

## 60<sup>th</sup> ANNIVERSARY OF THE ECONOMIC INSTITUTE OF THE BULGARIAN ACADEMY OF SCIENCES

Nikolay Igov, Senior Research Fellow, Ph. D.

### THE ESTABLISHMENT OF THE ECONOMIC INSTITUTE AND ITS FIRST DIRECTOR - QUESTIONS AND DETAILS

Based on long-term studies and archive documents, memories of employees of the Institute of Economics at the Bulgarian Academy of Science (BAS) and personal impressions an attempt was made to find out how it was established. Unknown or concealed facts are focused – the succession from the Institute of Economics of BAS and the Statistics Institute for Economic Studies and the Bulgarian Economics Society, the election (nominal) of Vassil Kolarov as its first director, of political ups and downs from the activity of its first director Academician Ivan Stefanov. Some CV details of the persons are clarified more precisely.

JEL: I20; I23; B32

The year 2009 is the 60<sup>th</sup> anniversary of the establishment of the first Economic Institute within the Bulgarian Academy of Science (BAS). Usually celebrations of anniversaries are boring and according to the protocol rules – well known and uninteresting opinions and facts are highlighted, full of congratulations and praises – and that's all.

In my opinion this situation is different. At least because questions arise about facts, that seem to have been elucidated long ago. They are due to the numerous details, collected from documents, materials and discussions.<sup>1</sup>

---

<sup>1</sup> The survey of the publications in the Institute of Economics, BAS since its beginning shows, that nothing has been written about its entire history separately. It could be said, that in October 1989 the Director Prof. Ec.Sc.D Kiril Kiryakov was the first one who nominated a team of six persons to compile a reference book (passport) of the Institute and to file it to be published by January 30, 1990. (Ordinance N 659 dd. 4.X.1989). Then followed the date 10 November 1989. During that time full of turbulence and feuds, no one was interested in publishing of a reference book (which was handed over in time by me, as the head of this group).

The data compiled so far and used in this article are grouped according to the sources as follows: 1. Documents from the Archive of the Bulgarian Academy of Sciences; 2. Documents from the chancellery of the Institute of Economics, BAS; 3. Data from meetings (interviews) with employees of the Institute; 4. Literature Sources; 5. Documents, available to me, plus my impressions during the 14 years of my employment at this Institute and 30 years of "archive inquiries"; 6. Other opinions.

I would like to thank the persons, who answered my questions in the period of July 16-24, 2009 – the senior researchers I degree – Rossitsa Gocheva, Krassimira Kirovs, Atanas Leonidov and Stefan Stoilov, the former employees of the Institute – Maria Altimirova, Mitanka Vassileva, Radka Dimitrova, Svoboda Dimitrova, as well as Petya Kostova for the documents provided by the chancellery. I am grateful to the late senior researcher Ivan Katincharov for his first-hand information, disclosed in 1990. Unfortunately at that time I did not think of talking with Acad. Ivan Stefanov, Prof. Petar Shapkarev and other colleagues, being aware of the history of the Institute from previous years.

To make myself clear, instead of writing "Institute of Economics, BAS" I just mention "the Institute". I have used the following abbreviations when quoting archive sources: АБАН – Archive of the Bulgarian Academy of Science; а.е. – archive unit; б.д. – no date; б.и. – no name or no author; к – capitalism; л. – sheet; оп. – list; с – socialism; ф. – fund; ЦПА – Central Archive of the Bulg. Communist Party.

The scope is much wider, as during the monitored period of time, the establishment or the closure of the respective institutions, the appointing or the removal of directors and other similar activities are not due to purely scientific reasons, but rather political. It also refers to the Economic Institute of BAS. Any failure to consider the political arguments for the decision making process about its foundation and the election of its first director and if one is entangled in one-sided deliberations, in this case of pure scientific and economic nature, a big mistake would be done. In such a case most of the information and the truth about these decisions would be "spared", i.e. would not be provided. And it would be a serious shortcoming for each study, claiming to be scientific, full and profound.

Moreover, some moments, that have been concealed until now are described in details, such as the life of the first permanently appointed director of the institute Acad. Ivan Stefanov. Some details of the CVs of some of the above persons have been specified. Usually they are not pointed out, in order not to burden the text and not to distract the attention, but some of the facts are very important. (For instance the publications on Ivan Stefanov, among anything else, state that he is a public man, public personality. But if we intend to reveal the truth about him most precisely, we should add immediately, that he is a scientist, party and government leader, being a Director of the Institute of Economics of BAS, Member of the Central Committee of the predecessor of the Bulgarian Communist Party – the Bulgarian Workers' Party (communists), and a Finance Minister! The historians consider such classification essential and compulsory. The economists should abide by it as well.)

### **Whose successor is the Institute of Economics with BAS?**

The Bulgarian Economics Society (BES) is the predecessor.<sup>2</sup> It is a public organization of representatives of the economic thought and business practices, established in Sofia on 11 June 1895 (this day was proclaimed as a professional memorial day of the economists in 2005). Ivan Stefanov is one of the chairmen. At the end of 1948 a decision was taken by the General Assembly of the society to terminate it. Its assets and liabilities, as well as its employees (among which Stoil Sukmandjiev – Secretary of BES, according to some people) were transferred to the Economics Institute. Deactivation followed and only the name existed until January 1950. BES faded away mainly due to political reasons.<sup>3</sup> The Society of the Economists in Bulgaria became the successor in 1964, and in 1990 – the Union of Economists in Bulgaria.

---

<sup>2</sup> See: Institute of Economics, BAS within the period 1980-1991 – *Economic Thought*, 1992, N 8, p. 102; *Chankova, L.* Highlights of the economics in Bulgaria (on occasion of the 55<sup>th</sup> Anniversary of the establishment of the Institute of Economics, BAS). – *Economic Thought*, 2004, N 5, p. 112 (in addition to the Bulgarian Economic Society another successor of the Institute mentioned here is also the Society of the Academic Economists).

