



CENTRE FOR ADVANCED STUDY SOFIA

CAS WORKING PAPER SERIES

Issue 1

Sofia 2007

This publication presents part of the research outcome of a project carried out at the Centre for Advanced Study Sofia under the title

Sofia Academic NEXUS

How to Think about the Balkans: Culture, Region, Identity

*Available in electronic form at
www.cas.bg*



CENTRE FOR ADVANCED STUDY SOFIA

70 Neofit Rilski Str., floor 3-4
phone: +359 2 9803704, fax: +359 2 9803662
cas@cas.bg, www.cas.bg

Copyright © 2007 by the CAS contributors/CAS.
All rights reserved. Copyright remains with the individual authors/CAS.
No part of this publication can be reproduced, or transmitted in any form by any means, electronic, mechanical, photocopying, recording, or otherwise without prior written permission of the individual authors/CAS.

ROUMIANA PRESHLENOVA

**THE CLOSE AND THE DISTANT BALKANS.
BUILDING UP IDENTITIES
IN THE CONTEXT OF ECONOMIC DEVELOPMENT 1878-1912**

Identification of the issue

Admittedly, collective identities are specific and complicated intellectual constructions. Apart from the obvious contemporary scientific controversies between the concepts of “the leading constructionist” Benedict Anderson and the critics of provable collective identities, an attempt will be made at retracing some aspects of collective identities in the Balkans associated with or expressed in relevant economic terms¹. Pride of place is accorded to the feelings of belonging both as a self-consciousness, self-determination, self-recognition and as mutual/reciprocal perception. The necessary admission of their multiple layers predetermines the acceptance of fluctuating imaginary maps where frontiers could be optional. Identity as a specific sociological term will be used as a determinant toward neighbours, Europe as a whole, the Great Powers and other historical and political constituents in the late 19th and early 20th centuries - a period of significant political and economic changes in the region’s life. Admittedly, all this relates more or less to the process of nation building.² The study is focusing on contemporary uses of the Balkans before the Balkan wars, rather than on later political discourses and present-day scientific discussions on sense, essence and non-sense of the Balkan(s) as a construct.³

1 This article is the result of a research project undertaken within the frame of the NEXUS international team project on “How to Think about the Balkans: Culture, Region, Identities”, one of the research branches of the *Blue Bird* policy project. The project has been hosted by the Centre for Advanced Study in Sofia and supported by the *Volkswagen Foundation*, the *European Cultural Foundation* and the *Netherlands Institute for Advanced Study*. I am grateful to my tutor in the project, Roumen Avramov, to the NEXUS senior and associate fellows (2000/2001) as well as to Tania Chavdarova for their benevolent comments. My thanks to James Frusetta for making my text more understandable also for native speakers. The article was published with insignificant differences in *Études balkaniques* 2004, 3, p.51-78.

2 See Smith A. D., *National Identity*, London, 1991.

3 Among the basic contributions in this debate one should mention Todorova M., “The Balkans. From Discovery to Invention”. - In: *Slavic Review*, 1994, 53, no. 2, Summer, p.

Economic policy and economic policy debates are issues of special interest in so far as they are specific domains of national/regional economic consciousness. Admittedly, identity (or rather its articulations) clearly depended not only and not primarily on economic factors; it was influenced to a great extent by other social determinants - knowledge (respectively education), horizons of perception and thinking, social roles, traditional values, emotions, etc. The intrinsic character of “sophisticated” identification acts predetermines also the search for “codes”, revealed for internal use or in situations outside the public sphere. Undoubtedly, any attempt at investigating national and regional (in this case Balkan) identity relevant to economic development is a pretty precarious endeavour that presumably allows different approaches to a theoretically and practically enormous number of sources. This inevitable idiosyncrasy is to be overcome to a certain degree by adopting the point of view revealed in some reliable historical evidence of the last quarter of the 19th century and the pre-war decade of the 20th century. The “historical dimension” is only conditionally limited by the Berlin Congress in 1878 and the Balkan Wars in 1912-1913, but does not exclude backward-oriented perspectives or future projections emerging at this time. The research is based on several groups of texts “thinking” economically about the Balkans. The first one includes official sources – statistics, parliamentary proceedings, reports of parliamentary commissions, trade conventions, etc. They could be assessed as representing the most objective and “neutral” level of reflection. The second one comprises published programs and program documents put in an identity perspective. They mirror the political point of view on the economic situation. The third group is represented by protocols, revision acts, reports etc., which embody the “institutional” point of view. Another one includes documents of professional organizations, petitions, memorandums, etc. that indicate the “professional” point of view. Economic journals and monographs referring to economic developments, models, strategies, potentials, etc. incorporate the “theoretical” point of view. Constituents of a personalized view on identity are emblematic representatives of the political and/or economic elites.

The texts under consideration reveal a strong domination of political and historical motifs, evaluations, contexts. This makes of them a kind of

454-455, 460; Todorova M., “Hierarchies of Eastern Europe: East-Central Europe versus the Balkans”, Washington D. C. 1996, (= The W. Wilson Center. Occasional Papers. Nr. 46); Todorova M. *Imagining the Balkans*. New York, Oxford, 1997; Todorova M., “Der Balkan als Analysekategorie: Grenzen, Raum, Zeit”. – In: *Geschichte und Gesellschaft* 28, 2002, H. 3, p. 470-492; Sundhaussen H., “Europa balcanica. Der Balkan als historischer Raum Europas”. – In: *Geschichte und Gesellschaft* 25, 1999, p.626-653; Sundhaussen H., “Die Dekonstruktion des Balkanraums (1870 bis 1913)”. - In: Lienau C. (Ed.), “Raumstrukturen und Grenzen in Südosteuropa“ (= Südosteuropa-Jahrbuch 32), München, 2001, p.19-41; Sundhaussen H., “Was ist Südosteuropa und warum beschäftigen wir uns (nicht) damit?” – In: *Südosteuropa Mitteilungen* 42, 2002, H. 5-6, p. 93-105; Hösch E., “Kulturgrenzen in Südosteuropa” – In: *Südosteuropa* 47, 1998, p. 601-623. A more general view see in Schenk Fr. B., *Mental Maps. “Die Konstruktion von geographischen Räumen in Europa seit der Aufklärung”*. – In: *Geschichte und Gesellschaft* 28, 2002, H. 3, p. 493-514.

nationalistic “environment” where economic themes were embedded. It is often hard to distinguish the sober economic analysis from obvious or coded patriotic connotations. Even statistical reviews do not exclude political aspects. A striking example represents an article of K. Popov, an outstanding Bulgarian expert in statistics at that time. In the introduction he introduces the subject of the article – the small and diminutive Balkan *statelets*, “treated like dirt by history in its last ranks and destined to develop in a pretty narrow and limited sphere”.⁴ A similar example is a book on the Serbian agrarian societies.⁵ Not only is Serbia’s ambiguous economic development accounted for by primarily political factors., but the Serbian agricultural cooperations are regarded as a significant element for preserving the national consciousness of the Serbian population living abroad, i.e. among culturally and economically more advanced nations.

Depressing smallness, outspoken backwardness, promising youth

Spatial extrapolations of identity emerged not from some reanimated medieval concept of the boundary as an artificial, therefore changeable linear construction. They reflect, rather, the territorial problem accompanying the Balkan nations’ emancipation during the dissolution of the Ottoman Empire (well known as the Eastern Question), and also the disparity between the nationalist projects and their unfulfilled ambitions. Identity-related rhetoric concerns space as its domain in several aspects. The most frequent spacial motif, with some differences in the semantics, is not the geographical one of the periphery, but the quantitative one of smallness. All the countries in the region except for the Ottoman Empire are identified as small. Smallness is also a feature of the economic subjects “inhabiting” the Balkans. The generalized image constructed a kind of chain-smallness: *small*-holders had access to *small* internal markets facing *small* purchase power in *small* states with *small* capitals. This is the first pattern of distinction from the surrounding *great* empires (the Ottoman, the Russian and the Habsburg). Smallness is attributed not only to the Bulgarian and Serbian small-holding in agriculture, handicrafts and industrial enterprises, but also to the prevailing pattern of the Romanian peasant property or land use (large estates there were also parcelled as leaseholdings); this is actually regarded as the main reason for the uprising in 1907. Furthermore, the Romanian populists (Poporanists), a significant intellectual movement that thought of the country’s situation mainly in economic rather than in cultural terms, conceived of its economic and social development

4 Попов, К. Сравнителен преглед на външната търговия на Ромъния, Гърция, Сърбия и България. – In: Списание на Българското Икономическо Дружество (further СпБИКД), 1901,9-10, p. 575-618, here p. 575.

