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Economics – Bulgaria

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1. Analysis of the pre-1989 situation

The spectrum of Marxism-Leninism

In the period 1948-1989, Marxism-Leninism was not only the official but also the only allowed basis and framework for economic science, research, and the training of economics students at Bulgarian institutions of higher education.

In the period 1944-48, along with the changes in political life characterized by the Communist Party's complete takeover of power, Marxist-Leninist ideology was completely imposed in economic science and education. University lecturers whose views differed from the official ideology were dismissed from work – retired or fired.

Marxism-Leninism dominated economic science completely throughout the entire Communist period of the country's history. There were hardly any differences within the paradigm, with two exceptions: the problems of the market and the market character of socialism were posed and discussed at the beginning and at the end of the period.

At the beginning (1948-49), an eminent Bulgarian statistician and financier, Ivan Stefanov, at that time Minister of Finance, was an adherent of the idea of preserving a planned economy, but one open to European markets (Shapkarev, 1999: 10, 38). Soon after, he was fired and sent to work at the Bulgarian Academy of Sciences, BAS, where he established the Institute of Economics. Several months later, he was sentenced to life imprisonment in a typical Stalinist trial, similar to these in Hungary, Czechoslovakia, and Poland. Not until the 1960s and 1970s was market socialism discussed again. Then it was argued more broadly and with greater depth (Petrov, 1969; Popov and Milosherski, 1979) and became part of the common views of Orthodox Marxist-Leninist revisionism, which spread in most Eastern European countries.

The rest of the time, economic science in Bulgaria was settled within the framework of official Marxism-Leninism. What changes there were reflected the common changes in the political system. The period until 1956 was more dogmatic than the next period and was strongly colored by Stalinism. Afterward and especially during the 1970s and 1980s, discussion of improvements to the economic system began, but within the socialist framework. Almost every 5 years, new economic models were proposed to resolve the contradictions of the socialist economic system. The main problems discussed included "owners and managers", "organizational structure change", "extensive vs. intensive growth", and "workers' and directors' motivation". Discussion was actually more a pseudo-scientific argumentation about an imitation of changes than a search for solutions.

In 1989, at the very end of this period, an economic model was introduced that seemed at first sight radically different from Marxism-Leninism. The state was to withdraw from operative enterprise management; organization was to resemble company organization in countries with a market economy; private property, under the name of "citizens' property", was to gain recognition along with state and cooperative property; the establishment of Bulgarian companies abroad was to be stimulated, etc. This model was not introduced as a result of public debates, but was established and imposed from above. As practice in the next several years confirmed, this model turned out to be a very suitable framework to decapitalize state companies and transfer state assets to the possession of representatives of the nomenclatura.

Pre-war traditions

Economic science in Bulgaria developed along with the development and consolidation of the Bulgarian state and matured during the period between the two world wars. In the mid-1930s, totalitarian economic views began to spread; the traditional economic schools reacted critically against this. The pre-war tradition in economic science was discontinued during the period 1944-48, when Marxism-Leninism was imposed as the only possible framework of development of the field of economics.

The two main movements around which the representatives of economic science grouped were, first, the pragmatic, which addressed the problems of developing the national economy and, second, the theoretical, which comprised the Bulgarian representatives of basic theoretic schools of Western European economic theory.

The representatives of the first movement were mainly politicians or business representatives with ambitions in politics. The most eminent were Stefan Stambolov, who as Prime Minister from 1887-94 began Bulgaria's industrial protectionism, and Alexander Stamboliski, Prime Minister from 1919-23, who stressed the development of the farming sector, including the establishment of cooperation.

The main representatives of the second movement were Georgi Danailov (of the school of institutional history and social legislation), Simeon Demostenov (of the subjective school), and Ivan Kinkel (of the theory of the cyclic character of economic development). The most eminent representative of economic science in this period was Oskar Anderson (statistics, finance), one of the most famous Eastern European economists of the 20th century, who worked in Bulgaria for more than two decades. He and other economists, as university professors and researchers, established schools in various fields that played a significant role in the dissemination of their respective theories in Bulgaria. Most Bulgarian economists' contributions in the pre-war period were applied-scientifically oriented.

Probably the strongest school was the school of statistics. Along with Anderson, many statisticians worked in Bulgaria at that time, defending doctoral degrees at the most prestigious European and American universities – Kiril Popov, Prokopi Kiranov, Ivan Stefanov, Anastas Totev, and others. This group laid the foundations for modern statistics education at the institutions of higher education and for studies applying state-of-the-art statistical methods and approaches.

