction of a monetary regime that could ensure the return on this capital and its predictability. This implies a low level of risk (currency and political). It follows that the monetary regimes of the peripheral and catching-up countries are built in a way that suits the political and geopolitical interests of the leading capital centres.

The post-socialist transformation is evidence of this; it has led to the emergence of "dependent" monetary regimes in the Balkans, the most extreme forms of which are currency boards and unilateral euroization.[5] However, this monetary dependence is rooted in the long-term history of the region and thus illustrates path dependence phenomena highlighted by authors studying institutional change (North, 1990; Magnin, 2002). The monetary history of the Balkan region has been the subject of numerous analyses, with the emphasis mainly on individual countries and on specific periods of financial and monetary events. We discuss and mobilise these analyses and achievements below in order to provide a long-term and global interpretation of the evolution of monetary regimes in the region. To the best of our knowledge, this has not been done so far, and together with the concept of dependent monetary regime, this represents our original contribution.

More concretely, we look at the main stages of the monetary systems in the Balkans, representing a cyclical alternation of dependent models, each of them effectively serving the relationship of the Balkan peripheral economies with their dominant military, geopolitical and economic centre.[6] This centre of attraction is the anchor against which the monetary regime of the periphery is adjusted. The anchor serves to coordinate the expectations and, accordingly, the plans of the participants in the economic and political process. The change of centres of attraction, of geo-political anchors, is disrupted by military, political and social upheavals and crises. In these relatively short periods of unstable transition, not only is there a change in the political and economic structure of the periphery, but also new economic and social theories and ideas, including the theory of money and monetary policy, are emerging. A new paradigm of economic thinking and

[5] The emergence of dependent monetary regimes in the Balkans after 1990 is studied in more detail in Magnin and Nenovsky (2021, 2022).

[6] In other words, but this goes beyond the scope of the present analysis, we could speak not only of 'dependent capitalism' but also of 'dependent socialism', 'dependent transition/transformation', 'dependent Europeanism' and so on. In Marxist literature, the monetary history of the Balkan region until the Communists came to power was treated as a manifestation of the imperialism of the leading states, as an "appendage of imperialism".

discourse takes shape (although this happens to varying degrees in different transitional phases)[7].

Before proceeding to the exposition, we need to make three provisos. First, the text that follows is not a historical, but an economic reconstruction of the past. It does not claim to give a detailed description of historical facts which, albeit important, remain in the background. Neither do we aim to review the extensive literature on the subject. Our task is different, namely to outline the monetary history of the region from the perspective of the model of dependent monetary regime. Each part gives references to other studies (ours including), analysing each period in more depth.

Second, the choice of historical illustrations and highlights is dictated by our relatively better knowledge of some of the countries (mostly Bulgaria, Romania and Serbia), as well as by political changes in the region. The political and territorial dynamics in the region largely determine the multilinearity of history and monetary regimes (for example, the existence of Yugoslavia, the specifics of socialism in Albania and Romania, the capitalist development of Greece, etc.).

Thirdly, and most importantly, the proposed analytical reading, the proposed analytical reconstruction of history from the viewpoint of the dependent monetary regime, does not claim uniqueness. It is just one of the various possible theoretical interpretations, each of which would enrich a theoretical understanding of what is happening in the Balkans. Our interpretation is not normative either: it does not denounce the dependent monetary regime (it can be useful for the periphery) and the word "dependence" does not necessarily carry a negative connotation[8]; it only defines and analyses it.

We consider four periods of dependent monetary regime: (i) the building of a national monetary system after long years of Ottoman domination, and especially the accession to the Latin Monetary Union (LMU) (1878-1912/14), (ii) the adoption of the rules of the League of Nations and monetary stabilizations based on the gold exchange standard (1919/20 - 1931/33) (iii) the inclusion in the German economic space and the system of currency control and clearings (1933 -1944), and finally - (iv) the Soviet zone and the COMECON, the mechanism of passive money and the transferable ruble (1945-1989). In the last period under consideration, we also present the Yugoslav monetary regime, which differed significantly from other socialist countries and was attached to the West.

I. The Building of National Currency. Europe and the LMU. Bimetallism and gold standard (1878 – 1912/14)

Until the Berlin Congress (1878), the Balkan countries in various forms were part of the Ottoman Empire and followed the monetary practices in the Empire. Overall, the silver standard prevailed in the Empire and from 1844 bimetallism was officially adopted.

[7] See the study of Marinova and Nenovsky (2019), where some reference points for long-term interpretation of the economic thought in the Balkans are given.

[8] In the studies on dependence in Latin America by the São Paulo School sociologists, notably Cardoso and Faletto, development is not incompatible with the idea of dependence, and both can be associated (Cardoso 1977; Cardoso and Faletto 1979; Evans, 1979). Multinationals and foreign capital contribute to the country's industrialization and growth. However, dependent development does not erase the contradictions between the center and the periphery.

The reforms initiated in 1839 (the Tanzimat), and especially the transformation of the Empire into a semi-colony after the Crimean War of 1856, led to attempts to implement the monetary institutions of developed countries. The Ottoman Bank was established, private and foreign in nature, which was to manage the debt of the empire and perform the functions of a Central Bank. Unsuccessful attempts were also made to impose paper currency (*kaime*)[9]. After 1865, the Ottoman Empire sought to abide by the rules of the LMU. The monetary practices of the Balkan peoples followed the development of the territorial money of the Empire.

Gaining its first political independence in 1829, Greece became a full member of the LMU in 1869. For their part, within their individual degree of political subordination, Serbia and Romania attempted to create their own monetary systems. The actual start of constructing national monetary regimes was given by the Berlin Congress (1878). Along with the formation of the nation-state, the process of building a national monetary and financial system began[10]. Below we will note the major developments of the monetary history before the Balkan Wars[11].

After 1878, Romania, Serbia and Bulgaria had to build a state administration and an independent fiscal system. National producers, basically peasants and artisans, received a severe blow from the narrowing of markets and the collapse of the empire's market. The emerging light industry suffered a similar blow (Berov, 1990). This process was intensified by the easy penetration of European goods due to the inherited low import duties (8% *ad valorem* duty, at the old unchanged official prices[12]). There was no domestic capital in the region and no ways to mobilise the small savings; the postal and banking systems were still undeveloped. Monetary chaos, legacy from the Russo-Turkish war, reigned with various types of coins circulating, including silver Russian rubles (Kyoseva, 2000).

At the same time, there was a need for investment everywhere, especially in the development of rail and water transport – the first conditions for the formation of national markets. Also, the newly formed national armies needed arms and munitions. The only source remaining was attracting foreign capital. It was inevitably associated with the rich European countries, which were at the same time military, political and cultural powers in the region. However, these countries were fighting for influence on the Balkan periphery and aggressively pursuing their interests. They wanted debt against concessions of important businesses, mainly railways, ports, etc., a monopoly on military supplies, etc. The leading European countries monopolised the export of Balkan agricultural goods while exporting industrial goods; thus, the entire balance of payments was controlled by the leading countries. Specifically for Bulgaria, A. Chakalov summarises:

[9] The monetary history of the Ottoman Empire and Turkey can be found in the book of Pamuk (2000); for an overview of the economic development of Turkey, see Pamuk (2018). A comprehensive analysis of the Bulgarian literature on the subject is given in Atanasov and Nenovsky (2019).

[10] See Helleiner (2003) on these processes.

[11] The study of Nenovsky and Vaslin (2019) *'Shadowing the Latin Monetary Union: Monetary Regimes and Interest Rates in the Balkan Periphery (1867-1912)'* gives a more detailed presentation of the monetary history of that period and reference to an extensive literature on the subject. For the economic history of the region in general, see Palairet (1997).

[12] Bulgaria, for example, was unable to build its own customs policy for 15 years.

'The development of the state budget and balance of payments of the country before the Balkan War was therefore entirely influenced by foreign capital, mainly from foreign loans and partly from the return on direct investments in the economy'. (Chakalov, 1962, p.38).

The choice of monetary regime followed logically: it had to meet the interests of the leading countries, as well as the main national task of the Balkan countries, namely to attract capital, technological and industrial goods to modernise their economies. For their part, the Balkan countries exported agricultural products. After Greece (which became a LMU member for political reasons)[13], Romania, Serbia and Bulgaria also applied for full LMU membership. This happened, however, at a time when the LMU itself was increasingly transformed into an alliance following the rules of the gold standard (passing through the limping bimetallic standard). The adoption of the LMU institutional rules was geopolitically determined. France was the leading force in the LMU and had good diplomatic relations with the liberator of the Balkans – Russia. Russia also followed the LMU principles. Subsequently, the centre of attraction for the Balkans was to become Austria-Hungary, and later Germany and England. This would lead to attempts to introduce a gold standard (for example, Romania in 1890).

Full membership in the LMU was refused and the three Balkan states agreed to follow the Union's principles as a unilateral commitment[14]. A unilateral commitment to peg the exchange rate to the gold French franc was undertaken by Romania in 1867, Serbia in 1873, and Bulgaria in 1880, i.e., 1 franc = 1 lev = 1 leu = 1 dinar (CMI, 1890, 454)[15]. France was the centre of the monetary system of the Balkan satellites: it was their external anchor.

"The Latin Monetary Union made France the centre of a vast system of circulation, and by giving it satellites, made it a sort of monetary sun. If the other heavenly bodies that it drew into its orbit were attracted to the gravitational force of another monetary system, would there not be a reason to fear that France might lose, along with its monetary influence, a portion of its economic importance?" (Ed. Van der Smissen, in Chausserie-Laprée, 1911, p.218)

"By making the smaller states dependent upon France, the Latin Union hindered them, as we shall later see, from actively caring for their own interest when the fall in the value of silver began to grow more visibly, and forced upon them subsequently the necessity of redeeming a mass of depreciated metal." (Willis, 1968 [1901], p.85)

Initially, the creation of the Central Bank and the entire monetary legislation in Romania, Bulgaria and Serbia also copied the practices of France. But they quickly reoriented themselves to the experience of Belgium as a country more appropriate in terms of size and as a political system, i.e., monarchy[16]. Belgium was the LMU founder

[13] See Willis (1968 [1901], 81).