<sup>3</sup> It is hardly a coincidence that before November 10, 1989 the Bulgarian Economic Society was considered an organization of the bourgeois economic thought, fighting against the economic studies of Marx (*Economics Encyclopedia*. Vol. 1, Sofia: Nauka i Izkustvo, 1984, p. 164). More about the Bulgarian Economic Society: *Encyclopedia Bulgaria*. Vol. 1, Sofia: BAS, 1978, p. 554; *Economics Encyclopedia*. Sofia: Nauka i Izkustvo, 2005, p. 83.

A less known, but interesting version on the founding of the Institute of Economics at BAS, is that it was “baptized” by the Statistics Institute for Economic Studies. Let us say a few words about this establishment, almost unknown to anyone. In 1932 Prof. Oskar Anderson<sup>4</sup> - one of the most respected statisticians in Central and Eastern Europe, employee of the Higher Trade College (later Trade University) in Varna during a private meeting in Budapest discussed with managers of the US Foundation “Rockefeller” to set up a scientific institute affiliated to the Trade College in Varna. However later it turned out that the funding required was not sufficient. In 1934 an application was filed by the Sofia State University the establishment of an Institute for Economic Studies to be financed by this foundation. The requirement of the branch office of the foundation in Paris was the Bulgarian banks to be involved. Actually it was decided to set up such an institute in the capital city. In addition to the foundation a financial support was received by the Bulgarian National Bank, the Popular Banks’ Union etc. The preparations were made by Professor O. Anderson, who was appointed as the first director of the Statistics Institute for Economic Studies. In January 1935 the official Ordinance was promulgated for the establishment of the Statistics Institute for Economic Studies with the Sofia State University.<sup>5</sup>

The staff of this institute was reduced (up to eight persons), and some assignments were outsourced to external collaborators when necessary. The institute published its own issue - “Works by the Statistics Institute for Economic Studies with the Sofia State University”, where Ivan Stefanov also published his works. Professor Todor Vladigerov is the last director of this institute.<sup>6</sup>

Some of our “exotic personalities” like Rashko Zaykov and Assen Hristoforov were also employed at the Statistics Institute for Economic Studies with the Sofia State University. In 2006 it was succeeded by the “Statistics Study Association”.<sup>7</sup>

<sup>4</sup> Oskar Nikolaevich Anderson (1887-1960) – Russian, Bulgarian and German statistician and economist, researcher, professor. He worked in Bulgaria between 1922-1941, first at the Higher Trade School in Varna. He was United Nations Councilor after 1930. He was the founder and the first director (1935-1941) of the Statistics Institute for Economic Studies with the Sofia State University. Since 1942 we worked at German universities (Economics Encyclopedia. Sofia: Nauka i Izkustvo, 2005, p. 43; Radilov, D. Life and Works of Prof. Oskar N. Anderson - Economic Thought, 2002, N 5, p. 94-99).

<sup>5</sup> Darzhaven Vestnik, 21.I.1935, N 14. We consider the statement made in a detailed study made by the Rockefeller in Bulgaria not precise, that the application made by Sofia University to the Foundation to finance the establishment of an institute for economic research (Velichkov, Al. US Charity in Bulgaria between the two World Wars. Sofia: University Press “St. Kliment Ohridsky”, 1994, p. 128).

<sup>6</sup> Todor Andreev Vladigerov (1898-1967) – economist, researcher, diplomat, correspondent member of BAS (1958). Professor at the Higher Institute for Finance and Accounting in Sofia (1938-1944), Higher Economics Institute “Karl Marx” (now University for National and World Economy) (1944-1961, with interruptions). Director of the Statistics Institute for Economic Studies (1943-1947). Between 1948-1951 he was Bulgaria’s Ambassador to Paris, and between 1951-1952 – he was headed the Bulgarian Delegation to UN. Deputy Director (1953, 1956-1967) and Director (1954-1955) of the Economics Institute of BAS (Encyclopedia Bulgaria. Vol. 1, Sofia: BAS, 1978, p. 695; Economics Encyclopedia. Vol. 1, Sofia: Nauka i Izkustvo, 1984, p. 200).

<sup>7</sup> Dimitrov, Al. Establishment of the Bulgarian “Statistics Study Association”. - Economic Thought, 2006, N 5, pp. 139-142.

Rashko Zaykov (1901–1982) is a physician and mathematician, professor. Born in Burgas. Studied and specialized in theoretical physics, tutored by Albert Einstein. He came back to Bulgaria in 1928. His research

After the Second World War the requirement by the Rockefeller Foundation was information on Bulgaria's Economy to be provided by the Statistics Institute for Economic Studies to western representatives in Bulgaria in view of payment of the reparations.<sup>8</sup>

The "Old Institute" Statistics Institute for Economic Studies was in an old building next to the Sofia University. After the damages of the building in the war caused by the British-US bombs, the institute was relocated to the Venelin Street in September 1947 by Minister Ivan Stefanov, also due to political reasons, for being financed by the then enemy USA.

In view of the targets of the article it is important to focus how Ivan Katincharov, employee at both institutes called the first institute – the "Old Institute", in a sense, that the Institute of Economics at BAS is the new successor of Statistics Institute for Economic Studies.

A conclusion could be made from the data presented so far, that the Statistics Institute for Economic Studies is the "conceptual" predecessor of the Institute of Economics at BAS (the last two managers of the Statistics Institute for Economic Studies: Todor Vladigerov and Ivan Katincharov played a vital organizational role for the establishment of the second institute; a strong initial succession was available in the names of both institutes) and in staffing (half of the employees of the Statistics Institute for Economic Studies were reappointed at the new institute). However it could not be considered a "Donor" in terms of property. The donors were the Bulgarian Economics Society, etc.