Between the two world wars, Bulgaria had a well-established network of institutions of higher education and economic studies. There were three specialized institutions of higher education in economics – the Balkan Near East Institute of Political Sciences (Balkanski blizkoiztochen institut za politicheski nauki, 1920, Sofia), the High School of Business (Visshe Targovsko Uchilishte, 1921, Varna), and the High School of Business (Visshe Targovsko Uchilishte, 1936, Svishtov). Studies were carried out at the Statistical Institute for Business Studies (Statisticheski Institut za stopanski prouchvania) at Sofia University (1934), the Institute for Farming Business Studies (Institut za zemedelsko-stopanski prouchvania) at the Agrarian Faculty, and elsewhere. The most prestigious scientific journals were *Spisanie na Balgarskoto ikonomichesko druzhestvo* (journal of the Bulgarian Economic Society, 1826-1944) and *Stopanska missal* (Economic Thought, 1929-1938), which was published by the Association of Economics Academicians in Bulgaria.

The impact of Western theories

Throughout the entire socialist period, Western theories had a very limited and indirect impact on the development of economic science in Bulgaria. The translation of books was limited to several old classic authors; access to original editions was limited; and only the field of econometrics applied modern methods and models.

An examination of the bibliographic editions shows that not a single book written by a Western economist was translated in Bulgaria until 1980. During the period 1981-1984, several books by Adam Smith, David Ricardo, and others were published. In the period 1981-1989, around a dozen books on

management were translated, most of them of a popular, rather than scientific, theoretical nature.

During this period, scholars and scientists could acquaint themselves with modern theories and economic studies by Western authors mainly by means of the controlled access to this literature. The main libraries in Bulgaria – the National Library, the Library of BAS, and others – possessed rich collections of books and journals on economics. For example, during the first decades, the Library of the Institute of Economics of the BAS (Ikonomicheski institut na BAN) bought dozens of books annually and afterward 150-200 per year; at the end of the 1980s, it had more than 4,700 books. During the period 1950-59, it subscribed to 40-50 periodicals; later, 150-190.

Most of this material was statistics or editions from international organizations – the UN, the Economic Commission for Europe, the International Labor Organization, and others. There were relatively few theoretical editions. For example, there were only 3-4 referenced theoretical journals.

Access to Western books and journals was supervised. The books and the journals were divided into two groups. The first group was defined as ideologically dangerous, and access to it was based on permission. Access to the other Western books and journals was based on registration. Not until the 1980s was the greater part of the Western economic literature made openly and freely accessible, in special reading rooms. Here we do not comment on the selection of and access to literature at the research centers of the Academy for Social Sciences and Social Management (Akademia za obshtestveni nauki i sotzialno upravlenie) of the Communist Party, because the supervision there was realized mainly by carefully selecting the people who worked there.

Under conditions of limited and supervised access to Western theories, their impact could be felt only in fields whose relationship to the official ideology was neutral, i.e., economic modeling. In 1962, a "Laboratory on Economic Modeling" was established at the Institute of Economics of the BAS. The training disciplines "Economic Modeling" and "Econometrics" started to be taught in many majors of the economics departments. This enabled modern models and econometric methods to be applied in the analysis of economic reality.

There were two approaches to econometrics. Representatives of the first (Mateev, 1987) thought economic modeling, combined with management computerization, could solve the problem of information insufficiency and establish the conditions to introduce an entire system for the centralized management of the national economy. The representatives of the second group were pragmatically oriented econometricians and used modern models and methods as technical instruments for economic problem solving. Their main interests were in the balance of inter-branch relations, optimization models, prognostic models, operational study, and the massive service theory.

One impact of Western theories was the growing interest in cybernetics and its effects on economic theory and management (Nikolov, 1968). Problems discussed included the economic base of value and the economic systems' cybernetic management base, but on the whole, this movement had limited impact.

As interest grew in the development of small and medium-sized enterprises (SMEs) in the developed countries and of a program to establish SMEs in Bulgaria, the problems of this sector began to be discussed in the mid-1980s. This made it possible to defend the position that SMEs are a vital, necessary constituent of any modern economy and to erode the position that the socialist economy should consist only of big enterprises.

Oppositional activities

The issue of oppositional activities in Bulgaria before 1989 is complex. The Communist Party's total control over social activity after 1948 made it impossible to publish any opinion of economists with oppositional attitudes. It was forbidden to disseminate foreign-published articles and books by oppositional authors living in the country.

In Bulgaria, views differing from the official ones existed and were discussed. These included the aforementioned discussions of a market socialism and of the opportunities to apply modern mathematical models and analysis methods, but the proponents of all such views presented them as attempts to improve the socialist economic system or to solve technical problems and as having nothing to do with politics. The difference in the views was not related to oppositional activity or the authors' distance from the official paradigm; they were therefore considered under other categories.