[14] As an example, this means that Union coins (mainly silver) were accepted in the Balkan countries, while Balkan coins were not accepted in LMU countries.

[15] That commitment ended with the wars of 1912-1914. For LMU see Willis (1968 [1901]), Einaudi (2001) and Gillard (2017).

[16] See for Serbia (Gnjatović et al. (2009 [2003]) and for Romania (Băicoianu, 1932, Pecorari, 2006, 2006a).

and one of the main pillars. Central Banks in Serbia (1884) and Romania (1880) emerged as private national joint stock companies (in Romania with 1/3 state participation). In Bulgaria, the Central Bank emerged entirely as a state bank (1879)[17]. At first, these Central Banks had credit functions, but very quickly were given the right to issue currency. It is interesting that in Bulgaria very soon two attempts were made, first by Russian (1880) and then by French capitalists (1882), to turn the public Bulgarian National Bank (BNB) into a joint-stock company with dominant foreign influence of Russian and French capitals, respectively[18]. It should be noted that seigniorage was emerging as a significant income with the appearance of national territorial money. As an important source of income for the state[19], seigniorage became a subject of conflicts.

The introduction of a dependent monetary regime, as we know, requires conservative public finances. During the early years, this was simply impossible because the weight of the budget, both in terms of revenue and expenditure, was negligible. The lack of mechanisms for countervailing and absorbing shocks led to large asymmetries between the centre and the periphery. Normally, the centre would attract gold, with silver remaining in the periphery or non-convertible paper money being introduced. The net gold flow for the Balkan countries was negative. This de facto led to a violation of the LMU principles and was manifested specifically in the constant fights with the agio[20]. Again, about Bulgaria, Chakalov writes:

> "The more the Bulgarian governments increased the extraordinary expenses for various purposes, thus accumulating debts and deficits without providing revenues to cover them while relying on the proceeds from external borrowing, the more foreign financial capital took advantage of this situation and imposed new, more difficult conditions in negotiating each subsequent loan." (Chakalov, 1962, p.17).

It was not until around 1904, when, as a result of the development of the Balkan economies and the increased weight of the budget, the three countries started pursuing a conservative policy. The Balkan countries managed to observe the principles of the international gold standard (also practiced by the LMU) and reduced the cost of external financing, i.e. sovereign interest rates). It is true that Romania adopted the gold standard as early as 1890 in order to get closer to Germany (on gold standard since 1871). However, this required great effort and fiscal restrictions. Subsequently, the gold standard (i.e., the convertibility of paper money into gold) was safeguarded administratively and

[17] It should be noted that although they emerged after the Central Bank of Bulgaria, the Central Banks of Romania and Serbia inherited significant experience in building an independent bank within the Ottoman Empire. For Greece, which we do not consider here, see Lazaretou (1993).

[18] It is interesting to note that years later, in 1928, together with the currency (monetary) stabilisation loan, the League of Nations pushed for the idea of the BNB becoming a joint-stock bank (Chakalov, 1962, p.13).

[19] Morys (2014).

[20] The agio can be defined as a market premium (deviation) on gold coins over the official rate of those gold coins (later gold-backed banknotes) with respect to silver coins (silver bank notes). The agio was one of the key variables whose behaviour illustrated the whole range of issues related to the adoption by the Balkan economies of the core monetary regime of the European countries. See the detailed analysis in Nenovsky and Vaslin (2020).

even by force[21]. In 1905/1906, joint-stock banks of France, Germany and Austria-Hungary settled in Bulgaria. Due to the high interest rates in the country, these banks received transfers from their parent banks and that led to a significant increase in their deposit base, with these deposits reaching 50-60% of their total deposits[22].

Another viewpoint would be worth noting here, concerning the asymmetry of the dependent monetary regime, which was repeatedly pointed out by economists of that time. According to it, in exchanging their goods, peripheral countries lose purchasing power and national labour, this exchange being not equivalent. To what extent this statement is true from a theoretical point of view (because it is based on the classical theory of costs and labour as a basis for the formation of value and prices) is irrelevant here. What really matters is that this argument about the lack of equivalence and exploitation of the periphery would emerge in almost all other periods of monetary dependence. It would bring forth, for example, the original protectionist theory of the Romanian scholar Mihail Manoilescu, developed between the two world wars and by far transcending the ambit of Romania and the Balkans[23].

The asymmetries and non-equivalence that a dependent monetary regime can lead to are eloquently presented in the following two quotations (note that these are not Marxist economists). Serbian economist M. Bochkovitch writes:

> "Exports are by far the most important source bringing gold into the country. As farm produce plays a predominant role in Serbian exports, the export figures depend chiefly on the harvest. However, conversely, Serbian agriculture is still not well developed. [...] Borrowing is another means of supplying the country with gold, but these inflows of gold into the country are only temporary, for when the debt comes due, an equal sum, plus interest, will go out of the country. Therefore, in order to act as an instrument against the agio, these borrowings must be used productively. This is notably the case for the borrowings that were used to build the railways, to create the tobacco and match monopolies. Unfortunately, the majority of Serbian borrowings were undertaken only to cover budget deficits or to purchase arms and munitions, imported from abroad in most cases. It is obvious that instead of improving the exchange, these borrowings contributed instead to a large extent to worsening it." Bochkovitch (1919, p.145-147)

In an 1888 book on the Balkans, the great Belgian economist, supporter of bimetallism and defender of the Balkan peoples, Emile de Laveleye, talks about the unbalanced exchange they suffered by accepting the money of the developed countries. He writes:

> "All the nations of Western Europe are wealthy countries with abundant circulation, therefore prices are high. The nations of Eastern Europe are, conversely, countries with low circulation, hence prices are low. This difference matters little to the inhabitants of one or the other

[21] Tenev (2014 [1938] v.1, p.344-346).

[22] Chakalov (1962, p.50).

[23] See the history of protectionism and protectionist theories in Romania and Bulgaria, Nenovsky and Penchev (2013).

of these groups in their relations amongst one another, but it is felt as soon as there are relations between citizens of the high-price group and those of the lower-price group. The former can easily buy from the latter; but reciprocally, the latter cannot buy from the former. If I sell a chicken in London for three shillings, I can use this money to buy three chickens in Bucharest. A thousand francs in Paris will give me three times as much purchasing power in Romania or Bulgaria. The Englishman or the Frenchman can thus take from the poor countries everything of their liking, because they will pay prices that nobody could pay locally. This is why we see all the fine and sought-after things flow to London and Paris, to the detriment of the countries that produce them. It is also for this reason that such a large number of English live abroad. Their incomes give them a much greater purchasing and consuming power [abroad] than at home. Conversely, the inhabitant of Kyiv or Sofia who would like to come to London or Paris, to consume the equivalent of a hectolitre of wheat, must, in order to do so, sell at least two hectolitres of wheat at home." (Laveleye,1888, p.62).

The level of wages and other production costs in the Balkan countries, an important element in the model of dependent capitalism and monetary regime, is about 3 to 4 times lower than in Western Europe.

II. The League of Nations and Monetary Stabilisations. Gold exchange standard (1919/20 – 1931/33)

The Balkan Wars, and later the First World War, led to profound structural changes in the Balkan region. A new political community was formed: the Kingdom of Serbs, Croats and Slovens (from 1929 the Kingdom of Yugoslavia[24]); Romania more than doubled its territory; Albania gained independence (legally in 1921), and Bulgaria, the only defeated Balkan country, lost the Dobrudja granary and had to pay reparations. The refugee problem loomed with the displacement of large masses of population which, too, had to be financially supported. All countries were in a state of inflation, depreciation of their national currencies (gold coverage declining to a few percent), with exchange rates sharply declining. Their public finances were in a deplorable state, the burden of external debts weighing down heavily. As a defeated country, Bulgaria was even worse off. Everything had to be paid in gold francs, at the pre-war rate.

At the same time, during the war, economies themselves underwent profound structural changes: new industries emerged and the need of rapid industrialisation became increasingly pressing (Berov, 1990). The leading European powers – the defeated Germany and Austria-Hungary – also changed, ceding their political, military and economic leadership to France and England, with Italy later on becoming more active. A new "ideological" economic alternative emerged - Soviet Russia. In the 1920s, an attempt was made to restore the pre-war economic and monetary international order. The League of Nations (LN) became the main conduit of the

[24] Hereinafter referred to as Yugoslavia.

new economic and financial order in Europe, shaping the peripheral Balkan countries as well.

Again, as before the wars, the Balkan countries needed capital, foreign direct investment and borrowing. Foreign capitals were not late to come, primarily from the war winning countries and under burdensome terms, too. Not only did they control the servicing of loans, but they also managed the monetary and financial policy of the Balkan countries. In Bulgaria, for example, especially prominent was the control exerted by the delegate of foreign debt holders who had a strong political influence. Later on, LN representatives joined in and also played a decisive influence in the governance of the BNB and public finances.

Monetary stabilisation in the region was imperative[25]. It was carried out under the influence of the LN and its experts – the '*monetary doctors'* who were sent to the region. Thus, the Balkan countries had the honour of being visited and controlled by economists, some of whom later became famous theorists of economics and the theory of money. We will mention two French economists, Jacques Rueff, sent to Greece and Bulgaria, and Charles Rist, in charge of the stabilisation in Yugoslavia and Romania. Stabilisations followed not only the theory and recommendations of UN experts, but also examples of stabilisation in the leading countries, above all that of France.

