

Gypsy Contribution to Prosperity and Capitalism in Bulgariaⁱ

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Introduction

The key difficulty in resolving Gypsy integration challenges in the EU and in Bulgaria is the lack of thinking about Gypsies as normal individuals.

They are perceived by different governments and Brussels programs as, on one hand, “betrayed and oppressed” (in the human rights rhetoric), “isolated”, “ostracized“, “segregated”, “discriminated” or as, on the other hand – by left and right policy moods alike, as “rough”,

“stealing”, “under-culture”, “non-civilized” and even “not-subject-to-civilization”, to refer just to a few of the Bulgaria public opinions, somewhat subtitled clichés.

Respectively, the required policy “towards them” should be one of “inclusion”, “integration”, “rehabilitation”, “support”, “education” and “protection”. This is the vision of the said programs, including private and quasi-government, UN and EU “charities”. The common denominator of all these definitions is the interpretation taking Gypsies, or Roma as a class, as category of the population but not as individuals.

Alternatively and again reading Roma as a class, although not quite politically correct, a majority of the public opinion in Bulgaria, Czech Republic, Slovakia and Serbia or Kosovo believes that Roma are the societal “bad guys”, those who steal, who are per se criminal, relief seekers, welfare users and basically under-class and under-dogs. But this thinking, too, takes Gypsies as a group, ethnic entity; and the features attached to the group are usually immediately attributed individual Roma, whatever his or her occupation, religion or residence is.

Listing Bulgaria first is no accident or alphabetical order of countries. Bulgaria has the largest share of Gypsies in the citizenry, perhaps, around 7-8% of the population, and it has a party represented in the legislature, that campaigned in 2005 with a slogan (among other slogans) “Gypsies – on Saturn!”, which in Bulgaria sounds like “Gypsies – on Soap!”. (The word for “soap” in Bulgarian is “sapun” – from Turkish; so, when “Saturn” is shouted it sounds as “soap”.) In reality, according to anthropologists and sociologists – Bulgaria anthropologists are really very good by any scientific standard, especially on Gypsies – the Roma in the country are very different: few them are nomads, many are Muslim, quite many but somewhat less are Protestant (they live most often in the biggest cities) and/or Catholic – located *en mass* in few regions, and some are Greek, perhaps Vlachs, or ancient Romanians, they are blond-haired and specializing as sheep breeders. Anthropologists claim that altogether there are eight distinguished groups of Roma in Bulgaria, differing from one another by culture, habits, religion and appearance.

I shall discuss here the ways Gypsies used to contribute and contribute to the economic life and prosperity of Bulgaria. I am convinced that these ways are similar in other countries mentioned above and that the problems of the so-called “Roma Inclusion” are poorly and serve the interest of those who implement these programs. The prime source of this paper is my own experience as teenager and student in the 1970’s, my personal encounters with Gypsy compatriots as a member of parliament in the early 1990’s and my work as a director of the Institute for Market Economics (WWW.IME.BG) and economist during the crisis of 1996-1997 private initiatives to provide micro credits to Roma entrepreneurs.ⁱⁱ

I start with an attempt to describe how representatives of the Roma contributed to the prosperity on the Bulgarian society under Communism, how they helped create Capitalism (this role that stems from Communist times) and what was and still are the role of Roma in shaping

Bulgaria's democracy, culture and policies. I start here with the late Bulgaria Communist years, reviewing some exclusive benefits no one in the country could supply but Roma entrepreneurs.

Gypsies and the Free Markets under Communism

Second hand clothing and cooperative agriculture

Before 1980, the city Roma craftsmanship was rather typical: blacksmiths, chimney-cleaners and specialists in repairing lead and non-ferrous metals articles. One typical Gypsy profession, however, is today totally forgotten: old city Gypsy men were almost the only in the country purchasers of second hand clothing, they wandering around towns' better off neighborhoods on weekend mornings, shouting "Old Cloths 'Buying".

In those years the second hand clothing exchange was functioning only among relatives; in Bulgaria, almost like everywhere, they used to exchange baby and kids' dress. Those were times of widespread shortages. Re-making adult clothing was still somewhat popular, but that was the market for professional tailors while many people, not only female but male, including myself, were capable of performing simple tailoring and had respective sewing machines at home to remake old dress or pants, or jeans.

