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**THE BULGARIAN ECONOMIC THOUGHT SINCE 1989:
A PERSONAL VIEW**

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The Bulgarian Economic Thought since 1989: A Personal View

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Abstract: The objectives of this paper could be brought to three. First, a methodological one, to explain how economic knowledge disseminates and what its channels are, as well as the basic transmission mechanisms of economic theory in Bulgaria after the disintegration of the socialist bloc. Second, a purely informational objective, to present the major topics and issues studied over the period 1989-2009, and, of course, the economists working on them. And a third and parallel task to interpret theoretically the development of the Bulgarian economic thought during that period, its character and specificities.

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I

Introduction

1

The benefits of a study on economic thought in Bulgaria after 1989 could be sought in a range of directions. Firstly, the disintegration of the Soviet bloc was not only a shock to the ordinary people and to the politicians – a shock to practice, but it was also a deep intellectual drama, a challenge at least to the bulk of social researchers in these countries, economists including. In this sense this was a shock to the economic theory². It is therefore interesting to see how economists react to this shock, the way they readjust their research efforts and theoretical postures. We know from that every crisis stimulates new ideas and new economic knowledge. Secondly, such an investigation enriches our overall perception of the ways economic knowledge originates and spreads in general, and in peripheral countries in particular; of the extent of its idiosyncrasy; its original topics and approaches; how much it imitates the basic economic theories, how the topics of study are determined, etc. Thirdly, and lastly, such a study is useful for its own sake as a systematization of topics, authors and publications, which facilitates further investigations. As for Bulgaria, a research of that kind has rarely been undertaken before, and is, regrettably, of almost no interest to the general public or to specialists³.

2

The objectives of this paper could be brought to three. First, a methodological one, to explain how economic knowledge disseminates and what its channels are, as well as the basic transmission mechanisms of economic theory in Bulgaria after the disintegration of the socialist bloc. Second, a purely informational objective, to present the major topics and issues studied over the period 1989-2009, and, of course, the economists working on them. And a third and parallel task to interpret theoretically the development of the Bulgarian economic thought during that period, its character and specificities.

² Hans-Jürgen Wagener uses the metaphor of demand and supply, speaking of demand and supply of economic knowledge in Eastern Europe. Within the frame of his reasoning what happens in Eastern Europe is interpreted as a negative shock to supply and positive to demand leading respectively to different types of balancing processes (Wagener, 2002).

³ With few exceptions, such as Dimitrov (2002) who makes an overview of the major trends in the economic education in Bulgaria after 1990; see also the discussion at the Varna University of Economics (Mavrov, 2007). For a general overview of the post-communist period see for example Wagener (1997, 1998, and 2002) as well as Evans and Aligica (2009) and Evans (2010) on the liberal school of thought.

The economic problems of the transition and the specific features of the economic and social thought in general in Bulgaria have largely continued and reflected the specifics and characteristics of the country's historical development. Bulgaria's socialist past within the COMECON (Council for Mutual Economic Assistance) structure, although for a relatively short period, was characterized as one of the most integrated and dependent on USSR and COMECON economies and with the typical planned-economy features, which we do not need to detail here (see Dobrinsky, 2000). We could add the lack of political and intellectual opposition within the context of the communist period and sporadic dissident activities that hardly compare with the rest of the former socialist countries. Even Gorbachov's *Perestroika* was met in an extremely original manner by the then Bulgarian state leader comrade Todor Zhivkov who said with a smile that our best strategy would be to "stay low until it's over [*da se snishim*]", while on another occasion he again claimed that Bulgaria had started the *Perestroika* before Gorbachov and had even carried it through. This absence of *Perestroika* and of open debate in Bulgaria until 1989 reflected unfavourably the economic thought development later on, which had to make up for the lost time and in a sense the shock to the economic science was even greater⁴. And as Sutela and Mau (1998, p. 35-36) put it, the *Perestroika* period is, by itself, extremely important as it shows the undermining of the system and of the old political economy of planned economies. It is exactly at that time, in view of the blaming against the economic science for breaking away from reality, that USSR saw the emergence of purely empirical and applied schools of thought (such as that of Tatyana Zaslavskaya, Abel Aganbegyan, etc.), which later on, after 1990, gave rise to the proper settings and foundations of a future applied economics.

During the period of socialism Bulgaria did not offer any innovative economic practices (the boasted paternity over the "new economic mechanism" or of the concept of "dividing ownership from control" was an overstatement – these practices were in fact common to all socialist countries). Neither did the country produce any original economists with contributions of international merit, except perhaps for Lyuben Berov (1925-2006) and Evgeni Mateev (1920-1997); I say *perhaps* as all judgment is subjective in its nature after all⁵.

⁴ Although the ideas of the *Perestroika* had won the attention of some progressive economists because the Soviet press was very popular as evidenced from the boom for subscription to Russian newspapers and magazines.

⁵ Lyuben Berov was internationally recognized economic historian who developed different issues of capitalist development in Bulgaria (industry, banks, foreign capital, income distribution etc.) using extensive statistical materials and his own in dept empirical investigations (see for example, Berov, 1964, 1989). Evgeni Mateev was a founder of Bulgarian cybernetics; he proposed an original model of flexible automatized system of macro

If we add the lack of prominent Bulgarian immigrant economists, the picture becomes completely different from that in Central Europe, and even from Romania and Serbia⁶.

4

Of course, if we turn to the *pre-WWII* period, things in Bulgaria seem to stand relatively well: Bulgarian researchers then were integrated in the world scientific exchange and a number of Bulgarian economists gained, to one degree or another, international recognition (Oscar Anderson (1887-1960), Slavcho Zagorov (1898-1965)). Oscar Anderson (it is important to note that he was an immigrant from Russia), for example, was cited twice in Schumpeter's *History of Economic Thought* as one of the few with creative proposals regarding the quantitative theory of money (Anderson and Schumpeter knew each other and were co-founders of the International Econometric Society, see Fisher, 1941, p.p. 187-188)⁷. Some other economists, although not translated into foreign languages even if they did have their works published abroad, I consider as exceptionally erudite and original within certain limits. I would cite, without any claim to exhaustiveness, the follower of the Austrian School and disciple of Karl Menger, Simeon Demostenov (1886-1968), the economic historians Ivan Kinkel (1883-1945) and Ivan Sakazov (1895-1939), Naum Dolinski (1890-1968) from Varna, the statistician Cyril Popov (1870-1927), the erudite Assen Christophorov (1910-1970), the practician-intellectual Stoyan Bochev (1881-1968), the theoretical economists as Georgi Danailov (1872-1939), Dimitar Mishaikov (1883-1945), Alexander Tsankov (1879-1959), Georgi Svrakov (1901-1985), Ivan Stephanov (1899-1980) and some others. Especially good was the statistical school in Bulgaria established by Oskar Anderson (see Radilov, 2002). The immigrants from Russia, among whom Simeon Demostenov, Naum Dolinski, Ivan Kinkel, Oskar Anderson, stand out as perhaps the most erudite economists of the period⁸.

management, and later a global systemic model of the economy as part of an ecological system (Mateev, 1987). To this contributions I could add the mathematical model of socialist economy (in the spirit of the theory of disequilibrium) proposed by Antonov (1989).

