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## THE STATE OF ECONOMICS IN BULGARIA \*

The paper outlines the contemporary state of the economic science in Bulgaria, acquired as a result of the changes over the last 12 years. The analysis is carried out in five major directions – predefining of the subject, main theoretical and methodological orientations, thematic orientation and financing, social space and academic debates and views for further development. The situation before 1989 is briefly presented in order to position and understand clearer the issues and processes of development. The different directions have been chosen in a way that they ensure comparativeness between the different countries.

The main conclusions are that the economic science in Bulgaria has undergone through sufficiently serious and deep changes in the topics and methodology of research and education, in its connection with the world, incl. Especially the European economic science, which is a good prerequisite for successful inclusion of the Bulgarian economists in the unified European research space.

JEL: A11, B25, A19

The changes after 1989 left a big sign on the development of the economic science in Bulgaria. Topics, methodology, institutions for research and education, financing, were changed. At the same time a fast process of opening and integration of the national into the world economic science was made.

Many Bulgarian authors have analyzed and discussed different problems or aspects of its transformation – its connection with the changes in the society,<sup>1</sup> its

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\* The article is part of the project "The state of three disciplines of the social sciences in Central and Eastern Europe", coordinated by Max Kaase and Vera Sparshuh, financed by 5<sup>th</sup> Framework program of the European Commission "Improving the human research potential and the base for social-economic knowledge". Participants in the project are Collegium Budapest, Institute of Advanced Study, Budapest, Informations Zentrum Sozialwissenschaften, Berlin, Institut für die Wissenschaften vom Menschen, Vienna, Maison des Sciences de l'Homme, Paris.

The author thanks to L. Chaba, Fr. Turnovets, G. Menzinger, U. Horvat, T. Kovalik and all who participated in the discussion of the material at conference in Budapest, to R. Avramov, who participated in the discussions of the Paper for Bulgaria, to G. Minassian and St. Totev, who participated in the preliminary discussion of the material, and especially to the reviewers St. Savob and K. Mirkovich. Each of them gave valuable notes and recommendations, which helped the improvement of the article. Of course the author holds the full responsibility for all statements and conclusions and hopes that as a first experience to present the whole picture of the state of the economic science and the changes in it in the last 12 years the article will provoke interest and discussions, usefull for our science.

<sup>1</sup> *Balabanov, I.* The role of the economic science in the carrying out of the social economic reform. – *Economic Thought*, 1986, N 3, 22-25; *Vodenicharov, B.* Is the prestige of the economic science real? – *Economy*, 1995, N 11, 36-37; *Dimitrov, A.* The economic science and the economic changes. – *Economic Thought*, 1996, N 3, 3-21; *Rangelova, R.* Social sciences and ethic changes of the business. – In: *The social sciences and the social changes in Bulgaria*. Sofia, Acad. Publ. House "Prof. Marin Drinov", 1998, 146-155.

implementation in the higher education,<sup>2</sup> in different areas of science,<sup>3</sup> different institutions<sup>4</sup> or its connection with the pre-war economic thought.<sup>5</sup>

The objective here is to present the situation of the economic science, sociology and political science in the 10 CEE countries, which have begun negotiations for accession to EU. In order to ensure comparativeness of the results, to the 3 sciences in the 10 countries has been an unified approach applied and all authors use the same structure of presentation. As a result some issues have been outlined, not very topical for Bulgaria, while some others – more topical, have remained outside the range of the development.

### **Analysis of pre-1989 situation**

*Spectrum of Marxism-Leninism.* Within the framework of 1948 - 1989 the Marxism-Leninism was not only the official but also the only allowed basis and framework for the economic science and the researches as well as the training of students-economists at the Bulgarian Higher Schools.

During the period 1944-1948, along with the changes in the political life, characterised by the take-over of the entire power by the Communist party, there was imposed a total reign of the Marxism-Leninism ideology on the economic science and education. The university lecturers with views different from the official ideology were dismissed from work – retired or fired.

The Marxism-Leninism dominated totally the economic science during the entire Communist period of the country's history. It almost can not be spoken of differences inside the paradigm. The exceptions are two – at the beginning and in the end of the period when there were set and discussed the problems of the market and the market character of socialism.

In the first case (1948-49) one of the eminent Bulgarian statisticians and financiers – Ivan Stefanov, who at that time was a Minister of Finance, supported the idea of the preservation of planned economy, open to the European countries' markets.<sup>6</sup> Soon after he was fired and sent to work in BAS, where he established the Economic Institute. Several months later he was sentenced to death imprisonment by a typical Stalinist trial, similar to those in Hungary, Czechoslovakia and Poland.

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<sup>2</sup> 80 years Economic University – Varna. – News. Journal of EU – Varna, 2000, N1; *Kunev, M., S. Savov.* The higher economic education. – *Economy*, 1993, N 10, 26-27.