5 Сръбските земеделчески дружества, София 1907.

as being linked to small, self-sufficient peasant holdings. In Romania, this vision was elaborated in a series of articles published in *Viața românească* in 1907-1908 by Constantin Stere, the leading theorist of Poporanism. It was shared and more or less clearly declared by representatives of other political currents.⁶ Projections into the future contain as well the warranties for a minimum needed to support a peasant family (around one hectare) claimed by all political parties and regimes in the late 19th and early 20th centuries in Serbia⁷ and (almost all parties) in Bulgaria.⁸

Not only the traumas of the recently thrown off Ottoman rule but also the fear of the insecure existence next to the great neighbours evoked a constant notion of surrounding threats. In this context “small” could often acquire the sense of an obstacle to equality of rights both in economic relations and elsewhere.⁹ The Serbian economic and political elites continuously rejected the 1879-1881 proposals for a customs union with the neighbouring Habsburg Empire, though insisting at the same time on one-sided concessions for the country’s exports to the Dual Monarchy.¹⁰ Given the fact that due to the customs war between them 70 to 90% of Serbia’s foreign trade turnover went to Austria-Hungary, this attitude of resistance is more than eloquent. Several decades later the unequal relationship between small and great states was not considered as an obstacle when Belgrade proposed a customs union between large Yugoslavia and the still small Bulgaria.¹¹ The notion of insecurity was not weaker in Bulgaria where Russian diplomacy used to seek different channels for political domination, including economic ones. Consequently, the use of direct or indirect pressure created the chronic suspicion that the fear of the newly liberated country being turned into a *gubernia* was not groundless. Therefore, several projects for railway construction and the foundation of banks Russian capitals were rejected in this context despite the awareness that small countries’ independence could be protected by the Great Powers only when they were economically interested in them.

Regardless of the cultural or economic evaluation of the hypothetical “masters”, they were *a priori* rejected as incompatible with independence, which was regarded as the most significant precondition for economic development. Nor was the reverse notion less threatening – that economic backwardness could be a serious danger to securing control over the coun-

6 See Hitchens K., *Romania 1866-1947*, Oxford, 1994, p. 71-75.

7 Мишкова Д., Приспособяване на свободата. Модерност-легитимност в Сърбия и Румъния през XIX век, София, 2001, р. 28-29.

8 Николова В., Саздов Д. (съст.), Програми, програмни документи и устави на буржоазните партии в България, София, 1992.

9 Cameron R., “Explanations of International Inequalities in Economic Development: History and Theory”. - In: Kocka J., Ránki Gy. (Eds.), *Economic Theory and History*, Budapest, 1985, p. 13-30.

10 Бајкић В. И., Историја српске трговинске политике. Београд, 1902.

11 Ивановић М. К., Царински савез и Балкан. Београд, 1940, р. 5.

try's own destiny. This latter awareness prompted a cautious disposition towards European economic and cultural influence, directly or through the European models of development, whatever the ideology and the biases in favour of a concrete foreign power of the identity bearers. This ambivalent posture is aptly visualized by the Romanian Junimists' metaphor of the doors too widely open.¹² This notion did not allow any implication that "Ottoman rule made possible more progress than the arrangements which accompanied self-government"¹³ despite the difficulties and some failures of Balkan economies after their emancipation. The concern about national independence as essential for economic development is an intrinsic feature or at least a connotation in all investigated primary sources. The motto "The Balkans to the Balkan people", which had many dedicated supporters among the Balkan elites, was interpreted as an exclusion of any idea of unification with any external power, however progressive, stimulating or beneficial this could be. Grigor Nachovich, a prominent representative of the Balkan political elite (minister in 12 of all 19 governments in Bulgaria between 1879 and 1900)¹⁴, who greatly respected England as an economic power and paragon of political stability, wrote in an privatenotice: "The aftermath of the people's indifference, of internationalism, is the absorption in universal humanity. In this universal humanity one gets lost, one abandons any influence and gives up one's destiny in foreign hands. The peoples differ anyway from each other in habits, in feelings, in strength, in everything, and they cannot be happy under equal laws, under equal rules. In such a case the greater, the more numerous masses of people will dictate the laws and the habits for everyone, for the weak ones, who will be just slaves. Should we be fortunate if the English lords, etc., would be masters of our destiny?"¹⁵

In this respect, hostilities of external powers could be regarded as a constituent for the mental closure as well as for the intimate connotation of the self-recognitive formula "we, the small Balkan peoples". The dangerous interests of the Great Powers and the dangerous smallness of the Balkan states have conspired to link the region's parts one to another in diverse imaginary constructions, and to promote an integration from within. Overcoming

12 Hitchens, Romania..., p. 55-89. See also Шемякин А. Л., "Сербия на переломе. Обретение независимости и проблема модернизации". – In: Tokovi istorije 1-2, 2000, p. 19-46.

13 Palairet M., *The Balkan economies c. 1800-1914. Evolution without development*, Cambridge 1997, p.I.

14 Цураков А., *Правителствата на България 1879-1913*, София 1996.

15 Български Исторически Архив – Народна Библиотека "Кирил и Методий", (further БИА-НБКМ), ф. 14, он. 1, а.е. 242, л. 1-2. After struggling for the fatherland's independence over half a century, and after the collapse of the national ideals in 1913 and 1918, Nachovich's exhausted patriotism led to the proposal for a 50-year American administration in Bulgaria. The whole world proved a stage... for identifications and for illusionary escape. On the vision of the conservative strata in Bulgaria after the Berlin Congress, which identified liberty with state sovereignty, and of the liberals perceiving it primarily as collective traditional opposition to the other ethnicities in the Balkans see Еленков Ив., *Родно и дясно*, София 1998, p. 19-22.

spacial limits was perceived in two aspects, both equally problematic. The first one provided numerous ideas of unification similar to the Great Powers' alliances or even closer units. The prospects for them originated from different representatives of the Balkan elites; the idea was rooted in a fairly long tradition dating from the Enlightenment, the period preceding the countries' political emancipation from the Ottoman Empire. This line of development was also recommended by interested "external" politicians like Bülow, Goluchowski, Tittoni or Iswolski.¹⁶ Both groups considered it mainly as a peaceful settlement of Balkan contradictions. At the turn of the century, even the opposition in Budapest developed a plan for a confederation with the Balkan peoples after Hungary's emancipation from Austria.¹⁷ All these different ideas concerned a different scope and composition, but equally inherent in them is the notion of smallness. In political, academic and business circles the unrealizable idea of a Balkan federation was juxtaposed to the not less unrealistic one of a customs union. Similarly, such an union was likely to surmount mutual hostility, aiming further at economic independence and military consolidation.¹⁸

But the economic affiliation of the Balkan states was intended to overcome first of all their smallness as equivalent to weakness and dependence on greater counterparts. "With a common agreement about the defence of their economic interests the Balkan peoples, united in an economic alliance, shall have all the advantages of a great economic unit. Their struggle for protection of their nascent industry acquires immediately the character of superiority of their powers; because they will dictate then the terms of trade to their neighbours".¹⁹ Paradoxically, the economic closeness was regarded in the bipolar scheme as the easiest and as the most difficult step. The only formal act in this sense was the secret customs union treaty between Serbia and Bulgaria (9.7.1905). It was not only canceled by the Serbian government under the pressure of Austria-Hungary (Serbia's most important trade partner), but it was pretty strange per se in that it did not establish a common customs tariff and common trade policy toward other counterparts.²⁰ Its cynical definition as a dead "secret archival document" aiming at pure political effects is hardly surprising.²¹ Committees for economic rapprochement between

16 "Ден", 26.IX.1908, 26.I.1909; "Камбана", 22.VIII.1910; "Neue Freue Presse", 13.I.1909 etc.

17 БИА-НБКМ, ф. 14, а.е. 4648, л. 1-5.

18 Тошев Г. Д., "Балкански митнически съюз (Balkan-Zollverein), Пловдив 1907; Бибина Й., Идеята за балканска федерация в българския печат (1908-1912)". – In: Изследвания в чест на чл.-кор. професор Страшимир Димитров. *Studia balcanica* 23, София 2001, p.644-653.

19 Б. Б. [Б. Боев], "Балканската федерация като идеал на сръбско-българската младеж". – In: СпБИКД, 2, 1904, p. 106.

20 On the characteristics of a customs union see Macesich G., "Theory of Economic Integration and Experience of the Balkan and Danubian Countries Before 1914". – In: *Actes du premier congres international des etudes balkaniques et sud-est europeenes*. T. V. , Sofia 1970, p. 23-30.

21 Ивановић, *Царински савез...*, p. 86-87.

Serbia and Bulgaria in 1911²² and Bulgaria and Turkey in 1912, on the eve of the Balkan Wars, were founded by leading representatives of the business circles in Belgrade and Sofia. Their initiatives embodied much more the absurdities of the economic situation on the Balkans than the real prospects for its improvement.