⁶ Compare with Poland, Ratczak (2009).

⁷ No Bulgarian economists have been cited by any of the great world economists, as far as I know, except for Ivan Gueschow cited in a footnote (it remains unclear exactly why) by Vilfredo Pareto in his *Corso di economia politica*, Pareto, 2009 [1905], p. 355. There, he cites a speech by Ivan Gueschow of late 1895, where the latter gives a quantitative example of *agio*, in particular of a positive correlation between the increase of *agio* on gold and the increase of silver coins in circulation (it is not clear, to me at least, whether this refers to Argentina or to Bulgaria). The name of Ivan Gueschow is not included in the names index of the *Course*.

⁸ For details see Natan and al. (1973), as well as Sazdov (2005), particularly pp. 176-180.

II

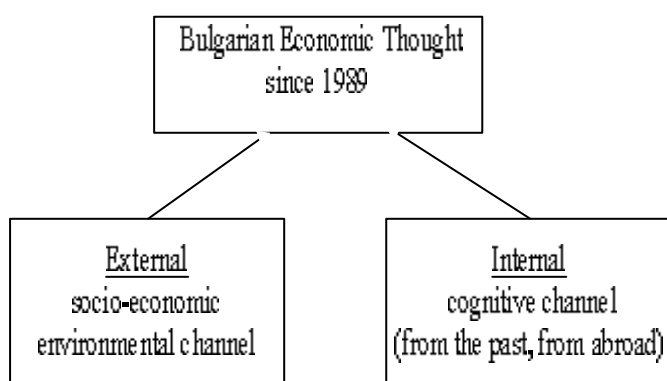
Transmission Mechanisms of Economic Theory in Bulgaria

5

What determines the topics, methods and achievements of the Bulgarian economists, or how can we group the channels of influence to Bulgarian economic thought? In other words, what are the factors underlying the *preferences* of economists, on the one hand, and what are the factors defining the *limits* in the choice of topics, methodology, etc., on the other?

In my view, it makes sense to distinguish between two basic, figuratively speaking, inward *information channels*: the first one we could call channel of the socio-economic reality and problems, which is external to the scientific thought. The second – a cognitive channel, relating to the evolution and transmission of economic thought itself. In the first case, economic theory either forestalls or lags behind the needs of a historical period, of economic problems and tasks. In the second case, it is a self-regulating system with its own internal diffusion and evolutionary mechanisms, or it has to do with the formation and dissemination of knowledge as such⁹. Within the second, or cognitive channel, we can differentiate between two sub-channels, which shape the Bulgarian economic thought, namely, one coming from the past – from the inertia of economic knowledge and theories of the past (the socialist period), and yet another – coming from outside – from the existing theories and models of economic thought in the West (neo-classical, Keynesian, monetarist, Austrian, etc.).

Chart 1 Channels forming Bulgarian economic thought



The above differentiation holds similarities to the methodological interpretation of Riccardo Faucci's *History of Economic Thought*, who distinguishes between *external (exogenous)* interpretation, from the perspective of environment, and *internal (endogenous)* history, through the perspective of theory itself. Both views on thought have their weak points. With the first, one could fall into relativism and chronology of authors and topics, while with the second, one could be misled into judging authors outside the concrete historical setting (Faucci, 2000).

6

We begin with the *environment*, in which Bulgarian economic scholars worked. As regards the economic and social dynamics of the Bulgarian economy after 1989, it carries, regardless of its specifics and the “the variety of transition”, the characteristic features of most post-communist countries¹⁰.

Overall, we should note that neither the disintegration of the socialist bloc, nor the transition period later on could be analysed either within the neoclassical approach, or within the existing variant of Marxist political economy. Under the neoclassical model, a transition from one market equilibrium to another takes place as a single act, quickly and relatively smoothly; besides, the methodological grounds themselves were not suitable for analysis of a system's change, especially from non-market to a market economy. The political economy of the Soviet type of socialism was, on the other hand, completely unfit for analysis of what was happening not only for ideological reasons (socialist failure was a no-scenario), but also technically (no instruments in hand). For the sake of truth we should note that unlike the Marxist interpretation of capitalism, which could be regarded as a consistent and generally recognized theoretical system, no such a consistent and generally accepted system existed with regard to socialism – only countless scholastic and dogmatic verbal reasoning instead.

Interestingly enough, Marxist variants of analyses of transition periods did exist; however these were concerned with transition to communism. I will note only Nikolay Bukharin's famous book *Economics of the Transition Period* released in 1920¹¹, which despite its obvious drawbacks when examined in-depth gives some interesting ideas for our own times. For example, one can see that both then and now a transition to a new state of economy or a

¹⁰ See for example Avramov, Antonov (1994), Dimitrov and al. (1999), Nenovsky (2009).

¹¹ Bukharin 1989 [1920].

new goal (“today” – market economy *versus* “then” – communist society) was viewed as a simple jump – a transition relatively short, even if painful. In both cases, Marxist theory in its Lenin-Bukharin’s version and today’s neoclassical theory are absolutely similar. According to these, a change from one system to another is not a slow, evolutionary open end process, but a jump. Bukharin’s book and some interesting works from early communism were forgotten and erased from the memory of socialist scholars over time¹².

As a result a theoretical vacuum followed, which logically had to entail the emergence of new theories and ideas.

7

The transition in Bulgaria was characterized by a definite delay in the formation of a market economy, which lent room to processes of forceful redistribution of wealth and ownership based on corruption, theft and banditries (Vucheva, 2001). This led the country to a deep financial crisis in 1995-1997, which ended with the introduction of a particularly conservative monetary regime – a currency board, abolishing monetary policy altogether (Berlemann and Nenovsky, 2004). In the period after 1997 the economy of Bulgaria has followed a positive trajectory at high rates of growth, balanced public finances, growing foreign reserves, etc. The Currency board anchor (internal one) followed shortly by the political decision for EU enlargement, which played the role of a second anchor speeding up reforms (Ialnazov, 2003). Following the country’s accession to EU on 1 of January 2007, a slackening of the external constraints to reforms was observed, which, coupled with the outburst of the global crisis in 2008, affected adversely Bulgaria’s economic indicators (Nenovsky and Ialnazov, 2009).