The very old clothing, however, was in demand among Gypsies only; no one would give cash for that in the 70's and the 80's for such clothing in those years of the last century.

In the 1990's, selling second hand clothing had become a formalized and even international business.

As far as I could recall, in the agriculture nomad Gypsies were welcome seasonal workforce.ⁱⁱⁱ The eagerness of cooperative farms to hire them was motivated by the chronic shortage of farm workers, especially because "brigades" of pupils and students were creating more mess that value added in the fields and gardens. There was no discrimination: the day pay was equal to the normal one, the difference between urban "brigadiers" and the Roma was that the latter could work and actually worked hard, to support the family.

Early birds of market economy

Management of independent supply channels of forged or smuggled goods in time of shortages, however, was the true employment for the city Gypsies in the late of the 1970's Bulgaria and the capital city of Sofia in particular.

It was preceded by the liberalization of movement of people in ex-Yugoslavia (after 1965) and the spontaneous open-air market for consumer goods and fashion articles at Sofia St. Alexander Nevski Cathedral Square, the very heart of the downtown area. Yugoslavs were trading those articles, music plates and magazines, erotic journals and anything one would imagine or desire. That market expanded during the World Communist Youth Festival of 1968, which took place two – three weeks before Warsaw Pact troops invaded Czechoslovakia. Suddenly, it practically declined and moved to another location in 1972 when Belgrade and Nis (a town in Eastern Serbia) bus stop was moved to the outskirts of the city.

On the main Sofia Alexander Nevski Square “black market”- as it was called then although it was virtually the only normal market place in town, the Roma did not compete with Bulgarian spontaneous merchants who wanted to buy and resell to the local thirsty public; they wanted to sell to ex-Yugoslavs things that were much cheaper (subsidized) in Bulgaria – milk and milk products, cheese, etc. The Roma were saving the ex-Yugoslavs the costs of walking around empty shops, of queuing and other unpleasant experiences.

Gypsy foreign exchange services

How only very few would remember that in the Communist countries there were special shops where foreigners, tourist, diplomats and privileged domiciles alike could spend their hard currency. In Bulgaria they were called “*Korecom*” – from “currency commerce”, thus indicating that local “money” was anything else but currency.

The supply channels of valuable goods managed by Roma entrepreneurs merged in relation to “*Korecoms*” and paralleled them. They flourished and prospered especially after the “*Korecom's*” liberalization of 1977 that consisted in the fact that the government suddenly stopped asking questions about where the public has the hard currency from. Of course, nothing was certain but, obviously, the Communist planners needed dollars, D-marks and every other useful cash to finance big ideas and pay debts to Moscow and Western countries; new borrowing was problematic in the early 1990’s and the authorities had no option but collecting this cash from the public.

The circumstances were the following:

- The fear of visiting those shops^{iv} did not disappear; many people, however, were trying their best to overcome it;
- The demand for hard currency had risen; the official exchange rate to the US dollar was about 1:1 but on the free market it was 3-4 to 1, often higher for Soviet Union (the shortages there were much more severe and unbearable) and/or for smaller quantities;
- An organized but informal market for goods demanded against hard currency emerged.

The Sofia Gypsy community services in this situation were very much the ones at a state of the art:

- Foreign exchange, currency trading;
- Import of most demanded goods – jeans, cloths, cosmetics, modest and easy to carry devises lime radio, tape recorders, gramophones, sewing machines, skis and ski boots, etc.;
- Diversifying the intermediation depending the conjecture and the good at demand;
- Visiting the shop for instead of the frustrated buyer.

The money markets were located in front of the “*Korecom*” shops to serve desperate shopping public or smartly downtown, in front of the Central Department Store – next to the Council of

Ministers building and across the square from the president's office. It was rather clever to meet disappointed customers of the Central Department Store when they walk out empty-handed and offer them some alternative place to buy what they wished.