<sup>3</sup> *Petkov, L.* Directions for development of the agricultural economic science. – *Economic Thought*, 1996, N 4, 31-39; *Tsanov, V.* The economic science and the studying of the social problems. – *Economic Thought*, 1996, N 4, 24-30.

<sup>4</sup> *Sabotinov, N.* Bulgarian academy of sciences and the European integration – state and perspectives. – *Journal of BAS*, 1999, N 1, 48-53.

<sup>5</sup> *Trifonov, T.* In search for the lost influence of the prewar Bulgarian neoclassicism on the contemporary corporative economics. – *Economic Thought*, 2000, N 2, 3-25.

<sup>6</sup> *Shapkarev, P. et al.* One hundred years from the birth of academicien Ivan Stefanov (1899-1999). Sofia, Prof. Marin Drinov Publishing House (in Bulgarian), 1999.

The second, not until the 60s and 70s, there was a discussion of the market socialism topic. It was argued broadly and more profoundly<sup>7</sup> and was part of the common views of the Orthodox Marxism-Leninism revision, spread in most of the East-European countries.

During the rest of the time the economic science in Bulgaria was settled within the framework of the official Marxism-Leninism. The changes reflected the common changes in the political system. The period before 1956 was more dogmatic than the period that followed and was strongly affected by the Stalinism. Afterwards and especially during the 70s and 80s, there began discussions about economic system improvement but within the Socialist framework. Almost every 5 years there were proposed new economic models to solve the contradictions of the Socialist economic system. The main issues discussed at that time concerned “the owner and the manager”, “the organizational structure change”, “extensive against intensive growth”, “workers’ and directors’ stimulation” and others. Actually it was more about imitation of changes that claimed to be pseudo-scientific than searching for solutions.

In the very end of the discussed period – 1989, there was introduced in Bulgaria an economic model that was at first sight radically different from Marxism-Leninism. The state withdraws from the operative enterprise management; the organization is similar to the company organization borrowed from the countries with market economy, the private property under the name of “citizens’ property” gains recognition along with the state and co-operative property, the establishment of Bulgarian companies abroad is stimulated, etc. This model was not introduced as a result of social discussion but was established and imposed by the authorities. As practice during the following years confirmed, this model turned out to be a very proper framework of state companies’ decapitalization and state assets transfer to property of nomenclature representatives.

*Pre-war traditions.* The economic science in Bulgaria develops along with the development and consolidation of the Bulgarian state and reaches its mature stage between the two World wars. From the mid 30s of the 20th century there started to spread totalitarian economic views, against which the representatives of the already established traditional economic schools reacted critically. The pre-war tradition in the economic science was discontinued between 1944 and 1948, when Marxism-Leninism was imposed as the only possible framework of the economics development.

The main movements, around which there can be grouped the economic science representatives are two – pragmatical, directed at the problems of the national economy development and theoretical, which includes the representatives in Bulgaria of basic theoretic schools of the West-European economic theory.

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<sup>7</sup> Petrov, G. Market relations and pricing in socialism. Sofia, Nauka i Izkustvo, 1969, p. 446; Popov, N. and A. Miloshevski. Market relations in socialism. Sofia, Nauka i Izkustvo, 1979, p. 188.

The representatives of the first movement are mainly politicians or business representatives with ambitions in politics. Most eminent representatives were Stefan Stambolov, who as Prime-minister (1887-94) set the beginning of the Bulgarian industry protectionism and Alexander Stamboliiski, Prime-minister (1919-23), who stressed on the farming sector development, including also co-operation establishment.

Main representatives of the second movement were Georgi Danailov (institutional-history and socials and legislative school), Simeon Demostenov (subjective school), Ivan Kinkel (theory of the economic development cyclic character). Most eminent representative of the economic science of that period was Oscar Anderson (statistics, finance), one of the most famous East-European scientists-economists of the 20-th century, who worked in Bulgaria more than two decades. This one and other scientists-economists as university professors and researchers establish schools in the corresponding fields, which played a significant role for dissemination in Bulgaria of the corresponding theory. In most of the cases the Pre-war period Bulgarian economists' contributions were of theoretically applicable nature.

Probably the strongest school was the school in the field of statistics. Apart from O. Anderson many statisticians worked at that time in Bulgaria, who defended PhD degrees at the most prestigious European and American universities – Kiril Popov, Prokopi Kiranov, Ivan Stefanov, Anastas Totev and others. This group set the foundations of the modern statistics education at the Higher schools and subjects, in which the newest statistical methods and approaches of the time were applied.

