

MONETARY AND ECONOMIC RESEARCH CENTER

1ST ANNUAL CONFERENCE

**MONETARY POLICIES IN THE BALKAN REGION. THE
FUTURE OF THE EURO AND EUROZONE IN THE
BALKANS**

14-15 October 2015

Sofia





The first annual scientific conference of the Monetary and Economic Research Center (MRC) was held from 14th to 15th of October 2015 at the University of National and World Economy.

Founded in 2014, MRC is a research organization dedicated to promoting a greater understanding of how the monetary and economic system works. The MRC is a nonprofit economic research unit within the department of Finance at the University of National and World Economy (UNWE).

The MRC is committed to undertaking and disseminating unbiased economic research in a scientific manner, and without policy recommendations, among public policymakers, business professionals, and the academic community.

Main accent on the 1st Annual Conference conference was the monetary and financial regimes in the Balkan Region. Researchers and professional from more than 10 countries took part.

The present book consists papers in English and Bulgarian language.

FULL RESPONSIBILITY FOR PAPER CONTENT IS BEARED BY THE AUTHORS!



SCIENTIFIC COMMITTEE

Statty Stattev, Rector of UNWE
Nikolay Nenovsky, Director of MRC
Pencho Penchev, Member of MRC
Petar Chobanov, Member of the MRC
Presiana Nenkova, Head of Finance Department, Member of MRC
Rositsa Toncheva, Member of MRC, UNWE
Diyana Miteva, Member of MRC, UNWE
Gergana Mihaylova, Member of MRC UNWE
Silvia Triffonova, Member of MRC, UNWE
Jerome Blanc, University of Lyon II
Jaime Marques Pereira, University of Picardie
Dominique Torre, University of Nice Sophia Antipolis
Michalis Psalidopoulos, University of Athens
Julius Horvath, Central European University, Budapest
Vladimir Avtonomov, Higer School of Economics, Moscow
Camelia Turcu, University of Orleans
Gildas Bondi, Université Marien NGOUABI, Brazzaville-Congo
Kiril Tochkov, Texas Christian University

EDITED BY

Diyana Miteva
Nikolay Nenovsky
Pencho Penchev

FORMATING AND PUBLISHING EDITOR

Elena Kirilova

ISBN: **978-619-90797-0-6**

Sofia, 2015

Publisher: Monetary and Economic Research Center

Postal Address: Studentski grad "Hr. Botev", 1700 Sofia, Bulgaria, Office 2020

E-mail: mrc@unwe.bg

Website: <http://mrcenter.info/>

© **2015**

All rights are reserved. No parts of this publication may be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior permission of the publisher/or authors.

Contents

MACROECONOMIC IMBALANCES IN EURO- AND NON-EURO AREA MEMBER STATES Daniela Bobeva, Atanas Atanasov	4
BANKS' EFFICIENCY IN BULGARIA IN THE TWENTIES: FROM STABILISATION TO CRISIS Nikolay Nenovsky, Gergana Mihaylova-Borisova.....	15
EXPLORING THE LINK BETWEEN THE EMERGENCE OF ALTERNATIVE FINANCE BUSINESS MODELS AND FINANCIAL INCLUSION Iustina Alina Boitan	32
CURRENCY SUBSTITUTION AND INSTABILITY IN THE ECONOMY: THE SOVIET EXPERIMENT OF THE 'CHERVONETS' IN THE TWENTIES Stefania Jaconis	48
MONETARY VELOCITY IN A SYSTEMIC PERSPECTIVE	
(From Macroeconomics to Currency-Thinking) Jens Martignoni	72
A PROPOSAL FOR HARMONISING CURRENT DISPARATE (SCIENTIFIC AND LEGAL) DEFINITIONS OF MONEY TOWARDS GREATER DECIDABILITY IN THE PROVISION OF JUSTICE ACCORDING TO UNIVERSAL PRINCIPLES OF CONTRACT LAW Jorge Meira Costa, Marc Gauvin McNeill.....	90
WHY EVERY BALKAN COUNTRY SHOULD HAVE ITS OWN CURRENCY PLAN B Gordon Kerr	111
PUBLIC CURRENCIES TO ENHANCE WELFARE STATES: TWO DRAFT PLANS	
Miguel Hirota	120
VARIETIES OF CAPITALISM AND EUROPEAN MONETARY INTEGRATION : WHAT LESSONS FOR THE WESTERN BALKAN COUNTRIES ? Xavier Galiegue	136
MARKET POWER, PROFITABILITY AND RISING CONSOLIDATION OF THE BANKING INDUSTRY IN BULGARIA Stoyan Denchev, Bojidar Archinkov	155
BULGARIANS ARE ON THE WAY TO MODERN BARTER EXCHANGE SYSTEM (MBES) Rossitsa Toncheva.....	166
MONETARY POLICY IN ALBANIA 2006-2015 Galia Mancheva	185
LONG-TERM INTEREST RATES' INTEGRATION AND DYNAMICS IN SOME CEE COUNTRIES ON THE ROAD TO EUROZONE Ivayla Dimitrova	205
ASPECTS OF INVESTMENT SURVEILLANCE AND PROTECTION OF CLIENTS' ASSETS Diyana Miteva-Boncheva	219
FUNDAMENTAL PRINCIPLES AND FACTORS OF ECONOMIC DEVELOPMENT ACCORDING TO KINKEL ON THE 70TH ANNIVERSARY OF HIS DISAPPEARANCE Nikolay Bogatzky	230
THE REFORMS IN THE ECONOMIC GOVERNANCE AND THE NEW FINANCIAL MECHANISMS IN EURO AREA AFTER DEBT CRISIS Psychalis Marios Georgios	257
LIST OF PARTICIPANTS AND CONFERENCE PROGRAM	276

FUNDAMENTAL PRINCIPLES AND FACTORS OF ECONOMIC DEVELOPMENT ACCORDING TO KINKEL ON THE 70TH ANNIVERSARY OF HIS DISAPPEARANCE

Nikolay Bogatzky

Independent Researcher

I have the great honor and pleasure to present this work on Ivan Kinkel – Russian-Bulgarian economist, almost unknown to the international scientific community and mostly misunderstood by the same Bulgarian scientific community – right here in Sofia, in the city where he worked, and especially in the year of the 70th anniversary of his disappearance.

Nikolay Bogatzky

Key words: *Principles and Factors of Economic Development; Ivan Kinkel; History of Economic Thought; Russian economists immigrants; Bulgarian Economic Thought*

JEL Classification: *A12, B25, B31, B52, N14, O10, Z13*

Introduction

The present times, characterized by socio-economic crises and permanent global instability, record again a great boost of the interdisciplinary studies aimed at defining the long-term universal regularity of the economic development, of its phases, driving forces etc. That is the focus of the scientific community, interested in both the history and the development of the political economy in general, and that is where the theoretical contribution of the scholar and the protagonist of my paper, Ivan Germanov Kinkel, could be also appreciated. After all, the trends to come to an understanding of the historical and global economics are even quantitatively justified, because the hundreds of years of economic history and human development should not be taken for granted focusing on the last 200-300 years, although the present is really characterized by extreme dynamism and turbulent changes. Thus, the ideas of Kinkel could also serve as a stimulus for economic interpretations of the current period.

The rise of the totalitarian regimes in the twenties and the thirties of the last century caused a large migration of scholars, including some Russian economists. Those of them, who landed in the Balkans, and especially in Bulgaria and Serbia, where they are still regarded as

true pillars of the local science, are almost completely unknown to the international scientific community.¹²² Therefore, the main reason for my work was to fill the blank pages of the history of the economic thought.