The currency trader would usually ask what the good the unfortunate needs to buy is. If it was clothing, jeans or any other of the above said goods, the Roma entrepreneur would usually offer a better price than the official currency shop if it was to be bought at another location". If it was skis or something that would be relatively difficult and risky to store, the service would be to buy that rather expensive piece at the hard currency shop instead of the customer but in his/here presence to help with his or her fear of being asked about the origination of the hard currency.

This "other place" usually was the Gypsy neighborhood at the outskirts of the city, the taxi (another to severe shortage in those years) was readily available, often at the expense of the seller. The goods were usually stored in a relatively well-to-do house. The quality was expected to be the same as in "Korecom" and one could try the cloths that were properly packed and labeled. The taxi would save time to go there and back, if the purchase was significant and the company pleasant the merchant would pay the taxi. The transaction should have been executed in hard currency, which usually was to be provided, exchanged by separate vendors.

I am not aware of a single case of a fraud. In comparison to the trade in the "Korecoms" and especially to the exchanging money on the street with Bulgarians, the risk was zero. The militia in front of the Central Department Store would witness what was going on but would not interfere. The Roma vendor would, as a rule, know the caps.

Servicing the customer

In all three cases there is one very significant role of the Roma entrepreneur: he (women were not involved) was helping to overcome severe shortage of the Bulgaria's Communist economy.

In the shortage economies witness a very widespread phenomenon, the consumer surplus was driving the prices like in normal economies but with some excesses.

Thanks to the controls and oppressed competition, the consumers valued some goods far beyond their price under other, normal conditions. That price paid would appear high relative to the opportunity costs or compared the wages and income.

Some examples: in 1977-1979 a pair of jeans in "Korecom" could typically cost from 21 to 27 US dollars and the price was equal to $1/5 - 1/4$ of the average salary. But outside "Korecom" the jeans price would be most likely 35 – 40 US dollars. With the Gypsy jeans vendor the pair price was equal to the one in the shop or often a little bit less. The same was the case with other desired goods.

In other countries, the constellation was similar but there were no Gypsies involved in the trade. In some countries it was even more desperate but provided for normally unthinkable arbitrage.

In Leningrad, today's St. Petersburg, the price of a pair of jeans in 1977 – 1979 was 125 US dollars – almost two times the average salary. In the Soviet city of Tolliatti one could sell a pair for US 250 dollars. It was four times the average salary but two times the average wage in that city since it was producing *Ladas* – for those who do not know, it was the Soviet car being sold throughout the countries of the Eastern Block. But the circumstances could endlessly differ in details. For some reason, in 1975, Leningrad authorities banned Finnish tourists of using their own currency in bars and the Soviet analogue of “*Korecoms*”, limiting also the amount they could exchange officially. Poor Fins could only exchange their money at 1/4 of the market rate or risk buying nothing from this suppressed but otherwise cheap vodka market. Then, in Finnish currency, perfectly usable on the hard currency market in Bulgaria and elsewhere, the pair of jeans could cost in fact about 7 US dollars and be sold in Leningrad or Tolliatti for the above price. The market worked smoothly; there was some risk of being caught by the Soviet custom authorities but the reward for taking the risk was really attractive.

In 1960's and 1970's people were not looking just for bread and butter but for something more, beyond the established and planned basic needs.

How did the Gypsy entrepreneurs used to fall in the picture? They served the consumer. Many Bulgarian students in Soviet universities, actually thousands of them, lived better than many ordinary Soviets and Bulgarian for years.

Contribution to prosperity

The Gypsy entrepreneurs have been helping ordinary Bulgarian citizens for years doing what the system was not providing or was even fighting against.

In the described three cases we have obviously dealt with:

1. Exploring and developing a market for goods and services for which even an attempt by the majority representative would have been punishable or morally condemned but which allowed Gypsies help others in receiving what they wanted;
2. This activity had nothing to do with the social welfare system of that era and the Gypsies involved were helping themselves much better compared to what they could have gotten under the welfare;
3. Not only the flexibility of income but also the mobility of labor was secured under Communism with the Gypsy assistance. It was especially visible in the agriculture;
4. Being an intermediary or an entrepreneur was a crime during the Communism, Gypsies obviously managed to counteract the ban and serve the consumer surplus of many individuals, whose rights as customers were systematically oppressed by the government.