Logically, the investigations of Bulgarian economists gravitated around the *crucial events* in the latest Bulgarian history. These events served as a kind of focal points of analysis, or in more complex terms – as cognitive anchors, which which attracted the attention and efforts of researchers. Among the chain of such events, we could note the price liberalization, the restructuring of state ownership, the foreign debt restructuring in 1994, the problems with the bad loans, the financial crisis, the systemic risk and the currency board, the efficiency of the banking sector, the deal with the conversion of the external debt in 2002, the euro integration and EU convergence, the public finances and the flat tax, the global financial crisis, etc. At a

¹² In my opinion one of the rare theoretical contributions is that of Leonidov (2000) when he promotes the ordoliberal interpretation and ordoliberal economic policy, and occasionally introduced some evolutionary ideas.

relatively later period emerged the topics of the role of institutions, of corruption and shadow economy, the role of the judicial system, and studies into the economic history and the long-run trends of the country's economic development.

8

Closely related to the environment issue is the *sociology of economic scholars*, the sociology of economic science in Bulgaria. There is no doubt whatever that the personal fates and life stories of individual scholars, their interests and values are also an important factor, sometimes even a crucial one, for the choice of their topics, positions, ideological biases and behaviour not only in science, but in life as well. At an individual level, a scholar's choice and behaviour is contingent upon the formation of their preferences and values, and their resources – material, mental, social etc.¹³.

In reality a productive classification of economists could relate to the extent to which they belonged to one or the other familiar subdivisions of communist economic theory, namely “the political economy of socialism” and “the political economy of capitalism”.

The scholars who during the time of socialism had specialised in the issues of Western economies, i.e. *the political economy of capitalism and the historians of economic thought*, and who had to live up to the dogmas (they had to battle the "vulgar" interpretations and apologetics of Western economists), had considerably greater theoretical and practical, even language ability for the emerging market economy. They also had the potential aptitude to understand the changes in the theory that followed. One part of them (mainly concentrated in the Institute of Economics at the Bulgarian Academy of Sciences) quickly emerged as the leading economists of transition, and as such most of them took part in the country's governance. This group also produced a number of successful private entrepreneurs, bankers, etc.¹⁴ By and large, these scholars embraced more naturally the neoclassical economy, just as that was a target easier to grasp by the economists who had previously – during the time of communism – specialized in the field of mathematical modelling and planning.

¹³ See the similar discussion for Russia in Sutela (2009) and Zaostrovsev (2009).

¹⁴ Actually, as Mitko Dimitrov (born 1950) points out the most capable and enterprising have made their way into business, and those that have stayed with the economic research are the most incapable of economists (Dimitrov, 2002). I would add to this group some “idealistically” inclined scholars as well.

Those who had specialized in *political economy of socialism* generally had a different fate with the majority of them staying leftists and as such associated with the left political forces. As a rule, these scholars lacked the competence and knowledge to adapt to the new environment due to the fact that the political economy of socialism was a totally dogmatic and senseless play of words that served as façade for the pretensions for constructing a theoretical system. Most of the scholars lacked mathematical training and Russian was the only foreign language they used. The trajectory these scholars followed was initially adapting the old theory to the transition, and exploring “forgotten” and “valuable” things in the theory of Marxist classicists, to find later on their niche in Keynesianism, institutional economics, etc. These too, of course, produced a number of successful businessmen and politicians either of integrity or of no integrity at all.

9

Another thing worth noting is the lack of abilities with most scholars for conducting empirical, statistical and econometric research, which, as a matter of fact, even today prevents them from delving into real problems. Interestingly, *sociologists* were as a rule more successful in studying the economy in its complexity and in constructing theoretical models (for example, the original model of second social networks applied to transition, Tchalakov, Bundzhulov, 2008). Not only sociologists have come closer to reality than economists. Economic investigative journalism too has been producing some very good achievements. *Investigative journalists* have easier access into the debris of bandits’ practices of transition as this is in fact the only way to dig out truthful information on actual processes where statistical data is either unavailable, or unable to reflect the processes, or is misleading most of the time.

In addition, it is important to note that the Bulgarian economists, almost without exception, were *connected* one way or another, all through the transition period, *with the government, the political parties, and with political power in general*. Power, politics and government were the main field of realization of the economic scholars and their interests, as there were no independent intellectuals. Three Prime Ministers at least were economic scholars – the economic historian Lyuben Berov (in the period 1992-1994), Reneta Indzhova (in the period 1994-1995), the economist-mathematician Ivan Kostov (in the period 1997-2001), and the first BNB Managing Board was almost entirely composed of representatives of the academia

led by Todor Valchev (in the period 1991-1996)¹⁵; in 1991 the Agency for Economic Analyses and Forecasting (AEAF) was established, where Bulgaria's economic policy was created entirely by economic scholars (Ventsislav Antonov, Roumen Avramov, and Lyubomir Christov). This connection between economic scholars and authority is typical of communist countries as inertia from the past tradition, where politics had supremacy or over economics. Of course, this closeness also displays an opposite direction of causality as the economic science seemingly dominated the political decisions. Generally, the close relations of economic scholars with the political power is not a feature of communist countries only: this for example has long been observed in Italy, although to a lesser degree (Fauci, 2000), which in turn contrasts with the relative independence of scholars in the Anglo-Saxon countries and France (the economists were either mainly linked with the private business or were independent intellectuals). An interesting explanation of the economic scholars' involvement with the system of government during the first years of transition comes from the Polish politician Leshek Balcerowicz who believes that non-standard situations or periods bring to the fore non-standard politicians or *non-political politicians* who realize the so-called "extraordinary politics" (Balcerowicz, 1995).

10

Let us now examine the *cognitive channel* of formation of the economic thought in Bulgaria, or which, under certain conditionality Fauci would have called internal history of economic thought. It is about its internal history, or how the models of economic thought are formed. Obviously, this cognitive channel is closely related to the sociology of scholars and we have already mentioned some of the things here. Let us add some more details. The cognitive channel itself could be subdivided into two sub-channels, the first one concerns the past knowledge, past theories and the second one deals with the modern knowledge coming from outside the country, from the theories existing around the world.