In 2015, the year of the research and completion of this paper, we mark the 70th anniversary of the disappearance of Ivan Germanov Kinkel. Anniversaries of important scientists are always a reason to slow down, get rid of the routine and turn toward the past, reflecting on their contribution to the spiritual enrichment of humanity, on their legacy to future generations and the possible way to use and develop it.

The figure of Ivan Kinkel intrigued me also for quite personal reasons. Some sources cite Ivan Kinkel as an officer of the White Army of General Wrangel¹²³ who later emigrated to Bulgaria. This story reminds me of the personal history of my grandfather Georgi Bogatzky.

Ivan Kinkel was also a very erudite man, completely devoted to the science which in itself is a sufficient reason for being commemorated with a special study.

The scientific work of Ivan Kinkel from the twenties to the mid-forties of the twentieth century, comes as a first attempt to work on the economic history in Bulgaria, linking it not only to the general economic theory, but also to the other sciences. Kinkel's ideas on the principles, factors, periodization in Economic History etc. are spread out in various publications and some of them even evolve over time. That is why an attempt to systematize his theories, to analyze them and to find their originality in a more exhaustive way, would have been more than appropriate and welcome not only as a contribution to his memory, but also as a service to the scientific community, to which this scholar is almost unknown. Unfortunately, such a project would have required a huge amount of work and I chose to focus on just one of the most mature Kinkel's works (*Fundamental Principles and Factors of Economic Development*), which is only a small step towards his popularization.

Leaving the high ambitions for a global look and exhaustive work on Kinkel behind, two general considerations could still be made. According to the first, the scholar is firmly convinced that the economic laws are extrapolated from past experiences. The second general moment of Kinkel's work refers to his "eclectic" interdisciplinary approach, which is the

¹²² cf. Nenovsky N., *Ivan Kinkel's (1883–1945) theory of economic development*, The European Journal of the History of Economic Thought, 2013

¹²³ Baron Pyotr Nikolayevich Wrangel or Vranghel (Russian: Барон Пётр Николаевич Врангель, Baron Pyotr Nikolayevich Vranghel; German: Freiherr Peter von Wrangel; August 27 [O.S. August 15] 1878 – April 25, 1928) was an officer in the Imperial Russian army and later commanding general of the anti-Bolshevik White Army in Southern Russia in the later stages of the Russian Civil War.

implementation and combination of different instruments, laws and principles not only of the economy, but also of other sciences - sociology, psychology, biology etc. It is quite upsetting that although Kinkel was well known to the cultured circles in Bulgaria (the country in which he conducted his entire scientific activity), the biographical details and the evaluation of his work could be rather sporadic, inaccurate and ideological. The main reason for that could be determined by a twofold research - of the intricate personal story of the scientist and of the tormented history of the country (Bulgaria).

By publishing some of his articles under different pseudonyms, such as M. Mladenov, A. Fridyung and others, Kinkel himself contributed to the first: the “misinterpretations” of his scientific work.

As far as the second determining factor, the Bulgarian history, the larger ideological-interpretative ambiguity on Kinkel was caused in the sixties and the seventies of the twentieth century.¹²⁴ More surprising is the fact that even the new research appears not to have any scientific value and is full of biographical errors.

In fact, just recently, two new articles, written by Pencho Penchev¹²⁵ (Bulgarian National University of Economics) and by Nikolay Nenovsky¹²⁶ (University of Amiens), have “done justice” to the scientific legacy of Kinkel.

In this paper, I will try to depict the figure of Ivan Kinkel more from the perspective of the economic scientist, touching briefly – except for quick remarks – upon his enormous amount of work in other scientific fields. My attention will focus mainly on his volume *Fundamental Principles and Factors of Economic Development* as published in 1942 by the School of Financial and Administrative Sciences of Sofia, and never republished or translated into another language.

The other main sources used were the works of Kinkel, mainly written in Bulgarian language. The secondary sources, as noted earlier, are quite chaotic, ambiguous and imprecise (except for the two recent articles of Nenovsky and Penchev), thus their use was very selective and cautious.

Therefore, the object of this paper will be the economic work of Ivan Kinkel, and the *Fundamental Principles and Factors of Economic Development* specifically. The main intent is directed towards the popularization of a scholar, almost unknown to the international

¹²⁴ cf. Grigorov K., *Development of bourgeois economic thought in Bulgaria between the two World Wars - theoretical guidelines*, Science and Art, Sofia, 1960, pp. 220-233.

¹²⁵ Penchev P., *Professor Ivan Kinkel as a theorist of Economic History*, Economic Thought, Sofia, n. 3, 2013.

¹²⁶ Nenovsky N., *Ivan Kinkel's (1883–1945) theory of economic development*, The European Journal of the History of Economic Thought, 2013

scientific community, by researching and discussing the originality of his thought. Meanwhile, the other goal is to demonstrate that even in peripheral countries such as Bulgaria, the economic thought was valuable and innovative. In this manner, I will try to arrive to a certain “revision” of the scientific memory of Ivan Kinkel – the scholar who despite of his preparation, his scientific zeal and determination, is mostly misunderstood or read in the light of the dominant ideologies of the moment.

Ivan Germanov Kinkel was born in Bryansk on January 18, 1883. In early October, 1917, he was personally invited by Lenin to be the Secretary of the Supreme Economic Council. He did not accept the prestigious assignment for health reasons and went to Bulgaria with a permit, handwritten by Lenin himself, allowing him to cross the border. It seems that Kinkel might have unfortunately destroyed this very valuable document during his short stay in Ukraine.

Ivan Kinkel died in Sofia on May 25, 1945.

Kinkel can be defined as a really multifaceted persona: a Professor of History of Economic Thought, Political Economy and History of Economic Doctrines at the University of Sofia and at the Free University of Sofia; a founder and first secretary of the Bulgarian Society of Sociology, a founder of the Bulgarian School of Psychoanalysis, etc. After the legal-economic foundation received at the Imperial Tsarskoye Selo Lyceum, he studied medicine in Berlin, philosophy in Leipzig and psychoanalysis in Zurich. His speculative activity and scientific production ranged across different fields – economics, economic history, history of economic doctrines, sociology, social psychology, law, philosophy, psychoanalysis and others, and he published interesting works in all these disciplines. Kinkel’s research in economics was aimed primarily at understanding the mechanisms, the driving forces and the forms of the economic and social development, with the firm belief that only a holistic vision made of different interpretations of the object of study – the economic development, would lead to a significant scientific result. Kinkel himself calls his scientific method “interdisciplinary” and even “eclectic.”

1. The Economic History According to Kinkel

The roots of Kinkel’s thought could be traced back to the physiocratic doctrine of the XVIII century. At that time the economists, stimulated by the discoveries of the natural science, began to consider the economic phenomena in their entirety, by supporting general statements of their causal relationships. Kinkel’s spirit and scientific convictions could be recognized hereinafter in the thinking of William Ellis – a friend and collaborator of John Stuart Mill. In the introduction of his well-known volume *Outlines of Social Economy*, Ellis already underlines the contrast between the wealth of the original inhabitants of Australia and North America and that of the contemporary societies of the same countries. Ellis paints in a

very expressive manner the changing conditions in these countries where “twenty million now live in peace and security, while originally only two million lived in conflict and confusion”.