The need for closer trade relations and better communications in order to overcome spacial disadvantages was often discussed among the political and economic elites in the region. In contrast to the importance of the West and Central European states as trade partners of the Balkan countries,²³ trade between themselves remained insignificant. The average Balkan trade value did not exceed 5% of Serbia's or 7% of the Bulgaria's overall foreign trade. An exception made Turkey, which alone participated with 20% in the Bulgarian, 9% in the Greek and 4% in the Serbian and Romanian external commodity turnover. The large market of the Ottoman Empire absorbed both agricultural and handicraft goods, produced in the region, next to European industrial commodities. Only during the so called customs war between the Dual Monarchy and Serbia (1906-1911) did the latter shift a great part of its exports through Bulgaria and Turkey to alternative markets seeking an outlet on the sea. The lack of significant mutual capital investments, almost impossible for countries with chronic foreign capital demands, is only one more piece of evidence that integration between independent economic subjects is a privilege of more developed states. On the contrary, rivalry for concessions on external markets, especially in Central Europe, provoked competition among the small Balkan states. This became evident particularly during the Bosnia crisis (1908-1909) when Romania used the conflict between Belgrade and Vienna to achieve the most advantageous statute for its exports to Austria-Hungary.²⁴ In contrast to the trade agreements with the Great Powers, in the commercial treaties between Bulgaria and Serbia (1897) and Bulgaria and Romania (1907) validity for the boundary turnover and extension over existing or potential future customs unions were not accepted.²⁵

The situation in communications was no better. In the last decades of the 19th c., Romania and Bulgaria negotiated over the junction of their railways and the construction of a bridge over the Danube without any practical success. And the construction of the trans-Balkan railway line for the famous "Orient-

22 Златаров Ив., *Сръбско-български комитет за икономическо сближение на България и Сърбия*. София, 1911.

23 Preshlenova R., "Austro-Hungarian trade and the economic development of Southeastern Europe before World War I. - In: Good D. F. (Ed.), "Economic Transformations in East and Central Europe. Legacies from the Past and Policies for the Future", London and New York 1994, p.238-239; Preshlenova R., "Die Wirtschaft Südosteuropas zwischen Ost und West (bis zum Zweiten Weltkrieg)". - In: Heppner H., Larentzakis G. (Eds.), *Das Europa-Verständnis im orthodoxen Südosteuropa*, Graz, 1996, p. 30-33.

24 Прешленова Р., *Търговията на Австро-Унгария с балканските страни в края на XIX и началото на XX век*, Дис. София, 1989, р. 266-274.

25 *Търговските договори на България*, София, 1969.

Express” was imposed by external powers at the Berlin Congress in 1878. It provided for the extension of the existing track from Paris, Berlin and Vienna across Serbia and Bulgaria to Istanbul by 1888. The construction of this railroad was vehemently criticized in the Serbian Skupshtina (National Assembly); it was furthermore considered dangerous for the country, making it easily accessible to foreign imports. The objection to its construction was motivated by the threat that Serbia could share the fate of the American Indians, turned into slaves under the civilizing role of Europe. The pathetic protests reflect not only the strong opposition of the radical party in Parliament to the so called “government of intellectuals” of M. Piroćanac. Under the surface of the concerns a deeper conflict transpires - the clash between the strivings for modernization, impersonated in this case by the Napredniaks, and the reactions of a backward society towards the symbol of modernity at that time. In the dramatic course of the debates, described as “to be or not to be for Serbia”²⁶, little attention was paid to the argument that this railway would promote the country’s economic performance. The obviously generalized opinion that in the construction of the Balkan railways Western Europe played a significant role²⁷ does not seem exaggerated if we consider both the initiatives and the financing of the transport policy of the independent Balkan states later on. The communicational peripherization of the countries’ own territory was a matter of economics, but was primarily considered in military-strategic terms. In the period under review economic potential was regarded as strength, i. e. the ability to maintain a larger and well equipped army. In 1886, Croatian journalist Krunoslav Herutz proposed the establishment of a journal in Bucharest, concerning itself with the economic interests of the small Balkan peoples. He emphasized that they ignored “so much” the economic aspect of social life.²⁸ In the era of rising nationalism throughout Europe when nations seemed to be locked in an inevitable conflict, such an understanding could be easily disregarded. The *bridge* remained imaginary, unfortunately only ideas and troops passed through the open *gates* ...

Characteristic of the Balkan states, as often seemed to be the case with small states with negligible influence upon international affairs, was the concern for national security and the search for a mighty protector among the Great Powers.²⁹ The intuition that “you can no longer go and fight with a spear (*mazhdrak*) and a mace against the Mannlicher rifles and Krupp cannons”³⁰ implied the need for military expenses. Thus “weak” became a synonym of “poor” and “strong” was translated as “rich” and “wealthy” both in a

26 Шемякин, Сербия..., p. 35.

27 Kostov Al. , “Les Balkans et le reseau ferroviaire europeen avant 1914”. - In: Eleventh International Economic History Congress, XI, Milano 1994, p.101.

28 БИА-НБКМ, ф. 14, а.е. 3680, л. 1-4.

29 Daskalov R., ‘Ideas about, and Reactions to Modernization in the Balkans’, East European Quarterly, XXXI, 2, June 1997, p. 148.

30 “Пряпорец”, бр. 76, 28.III.1899 cited after Николова, Саздов, Програми..., p. 169.

universal and Balkan rhetoric. This evident dichotomy was disregarded by all Balkan countries, which used to spend sums for military purposes disproportionate to their economic situation – roughly 10% of the respective budgets, and additional sums, in a sense “ordinary”³¹, as extra-budgetary expenditures, covered to a great extent with foreign loans. Not to speak about the entirely foreign financing of the Balkan states’ participation in World War I.³² In 1911, military expenses and public debts per capita (going also into infrastructure) amounted to 33% of state expenses in Romania, 43% in Bulgaria, 51% in Serbia and 58% in Greece.³³ This sacrifice for the sake of “strength” was undoubtedly responsible for the Balkan countries’ ambiguous economic success³⁴, however old-fashioned this historiographical concept could be. The economic results corresponded strikingly to the primarily extensive character of the economy on the Balkans in general, but especially in agriculture, which dominated it. The deteriorating microsituation of the peasants was due to the increase in population in the late 19th century, i. e. the decreasing amount of land available to each individual, coinciding with the rising foreign (Russian and overseas) competition of agrarian products. The solutions to these problems, shared also by other agrarian countries, were usually three as listed by B. Jelavich: improvement of agricultural methods of production, industrialization and mass emigration to other lands. The most desired solution in the Balkans is coded in just two words: more land.³⁵ This “choice” implied an “extensive” outward macroperspective, far from unique for this region in the late 19th and early 20th centuries.

The enlargement of the territory in the small Balkan countries was regarded as a significant precondition for (if not as the most reliable path to) prosperity. The emblematic Bulgarian ideal of the Thessaloniki customs house that could provide enormous incomes without great efforts, articulated felicitously by the contemporary writer Al. Konstantinov, had its carbon copy in the Serbian analogue: “Every Serbian is aware that when the [Serbian] boundaries are extended from Vienna to Istanbul he will drop the plough, the hoe, the axe, the needle etc. in the attic and everyone will become a clerk on a

31 Б. Б. [Боев, Б.], *Финансовата криза и нейното разрешение през 1901 г.*, СпБИкД, 9-10, 1901, п.627-629.

32 Митровић А., “Односи између политичке, војне и економске моћи на Балкану у Првом светску рату. Пример Србије”, *Годишњак за друштвену историју* V, 1998, 1-3, п. 24-25, 30; Марков Г., *Голямата война и българският ключ за европейския погреб 1914-1916*, София 1995, п. 23-42, 168.

33 Calculated from data in Lampe J. R., Jackson M., *Balkan Economic History, 1550-1950. From Imperial Borderlands to Developing Nations*. Bloomington, 1982, p. 234.

34 Mishkova D., *Modernization and Political Elites in the Balkans before the First World War, East European Politics and Societies*, Vol. 9, 1995, No. 1, Winter, p. 78; Janos A., *The Politics of “Backwardness in Continental Europe, 1780-1945”*. – In: *World Politics*, XLI, 3, 1989, April, p. 338-340; Аврамов Р., *Стопанският XX век на България*, София 2001, п. 72-79.