Between the two world wars in Bulgaria there existed a well-established network of institutions for higher education and economic studies. There were 3 specialized Higher schools of Economy – The Balkan Near-East Institute on political sciences (Balkanski blizkoiztochen institut za politicheski nauki)(1920, Sofia), Higher school of business (Visshe Targovsko Uchilishte) (1921, Varna), Higher school of business (Visshe Targovsko Uchilishte) (1936, Svishtov). The studies were carried out at the Statistical institute for business studies (Statisticheski Institut za stopanski prouchvania) at the Sofia University (1934), the Institute for farming-business studies (Institut za zemedelsko-stopanski prouchvania) at the Agrarian faculty and others. The most prestigious scientific journals were *Spisanie na Balgarskoto ikonomichesko druzhestvo* (Journal of the Bulgarian economic society) (1826-1944) and journal *Stopanska missal* (Economic thought) (1929-1938), which were an edition of the Association of the economists-academicians in Bulgaria.

*Impact of Western theories.* During the entire socialist period the Western theories had a very limited and indirect impact over the economic science development in Bulgaria. The translation of books was limited to several old Classical authors; the access to original editions was limited and only in the field of econometrics one could speak about application of modern methods and models.

The reference to the bibliographic editions shows that before 1980 in Bulgaria there had not been translated a single book, written by a Western author -

economist. During the period 1981-1984 there were published several books by A. Smith, D. Ricardo and others. Moreover, during the period 1981-1989 there were translated around a dozen of books on management, most of which were of popular nature but were not scientific, theoretical editions.

During that period the acquaintance with the modern theories and economic studies of Western authors could be implemented 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 considerably rich collections of books and journals in the field of economy. For example the Library of the Economic Institute of BAS (Ikonomicheski institut na BAN) during the first decades was filled in with tens of books annually while afterwards with 150-200 per year, where at the end of the 80-s their total amount exceeded 4700. During the period 1950-59 there were received 40-50 periodicals, while after - 150-190 annually.

However, it is necessary to point out several items, related to the selection of bibliography and the access to it. The main part of the editions was statistical materials or editions of international organizations – UN, the Economic Commission for Europe, the International Labour Organization and others. Relatively insignificant was the number of the theoretical editions. For example there were only 3-4 reference theoretical journals of the periodicals.

The access to the 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 the access to it was based on permission. The access to the other Western books and journals was based on registration. Not until the 80s was the most considerable part of the Western economic books given an open and free access but allowed in specialized reading rooms. Here we do not comment the literature selection and the access to it 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 implemented mainly by means of careful selection of the people, who work there.

Only in the middle of the 80s bigger part of the Western economic literature was provided for free use but in specialized reading rooms. At that time another big change occurred, connected with the access to the Western economic literature. Almost all classical authors, as well as acknowledged works by Kendrik, Robinson, Sollow, Harold, Samuelson, etc., appeared at the book market translated in Russian.

Under the conditions of limited and supervised access to Western theories, their impact could only be felt in fields that were more neutral towards the official ideology, i.e. the economic modelling. In 1962 the Economic Institute of BAS established a “Laboratory on economic modelling”. The subjects taught were “Economic modelling” and “Econometrics” introduced in many majors of the economic universities. This enabled the modern models and econometric methods to be applied in the economic reality analysis.

Regarding the econometrics there existed two approaches. The representatives of the first<sup>8</sup> considered that the economic modelling, combined with management computerization could solve the problem of information insufficiency and establish conditions for introduction of entire system for national economy centralised management. The representatives of the second group were pragmatically oriented econometricians and used modern models and methods as technical instruments for economic problems solving. The main interest was directed towards the balance of the inter-branch relations, the optimization models, the prognostic models, the operation study, the massive service theory and others.

As an impact of the Western theories there can be evaluated the strengthened interest towards cybernetics and its impact over the economic theory and the management.<sup>9</sup> There were discussed the problems of the value's economic basis, of the economic systems' management cybernetic basis and others but as a whole this movement had with a limited impact.

Under the influence of the strengthened interest towards the development of the small and medium-sized enterprises (SMEs) in the developed countries and of one programme for establishment of SMEs in Bulgaria, since the mid 80-s there started to be discussed the problems of this sector, which be defended the attitude that SMEs are vital, necessary part of each modern economy and erode the attitude that the socialist economy should consist only of big enterprises.

*Oppositional activities.* It is complex to consider the existence of opposition activity in Bulgaria before 1989 due to the total control over the social activity, 1948. There existed no possibility of publishing an opinion of economists with opposite view. It was forbidden to disseminate articles and books by Bulgarian authors-oppositionists, published abroad.

In Bulgaria they're existed and there were discussed views, different from the official ones. Here one can add the already mentioned discussions on the socialism market nature, on the opportunities modern mathematical models and analysis methods could applied, but all such views were presented by their authors as an attempt for socialist economic system improvement or as directed towards technical problems solution, which do not have anything in common with politics. The difference in the views was not related to the oppositionists' activity, caused by the diversification of their authors from the official paradigm and therefore they were considered under other titles.