### **How and when the Economics Institute of BAS was established? The "Given Names" of the Institutes**

The only opinion that has been encountered was that the Institute of Economics of BAS was founded in 1949. However, if one delves deeper into the

---

was concentrated on the Relativity Theory. He worked as a statistician-mathematician at, and in the period between 1942-1944 г. – at the "V-Factories" (according to his relatives – on the development of the nuclear bomb). Since 1953 he worked at the Physics Institute of BAS, <http://www.bulgari.bg/nauka/fizika/245-rashko-zaikov>

Assen Georgiev Christoforov (1910-1970) was an economist and writer, professor. Born in Paris. He studied in Berlin and Istanbul. He was the first Bulgarian, who graduated from the London Institute for Economics. He specialized in Cambridge and Oxford. He became a professor of financing and administration at the Sofia University at the age of 36. Between 1935-1938 he was employed at the General Statistics Directorate. According to some people he established the Statistics Institute for Economic Studies. The Banker – Atanas Burov said, that when he came to the university, the economic science became the dream science, [http://www.plovdivguide.com/figures/fig.php?id=519&lang\\_id=2&alpha=](http://www.plovdivguide.com/figures/fig.php?id=519&lang_id=2&alpha=)

<sup>8</sup> Based on information provided by Ivan Serafimov Katincharov, who assured by that he had really "notified" the US resident in Bulgaria – Meinhard Barns. My only interesting meeting with him was when I took an interview from this interesting 75-years' old man on March 21<sup>st</sup>, 1990. He was an economist, ScD from the University of Grenoble (France). He was a scientific secretary of the "Old Institute" (as he called ) between 1943 until it was terminated in 1947. He worked at the Economics Institute of BAS. He was a Councilor in financing and credit law to the Minister of Industry of Algeria (1964-1966). Until 1969 he was a lecturer in industrial economics in Algeria. Due to the numerous unique memories of Ivan Katincharov as the only witness, employed both at the "Old" Statistics Institute for Economic Studies, and at the "New" Economics Institute of BAS, I dare refer to him in more details.

records and takes into consideration some opinions and memories of people, who used to work at the Institutes at that time (or within that period), some facts should be elucidated. In the beginning of the Democratic Governance after Nov. 10<sup>th</sup> 1989 Kiril Kiryakov – the Director of the Institute of Economics of BAS wrote, that the Institute was established in 1948-1949.<sup>9</sup>

According to some evidences, after the closing down of the Statistics Institute for Economic Studies, the last two directors - T. Vladigerov and Ivan Katincharov reported to the second top leader of the People's Republic of Bulgaria – Vassil Kolarov, visited him several times and applied for the establishment of a new institute within the Bulgarian Academy of Sciences. As a result of their efforts, as well as the attempts of the BAS management, the period from December 1947 to December 1948 was a struggle for establishing such an institute within the Academy.

The first scientific plan in the history of BAS (for 1948) included a statement, that the Academy would hardly solve the assignments pursuant to the Law on BAS and the government without an economics institute, which ought to be set up. Therefore BAS has applied to the Council of Ministers to establish such an institute by means of a fusion of some available and irrationally functioning economic institutes outside the Academy.<sup>10</sup>

Consequently since 1947 there were some concepts for establishing an economics institute and BAS sent reports to the government authorities.

It is confirmed by another document of the management of the Academy – its Management Board. It was a letter from the forthcoming year 1948 with a report on the period of setting up of the available twenty four institutes of BAS, the number of the formal staff researchers appointed therein and the number of the issued works.<sup>11</sup> The letter stated: “N 17. Institute of Economic Studies: established in the year 1947”. and on the next page: “It was decided this year together with the new budget for 1949 the Institute for Economic Studies to be renamed into Institute of Economics.”

In order to be more precise we should add, that document N 17 has no information on any formal staff researchers at the institute and on the issued research works – there is a minus sign “-” in the columns for researchers.

In the spring of 1948 it was reported in Letter N 1-2835 dd. 12 April issued by the Committee for Science, Art and Culture, approving the establishing of an Institute of Economics with the Academy.<sup>12</sup>

<sup>9</sup> 22.VI.1990, Kiril Kiryakov, Senior Researcher I<sup>st</sup> degree, Director of the Economic Institute of BAS – Presidium of BAS, statement “Activity, assignments and prospects for the development of the Institute of Economics, BAS”. – Document from the Records office of the Institute of Economics, BAS, л. 1. Copy. Typing.

<sup>10</sup> Б.д. No date [The content makes clear, that it is a matter of the year 1947 – authors' remark.,N.I.]. Management Board, BAS – Council of Ministers. Scientific Annual Plan of BAS for 1948 on R&D - АБАН, ф. 1, оп. 3, а.е. 2, л. 5. Copy.

<sup>11</sup> 29.XI.1948, BAS (Head of the Records Office Lubomir Pavlov) – State Planning Committee. Letter N 3539. - АБАН, ф. 1, оп. 1, а.е. 4, л. 61-62. Copy.

<sup>12</sup> 16.IV.1948, Records No 467 of the Management Board of BAS. - АБАН, ф. 1, оп. 1, а.е. 1, л. 41. Original.

The new “Institute of Economics” was set up in the end of 1948 – beginning of 1949. There were three formal collaborators – T. Vladigerov, Iv. Katincharov, St. Sukmandjiev. The informal collaborators were J. Natan, D. Toshev, T. Poliakov, An. Totev, etc.

The above-mentioned facts show the inconsistency in the name of the new institute. The first name was given in 1947-1948 - Institute for Economic Studies (it is evident, that only the first word was deleted from the Anderson’s Statistics Institute for Economic Studies). In the period 1948-1949 the name of the institute was a mix of – Business, Economic and even Business – Finance Institute. For instance in January 1948 the Management Board of BAS discussed the issue of buying calculators for the needs of several institutes, among which the Economics Institute. Only a month later the application of Peter St. Marinov was considered to be employed as a senior assistant professor at the Business-Finance Institute with the Academy. It was decided this application to be left without consideration – mainly due to the reason, that such an institute has not been set up yet. In the spring of the same year Todor Pavlov, the Chairperson of BAS wrote about the Institute for Economic Science and Studies.<sup>13</sup> The archive documents showed, that in December 1949 the institute was recognized under the name “Institute of Economics, BAS”.