Needless to say, in all three cases these activities were performed not only by Gypsies. The important point, however, is that they were doing this on a more massive scale and as a profession. There would be no exaggeration to state that in the Communist Bulgaria of 1970-1980's it was the single largest segment of the population that was living in and intermediating niches of the free market under the totalitarian oppression of the central planning.

Gypsies and the Rebirth of Capitalism in Bulgaria

From a societal stratum with most pro-market economic behavior, Bulgarian gypsies, after 1989, have become a key reform agent although this role has never been properly reflected and explained. In this article I would like to discuss the specific niches they occupied in the last 16-17 years, how they were influenced by the culture and how they were motivated by outside factors and welfare state incentives. As in the previous article, I speculate on and attempt to offer an interpretation of well-known facts and developments without pretending to be empirically rigid. I am confident that a specialized survey is likely to provide sufficient hardcore evidence to the interpretation I offer.

Definition of property rights with the help of Gypsies

Gypsy entrepreneur: a bare foot capitalist

At the eve of the late 1980's reforms, the Gypsy population of Bulgaria had played an important role. Before the political reforms of November 1989 - June 1990 (the political crisis of the Communist regime and the first free post-Communist elections), the regime had loosened its' grip on the economy allowing private individuals to establish individual small businesses in the services and other sectors.^v

In countries with oppressed individual rights, small changes lead to significant unintended consequences. The gypsy business in the late 1970's and 1980's have contributed to two key justifications of those partial reforms: they have demonstrated that private initiative is not subject to eradication, that it flourishes in all societal strata and that it produces prosperity gains on all levels.

In the economy the key manifestation of private property right is the right to be a consumer, a master of own preferences and the choice to buy what is wanted from whom it is wanted and at a price that is freely negotiable. The consumer surplus drives this right even under Communist conditions. This phenomenon is well discussed in the literature^{vi} as we have discussed this role of Bulgaria Gypsies in the previous sections of this paper.

The institutional side of the consumer surplus is that it helps in searching and establishing the link between production and consumption: under normal conditions, if consumers do not need certain goods and services then the producer does not have other prospect besides closing production.

These "normal conditions" are well-defined individual rights to private property and consumer choice and absence of coercion and plunder. Under the system of central planning and limited

to homes and small slots of land private property, as was the situation in Bulgaria between 1948 and early 1989^{vii}, all forms of servicing consumer rights were forms of a deconstruction of the status quo (while private business has been effectively treated as crime in all walks of life until early 1989 when the prohibition was partially lifted from some sectors). Although entrepreneurship and such deconstruction was criminalized, it performed the following important functions:

- Definition of the limits of central planning ,
- “Creation” and sustaining alternatives to central planning,
- Destruction of the central planning, since consumer surplus motivates plundering from state owned assets.

In this situation, the Gypsies in Bulgaria were the only societal group to fulfill the above said deconstruction; other groups were performing it by accident and on a sporadic basis. This is because the Gypsies as a group were:

- Deprived of social status, career and influence,
- Completely pauperized, a “proletariat with any avant-garde”,
- Group market economy actors under Communism.

The liberalization of the hard currency shops and trading in 1970’s with the spontaneous involvement of Sofia and other big city Gypsy communities performed an example of barefoot capitalism. Such capitalism was, however, not only a mercantilization of shortages of highly valued goods as jeans. Besides the already mentioned specific craft niches and agriculture free-lance, an even more important market role of the Gypsies was their involvement in the creation and functioning of the early 1980’s open air bazaars of “*Iliantzi*” and “*Malashevtzi*”.^{viii} Both were the first officially recognized (not disturbed) alternatives of scale to centrally planned retail trade and distribution. These markets began opening at first on weekends but soon the volume of trade necessitated daily operations, seven days a week.