35 Jelavich B., *History of the Balkans. Twentieth Century*. Vol. 2. Cambridge 1996, p.15-19.

high salary, will issue orders and will be blissfully happy”.³⁶ The Bulgarian formula emphasized very truthfully the reconciliation of ethnic and economic interests³⁷ as did the Greek expansionistic doctrine of Ioannis Kolettis³⁸ (leader of the “French” party, minister in nine governments between 1833 and 1847, prime minister between 1844 and 1847). It is quite evident that enlargement in these contexts is much more a means to avoid unattractive work. It involves an expansionistic approach to the problem of economic development. Its implementation in Romania, Greece and Serbia (as part of the Kingdom of Serbs, Croats and Slovenes) after World War I demonstrated a problematic efficiency.³⁹

The notion of “dangerous” smallness was further accentuated by the widespread understanding of an “in-betweenness of the Balkan Peninsula, which stimulated the appetite of all peoples”.⁴⁰ But other small states - Denmark, Belgium, Switzerland, Holland - surrounded by greater and not less “interested” neighbours, appeared protected by their successful economic performance. Their specificity was emphasized as a pattern of development. Switzerland was pointed out as a case of exemplary coherence of different economic interests represented by different religious and ethnic groups, which resulted in a high living standard. Belgium and Holland were highly regarded as small states on the path to economic closeness as a guarantee of their economic and political independence in the neighbourhood of strong (i. e. great) states. Neither in the economic rapprochement of Belgium and Holland nor in its intended Balkan equivalent economic considerations could be separated from political intentions.⁴¹ Denmark was praised for its unique economic progress based on an excellently organized and intensive agriculture.⁴² Accordingly, smallness, measured dimensionally as area and population was only conditionally comparable to smallness in terms of late 19th and early 20th century economic modernity: density of population, productivity, railways and road density, internal and external commodity turnover, amount of money in circulation per capita, credits and debts per capita, industrial output, etc. Even the comparison of agricultural indices revealed the gap between the flourishing intensive farm production in the “smallest” countries (above all in Denmark) and the “medieval”⁴³ farming on the Balkans. The available figures, on which

36 БИА-НБКМ, ф. 14, он. 1, а.е. 4991, л. 251.

37 Ilchev Iv., “Stereotypes and Bulgarian Foreign Policy Decision Making 1885-1912”, December Meeting of the AEES, <http://www.t3.rim.or.jp/~h-ozawa/ilchev.html>, p.5.

38 Dritsas M., “National integration and economic change in Greece during the twentieth century”. - In: Teichova Al., Matis H., Pátek J. (Eds.), *Economic Change and the National Question in Twentieth-Century Europe*, Cambridge, 2000, p. 201, 222.

39 Mazower M., *The Balkans*, London, 2001, p. 112-113.

40 БИА-НБКМ, ф. 14, а.е. 4991, л. 2409.

41 Златаров, Сръбско-български комитет ..., p. 5, 20-23.

42 Начович Гр., “Неколко страници по земледелието в България и странство”, София, 1902, p.132f.; Беров П., Уроци от Дания. София, 1903; Саранов Ив., “Поучително ли е за нас земледелието в Дания?” СпБИКД, 2, 1904, p.113-121.

43 Изложение на мотивите към законопроекта за разработване част от общинските

self-reflection was based, were indicative enough⁴⁴ and did not differ much from present-day estimates.⁴⁵

The understanding of different smallness already accommodated the notion of backwardness. It was staged especially at national and international industrial expositions, dubbed in Romania (1906) and Bulgaria (1892) “people’s” expositions. Intended as a display of economic nationalism, they were held both for political and economic reasons: to celebrate economic progress, honour the respective nation and create a sense of unity in populations that were divided socially, economically and politically. The other intention was of course to promote sales of specific products. The smaller nations responded with the Hungarian Exposition held in 1885 in Budapest, the “General Provincial Exposition” in Prague in 1891 and several other smaller ones. The Czech Exposition seemed to prove that, firstly, economic progress did not depend on political concessions, but could be accomplished by hard work and mutual support and, secondly, that the economic future appeared to offer unlimited opportunities for growth.⁴⁶ The notion of backwardness could be situated anywhere between the question of Bulgarian Prime Minister Stefan Stambolov on the occasion of the Plovdiv exposition in 1892: “What have we got to export at all?” and the purpose of the participation in London’s Balkan Exposition in 1907: just to remind others that over there or somewhere beyond there are such peoples. The rationale behind spending millions to attend international expositions was to achieve political support for the solution of national problems on the Balkans.⁴⁷ No wonder the review of the Budapest Exposition in August 1885 in the Viennese newspaper “Neue Freie Presse” “accepted” only the folklore elements in the Bulgarian and the Serbian goods. A similar assessment is inherent in an otherwise very positive reflection of the Bulgarian economic achievements displayed at the Plovdiv Exposition. Praising the Bulgarian nation, but addressed to German businessmen, it contains the warning: “Of course the whole exposition should not be regarded with our West European eyes, spoilt by what is shown in our expositions.”⁴⁸ The most optimistic interpretation of such a disposition would be to refer to it as benevolent condescension.

мери. - БИА-НБКМ, ф. 14, а.е.3992, л.128-131.

44 Мутафов Хр., “Нашето ступанско развитие”, СпБИкД, 6, 1910, p. 403-411.

45 Н. Sundhaussen. *Historische Statistik Serbiens 1834-1914. Mit europäischen Vergleichsdaten*, München 1989, p. 261,441,505,517; Lampe, Jackson, *Balkan Economic History...*; Maddison A., “Measuring European Growth: The Core and The Periphery”. - In: Aerts E., Valerio N. (Eds.), *Growth and Stagnation in the Mediterranean World in the 19th and 20th Centuries*, Leuven 1990, p.83.

46 Albrecht C., “Pride in Production: The Jubilee Exposition of 1891 and Economic Competition between Chechs and Germans in Bohemia”, *Austrian History Yearbook*, Vol. XXIV, 1993, p. 101-118.

47 Списаревски К., “Търговските сношения между България и Англия и участието ни на Балканското изложение в Лондон”. – In: СпБИкД, XI, 4-5, 1907, p. 288-290.

48 Hillger H., *Die erste nationale Ausstellung Bulgariens in Philippopol 1892*, Wien, 1892, p. 10.

The awareness of the countries' own weakness per se did not imperatively require confrontation with economically more advanced agents. The statement of the economic backwardness of the Balkan countries was clearly expressed and also widespread through the channels of army education⁴⁹ addressed to the most numerous literate social group, that of the conscript army. Further, the bulletins of the financial ministry about the economic situation in Bulgaria announce not the lack, but the rare [!] use of available iron ploughs for land cultivation in several regions. This situation was accounted for by the impossibility of repair if they got out of order. Reportedly, the population failed to breed pedigree animals or crossed them with native breeds and produced medium-quality cheese for internal consumption or for export to Istanbul.⁵⁰ Under the respectable economic achievements in Romania in the public financial sector, marked by order and stability, in terms of rationalizing industrial production, increasing exports, etc., "medieval servitude ferments" became apparent. The assessment was indicative that despite the very positive development "Romania as an economic entity does not represent an entirely healthy organism. Furthermore, notwithstanding the ostentatious varnish with numerous signs of European culture dangerous ailments afflict the state economy". This ailing tendency surfaced in the peasant revolts in 1907.⁵¹ That the analysis put a special emphasis on the deeper economic foundations and not on superficial explanations proves the good knowledge of economic processes in the region, underlying the act of identification at least in academic and business circles.

Backwardness was not attributed predominantly to geographical location and geographical preconditions, but primarily to historical, i. e. temporal predeterminations. The most significant among them is the plot of the Balkans as a barrier that saved the West from the Ottoman invasion. The notion of latecomers, in terms of political and economic development, is combined with the self-determination of the Balkan states as young. In contrast to the national identity, where the ancient or medieval glory of the state, respectively its mythologization next to cultural uniqueness, had to legitimize the self-confidence of the nation⁵², economics could not utilize a positive historical support, being by its very nature a pragmatic, objectivized and measurable activity. But mythologization of the economy was possible in a futuristic perspective. The representation of the Balkan states as young contained both

49 Радивоев М., *Землеописание на България и съседните ней държави*, София [Издава учебното бюро при военното министерство], 1894.

50 *Сведения за икономическото състояние на България*, София, 1888. Similar evidence is available also in regular reports on the economic situation in the particular districts.

51 Тодоров П., "Върху ступанското положение на Румъния", *СпБИКД*, XI, 1, 1907, p. 46-47.

52 Smith, *National Identity ...*; Daskalov R., "Building up a National Identity: The Case of Bulgaria", *EUI Working Papers SPS*, No. 94/11, 1994; Аретов Н., "Балкански идентичности в българската култура от модерната епоха (XIX-XX век)". - In: *Балкански идентичности в българската култура от модерната епоха (XIX-XX век)*, София, 2001, p. 5-53.

excuses (not groundless) for backwardness but also prospects for the future.

This “promising” aspect excluded only the Ottoman Empire, which disregarded not only the future, but also actual problems of economic development: road construction, promotion of commerce and industries, professional education. Disorder and corruption were not the only but among the most visible peculiarities of its economic impotence. The hopes for successful reforms and modernization of the Empire were assessed as illusions. The motif of the impossible modernization of the Ottoman Empire, which could put an end to the feudal remnants in its economy was propagated in Greek, Serbian, Bulgarian and also Romanian writings up to its dissolution⁵³ and supported by many foreign observers. The line of distinction between the “young” latecomers and the phenomenon that had retarded their economic, political and cultural development, accommodates the notion of *superiority in inferiority*.