...history teaches us that the progress which we have made from barbarism to our actual state of civilization has been gradual, although more rapid of late years than formerly and reflection convinces us that there is ample room for further progress. It is our duty, then, since we are born into world greatly improved by the exertions of our fathers, to hand it down still more improved to those who are to come after us. To perform this duty, the wish alone will not suffice, we must acquire knowledge to guide us in its performance. To know how to advance in civilization or happiness, we ought to have clear understanding of the causes of the progress already made, and of the obstacles which retard our further progress and to this end we will at once direct our thoughts.¹²⁷

You can better understand Kinkel’s thinking in comparison with other scholars’, investigating some aspects of his general ideas. According to Kinkel, the central issue of economic history is “What moves and regulates life and progress?”¹²⁸ As a result, his research focused on the driving forces of progress and the discovery of the principles that determine the direction of economic development. For Kinkel, economic history is close to sociology; it is a cognitive rather than normative science with specific tasks to observe, describe, understand and explain. Economic history should not provide religious, ethical or philosophical evaluations and should not even be influenced by political ideologies and motivations¹²⁹; it should rather be developed sociologically, otherwise it risks becoming pure history of economic facts and thus losing its scientific status.¹³⁰

2. Economic Development in History According to Kinkel

Deep down, Ivan Kinkel believes that the economic development of humanity is evolutionary.

According to the scientist, the evolutionary course of forms of economic expressions and institutions produces a greater amount and variety of economic goods through increasing

¹²⁷ Ellis, William, *Outlines of Social Economy*, Second Edition, Smith, Elder and Co., London, 1850, pp. 1-7.

¹²⁸ Kinkel I., *The ethical factor in economic history*, *Yearbook of Sofia University (Faculty of Law n. 25)*, 1930, p.8.

¹²⁹ *Ibid*, pp. 191-193.

¹³⁰ Kinkel I., *On the character of the Bulgarian economy and its development during the XVII-XIX*, review for monograph *The economic history of Bulgaria* by G. Nathan, *Magazine of the Bulgarian Society of Economics*, 7, p. 438.

efficiency. New and more sophisticated forms appear in the framework of economic relations. Kinkel's views on economic evolution include the presence of a certain continuity between different stages of socio-economic formations in economic history. Each formation or stage of economic development of humanity, compared to the previous formation or stage, shows elements of improvement. At the same time, the new formation brings some of the most important characteristics inherited from the previous. Ultimately, progress «means the evolution of the entire socio-economic system towards the most effective forms in terms of production and more satisfactory in terms of consumption».¹³¹

The evolutionary development, however, is not presented as a continuous improvement and advancement. Cyclicity may experience in its movement. That is why Kinkel did not accept without reservation the views of representatives of the German Historical School, comprised of Marx and Engels, according to which the economic development of humanity passes through phases fundamentally different from one another. According to Kinkel, such views are wrong for several reasons: take into account only European peoples; consider the economics of the various ancient civilizations as a single, continuous, without stages of development; deny the existence of capitalist forms during the Middle Ages and so on.

3. Fundamental Principles of Economic Development

The first principle is continuity, namely “to acquire-inherit – economic institutions, apparatus, production techniques, interactions between individuals and social groups – in the economic life of the next civilization, from the economic culture of the previous one”. Moreover, «later civilizations adopted historical forms that had already existed and been experienced, but for a shorter period of time than the duration of the same forms (economic systems, stages or eras) in earlier civilizations, when such forms were starting their development from the beginning and their whole development could last much longer [an example is the transmission and the duration of the feudal-aristocratic system in different civilizations]. When a posterior civilization acquired a system or economic institutions (readymade and developed), it had only the task to develop and refine them.»¹³² Kinkel offers highly articulated examples that include the influence of the Ancient Oriental Civilization on the Greco-Roman and Byzantine Civilizations (agriculture, industry, trade, monetary affairs, banking, science, religion, philosophy, political organization, art); and cultural influence and

¹³¹ Kinkel I., *Fundamental principles and factors of economic development*, Yearbook of School of the Financial and Administrative Sciences of Sofia, vol. I, 1942, p. 3.

¹³² *Ibidem*, p.17.

assimilation of different Greco-Roman cultural institutions by modern people (agriculture, industry, law, political organization, religion, philosophy, science, art).

The second principle is the economic and cultural influence among the peoples of the same historical period. The economic and cultural achievements of the various peoples seldom remain known and accessible only to their own creators, and usually reach other nations, stimulating their development. «The Culture [Kinkel writes], owns a perennially international character, because every valuable result achieved by a people, is transmitted to others.»¹³³ Here are some detailed examples: the influence of the Egyptian culture on the cultural life of the Mediterranean, Persian, Indian and Assyrian-Babylonian peoples (religious beliefs, organization and forms of economic system, technology, military art); the influence of the Assyrian-Babylonian culture on the Ancient Judea and on the Persians (economic institutions, law, spiritual life, technology, industry, art); the cultural influence of the Greeks on the Romans (industrial technology, architecture, culinary arts, organizational and economic structures, political organization, law, art, science); the cultural influence of the Greeks on the Romans (industrial technology, architecture, culinary arts, organizational and economic structures, political organization, law, art, science).

The third principle in the economic development of the civilizations is “the biogenetic law of growth”. It is conceived on the Comtian leitmotiv that the biological laws would be also valid in society.

The first manifestation of the so-called “biogenetic law” is “the law of evolution, or development in the change of social forms”.

The forms of economic reality derive one from other, namely, the rudimentary elements of a late formation have their origin already in the foundations of previous formation. When the previous formation begins to set, to crumble and no longer responds to the needs of society’s increased forces of production and consumption, the new elements – already present inside – come together to form the basis and the framework of new formation, inside which in their turn will grow new elements for a subsequent formation and so on. In this manner, the formations are configured as steps of a uniform development, in which a certain progress is evident. The formations that succeed one after the other in the chain of development are improved more and more. The subsequent formations are more varied and different than the previous ones, or rather, more later formations differ from the previous on the basis of the amplification of certain phenomena – the growth of productive forces, the material and

¹³³ *ibid*, p.27.

spiritual culture in society, the collective and individual well-being and so on.¹³⁴

The other fundamental expression of «the biogenetic law» refers to «the dialectical law» of the development of social changes «in the sense that in any condition or social formation (thesis), presuppositions and opposing tendencies (antithesis) are done by time, which further and further corrodes the original condition or formation. From the elements of these assumptions and antithetical tendencies, a new condition or formation (synthesis) is developed and it is perfected over those of the thesis and antithesis taken separately»¹³⁵.

Kinkel also mentions other manifestations of “the biogenetic law” as “the principle of integration and differentiation of the phenomena during their change, growth and development”; “the law of adaptation-imitation”; etc.

Particularly significant and heuristic for Kinkel’s “biogenetic law” are the theories of the biologist Ernst Haeckel, that «the ontogenesis or the development of the advanced species is generally explained as a short and rapid repetition of the phylogenesis or the development of the whole species, i.e. the whole chain of increasingly advanced ones, which form genetically every individual». Kinkel is fascinated by the psycho-sociological ideas of the time, according to which the phases of the development of the individual correspond to the phases of the development of the society: “so you can finally understand the very meaning of the spiritual development of the society during the consecutive historical-cultural ages serving as a basis of the stages and the meaning of the individual spiritual development”.

For the scholar, the manifestations of this law prove «the existence of a continuity-acquisition of the economic and cultural formations in later civilizations», ensuring that every civilization, before embarking on the very particular way of its development, initially manifests the economic formations of previous civilizations.

...the second civilization appeared in the cultural history (the Greco-Roman), initially repeated or exhibited economic formations of the first civilizations (those of the ancient Eastern nations) and then brought new and special ways into its own economic culture (going a step higher), influenced by the forces of production-consumption of its constituent peoples. And the third civilization in the historical order (the Contemporary-European) earlier experienced formations and cultural-economic relations developed by the first civilization (the Ancient-Eastern); then, shortly repeated the formations and the ways of the second civilization (the Greek-Roman); and finally, new, special and more

¹³⁴ Ibid, p.36.

elaborate and complex formations appeared in the economic reality of the contemporary European nations; the European civilization explored other ways that corresponded to the new and larger forces of the production-consumption and the new socio-cultural needs of its constituent peoples, a need much greater than those that the ancient Greeks or Romans could develop.