In early 1989 and then after political changes of late 1989-early 1990 and with the start of the economic reforms of 1991 such markets grew in size and spread around the country.^{ix} (5)

Later, the role of the Gypsies as a group of almost exclusive bazaar operators gradually faded away. They were substituted by other “foreigners”, Arabs, Afghani and Palestinians who were settling in Bulgaria on their way to Europe or who had chosen not to go back to their countries since Bulgaria offered better prospects. This was the same phenomenon of barefoot capitalism but more international and globalized as not only the goods but the merchants and buyers were from many different countries. (In 1991 and especially in 1992, after the outbreak of the wars in ex-Yugoslavia and embargoes on Macedonia and Serbia, the bazaar become an international trading place.)

From this moment on, a new specialization has begun of bazaar Gypsy intermediaries.

In 2000 and 2001 Prof. Julian Konstantinov observed with criticism the operations of the Gypsies on “Iliantzi” market and on a similar bazaar in the town of Dimitrovgrad. He found that in those markets there was a special additional service offered – fake invoices, and that this service was totally dominated by Gypsies.^x Those were (are) not invoices for the goods purchased on the market. The service is issuing invoices for tax reporting on a desired amount of money (but not 5-6 thousand US dollars) against 1% of the book price (or a lump sum).

Mr. Konstantinov complains that the invoice trading by “mostly Gypsy” vendors takes place before the indifferent eyes of the street police on the market, especially in Dimitrovgrad. At the end of the day, however, such invoices were in great demand as a salvation from counterproductive tax regulations: the marginal tax rate in 2000 and 2001 was 65% for a medium size entrepreneur and the regulatory system was characteristic with its harassing controls over private enterprise.

Copyrights promoter in hard spirits

Copyrights and patent protection used to be one of the key problems of the Bulgarian economy in the beginning of the 1990's. The legacy of the Communism in this area is that those rights are relatively well established in high tech and scientific fields but almost non-existent in trademarks in food processing, pharmaceutical, perfumery and wine industries. More specifically, they existed on paper but the actual implementation and protection did not present a problem in Communist years due to the state ownership of enterprises and government monopoly on wholesale and retail trade.

In the early transition years it was generally quite easy to enter those markets, especially the wine and spirit industry.

Gypsy entrepreneurs, some of whom served the hard-currency-shops trading in 1970 and 1980's, somehow naturally directed their ingenuity towards those markets.

Production of fake alcoholic beverages by mostly Gypsy vendors has had at least three positive impacts:

- They dismantled and eventually expropriated the state monopoly on the production of fake alcohol , which existed for years undisturbed and flourishing as part of the centrally planned “ wine - proms ”; notably, the Gypsy vendors produced fake wines and hard spirits at quality levels that were comparable and even better than those of the state wine industry;
- Hard spirit and wine lovers with relatively low purchasing power had the opportunity to tastes they could not afford otherwise ;
- The fake production had eventually forced formal “vinproms” implement quality controls systems, consumer information, apply brand controls and rationalize production and marketing.

There were other factors that supported development in this direction – privatization of the wine industries (although somewhat delayed) and establishment of sectoral self - regulatory bodies in 1999 in addition to the opening of the retail markets to large retail chains (Metro, Billa) and so on. But the Gypsy vendors were the first to identify the niche and to challenge the government monopoly. Today it is possible to argue that there were better and more civilized ways to push for reforms but I can hardly imagine any reforms emerging by themselves, given the government reluctance to privatize wine industry that was common for number of governments before 1997.

This industry was viewed as a “strategic one”, as a “core Bulgarian comparative advantage”, and from these notions the, mostly Socialist, government derived the “justification” to postpone privatizations until 1996. The actual disagreement with the production and marketing of fake alcoholic beverages stemmed in those years from the fact that someone else is doing the same business as state owned wineries. The state monopoly lasted for more than forty years. “Tzar Kiro” – the most famous Gypsy vendor in fake spirits, although it is rather a nickname - has been in this business for not more than four years.

A part of the production concepts are now in the hands of formal wine producers, they continue selling healthy drinks at low price.

Nature produce collectors, determinants of “public goods” and aid addiction

The definition and redistribution of property rights through privatization has been slower in Bulgaria than in other countries.^{xi} Particularly unclear those rights remained in the area land ownership (the restitution proceeded between 1991 and 1998, and some instances of collective use were sustained). Simultaneously, the redistributionist policies via “social benefits” and “social aid” during the same period were particularly non-transparent and unreasonable and to a large extent remain unreformed even today.