¹⁵ In different periods the BNB (Central bank) managing board included a number of economists from the academia such as Emil Hursev (born 1961), Milleti Mladenov (born 1944), Gancho Ganchev (born 1953), Lena Roussenova, Georgi Petrov (born 1929), Garabed Minassyan (born 1944), Roumen Avramov (born 1953), Stati Statev (born 1955), Nikolay Nenovsky (born 1963), etc. The Ministers of Finance (with a few exceptions, such as Muravey Radev, Dimiter Kostov, Svetoslav Gavriisky, Milen Velchev) were and are academics: Ivan Kostov (born 1949), Stoyan Alexandrov (born 1949), Hristina Vucheva, Plamen Oresharsky (born 1960) and Simeon Djankov (born 1970).

As I mentioned, the collapse of the planned economy created a *knowledge vacuum* that had to be filled up, which could logically be effected either by adapting old theories, or borrowing other countries' theories.

In Bulgaria, unlike Russia for example, the propensity to construct new theories is low¹⁶. Overall, there was a continuous swinging between two other alternatives: in particular, between (i) adapting the communist ideas and their new interpretation (for example a new reading of the Marxists classics – some of their co-operative and non-bureaucratic models of socialism, etc.), a return to the pre-communist economic thought, to some ideas about the specifics of the Bulgarian economic development, and (ii) adapting and in most cases retelling the existing economic paradigms of the West – the neo-classical economics, Keynesianism, or monetarism. Actually, in Bulgaria the first – the neo-classical economics – was considered the only possible microeconomics, while the latter two – Keynesianism and monetarism – as the main competing schools of thought in macroeconomics. And indeed, the latter two models that were actively used in economic and political discussions were curiously epitomized with soft and acceptable liberalism (Keynesianism) and extreme liberalism (monetarism).

During the first years of transition the liberal economic ideas were not popular among Bulgarian scholars (see Evans, 2010). Of little influence over the public sphere and the debates on transition could be considered some references to Joseph Schumpeter, and later on to Max Weber (who became a favourite of Bulgarian sociologists), and to the Austrian School, Friedrich Hayek¹⁷ in particular who gained popularity only in the mid-1990s, mainly during the initial years of operation of the currency board¹⁸.

11

Let us examine the transmission of knowledge from the *past*. In this case, we have some form of dependence on the past (*path dependence*). Actually virtually all economists in 1989 were connected with the past paradigm and even today some of them continue, to one degree or another, to be dependent on the dominant theory from the communist period.

¹⁶ As examples of Russian creativity could be mentioned “the theory of institutional matrices” build by Svetlana Kirdina (2003) and “the theory of institutional trap” developed by Victor Polterovich (2008). My explanation of Bulgarian lack of creativity is mainly linked to the historically established conformist and imitative behaviour of Bulgarian people and of Bulgarian elites due to the long periods of foreign domination and dependences (Ottoman Empire, Soviets domination etc.).

¹⁷ The principal Hayek’s philosophical and political sciences books were translated in mid-1990s.

¹⁸ See the material about Hayek published by the Bulgarian National Bank (Nenovsky, 1999).

Bulgaria not only lacked any renowned economists even within the Soviet bloc, but unlike almost all other Soviet bloc countries it also lacked dissident economists locally¹⁹, as well as prominent immigrant scholars. It is also known that the political opposition in Bulgaria was in effect created and institutionalised by the communist party and in fact all of its founders were former Communist party members, which significantly deterred the country's development in the first 7-8 years of transition at least. These processes naturally blend with the overall lack of a geostrategic identification of Bulgaria and its oscillation between the Western model of development and that of Russia – a process that was finally resolved in favour of the Western type of development in late 1990s with the decision for EU enlargement. The processes and consequences of such oscillation have been well represented for the Ukrainian case by Abdelal (2001).

The book under Wagener's editorship (1998) about the history of economic thought in Central and Eastern Europe does not feature or even mention Bulgaria²⁰. I personally do not have any definitive explanation as to why it was exactly Bulgaria that lacked prominent economists outside its national boundaries during that period, given the similarity of its repressive regime to those in the other countries, and the fact that the economic paradigm, economic education, etc. in the socialist bloc were largely equally sterile and hermetized (cf. Romania, Aligica, 2002). True as this might be to some extent, I do not completely agree with Wagener (2002), who believes that the conditions for the economic science in Hungary, Poland and Slovakia, on the one hand, and Czechoslovakia, GDR, USSR, Bulgaria and Romania, on the other, differed to such an extent as to be divided into two large groups of countries, namely those open to knowledge from the outside, or the first, and the closed ones in the second group.

No matter how much we may think over the reasons for the lack of original economic science during the socialist period, it remains a fact that at the time of disintegration of the planned

¹⁹ Of course, within the paradigm of socialism we could point out as some kind of violators of the status quo scholars like Georgi Petrov (born 1929) and Jack Aroyo (born 1921) who to a different degree and in different ways tried to defend the "necessity" under socialism from the familiar to the economists from the past "commodity-money relations" and the "law of value [*cennost*]" (I would rather call it "the law of cost [*stoymost*]") see for more Perov (1969, 1990) and Aroyo (1986).

²⁰ A little "solace" is that Romania is not featured in Wagener's book. It is however a fact that unlike Bulgaria, Romania has economists-immigrants in the West who are popular there even today: such as Nicholas Georgescu Roegen and Nicolas Spulber, or the protectionist Mihail Manoilescu who is, even today, respected in Latin America for his ideas of development economics and agriculture (see Aligica, 2002).

economy the Bulgarian economic science was far behind and unprepared and had *to start from scratch*²¹.

Of course, I define this almost zero level in my own way as zero knowledge of market economy and Western theories. Other researchers, mainly from the old generations, who are found even these days, define a zero point in a different way, and they believe that Bulgaria is not at a zero point.²² One variant of this non-zero position was to have *a new interpretation of the Marxist classics* in the first 2-3 years after 1989 (a kind of a late Bulgarian “Perestroika”), and such an attempt was made by some Marxist scholars; however the dynamics of changes were so quick that it rendered any such efforts futile.