Regardless of the specifics of the sources of external financing and the technical details of monetary stabilisation, all countries managed to stabilise their money first *de facto* and then legally. Bulgaria, for example, officially stabilised in 1928 with the help of the Refugee and Stabilisation loans, which supported the Central Bank's depleted foreign exchange reserves[26]. Similar to France, a new, different than the pre-war exchange rate level was chosen (devaluation was in accordance with times). The monetary reform was implemented not without the administrative intervention of the government and the Central Bank, which performed significant currency control and monopolised foreign currency flows. Governments pursued or sought to pursue extremely conservative policies of public finances and deflation (despite criticism from some academic economists). The Bulgarian elites maintained a firmly fixed rate, which was kept the longest compared to any other Balkan country. Bulgaria was a debtor and any devaluation threatened to complicate the servicing of its debt. In his speech marking the BNB's 50th anniversary, Prime Minister Andrey Lyapchev said:

> 'One would be hard to find quite such a young nation in quite such exacerbated circumstances as ours these past fifty years, yet one which can boast that it has ever occupied the position of an

[25] Elsewhere, we have presented in detail the Bulgarian stabilisation, the ensuing depression, the debates around it and the influence of leading European economists (Nenovsky (2006, 2012). These articles contain a comprehensive bibliography on the subject. A comparative analysis of the Bulgarian and Romanian stabilisations was made in Nenovsky et al. (2013, part 4). For Bulgaria, see also Prost (1925) and Koszul (1932) and especially the summary study of Danaillow (1932), for Romania, Băicoianu (1932) and Stoenescu et al. (2008), and for Yugoslavia, Gnjatovic (2020).

[26] According to generalised estimates of A. Chakalov, Bulgaria's foreign loans until WWII were of low efficiency in terms of real investment activity: only about 35% of the total amount of all loans went to develop the economy (Chakalov 1962, p.28).

exemplary payer to its foreign creditors' (Lyapchev, 1929, p.135)

And in his speech on the occasion of the 50th anniversary of the BNB, Governor Assen Ivanov said that stabilisation, deflation, and restrictive public finances go hand in hand:

'Stabilising currency was the first and most important task. Yet, since money devaluation stemmed from abuse of the privilege of issuing banknotes for the purposes of excessive and unjustified lending to the state after the end of the War, initial restorative measures had to stop further loans to the state by the issuing authority and to limit strictly the right to issue banknotes' (Ivanov, 1929, pp. 140–141).

For its part, Romania significantly expanded its territory, but at the same time it faced the problems of political and monetary consolidation. A new monetary space and new territorial money had to be formed. Romania had run up big pre-war debts, too. Being on the side of the victors (beneficiary of reparations from Bulgaria), however, it had some degree of freedom in monetary stabilisation and in the formation of its dependent monetary regime. Romania did not take a loan guaranteed by the LN, but directly from Western banks, and this happened relatively late – on the eve of the depression. Second, the fixed exchange rate in Romania lasted a short time (from 1929 to 1932, when exchange rate fluctuations began), and by revaluing its gold reserves, it practically devalued by more than 30% in 1936. Romania had more industry than other Balkan countries, mainly oil, and this placed the country at the centre of the fights of Western corporations and investors, mostly French and English. After the beginning of the depression, however, similarly to Bulgaria, it very quickly joined the German economic area.

Yugoslavia (until 1929, the Kingdom of Serbs, Croats and Slovenes) faced similar problems as Romania: it expanded territorially at the expense of Austria-Hungary and also had to undergo a deep monetary reform[27]. A new Central Bank had to be built and the numerous foreign currencies circulating after the war (mostly the Austrian krona), which were flooding the country, had to be demonetised. The second main task was the stabilisation of currency within the LN principles (i.e., gold-exchange standard). Although it started early, at the same time as those in Bulgaria and Romania, because of the difficulties in negotiating a foreign loan, stabilisation became legal only in 1931. In 1928, Yugoslavia failed to obtain a loan from private banks in London, and in 1931 negotiated a loan from France. The level of the exchange rate was fixed at a new level, significantly lower than the pre-war levels.

The problems with the legal delays in monetary stabilisation in Romania and Yugoslavia (compared to Bulgaria) reveal the leading role of foreign loans in support of the Central Bank's gold reserves and monetary stabilisation. Bulgaria received the two loans a little earlier due to the refugee issue and, in our opinion, due to the fact that as a debtor country it had to service its debts. In all three countries, however, stabilisations were taking place with significant fiscal restrictions, budget recovery, as well as strict administrative quantitative restrictions and centralisation of the foreign exchange market. In this sense, monetary stabilisation

[27] See for details Gnjatovic (2020).

was administratively rather than market-conditioned. The control over the foreign exchange market subsequently helped all three countries to easily fit into the German trade clearing area.

Intellectually, there was resistance in all three countries against the nature and methods of monetary reform, but it was essentially weak. According to a number of Balkan economists, it holds back the development of national economies. The only original protectionist theory from the period in question is that of the Romanian scholar Mihail Manoilescu, published in French in 1929. Manoilescu was a leading economic and political figure. He confronted the "Geneva clique" (as he calls it), which imposed models of unequal exchange (industrial goods to the Balkans in exchange for agricultural goods) thus exploiting Balkan workers[28]. As a reaction to this theory, the Bulgarian economist Konstantin Bobchev presented his original theory of protectionism, based in part on neoclassical analysis[29].

Curious is the emergence of a new political entity, Albania, which declared independence in 1912 and was finally recognised in 1921[30]. As early as 1913, attempts were made at building a Central Bank with foreign capital, mainly Austrian and Italian. The state of the Albanian monetary system is described in a report to the LN by the Luxembourg economist Albert Calmès (1922). In 1922, without legal national money and amidst monetary chaos, the country was practically under a gold standard regime. The relationship between the individual means of payment was determined by private actors and the unit of measure was the golden French franc.

> "To sum up, without possessing any legal currency Albania has the gold standard, by which, the value of the silver and paper money are fixed. Albania is thus one of the few European countries possessing a sound currency." (Calmès, 1922, p.20).

An Italian financial group founded the Central Bank of Albania in 1921, and in 1925 the first Albanian money appeared, emerging under a gold standard. This was done in accordance with the recommendations of the LN (where Albania was accepted in 1920 and where its main goals were to obtain a loan and preserve an independent status)[31]. The seigniorage was distributed equally between the Italian shareholders and the Albanian state, and the first governors were Italians. Thus, since its very inception, the Albanian regime was dependent. The reason for the establishment of the Albanian Central Bank is interesting also because of the fact that within the LN a significant project for the overall organisation of the peripheral countries emerged.

> "Similarly, when Albania requested assistance to establish a central bank in 1923, one member of the committee, Mr. Parmentier, suggested that it might be better to create an international bank of

[28] Manoilescu (1929), see also Nenovsky and Torre (2015) and Basciani (2020).

[29] See Bobchev (1933, 1937), a comparison of these theories is made in Nenovsky and Penchev (2013).

[30] We will not dwell on Greece, where monetary stabilisation is similar, especially with that of Bulgaria. It was realised in 1928 with a loan guaranteed by the LN. Then a new central bank was created, and the National Bank of Greece, which had issuing and trading functions until then, was left with commercial functions only. Montenegro and Bosnia and Herzegovina, and part of Macedonia, generally followed Yugoslavia's monetary system. See for Montenegro Fabris (2015). For Macedonia, see Zafiroski (2018, p.65 -71).

[31] Hellerner (2003).

issue with a head office in Geneva, which would issue an international currency to Albania and other interested European countries through branches in these countries. " (Helleiner, 2003, p.142)

Having barely stabilised their monetary systems, the Balkan countries were hit by the economic crisis that had spilled over to Central Europe. Their agricultural sectors were badly affected by the falling prices. Their public finances were under strong pressure. Capital flight began. This worsened balances of payments and threatened exchange rates. After some hesitation in the 1920s, economic protectionism and monetary nationalism settled permanently in Europe. A new phase was looming, in which Germany was to play a decisive role for the Balkan countries with its markets, industry and political influence in the region. Germany very quickly became the new economic and monetary centre.

III. The German *Lebensraum*. Clearings and currency control (1933-1944)

The fall in prices of agricultural products and the withdrawal of Western capital (primarily by the WWI victors) severely affected Balkan countries. According to the Bulgarian banker and politician Atanas Burov:

'Bulgaria, together with all countries exporting grain products, is under the burden of a long-unseen crisis, caused by a strong, in our opinion, lasting decline in agricultural prices. The reduced profitability of agricultural labour caused by this devaluation significantly reduces the purchasing power of the rural population and causes general stagnation in all areas of the people's livelihood" (foreword by A. Burov in the introduction to Torbov, 1930, p.III).

A number of proposals were made both within the Agrarian Bloc and between the leading European countries for a plan to stabilise the region (the *Danube Customs Union*, *Fund for subsidising the prices of agricultural countries*, etc. projects were launched). They did not lead to a result. Their failures coincided with Germany's political and economic revival, and this was especially evident after the National Socialists came to power in 1933. Very quickly, the French and British presence gave way to German and Italian ambitions in the region. New German banks settled in.

From that moment on, the economic and partly political interests of Germany and the Balkan countries began to intersect, and this led to the complete dependence of the Balkan countries on Germany. The Balkans became part of the German living space (*Lebensraum*). For Bulgaria, for example, which began in 1931/1932, the final "suction" into the German economy took place after 1936[32]. The chronology for Germany's other satellites is similar[33].

In the *Lebensraum* spirit, the aim was to mobilise raw materials, food, etc. needed for the already "overheating" German economy. Germany's interest in the Balkans can also be explained with the devaluation of the gold bloc currencies, which blocked Germany's trade with them. In short, the interest was mutual: Germany needed the Balkans just as the Balkans needed Germany. The Balkans exported agricultural goods and Germany supplied industrial goods, technology and

[32] Christophoroff (1939, p.8-9).