Even in this, Kinkel provides many examples and evidence of his concepts: the ancient Greek civilization of the so-called “Mycenaean-Cretan” era as a model of the Oriental civilization; the similarity of the economic system of the most ancient Roman times (the royal age) and the Egyptian times (the first period of Egypt); the similarities between the social reality in Europe during the early Middle Ages and the economic-cultural reality of the Ancient Oriental Civilization, or between the Late Middle Ages and the third era of the Greco-Roman civilization’s economic-cultural reality, etc.

Quite interesting is the criticism of the principles of Kinkel in one of the newest and very valid articles written by Pencho Penchev (Bulgarian National University of Economics).

The problem of Kinkel’s three principles is that they do not contemplate the possibility of choice, of the spontaneous emergence of institutions, of the role of ideas and of the case. To accept them means to completely disregard the freedom of the individuals to choose between different options of action, to make mistakes, to learn and to correct their mistakes. It disregards the possibility that natural phenomena or other random events may exert influence. The historic-economic development and the entire destiny of humanity would be predetermined. The same individual would turn from a conscious and rational agent, in a part of some collective species, guided exclusively by “objective” principles and (probably) directed towards completely predetermined goal.¹³⁶

In my opinion, Penchev’s criticism is generally right, but should be directed not only to the scholar Kinkel, but also to a group of scientists, or even to a whole paradigm of scientific thought. Kinkel’s work, in perfect line with the tradition and praxis of his time, is engaged in the construction of an ideal theoretical model (*the ideal type* of Max Weber, an author, appreciated by Kinkel, as clear from the volume in question, *Fundamental Principles and Factors of Economic Development*), which contains historical data (even conjectural), and helps the understanding-simplification of the socio-economic reality from a historical viewpoint. For such models the simplicity and generality of the conclusions are essential, because otherwise they would lose their explanatory quality, sinking into a mere description.

¹³⁶ Penchev P., *Professor Ivan Kinkel as a theorist of Economic History*, Economic Thought, Sofia, n. 3, 2013, p. 13.

According to Karl Jaspers, *the ideal type* is to be considered as an “ideal” connection, independent from the reality: the connection is evident, but not necessarily true, so the relationship between the *ideal type* and the individual case is a matter of interpretation (*Deutung*).

In this regard it is useful to remember the *motto* of the book *Principles of Economics* Alfred Marshall, appreciated even today – *Natura non facit saltum* – explained by the author in the preface to the eighth edition of the same book:

Economic evolution is gradual. Its progress is sometimes arrested or reversed by political catastrophes: but its forward movements are never sudden; for even in the Western world and in Japan it is based on habit, partly conscious, partly unconscious. And though an inventor, or an organizer, or a financier of genius may seem to have modified the economic structure of a people almost at a stroke; yet that part of his influence, which has not been merely superficial and transitory, is found on inquiry to have done little more than bring to a head a broad constructive movement which had long been in preparation..¹³⁷

After all, the German Historical School, on which basis Ivan Kinkel builds his theories, assumes a general negative attitude towards the concept of a rational economic man. “The Germans” reject the idea of the individual, who is free from the effects of the social factors and decides independently to increase to the maximum a personal wellbeing. According to this School, man is primarily a social being, a product of the civilization, of history, of his needs, of his education and his relationship with real values; people are never the same, because both geographically and historically they are in a constant cultural evolution. Therefore, for the German Historical School, man is a cultural entity, focused on social values. In addition, representatives of this School of thought are adverse to any abstractive and deductive analysis methods, because according to them the main emphasis in economic science should be placed on historical-economic concrete cases.

4. The main factors of the economic development

So much has been written on the factors of the economic development, both before and after the appearance of Ivan Kinkel, on the scene of economic thought. It is a difficult task to make a brief general overview of the literature that precedes and follows him, because even the very concepts of growth and development are qualitatively and quantitatively changed. From the historical point of view, the factors of economic development have generally been

¹³⁷ Marshall, A., *Principles of Economics*, Macmillan and Co., Preface to the 8th ed., London, 1920, p. 16.

associated with the current economic situation of the period in question. For example, when trade was the main economic activity during the mercantilist era, gold and trade were considered the main economic factors as well as the drivers of growth. Similarly, land was the most important factor for the economic advancement when agriculture was the main economic activity in the physiocratic period. Hereinafter, Land¹³⁸, Labor and Capital were traditionally accepted by the classics and the neo-classical authors as the main factors of economic development, but sometimes others were added, such as Technology, Management and so on. According to Alfred Marshall “The agents of production are commonly classed as Land, Labor and Capital. [...and] Capital consists in a great part of knowledge and organization”.¹³⁹ Classical economists have explained the process of growth in terms of technological progress and also of population growth. Some economists like Anthony Thirlwall and Simon Smith Kuznets included agriculture within the main factors of economic development, and this is very interesting, as it is discussed in recent studies, concerning the role of agriculture for the economies of developing countries. Richard T. Gill adds other factors such as the production of scale, the division of labor, and organization. Overall, it can be concluded that the capital is the center of most theories of economic growth. The pressing technological progress of recent decades assigned capital an even more important role for economic growth, while the role of other factors as land and labor has decreased to the point that the accumulation of capital has become the principal factor of economic development. Consequently, Harrod-Domar’s theory, according to which the rate of growth is determined by the propensity to save and the marginal output of capital, is the most prevalent. In recent decades, economists have shown that the growth rate of production is the main factor in most definitions of economic growth; in other words, economic growth is the essential goal of all the processes of economic development, and in its turn it depends on the way in which capital may be accumulated. Michael P. Todaro presented three main factors of economic growth: 1. the accumulation of capital, including all the new investments in land, physical equipment and human resources; 2. population growth and hence the consequent growth of the labor force; 3. technological progress. Currently, management of modern technology needs an appropriately qualified labor force. This workforce development – skilled labor – and technological progress, depend largely on the accumulation of capital. Thus, it can be said that the accumulation of capital is the main factor in all of the theories of economic growth. In other words, while there is a consensus that capital, land and labor are the main economic factors,

¹³⁸ Although many economists preferred the term “land” instead of natural resources, it seems that most of them referring to natural resources. For example, Marshall writes: «By Land is meant the material and the forces which Nature gives freely for man’s aid, in land and water, in air and light and heat.».

¹³⁹ Marshall, A., *Principles of Economics*, Macmillan and Co. 8th ed., London, 1920, p. 84.

current global economic conditions suggest that capital holds a key role in the production, probably due to its relative scarcity.

After this very brief description of the literature about the factors of economic development, it is very interesting that exactly capital appears as “the great absent” among Ivan Kinkel’s factors, or capital is not indicated as a separate and autonomous factor. The main factor of economic development would instead be “the growth of the forces of production”. Whether this growth derives or takes place through the accumulation of capital, for the scholar, this is rather a secondary question. The causes may be different: the ideological beliefs of the researcher, the intent to be general and basic at best, security in the decline of the power of the capitalist relations, etc.

In his 1942-1943 publications, Kinkel reviews the factors of the economic development more systematically and in depth. The scholar divides the factors into two groups – fundamental factors and auxiliary factors. The first group concerns the forces of production and consumption, while the second includes politics, ethics, aesthetics, science and external and internal nature. The content and the meaning of each of these factors are discussed in detail.