### **Redefinition of the subject since 1990**

*Change of paradigms.* Straight after the democratic changes in Bulgaria (November, 1989) Marxism-Leninism was abandoned as the only basis of the economic science. The democratic values and the market economy were adopted

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<sup>8</sup> *Mateev, E.* Structure and management of the economic system, Sofia, Nauka i Izkustvo, 1987, 595 p.

<sup>9</sup> *Nikolov, I.* Cybernetics and economics. Sofia, Nauka i Izkustvo, 1968, 340 p.

very fast and easy by the lecturers and the researchers in the field of economy. The real view transformation, the mastering and application of new approaches and scientific instruments has in fact taken rather longer period of time. Opposite to the sciences or humanities all lecturers and researchers had to re-qualify in new, different fields. To the most insignificant degree this counted for econometricians and statisticians but even in these fields the re-qualification was a necessary condition for successful scientific activity.

The basic ways, along which the re-qualification was and still is implemented, are self-training participation in Western universities' programmes as well as in joint studies with mixed members East-West. Most of the scientists, especially of the young and elderly generation, used all the three ways of re-qualification in the new teaching and research fields they have chosen.

There can be very clearly differentiated two periods in the process of the paradigm change - until 1994-1995 and after. The first period was characterised by massive invasion of translated or re-told textbooks into the education. In many cases, especially regarding the older lecturers or such, who do not master foreign languages, there was observed only an imitative replacement of terms, use of "market language" of the overview, without practically changing the major content. It is also significant that during that period there were almost no defended dissertations in economy and the number of habilitations radically decreased.

During the second period as a whole, there was implemented a real change of the paradigm by means of re-qualification of the scientists. The characteristic phenomena of the first period still exist, although they are not prevailing and their significance decreases.

*Change of elites.* The process of "change of elites" is directly related to the ability of re-qualification and also has a very clearly expressed age, governmental and institutional dimensions. The scope of the economic sciences' "elite" in Bulgaria spreads to the management of economic universities, faculties and departments, of research institutes and centers, scientific councils of these sections, the specialized scientific councils and the membership of the national accreditation and assessment commissions.

It can be stated as a whole that the membership of the appointed bodies was changed mainly during the previous period. This change was carried out mainly due to 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; the opportunity of members of the former Communist party's leadership to be appointed to university managing places was reduced to 5 years. There was encouraged the rejuvenation of the membership of the above mentioned bodies. There was introduced an accreditation system as well as assessment of the lecturers and researchers, which enabled and normalised the process of the natural change of elites.

*New institutional structures.* After 1989 in Bulgaria there were implemented considerable changes in the institutional structures of the economic science, like:

closing down the party training and research centres, restructuring the others, establishment of new, mainly non-governmental or private universities and research centres. Without being revolutionary, the change in the institutions was big enough to enable the implementation of the process of redefining the academic science.

At BAS there was implemented an entire restructuring of the institutes in the field of the economic science. The Institute for socialist integration was closed down. The Economic institute was restructured – after institutional accreditation and employees' assessment. As a result of these measures the number of the researchers-economists at BAS decreased more than 4 times.

The higher education institutions with economic majors also underwent considerable changes. The existing three economic universities (in Sofia, Varna and Svishtov) changed their inner structures and started restructuring their curricula according to the requirements of the newly introduced three-stage educational system – Bachelor, Master and Doctor. A National Agency for Evaluation and Accreditation (Natzionalna Agentzia za Otzenka i Akreditatzia) was established, whose purpose was to estimate to what extent the universities, faculties, departments and curricula correspond to the current requirements for higher education.

At seven universities (Sofia University, Veliko Turnovo University, South Western University, Trakia University, Technical University, Forest Technical University, Agricultural University) there were established economic faculties. Four new private universities (New Bulgarian University, American University, Bourgas Free University, Varna Free University), in which the economy studies occupy a serious place, started admission. There were also founded 4 new private colleges – in Sofia, Botevgrad and 2 in Plovdiv, which have specialized in economic education.

The research institutes that were related to the government underwent many considerable changes. The branch institutes of the separate ministries and the Planning committee were closed down or privatized. An Agency for analyses and forecasts was founded, which at the beginning was with the Cabinet, while during the last five years has been at the Ministry of Finance. These institutions, as well as the analysis department with research centre to BNB prepare monthly, quarterly, six-months and annual papers of the situation of Bulgarian economy. Apart from this their collaborators publish surveys on other significant problems of the economic development.

In the non-profit sector there were founded many new research centres. In the field of economy there have been registered scores of centers but only a small part of them (see Appendix D) have affirmed themselves and succeeded in taking their own niche in the economic studies.