[33] Arndt (2014 [1944], p.176-206).

capital. According to the commissioner of the Bulgarian military economy Petar Aladzhov:

> 'The main advantage of Germany was that its market was hungry for Bulgarian agricultural products and they were almost the only goods that Bulgaria could export'. (Aladzhov, 2000, p.63).

Another Bulgarian author writes:

> 'The Balkan countries would have suffered too much economically if it was not for the availability of the German market for their agricultural products and raw materials. [...] First of all, this is the economic structure of Germany, this large Central European country, which makes it the most natural and largest market for Balkan countries' (Toshev, 1934d, p.418, 421)

And according to the Bulgarian sociologist Nikola Agansky, the geopolitical choice is crucial:

> 'In international relations, the underlying principle is that the exchange of goods between countries lies not only on an economic basis, but is the result of a particular policy, or is a prerequisite for political orientation.' (Agansky, 1936, p.132).

In terms of monetary regime, three blocs were formed in the early 1930s: the sterling bloc (led by Great Britain, which devalued in 1931), the gold bloc (led by France, which devalued in 1936), and the clearing bloc (led by Germany). The German bloc brought together the countries defeated in WWI: Germany, Hungary, Austria, as well as countries with high foreign debts. The first group relied on devaluation, the second one on deflation, and yet the third – on currency control as a form of resistance to depression. The German group of countries sought to overcome the constraint arising from the need for international money (gold or convertible currencies). National economies isolated themselves and started interacting with other economies on the principle of barter. The Balkan countries fell under this third, German group.

Technically, the "moneyless" exchange in the clearing area, dominated by Germany, consisted of a smooth transition from systematic currency control, contingents of imports (and subsequently to compensation agreements), to bilateral, rarely tripartite, clearings. Later, the system was expanded to include private compensations[34]. Foreign exchange flows were centralised in the CBs of the participating countries[35]. We will note that the clearing institution contains technical elements expressing the subordination of one of the two countries. These are: (i) the level of the exchange rate, (ii) the prices of goods in both countries, which are recorded in the clearing agreements, and (iii) the settlement of the final balances. In the case of the clearings of the Balkan countries with Germany, despite some technical details, they were all designed so that even if in the short run they were profitable for the periphery,

[34] In clearing models, money has settlement, accounting functions. In these models, the means of measurement is separated from that of payments.

[35] We will not delve into this whole system of 'monetary nationalism', which has been the subject of detailed analysis (Heilperin, 2010 [1960]).

in the long run they made it dependent and deprived of choice[36].

With the start of the war and the need to mobilise more and more resources, Germany intensified its pressure on the level of the exchange rate and the prices of exchanged goods in its favour. Thus, for example, from 1934 Bulgaria accumulated a positive clearing balance with Germany (all Balkan countries had similar positive balances), which was not covered either by imports of machinery and raw materials, or by capital inflows. In order to clear the balances in the last years of WW2, the German negotiators on the clearing lists offered unnaturally high and "arbitrary" prices of their machines, as well as artificially low prices for Bulgarian goods. At times, German agents would even act aggressively. In the memoirs of the High Commissioner of the Bulgarian Military Economy Petar Aladzhov, during the negotiations, within the framework of a series of confidential minutes in late 1943[37], it is noted:

> "Recently, the German state has arbitrarily increased the prices of its exports, whereas the Bulgarian ones have remained almost at the same level as before. [...] Germany was no longer able to supply the requested quantities of certain machines, and at best only supplied single units. The German state seriously insisted on getting the whole amount of tobacco produced in Bulgaria. The Reich's tobacco agent was named Dr. Wenkel. He had an injured leg and walked with a cane. During the talks with our Minister of Trade Nikola Zahariev, a point was reached where Dr. Wenkel had reached out to hit our Minister with a cane. It is obvious how much the passions around the Bulgarian tobacco had become hot." (Aladzhov, 2000, p.121-122)

For the period under review, almost all foreign trade on the Balkans went through clearings, and mostly through those with Germany (Tables 1 and 2 give some illustrations of this dynamics).

Table 1: The Balkan countries' trade with Germany

	Import			Export		
	1933	1937	1938	1933	1937	1938
Hungary	19,7	26,2	48,1	11,2	25,6	50,1
Yugoslavia	13,2	32,6	50	13,9	21,5	49,9
Romania	18,0	30,8	48,5	10,6	20,6	35,9
Bulgaria	38,2	54,8	57,9	36,0	43,1	63,6
Greece	10,3	26,1	31,1	19,7	27,3	43,2
Turkey	25,5	42,0	51,3	18,9	36,0	47,3

Source: Arndt (2014 [1944], p.198).

[36] A detailed analysis of the technical elements of currency control, compensation and clearing, as well as their micro and macroeconomic effects on the Bulgarian economy (the analysis is applicable to other Balkan countries) is made in Nenovsky and al. (2007), and Nenovsky and Dimitrova (2007).

[37] In 1943, serious clearing problems arose for Germany. It had nothing to compensate and pay with, and there was even a plan to offer shares in German companies to trading and partner companies (Toose, 2006, p.257).

Table 2: Clearing and non-clearing trade of Bulgaria (1934-1939)

Years/ shares	Export (shares, %)				Import (shares, %)			
	Clearing in total export	Germany in total export	Germany in total clearing	Non-clearing in total export	Clearing in total import	Germany in total import	Germany in total clearing	Non-clearing in total import
1934	78.97	48.05	60.84	21.03	78.30	48.87	62.43	21.70
1935	77.25	49.48	68.09	22.75	80.19	59.82	75.11	19.81
1936	69.44	50.53	72.78	30.56	81.70	66.67	81.58	18.30
1937	65.52	47.11	71.91	34.48	79.90	58.22	72.82	20.10
1938	77.24	58.86	76.21	22.76	74.02	51.43	70.22	25.98
1938a	71.68	51.49	71.78	21.40	74.74	54.10	72.38	25.32
1939a	72.81	59.43	81.63	27.19	80.89	61.04	75.46	19.05

Source and note: a-export/import data refer to the first five/four months of the year, Christophoroff (1939)

During socialist times, and even today in Bulgarian historiography, and above all among historians, there is a definite opinion that Germany plunders the Balkan countries, including Bulgaria through the system of clearings[38]. For example, according to the leading historian Nikolay Genchev:

> 'In the last five pre-war years, Germany, through the enslaving system of clearing, established a monopoly on the exports of the countries of the Danube basin and the Balkans – Hungary, Romania, Yugoslavia, Bulgaria and Greece, and partly Turkey' (Genchev, 1998, p.16).

Finally, we will note that along with the economic and monetary practices of the German *Lebensraum* in the Balkan countries, the economic theories of corporatism, the managed economy and economic autarchy permanently gain ground (see Nenovsky, 2012, Penchev, 2019).

IV. The Soviet area and the COMECON. Passive money and the transferable ruble (1945 – 1989)

With the end of World War II (WWII) a new centre of gravity emerged on the Balkans - the Soviet Union. Greece remained in the orbit of the winning countries (notably England and the United States), and subsequently went through various political regimes to reach membership in the European Community (later European Union). As for the rest of the Balkan countries, the communist bloc - of the Soviet Russia and the COMECON - became decisive. Within this model we can talk about the existence of 'dependent socialism'. Romania and Albania had their specific traits (after 1961/62), following in general the trajectory of the socialist bloc. Yugoslavia, which had already become socialist, (SFR Yugoslavia), built a specific model of self-government and conducted economic cooperation with capitalist and developing countries. Below we will limit ourselves to Bulgaria and SFR

[38]More nuanced observations are given in Nenovsky and al. (2007) and Nenovsky and Dimitrova (2007).

Yugoslavia, as examples of countries where the model of dependent monetary regime manifests itself in various forms.

Bulgaria very quickly moved from complete German domination to complete dependence on the new military and geopolitical centre – the Soviet Union and the economic bloc of the COMECON (conceived as an alternative to the American Marshall Plan). After the nationalisation of banks and industry in 1947, and later the collectivisation of agriculture and the introduction of the foreign exchange monopoly, Bulgaria continued its barter and clearing practices, however this time with new, socialist partners. Like the German *Lebensraum*, the Soviet area was based on administrative, anti-market and autarchic principles. The internal currency circulation of each country was closed and detached from foreign money, from external payments (a kind of socialist monetary nationalism).

Despite the visible similarities with the *Lebensraum*, Bulgarian economists were quick to point out the fundamental differences:

> 'In accordance with the general character of the International Economic Relations under socialism, the foreign exchange policy of the socialist state is alien to the tendencies of subordinating one currency to another, the aspiration to place the economic and monetary policy of the weak countries in dependence of the strong countries [...] The national currencies of the socialist countries serve their domestic economy. They are closed in nature and are not freely exchanged for foreign currencies. Therefore, they are not used in international payments, with the exception of some non-trade payments within the socialist community. [...] Retaining its form as a category of the capitalist world economy and its foreign exchange system, clearing in the relations between the socialist countries radically changed its role. Clearing is used by the socialist countries as a means of orderly regulating international payments and maintaining the balance of payments without the conversion of convertible currencies. The clearing agreements between the socialist states are based on the principles of full equity and mutual benefit' (Tsarevski, 1976, p.8, p.178).

In the new economic and currency bloc, payments under bilateral clearings were made in dollars and since 1950 in Soviet rubles. Payments in rubles released the participating countries from the need to hold reserves in convertible currencies. In 1957, a shift was made to a multilateral clearing based on the Soviet ruble; the settlement clearing centre was located within the Soviet State Bank (*the Gosbank*). In 1963/64 a serious international payment reform was carried out. There was a shift to a model of multilateral payments, and the new collective settlement currency was created – the transferable ruble. Although payments were multilateral, the trade behind them continued to be based on bilateral barter. Within the framework of clearing, foreign trade and currency planning were performed within each country, determining mandatory contingents for import and export, by country and by commodity lists.