4.1. The evolution of production forces

Kinkel does not conceal the fact that the evolution of production forces is often identified as the main factor of economic development by several authors, but his ambition is to resolve shortcomings in “the elements, the constituent characteristic and determining moments”. According to the scholar, the productive forces consist of three elements - human labor power, the forces and energies of nature, and technological strength.

1.1.1. Human labor and its three main connotations

First of all, the condition and evolution of labor force in society depends on the amount of manpower (which depends on the productivity, the condition of health, the life expectancy, and the amount of holidays in the nation) and the amount of intellectual operators (which depends on the general intellectual and cultural level, and the condition of specialized economic knowledge).

The second important moment for development of productive forces “is the improvement in the division of labor, namely the specialization and differentiation of labor within society”. The division of labor and economic activities in society takes place in four ways: according to the natural differences between people (based on gender and generation); by the profession and performed activities (social division of labor through specialization); according to the technical division of labor (the division of the production process into separate parts and basic functions); and according to the international division of labor.

The third important moment in the evolution of the productive forces is the progress-improvement of economic organization, which is organized as: organization of production in enterprises; organization of all producers in an entire branch-production sector; and organization of the entire national economy.

1.1.2. The forces and energies of nature

The second element of the social productive forces according to Kinkel is formed by energies and forces of nature, used together with human workforce in production. “The evolution of productive forces in relation to this factor means the evolution in the use of natural forces and energies increasingly or in a more effective way in the production process.”¹⁴⁰

1.1.3. Tecnology

The third and final factor in the evolution of productive forces is technology. This is technique used in production and “also often to capture and use of energy and natural forces in the production process”¹⁴¹.

Kinkel does not forget to underline that the last two elements of the forces of production – the use of natural energy and technology – have had a huge development in recent times.

4.2. The evolution of the sources of consumption

According to Kinkel this factor has not been taken sufficiently into consideration in the specific literature. It is even listed as auxiliary factor caused by the evolution of productive forces (the first main Kinkel’s factor). The forces of consumption, instead, are “an autonomous factor, often not only independent, but also determinant for the evolution of productive forces and even for the entire economic reality”¹⁴². Therefore, the evolution of the forces of consumption, as a main factor of economic development, is determined by “the spiritual progress of society”. “The spiritual progress of society causes [...] the need for a row of cultural goods, partially by economic nature [...], the need of which was not at all experienced before, at the lower spiritual level. All these needs and spiritual-cultural expressions in society and their continued development, differentiation and rise, confer [...] a powerful impulse precisely to the economic life and its development toward more complex

¹⁴⁰ Kinkel I., *Fundamental principles and factors of economic development*, Yearbook of School of the Financial and Administrative Sciences of Sofia, vol. I, 1942, p. 57.

¹⁴¹ *Ivi.*

¹⁴² *Ibidem*, p. 59.

and improved productive forms, able to satisfy the new social needs, while providing the required additional mass of various goods.”¹⁴³

Here Kinkel provides examples and analyzes the trends of consumption (obtained through imitation, fashion and education of wealthier groups) as an expression of “spiritual progress”. The necessity of various goods have not only an individual character (“individual-cultural needs”, which is divided into “personal” and “social”), but also collective (“social-cultural necessity”). “Significant part of the people’s social needs [the group of “individual-social” needs] is also included in the cultural needs of society – the needs of training institutions and their related goods, healthcare institutions, theaters, museums, etc. The evolution of social-cultural needs means instead a growing need for increasing amounts of diversified goods for the satisfaction of these needs. Thus, the evolution of the socio-cultural tastes and needs has always been one of the biggest forces for economic development of society.”¹⁴⁴

5. Complementary factors of economic development

This distinction of Kinkel between main and complementary factors of economic development appears very natural, but it was not so simple in the History of Economic Thought. Many economists, perhaps even to defend their science from intruders, have tried a clear separation between economic and non-economic factors.

One of the traditional classifications for division of the factors into physical and non-physical, placed economic factors in the category of physical factors. The problem of this classification is that some non-physical factors, such as knowledge, management, organization etc., are generally treated as economic factors.

According to their scientific relevance instead, the non-economic factors could be factors within sociology, while those studied by economists – mostly those which favored the production and growth, would be “the real” economic factors. According to this classification, labor, capital, land and natural resources, technology, management, etc., were considered economic factors; consequently culture, religion, tradition, etc., were placed among the non-economic factors.

One of the most recent distinctions, and quite close to Kinkel’s convictions, assumes that the factors that directly affect the functions of production and growth, belong to the category of

¹⁴³ Ibidem, p. 60.

¹⁴⁴ Ibidem, p. 63.

economic factors, while those that affect behavior, shape or type of human activity – including economic activities – should be classified as non-economic factors.

Already in 1942, Kinkel’s interdisciplinary and sociological approach provided an original and convincing answer to this debate.

According to Kinkel, the complementary factors “enrich” the main influence exerted on economic development. Some of them are more important, active and present in history, others less so. Some act directly, others indirectly or only on the major factors (the forces of production and consumption).

5.1. Political factor

Kinkel’s assumption that “the effect [of the State intervention in economy] has been always positive” could be very interesting and questionable. Knowing the scientific ground of Kinkel – the German Historical School, favorable to state intervention in economy – an ideological reading would eliminate immediately the issue judging the scholar as retrograde, “fierce” collectivist, socialist or communist. I would prefer instead a more neutral interpretation. In my view, Kinkel’s declaration belongs to the group of so-called “value judgments” (how things should be) and supports that the administrative power (the political factor) has always had a very important role in economy and economic development in evolutionary key. In this reading, the above-mentioned statement about the state intervention in economy does not appear as “scandalous”; after all, such an evaluation is not rejected even by the same literature specifically oriented towards economic liberalism. In Kinkel’s text the justification for such interpretation is found immediately after the statement about the “increasingly positive state intervention” effect: “The reason for this more or less deep and large state intrusion in economy was based primarily on the need to remove from society a series of contradictions, conflicts and social-economic discomforts, or obstacles to the free economic development. In other cases, it was necessary to help the still weak domestic economic forces and the interventions that were done as protectionist measures, especially when the evolution of national economy meant prosperity of the state as well as realization of political goals”¹⁴⁵.

The influence of the political factor, defined as a state intervention in economy, is analyzed through concrete examples – in the history of the Ancient Oriental Civilization, the history of Greco-Roman Civilization and in the history of the Modern European Civilization –

¹⁴⁵ *ibid*, p. 65.

in a detailed historical-economic examination within the text of *Fundamental Principles and Factors of Economic Development*.

5.2. Legal factor

Regarding the influence exerted by the legal factor on economy, Kinkel, observing the main doctrines – the general sociological views, the ideas of the German jurist and sociologist Rudolf Stammler, the historical-materialist concept – seems to be close to the latest convictions of Engels, according to whom there are mutual influences between law and economy. The scholar does not underline in this sense “the legal expression of existing and already created economic phenomena, but rather legal norms (institutions), designed to stimulate-develop phenomena and economic relations just started”¹⁴⁶. Kinkel, of course, does not fail to provide historical examples of this process as well; they are the major socio-economic reforms of the Roman emperors, the mercantilist-protectionist policy of the XVI-XVIII century, the phenomena of economy’s liberal period (XIX century) and modern contemporary period.