Finally the following conclusion was made:

In 1947-1948 the first economics institute within the system of BAS was initially called Institute for Economic Studies, being a kind of successor of Rockefeller – Anderson’s Statistical Institute for Economic Studies. In 1949 it acquired the property of the Bulgarian Economics Society and by the end of the year it was finally renamed (probably under the Soviet influence) into the Institute of Economics of (with) BAS. Here we should pay respect to the numerous efforts of the former managers of the Statistical Institute for Economic Studies Todor Vladigerov and Ivan Katincharov, as well as to the second top man in the state - Vassil Kolarov and the chairman of BAS Todor Pavlov for the establishment of the several “varieties” of institute.

### **Where was the initial address of the Institute of Economics, BAS? History of the building at 3 “Aksakov street”**

According to some people in the beginning the Institute of Economics did not have any “location”, but was in the building of BAS, because first they were engaged with organization activities, not with research. Later it moved to an apartment at 4, Levsky street, former property of the Bulgarian Economics Society.

On 25 August 1949 a residential committee scrutinized residential case No. 3177/1949 and decided to accommodate the Bulgarian Academy of Sciences – Institute of Economics in the apartment at 4, Levsky Street, floor 4, to be used

---

<sup>13</sup> 12.I.1948, Records N 458 of a meeting of the Management Board of BAS. - АБАН, ф. 1, он. 1, а.е. 1, л. 1, 4. Original; 13.II.1948. Records N 465 of a meeting of the Management Board of BAS. - АБАН, ф. 1, он. 1, а.е. 1, л. 16. Original. See note. 22.

jointly with the Bulgarian Economics Society.<sup>14</sup> Now this five-storey building (not considering the ground floor) is located at 4, Diakon Ignatij Street. The institute was accommodated in an apartment with 4 rooms.

Regarding the building at 3, Aksakov Street, where the Institute of Economics, BAS was relocated in August 1956, according to some information was used by a German or Austrian insurance company. Probably during the 1930<sup>ies</sup> the General Statistics Directorate was in this building (the future professor Petar Shapkarev from the institute used to work there). According to another unconfirmed opinions it was the place of the secret meeting of the participants in the coup d'etat of Kimon Georgiev's Zvenary Organization in 1934. On September 9, 1944 the Police Department No. 4 was there, and after the change of power the building accommodated a department of the Ministry of Interior.

From 1952 the General Directorate on Literature and Publishing Houses (Glavlit) with the Council of Ministers moved to the building at 3 Aksakov Street. This institution dealt with censorship, introducing censure on the press (books) according to the Soviet model. It was headed by Elena Gavrilova.<sup>15</sup>

The Bulgarian Glavlit was e officially closed on 1 August 1956<sup>16</sup> – due to the less confidential issues considered a state secret, prohibited for publication. The building and the mobile assets were passed over free of charge to the Institute of Economics, BAS (from the ground floor to the third floor plus the mobile inventory), "Zemizdat" (the fourth floor) etc. The Glavlit staff and the payroll for the technical and service staff moved to the Institute of Economics.

The documentation regarding the accommodation of the institute at 3 Aksakov Street reveals the great merit of the new director Prof. Krastyu Dobrev. The employees were 40 persons, thereof 26 researchers.

A preliminary protocol was signed pursuant to Regulation 258 half an year later. The Ministry of Finance handed over and BAS took over free of charge the building at 3, Aksakov Street, built on a part of the yard plot of the State Insurance Institute.<sup>17</sup> The Regulation and the Preliminary Protocol were used as a basis for issuing Act No. 8521 dd. 1972, declaring a state property the real estate at 3, Aksakov Street, consisting of 5 floors and a built-up area of 273.65 sq.m.<sup>18</sup>

<sup>14</sup> 15.XI.1949, metropolitan People's Council. Decision N 3177. – Document from the Chancellery of the Institute of Economics, BAS, л. 1, 3. Original.

<sup>15</sup> This "Censor N 1" was a very exotic personality. She was not only the Head of GLAVLIT but later she was also the only woman, manager of the Bulgarian Telegraphic Agency. She died in 2005.

<sup>16</sup> 21.VII.1956, Decree N 258 of the Council of Ministers on closing the General Directorate on Literature and Publishing Houses. - Document from the chancellery Institute of Economics, BAS., л. 1-2. Duplicate-excerpt [The duplicates are two, not one, but stored at different places – and with different text quoted. One of the copies was made on July 20<sup>th</sup>. I consider the date July 21<sup>st</sup>, as quoted in the official documents later – author's remark, N. I].

<sup>17</sup> 18.I.1957. Preliminary Protocol of a real estate, located at N 3, Aksakov Street, Sofia. – Document from the chancellery Institute of Economics, BAS, л. 1. Transcript.

<sup>18</sup> Act N 8521/8.II.1972 for state-owned property on a real estate Municipal Lenin's People's Council. – Document from the chancellery Institute of Economics, BAS, л. 1. Original.

Since 1963 the Institute of Economics, BAS had 10 additional premises at 10, Benkovsky Street, provided by the Geological Institute and the Architecture Institute. In 1970 these premises were provided to the Zoological Institute and later – following an Order dd. 15 July 1970, the rooms were released by the Institute of Economics.