The transferable ruble had the gold parity of the Soviet ruble. However, it was freely transferable between socialist countries' accounts in the newly created International

Bank for Economic Cooperation (IBEC)[39]. Importantly, the transferable ruble was not convertible into any socialist currency, not even Soviet rubles[40]. The transition was done through the currency ratios, which we will mention below. IBEC performed the role of clearing bank of the COMECON countries, each country having an active or passive balance towards IBEC, i.e., to other countries taken as a whole (and not to a single country). IBEC also provided loans within certain limits to maintain the balance of payments of member countries[41]. IBEC placed its free convertible resources on the Eurodollar market.

Until 1973, Bulgaria had a slight positive balance with the COMECON countries and thereafter (more precisely until 1986) there were strong negative balances. In the capitalist countries, the balance throughout the period was strongly negative, offset by the strongly positive balance in trade with developing countries[42]. Within the COMECON, the main creditor, including of Bulgaria, became the Soviet Union. In 1971, the International Investment Bank (IIB) emerged, which granted investment loans from 5 to 15 years. The Bulgarian lev was de facto pegged to the transferable ruble, and through it to the Soviet ruble.

Internationally, there were two currency turnovers: (i) for trade and (ii) for non-trade payments. These two turnovers, two payment sectors, replicate the two spheres within the individual national socialist economies (non-cash and cash sectors)[43]. The domestic non-cash sector served enterprises and institutions, i.e., the public sector as a whole, and the cash sector served households, cooperatives, and the consumer sector. It preserved, within certain limits, market relations ("commodity-money relations"). Households had access to limited consumer goods and services (up to the purchase of a car and a home), which were paid for with cash. In the cash sector, the "balance of income and expenditure of the population" was formed, which was controlled by the Central Bank (the Monobank). Consumer prices were fixed and generally low because 'stable low prices are the conquest of real socialism'. In terms of volumes, the cash sector was significantly smaller than the non-cash sector[44].

The relationship between the two cash turnovers was actively planned – mostly the outflows from the non-cash to the cash sector in the form of wages, just as the reverse flow – from the cash to the non-cash sector, in the form of payment of taxes and fees. Cash was also controlled by the Monobank through

[39] "The transferable ruble is the most stable international settlement and payment instrument in the world" (Tsarevski, 1976, p.36). In the Bulgarian clearings, at the beginning, gold and foreign exchange arrangements were partially applied, and with Yugoslavia the clearing was always in dollars. "Currency arrangements have never been used in Bulgaria's clearing agreements with the socialist countries. They are irrelevant in those clearings that are conducted in rubles, as there is no more stable currency, to which the ruble exchange rate could be pegged." (Tsarevski, 1976, p.188).

[40] In the 1980s, there were also ideas (mainly by Polish economists) for the transferable ruble to become officially pegged and convertible into gold or dollars. See Tsarevsky (1978, p.40).

[41] In a sense, this construction is very close to Keynes's design. The principles and the evolution of the currency relations within the COMECON, as well as the place of Bulgaria, are exhaustively elaborated in the extremely useful book of N. Tsarevsky (1976).

[42] Stoimenov (1990, p.81-87).

[43] For details see Garvy (1977), as well as Kaser (1967), McKinnon (1982 [1979]), and Lelart (1986).

[44] Financial markets and assets did not exist (they were "capitalist phenomena").

the 'cash plan'[45], formulating the issue of cash[46]. In order to maintain the balance of the system and to avoid social tensions or open inflation, one-off monetary measures were mostly employed[47]. They were expressed in raising prices, shrinking the cash supply (deflation) or in the form of monetary reform (currency exchange). Through the currency exchange, the hoarded cash depreciated. Such depreciations occurred in Bulgaria in 1947[48], 1952, and 1962. These palliative measures ended in 1989 when the planning system exhausted the possibilities for partial equilibria and the potential inflation became open.

In general, this is as far as the internal element of the monetary regime is concerned. Let us now return to the international aspect of the monetary regime under socialism.

Commercial payments, effected in transferable rubles within the clearing of the IBEC, were made at contract prices. These prices were based on the average, cycle-adjusted wholesale prices on capitalist markets over a given period (five and then one year). Contract prices were detached from national prices, and the ratio between contract and national prices was determined by the famous 'currency ratio, coefficient', through which national money was converted into transferable rubles.

In non-commercial, non-commodity payments, i.e., in 'all payments made by a country and its citizens in the territory of other socialist countries in local currency and at retail prices on the local market'[49], mainly for services, tourism and others – an agreed bilateral exchange rate and real exchange rate of currency was set. This was done according to retail prices in both countries. The link between both segments of payments – commercial and non-commercial, was

[45] It is the net balance of the implementation of the 'cash income and expenditure of the population' plan, as well as the available transactions under the cooperative sector and payments abroad, etc. When the revenues are more than the payments under the cash plan, the issuance result shows the withdrawal of money from circulation, and vice versa, when the receipts are less than the payments under the cash plan, the net result is expressed in the release of additional amount of cash (Kotsev, 1989, p.45-46).

[46] Due to the internal limits of planning ("soft budget constraints"), as well as the "law on outpacing development of the means of production sector vis-à-vis the consumer goods sector", the cash supply inevitably grows faster than the volume of the consumer market. This comes from wages outpacing labour productivity, as well as the emergence of budget deficits. The outflow of purchasing power from the non-cash sector (enterprises and institutions) to the cash sector is called by Kornai the "siphoning effect". "Money supply overhang" and "repressed inflation" are coupled with structural shortages in the consumer market. The specific manifestations of these phenomena are queues, poor quality of goods, substitution of high-quality goods by poor quality goods, forced joint sale of desired and unwanted goods, corruption and black market, privileges (specialty stores), meaningless investment projects, artificial employments, hidden unemployment, and most of all, significant forced savings of the population. These savings are primarily in the form of deposits in the savings bank (sometimes saved in cash, in banknotes). These savings indicate the existence of solvent demand without a corresponding supply.

[47] Apart from several attempts at structural reforms aimed at business autonomy and greater arbitrariness, initially in Hungary and Yugoslavia, and later in other countries.

[48] In this monetary reform, the large sums presented for exchange are taxed with a progressive tax, which also withdraws a large volume of money supply.

[49] Ivanov (1989, p.387). See for details Daskalov and Maslarov (1990, p.160-173). Here, too, the variety of exchange rates and premiums is reminiscent of the diversity of different types of specialised marks in the 1930s used for payments in the German economic zone.

made possible by translating the balance of non-commercial payments at a certain ratio in order to include it in the total account of IBEC. This conversion factor shows the deviation of the domestic prices in the USSR from the contract prices (according to the unified nomenclature of goods and services). The exchange rates of non-trade payments, and in particular the ratios at which the balances of non-trade transactions are included in the balances of the IBEC, are subject to confrontation. The country with a surplus on non-trade transactions tends to have a lower ratio, i.e., to receive more transferable rubles, and the state with a passive balance strives for this ratio to be higher in order to pay less transferable rubles. In general, the USSR imposed its will, and due to its active balances sought to reduce the conversion factor. Thus, from 3.4 domestic roubles for one transferable ruble, in 1971 the factor became 2.3 for one transferable ruble, and at the end of the 1970s it became 1.9. Before the collapse of the COMECON, it was 1.7 domestic Soviet rubles for 1 transferable ruble.

The stated anchoring of the Bulgarian monetary regime to the Soviet ruble ('the most stable currency in the world') serves the inclusion of Bulgaria in the International Socialist Division of Labour (launched in 1961), as well as 'the need to catch up with the developed socialist countries.' This is done both through the mechanism of trade and through the levers of investment and credit. Within the COMECON, the Soviet Union is the creditor country, the rest are debtors. The prominent Bulgarian economist of the socialist period, E. Mateev, makes the following summary:

"Bulgaria has embarked on the path of its economic development with high hidden agricultural unemployment (which is now almost non-existent, although the village will continue to supply workforce in the future). In the course of industrialisation, former unemployed peasants and their children were able to obtain employment in their own country (and not, for example, through the export of labour, as in many other countries), and not to the detriment of efficiency dictated by proper territorial distribution of the productive forces, but rather in full agreement with it. This became possible because the country was able to supply itself with machines, liquid fuels, metals and other raw materials from the Soviet Union, which was paid for by exporting products from the specialisation of the old industries and from the unfinished industries, i.e., because it gained wide access to the Soviet markets and thereby the necessary foreign exchange resources to pay for imports, because in the Soviet Union it encountered not competitive indices, as in the capitalist markets, but, on the contrary, fraternal assistance in quickly achieving the necessary quality and standards." (Mateev, 1969, p.19).

As a result, during the first twenty-five years of socialism:

"The strong overtaking of foreign trade relations reflects not only absolute, but also relative deepening of the country's participation in the international division of labour. Given that nearly 4/5 of all foreign trade of Bulgaria is with the socialist countries, and half – with the Soviet Union, it is concluded that it is a question of the deepening participation of our country not only in the International Division of Labour in general, but in the International Division of Labour specifically with the

socialist countries, and especially with the Soviet Union [...]. One third of the value of machines and metal products produced in the country originate directly and, above all, indirectly, through the metal, from imports mainly from the Soviet Union" (Mateev, 1969, p.11, p.16)

As for Soviet investments, according to another Bulgarian leading monetary economist, N. Tsarevski:

"So far, our country has used a total of more than 2 billion rubles in loans from the USSR alone. Only in the current five-year plan (1971-1975) Bulgaria uses loans from the USSR in the amount of 50 million rubles. Soviet loans reach in some periods from 20 to 25% of the value of our capital investments. If the amount of loans received is compared only with the active part of capital investments, i.e., the value of invested machines and equipment, the relative share of credits in individual years reaches 50%. This gave a decisive impetus to the accelerated economic development of the country, to socialist transformations and industrialisation. Our country could not possibly catch up with economically developed socialist countries without credit. [...] The facilities built in our country with Soviet aid provide 95% of the production of ferrous metals, 80% of the petrochemical production, 60% of the electricity, 55% of the production of the chemical industry, a large part of the machine-building products, etc." (Tsarevski, 1976, p.195-196).