5.3. Ethical-religious factor

According to Kinkel, the moral-religious influence on economy is generally weaker; it may arise together with other factors of economic development, in some cases it could be also stronger and even crucial for economic development. For this factor as well, the scholar is not short on historical examples: in the Prehistoric era (the collaborative and voluntary work among parents or between villagers, the rites of donation as origin of exchange); in the culture of the ancient Chinese civilization (the philosophical-moral precepts of Confucius); in the ancient India (the moral philosophy of Jainism and Brahmanism); in the ancient Judea (the laws of Moses, Deuteronomy, Talmud); in the economic culture of the Greco-Roman Civilization (Aristotle, the Sparta, the Gracchi brothers, the Christian religion); in the Middle Ages (the ethics handicraft cooperatives - external, internal and social, the theological and philosophical doctrines rooted in Christianity); in the modern Western European civilization (Protestantism, Calvinism, Puritanism, Baptists and Adventism according to Weber); in the nineteenth century (cooperativism, associationism, cooperative movement and social legislation).

¹⁴⁶ Ibid, p. 71.

5.4. Aesthetic-artistic factor

In the 1943 publication, Kinkel integrates his complementary factors of economic development with the aesthetics-artistic, the scientific and the natural factor.

For what concerns the aesthetics-artistic, its influence is oriented in two directions: “creativity in different artistic fields and its use in society (as social expression of art); and the embellishment of private and public life”¹⁴⁷.

5.5. Scientific factor

The scientific factor is defined as “the spiritual and intellectual expression of the individual, although the successes of science are the result of the entire society’s life and spiritual development”. It influences the economic development through the discoveries in the field: technological (the great leaps in technology during the eighteenth and nineteenth century - equipment, instruments and installations in all productive spheres, the use of electricity, heat, light and other natural forces etc.); agricultural (agricultural chemistry); organizational (Taylorism, Fordism, etc.); economic (the political-economic ideas about protectionism of industry and commerce, the theories of Smith and Ricardo); ideological (the cooperative ideology) etc.

5.6. Factors of nature

According to Kinkel the relevant factors of nature from economic standpoint are divided into two main categories: external factors of nature around the man, and internal factors (interior).

5.6.1. External factors of nature

The scholar writes: “The availability of a variety of natural factors as a basis for economic activity and the presence of certain natural conditions favorable to economic activities will contribute and greatly stimulate the economic development. On the contrary, the lack of certain factors or natural conditions will delay or even impede the economic development. It is also evident that the very presence of natural factors and conditions will determine in a particular way the slopes of economic activity in each society, or rather, will determine in which direction – agricultural, of extraction or industrial – the economic activity in the society

¹⁴⁷ Kinkel I., *Fundamental principles and factors of economic development*, Yearbook of School of the Financial and Administrative Sciences of Sofia, vol. II, 1943, p. 9.

in question will be developed “¹⁴⁸. Besides the presence of natural resources, Kinkel underlines “the natural conditions, those favorable to communications” and the assets of international trade as indispensable preconditions for economic development, giving as an example the British economy of the nineteenth century.

5.6.2. Factors of individual interior nature

According to Kinkel, the socio-economic development “can be influenced by people’s natural characteristics”. In this regard, he performs a detailed historical examination of the inner qualities and attitudes of some major races in relation to economic development.

As distinctive traits of the ancient race of Asia Minor he indicates “the high level of practical intelligence, the special aptitude in mathematics and the special empathy - the ability of individuals to understand feelings, aspirations and interests of others in order to direct consequently their own actions”¹⁴⁹. “That is why among the peoples derived from this breed – Assyrian-Babylonians, ancient Greeks, Armenians and Jews – the particular aptitude for commerce and banking-credit affairs is strongly manifested, because all these activities are based on the above mentioned abilities.”¹⁵⁰

The other human race that gives birth and contributes to the formation of great ancient civilizations is the Oriental one. “The peoples derived from this breed – ancient Egyptian, Assyrian-Babylonians, Phoenicians and Arabs – had special abilities manifested in the sophisticated and fine organization of political-economic life, in the creation of complex agricultural, industrial, commercial and transport forms.”¹⁵¹

According to Kinkel, particularly informed about “the prerogatives (innate and acquired) of the Jews”, the Jews have the characteristics of both races - from Asia Minor and the Oriental one. A kind of “a natural selection” with regard to crafts and “typically Jewish” professions was carried out In the Jewish families.

The peoples of the Mediterranean race (Greeks, Romans, Italians, Spaniards, Portuguese, Frenchmen, South Americans) and the Nordic race (Germans, Scandinavians, Danish, Netherlands, partially central-northern French, British, North Americans) would have also been founders of great civilizations and cultures. The inner traits, common and specific to the two European races, are: “tenacity and perseverance in the pursuit of their targets; strong and

¹⁴⁸ Ibid, p. 16.

¹⁴⁹ Ibid, p. 20.

¹⁵⁰ Ivi.

¹⁵¹ Ibid, p. 21.

continuous will; prudence and farsightedness; rational mentality with the subjection of feelings to goals; spirit of organization; entrepreneurial genius and aptitude for navigation”¹⁵². For Kinkel, all these qualities and attitudes have caused the formidable growth, experienced by the people belonging to the Mediterranean and Nordic race.

Certainly these last factors – “the factors of internal nature”, or “racial-biological” as sometimes called by Kinkel – at first sight will appear very controversial and questionable. Undoubtedly, already the very use of the words “inner racial qualities” in a scientific discourse, today seems anachronistic, if not even pseudo-scientific and offensive – “The progress of genetics in this century have refuted Gobineau’s claims [...]. Skin color and body shape are simple adaptations to the climate of various regions.”¹⁵³ It should be emphasized, however, that no race or individual might feel “discriminated”, because as convinced evolutionist, Kinkel mentions and analyzes the characteristics (only positive), exclusively in view of development and economic progress. Eventually, Kinkel could be accused of cultural rather than biological racism. Trying to impose today such criticism to Kinkel’s thought, with intellectual honesty, many positions in our time should be seen in the same light: the belief of Europeans that they are superior to others from cultural and intellectual point of view; the North American arrogance to act as “masters of the world”, because this would be the destiny of their nation; the distinction between the qualitative “old” Europeans and “new intruders” without established institutions; the same “Old Europe”, but with “two speeds”; Northern Italians who despise southerners because they have not developed a “big industry” etc. For what concerns the other controversial Kinkel’s statement about the “transformation of the constitutive qualities of the peoples by means of mixing with other peoples”, it should be noted that even today, asking what is the cultural contribution of the millions of immigrants currently in Europe, this would bring to no less “scandalous” statements than Kinkel’s even in the most erudite circles . By the way, the reflections of the famous biologist and Pulitzer Prize Winner, Jared Diamond Mason, are very interesting:

Today, segments of Western society publicly repudiate racism. Yet many (perhaps most!) Westerners continue to accept racist explanations privately or subconsciously. In Japan and many other countries, such explanations are still advanced publicly and without apology. Even educated white Americans, Europeans, and Australians, when the subject of Australian Aborigines comes

¹⁵² *Ibid*, p. 24.

¹⁵³ *Introduzione di Luca e Francesco Cavalli-Sforza, Diamond J., Armi, acciaio e Malattie (Breve storia del Mondo negli ultimi tredicimila anni)*, Giulio Einaudi, Torino, 2006

up, assume that there is something primitive about the Aborigines themselves. They certainly look different from whites. Many of the living descendants of those Aborigines who survived the era of European colonization are now finding it difficult to succeed economically in white Australian society. A seemingly compelling argument goes as follows. White immigrants to Australia built a literate, industrialized, politically centralized, democratic state based on metal tools and on food production, all within a century of colonizing a continent where the Aborigines had been living as tribal hunter-gatherers without metal for at least 40,000 years. Here were two successive experiments in human development, in which the environment was identical and the sole variable was the people occupying that environment. What further proof could be wanted to establish that the differences between Aboriginal Australian and European societies arose from differences between the peoples themselves?¹⁵⁴

It *seems* logical to suppose that history's pattern reflects innate differences among people themselves. Of course, we're taught that it's not polite to say so in public.