The next logical cognitive step was going further back in time – to the period before that of communism – *before 1944* when, as I already mentioned, in Bulgaria there was a normal European economic theory and teaching that could play the role of an anchor for the wavering Bulgarian economic scholars. And indeed, such attempts were made by some lecturers, and I remember well how popular (although for a short time) was the textbook on political economy and theory of money by Simeon Demostenov, and in 1991 *St. Clement Ohridski* Sofia University reissued a phototypic edition of the three volumes. In this direction were Roumen Avramov’s efforts to restore to popularity the forgotten and original Bulgarian economist Stoyan Bochev (Avramov, 1998). Unfortunately, these efforts were quickly swept over by the wave of economic knowledge and publications coming from abroad, mainly American textbooks, IMF and World Bank publications, and to a lesser extend European textbooks²³.

12

If we compare the dilemmas of the Bulgarian economic science after 1989 to those of the period after Bulgaria gained its independence from the Ottoman Empire in 1878, we may find

²¹ As Peter Meusburger says, there is a regularity, according to which “The earlier the knowledge, experience, and networks needed in the 1990s for a successful adjustment and adaptation to the market economy had been acquired, the more successful was the transformation process”, Wagener (2002), p. 5. I personally do not agree with this statement for one very simple reason, namely that the transition was not a transition per se, but a transformation – a process with an open end, and these processes were not underpinned by any knowledge. Although it is true that the better one knows the mechanisms of the market economy, the easier it is to make a decision in new and unfamiliar circumstances.

²² In this group we found practically all economists who worked on political economy of socialism and were involved into the policy making and in communist party decision-making.

²³ In recent years, on BNB initiative a decision was taken under the *Bulgarian Economic Heritage Series* to reissue the major works of the great Bulgarian economists from the past.

some interesting parallels. In both cases it is about leaving two empires: in the first case this is “the Soviet empire” and the Turkish – in the second. In the first case the “bondage” lasted 45 years, and in the second – five centuries (1393-1878)²⁴. Of course, the periods are incomparable. Still, what happened?

Firstly, both had an adverse effect on the development of the Bulgarian science and education in general, either suppressing or simplifying it *ad infinitum*. Secondly, a look back has its peculiarities. A return to the achievements of the pre-Ottoman period, to the great past of the Balkan countries, Bulgaria including, was observed, with the great achievements of Bulgaria being brought to the fore; however due to the distance in time this led to problems and confusion rather than a real movement forward (Stavrianos, 2000). A return to the pre-communist achievements due to the closeness in time would have led to some benefits (especially when dealing with practical issues), but unfortunately this was not realised. Thirdly, both periods had a special impact towards the emergence of extreme anti-state, liberal and even anarchistic outlooks²⁵. This is explained with the fact that the overthrow of the Ottoman system of state and state power was automatically reflected in the overthrow of the power of the state in principle (Black, 1943, p. 520) – views that inevitably clash with the need for administration and governance of state affairs. Thus for instance, Konstantin Stoilov (1853-1901) already in 1882 stated that “...Bulgarian people had evolved political habits under Ottoman rule which made the application of a democratic form of government very difficult. For several generations a spirit of disregard for government and revolt against the government had prevailed” (Black, 1943, p. 519)

A similar explanation could be given also of the emergence of extreme liberal outlooks, which however did not appear instantly, but in the mid 1990s as a response to the slow reforms and the totalitarian past (here I would mention a number of publications of the Institute for Market Economy, of some members of the Bulgarian Hayek Society, etc.), which gradually disappeared and gave way to a period of pragmatism that has eventually led to the emergence of populism and nationalism today (see Krastev, 2007).

²⁴ Bulgaria emerged as a state in 680, and in the period 1018-1186 it was under Byzantine rule. A period of autonomy followed until it came under the Ottoman rule (1393-1878), then again a period of independence and in 1944/1945 it joined the socialist countries bloc, which was actually dominated by USSR. In late 1989 the Soviet bloc collapsed and in 2007 Bulgaria became a member of the European Union.

²⁵ The liberal views were shared by Bulgarian revolutionaries and early politicians such as Georgi Sava Rakovski (1821-1867), Christo Botev (1848-1876) (with anarchistic elements), Petko Slaveykov (1827-1895), the early Stephan Stambolov (1854-1895) and others, (see Black, 1943).

Thus, much like in past periods of the Bulgarian history, past knowledge was an unrealised, impossible, and under certain circumstances detrimental anchor for the formation of economic knowledge in Bulgaria after 1989. What remained was the other channel that in effect became the basic one, namely, *the channel of knowledge imported from abroad*.

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As in the past – i.e., after the Liberation – so today, ideas mainly find their way into the country only after the collapse of the “empires”. Despite some penetration of European ideas into the Balkan countries in the 19th century within the Ottoman Empire, the economic and social knowledge of the Balkan countries stood somewhat in isolation and lacked any significant achievements, and it is only after the Liberation of these countries that we can speak of any uplift (Psalidopoulos and Theocarakis, 2009, Black, 1943). As to the socialist period, the Western ideas could hardly make their way into these countries due to the censorship and the party control. Bulgarian scholars, unlike their Polish, Hungarian, or Czech colleagues (see Ford Foundation, Wagener, 1998, p. 20), almost lacked the possibilities to receive Western grants or travel and communicate with their Western colleagues, and the few that did have such possibilities were in fact the most loyal and ideologised party members, who later on when the secret archives were opened appeared to have been collaborating with the Communist secret services.

The import of economic knowledge and models of thought acquired almost monopolist significance in both teaching and research, as well as in the conduct of economic policy. The basic instrument of this influence were the international financial institutions (mainly IMF and World Bank)²⁶, which as Wagener has properly put it are the “monsters of conditionality”. Actually, the foreign debt servicing, the needs of new financing, of technical assistance, etc. became an important condition for penetration of economic thought through a number of national and supranational banks, investment funds, governments, NGOs etc. Already in the first years numerous grants were extended under various forms and from different sources allowing many Bulgarians to specialise and study in Europe, USA and Japan (see Dimitrov, 2002). The opportunities for studying abroad were immediately grasped, which made it possible for a number of Bulgarian scholars today to find their realisation in Western

²⁶ See Yotzov (2000).

universities (without going into listing I will mention Iliyan Mihov, Simeon Djankov, Neven Valev, Nikolay Gospodinov, Pavlina Cherneva, Yvailo Izvorsky, Kiril Tochkov, Dimitar Ialnazov²⁷ among many others). Some of foreign trained economists returned to form the economic team in the cabinet of Simeon Saxe-Coburg-Gotha (2001-2005). During the first years in Bulgaria various events relating to training and retraining courses held by Western, mostly American, professors took place (as for instance those organised through the Open Society Institute)²⁸ and a number of textbooks were translated.