After “Zemizdat” the fourth floor accommodated the Institute for Bulgarian Language. Heavy disputes have arisen between both institutes for the ownership of the building. Finally the BAS Management provided it to the Institute of Economics.<sup>19</sup>

In conclusion it could be pointed out, that the functional and proprietary predecessors Institute of Economics of BAS are: 1. Statistics Institute for Economic Studies – in view of organization (the last managers of the Statistics Institute for Economic Studies - T. Vladigerov and Ivan Katincharov applied successfully to V. Kolarov for setting up the academic institute; Vladigerov was in charge of the organization at the time of setting up), in view of the name (having a strong initial continuity in names), in view of staffing (at least half of the personnel of the Statistics Institute for Economic Studies was employed at the Institute of Economics); 2. The Bulgarian Economics Society - by means of property and some employees; 3. Ministry of Finance (by the building) and General Directorate on Literature and Publishing Houses (Glavlit) – by means of part of the property and service staff.

### **Leader, director and manager of the Institute of Economics, BAS**

According to some evidences the first acting manager of the new institute of BAS was Todor Vladigerov.<sup>20</sup> It was quite possible, as at that time Vassil Kolarov and Ivan Stefanov held very important government posts. Meanwhile Vladigerov was able to carry out this activity only by the middle of June 1948, as on 20 June he became a Plenipotentiary Minister of Bulgaria to Paris. Most probably later until the election of an ordinary director the main management functions were taken over by Ivan Katincharov and Stoil Sukmandjiev, who became the Deputy Director of the institute in 1949.

Of paramount importance for clarifying the issue for the director of the Institute was a letter from 1948 by the BAS Chairman Acad. Todor Pavlov to the foreign minister Acad. Vassil Kolarov.<sup>21</sup> T. Pavlov wrote: “At the beginning of this year it was decided to establish an Institute for Economic Science and Studies with

---

<sup>19</sup> 11.X.1972. Minutes N 46 of a meeting of the Presidium of BAS. – Document from the chancellery Institute of Economics, BAS, л. 1. Duplicate-excerpt .

<sup>20</sup> According to information provided by Ivan Katincharov.

<sup>21</sup> No date [On page. 41 there is a letter dd. 30 March 1948, and on page 43 – a letter dd. 29 May. Therefore the letter on page 42 is between 30 March and 29 May 1948 – author’s remark, N.I.]. Б.и. [This is Acad. Todor Pavlov – author’s remark, N.I.] – minister Vassil Kolarov, letter. - АБАН, ф. 1, оп. 1, а.е. 4, л. 42. Draft.

the Section of Philosophy, Law and Economics of the Academy. You were elected manager of this institute.” Due to a shortage of economists at BAS the foundation of an Economics Institute has been postponed. T. Pavlov hoped, that he could be included in the wave of newly elected academicians. Later the Section of Philosophy, Law and Economics decided to ask Kolarov “as a manager of the Economics, although not being constituted completely”, to convene a meeting in September, in order to discuss a five-years’ scientific plan of the institute.

Hence it was clear, that in the beginning of 1948 Vassil Kolarov was elected manager of the institute (mentioned by the BAS manager under two names – Institute for Economic Science and Studies and Economics institute)! This election might have been due to the willingness of the Academy to obtain the key support by the second top person in the state, being an Academician and Economic Science Doctor. Therefore it was decided V. Kolarov to be the director of the Institute of Economics just “formally”, in view of an easier establishment of the Institute.<sup>22</sup>

Meanwhile during the meeting on 7 April 1949 the Legal & Economic Section of the Academy elected the Finance Minister Ivan Stefanov, as a Head of the Economics institute. On 11 April this election was confirmed by the Management Board of BAS.<sup>23</sup>

Due to the delay in the election of a director of the Institute, the Action Plan for the year 1949 of the Economics Institute BAS has not been elaborated until June. It consisted of 14 topics. The staff included thirty eight persons, including the external collaborators, and was signed by the director Ivan Stefanov and the deputy director St. Sukmandjiev.<sup>24</sup>

There is another version, that the Institute of Economics, BAS was founded on the initiative of Acad. Ivan Stefanov himself in September 1949, as hinted by his interesting and less known memories.<sup>25</sup> Considering the aggravated campaign for

<sup>22</sup> The support rendered to T. Vladigerov and Iv. Katincharov before V. Kolarov, and not to anyone else powerful of the day, could be explained partially by means of a curious statement. Vladigerov was acquainted in Berlin with V. Kolarov in the 1920<sup>ies</sup>. In 1934 he went to Moscow being appointed by the COMMINTERN. There he was shocked by the repressions and decided to return to the home country. For this purpose he needed a passport to depart from the USSR. In 1941 Kolarov secretly gave him two new passports for him and his wife and hinted him to leave immediately... Vassil Kolarov saved his life... (*Angelov, Zl.* Communism and the remorse of a guilty person despite of himself. Sofia, 2002, <http://liternet.bg/publish7/zangelov/> (the author was a nephew of Claire, the wife of T. Vladigerov). The assertion made in several reference books (Economics Encyclopedia. Sofia: Nauka i Izkustvo, 2005, p. 107), that T. Vladigerov was the Head of the Prime Minister’s Cabinet – V. Kolarov. It should be clarified, as Kolarov was at this post from July 1949 until January 1950, and during this period Vladigerov was a diplomat in Paris.

<sup>23</sup> Б.д. [7.IV.1949 – Author’s remark, N.I.]. Records for the Minutes and for a meeting of the Legal and Economic Branch of BAS. - АБАН, ф. 1, оп. 1, а.е. 16, л. 82. Draft; 11.IV.1949, Records N 492, meeting of the Management Board of - АБАН, ф. 1, оп. 1, а.е. 16, л. 89.

<sup>24</sup> 13.VII.1949. Plan for the work of the Economics Institute, BAS for 1949. - АБАН, ф. 1, оп. 3, а.е. 6, л. 157-158. Original.