In general, the two types of exchange rate factors, exchange rates and prices at which foreign economic transactions took place, were determined administratively (i.e., economically on an arbitrary principle), and were the result of negotiations among member states. The small countries in the COMECON had only the power to set their domestic prices; in all other parameters the word of the Soviet Union overruled, as the latter considered its strategic interests. Without going into detail, we will mention just one eloquent fact. During the trial of Bulgaria's Deputy Prime Minister Traicho Kostov (1949), who was tried for espionage in favour of England and Yugoslavia, one of the accusations was that he attempted to negotiate fairer prices in trade with the Soviet Union[50]. This clearly resembles the practice of setting exchange prices in the German clearings of the 1930s (cf Aladzhov's testimony from the previous section).

Later, in the 1980s (especially after 1986), there was a lot of talk within the COMECON about direct links between enterprises, i.e., carrying integration to a micro level. It was derived from reforms to decentralisation and business initiative of enterprises in individual countries. In Bulgaria, this was announced by Decree 56 on Economic Activity as of February 1989. In 1987, the idea of forming a common socialist market was launched. Enterprises were given (at least verbally) the opportunity to choose their markets within the COMECON (national market or Comecon common market). This also raised the issue of currency convertibility of the lev (internal and external, within the COMECON), as well as the need for a single exchange rate, foreign

[50] See Kaser (1967, p.178). In M. Kaser's book, as in G. Graziani's study (1982 [1981]), analyses and facts are presented showing the economic dependence (and alternative losses) of the small socialist countries in their economic relations with the Soviet Union, as well as the latter's dominant role. See Kaser (1967, p.178).

exchange market and currency regulation by the Central Bank[51]. There were ideas for the ruble to remain at the heart of the system and even become convertible currency. However, it became increasingly clear that the model of socialist integration had no prospects given the national isolation and central planning. As is well known, very soon after the attempted reforms, in 1989/1990 the COMECON ceased to exist and payments became market-based and in dollars.

Let us now look at *Socialist Yugoslavia*, which displayed another model of monetary dependence – dependence on the West. Initially, it was pegged to the dollar zone and in the 1980s also to the German mark.

Somewhat forgotten today, the Yugoslav model of socialism, albeit within the framework of Marxist ideology, sought to be an alternative to Soviet central planning. It was defined as self-management socialism, with the characteristics of workers ownership, decentralisation, openness to the West, etc.[52]. The self-management model was introduced with the reforms of 1952, which intensified in 1965/66[53]. From 1964, Yugoslavia moved to a two-tier banking system, and the Central Bank, without completely abandoning the principles of planning, commenced targeting of monetary aggregates. Without going into details, we will note that the model of self-management was not clarified either conceptually or practically. It proved to be an inefficient and disproportions-accumulating economic system. The money supply was constantly getting out of control and this led to high inflation, balance of payments deficits and large external debts, etc.

Externally, more than half of Yugoslavia's trade was with developed economies and third world countries. Between 20% and 30% of Yugoslav workers worked in Western Europe at some point in their lives and transferred significant amounts of convertible currency to Yugoslavia[54]. From its inception and throughout the years of the cold war Yugoslavia was a member of the IMF[55], followed its principles, declared its exchange rate regime and even received a loan (for example, in 1974). Its representatives worked in the fund, such as Dragolsav Avramovich, who later, in the 1990s stabilised the dinar by pegging it to the mark.

Of particular interest is the evolution of the exchange rate regime. Broadly speaking, it follows three periods: (i) fixed rate regime (1945-1973); (ii) managed floating regime (1973 - 1989), and (iii) re-fixed rate over a short-term horizon (1989 - 1990)[56]. As a general rule, the development of the exchange rate regime closely followed the evolution of the international monetary system.

From the very beginning, the exchange rate was defined within the gold-dollar standard, and all bilateral clearings of Yugoslavia were in dollars. In April 1945, after a monetary reform (exchange of money, etc.), the dinar was fixed to the dollar (and respectively to gold) at the rate of 1 USD = 50 dinars. Several devaluations followed, of which only two were officially registered with the IMF (1952 and

[51] See Stoimenov (1984, 1990).

[52] Initially, the distinction was primarily political (anti-Stalin). Yugoslavia was not part of the Warsaw Pact and the COMECON; it was an active participant in the Non-Aligned Movement.

[53] In 1974, the new constitution further intensified decentralisation.

[54] The Yugoslav passport cost 10,000 USD on the black market (Nikolic, 2018).

[55] With a short break from 1945 to 1949.

[56] The dynamics of the three periods is explained in the review study of Stoyanović (2007). In the text we use the chronology of this article, as well as other sources.

1966), with two not registered (1954 and 1961). The devaluations not registered with the IMF were carried out by introducing premiums on various payments on imports and exports.

The first six-fold devaluation, that of December 1952 (1 USD became 300 dinars), coincided with the beginning of self-government reforms, as well as with the restrictive policy of Kiro Gligorov. Gligorov stabilised public finances and convertibility of the dinar was discussed. From 1952 to January 1966, the official exchange rate was maintained, but payments on imports and exports were made with different premiums for the dollar, which actually led to an exchange rate between 120 and 1,200 dinars per USD. In 1961, an accounting 150% premium was introduced, which makes a single accounting change rate of 750 dinars per USD[57]. During these years, an attempt was made to build a foreign exchange market (an exchange accounting place), where the dollar reached *circa* 600 dinars. On the black market they were even higher - 2000 to 4000 dinars for USD.

The second official devaluation of 1 January 1966 came after a price redenomination of 100 times, and the new dinar was pegged to the dollar at the rate of 1 USD = 12.5 new dinars (i.e., 1250 old dinars). Thus, (according to Stojanović, 2007) officially, the devaluation was 317%, but de facto it was 67%. The measures can be interpreted as absorbing the overhanging money supply, which we mentioned when discussing Bulgaria, in order to curb inflation and improve the state of the balance of payments.

In 1971, two devaluations took place, in January (up to 15 dinars for USD) and December (17 dinars for USD). The dollar crisis followed. From July 1973, the dinar was officially switched to a regime of managed floating against the dollar within (+/-2.25%) corridor and steps were taken to form a functioning foreign exchange market. According to N. Tsarevski:

> "After the devaluation of the US dollar, Yugoslavia kept the dinar exchange rate unchanged against the US currency and reduced its gold content to 0.043333 fine gold, i.e., the dinar followed the two devaluations of the US dollar. In this way, the dinar exchange rate and parity follow the changes in the main capitalist currencies to which it is significantly pegged." (Tsarevski, 1976, p.53).

From 1973, however, the dinar was constantly depreciating and straying from the specified corridor. In 1974, Yugoslavia was forced to seek a loan from the IMF due to difficulties in its balance of payments and debt service. From 1977, the Yugoslav monetary authorities intervened not only with regard to the dollar but also as regards the mark (Germany and the mark began to play an increasingly important role in the country's external payments). Macroeconomic dynamics was continuously deteriorating, partly due to the decentralisation that took place during the adoption of the new Constitution in 1974. Expenditures and the money supply spiralled out of control, leading to inflation and a rising debt. The devaluation of the dinar was stopped in the early 1990s by fixing it to the mark and as a result of the shock therapy. However, the reform failed, and at the end of 1990 the dinar finally collapsed. Somewhat later, Yugoslavia was going to experience one of the largest hyperinflations known in monetary history.

[57] Stojanović (2007), Tsarevski (1976).

Interestingly, M. Friedman visited Yugoslavia in March 1973. This happened at the very moment when the Yugoslav leadership had to choose the new exchange rate regime (in July 1973 it chose managed floating). Clearly, Friedman was invited to give advice[58]. In his speech at the Central Bank of Yugoslavia, Friedman offered two extreme options (Currency Board and fully floating exchange rate), his preferred option being fixing the exchange rate to the German mark under a currency board arrangement (*unified currency*). (Edwards, 2020, p.17) Friedman also proposed developing the foreign exchange market. Friedman saw the internal contradictions of the interim regimes, including managed floating, chosen by the Yugoslav authorities. The problems were not long in coming and the expansionist monetary policy, which lacked automatic adjustment mechanisms, became incompatible with the controlled exchange rate. The monetary policy is a function of the inefficient, although at first glance different from the Soviet, model of socialist self-management economy (Liotta, 2001, Stojanović, 2007).

Thus, both in the case of Bulgaria, which followed the ruble and non-market payments zone, and in the case of Yugoslavia, which was closely tied to Western monetary practices, we see that the monetary regime in the Balkan periphery is dependent.

Concluding discussion

In this article we have presented a theoretical reconstruction of the long monetary history of different Balkan countries. It illustrates the hypothesis of a structural dependence of the monetary regime of Balkan countries, passing through different political and ideological regimes. Its cyclical nature can be traced back to the time of the Ottoman Empire until the present day. The monetary regime of the Balkans is a manifestation of a geopolitical and economic dependence, be it imperial, capitalist, socialist, 'transitional' post-communist, or Europeanising, etc. This dependence does not mean doom and determinism. It shows the limits within which Balkan elites can make decisions and pursue economic and monetary policies.