In this respect is one of the most important, positive but publicly controversial role of the Bulgarian Gypsies in the transition.

By ways of culture and due to social status they collect everything that is not properly collected but could be of some use. These could be trees and wild mushrooms in the forests, garbage paper, metal scrap, electricity distribution wires, street sign, maternity “benefits”, “social aid”, heating subsidies for poor families, electricity bills and anything else.

Public “goods” do not exist per se. Some of those could be seen as public when and if they are available for everybody’s use amidst little or costly opportunities to exclude free riders and punish them.

In general, what is not protected as belonging to someone is not valued. The Bulgarian press and public opinion blame “The Gypsies” for the utilization of such public goods.

The actual constellation is very different and the Gypsy collection is:

- Of great significance for the determination of the value of the properties that were either privatized or returned to previous owners but remained unprotected for a certain period of time; in cases where the private property was reestablished but remained unattended, the Gypsy collectors motivated owners to be vigilant and organize protection on their own, to the extent it happened the Gypsy collectors, as a rule disappeared from the sight;
- Completely in the normal course of the events and in the framework of the law when they benefit from otherwise useless government programs ; racist politicians and members of the public usually blame “ the Gypsies” but, in fact, Not He is to be Blamed Who Eats the Cabbage Cake – That’s the One Who Gives It, as Bulgarian saying goes;
- Very useful for the separation of the urban waste and for its recycling; for the time being, the latter is almost not at all common practice in Bulgaria; for this reason the quasi-industrial separation is done manually and sold to recycling companies; with the gradual industrialization the Gypsies would be forced out of this niche;
- With regard to metal constructions with public functions and the alleged habit of Gypsies to collect those as the Bulgarian press claims (i.e. metal element of sewage facilities, street signs and electric wires), it needs to be mentioned that it is typical only for Bulgaria, although Gypsies live in other countries as well. The key explanation here is that there is a regulatory problem related to the oversight on scrap buyers and recycling plant: they buy such metal articles that should normally be not subject to recycling;
- Perfectly legitimate with regards to natural produce of forests (mushrooms, wood , herbs , etc .) – the ownership of the forest is 85% public and poorly regulated while there is a significant demand for wild mushrooms and herbs by respective industries in Bulgaria and abroad.

I think it is obvious that none of the above instances represents a violent expropriation. There were clashes between restitution landowners and Gypsy collectors but they quickly disappeared when owners began protecting their properties and production.

The positive role of the Gypsies

The eventual impact of the Gypsy collection is that it caused a spontaneous effort to protect land and agriculture production by vigilant farmers and guards hired by farmers. Similar was the story with common village properties, trees and fields. When those are not protected Gypsies and everybody else could reap the harvest and sell it to the market.

Similar is the case with “Gypsy ” crafts , they produce knives , axes and other metal instruments. The raw material inputs are basically collected entirely from the garbage litter. It takes time to do this job and it is far from pleasant but the unemployment is high, the labor cost is very low and often craftsmen have the family and friends taking care of the supplies. The human capital

and the skills to produce the instruments also come from tradition and family. The cash is needed for the fuel and coal. As I know from a survey of informal credit I conducted in 1996 and 1997, these costs are roughly \$ 500 a year. There are schemes to reduce them: use heating subsidies provided by the government in coal or wood or alternatively, collect wood in the forest where and if possible.

As in all cases of collection, there is a use of resources that otherwise are neither valued nor used and they are put into service someone benefit or further converted into capital.

The misunderstanding

The lack of normal understanding of Gypsies' ways and days in the last sixteen years of Bulgaria history are typical for the Bulgarian press, the public opinion and newly emerged chauvinist political parties.

More importantly, however, they are misunderstood by the agencies and policies to support "Gypsies". The most common development in this respect is the aid addition on behalf of the donor. If Gypsies take care of themselves, as they have proven they can over years, the "benefactors" will be forced out of job.