[...] We keep seeing all those glaring, persistent differences in peoples' status. We're assured that the seemingly transparent biological explanation for the world's inequalities [...], but we're not told what the correct explanation is. Until we have some convincing, detailed, agreed-upon explanation for the broad pattern of history, most people will continue to suspect that the racist biological explanation is correct after all.¹⁵⁵

Therefore, these debates seem far from being exhausted, even in recent times. In my view, the issue of Kinkel's "racism" is resolved by going beyond the mere use of our author's "dangerous" terminology. The scholar after all, does not raise all those questions that, in a more or less conscious or declared way, will take racist or anti-racist positions, even if it is true, that on one hand, this protects his humanist spirit, but on the other, the same thing goes against the recognition of his theories. For Kinkel, the question of Why there are developed and less developed nations, does not exist, as well as there is no argument posed about desirability of economic development or relationship between economic growth and human

¹⁵⁴ Diamond J., *Guns, Germs and Steel (The Fates of Human Societies)*, W. W. Norton & Company, New York, London, 1997, p. 19.

¹⁵⁵ *Ibidem*, p. 25.

prosperity. The scientist is interested only in economic progress and its key factors in generally evolutionist tone.

Certainly it would be a nonsense and petty criticism to talk about “the big deficiencies” of Kinkel’s factors of economic development, from the distance of half a century, during which science has made giant steps, and without considering the substantial brevity of the scholar’s work. I think that the statements of Kinkel generally hold the test of time, just as it was in his intention. Moreover, the scientists after Kinkel focused on the articulation of some arguments as: the agriculture, “all developments of economically complex, socially stratified, politically centralized societies beyond the level of small nascent chiefdoms were based on food production”¹⁵⁶; the writing and rate of diffusion of ideas; the ability to spread migration within a continent; the demography; the ecology and environmental variability; the class, the family and traditions; the role of individuals in history; the dependence and political independence; the socio-cultural dependence and independence; the geographical exposure to external threats; the cultural idiosyncrasies (small almost random events that eventually become permanent characteristics), etc. After all, it seems that the majority of posterity’s research could still be included in the general plan provided by Kinkel.

6. Kinkel and economic development

Only some of the essential scientific legacy left by Ivan Germanov Kinkel has been reviewed, but these traits are already sufficient to reach several conclusions. The contribution that he has brought to economic thought is remarkable and multifaceted, but not fully appreciated. In his economic publications you can find elements of great originality, which are still unknown.

6.1. Scientist for “domestic use”

Some of his ideas are certainly controversial and open to criticism (the “always positive” state’s role in economic development, the inner qualities related to economic development, etc.), but overall, viewed from certain angles, they do not appear to be very far from the “today’s scientific sensibility”. The main reason that the work of Kinkel has remained exclusively for “domestic use”¹⁵⁷, in my opinion, would not be found in the questionability of his concepts, but rather in the presence of other concomitant causes: the scholar’s ideas are scattered in several publications and some of them evolve over time; the

¹⁵⁶ Ibidem, p. 406.

¹⁵⁷ Penchev P., *Professor Ivan Kinkel as a theorist of Economic History*, Economic Thought, Sofia, n. 3, 2013, p. 20.

personal story of the scientist was very intricate (some of his works are published even under aliases); the history of the country where he lived (Bulgaria) was equally tormented; and there is the aspect of the style of his writings, certainly not very “sophisticated and elegant” (perhaps because Kinkel was Russian and wrote in Bulgarian or perhaps – as a dark humor – because “he had lost his right hand during the Revolution”).

6.2. Interdisciplinary method

As already mentioned, Kinkel calls his scientific method “interdisciplinary” and even “eclectic.” This means the use and combination of different instruments, laws, principles, not only from economy, but also from other sciences - sociology, psychology, biology, etc. To the contemporary scholar, inclined to narrow specialization, Kinkel’s method will seem impossible, but it is simply the encyclopedic character of the Russian scientists of that time and their ambition to bring all natural and social sciences together. Precisely with this mentality and approach, Kinkel also deals systematically with a number of other factors too, in addition to the purely economic development’s factors.

Particularly interesting is Kinkel’s attempt to present his views on the role of biology that consists not only of “the biogenetic law of economic development”, but also of “the economy’s organic analysis model”. Awareness about the importance of “the natural factors” in economic development directs part of the scholar’s research to social and individual psychology.¹⁵⁸ Driven by his desire to understand various forms of social dynamics and components (in this case – the extreme changes during the Russian Revolution), Kinkel offers an original analysis of the Revolution in terms the progress of psychology, psychoanalysis and medicine. The main revolutionary expressions are defined by a variety of perspectives as: “manic psychosis”, “mass insanity”, “furious obsession”, “persecution mania”, “paranoia”, “mental epidemic”, “maniacal impulsiveness”, “mania of grandeur”, “euphoria”, “sexual excesses”, “alcoholism”, etc. According to Kinkel, the role of psychological factors is fundamental during revolutions. He argues that “the psychological revolution must precede the social one”¹⁵⁹ and that “the revolution dies politically, because it dies earlier in the popular psychology”¹⁶⁰. On this subject, Kinkel comes even to formulate a mental regression’s law of revolutionary society toward primitive forms of human behavior (such as that of

¹⁵⁸ Kinkel I., *Psychopathy in social revolutionary movements (socio-psychopathological and psychoanalytical essay on the psychology of the revolutionary society)*, *Yearbook of Sofia University (Faculty of Law)*, 1924, 1-167

¹⁵⁹ Kinkel I., *Methods of knowledge in the Contemporary Sociology*, *Yearbook of Sofia University (Faculty of Law n. 26)*, 1931, p. 54.

¹⁶⁰ Kinkel I., *Social Psychopathy in the revolutionary movements (socio-psychopathological and psychoanalytical essay on the psychology of the revolutionary society)*, *Yearbook of Sofia University (Faculty of Law)*, 1924, p. 84.

“degenerated, elevated to the role of revolutionary leader”¹⁶¹). All this does not mean that revolution could not lead also to a positive social development.¹⁶² Kinkel’s interests in psychology are not a parenthesis of his scientific work, he becomes the founder of Freudianism in Bulgaria (the founder of the Bulgarian Psychoanalytic Circle in 1921). According to Nikola Atanasov, Kinkel’s article on the psychology of religion written in 1921, was translated into German in 1922 upon the personal recommendation of Sigmund Freud and Otto Rank, and later translated into Swedish, Russian and English.¹⁶³

Ivan Kinkel was prolific also in the field of sociology. He is considered by Bulgarian sociologists as one of the Bulgarian Society of Sociology’s founding fathers (he was the President of that society in the period of 1931-1939). Even here, in the encyclopedic volume *Methods of Knowledge in Contemporary Sociology*, Kinkel resumes his favorite topic of socio-economic development.

In the mid-thirties, Kinkel applied his sociological approach to a series of new phenomena of socio-economic life: the crisis of parliamentary democracy and political parties, the emergence of authoritarian regimes (Fascism and Nazism), the evolution towards dirigiste and planned economy, the autarchy etc.

6.2. Concluding perspectives

With the “laudable”, in itself intention to implement a general conceptual framework on economic development in history, Ivan Kinkel tried to leave the reticence of the Bulgarian’s provincial science and to transcend limited local problems.

Studying the scholar’s heritage is configured primarily as “filling the faded pages” in the Bulgarian and European’s history of economic and social thought, as well as a necessary memory’s revision of the scientist Ivan Germanov Kinkel, mostly misunderstood, in the 70th anniversary of his disappearance.