<sup>25</sup> No Date. [The content of this document reveals, that Iv. Stefanov told his memories after 1960, as he talked about his second reinstatement to the Bulgarian Communist Party, which happened in 1961 –

prosecution of Tito-supporters and enemies of the Soviet Union, carried out in Bulgaria in 1949, he was forced to file his resignation as a Finance Minister on 4 August and on 8 September he handed over the ministry to Petko Kunin. Ivan Stefanov had been considering the establishment of a single economics institute within BAS. In order to fulfill his intention he gathered 15-20 prominent economists in the building of the Academy and explained them his ideas. Such an institute should investigate the main issues, concerning the establishment of a socialist system in Bulgaria. His proposal was accepted unanimously. Stefanov undertook to report it to Politbureau and to the chairman of the Academy and implemented it later. Further on he said something (sounding not quite comprehensive, at least regarding the date and his intentions and should be clarified in the future): "Recently I understood, that Politbureau have given their consent for this institute, that the Presidium has decided to establish such an institute and that I had been appointed as the first director prior to my arrest." As Ivan Stefanov was arrested on 20 September due to the future trial against Traycho Kostov and his group, called by some people the "Blackmail Trial", it turns out that he was appointed director of the institutes during the approximate period between 10-19 September 1949.

According to the above ideas of Ivan Stefanov the following scheme was set up: the plan of the former minister Stefanov was approved by the initiative meeting of prominent scientists - economists. The academician was nominated as a manager, and St. Sukmandjiev – a secretary of the initiative group: "Pursuant to the above, Ivan Stefanov was qualified as the first director of the Institute of Economics of BAS."<sup>26</sup> The assumption for such a "qualification as the first director" does not sound serious – at least because an approval/sanction by the BAS management Board was required for such a purpose. This is not the case. Something else is important as well: the documents mentioned above show, that he had already been elected director of the Institute of Economics on 11 April 1949.<sup>27</sup> Therefore the version on "qualifying" Acad. Ivan Stefanov as the first director of the institutes is not true.

An unexpected conclusion could be made from the above-mentioned data and arguments: Vassil Kolarov was declared the first manager of the Institute of Economics of BAS, although just nominally, formally (at that time the Institute actually existed just as a name, and not as an institution or staff), and Ivan Stefanov is the "officially" appointed director on 11 April 1949 and during his management the staffing of the institutes was not full-time.

---

Author's remark, N.I.J. Verbatim report from the Institute of History of BCP of memories of Acad. Ivan Stefanov about his activity as a member of BCP 1919-1957 - АБАН, ф. 138 с "Academician Ivan Stefanov", оп. 1, а.е. 7, л. Typed Copy.

<sup>26</sup> *Shapkarev, P. and P. Naydenova.* Academician Ivan Stefanov – a Prominent Scientist and Public Man. – In: Shapkarev, P. et al. 100<sup>th</sup> Anniversary of the Birth of Acad. Ivan Stefanov.C.:BAS, 1999, p. 11.

<sup>27</sup> CV of Prof. Ivan Stefanov Mateev, full member of BAS. 29 November 1959, л. 3. Draft, I dispose of it. See note 23.

## **The First Director of the Institute of Economics of BAS - Ivan Stefanov – Economic and Political Ups and Downs**

The scientific activity of Acad. Ivan Stefanov is well known<sup>28</sup>. The 110<sup>th</sup> anniversary of his birth is in the year 2009. Much less was written about his work as a top manager and almost nothing - about his turbulent political troubles. But there is a lot to be said and discussed, especially about the “economic and political” troubles (speaking more freely). For instance why the first officially appointed director of the Institute of Economics of BAS turned out to be with the shortest mandate from all the other directors so far – just five months? Because he as a finance minister and director of the Institutes was arrested, tortured and trialed, and at the time of a power, he had been fighting for years. Most people before 10 November 1989 evaded such a risky topic or, if they did talk, it was like a taboo – one of the innumerable taboos at that time. Now, under the greater liberty it came to another extreme –the “red professor” to be presented as a democrat anti-communist or a monarchist. The successive turning the coat has begun – everything “black” under one power is proclaimed as “white” under another, and vice versa.

And as in science the target should be objectivity, not subjectivity, “a photo, not a picture”, some eluded moments from his activities should be clarified. Moreover during the socialist system, the appointment of a director of an “ideological” institute, (as pointed out), is usually due to political reasons. Therefore I shall focus on this controversial point of his life, based on documents and memories of people, who were acquainted with Ivan Stefanov.

Looking at the biography of the statesman and scientist academician Ivan Stefanov (Hadji) Mateev<sup>29</sup> (1899-1980), it could be seen, that at least half of his mature life of 80 years passed extremely, in “Ups and Downs”. Having become a member of the communist party at the age of 20, having served in soviet trade representation offices abroad, at the top of his career he was trialed and imprisoned for “patched” anti-sovietism! Ivan Stefanov was expelled from Germany, then arrested and discharged in Bulgaria during the royal time (or as stated today – democracy under the crown. Having an instable professional status before the revolution on 9 September 1944, after that date his career pushed up – governor of the Bulgarian National Bank, director of “Hranoiznos”, MP at the VI Grand National Assembly, Member of the Central Committee of the Bulgarian Communist Party. In a few months after being appointed director of the Institute of Economics of BAS, he suffered his greatest problems – he was convicted in the patched up trial “Traycho Kostov”. After being released in advance from prison, he gradually acquired scientific and social (not political) statute.

---

<sup>28</sup> From the latest articles on this topic - see *Nikolova, N.* The scientific Legacy of the Prominent Bulgarian Statistician, Economist and Public Man – Acad. Ivan Stefanov (110<sup>th</sup> Anniversary of his Birth). – Economic Thought, 2009, N 2, pp. 108-111.

<sup>29</sup> He used to call himself and sign as Stefanov, and not by his surname.