If the self-evaluations derived from juxtapositions with at least conditionally comparable small states were usually discouraging, the perception of some constitutive external factors was nearly depressing. Really off-putting is the answer of the Rotschild & Sons banking house to the application for a foreign loan of the Bulgarian government in 1888: “they cannot on any terms engage in any business with the Bulgarian government”; no motives or reasons for such aloofness are mentioned.⁵⁴ The exclusion implied in this attitude toward a young state that was proud of its recently acquired liberation and unification and its glorious victories in the war with Serbia in 1885 alluded neither to geographical endowments, nor to economic or cultural values – poverty/wealth, trustworthiness/ untrustworthiness, progress/backwardness, civilization/ barbarity - typical of the public rhetoric. It simply indicated contempt and fostered an inferiority complex. It took ten years to administratively articulate this on the occasion of the intended participation of the Bulgarian National Bank in the syndicate for the converted 5% loan in 1898: “The participation of our National Bank in a syndicate composed of first rank institutions like Deutsche Bank, Wiener Bank-Verein, Länderbank, Banque Internationale de Paris, Banque de Paris et des Pays Bas, etc., not only raises the prestige and the credit of our institution, but it also strengthens to a certain degree the trust of the European public in our state funds”.⁵⁵ The admission into the ranks of the respected creditors envisaged improving reliability abroad, of course conditionally and of course provisionally. The inferiority complex, based on economic backwardness and consolidated from outside as a representation, inhabited much more the realistic Balkan identity

53 Илчев Ив., *Родината ми – права или не. Външнополитическа пропаганда на балканските страни (1821-1923)*, София, 1995, р. 381.

54 БИА-НБКМ, ф. 14, а.е. 4207, л. 8.

55 Аврамов Р., Бояджиев Ст., Яновски Хр., (съст.), *Българска народна банка. Сборник документи, Т. I, 1879-1900 (further БНБ I)*. София, 1998, р. 436-437.

than the imaginary. It imbued even prospects for the future, because of the often repeated disrespect of foreign economic subjects. The impressions of the Romanian ambassador in Istanbul Papiniu, confided in a private conversation 1906, are indicative enough: “Papiniu told me that he had travelled a lot throughout Europe, that he had served in the Hague and elsewhere and that he had seen many notables, influential personalities. They all have one single wish: peace, to do well in their trade, and hate for the troublemakers whoever they are. These notables had an identical opinion of the entire Balkan peninsula and this opinion was not good; they did not differentiate between the nations; for them Greeks, Romanians, Serbians, Bulgarians, etc. were all alike, the same lot that needed iron pressure to be kept quiet”.⁵⁶ The painfully internalized exclusion, inferred by the “European eyes”, deprived the Balkans of any rational geographical assignments and threw them off anywhere into space. This has been articulated in a separate notice in Nachovich’s diary from 1884-1885, without any contextualization: “How low we are rated! In the eyes of the Europeans we from the Balkan peninsula weigh not more than the Asian and African savages. The European states have it in their programmes to exploit us in the same way they exploit Asia, Africa, Australia. In their newspapers one speaks about colonists in Bulgaria, Turkey, Romania as well as in Zululand, Tunisia, Morocco, Australia; in the same way their trade, their exports are discussed”.⁵⁷ No implication of enlargement of the European markets or growing internationalization of economies, which in fact was a real process since the early 19th century.⁵⁸ A personality like Nachovich, educated in economics in Paris and Vienna, living in different significant places within and around the Balkan region, among them all the “three great eccentric capitals” of the Balkans – Constantinople [Istanbul], Vienna and Paris⁵⁹ - could not just disregard it. Obviously the feeling of being an object rather than an active participant in international economic progress was much more powerful than the enthusiasm of being involved in it at all.

The asymmetrical mutual perception, which stemmed from the flagrant discrepancies in the economic performance of Europe and the Balkans, turned them into different worlds, at least economically. Thus the patriotic idea of “shifting” the center of the rose-oil trade from Istanbul to Kazanlak, based on the better quality of the product there, and supported by the true statement that “Kazanlak is not in Patagonia”⁶⁰, sounds at least pompous. The essence of Patagonia – to be beyond, to be primitive, to be insignificant or simply low

56 БИА-НБКМ, ф. 14, а.е. 4524, л. 1-2.

57 Пантев А., Н. Игов, (съст.), Григор Начович. *Из дневниците*, София, 1999, р. 34.

58 Woodruff W., “The Emergence of an International Economy 1700-1914.” - In: Cipolla C. M. (Ed.), *The Fontana Economic History of Europe 4 (2). The Emergence of Industrial Societies*, London-Glasgow, 1973, р. 658. See also Crouzet Fr., *A History of the European Economy, 1000-2000*. Charlottesville and London, 2001.

59 Pavlowitch St. K., *A History of the Balkans, 1804-1945*, London and New York, 1999, р. 332.

60 БИА-НБКМ, ф. 14, а.е. 4991, л. 2934.

rated, to be exotic – was present in almost every spot in the Balkans, not only in Kazanlak. It is hardly surprising that such a frank “European ex-territoriality” sank within a cosy Balkan identity. However cosy it was, it could not merely develop a more optimistic or just a more integrative synonym like “South-East Europe”, despite the fact that “South”, “East”, “Balkan” and “Orient” were often in common internal use without derogatory connotations.

Foreigners – another way to self-communion and self-reflection

Occasionally inspired and internalized, European ex-territoriality as an extreme display of the feeling of not belonging to the modern world was facing more and more frequent provocations in the course of the European economic penetration in the Balkans, accelerated since the middle of the 19th c. The question at issue in this respect should not be about the most striking identity reference, whether the American Indians, mentioned in the Serbian Skupshchina, Patagonia, used in Bulgarian governmental debates, or the non-ethnic and non-geographical label “lot” of the Romanian ambassador in Istanbul Papiniu. Maybe a more pertinent facet should be how deeply European economic predominance affected regional and national identity. Thus the interplay between nationalism – often overshadowing public debates at that time - and the inferiority complex in the small Balkan states provides a key to a better understanding of some specific dispositions in economic behavior and economic policies in the late 19th and early 20th century.

Objectivized evidence of the European economy - high quality and cheaper mass-production, modern technologies, financial resources, etc. – possessed a respectable inherent attractiveness for all Balkan countries. Relatively easily adopted were the “material” ones (imported goods, foreign loans, patterns of production), actually or fictionally separated from their bearers. Urban space as a most open and “communicative” environment accommodated signs of appropriating European models on all levels, from the gradual penetration of modern architecture to the creation of new public spaces (theatres, parks, monuments, clubs, restaurants, etc.), fashion and entertainment. Imported machinery, equipment and technology from the more advanced European countries (sometimes transported partly by oxcart), were persuasively furnished with reciprocal designation of the respective enterprise. In this way emerged “English“ and “German“ factories in Gabrovo, for example⁶¹ - one of the few Bulgarian towns where the traditional textile manufacture was successfully transformed into a modern industry. Even in agriculture, European, i.e. foreign excellence in the own environment was appreciated and admired as a model both in technology and land cultivation.⁶² Moreover, it was adopt-

61 Станева Ев., *Алманах на българските индустриалци 1878-1947*, София, 1995.

62 *Изложение за състоянието на Софийското окръжие през 1896-1897 г.*, София

ed in state policy through the “Law of Demonstration Farms”. The latter had to be established in all the twenty-two districts in Bulgaria⁶³. Admittedly, the peasantry not only in the Balkans was reputed to be the most conservative and unreceptive part of society. That native agriculture despite this achieved unequivocal progress in some kind of farm equipment in only one decade, in the face of exemplary farming, is evident from data on “modern agricultural equipment” in the Administrative Inquiries of the Ministry of Commerce and Agriculture⁶⁴:

| Equipment | Year | | |
|--------------------------------|--------------|--------|--------|
| | 1893 | 1897 | 1902 |
| | total number | | |
| Ploughs | 18 710 | 32 399 | 38 925 |
| Harrows | - | 5 353 | 44 433 |
| Harvesters | 128 | 731 | 1 385 |
| Threshing machines | 17 | 94 | 125 |
| Corn-shellers | 968 | 2 484 | 3 481 |
| Winnowing-machines | 6 425 | 14 233 | 30 177 |
| Grain cleaners | 423 | 1 748 | 3 318 |
| Viticultural spraying machines | 66 | - | 10 782 |

This attitude of approval affected not only the means of production made outside the country. Reportedly, both urban and part of the rural folk opted for imported European goods because of their nice appearance as well as their lower prices, and stopped looking with approval on native handicraftsmen.⁶⁵ Acknowledgement of foreign organizational and technological excellence underlay Harilaos Trikoupis’ ambitious reform programme in Greece. He sought to emphasize the European aspects of Greek identity and to encourage private initiative within a multifaceted policy envisaging an interventionist role of the state. During his successive governments (1880-85, 1886-90, 1892-95) priority was given to modernization of the armed forces, the navy, administration, communications and transport, education, taxation etc. Within these developmental efforts Trikoupis contributed to the diffusion of innovations and technology by inviting foreign engineers and experts to advise on the reorganization of the state administration and on ways to exploit national resources⁶⁶, as did almost all Bulgarian governments after 1878.