Endnotes:

ⁱ This paper was written for internal discussion of Open Society Institute's in Sofia, also known as "Soros Foundation" of "Open Society" working group on Roma Inclusion, in 2005. It inspired by my almost simultaneous work on a Property Rights and Economic Performance in the Balkans (An Overview with a Reference to Bulgaria) – a discussion paper for the Liberty Fund Symposium on "Private Property Rights and Liberty" held in Dallas, November 16-19, 2006, and organized by Professor Emeritus of Texas A&M University Steve Pejovich. It was first published in English in IME's Economic Policy Review, Vol. 6, No 37 and 38, 2006.

ⁱⁱ After a preliminary version of this paper was first published in Bulgarian press (*Dnevnik*, May 8, 15, 2005), Professor Petar Emil Mitev – the doyen of Bulgaria sociology – told me in a that the observation coincide with the findings of 1980's surveys of Gypsies by the Institute for the Study of Youth of the Central Committee of the Bulgarian Communist Party; he asked me also whether I have copies of those survey, because they were commission by the Ministry of Interior in mid-1980's and were classified (and he, as a director of the Institute had no copy; the Institute of Youth was closed in 1990 and he believes the archives are lost).

ⁱⁱⁱ My Western friends may not know that in my and other Communist countries large, virtually all groups of urban populace was required to "volunteer" few days or a week per annum to work in the agriculture; pupil and students used to "volunteered" for at least a month.

^{iv} Beside “*Korecoms*” there were shop chains for those who possessed Russian ruble denominated coupons (those who worked in the Soviet Union) and shop for sailors, but in those shops buyer were required to identify themselves or source of the money – not always but often.

^v That partial liberalization was launched by the Decree 56 of 1989 (titled “On Citizen’s Economic Initiative”) that prescribed how companies are to be registered and what taxes they pay.

^{vi} See: Mansur Olson, *Power and Prosperity*, New York, Basic Books, 1998, William W. Lewis, *The Power of Productivity*, Chicago, Chicago University Press, 2004.

^{vii} In Bulgaria, the “excessive ownership” of homes (flats and houses) was nationalized (in 1947-1948); in fact there was a rationing of this type of property. However, during the entire communist period private homeownership was comparatively high – 80–85%, the urban population retained full ownership of their houses in the rural areas and the plot of land around them (40-50% of the urban population has had such ownership); the ownership titles on arable land, forest, etc. remained private but the use of land was “collectivized”, more or less completely after 1962 while the forest was nationalized. Totally expropriated were about 4,500 – 5,000 families. One of the key reforms after 1989 was the restitution of all types of ownership – see: Krassen Stanchev, *Denationalization in Bulgaria*, in: Krassen Stanchev (editor), *Contemporary Economic Libertarianism in Bulgaria*, IME, 2004, available also at: www.easibulgaria.org.

^{viii} Both are named after villages, which in the 1970’s have become Sofia districts.

^{ix} Immediately after political reforms of 1989 and election of June 1990, Bulgaria has been a successful market reformer, at then best Central European standards for such reforms; it happened between December 1990 and the fall of 1991 when reforms were first somewhat delayed due to elections and eventually stopped in late 1992 due to political crisis, which led to electoral victory of the Socialist in 1994 and their attempt to restore central planning in 1995 and 1996.

^x Julian Konstantinov. *Kam formalisiranje na sivata ikonomika v Bgaria? (Targovtzi na otkritite nazari). Dokrad of tereno prouchvane iuli-avgust 2001.* - Evgenii Daynov (redactor). *Sivata Ikonomika v Bgaria: prichini, sledstvia, politiki*, Sofia, Tzentar za sotsialni praktikiq 2002, str. 83-84 l sl. (In Bulgarian, the English title: Julian Konstantinov, *On the Formalization of the Grey Economy in Bulgaria: Open Air Bazaar Merchants, (A Report from a Field Survey)*, in: Evgenii Daynov (editor), *The Grey Economy in Bulgaria: Reason, Consequences*, Sofia, The Center for Social Practices, 2002, p. 83-84 a.f.).

^{xi} For details, see: Krassen Stanchev, op. cit.