It can be stated as a whole that as a result of the above changes there has been established a new network of research and educational institutions, creating conditions for conducting pluralistic economic studies.

*Rehabilitation, repatriation, new departures.* Due to the lack of clearly stated oppositionist activity, the question of rehabilitation of scientists, who had been persecuted by the regime, was not on the agenda. At the very end of the Communist period (1989) four university lecturers, one of whom a professor on political economy, expressed a protest against the personal regime of Todor Jivkov and because of this they fell into disgrace. Right after November 1989 their rights were re-established.

There is no case of famous economists-researchers returned from emigration. In separate cases there was established favorable co-operation with Bulgarians, working in Western universities, for developing co-operative projects or collaborate publications (see for example Zloch-Christy, 1996).

During the last decade there was an increase in the number of scientists-economists, who emigrated from Bulgaria. These are representatives of the young and elderly generation. Some of them take good positions at universities and research centres, including positions in international organizations. This has also a positive impact because it establishes conditions for expanding the geographic scope and for more profound research of the economic problematics, related to Bulgaria.

### **Basic theoretical and methodological orientations**

*Revival and adaptation of major pre-war traditions.* Taking into consideration the time passed and the development of economic theory in the second half of the 20<sup>th</sup> century, it is quite unlikely to expect a revival of pre-war traditions in Bulgaria. An increasing interest has been observed towards the theoretical heritage of the pre-war period and the personal contribution of individuals who've played important role not only of scientists, but also of businessmen and politicians applying a particular economic policy. An example in this regard is the regularly reviving interest in the personality of Stefan Stambolov and his policy of protecting the Bulgarian business development. In most of the cases, however, it is realised that protectionism is impossible in contemporary world. This interest is anyway a basis for a more accurate estimation of persons and events in the history of economic and political theory.

*New East-West asymmetries.* Estimating the (a)symmetry in the participation and contribution of Bulgarian and western economists, several basic aspects should be taken into consideration.

Over the last 12 years, a big step was made towards integrating Bulgarian economic science into the world science. Hundreds of joint research and education projects were accomplished, tens of joint scientific conferences were organised, and hundreds of Bulgarian economists presented their scientific reports at international seminars and conferences. Most of the research workers and lecturers attended short or long-term specializations at leading research centers and universities. Many of them know personally and work together with the best specialists in their field. The greater part of publications in foreign editions or in

foreign languages by West-European scientists is made together with their Bulgarian colleagues.

Due to the specifics of the studied topic, i.e. the transition to market economy, accession to the European Union, specific problems of South-East Europe and Bulgaria, co-operation was the necessary precondition for the successful accomplishment of the projects. The transfer of know-how had to be combined with the expert knowledge of Bulgarian participants on both national and regional specifics. It was and still is a process of filling-in the gap in the knowledge of Bulgarian economists in the field of theory and methodology, and a gradual overcoming of the great asymmetry in knowledge existing in the beginning of the period.

*Quantitative vs. qualitative approaches/New approaches.* Generally speaking, there is a complete renewal of the methodology and methods of research. Two reasons can be mentioned in this regard, namely: the mastering of new, previously unapplied approaches, and the applying of familiar but unused methods, due to either the lack of necessity in the economic practice, or the presence of social and political conditions preventing from their application.

The transformation of economic science affected also the quantitative-to-qualitative approaches ratio. As a whole, quantitative approaches of getting new knowledge acquired higher importance. Empirical research and the induction method have found a 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 inquiries by questionnaires.

### **Thematical orientation and financing**

*Transition as a major or exclusive object of study.* The transition to 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 very clear. The problems to be studied were of common concern to all East-European countries, though some of them proved to be particularly severe and consistent for Bulgaria.

One of the first issues provoking acute discussions concerned the depth and sequence of reforms, whether there should be a 'shock therapy' or a sequence of small even steps. As it is well known, decisions on this issue are highly politically sensitive. In Bulgaria, problems were solved very inconsistently. During the first 8 years of the transition period there was only a simulation of reforms, and the reluctance to fast all-round reforms in the economy was argued by the concern for preserving the living standard of population. As a final result, the Bulgarian economy registered one of the deepest slumps among the East European countries, combined with a total decapitalization of state enterprises and mass impoverishment of the population. It was only in 1997, when stabilization on macroeconomic level and annual economic growth rates of 4-6% were achieved.

Another set of debated issues was related to the ownership structures and the process of privatization. At the early stage of transition, the views were widely shared that a market economy can successfully operate under prevailing state ownership, therefore, there was no need in speeding-up the privatization of state-owned enterprises. The delay of privatization in Bulgaria was accompanied by the actual refusal of the state to exert control on state enterprises, thus facilitating their decapitalization. In this regard, the issues of enterprises restructuring have to be mentioned, including managerial and organizational restructuring, financial recovery, and the bad loans problem.