2. Redefinition of the discipline since 1990

The change of paradigms

Right after the democratic changes in Bulgaria in November 1989, Marxism-Leninism's claim to be the only foundation for economic science was abandoned. Lecturers and researchers in the field of economics very rapidly and facily adopted democratic values and the market economy. The real transformation of views and the mastering and application of new approaches and scientific instruments has in fact taken a longer time. Unlike in the natural sciences, in economics, all lecturers and researchers had to re-qualify in new, different fields. For econometricians and statisticians, re-qualification involved no huge changes, but even in these fields re-qualification was a necessary condition for successful scientific activity.

The basic ways re-qualification was and still is realized are self-training, participation in Western universities' programs, and joint studies with personnel from both East and West. Most scientists, especially of the young and middle generation, used all three paths to re-qualification in the new teaching and research fields they chose.

Two periods can be clearly differentiated in the process of paradigm change: until 1994-95 and thereafter. The first period was characterized by a massive invasion of translated or rehashed textbooks. Older lecturers and those who did not speak foreign languages, in particular, replaced terms only imitatively, using the "market language" of the overview without really changing the essence of the content. During this period there were almost no defended dissertations in economics and the number of habilitations radically decreased.

The second period as a whole saw a real change of paradigm by means of the scientists' re-qualification. The characteristic phenomena of the first period still exist, but they no longer dominate, and their significance is decreasing.

The change of elites

The change of elites is directly related to scientists' ability to re-qualify themselves and also has clearly expressed age, governmental, and institutional dimensions. The scope of the Bulgarian economic sciences' elite's activities includes the management of economic universities, faculties, departments, and research institutes and centers; scientific councils of these sections; the specialized scientific councils; and the membership of the national accreditation and attestation commissions.

The membership of the appointed bodies changed mainly during the previous period. This change came mainly for natural reasons, but at separate stages this process was speeded by "soft" administratively political measures. The institutes related to the Communist Party were closed down and the opportunity for members of the former Communist Party's leadership to be appointed to university managing positions was forbidden for the period of five years. The rejuvenation of the membership of the aforementioned bodies was encouraged. An accreditation system for institutions was introduced, as was the attestation of lecturers and researchers; this enabled and normalized the process of the natural change of elites.

New institutional structures

Substantial changes were implemented in the institutional structures of economic science in Bulgaria after 1989. These included closing down the party training and research centers, restructuring the other training centers, and establishing new, mainly non-governmental or private universities and research centers. Without being revolutionary, the change at the institutions was great enough to enable the redefining of academic science.

At BAS, the institutes in economic science were restructured entirely. The Institute of International Relations and Socialist Integration was closed down. The Institute of Economics was restructured after the institution was accredited and the employees received attestation. As a result of these measures, the number of economics researchers at BAS was reduced by more than three-quarters.

The institutions of higher education with economics majors also underwent considerable change. The three existing economics universities (in Sofia, Varna, and Svishtov) changed their inner structures and started restructuring their curricula in accordance with the requirements of the newly introduced three-stage educational system of Bachelor's, Master's, and Doctor's degrees. A National Agency for Evaluation and Accreditation (Natzionalna Agentzia za Otzenka I Akreditatzia) was established with the purpose of estimating the extent to which the universities, faculties, departments, and curricula corresponded to the current requirements for higher education. Seven universities established economic faculties. Three new private universities with serious training in economics started teaching students. Four new private colleges specialized in economics education were also founded.

The research institutes that were related to the government underwent great changes. The branch institutes of the individual ministries and of the Planning Committee were discontinued or privatized. An Agency for Analyses and Prognoses was founded; initially, it was affiliated with the Cabinet; for the last five years it has been at the Ministry of Finance. These institutions, as well as the analysis department with research center at the Bulgarian National Bank (BNB), prepare monthly, tri-monthly, semi-annual, and annual papers on the Bulgarian economic situation. These institutions' researchers also publish studies on other significant problems of economic development. Many new non-profit research centers were founded. Dozens of economics centers are registered, but only a few have prevailed and succeeded in finding their own niches in economic studies. These changes have resulted in a new network of research and educational institutions, creating the conditions for conducting pluralistic economic studies.

Rehabilitation, repatriation, new departures

Since there was little clearly stated oppositional activity, the question of rehabilitation for scientists persecuted by the regime was not on the agenda. At the very end of the communist period (1989), four university lecturers, one of them a professor of political economy, protested against the personal regime of Todor Jivkov and thus fell into disgrace. Their rights were reestablished immediately after November 1989. There is no case of famous economics researchers returning from emigration. There have been several cases of favorable cooperation in which Bulgarians worked at Western universities, developed cooperative projects, or collaborated on publications (see e.g. Zloch-Christy, 1996). The number of economists emigrating from Bulgaria increased over the last decade. These are representatives of the young and middle generations. Some of them have taken good positions at universities and research centers, including posts in international organizations. This has a positive impact, because it establishes the conditions for expanding the geographic scope of and for more profound research on economic problematics related to Bulgaria.