One of the reasons for the troubles at the height of his government career, when he also became a director of the Institute, was the involvement of Ivan Stefanov in the notorious Bulgarian – Soviet trade negotiations in the beginning of 1945. A detailed opinion could be made by recently detected studies and sources, as well as from memories of Ivan Stefanov himself, known to almost no one.<sup>30</sup>

The Bulgarian trade delegation arrived in Moscow on the New Year's eve – 1 January 1945. Primarily Ivan Stefanov was not one of the thirteen members. The negotiations have not been carried out without troubles as it could be expected. On the one part, the usual trade aim is to sell expensively and to buy cheap. However there were principal differences – in the Soviet Union the prices were stable, in Bulgaria – not. The soviet delegates wanted samples, specifications and analysis of Bulgarian commodities, asked about the prices. The Bulgarian delegates answered, that their instructions were to tell the Soviet delegation, if they are interested in prices, to inquire directly in Sofia.

On 25 February in Moscow arrived our “heavy artillery” – the social-democrat Dimitar Neykov – Minister of Trade and Industry, and Ivan Stefanov, respectively Head and Deputy Head of the delegation. Georgy Dimitrov still residing in the Soviet Union called Stefanov to a private meeting and told him secretly: “In front of the party, government and the people You are in charge of the negotiations. You take part both as a Chairman of the National Bank and as a political personality. [...] We are brothers with the Soviet people – there is no doubt therein. But the Soviet trade specialists wouldn't mind stripping off not a single skin of your back, but 10 skins. Keep your eyes open and keep me informed about the matters.”

The matter of Bulgarian tobaccos and rose oil was very aggravated. Our missionaries handed over data about our tobacco quantities, much lower than the available quantities.<sup>31</sup> The Narcom (minister) of Foresign Trade Anastas Mikojan accused the Bulgarians, referring to information provided by Bulgaria. Ivan Stefanov was aware, that the Russians wanted to resell our tobacco and rose oil abroad. The Soviet party quoted prices for tobacco and other goods, based on our

---

<sup>30</sup> Verbatim Report... - АБАН, ф. 138 с “Academician Ivan Stefanov”, on. 1, a.e. 7. л. 38-43. Section “Trade Negotiations in Moscow”. Information was used also from: *Dimitrov, G.* Records. Sofia: University Press “St. Kliment Ohridsky”, 1997, p. 461, 467, 468, 470 (NB! This large record full of information of the leader, who was honored for decades has not published and was prohibited throughout the communist rule); *Isusov, M.* Stalin and Bulgaria. Sofia: University Press “St. Kliment Ohridsky”, 1991, p. 112-115, 119.

We also add some words of a friend of his during the 1940<sup>ies</sup>, also under trial pursuant to the “Traycho Kostov” lawsuit, that Ivan Stefanov died “with the belief, that some day a light would be shed on this lawsuit, he was a victim of, and on the vicious totalitarian system” (*Hristov, B.* The Hardship. Memories on the trial and fate of Traycho Kostov and his group. Sofia: University Press “St. Kliment Ohridsky”, 1995, p. 110). The next lines would help a little about this belief to come true.

<sup>31</sup> The usual tactics for trade negotiations (selling more expensive and buying cheaper) in addition to the quantities of our tobacco concealed by the Bulgarian party in order to limit the exports to USSR were some of the allegations against Traycho Kostov, Ivan Stefanov and the other accused persons at the trial in 1949 (The Trial against Traycho Kostov and his group. Sofia: Press Directorate, 1949, p. 137).

statistical data from the first half of 1944, which was of disadvantage for the Bulgarians. In turn our delegation wanted to buy wool and cotton, but first of all they wanted to specify the standards of the quoted wool prices by the Soviets. The reply was that no standards were available. However Stefanov managed to obtain a leaflet with the standards and told Mikojan about it. His answer was: "It is not applicable"... In reaction to our "secrecy" about the tobaccos the Soviet counterparts declared, that they did not dispose of most of the quantities, requested by the Bulgarians to buy from them.

The tension was intensified and the negotiations were threatened with failure. In order to avoid any possible crisis, on the 2<sup>nd</sup> of March G. Dimitrov insisted Mikojan to study the new Bulgarian proposals about the tobacco price and to take into consideration the great significance of the agreement for the interrelations of the two countries. Nevertheless the negotiations were blocked on 8 March. Dimitrov had an urgent meeting with the delegation members, Ivan Stefanov being among them, and some hours later – with the Soviet Foreign Minister Vjacheslav Molotov and with Mikojan. On the next day the head of our delegation D. Neykov wrote to Mikojan, that the failure of the negotiations would aggravate the new Bulgarian government. Therefore he proposed mutual concessions to be made by both parties. The joint efforts succeeded and on 14 March the first trade agreement was signed between the USSR and Bulgaria.

On March 24<sup>th</sup> Ivan Stefanov returned to Bulgaria without any problems. But unexpectedly in June all the communists from the delegation were summoned to the Central Committee of the Bulgarian Communist Party. There a board headed by Traycho Kostov investigated their behavior in Moscow during the trade negotiations due to a complaint lodged by USSR for anti-Soviet conduct. Stefanov denied such allegations, focusing on the "twister tricks" of the soviet delegates: "We must defend certain positions. If it is considered anti-Soviet conduct, there was something like that; but it was conduct against their unscrupulous specialists."

However the board decided, that the members of the delegation have had anti-Soviet conduct and decided to propose to the Central Committee to punish them. Ivan Stefanov and his colleagues were shocked. However the expected punishment was evaded. It seemed that the "anti-Soviets" were saved by the immediate retribution by G. Dimitrov – after his return to Bulgaria on November 4<sup>th</sup>, 1945, and the question about their punishment was not raised. Ivan Stefanov was not removed from his position Director of BNB, and on proposal made by G. Dimitrov he became a Financial Minister on 31 March 1946, and as an academician in 1947 Stefanov took an active part in the Peace Conference in Paris in 1946. All the promotions were made after the Soviet accusations.<sup>32</sup>

<sup>32</sup> CV..., л. 3; *Russenov, M.* Academician Dr. Ec Sc. Ivan Stefanov and the Bulgarian Financial Thought. – Finance and Credit, 1979 г., N 5, p. 59.