The ability of the economically backward Balkan societies to easily appropriate

1897, p. 20-22.

63 Държавен вестник, №277, 20 декември 1899.

64 Доклад до Н. Ц. В. Княз Фердинанд I от Министерския съвет, София 1907, p. 418-419.

65 Сведения за икономическото състояние на България, София 1888.

66 Dritsas, *National integration...*, p. 202.

foreign articles and patterns of production evoked controversial evaluations. On the one hand, it was praised as compatibility with the prosperous world, envisaging much more a future project than the present reality. Indeed these readily adopted external elements of European modernity next to the introduced political institutions, not stemming from the countries' own development, could be interpreted without exaggeration as demonstrative identifications with modernity. At the same time, the gap between them and the still very traditionalist environment left room for doubts and speculations. In Serbia it fed a long-lasting political conflict; in Greece, Romania and Bulgaria it stirred up an intellectual debate on the way of the country's own development.⁶⁷ The critical assessment of the penetration of outward modernity produced two similar expressions negating its outcomes – “form without substance”, the slogan of the Romanian Jounimists and “the misunderstood civilization”, title of a comedy by Bulgarian writer Dobri Voinikov.

With the wisdom of hindsight, one might put the question if this was really a misunderstanding generated by the peculiarities of the belated Balkan economic development. The latter, and first of all its perfunctory nature and its fragmentarity, were clearly detected by contemporaries as well as by scholars. The discrepancies between European modernization, marked by industrialization, capitalism, urbanity, literacy, mass-communication and mass-wealth as its main components and the innovations in the Balkans as its later versions were embedded in their origin. Being appropriated and *adapted* they barely could be the same, or even a copy of a system. The efforts, as far as available, to catch up performed as domestication of models, products of foreign development (of government, production, behaviour etc.), often labelled as naturalization and even imitation. The goal to be similar but free and independent, i.e. to reproduce autonomously felicitous foreign patterns in one's own economic and cultural context had clear projections both on the state and public level. In Bulgaria, the principle of absolute state sovereignty in economic policy was implemented in two aspects. The first concerned the Bulgarian National Bank, whose transformation into a private enterprise with foreign capital and based on foreign initiative, was emphatically rejected. The second included state ownership of railways. The purchase of the Rousse-Varna railroad, built in 1866 by an English company, and of the line of the Oriental Society,⁶⁸ aroused a lively debate on the price of this principle and its economic feasibility. In Bulgaria, the threat of foreign economic domination was a cause for serious disturbance. Indeed the country's economic openness to European economies after 1878 was imposed by the Berlin Treaty

67 Мишкова, *Приспособяване на свободата...*; Hitchins, Romania..., p. 55-89; Kastiardi-Hering, O., “Identitätssuche und Europa-Bild der Neugriechen vom 17. bis zum Anfang des 19. Jahrhunderts.” - In: Heppner, H., Kastiardi-Hering, O. (Ed.), *Die Griechen und Europa. Außen- und Innensichten im Wandel der Zeit*, Wien, Köln, Weimar, 1998.

68 *Стопанска история на България 681-1981*. София, 1981, p. 210.

(popular by the name “regime of the capitulations”) in a time of rising tariff protectionism on the continent since the late 1870-s. Consequently, this state was regarded as the main cause of the influx of foreign commodities and the ongoing deterioration of native handicraft production. The concern about this foreign pressure on the national market brought about the founding of the Bulgarian Economic Society. On this occasion it was clearly formulated that society, its intellectual elite in particular, lacked national pride. Very indicative is the slogan of the piloting meeting on March 3, 1895 in Sofia held under the slogan “Prefer the Native” (*Предпочитай своето*). One of the two commissions constituted had the goal “to organize the struggle against foreign products”.⁶⁹ This association of industrial owners, teachers, lawyers, doctors, clerks, journalists, etc., with different political orientation⁷⁰ established its branches in the country and represented the economically highest educated layer of Bulgarian society. It detected the transition of the “paternal unimpeachable” trade into a modern one, “marked” by new, evaluated as negative, features like insecurity, frequent bankruptcies, frauds, etc. Despite the initially quasi-belligerent rhetoric the journal of the society constituted a public space for a debate on economic development. The latter reveals the clash between traditionalism and modernity under the surface of the initially proclaimed economic nationalism.

After the turn of the century and the conclusion of trade agreements independently from the Sublime Porte the notion of insecurity shifted from imports to foreign capitals. The problem arose from the foreign loans acquired from European banks and bank syndicates, and from their “visible” incorporation into the national economy by the founding of foreign bank branches in Bulgaria. It was substantiated in the public debate as foreigners, respectively foreign capital, mostly disregarding concrete names of personalities and institutions. Opinions were split between the appreciation of their role in a country with scarce capital and their exposure as “indispensable agents of political expansiveness and aggressive combinations”. The cut-off of credit and the attempted withdrawal of their capital during the crisis after the proclamation of independence from the Ottoman Empire in 1908 evoked violent criticism despite the well understood and articulated recognition that private banks cannot be inspired by patriotic motives.⁷¹

69 Боев Б., *По съставянето на Икономическото дружество*, СпБикД, 1, 1896.

70 *Известия от дружеството*, СпБикД, 1901, 1, р. 63-68.

71 W-w, “Бележки по чуждите капитали в България”. – In: *Учителска мисъл*, 2, 1903, р. 111-117; Колушки Г., *Чуждите капитали в България*. – In: СпБикД, 6-7, 1901, р. 333-423; Йорданов Д., *Пет години на чуждите банки в България*, *Банков преглед*, 13-14, 1911, р. 206-210; Ганев В., *Чуждите ипотечарни банки и нашите национални спестявания*, *Банков преглед*, 6, 1912, р. 105-107. The general positive evaluation of the stimulating role of foreign capitals for the Bulgarian economy was reformulated later by the board of BNB. See Аврамов Р., Яновски Хр., (съст.), *Българска народна банка. Сборник документи*, Т. III, 1915-1929. София, 2001, р. 535-537.

The specific attraction-repression effect that European economic modernity had upon backward societies like the Balkan ones produced the respective adoption-rejection attitude there. The efforts in Romania, Serbia and Bulgaria to promote industrial development by protective legislation in the late 19th and early 20th centuries substantiate clearly enough this statement. The administrative encouragement next to tariff protectionism was aimed at creating better conditions for the native nascent industries, hampered by historical circumstances. They already contain the affirmative recognition of the economic superiority of industrial development in the “external world”, which has “sufficient and cheap capitals and facilities” to supply even raw materials at much better prices than native producers can.⁷² The same kind of recognition is fundamental to appropriating the financial and banking system of the European countries, including the popular credit cooperative Raiffeisen-associations in West Europe.⁷³ Not to speak of the formation of the native political economy occurring under a West European impact despite the very strong Russian political influence in Bulgaria in the period 1878-1886.⁷⁴ In general, European economic achievements were appraised as a pattern of the countries’ own future development.⁷⁵ The latter was seen as belated, taking place at a slower pace and under much more unfavorable conditions. Economic nationalism in this period did not really aim at an autarchy in the sense of closure of the Balkans. The efforts to protect native production corresponded with the general trend of commercial protectionism in the late 19th and early 20th centuries throughout the continent. And on the other hand, the will to catch up with the advanced countries was demonstrated in Romania, Serbia and Bulgaria with explicit laws providing administrative encouragement of the nascent industries.

The ambiguous adoption-rejection disposition toward economic superiority was evident in another aspect, too. The economically superior foreigners emerged as an acid test. Here the interest is focused not on the image of the others as a mediator in building stereotypes, nor as a factor of internal “delimitations”. Nor should the foreigners be seen in the perspective of the international migration of people, commodities and capitals accelerated in the course of the 19th and 20th centuries, and representing the “most visible” part of the process of growing internationalization of the economy in this

72 Дневник (стенографически) на VIII ОНС, I РС, XLIV заседание от 19 и 20. XII. 1894.

73 Дичев П., *Сръбските землораднички задруги*, София, 1904; Дичев П., *Упътване за съставяне и управление на земеделски кооперативни дружества*, София, 1908; Кирчев К., Тангилов В., *Райфайзеновите “заемателни каси”*. - In: *Народно стопанство*, 1- 4, 1906, etc.

74 Пеев Г., “Европейската икономическа мисъл и българският елит в първото десетилетие след Освобождението”. - In: *Известия на държавните архиви*, 70, 1997, p. 14-15.

75 Preshlenova R., “Europa” in der bulgarischen Wirtschaftsliteratur (1878-1918). - In: Heppner H., Preshlenova R. (Ed.), *Die Bulgaren und Europa von der Nationalen Wiedergeburt bis zur Gegenwart*, Sofia, 1999, p. 113-139.

period. They are to be examined with regard to their function as presumably constituting in different and sometimes controversial ways a Balkan identity. Of course, the surface of reflection is often quite different from the deeper meanings and levels of recognition and self-reflection. But there is also evidence of direct addressing of the issue in all groups of primary sources under review. The attitude towards the foreigners in the Balkan economies both as “anonymous” agents or deputies of external powers is relevant first of all to the notion of belonging to a region differing from the “other” Europe. In a broader sense, they also embodied the antithesis of a significant “Balkan deficiency”, namely of the Weberian “spirit of capitalism” the Balkans lacked. Or to put it in economic terms, the lack of entrepreneurship responsible for the region’s underdevelopment.