3. Core theoretical and methodological orientations

The revival and adaptation of major pre-war traditions

Considering the time passed and the development of economic theory in the second half of the 20th century, the revival of pre-war traditions in Bulgaria is quite unlikely. Interest is increasing in the theoretical heritage of the pre-war period and in the personal contributions of individuals who played important roles – not only scientists, but also businessmen and politicians who applied a particular economic policy. One such example is the reviving interest in the personality of Stefan Stambolov and in his policy of protecting Bulgarian business development. But most people realize that protectionism is impossible in the contemporary world. This interest provides a basis for a more accurate estimation of persons and events in the history of economic and political theory.

New East-West asymmetries

In the last 12 years, a large step was taken toward integrating Bulgarian economics in world science. Hundreds of joint research and education projects were carried out, dozens of joint scientific conferences were organized, and hundreds of Bulgarian economists presented their scientific reports at international seminars and conferences. Most research workers and lecturers attended short- or long-term specialization training at leading research centers and universities. Many of them know personally and work together with the best specialists in their fields. Many Western European scientists co-publish in foreign editions or in foreign languages with their Bulgarian colleagues.

The specifics of a studied topic, i.e., the transition to market economy, accession to the European Union, specific problems of Southeastern Europe and Bulgaria, often made cooperation a necessary precondition for the successful completion of a project. The transfer of know-how had to be combined with Bulgarian participants' expert knowledge of both national and regional specifics. Gaps in Bulgarian economists' knowledge of theory and methodology remain to be filled, and the great asymmetry in knowledge existing at the beginning of the period must still be gradually overcome.

New approaches

The methodology and methods of research have been completely revamped. This has involved the mastery of new, previously unapplied approaches and the application of familiar methods that were unused either because economic practice did not require them or because social and political conditions ruled out their application.

The transformation of economic science also affected the ratio of quantitative to qualitative approaches. On the whole, quantitative approaches to acquiring new knowledge took greater importance. Empirical research and the induction method have found very broad application. For example, a variety of new methods are applied in the study of enterprises. Case studies are widely applied, including sample-based questionnaire inquiries.

4. Thematic orientation and funding

Transition as a major or exclusive object of study

The transition to a market economy had a very strong impact on the nature and scope of economic research after 1989. This is quite obvious, since the whole economy had to be transformed and restructured; the process had started, but the ways, approaches, and outcomes were not clear.

The problems to be studied were of common concern to all Eastern European countries, though some of them proved to be particularly severe and stubborn in Bulgaria.

One of the first issues provoking heated discussion was the depth and sequence of reforms: whether there should be a "shock therapy" or a sequence of small, even steps. Decisions on this issue are politically very sensitive. In Bulgaria, these problems were solved very inconsistently. The first 8 years of the transition period saw only a simulation of reforms, and the reluctance to implement fast, thorough reforms in the economy was justified by the need to preserve the living standard of the population. As a result, the Bulgarian economy registered one of the deepest slumps among the Eastern European countries, combined with a total decapitalization of state enterprises and mass impoverishment of the population. Not until 1997 were stabilization on the macroeconomic level and annual economic growth rates of 4-6% achieved.

Another set of debated issues was ownership structures and the process of privatization. In the early stages of transition, the view was widely shared that a market economy can successfully operate under prevailing state ownership and that therefore there was no need to accelerate the privatization of state-owned enterprises. The delay of privatization in Bulgaria was accompanied by the actual refusal of the state to exert control over state enterprises, thus facilitating their decapitalization. Issues to be mentioned in this regard include: enterprise restructuring, including managerial and organizational restructuring; financial recovery; and the bad loans problem. The social and economic problems of transition are another large set of studied issues. Unemployment and the labor market and the transformation of pension and social insurance systems were widely discussed, as well.

The topics of research changed considerably after 1997. The reasons for this include the implementation of the currency board, which provided the conditions for macroeconomic stability; the privatization of most enterprises; and the start of negotiations for accession to the EU. In this way, some of the debated problems found their solution. On the other hand, answers were also provided by the more successful experience of the Central European countries. As a result, the focus of research, especially after 1999, moved from transition to the market economy to Bulgaria's accession to the European Union.