The theoretical model proposed to interpret the monetary history of the Balkan region, that of the "dependent monetary regime", is only one of several possible models. We do not claim to have exclusivity. Much remains to be done under the proposed hypothesis, and it is beyond the reach of individual researchers. At least because knowledge of the great diversity and intertwined histories of the region must be mobilized, knowledge accumulated in many languages and stored in many archives and publications. Such an initiative can only be the product of collective effort from representatives of all Balkan countries.

Theoretically, it is necessary to deepen the analysis of structural monetary dependence, its specific and general mechanisms and forms in different monetary systems and monetary regimes - bimetallic, gold, gold-exchange, paper (fiat), clearing, "planned" currency, etc. Of particular importance is the analysis of monetary dependence in the two archetypal systems of economic coordination, namely market and administrative-command (planned), as well as in the two social systems

[58] This was not his first visit, but his second one: in 1962 he was invited to Yugoslavia and the reason we can presume was very much the same – to give advice.

– capitalist, private and socialist, collectivist[59]. As we have seen, monetary dependence is also inherent in the peripheral socialist economy, in the case of dependence on the USSR within or not within the COMECON.

Important in this regard is the influence of Marxist and communist ideas about money and monetary practice. It is also important to study in more depth the monetary dependence on the positions of the dialectic of the function of money as a means of payment and as a unit of account, of external and internal money. In fact, the combination of these functions is not the same in different modes (for example, in clearing dominance the unit of account is separated from the means of payment).

Empirically, there is even more work to be done. There are two directions here. The first is the presentation of individual case studies of monetary dependence through the analysis of the institutional configuration and the sociology of different groups and actors, their interests and ideology (see Nenovsky and Rizopoulos, 2003, 2004). The second, much more difficult, is the construction of quantitative and qualitative indicators of monetary dependence and their quantitative, econometric analysis.

We repeat again, this can only happen within the collective and international efforts of Balkan scientists. Such analyses will be useful in building a more realistic vision of the prospects for Balkan monetary economies, regarding the EU and eurozone development.

References

Aganski, N., 1936. The German market and the Danube countries, *Archive of economic and social policy*, 11 (2), pp. 132-141 (in Bulgarian).

Aladzhov, P., 2000. High Commissioner. A Life in the Service of the National Economy. Sofia: Sofia University Kliment Ohridski, (in Bulgarian).

Arndt, H., W., 2014[1944]. The Economic lessons of the nineteen-thirties. London: Routledge.

Atanasov, H., N. Nenovsky, 2019. Money and Prices in the 18th – 19th Centuries. Bulgarian Historiography on the Monetary History of the Balkan Provinces of the Ottoman Empire, *Bulgarian Historical Review*, (1-2), pp. 80-111.

Băicoianu C., 1932. Istoria politicii noastre monetare şi a Băncii Naţionale. Bucureşti: Monitorul oficial si Impremeriile Statului, Impremeria Nationala.

Basciani, A., 2020. Growth without Development: The Post-WWI Period in the Lower Danube. Perspectives and Problems of Romania and Bulgaria. *The Journal of European Economic History*, (3), pp. 139-164.

Berov, L., 1990. Development of industry in Bulgaria until the First World War. in L. Berov, D. Dimitrov (eds), *Development of industry in Bulgaria (1834, 1947, 1989),* Sofia: Nauka i Izkustvo, 36-113 (in Bulgarian).

Berov, L., 1990a. Development of capitalist industry in the period between the two world wars, in L. Berov, D. Dimitrov (eds), *Development of industry in Bulgaria (1834, 1947, 1989),* Sofia: Nauka i Izkustvo, 114 -238 (in Bulgarian).

Bobchev, K., 1933. Prof M. Manoilescu's Protectionist Theory. *Journal of Bulgarian Economic Society*, 32, pp. 478-494 (in Bulgarian).

Bobchev, K., 1937. Studies of the Theory of International Trade. Sofia: Poligrafia, (in Bulgarian).

[59] The planned, socialist economy can be seen as a specific, extreme form of state capitalism. But this is another research story.

Bochkovitch, M., 1919. La Banque Nationale de Serbie. Thèse pour le doctorat, Paris: Jouve & Cie.

Bohle, D., and Greskovits, B., 2012. Capitalist Diversity on Europe's Periphery. Ithaca, NY: Cornell University Press.

Burg, S., 2016 [1983]. Conflict and Cohesion in Socialist Yugoslavia: Political Decision Making Since 1966. Princeton: Princeton Legacy Library.

Calmès, A., 1922. The Economic and Financial Situation of Albania. *League of Nations, Report* prepared by Professor A. Calmès regarding his mission of enquiry in Albania, Geneva.

Cardoso, F. H., 1977. The Consumption of Dependency Theory in the United States, *Latin American Research Review*, 12(3), pp.7-24.

Cardoso, F. H., and Faletto, E. (1979), Dependency and Development in Latin America. Berkeley, University of California Press.

Chakalov, A., 1962. Forms, size and activity of foreign capital in Bulgaria (1878-1944). Sofia: Ed. of Bulgarians Academy of Sciences.

Chausserie-Laprée, P., 1911. L'Union Monétaire Latine. Son passé, sa situation actuelle, ses chances d'avenir et sa liquidation éventuelle. Thèse, Université de Paris, Arthur Rousseau, Paris.

Chavance, B., and Magnin, E., 2002. Emergence of path-dependent mixed economies in Central Europe. In: G. Hodgson (Ed.), *A Modern Reader in Institutional and Evolutionary Economics: Key Concepts,* Cheltenham: Edward Elgar, pp.168-200.

Christophoroff, A., 1939. The Course of the Trade Cycle in Bulgaria 1934-1939. Statistical Institute for Economic Research, Sofia: "Pridvorna" Printing House (in Bulgarian).

CMI (Congrès Monétaire International), 1890. Congrès Monétaire International, 1889. Compte rendu « in extenso » et documents. Paris: Bibliothèque des annales économiques.

Colombatto, E., 1984. L'economia politica del comercio Est-Ovest. Milano: Ed. Etas Libri, Sonzogno.

Danaillow, G., 1932. Les effets de la guerre en Bulgarie. Paris: Presses Universitaires de France.

Daskalov, P., S. Maslarov, 1990. Problems of non-trade currency relations, in M. Stoimenov (ed.), *Currency problems of the economic development of the People's Republic of Bulgaria*, Sofia: Nauka i Izkustvo, pp. 160-173 (in Bulgarian).

Drahokoupil, J., and Myant M., 2011. Transition Economies: Political Economy in Russia, Eastern Europe, and Central Asia. Hoboken: John Wiley & Sons.

Edwards, S., 2020. Milton Friedman and Exchange Rates in Developing Countries. *NBER Working Paper,* No. 27975.

Einaudi, L., 2001. Money and Politics. European Monetary Unification and the Gold Standard (1865-1873). Oxford: Oxford University press.

Evans P., 1979. Dependent Development: The Alliance of Multinational, State, and Local Capital in Brazil. Princeton NJ: Princeton University Press.

Fabris, N., 2015. The History of Money in Montenegro. *Journal of Central Banking Theory and Practice*, 4(1), pp. 5-18.

Farkas, B., 2016. Models of Capitalism in the European Union. Post-crisis Perspectives. Basingstoke: Palgrave Macmillan.

Genchev, N., 1998. Bulgaria's Foreign Policy, 1938-1941. Sofia: Vector Publishing House (in Bulgarian).

Garvy, G., 1977. Money, Financial Flows and Credit in the Soviet Union. NBER, Ballinger Publishing Company.

Gillard, L., 2017. L'Union Latine, une experience de souverainetés monétaires partagées (1865-1926). Paris: Classique Garnier.

Graziani, G., 1982 [1981]. COMECON, domination et dépendances. Série « Économie et socialisme », Paris: François Maspero.

Helleiner, E., 2003. The Making of National Money: Territorial Currencies in Historical Perspective. Ithaca and London: Cornell University Press.

Gnjatović, D.,2020. Evolution of Economic Thought on Monetary Reform in the Kingdom of Serbs, Croats and Slovenes after the Great War. *Balcanica*, 50(1), pp. 184-205.

Gnjatović, D., V. Dugalić, B. Stojanović, 2003. Istorija nacionalnog novca. Belgrade: Sineks.

Iordanov, D., 1910. Bulgarian National Bank, 1879-1908 (with 7 annexes and 9 diagrams). Sofia: Liberalen Club ed. (in Bulgarian).

Iaranov, A., 1934. Economic Policy in Bulgaria (de 1878 à 1928). Sofia: Edition Hudojnik. (in Bulgarian)

Iliev, I., 2004. The Economy of Bulgaria in the Period 1949 – 2001. Sofia: Ed. "D. Bratoev " (in Bulgarian).

Ivanov, A., 1929. Report of the BNB Governor Asen Ivanov at the Reception to celebrate the fiftieth anniversary of the BNB Foundation. The Central Public Record Office, *The Bulgarian National Bank: a Collection of Documents, Vol. 3, 1915–1929*, document No. 22, pp. 136–144 (in Bulgarian).

Kaser, M., 1967. COMECON. Integration problems of the planned economy. London: Oxford University Press.

King, L., 2002. Postcommunist Divergence: A Comparative Analysis of the Transition to Capitalism in Poland and Russia. *Studies in Comparative International Development*, 37 (3), pp. 3-34.

Kyoseva, N., 2000. History of the monetary crises in Bulgaria 1879-1912. Sofia: ed. Stopanstvo (in Bulgarian).

Koszul, J., 1932. Les efforts de restauration financière de la Bulgarie (1922–1931). Paris: Félix Alcan.

Lane, D., Myant, M., (Eds), 2007. Varieties of Capitalism in Post-Communist Countries. Houndmills and New York: Palgrave Macmillan.