Economic analyses characterize the European periphery, which consisted of countries “with no spontaneous *domestic* forces, adequate for a transition along the lines of the industrial revolution”, as opposed to the core of the continent.⁷⁶ Therefore, the influx of foreigners was interpreted as caused by Balkan economic weakness. It is small wonder that backward societies found themselves in an economic position of dependence. The prominent Romanian politician of the National Liberal Party Ion Ghika, a man with a long career in public life, prime-minister in 1866-1867 and 1870-1871, attributed in the 1880s the “invasion” of foreigners in Romania to the low density of the population. The decrease in the Romanian population, coinciding with the increase in the German population, was in his opinion the reason for the fact that the latter flowed to America, but also to the Balkan Peninsula and undermined its peoples’ independence. “The entire people should undertake a war against the external enemies as did the Netherlands against the sea that endangered them and Belgium against its strong neighbours. The foreigners infest us because we have needs that we ourselves cannot satisfy, and the foreigners have to meet them. When we get down to handicraft work, the foreigners will stop infesting us”.⁷⁷ Unfortunately these remarks do not contain thoughts about the opposite case – the emigration wave from Europe to the USA, which attracted people with its extraordinarily promising economic development, in the same period when the Balkans were “infested” with “foreigners”. They also do not touch on a related question – the emigration from the Balkans to the advanced European countries and overseas – which is worth special scrutiny.

76 Berend Iv., Ránki Gy., *The European periphery and Industrialization*, Budapest, 1982. See also Gerschenkron Al., *Economic Backwardness in Historical Perspective*, Cambridge, 1962; Black C. E., *The Dynamics of Modernization. A Study in Comparative History*, New York-London, 1966; Lampe J. R., “Varieties of unsuccessful industrialization: The Balkan states before 1914.” – In: *The Journal of Economic History*, 35, 1975, p. 56-85; Good D. F., “The Economic Lag of Central and Eastern Europe: Evidence from the Late Nineteenth-Century Habsburg Empire”, Working Papers in Austrian Studies 93-7, Minnesota, 1993, December.

77 НБКМ-БИА, ф. 14, а. е. 4867, л. 104-105.

The same fear with a similar motivation is evident in the comments on the project for the Bulgarian National Bank: “Bulgarian merchants, with their scant capitals, will remain pure observers while the foreigners will use the country’s resources as it happened in Serbia and Romania...”⁷⁸ Many of the public figures, invited to comment on the statute of the bank, also pointed out the “danger” of foreigners. The animosity toward different forms of presence and intervention of foreigners marked the economy-related rhetoric of the several liberal parties in Bulgaria at that time. The extreme versions of this vision included foreign states, foreign banks, foreign companies, foreign influx, foreign loans, foreign goods etc., all of them embodying the connotation of foreign exploitation and external threat.⁷⁹

It would be perhaps superficial and exaggerated to interpret the notions of animosity toward foreign economic dominance as xenophobia. Recent studies on foreign participation in the Balkan economies or in Bulgarian culture⁸⁰ do not expose a hostile attitude on the level of everyday life. Economic anti-Semitism in Romania could be regarded as a special case. Jews in Romania made up a significant share of the total urban population – 14.6% (32% in Moldavia) in 1912. As the only significant ethnic and religious minority in Romania during the period, immigrants mainly from the Habsburg Monarchy and Russia in the second half of the 19th century, they constituted an economic and social threat in the eyes of the native population. Perhaps the waves of Jewish emigration from Romania – some 52 000 left the country between 1899 and 1907 - connected with the crisis of 1899-1903 and the decline of the craft industry⁸¹ - emphasized the perception of them as a transient or easily movable “foreign body” in Romanian society. On the other hand, they got caught up in the more basic discrepancy between urban and rural folk, which deepened further until World War I. Anti-Semitic nationalism was an expression of a deep sense of insecurity and resentment about the population’s own weakness, a reaction to the Jewish dominated market forces. As D. Chirot put it, the adaptable Jews were seen as the main enemy, as agents of the dangerous West, too powerful in the market economy into which Romania was being absorbed.⁸² The outrageous acts committed against Greeks in Bulgaria in 1906 should also be mentioned. These did not have an economic but a pronounced political character as a response to the Greek massacres over the

78 *БНБ I*, p. 37.

79 “Нов век”, бр. 1590, 20.IV./9.V.1910; “Знаме”, бр. 13,14, 12.X.1895; “Пряпорец”, бр. 76, 28.III.1899; Програмни решения на Демократическата партия, София 1908; “Мир”, бр. 1819, 11.IV.1906, бр. 2351, 19.II.1908. Cited after Николова, Саздов, Програми..., p. 104, 106, 169, 172-173, 178-179, 188, 195-196, 228, 230-231, 367, 414, 417.

80 See for example Костов Ал., *Швейцария и балканските държави: Икономически връзки (1830-1914)*, София, 2001.

81 Hitchens, *Romania...*, 164-166.

82 Chirot D., “Who influenced Whom? Xenophobic Nationalism in Germany and Romania”. - In: Schönfeld R. (Ed.), *Germany and Southeastern Europe: Aspects of Relations in the Twentieth Century* (= Südosteuropa-Studien. Bd. 58), München, 1997, p. 54.

Bulgarian population in Macedonia in 1904-1906⁸³, which had a long-lasting mass-psychological effect.

Obviously, the attraction-repression impact of the European economies on Balkan societies split models and their bearers. This accounted for the ambiguous dispositions to them. The above mentioned prominent Romanian liberal Ion Ghika, who regarded his country as “infested with foreigners”, welcomed at the same time the unimpeded flow of foreign manufactured goods into the country as a means of stimulating the local economy and even of attracting foreign investment. A similar ambiguous attitude toward the economically superior European states could be found in the economic studies of Alexandru D. Xenopol, historian and member of the Junimea Society. As K. Hitchens interprets them, “in a sense, for him, the enemy was the West, with its advanced technology, incredible productive capacity, and seemingly inexhaustible capital, all of which threatened to overwhelm an economically weak country like Romania, but at the same time he held the West up as the only model worth following.”⁸⁴ The notions of animosity toward foreign economic dominance seem to reveal much more convincingly the lack of self-confidence in economic backward societies, apprehensive to rightly evaluate and appreciate foreign advancement. The attraction-repression effect of foreign economic excellence was complicated by another problem: “how to set in motion a patriarchal and authoritarian system, a society overwhelmingly rural, dominated by landed property, in which the modern stimulating factors of capitalism and democracy were almost completely absent”.⁸⁵ Although stated for Romanian society this problem was inherent in all Balkan countries. Little surprise that under such conditions the sweeping structural changes that turn growth into development did not appear there at that time. But the pre-1914 momentum nurtured the prospect of modern development in the framework of the nation-state and placed it in the national consciousness of the Balkan states.⁸⁶ In this sense foreign challenges were distinguished both as pressure and ferment for economic development.

Inner-Balkan Distinctions

The disposition to economic advancement determined to a certain degree internal delimitations in the region. Thus within the Balkan world, as the Bulgarian historian St. Gruncharov has defined the Balkans, directions could also be worth-loaded. As elsewhere in Europe during the 19th century, historical

83 Стоянов П., *Стара Варна на границата между две столетия 1890-1912*, Варна, 1995, p. 146-161.

84 Hitchens, *Romania...*, p.82, 85.

85 Boia L., *History and Myth in Romanian Consciousness*, Budapest – New York, 2001, p. 35.

86 Lampe J. R., “Imperial Borderlands or Capitalist Periphery? Redefining Balkan Backwardness, 1520-1914”. - In: Chirot D. (Ed.), *The Origins of Backwardness in Eastern Europe. Economics and Politics from the Middle Ages Until the Early Twentieth Century*, Berkeley, Los Angeles, Oxford, 1989, p. 202.

development here created offensive nationalism, best articulated in the widespread formula “every neighbour is an enemy”. However conditionally, parallel to the general Europe-centric West-East distinction one could state a gradual North-South ranking within the Balkans, which marked the degree of identification/differentiation for the Bulgarians. Romania was evaluated as the most advanced among the Balkan countries in terms of economic development, and Bulgarian statesmen and economists used to identify their own country with it. This was motivated by the successful development of the Romanian “Bancă Națională”, whose impact on the country was so beneficial and whose rating “in the world” made its share values increase in a short time from 500 leva to 2000 leva. For this reason the bank was recommended as a paragon for the BNB.⁸⁷ Reportedly, at the very beginning of its activities the BNB succeeded in realising financial operations with Bucharest that exceeded all other “European” markets, in this case Vienna, Paris, St. Petersburg and Istanbul.⁸⁸ The objectivized assessment relies upon the neutral yet indisputable values of the international financial markets, i.e. upon the most trustworthy indicator of a country’s economic conditions.