The currency board is one of the issues most discussed after 1997. Due to its importance, it is considered both independently and from the viewpoint of the accession process. Actually, the critics of the currency board regularly find reasons to re-start the discussion. Their main arguments are that the currency board reduces the competitiveness of enterprises, increases the trade deficit, and prevents incomes from rising, which could be used as a tool to accelerate economic growth. The opposing arguments of the adherents of the currency board are that macroeconomic stability facilitates the rationalization of enterprises, that the trade deficit does not result from the currency board, but is inherent to all Central European countries, and that Bulgaria has a real opportunity to end the currency board by integrating in the EU and replacing the BG Lev with the Euro. Besides, they argue, payments are balanced and the foreign exchange reserve is increasing, so there is no reason to put the currency board on the agenda.

Various aspects of the accession process are analyzed. The terms of accession with the EU are discussed from the viewpoint of Bulgaria's readiness to meet the economic membership criteria and the need to improve the economy's competitiveness. The potential benefits and losses of integration are estimated. Following the crisis in Kosovo and the Stability Pact initiative, the issue of Balkan economic cooperation versus European integration became very current. Fears are often expressed that a greater focus on cooperation within the region, where only Bulgaria and Romania have started integration negotiations, might delay or even substitute for EU membership.

In the past period, researchers' interests included some other problems as well, such as those of corporate management, SMEs, and the shadow economy. Analysis of corporate management focused on state enterprises' corporatisation, control system efficiency, the protection of minority shareholders, etc. The problems discussed about SMEs involved sector development, enterprise financing, the identification of target groups for assistance, etc. Interest in the shadow economy focused on

measurement, the conditions and factors of its existence, and ways to reduce its scope. Interest is also increasing in corruption, including its measurement, reasons, and factors, the spheres most affected, its impact on the economy, and its relation to the accession process.

The choice of themes

Research themes are selected on both institutional and individual levels. Individual research is often financed externally on a project basis, so the priorities of the financing institutions and research programs play a very important role.

The national academic research institutes determine research priorities, accounting for the priorities of the countries and the potential of their associates. After the start of negotiations for integration, the Institute of Economics at BAS determined the priorities of its research activity.

There are two types of non-governmental research centers: with and without a clearly defined field of research. The first try to carry out projects in the field they feel has the strongest research potential. The second attempt to get involved in numerous projects in various fields. In most of the latter cases, permanent staff is small and the centers rely on attracting outside experts to accomplish the research projects.

The impact of thematic orientations on institutional structures

Changes in the thematic orientation of economic research had a definite impact on both the institutional structure of economic science in Bulgaria and on the internal organizational structure of large research centers.

Non-governmental research centers were created entirely in connection with the new problems of the country's economic development. Terms like the market economy, entrepreneurship development, the study of democracy, liberal strategies, etc. are only a few of the key words in the names of these centers. They clearly indicate the orientation of their research activities.

A large number of institutes in the governmental sector were closed down because their thematic orientation, for instance planning, proved to be inadequate to the new problems. The newly established centers, like the Agency for Economic Analysis and Forecasts, meet the demands of new realities in both the selection of researchers and their thematic orientation.

The restructuring of academic institutes is also determined by the change in research themes. The Institute of International Relations and Socialist Integration was closed down mainly because its former thematic orientation was inadequate. The Institute of Economics was accredited, leading to the determination of new research domains, followed by a fundamental change in the Institute's internal structure.

Private vs. public funding

The change in funding structure is one of the most substantial changes affecting economic science. Generally, funding is insufficient in volume. Its sources are diversified but incomplete in coverage.

Budget funding was sharply reduced not only in absolute values, but also as a share of GDP. Some of the budget funds are directed to project financing through the Scientific Research Fund. The funds are very limited, the share of all social sciences being only 3 percent.

Business has no practical importance as a source of funding for economic science. The grave financial condition of companies and the lack of incentive to fund and sponsor research prevent them from participating in science funding.

International programs are the major source of research project financing. Non-governmental research centers are actually the sole source of funding, while some of the budget-subsidized organizations use them as an important tool for diversifying funding.

5. Public space and academic debates

Debated themes, problems, methods

The problems of academic science and higher education – the organization, restructuring, and financing of science, as well as the relation between studies and education – have been the subject of numerous public discussions.

As a result of these discussions, a new law on higher education was passed and a restructuring of the educational system began. A three-stage educational system was introduced, with Bachelor's, Master's, and Doctor's degrees. A restructuring of the curricula and major content started according to the requirements of this scheme. Efforts were made to improve universities' management and material equipment. A National Agency for Evaluation and Accreditation (NAEA) was established.

During the last 12 years, interest in economic education in Bulgaria has been strong. The number of economics students increased more than tenfold. This enabled the establishment of new faculties and new departments, but most do not have sufficiently good programs or qualified lecturers. The radically increased number of students does not help restructuring, because it means lecturers who have not changed the content of their subjects can deliver lectures. The hope is that NAEA can help eliminate the weaknesses by setting requirements for universities, faculties, institutions, and the major curricula at their accreditation.