Kinkel’s theories on economic development are a contribution, which must be presented to the international academic community, because his ideas – both methodologically and theoretically – are very relevant and may provide instruments to guide the analysis of today’s economic situation.

¹⁶¹ *ibid*, 128.

¹⁶² *ibid*, pp. 21, 51, 85, 156.

¹⁶³ Atanasov N., *The Psychoanalytic movement between the two world wars*, Anniversary collection of the Institute of Psychology, Bulgarian Academy of Sciences, Prof. Marin Drinov, Sofia, 1997

One of the main recommendations arising from Kinkel's thought, is the need to examine the historical society in longer periods and not to focus only on the conditions and problems of the moment.

Also, the interdisciplinary method should be re-evaluated. The Economy, as opposed to what some contemporary theorists think, could be not only organically linked, but also properly seen from the standpoint of other social spheres (politics, ideology, ethics, etc.) and vice versa (today other social fields are fully pervaded by economics). Economic development is undoubtedly connected not only to economic factors (social, natural, political, legal, aesthetic, artistic, geographical and geo-strategic, etc.). They are crucial for our age, which is characterized by extreme dynamism and turbulent changes.

To conclude this work, I would like to cite Ellis, because he is in perfect accordance with the scientific spirit of the scholar Ivan Germanov Kinkel - the main protagonist of this paper.

History teaches us that the progress which we have made from barbarism to our actual state of civilization has been gradual, although more rapid of late years than formerly ; and reflection convinces us that there is ample room for further progress. It is our duty, then, since we are born into a world greatly improved by the exertions of our fathers, to hand it down still more improved to those who are to come after us. To perform this duty, the wish alone will not suffice ; we must acquire knowledge to guide us in its performance. To know how to advance in civilization or happiness, we ought to have a clear understanding of the causes of the progress already made, and of the obstacles which retard our further progress; and to this end we will at once direct our thoughts.¹⁶⁴

(English version edited by Juliana Dukov)

¹⁶⁴ Ellis, William, *Outlines of Social Economy*, Second Edition, Smith, Elder and Co., London, 1850, p. 4.

REFERENCES:

1. Atanasov N., *The Psychoanalytic movement between the two world wars*, Anniversary collection of the Institute of Psychology, Bulgarian Academy of Sciences, Prof. Marin Drinov, Sofia, 1997
2. Avramov R., *Municipal capitalism. Reflections on the Bulgarian economic past*, Centre for Liberal Strategies, vol. III, Sofia, 2007
3. Bekiarova K., *The economic thought in Bulgaria, since the mid-nineteenth century until the mid-twentieth century*, Economics, 2010
4. Berov, L., *Economic history. Economic development of the world, from antiquity to the present day*, Planet 3, Sofia, 1999
5. Diamond J., *Guns, Germs and Steel (The Fates of Human Societies)*, W. W. Norton & Company, New York, London, 1997
6. Ellis, W., *Outlines of Social Economy*, Second Edition, Smith, Elder and Co., London, 1850
7. Grigorov K., *Development of bourgeois economic thought in Bulgaria between the two World Wars - theoretical guidelines*, Science and Art, Sofia, 1960
8. Kinkel I., *An attempt about creation of a new theory of economic development*, Yearbook of Sofia University (Faculty of Law) 1921, 1-303
9. Kinkel I., *Kinkel I., Social Psychopathy in the revolutionary movements (socio-psychopathological and psychoanalytical essay on the psychology of the revolutionary society)*, Yearbook of Sofia University (Faculty of Law), 1924, 1-167
10. Kinkel I., *Theories of value in political economy*, Sofia, 1925
11. Kinkel I., *Course of modern economic system's comparative history, with a short overview on the Bulgarian national development from the time of Ottoman domination until the Second World War*, University Library, n. 47, 1925, sec. ed. postuma del 1947
12. Kinkel I., *Economic culture of the Proto-Bulgarians during the V-XIV sec.*, Yearbook of Sofia University (Faculty of Law n. 22), 1926, 1-141
13. Kinkel I., *Economic system and social structure in the modern European society*, Sofia, 1930

14. Kinkel I., *The ethical factor in economic history*, *Yearbook of Sofia University (Faculty of Law n. 25)*, 1930, 1-158
15. Kinkel I., *Methods of knowledge in the Contemporary Sociology*, *Yearbook of Sofia University (Faculty of Law n. 26)*, 1931
16. Kinkel I., *Is it possible the planned economy in the capitalist economic system?*, *Archive of Social and Economic Policy*, 8 (3), 1933, 189-202
17. Kinkel I., *The biological factor in economic history*, *Yearbook of Sofia University (Faculty of Law n. 25)*, 1934
18. Kinkel I. [Fridyung, A.], *The global economic crisis, its causes and possible exits*, *Archives of Social and Economic Policy*, 9 (4), 1934, 302-327
19. Kinkel I., *Economic doctrines and their historical development - from antiquity to classical economics including*, *Yearbook of Sofia University (Faculty of Law n. 31)*, 1936, 1-148
20. Kinkel I., *Economic doctrines and their historical development in the nineteenth century*, *Yearbook of Sofia University (Faculty of Law n. 32)*, 1937, 1-150
21. Kinkel I., *The economic autarchy as a system of economic policy*, *Archives of Social and Economic Policy*, 12 (1)), 1937, 7-36
22. Kinkel I., *On the character of the Bulgarian economy and its development during the XVII-XIX*, review for monograph *The economic history of Bulgaria* by G. Nathan, *Magazine of the Bulgarian Society of Economics*, 7, 437-449
23. Kinkel, I. *Contemporary trends of economic thought - from the late nineteenth century. to the present day*, *Yearbook of Sofia University (Faculty of Law n. 5)*, 1939, 36-176
24. Kinkel I., *Notes on the Bulgarian Economic History*, Sofia, 1939
25. Kinkel I., *Fundamental principles and factors of economic development*, *Yearbook of School of the Financial and Administrative Sciences of Sofia*, vol. I, 1942, 1-103
26. Kinkel I., *Fundamental principles and factors of economic development*, *Yearbook of School of the Financial and Administrative Sciences of Sofia*, vol. II, 1943, 1-33

27. Kinkel I. *Die Sozialökonomischen Grundlagen der Staats – und Wirtschaftslehren von Aristoteles*, Dunker und Humblod, Zweiner Teil, Leipzig, 1911, 94-123
28. Marshall, A., *Principles of Economics*, Macmillan and Co., 8th ed., London, 1920
29. Nathan G., *History of economic thought in Bulgaria, Science and Art*, Sofia, 1964
30. Nenovsky N., *Ivan Kinkel's (1883–1945) theory of economic development*, The European Journal of the History of Economic Thought, 2013
31. Sabennikova I., *Russian emigration in 1917-1939: structure, geography, comparative analysis*, Social Sciences, A Quarterly Journal of the Russian Academy of Sciences, (1), 2011, 35-63
32. Penchev P., *Professor Ivan Kinkel as a theorist of Economic History*, Economic Thought, Sofia, n. 3, 2013.
33. Pigou, A., Marshall, A., *Memorials of Alfred Marshall*, MacMillan, 1925
34. Popper K. R., *Miseria dello storicismo* [1944-45], Editrice l'Industria, Milano, 1954
35. Robbins Lionel, *The Theory of Economic Development in the History of Economic Thought*, Macmillan and Co LTD, London and Basingstoke, 1968
36. Todaro, M. P., Smith S. C., *Economic development*, 11th ed., Addison-Wesley
37. Vateva S., *Creation and development of the of the faculty of economics and business administration at “St.Klimen Ogridski” University of Sofia*, Sofia, 2004