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The economic views that were imported were mostly of applied and practical orientation and of eclectic paradigm character although they were dominated by the Keynesian macroeconomics (mainly through the World Bank) and partly by monetarism (through IMF). As for teaching, this became standard neo-classical in relation to microeconomics, and as I see it, mainly Keynesian in regards to macroeconomic theory. Mixing the various theories into one eclectics in the case of Bulgaria had and still has detrimental consequences, as it created the impression of a monolithic and complete economic theory in the West, almost “a supreme and ultimate phase of the economic science”, while fundamental discussions were practically regarded as non-existent. This horrible untruth has begun to be rectified in recent years (transaction costs economics, institutional economics), but it will take some time before alternativeness of economic teaching and thinking in general is created. One of the trends along whose lines alternativeness does appear, partially at least, were the ideas of the flat tax (IME and Georgi Angelov), some of the ideas of free banking (Nikolay Nenovsky), the series of papers on economic history and culture (Roumen Avramov, Martin Ivanov, Daniel Vachkov and Ninel Kioseva), and especially reporting of institutions (Garabed Minassyan, Georgi Ganev).

III

Topics, achievements, authors

²⁷ Some Bulgarian academic economists attained high positions in IFIs, for example Kristalina Gueorgieva at the World Bank (vice-president). Some Bulgarian economists work at the Federal Reserve research units (Dobrislav Dobrev and Ekaterina Peneva), the ECB and other central and commercial banks.

²⁸ For example Sofia University realised a joint program with the University of Delaware, USA, and some American academics published interesting studies about Bulgaria, Koford (2000), Koford and Miller (2006), Miller and Petranov (2001).

Let us now turn to the achievements in the history of economic thought by reviewing the major topics, styles, ideology, etc., and authors. As I already mentioned, the topics explored by Bulgarian economists are determined by the major issues and events in the latest economic history of Bulgaria.

In the first place, the *general and conceptual issues of the transition* (transformation), were rarely covered. Or where these were studied, they were within the frame work of standard discussions about the speed of reforms (whether a gradual or a shock approach)²⁹, the steps of reforms; liberalisation of prices, privatisation of state-owned enterprises and banks, forms of exchange rate regime, fiscal vs. monetary policy mix, foreign debt restructuring and policy, etc. I don't believe that the Bulgarian debate on the philosophy and strategy of reforms possessed any specific traits; it was rather Bulgarian economists following what was going on in the other countries, or the IMF recommendations, and, as I see it, with a definite delay too³⁰. Despite some more radical reform programs (the Rahn-Utt Plan of 1990³¹) Bulgaria adopted the slow and tentative changes approach that logically led to a slowdown of reforms and to the 1996/1997 crisis. It is however possible to distinguish two large approaches to reforms – a slow one, which to me personally are still unclear. We could mention here the scholars at the Bulgarian Academy of Sciences Institute of Economics, in particular the annual report of the team headed by Ivan Angelov (born 1934), which first came out in 1992 to be published annually, (see for instance Angelov, in co-authorship, 1992, also Angelov, 1990) and by some University of National and World Economy (UNWE) scholars (Stoyadin Savov (born 1931), Kamen Mirkovich (born 1939), Roumen Gechev (born 1956)), and the economist-philosopher Vassil Prodanov (born 1946). On the other hand, faster and more decisive reforms as in the research works of economists at the newly established Agency for Economic Analyses and Forecasts (AEAF), which was to become later the hub of modern economic research studies (see Avramov, Antonov, 1994).

²⁹ With the exception of the already mentioned Leonidov (2000).

³⁰ On transition in general see the books by Stoyanov (1999), Prodanov (1999) and Manov (2000).

³¹ The Rahn-Utt Project (after the names of Richard Rahn and Ronald Utt, the National Chamber Foundation, U.S.) was realized at the invitation of Prime-Minister Andrey Lukanov in the period March-August 1990. The Plan envisaged radical and shock reforms in all spheres of the country, including introduction of a currency board.

Of particular interest is the research into the issues of *monetary policy*, monetary regime and especially the operation of the *currency board*, and of *financial crises*³². This interest came naturally with the introduction of the currency board in mid-1997 following the intensification of the financial crisis and the period of hyperinflation (Berlemann, Nenovsky, 2004). The reasons and conditions for introduction and operation of a Currency Board, etc. were studied and the financial crises were analysed. The emphasis in most cases was on the specific features of the financial crisis and the currency board in Bulgaria and the studies were of purely applied character; however in some of the cases the research was of comparative and general theoretical character. Most of these studies were initially conducted in AEAF; then the torch was passed on to the BNB Research and Analyses Division, where mainly after 1997 a number of interesting analyses were carried out and published in the Discussion Papers series³³.

Of special interest in my view are: (i) the theoretical and empirical approaches to checking out the automatic operation of the currency board such as the existence of a co-integration between the monetary base and the foreign reserves (Nenovsky and al., 2001, Nenovsky, Hristov, 2002); (ii) a composite analysis of the behaviour currency in circulation and its link with the shadow economy (Nenovsky, Hristov, 2000), banks reserves (Petrov, 2000); (iii) analysis of credit (Hristov and Mihailov, 2002, Nenovsky, and al., 2003); (iv) of the money market (Nenovsky and Chobanov, 2004); (v) theoretical comparison of the currency board and the gold standard (Desquillet and Nenovsky, 2005); (v) Minassyan (2007) on foreign debt management, (vi) Ignatiev (2005) on 1996/1997 crisis, etc³⁴.

Closely related to the monetary regimes is the discussion about the *adoption of the euro* in Bulgaria and the compatibility of the currency board with the ERM2 mechanisms and the euro area. The book *From Lev to Euro: Which is the Best Road?* Nenovsky and al. (2001)³⁵, was one of the first books in Eastern Europe (cited in Italian newspaper *Il Sole 24 ore*, 19

³² I would also like to mention the book on monetary theory by Mladenov (2009), which has been reprinted many times.

³³ <http://www.bnb.bg/bnb/home.nsf/fsWebIndex>

³⁴ One of the most original books on the pure theory of money that could be mentioned is Harsev (1991) which treats the evolution of money from logical and historical perspectives.