The discussions about restructuring academic science led to significant changes. The Agricultural Academy was closed down, while its institutes were transferred to the supervision of the Ministry of Agriculture. At the Bulgarian Academy of Science, the institutes were accredited and the scientists attested, leading to a 20% decrease in the number of institutes and a 40% decrease in the number of scientists. The consequences of restructuring were greater in economic science. One of the two institutes was closed down, while the number of scientists decreased to less than a quarter.

The question of the necessity of an Academy with research institutes was discussed very heatedly. Some argued that this was a Soviet type of institution, while science in the developed Western countries is conducted in research centers at universities. Others insisted that the Academy of Sciences in Bulgaria was an institution with long traditions, founded before the country's liberation, and also that many Western countries had national networks of research centers and closing down the institutes of the Academy would reflect unfavorably on the national scientific potential. What everyone agrees on is that science and education should be implemented together.

The solution of this problem of academic economics was to open the Institute of Economics of BAS to students' education. The Institute established a joint business faculty with the University at Veliko Turnovo and trains students on behalf of the university. Apart from this, it organizes joint MBA programs with other universities. This approach makes it possible to solve the problem of combining education with research at one institution.

Principal academic journals

The main academic journals in Bulgaria are the *Ikonomicheska misal* (Economic Thought) and the series *Ikonomicheski izsledvania* (Economic Studies). *Economic Thought* comes out 6 times per year and covers the entire spectrum of economics. It is a national scientific/theoretical journal published by the Institute of Economics of the BAS. The editors of the journal are well-known economists, representatives of the main academic centers in the country. They accept articles with proven scientific merits and contributions to the theory and practice of economics. Each article is read by at least two editors. Many issues of the journal contain materials written by famous foreign authors (both classic and contemporary); some of them are written especially for the journal. All articles have a summary in English.

Economic Thought contains discussion of the problems of economic reform and of business policy in the Bulgarian economy, including the problems of the financial system, privatization, the new industrial policy, the development of priority industries and sectors in the Bulgarian economy, social problems, international economic cooperation, and integration in worldwide economic structures. From 1985 until 1992, the journal came out once a year in Russian and English. From 1992 until now, one issue is published in English; it includes articles by Bulgarian authors on the problems of the Bulgarian economy. The journal has a circulation of 500. 90 copies are disseminated among the largest libraries in the world.

Economic Studies publishes articles with the results of scientific studies on significant and interesting modern economic problems. The articles in this journal are longer – up to 40 pages. The series *Economic Studies* was founded in 1950 as *Izvestia na ikonomicheskia institut* (Announcements of the Economic Institute). In 1985, it took its present name: *Economic Studies*. Since 1998, the series has been published by the Institute of Economics BAS along with the Academy of Economics (Stopanska Akademia – "D.A. Tsenov") and since 2000 also in collaboration with the Economic University (Ikonomicheski Universitet) Varna. The edition has had a national scope since 2001. *Economic Studies* publishes the results of the studies of scientists from the whole country on a broad spectrum of economic problems – economic policy, branch restructuring, regional and ecological policy, financial and fiscal problems of transition, company ownership and behavior, social insurance, foreign economic relations, and European integration. The studies are published after two positive reviews. Each study is accompanied by a summary in English. *Economic Studies* comes out three times yearly with a circulation of 500. Apart from Bulgaria, it is subscribed to by more than 50 large foreign national libraries, international organizations' libraries, and libraries of well-known universities.

Selection of publications in world languages

The opening of the country after 1989 was an exceptionally favorable opportunity to publish works by Bulgarian authors in the world languages, mainly English. This is of particular significance for economics. The representatives of other fields, i.e., the natural and hard sciences, had the opportunity to establish contact with world science as well as to publish in approved scientific editions even before 1989. But this was out of the question for economic science.

The publications are not distributed evenly among the various languages. More than 90% of the journal articles and books published are in English, because of the role that the English language plays as a means of communication in modern science. Many famous journals or publishing houses publish in English even if they are not situated in English-speaking countries. Moreover, the working language of almost all conferences is English and it is customary for conference papers to be published in English, as well.