The social and economic problems of transition form another large set of studied issues. Unemployment and labor market, the transformation of pension and social insurance systems were widely discussed as well.

A considerable change in the topics of research took place after 1997. Several reasons can be pointed out in this regard, including the implementation of the currency board, which provided the conditions for macroeconomic stability, the privatization of the greater part of enterprises, and the start of negotiations for accession with the EU. In this way, part 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, transferred from the transition to market economy to the accession of Bulgaria with the European Union.

The issue of the currency board is one of the most discussed issues after 1997. Due to its importance, it is considered both independently and from the viewpoint of the accession process. Actually, the discussion is initiated by the critics of the currency board who regularly find causes to restart it. According to their main arguments, the currency board reduces the competitiveness of enterprises, increases the trade deficit, and prevents the rise in incomes, which may be used as a tool for accelerating the economic growth. The opposing arguments of the adherents of the currency board state that macroeconomic stability facilitates the rationalising of enterprises, that trade deficit is not resulting from the currency board, as it is inherent to all Central European countries, and Bulgaria has the real opportunity to end with the currency board by integrating with the EU and replacing the BG Lev by the Euro. Besides, payments are balanced and the foreign exchange reserve is increasing, therefore there is no reason for the currency board item to be put on the agenda.

The accession process is analysed from different aspects. 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 in improving the competitiveness of the economy. The potential benefits and losses of integration are estimated. Following the crisis in Kosovo and the Stability Pact initiative, the issue of the Balkan economic co-operation versus the European integration became very topical. Fears are often expressed that a greater focusing on co-

operation in the region, where only Bulgaria and Romania have started integration negotiations, might delay or even substitute the EU membership.

In the past period, researchers encompassed in their range of interest some other problems as well, such as those of corporate management, SME, and the shadow economy. Regarding corporate management, analysis was focused on state enterprises incorporation, control system efficiency, protection of minority shareholders, etc. Considering SMEs, the problems discussed involved sector development, enterprises financing, identification of target groups for assistance, etc. For the shadow economy, the aspects of interest involved measurement, conditions and factors of existence, and ways for reducing its scope. An increasing interest is also shown towards corruption, including measurement, reasons, factors, most affected spheres, impact on the economy and relation to the accession process.

*Choice of themes.* Research themes are selected on both institutional and individual level. In the second case, this is most often accomplished through external financing on a project basis and therefore the priorities of the financing institutions and research programs play very important role.

The national academic research institutes determine the priorities in research, 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: "Strategy for the Economic Development of Bulgaria in the Context of Its Accession to the European Union", "Competitiveness of the Bulgarian Economy in the United European Union", "Restructuring of the Enterprises and Improvement of Their Management", "Social Policy and Employment", "Adapting of the Bulgarian Agriculture to the Mechanisms of the United Agrarian Policy of EU", "Development of the Territorial Communities and Defending the Environment" and "Development of the Integral Processes and the Foreign Economic Policy in the Process of Accession".

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

*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 the internal organizational structure of large research centers.

Non-governmental research centers were created entirely in compliance with the new problems characterising the economic development of the country. Terms like market economy, entrepreneurship development, study of democracy, liberal strategies, etc. are only a part of the key words in the names of these centers (See, Appendix D), clearly indicating for the orientation of their research activities.

A large number of institutes in the governmental sector were closed down as 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 for the inadequacy of its former thematic orientation. The Institute of Economics passed accreditation, as a result of which new research domains were determined, followed by a fundamental change in the Institute's internal structure.

*Private vs. public funding.* The change in the funding structure is one of the most substantial changes affecting the economic science. Generally, funding is insufficient in volume, and in terms of sources, it is diversified but incomplete in coverage.

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

The business has no practical importance as a source for funding of the economic science. The grave financial condition of companies and the lack of impetus for funding and sponsoring of research prevent them from participating in science funding.

International programs are the major source of project financing of research. Regarding non-governmental research centers, this is actually the sole and only source of funding, while part of the budget subsidized organizations use it as an important tool for diversification of funding.

### **The social space and the academic debates**

*Debated themes, problems, methods.* The problems of the academic science and the higher education were subject of numerous discussions within the public society. There were discussed the organization, the restructuring and financing of the science, as well as the relation between studies and education.

As a result of the discussions a new Law on the higher education was passed and there began a restructuring of the educational system. There was introduced a three-stage educational system – Bachelor, Master and Doctor. There started a restructuring of the curricula and major content according to the requirements of this scheme. There were made efforts for management and universities' material equipment improvement. There was established a National Agency for Evaluation and Accreditation (NAEA).