On the opposite pole within the Balkan hierarchies was placed the Ottoman Empire, embodying the recently overthrown oppression and a rejected model of economic order and behaviour. “The Pr[ovincial] Government must not use the Otto[man] bank even for its own purposes and treasure operations, not to speak of putting the incomes and expenditures of the above mentioned two departments in its hands.” This reaction of the Financial Council of the Financial Directory of East Romelia to the proposal of the director of the Ottoman Bank branch office in Plovdiv in 1882⁸⁹ implies not just mistrust towards a business partner. It has a deeper intention, confirming the statement that Balkan self-identities constructed during the 19th and 20th centuries were invariably opposed to “oriental others”: geographical neighbours, e.g. the Ottoman empire, as well as regions within the area itself and portions of one’s own historical past (usually the Ottoman period and the Ottoman legacy)⁹⁰.

In everyday terms, the Balkan North-South scale of identification was further filled with subjects of medium economic status. “We, Bulgarians, have a loathing for orientalism [!] and pretend to be a people with Western, with progressive ambitions. Alas, our first concern must be to free urban women of oriental idleness, of oriental prejudice against industry... The funny and stupid pride we have learned from Turkish women who passed it also to Greek, Valahian and Serbian women to the west”.⁹¹ Serbia and Greece as

87 *БНБ I*, p. 101, 221.

88 *БНБ I*, p. 99.

89 *БНБ I*, p. 102-103.

90 Todorova, *From discovery...*, p. 455.

91 БИА-НБКМ, ф. 14, а.е.4991, л.1876, 1880.

economic models were relegated to the negative pole. “Bulgarians and the Romanians are alike in their characters: peaceful, diligent, practical, not fanciful like Greeks and Serbs”⁹². The arguments for this were embedded in the confidence that order, understood as respect for laws and institutions, was the indispensable framework for economic progress. The “moderate” economic progress in Serbia was explained by a number of external factors such as the Ottoman rule and the long-lasting struggles for liberation, adverse contingencies like foreign competition (above all with the Habsburg Empire), but also by internal disorder and primitive production, especially in agriculture.⁹³

One of the distinctive features of orientalism in the Balkans, which evoked disdain, was deception as opposed to the European notion of trade mark, proven quality and trustworthiness. The lack of honesty in a deal, the habit to defraud in quality, in quantity, in price, was recognized as the “benchmark of dignity in the Orient, and especially in Istanbul; there he is assessed as happy, as talented who knows how to loot people by swindling. But we should not forget that there are fewer Turks than Greeks of this sort there”⁹⁴. This attitude did not ignore absolutely the economic opportunism inherent in economic relations in general; it rather rejected the social environment raising fraudulence to the status of legitimate and normative behaviour. It was opposed also to self-reflection: “There were big gaps in the Turkish commercial law through which the merchant, put in a tight corner by his creditors, could slip and dispose of the debt. And many did it quite well... It must be said, anyway, to the credit of the Bulgarian merchant class that such people are rare among them; the Bulgarian prefers to suffer the consequences of his mistakes and to eat plain bread than to acquire a name as a dishonest payer even once, let alone two or three times.”⁹⁵

By the turn of the century, the North-South differentiation acquired a particular temporal meaning. In Romania the new century was celebrated, next to other events, by an inquiry into the country’s performance, monitored by external observers. It was organized by the newspaper of the conservative party “La Romanie” in 1900. Invited to this occasion, Nachovich expressed his image of Romania as politically and economically the furthest developed and the most stable in the Orient with the most secure and best prospects for the future. He intimately regarded the country as the elder sister of the Christian states

92 БИА-НБКМ, ф. 14, а.е. 4010, л. 637.

93 Сръбските земеделчески дружества, София 1907, р. 8-9.

94 БИА-НБКМ, ф. 14, а.е. 4991, л. 2651.

95 Доклад № 341 до Министъра на търговията и земеделието от Пловдивската търговско-индустриална камара, Пловдив, 7 юли 1897. - In: Георгиев В., Трифонов Ст.(съст.), История на Българите 1878-1944 в документи, Т. I. 1878-1912. Част първа, София, 1994,р. 524.

in the Balkans.⁹⁶ The same statement is reiterated in the statistical overviews on Balkan economic development. Indeed favoured by its natural endowment and initiating first among all states in the region trade protectionism and administrative encouragement of the nascent industries, Romania as an early politically modernizing country achieved the best macroeconomic indices in a stable and growing positive foreign trade balance, industrial output, railway construction, lack of budget deficits, etc.⁹⁷ In this respect it differed from the more modest performance of Bulgaria and Serbia and the “unsuccessful” ones of Greece and Turkey, not to speak of Montenegro, which lacked even proper statistics, its own currency, railways, etc., in the first decade of the twentieth century. Greece, being “the laughing stock of Europe” for its proportionately greatest number of clerks per capita was the subject of negative identification with respect to economic development.⁹⁸ The Ottoman Empire was regarded as threatened with disappearance by the lack of incentive and the inability to radically reform the economy, the legal system and government in accordance with the standards of European modernity.

These evaluations imply already, in a temporal and qualitative aspect, the notion of a shared past, the Ottoman heritage, but not of a shared future, the prospects for a modern development along European patterns. The North-South graduated distinction partly included in its “lowest” section the regions of greatest instability, object of rival aspirations of both regional and external states – the European Ottoman possessions. In a similar scheme, a negative identification with the Bulgarians was generally demonstrated in Romania. “The Romanians who appreciate very much the Western peoples’ sympathy with them, recommend themselves again and again, even in royal messages, as *un élément d’ordre en Orient*. Alas, they imply their difference from the Bulgarians.”⁹⁹ This only cemented the importance of peace and stability for a successful economic development¹⁰⁰, a very powerful motif imposed on Balkan societies by European observers and shared by native conservative and academic circles.

It is another question whether the North-South degree of identification/rejection in economic terms accidentally coincided with the rejection of Ottoman political and Greek religious and educational dominance during the

96 БИА-НБКМ, ф. 14, а.е.797, л.1-4.

97 See for example Списаревски К., “Ромъния. Население, образование, финанси. Икономическа политика на правителствата; публични дългове; движими и недвижими богатства; вънкашна търговия (износ). Пътни съобщения\$ – In: СпБикД, 7, 1904, р. 535-542; Златаров Ив., Тишков П., *Народното ромънско изложение в Букуреш през 1906 година*, София, 1906.

98 Николова, Саздов, *Програми...*, р.175.

99 НБКМ-БИА, ф. 14, оп. 7, л.290.

100 See for example Яблански Д., “Каква трябва да бъде икономическата политика на България – изобщо, и частно – спрямо съседните ѝ държави”. – In: СпБикД, 4-5, 1901, р. 208-209.

Bulgarian revival. On this level, in contrast to the level of nationalism, the devising of a generalized negative attitude towards the neighbours in the name of construction and enhancement of a national identity¹⁰¹ did not function. The mental enclosure to the South is rather the parting with the obstructive past, necessary for a better self-evaluation after the partial emancipation. Economic pragmatism made it in any case pervious enough to admit the steadfast conviction of the importance and necessity of the Ottoman market as a precondition for Bulgarian economic development. The formula of the Eastern markets, including also Greece, continuously dominated economic debates and the quest for an alternative to the pressing European competition.¹⁰² The circumstance that the historical enemies up to 1878 – the Ottoman empire as a political and economic oppressor and Greece as a danger to Bulgarian cultural and religious identity – coincided with the negative identity references only reinforced their rejection as economic patterns. Their negation arose not only from pure economic causes but maybe also from the historically rooted antagonism and from the much more efficient rivalry in Macedonia and Thrace. On the other hand, Romania accommodated a significant part of the emigration during the Bulgarian national revival up to 1878 but did not count much for the Bulgarian economic advancement after the liberation. Furthermore, as a grain and livestock exporter the country was a rival in foreign markets. Thus the inner-Balkan distinctions from a Bulgarian point of view unpremeditatedly repeated, although based on different arguments and in a different scale, the generalized North-West positive and East-South negative European model of perception and evaluation. The parameters for this – objectivized economic outcomes, business environment and prospects for future development embedded in them – did not include direct pragmatic advantages for the national economy.

101 Regarded also as derogatory nationalism by Мишчевич Н., “Въобразени общности и национални митологии”. – In: Критика и хуманизъм, кн. 12, 2001, 3 (Митовете в историята и историографията), p. 153-154.

102 Димов Ж., “Доклад по анкетата на източните пазари”. – In: *Варненска Търговско-Индустриална камара*, XIX, 1910, p. 95-163; Златаров Ив., *Източните пазари – Турция, Гърция, Египет*, София, 1911.