The geographic dissemination of these publications is very wide. The European countries – Great Britain, France, Germany, Holland, Belgium, Greece, and others – have the largest share. Of countries outside Europe, the USA (Smatrakalev, 1998; *The Economics of Sustainable Agriculture*, 1993), and Japan (Loukanova, 1998; Dimitrov, 1994) publish Bulgarian economists most often. The journals Bulgarian economists most often publish in are: *Europe-Asia Studies* – (e.g. Minassian, 1998; Peev, 1995; Minassian, 1994), *MOCT-MOST* – (e.g. Avramov and Sgard, 1996; Dobrinsky, 1994), *South East Europe Review* – (e.g. Houbenova-Delisivkova, 1998; Mintchev, 1999), *Economic Systems* – (e.g. Peev and Hare, 1995), and *Revue d'etudes comparatives Est-Ouest* – (e.g. Mintchev, 1999). They also publish in the series of *ILO* – (e.g. Beleva and Tzanov, 2001; Tzanov, 1998), the *World Bank* – (e.g. Djankov and Hoekman, 1996), and other international organizations. The eminent publishing houses that publish the most Bulgarian economists are Avebury/Ashgate – (e.g. Petrakos and Totev, 2000; Vladimirova and Rangelova, 1998; ZlochæChristy, 1996; Jones and Miller, 1997; Todorov, 1994), Edward Elgar Publ. – (e.g. Keremidchiev, 1999; Helmenstein, 1998), Kluwer Academic Press – (e.g. Chobanova, 1999; Danchev, 1999), and Dartmouth Publ. Co. – (e.g. Rangelova,

1995; Houbenova-Delisivkova, 1994).

Some English-language publications are also released in Bulgaria. The journal *Economic Thought* publishes one issue yearly in English. The results of many joint research projects and international conferences are also published in English by Bulgarian publishing houses – (e.g. Dimitrov, Andreff, and Csaba, 1999; Tchipev, Backhaus, and Stephen, 1998; Dimitrov, 1997; Angelov et al., 1997; Nenova and Kanavese, 1996; Dimitrov and Todorov, 1996; Avramov and Antonov, 1994).

Most of these publications are related to the problems of transition and Bulgaria's integration in the EU, and they are published in journals that specialize in these themes. Still only a few articles are published in theoretical journals specialized in the separate fields of economic science like *International Journal of Urban and Regional Research* – (e.g. Totev and Petrakos, 2000), *Small Business Economics* – (e.g. Rangelova and Bartlett, 1997), and *Economic Analysis* – (e.g. Estrin, Dimitrov, and Richet, 1998). There are two reasons for this. First, the problems of transition and integration are the most topical and studied. Second, the necessity for economists to thoroughly requalify themselves and the short time passed have not permitted the accumulation of knowledge that would facilitate Bulgarian economists in making theoretical contributions.

New manuals, databases

After 1989, access to new economic literature published in Bulgaria and other countries improved considerably.

During the first years, the lack of new literature was combated mainly through purchases and donations. The donations, especially of textbooks, played a significant role, since Bulgaria suffered financial difficulties similar to those of other Eastern European countries. The main university and scientific libraries received donations of textbooks in the basic economic subjects. The most active donors were the SABRE Foundation, the Volkswagen Foundation, and others. Donated were the Edward Elgar Reference Collection with Critical Writings in Economics (15 volumes), the North Holland Manuals in the basic economic fields (15 volumes), and – at the main libraries – other significant series with key works and reference books.

Immediately after 1989, Bulgaria started publishing new economic literature, initially translated and later also original works. New textbooks were written in almost all training subjects, and reference literature was published. An Economic Encyclopedia consisting of 5,000 articles and economic terms is forthcoming (2002).

6. Views on further development

International cooperation

After 1989, economic science in Bulgaria made serious steps toward overcoming its former isolation. Stable relationships were established with the main research centers in the EU countries and in other countries as well. Bulgarian researchers accumulated experience through specialization and participation in many joint international projects and conferences.

Cooperation with the EU member countries is the most dynamic sphere. Before 1989, Bulgaria was among the countries with practically no contacts with Western European science. The start of EU research programs directed at assisting research in the transition economies facilitated cooperation.

The PHARE-ACE Program is one of the programs that has had the strongest effect on cooperation. Bulgarian economists' participation has been quite successful, since the projects they won are comparable to the projects won by Hungary or the Czech Republic, for instance. Programs like COST, TEMPUS (higher education restructuring), NATO economic programs, etc. had an important impact as

well. In the framework of international programs, most the active cooperation was established with Germany and the UK. The second most intense contacts are with Greece, France, Belgium, and Holland.

Cooperation with other Eastern European countries is determined by two main factors – the similarity of the problems studied and the opportunities for external funding. This explains why contacts are most intense with countries that are Bulgaria's partners in same international funding programs. Among these, the most intensive cooperation is maintained with the Central European countries, i.e., Poland, Hungary, and the Czech Republic.

International programs for funding cooperation in the field of economic research are a good basis for creating research networks. For Bulgaria, multinational cooperation is more important than bilateral cooperation. But given the advanced stage of this process, it continues developing even with bilateral projects.