During the last 12 years the interest towards the economic education in Bulgaria was rather considerable. The number of students-economists increased more than 10 times. This enabled the establishment of new faculties or new

departments. In most of the cases they do not dispose of sufficiently good programmes or qualified lecturers. The radically increased number of students does not help the restructuring because it enables the lectures to be delivered also by lecturers, who have not considerably changed the content of the subjects. The hope that NAEA will assist part of the weaknesses to be removed through the requirements set to the universities, faculties, institutions and the major curricula at their accreditation.

The discussions of restructuring the Academic science led to significant changes. There was closed down the Agricultural academy, while its institutes were transferred under subjection of the Ministry of agriculture. At the Bulgarian Academy of Science there were implemented both accreditation of the institutes and evaluation of the scientists, as a result of which the number of the institutes was decreased by 20% and that of the scientists - by 40%. The consequences of the restructuring were rather obvious concerning the economic science. One of the two institutes was closed down, while the number of the scientists decreased more than 4 times.

The question of the necessity of an Academy with research institutes was debated very acutely. The arguments defended by part of them considered the fact that this was a Soviet type of institution, while in the developed Western countries science is made in the research centres within the universities. The other part insisted that the Academy of Science in Bulgaria was an institution with long traditions and founded even before the country's Liberation and those in many Western countries. Closing down the institutes of the Academy will reflect unfavourably on the national scientific potential. The issue that both parties agree on was that science and education should be implemented together.

The solution of this problem of the economic academy science can be found in opening the Institute of Economics at BAS aimed at students' education. The Institute established a joint business faculty with the University at Veliko Turnovo and it trains students on behalf of the university. Apart from this it organises joint MBA programmes with other universities. This approach enables finding a solution of the problem by combining the education with the studies within one institution.

*Principal academic journals.* The main academic editions in Bulgaria are the journal *Ikonomicheska misal* (Economic thought) and the series *Ikonomicheski izsledvania* (Economic studies).

The journal "*Economic thought*" is published 6 time per year and covers the entire spectrum of the economic problematic. It is a national scientific and theoretical journal, published by the Economic Institute of BAS. Editors of the journal are well-known scientists-economists, representatives of the main academic centers in the country. There are admitted articles with proved scientific merits and contributions to the economic theory and practice. Each article is read by at least two editors. In many of the editions of the journal there are materials written by famous foreign authors (both classics and contemporary), where part of them are written especially for the journal. All articles have a summary in English.

The journal "Economic thought" discusses the problems of the economic reform and the business policy of the Bulgarian economy, including the problems of the finance system, privatization, the new industrial policy and the development of priority industries and sectors of the Bulgarian economy, the social problems, the international economic co-operation and the integration in the world economic structures.

From 1985 till 1992 the journal came out with one edition per year in Russian and English. Since 1992 there has been published one edition in English, including articles by Bulgarian authors, concerning the problems of the Bulgarian economy.

The journal is published in a circulation of 500. 90 of them are disseminated among the biggest libraries in the world.

In "*Economic studies*" there are published articles with results of scientific studies, dedicated to significant and interesting modern economic problems. The size of the articles is larger – up to 40 pages.

The series "Economic studies" started to come out in 1950 as *Izvestia na ikonomicheskia institut* (Announcements of the Economic Institute). In 1985 it started being published with its present name "Economic studies". Since 1998 the series have been published by the Economic Institute of BAS, along with the Academy of Economics (Stopanska Akademia) "D.A.Tsenov", while since 2000 also in collaboration with the Economic University (Ikonomicheski Universitet) - Varna. Since 2001 the edition covers a national scope.

"Economic studies" publish 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 the 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 in three editions yearly in a circulation of 500. Apart from Bulgaria, it is taken in more than 50 big libraries in the world – national, of international organizations, of well-known universities.

*Selection of publications in world languages.* The opening of the country after 1989 had an exceptionally favorable impact on the opportunity of publishing the editions of Bulgarian authors in the world languages and mainly in English. This is of particular significance for the economy. The representatives of the other fields, i.e. natural and precise sciences, had the opportunity to establish a contact with the world science, as well as to publish in well established scientific editions before 1989, as well. As for the economic science - this was out of question.

The publications are not distributed evenly among the different languages. The most (above 90%) are the publications in English. This refers both to the journal articles, as well as to the books. The reason can be found probably in the role that the English language plays as a means of communication in modern science. Many of the famous journals or publishing houses, even if they are not

situated in English-speaking countries, publish in English. Moreover, the working language of most all conferences is English and it is normal when papers are published – this to be accomplished in the latter language.