We should point out the close friendship between the two personalities – informally Ivan Stefanov called the Bulgarian leader "Bay Georgi" (Verbatim Report ..., л. 50). He highly esteemed Georgi Dimitrov

To the interest of the historical truth is to tell more about the repressions against Ivan Stefanov, in order to clarify this “black”, not “white” spot.<sup>33</sup>

He remained a minister until August 1949, when under the pressure of the Central Committee of the BCP he filed his resignation, and he was arrested in September. At the sinister patched-up trial against the leader Traycho Kostov and his “gang” Stefanov was accused in treachery (one of the top three, who organized a plot against the “democratic state system”), espionage for England, treason, sabotage and damages.<sup>34</sup> He plead guilty! ... Only in such a way – mentally broken, threatened to death, he could save his life (he was sentenced to rigorous imprisonment). Years later he told trusted friends from the Institute about his conduct during the trial: “You will understand why, only if you happen to fall into their hands!...”<sup>35</sup>

On 29 March 1956 during the period of defrosting after the death of the Soviet leader Joseph Stalin the supporters of “Traycho Kostov” were rehabilitated. Stefanov was a head of a section at the Institute of Economics, BAS and a chair of a department at the Higher Institute of Economics “Karl Marx”. However he was not satisfied with such a “silent rehabilitation”. He wanted the affairs to be revealed, looked for retribution, compensations. As a consequence to his insubordination, although being a member of the party management at the Higher Institute of Economics, in 1958 he was excluded from BCP due to “unsound conduct”.<sup>36</sup> Following his objections in writing he was restored as a party member in 1961.

After the jail and the new difficulties Ivan Stefanov avoided talking freely about policy within the Institute of Economics of BAS. And yet he mentioned to

---

unlike the politicians such as Vassil Kolarov, Valko Chervenkov and Todor Zhivkov. He told me himself. According to my colleagues he also highly esteemed the skill of Dimitrov to listen to the opinions of the others and to agree with justified critics of his ideas or proposals.

<sup>33</sup> For instance we could ask why Ivan Stefanov after being a Minister of Finance was appointed to a much lower post as a Director of and academic institute? And whether it was not a part of the game of the Red Government, expecting the forthcoming death of G. Dimitrov, in order to clear their way to the power?

<sup>34</sup> The indictment and the judgment do not mention anything about the trade negotiations with USSR. Nevertheless the advocate of Ivan Stefanov mentioned vaguely, that he was a “Curator” of the Economics Institute.

<sup>35</sup> The trial against Traycho Kostov and his group. Sofia: Press Directorate, 1949, pp. 14, 55-56. This disgraceful trial has been concealed or exploited for a long time. Most often the insulting final words of Iv. Stefanov about Tr. Kostov: “provocateur, wretch, traitor”...have been omitted. Some people said, that in this way he expressed his keen discontent against Kostov, who unlike their covenant, had not acknowledged himself guilty (*Stefanova-Gateva, B. Iv. The genuine memories about my father. – In: Shapkarev, P. et. al. 100 years ...*, p. 187). This is unconvincing, at least because it doesn't disprove any other version, based on the evidences in writing of Ivan Stefanov himself which were kept confident. (Central Communist Party Archive, ф. 1, оп. 5, а.е. 221, л. 119-120. [Quotation under *Isusov, M. The last year of Traycho Kostov. Sofia: Hristo Botev, 1990, pp. 90-94 – Author's remark, N.I.*]). He wrote definitely about the trial: “I have not discredited the judicial inquiry, I just served it in the best possible way.”

<sup>36</sup> CV..., л. 3.

some closest colleagues that he supported the Austrian school and Böhm Bawerk. During his last years at his meetings with Soviet scientists he was always arguing, looking for clarifications and supplements to the socialist theory and practice.

In the course of time the repression was officially forgotten and the “congratulating” articles about Ivan Stefanov were full of praises – one of the pioneers and pillars of the Bulgarian economic and statistic theory and practice, the first Marxist scientist in Bulgaria in the sphere of statistics, active fighter against fascism and capitalism, awarded with a “Georgy Dimitrov” order, top scientist, hero of socialist labor, he was addressed personally by the Head of State - Todor Zhivkov.<sup>37</sup>

Academician Ivan Stefanov was a great personality at the Institute of Economics, BAS!<sup>38</sup> With his tall, slightly bent figure, an imposing figure, cautious watchful eyes, witty and amusing, he has always made a great impression. He had an image of a profoundly thinking person and scientist with European education.

\*

The Institute of Economics, BAS was not established on an empty spot. It stepped (in a various scope, a “given name”, efforts, staff, property) on the Statistics Institute for Economic Studies, the Bulgarian Economics Society, the Ministry of Finance and General Directorate on Literature and Publishing Houses (Glavlit). Being his first director, formal to a great extent, as the nominal is the second top leader of the state Acad. Vassil Kolarov, and the official (permanent, formally appointed) – Acad. Ivan Stefanov. The latter managed just five months, as he fell into disgrace due to the trial against Traycho Kostov and his group.

3.09.2009

---

<sup>37</sup> Author's remark. Academician Ivan Stefanov at the age of 65. – Economic Thought”, 1964, N 4, c. 122; Г. К. Academician Ivan Stefanov. – Magazine issued by BAS, 1969, N 3-4, c. 181; *Shapkarev, P., P. Naydenova*. Academician Ivan Stefanov at the age of 70. – News by the Institute of Economics, BAS. Vol. 37, Sofia, 1971, p. 24; *Shapkarev, P.* Academician Ivan Stefanov at the age of 75. - Economic Thought, 1974, N 4, p. 106; Obituary for the death of Ivan Stefanov. - Economic Thought, 1980, N 7, p. 127.

<sup>38</sup> Even in February 1980 – the year when he died, he told me about the most turbulent years of his life. Almost all the colleagues maintained, that in from of them he had not talked so frankly about political memories. Therefore I am very glad of the academician's confidence in me.