Most international cooperation is based on projects. It is usually carried out on an informal basis, often accounting for the researchers' institutional affiliation. The experience of the first year after opening 5 Framework Programme for Bulgaria shows that participation mostly takes the form of partnerships in joint research projects. Results achieved on other research programs are good prerequisites for Bulgarian economists to successfully enter the single European research area.

The impact of accession

The accession process affects economic research in several ways. There is an increase in funding. The thematic orientation of programs is changed. Like other accession countries, Bulgaria has access to EU research programs. This opens new financing opportunities, but at the same time presents a challenge to the participants. The priorities of the EU programs are related to EU problems, not to CEE problems, as was the case in the PHARE Program, where CEE researchers had comparative advantages as local experts, which made them competitive in a familiar field of study. Another considerable change imposed by the accession process is the more pragmatic orientation of research. Most accession-assisting funding is directed at investment projects, including infrastructure, increasing the capacity of administration, managers, and entrepreneurs, assistance to agriculture, and regional development. Part of the funding is allocated to research, but with a strong eye to practical application. Various ways the accession process affects economic research will pose new challenges for scientists and research institutes to adjust to these new realities.

The problem of the „brain drain“

As a whole, Bulgarian economic science is not affected by the "brain drain" problem. Compared with other countries or with other fields in Bulgaria, like informatics, the problem is insignificant.

The peaks of the emigration of scientists were in 1991-1992 and 1994-1995, a close correlation with worsening economic and political conditions for work. The total number of economists who have emigrated is estimated at no more than 20. There are a greater number of scientists permanently working at foreign universities, research centers, including international organizations, who have graduated and started their career abroad.

Within certain limits, the "brain drain" has a positive effect on local science. Having Bulgarian scientists abroad creates preconditions for intensifying cooperation with other research centers, for participation in projects, and for the organization of joint conferences and workshops. This is also a prerequisite for an increasing interest in local problems and for broader geographical coverage of research on these problems.

In the future, the "brain drain" is hardly expected to reach a level that might endanger national science. Instead, there are prospects for a more intensive short-term and long-term mobility of Bulgarian economists as a part of the integration in the European research area.

Table 1.**Main research orientations of the Institute of Economics at the Bulgarian Academy of Sciences**

Strategy for Economic Development	Strategic and middle term aspects of Bulgarian economic development.
	Industrial and agricultural policy. Structural development of the sectors.
	Analyzing changes in the influence of economic development factors.
	Taxation and financial problems.
	Harmonization and measurement of macroeconomic indicators in accordance with the standards of the European Union.
	Development of a national science policy and strategy in with those of the European Union.
Competitiveness of the Bulgarian Economy	Factors defining international competitiveness.
	Evaluation of competitiveness, determination of priority economic spheres, defining economic policy – national and sector studies.
	Economic problems of national innovation system – investment strategy and policy.
	Evaluation of the firms' development status, possibilities for effective progress.
	Firm policy for innovation and competitiveness. Creation of a new firm's market strategies responding to the European market's requirements.
Restructuring of Enterprises	Attracting foreign investments.
	The new role of the SMEs in the economic development.
	Establishment of economic institutional structures and synchronizing their functions with those of the European Union.
	Development of corporate governance in accordance with European Union criteria.
	Public monopolies – their role, development, problems, and perspectives.
Social Policy and Employment	Strategies and policies to improve the living standard and overcome poverty and unemployment.
	New strategies, policies, and practices concerning risk groups. Minorities – social and economic dimensions.
	Labor market adjustments – national and regional level.
	Development and adaptation of the labor market concerning people's free movement. Migration processes.
	Investing in the human factor – education and training. The role of the state and of social partnership.
Agriculture and Agricultural Policy	Creation of a modern and competitive agricultural sector.
	Creation of market and technological infrastructure for the agricultural sector.
	Achieving the European standards of production of and trade in agricultural goods.
	Harmonization of agricultural policy and institutions to the Common Agricultural Policy of the European Union.
Regional Policy and the Environment	Sustainable development of agriculture and rural regions.
	Development of regional and structural policy in accordance with the European Union's system. Divergence/convergence problems.
	Cross-border cooperation in the process of integration in European structures.
	Southeastern European countries' integration and cooperation processes.
	Harmonization of ecological norms and legislation with those of the European Union.
EU Integration and Foreign Economic Policy	Development of convergence criteria and Bulgaria's opportunities to respond to them.
	Evaluation of the progress of the associated countries.
	Financial and currencies problems of EU accession.
	Bulgaria's trade relations with the countries of the European Union – effectiveness and stability.
	Harmonization of Bulgaria's trade regime with those of the European Union.

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