³⁵ An article by the same authors was featured in the economic weekly journal *Capital* on 11 February 2000, stirring up a discussion on the advantages of unilateral euroisation in the (same) daily periodical (see for instance Roumen Avramov), and the critique of the euroisation idea in Kostov, Kostova, 2002. See also Minassyan (2005).

avril 2000), which after an in-depth comparative analysis shares the idea of the benefits of unilateral euroisation both as a theory and with calculations for Bulgaria. The rest of the *European problematics* was also within the eyeshot of analyses: the various problems of convergence and the possibilities to absorb the eurofunds, the institutional adaptation, etc, but overall they lacked any original contributions and were largely of applied character (see for example the Economic Reports for the President of the Republic, 2005, 2006, 2007, and some AEAF research papers).

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At a second stage, research papers appeared that already began to take into account the institutional features of the economic development and to use the economic history of Bulgaria to capture the long-run trends and specific peculiarities of the Bulgarian economic development³⁶. Clearly original in this relation are the works of Roumen Avramov on the economic history of Bulgaria during the 20th c. (Avramov, 2007), of Marin Ivanov (born 1970) and Daniel Vachkov (born 1963) on the issues of Bulgaria's external debt (Ivanov, 2002, Vachkov, Ivanov, 2008), Martin Ivanov's efforts to expand the calculations of the country's GDP and balance of payments in a historical perspective (Ivanov and Tooze, 2007, Ivanov, 2006) and Ninel Kioseva on monetary crises in the newly liberated Bulgaria (Kioseva, 2000). Over the latest years an interest has appeared in analysing the country's socialist period within the paper series issued by the Institute for Studies of the Recent Past³⁷.

The institutional aspects of the economic development also became an object of analysis at a later stage of the development of the Bulgarian economic thought. Here, in addition to the already mentioned study of economic culture (Avramov, 2007), we could also point out the publications by Garabed Minassyan (2002) and the idea of the currency board as a radical

³⁶ This was also aided by the publication of the five volumes of archive documents of the BNB, the setting up of the BNB Committee on History, and the starting up of the Balkan Monetary and Financial History Network in 2000 on the initiative of BNB and Bank of Greece and its regular meetings (see for instance Oesterreichische Nationalbank, 2007). Among the historical studies we could mention that of Rositsa Rangelova (2006). We could also note here the presentation of the psychological theory of exchange rates by Albert Aftalion (1874-1956, a French economist of Bulgarian origin) and its empirical illustration with the currency stabilisation between the two wars in France and in Bulgaria (Nenovsky, 2005). Also some studies on the Austrian School by Stefka Koeva (2002, 2003), and Kolev (2009) on interwar economic discussions in Bulgaria. As a very insightful could be considered the publications of Metodi Kanev (Svishtov Academy of Economics), who stresses the methodological and conceptual issues of some of the forgotten Bulgarian authors.

³⁷ <http://minaloto.org/>

institutional change (Nenovsky, Rizopoulos, 2003, 2004)³⁸. The topics of *corruption*, *the shadow economy* and the administrative obstacles to the business also became an object of analyses, mostly of applied character, by the Centre for the Study of Democracy³⁹ and the Institute for Market Economy⁴⁰.

Of course, the traditional economic topics of economic growth, the labour market, and social issues were numerous and mainly the object of analysis by the Institute of Economics at BAS and the universities, and I will not dwell on these. I would only mention the IME launching of the idea of the *flat tax* (Georgi Angelov in particular), which although met with extreme hostility was eventually successfully realised during the term of office of the leftist cabinet led by Sergey Stanishev (10% income tax as of 1 January 2008). Although it is clear that it was the result of coinciding of ideas and interests, the introduction of the flat tax is a symbolic moment in our recent economic history. Due to the global character of the economic science we need to mention, without going into details, the great achievements of the Bulgarian economists working abroad who have merits (contributions) to the overall development of the economic science. Ilian Mihov (INSEAD, Singapore) is the most significant example, he is a former PhD student of Ben Bernanke. In this sense, if these scholars are viewed as Bulgarian economists, then Bulgaria is partially at least integrated in the global stream of economic science (in many respects similar to the positions the Bulgarians had in the period between the two World wars).

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Turning back to Ricardo Faucci's division of economists into *visionaries* and system-builders, i.e. *pragmatists*, we can definitely say that the Bulgarian economists fall under the second group, while great methodological and theoretical debates are lacking⁴¹ with few exceptions, such as Roumen Avramov's research works on the fundamental characteristics and historical determinants of Bulgaria's economic history. He holds the view that the communal, etatistic and anticapitalist conception of economy has always prevailed in Bulgaria and there is no way

³⁸ In Nenovsky (2007) a systemic attempt has been made at developing an expanded theory of the monetary order by integrating the power and force dimensions, interests, conflicts etc.

³⁹ <http://www.csd.bg/>

⁴⁰ <http://www.ime-bg.org/>

⁴¹ This is largely explained with the fact that these debates of general theoretical nature are considered sterile, perhaps mechanically following the sterility of theoretical discussions during socialism.

out of this situation, i.e., we can only hold pessimistic attitudes toward the future⁴². In this methodological line of research, historically and socially embedded economy, could be mentioned the works of Ludjev (2005), Daskalov (2005) and Prodanov (2003)⁴³.

If we try to systematise the studies of this period with regard to visions about the world and ideology, it is possible to distinguish, economists of mainly *liberal outlooks*, on the one hand, and those who are in favour of a larger degree of state interference into the economy (over time, the Marxist ideology, linguistically at least, has almost disappeared). The first group comprises the economists from IME, the Centre of Liberal Strategies (Roumen Avramov and Georgi Ganev, the economists from the Hayek Society, some of the economists at the Centre for the Study of Democracy, and most of the researchers at the BNB (at least in the period immediately following the introduction of the currency board arrangement). Under the second group, I would include the scholars at the Institute of Economics of Bulgarian Academy of Sciences and most of the university lecturers⁴⁴. It is interesting to note that the attitudes “in favour of or against” the currency board or the flat tax have become the dividing line between rightist versus leftist economic views.

In any case, due to the eclectic character of the views and the obvious difficulties of defining the range of paradigmatic frameworks of economic thought, it becomes an extremely tough task if we want to identify and group individual scholars. A solace, to me at least, is the position of the great scholar of economic thought Luigi Einaudi, expressed of course on a different occasion, but relating nevertheless to the assessment that we give to every economist. Einaudi believes that of importance is not the group to which a scholar belongs, but their contribution to the theory, or to cite him: “I stand behind my assertion that an author should be judged on their own account for their contribution to science: Adam Smith not as the head of the Liberal School, but for his contribution to this theory; Ricardo not as a classic, but as the propounder of the theory of incomes, production costs, and paper money; Cantillon not as a forerunner of

⁴² The work of Kamen Mirkovich, which is an attempt at a *new* synthesis of value and utility (Mirkovich, 2005), claims fundamental originality. I am not in a position to judge how much of these claims are justified.