The geographic dissemination of the publications is very wide. The European countries – Great Britain, France, Germany, Holland, Belgium, Greece and others, have the leading share. Of the countries outside Europe the USA and Japan publish most often. The journals, in which Bulgarian authors-economist most often publish, are Europe-Asia Studies, MOCT-MOST, South East Europe Review, Economic Systems, Revue d'études comparatives Est-Ouest. There should be added also the series of ILO, World Bank and other international organizations. The most published books from eminent publishing houses are Avebury/Ashgate, Edward Elgar Publ, Kluwer Academic Press, Dartmouth Publ. Co.

Part of the publications in English is also published in Bulgaria. The journal "Economic thought" publishes one edition yearly in English. The results of many joint research projects and international conferences are also published in English by Bulgarian publishing houses.

The main part of the publications is related to the problems of transition and integration of Bulgaria to the EU and they are published in journals that are specialized in these topics. Still rather insignificant is the number of articles in theoretical journals, specialized in the separate fields of the economic science like International Journal of Urban and Regional Research, Small Business Economics, Economic Analysis. The reasons are two. First, the problems of the transition and the integration are the most topical and studied. Second, the necessity of total economists' re-qualification and the short time passed after have not enabled an opportunity of accumulations, to facilitate Bulgarian economists to make theoretical contributions.

*New manuals, databases.* After 1989 there was accomplished a considerable improvement regarding the access to new economic bibliography, published both in Bulgaria, as well as in other countries.

During the first years the lack of new books was replaced mainly by means of purchase and donations. The donations, especially of textbooks, played a very significant role, taking into consideration the financial difficulties Bulgaria suffered similar to other East-European countries. The main university and scientific libraries received as a donation textbooks in the basic economic subjects. The most active were Foundation SABRE, Foundation Volkswagen and others. The Edward Elgar Reference Collection with Critical Writings in Economics (15 volumes), North Holland Manuals in the basic economic fields (15 volumes) and at the main libraries there were delivered other significant series with key works and reference books as well.

Right after 1989 in Bulgaria there started publishing of a new economic literature, initially translated and later on also original. There were written new textbooks in almost all training subjects. There started the publication of reference

literature. Forthcoming (2002) is the publication of an Economic Encyclopedia, which consists of 5000 articles and economic terms.

### **Views on further developments**

*International co-operation.* After 1989, the economic science in Bulgaria made serious steps towards 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.

Co-operation with the EU member-countries is the most dynamic sphere. Before 1989, Bulgaria was among the countries with practically no contacts with the West European science. Co-operation was facilitated by the start of research programs of the EU directed at assisting research in the transition economies.

The PHARE-ACE Program is one of the programs with strongest effect on co-operation. The participation of Bulgarian economists can be estimated as quite successful, as the projects they won could be equally compared with 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.

Within the framework of international programs, most active co-operation was established with Germany and the UK. Second in terms of intensity of contacts come Greece, France, Belgium and Holland.

Co-operation with other East European countries is determined by two main factors – similarity of studied problems and opportunities for external funding. This explains the highest intensity of contacts with countries, which are partners of Bulgaria on same international funding programs. Among them, most intensive co-operation is maintained with the Central European countries, i.e. Poland, Hungary and the Czech Republic.

International programs for funding co-operation in the field of economic research are a good basis for the formation of research networks. For Bulgaria, multinational co-operation is of higher importance than bilateral one. Given the advanced stage of this process, it continues developing even with bilateral projects.

In its major part, international co-operation is based on projects. It is performed mainly on a non-formal basis, often accounting for the institutional belonging of researchers. The experience from the first year after opening 5PM for Bulgaria shows that participation is done mostly as partnership in joint research projects. Results achieved on other research programs are good prerequisite for the Bulgarian economists to successfully enter the single European research area.

*Impact of accession.* The accession process affects economic research in several aspects. There is a rise in funding resources. Thematic orientation of programs is changed. Similarly to the other accessing countries, Bulgaria has got

access to the EU research programs. This opens new financing opportunities but at the same time presents a challenge to the participants. Priorities of the European programs are related to the problems of EU and not to the problems of CEE, as it was under the PHARE Program. Then, 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 higher pragmatic orientation of research. The major part of accession assisting funding is directed at investment projects, including infrastructure, raising the capacity of administration, managers and entrepreneurs, assistance to agriculture, and regional development. Part of the funding is allocated to research, but with strong practical application.

Various aspects in which the accession process affects economic research will rise new challenges related to the adjustment to these new realities of both scientists and research institutes.

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

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

Within certain limits, 'brain drain' has a positive effect on local science. More preconditions are created for intensifying the co-operation with other research centers, participation in projects and organization of joint conferences and workshops. This is also a prerequisite for an increasing interest in the local problems and broader geographical coverage of research on these problems.

In future, 'brain drain' is hardly expected to reach a level, which might endanger the national science. There are rather prospects towards a more intensive short-term and long-term mobility of Bulgarian economists-researchers as a part of the integration into the European research area.

12.IV.2002