Lazaretou, S., 1993. Monetary and iscal Policies in Greece: 1833-1914. *The Journal of European Economic History*, 22(2), pp. 285-311.

Laveleye, E., 1888. La péninsule des Balkans: Vienne, Croatie, Bosnie, Serbie, Bulgarie, Roumélie, Turquie, Roumanie. Paris: Felix Alcan.

Lelart, M., 1986. Le système international du rouble et les relations monétaires Est-Ouest. *Revue d'études comparatives est-ouest*, 17(1): pp. 69-97.

Liotta, P., 2001. Paradigm Lost: Yugoslav Self-Management and the Economics of Disaster. *Balkanologie. Revue d'études pluridisciplinaires*, 5(1-2), pp. 1-19.

Lyapchev, A., 1929. Welcoming speech of the Council of Ministers' Chairman, Andrei Liapchev, at the reception to celebrate the fiftieth anniversary of the BNB Foundation. Central Public Record Office to the Council of Ministers, *The Bulgarian National Bank: a Collection of Documents, volume 3, 1915 – 1929*, document 21, pp. 134– 135 (in Bulgarian).

Magnin, E., 2002. Path-dependence and Initial Conditions in the Transition Process: the Cases of Hungary and Romania. *East-West Journal of Economics and Business*, 5 (1), pp. 67-87.

Magnin, E., Nenovsky, N., 2022. Diversity of Capitalism in Central and Eastern Europe – Dependent Economies and Monetary regimes.

Basingstoke: Palgrave Pivot Macmillan, forthcoming.

Magnin E. and Nenovsky N., 2021. Dependent Monetary Regimes in the Balkans: Enlarging the "Variety of Capitalism" Hypothesis. *International Journal of Public Administration*, 44(14), pp. 1216-1230.

Manoilescu, M., 1938 [1934]. Le siècle du corporatisme: Doctrine du corporatisme intégral et pur. Paris: Félix Alcan.

Manoilescu, M.,1929. Théorie du protectionnisme et de l'échange international. Paris: Marcel Girard.

Mateev, E., 1969. Introduction, in E. Mateev et al., *The International Socialist Division of Labor and the Economic Development of the People's Republic of Bulgaria*, Sofia: ed. Naukla i Izkustvo, pp. 5-24 (in Bulgarian).

Marinova, T., 2020. Bulgaria and the Great War (1912–1919). Some Issues under Discussion among the Bulgarian Economists of that Time. *Revue d'histoire de la pensée économique*, 10 (2), pp. 287-315.

Marinova, T. and Nenovsky, N., 2019. Towards Understanding Balkan Economic Thought: Preliminary Reflections. *History of Economic Thought and Policy*, (1), pp. 29-50.

May, C. and Nölke, A., 2018. Dangers of Residual Dependency in State-permeated Capitalism: The Case of Brazil during Labor Party Rule. *Revue de la régulation* [On line], (24), 2nd semester/Autumn.

McKinnon, R., 1982 [1979]. Monnaie et finance dans l'échange international. Paris: Bonnel.

Morys, M., 2014. World War I and the Emergence of Central Banks in South-eastern Europe. *White Rose Research Papers*, University of York.

Nenovsky, N., and Vaslin, J.M., 2020. Shadowing the Latin Monetary Union: Monetary Regimes and Interest Rates at the Balkans Periphery (1867 - 1912). *The Journal of European Economic History,* 23(2), pp.71-114.

Nenovsky, N. and Torre, D., 2018. Manoilescu's Approach of the "Losses of Trade": A Ricardian Interpretation. *Economic Alternatives*, (1), pp. 49-54.

Nenovsky, N. and Torre, D., 2015. Productivity Based Protectionism: A Marxian Reconstruction of Mihail Manoilescu's Theory. *Journal of Economic Issues*, 49 (3), pp. 772-786.

Nenovsky, N. and Penchev, P., 2013. A historical look at protectionism in Bulgaria and Romania. The protectionist theories of Mihail Manoilescu (1891-1950) and Konstantin Bobchev (1894-1976). *Economic Studies*, 22(2), pp. 3-44 (in Bulgarian).

Nenovsky, N., 2012. Theoretical Debates in Bulgaria during the Great Depression. Confronting Sombart, Marx and Keynes. *Oeconomia*, 2(1), pp. 67-101.

Nenovsky, N., Tochov, K. and Turcu, C., 2013. Monetary Regime and EU Accession: Comparing Bulgaria and Romania. *Communist and Post-Communist Studies*, 46 (1), pp.13-23.

Nenovsky, N., Pavanelli, G. and Dimitrova, K., 2007. Exchange Rate Control in Italy and Bulgaria in the Interwar Period. History and Perspectives, in: *The Experience of Exchange Rate Regimes in South-Eastern Europe in a historical and comparative perspective*, Oesterreichische Nationalbank, Vienna, pp. 80-117.

Nenovsky, N. and Dimitrova, K., 2007. Exchange Rate Control in Bulgaria in Interwar Period: History and Theoretical Reflections, Bulgarian National Bank. *Discussions Papers* No. 67.

Nenovsky, N. and Rizopoulos, Y. (2004). Peut-on mesurer le changement institutionnel du régime monétaire. *Revue d'économie financière*, (75), pp. 17-36.

Nenovsky, N. and Rizopoulos, Y., 2003. Extreme Monetary Regime Change. Evidence from the Currency Board Introduction in Bulgaria. *Journal of Economic Issues*, 37(4), pp. 909–941.

Nölke, A. and Vliegenthart, A., 2009. Enlarging the Variety of Capitalism. The Emergence of Dependent Market Economies in East Central Europe. *World Politics*, 61(4), pp. 670-702.

North, D., 1990. Institutions, Institutional Change and Economic Performance. Cambridge: Cambridge University Press.

Palairet, M., 1997. The Balkans Economies, c. 1800 – 1914: Evolution without Development. Cambridge: Cambridge University Press.

Pamuk, *Ş., 2000*. A Monetary History of the Ottoman Empire. Cambridge: Cambridge University Press.

Pamuk, Ş., 2018. Uneven Centuries: Economic Development of Turkey since 1820. Princeton: Princeton University Press.

Pecorari, P., 2006. La Banca Nazionale di Romania et il problema degli utili netti nel 1913, in: P. Pecorari, *La lira debole. L'Italia, l'Unione Monetaria Latina et il "bimetallismo zoppo*", Padua: CEDAM, pp. 201-226.

Pecorari, P., 2006a. H.J. Frère-Orban e la Banca Nazionale del Belgio nel 1867-69, in: P. Pecorari, *La lira debole. L'Italia, l'Unione Monetaria Latina et il "bimetallismo zoppo*", Padua: CEDAM, pp. 81-114.

Penchev, P., 2019. Debates over Dirigisme during the 1930s: The Case of Bulgaria. *Journal of economic Issues*, 53 (3), pp. 863-878.

Prost, H., 1925. La liquidation financière de la guerre en Bulgarie. Paris: Marcel Gard.

RIIA (Royal Institute for International Affairs), 1939. South-Eastern Europe. A Political and Economic Survey. London: Oxford University Press.

Roselli, A., 2014. Money and Trade Wars in Interwar Europe. New York: Palgrave Macmillan.

Rusinov, D., 1977. The Yugoslav Experiment 1948-1974. Berkeley: University of California Press.

Šević, Ž. (Ed.), 2002. Banking Reforms in South-East Europe. Cheltenham: Edward Elgar.

Stoenescu, V., Blejan, E., Costache, B. and Iarovici, A., 2007. Foreign Exchange Regime in Romania between 1929 and 1939, in: P. Mooslechner (ed.), *The Experience of Exchange Rate Regimes in South-eastern Europe in a Historical and Comparative Perspective*, Proceedings of OeNB Workshop SEEMHN, Vienna, pp. 243-260.

Stoimenov, M., 1984. Currency convertibility under socialism. Problems and perspectives. Sofia: ed. Nauka i Izkustvo (in Bulgarian).

Stoimenov, M., 1990. Problems of the Currency Equilibrium of the Economy, in M. Stoimenov (ed.), *Currency Problems of the Economic Development of the People's Republic of Bulgaria*, Sofia: ed. Nauka i Izkustvo, pp. 77-103. (in Bulgarian).

Stoimenov, M., 1990a. The participation of the People's Republic of Bulgaria in the currency integration with the member countries of the COMECON, in M. Stoimenov (ed.), *Currency Problems of the Economic Development of the People's Republic of Bulgaria*, Sofia: ed. Nauka i Izkustvo, pp. 104-124 (in Bulgarian).

Stojanović, B., 2007. Exchange Rate Regimes of the Dinar 1945–1990: An Assessment of Appropriateness and Efficiency, in P. Mooslechner (ed.), *The Experience of Exchange Rate Regimes in South-eastern Europe in a Historical and Comparative Perspective*, Proceedings of OeNB Workshop SEEMHN, Vienna, pp. 198-243.

Tenev, M., 2014. Life and Work. (in two volumes). Sofia: Bulgarian National Bank Edition (in Bulgarian).

Tsarevski, N., 1983. International Monetary Relations under Socialism. Sofia: ed. Nauka i Izkustvo (in Bulgarian).

Tsarevski, N., 1976. Currency and Credit Relations of the People's Republic of Bulgaria. Sofia: ed. Nauka i Izkustvo (in Bulgarian).

Tooze, A., 2006. The Wages of Destruction. The Making and Breaking of Nazy Economy. London: Allen Lane.

Torbov, T., 1930. The mortgage loan in Bulgaria. Sofia: Printing house of D. Provadaliev & Todorov (in Bulgarian).

Willis, H.P., 1968 [1901]. A History of Latin Monetary Union. A Study of International Monetary Action. Chicago: University of Chicago Press.

Zafiroski, J., 2018. Monetary Law. Skopje: University textbook (in Macedonian).