⁴³ Dimiter Ludjev (political scientist) presents an interdisciplinary study of the social groups and their evolution in Bulgarian cities in the mid 20 century (when the socialist era starts). Roumen Daskalov (political scientist) in his monumental two volume book presents the evolution of Bulgarian society after independence in its economic, political, legal and cultural aspects. Vasil Prodanov (philosopher) presents his view on the place of Bulgaria in the global world. The three mentioned authors consider economy as integral part of society as a whole, when only the interdisciplinary research could bring useful knowledge.

⁴⁴ For example recently Ilia Balabanov (2008) from Bulgarian Academy of Sciences published interesting papers on Marxist methodology.

Physiocrats or of Liberals, but as the father of the entrepreneur doctrine or of the doctrine of the gradual and increasing influence, over time and space, of gold production” (Einaudi, 1956, p. 34).

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A few notes about the *economic periodicals* in Bulgaria. The collapse of the old system had an extremely adverse impact on the economic periodicals with the old journals deteriorating intellectually and falling off altogether, much unlike the other countries. New journals never appeared. The major economic journal *Economic Thought* continued to come out just as its single annual edition in English, while the other journal *Economic Studies*, which is conceptually more theoretical, after facing some problems, since 2001 has the structure and procedures of a modern referenced journal⁴⁵. My personal view is that these journals, which although gradually reached a relatively satisfactory level, hardly offer any inventive theoretical works of true merit (I mean economics outside Bulgaria). In a way, the sociologist journal *Sociological Issues* published in Bulgaria features significantly more interesting and original economic research papers. University journals (*Economic Alternatives*, UNWE; *National Economic Archive* (Academy of Economics, Svishtov) of course are still published. The main Universities issue their year-books and collections of works, which also feature theoretical articles⁴⁶. I would like to stress in particular the merits of the electronic interdisciplinary journal *Dialogue* (Svishtov), launched in 2001, which publishes a lot of original articles and translations of classical authors from the Austrian School mainly on the initiative of Ivan Vurbanov⁴⁷.

As regards *translated books*, a number of classic books have been translated by authors such as John Maynard Keynes, Milton Friedman, Joseph Schumpeter, Friedrich Hayek, Douglass North, Kenneth Galbraith, Frederic Bastiat. As well as the traditional textbooks of micro and macroeconomics, and the more specialised economic disciplines, such as the textbook on the theory of money and monetary policy by Frederic Mishkin, investment by Zvi Bodie etc. Overall, however, the translations do not follow any systematic pattern and the choice of titles and authors remains unclear, and the number of translated books is clearly behind those of other former socialist countries.

⁴⁵ See for more Yakimova and others (2001).

⁴⁶ <http://unwe.acad.bg/yearbook/>

⁴⁷ <http://www.uni-svishtov.bg/dialog/I-MagBg.htm>

It would also be informative to note the slow, yet steady improvement of the quality of doctoral theses, which although not offering any major novelties demonstrate a more or less reasonable level both as theory and as empirical, statistical and econometric research. In recent years, a number of theses of theoretical and applied character have been defended such as those by Silvia Trifonova, Svetoslav Petkov, Peter Chobanov, Guergana Mihailova, Darina Koleva, Irina Kazandzhieva, Ralitsa Ganeva, Kaloyan Ganev, Peter Ignatiev, Roumen Andreev, Stella Raleva, etc.⁴⁸.

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So, what are the conclusions from all this? I will offer three *concluding remarks*, which of course can be debated. They are associated respectively with some good news, some bad news, and some neutral news.

First, the bad news is that Bulgaria, just as the other Eastern European countries, *produced nothing new*. No new theories to reflect the system collapse were created not only in the former planned economies, but in the world thought as well. Despite the obvious prerequisites and the need for new theories that take account of the planned economy collapse, no such theories emerged and the theoretical contribution of the economic science to the transition is verging to zero. Not a trace of any original research in purely theoretical and conceptual terms. Nevertheless we do know, that in the past every crisis of the economic system led to fundamental changes in the economic theory, to mention just a few as the Marginal Revolution in 1870s or the appearance of Keynesianism or monetarism. This, of course, applies to the economic science both globally and regionally, Bulgaria being one vivid example. Unlike big countries (such as Russia⁴⁹, or even Romania) Bulgaria does not discuss at all even traditional, or shall we call them fundamental, topics such as whether to follow the universal development path, or look for something specific instead; the discussions on the proportion between theory and history; apriority and empirical verification, etc. Or, if this is happening, then it must be of such insignificant proportion or format that it is sure to go unnoticed.

⁴⁸ I do not mention the Bulgarians who have defended doctoral theses abroad, who are considerably more.

⁴⁹ See Andryushin (2003), Kirdina (2003).

Yet, the second, or good news, is that Bulgaria and the others former socialist courtiers are not the only “sterile” region. *The one to blame (allegorically of course) is the modern Western economic science*, which has been in a deep crisis for decades and has tried to get out of the situation by moving physically into the intellectual space of the former socialist countries, not unaided by the IMF, the numerous academic and grant programs. The Western economic thought in its existing form was absolutely unfit and even harmful in digesting and explaining the big transformation and hence encourage the origination of new theories. A futile scheme – that of the political economy of socialism – was substituted by a fruitless and “decaying” economic paradigm of the developed countries; the various schools in economics were looking for a field of expression and space to conquer; thus in general the basic paradigm of the neo-Keynesian synthesis came to prevail, which in my view is the most sterile of all combinations. As a result of this substitution and choice of mix we have the numerous works, which hardly anybody would care to read some years from now. In this sense, the crisis of the Bulgarian post-communist thought is a clear illustration of the general crisis of the economic science, a vivid example of futility and obscurity, as well as pretentiousness and wastefulness.

And third, the unclear news. *Something is going to change: new theories will emerge but when – it is not clear*. If we use Lenin’s metaphor, I think the economic science has entered its highest and ultimate phase – that of the general crisis, which would inevitably, sooner or later, give birth to something new. Or, would at least lead to competition and pluralism, which would allow new ideas to crop up and persevere. One example in support of this is recently the many petitions by different group of economists about pluralism in the economic science and teaching. However, it is not clear when this is going to happen, because with the resistance of the mainstream and of the entire academia, and their close relationship with authority and the economic interests, as well as the ability of the mainstream to engulf and recast all novelties, I do not see things readily changing.

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