

# The "Alternative" Socialism of Professor Alexander Tsankov

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## Summary:

The paper presents the economic views and political activities of one of the most influential Bulgarian political economists – Alexander Tsankov. They were strongly influenced by his socialist worldview. The socialism of professor Tsankov is alternative only if one accepts the self-definition of Marxism as the sole scientific socialism. Then any deviation from orthodoxy should be considered as alternatives to scientifically based ideas. In the context of what is seen as socialism during the nineteenth and almost up to the end of the twentieth century, the views of professor Tsankov are not a departure from, but a variant of the socialism. He combined the elements which are characteristic of social democracy and conservative statist (and hence nationalistic) socialism.

**Key words:** Alexander Tsankov, Bulgaria, socialism

**JEL Classification:** B30, P20, P26

Alexander Tsankov was among the most influential Bulgarian economists, representative of the German Historical School of economic thought in the

country. His influence is determined mainly by two factors. First he held important positions in the executive, legislature and had a major role in the political life of the country as Prime Minister, Speaker of the National Assembly, Minister of Education and leader of the National Social Movement. From these positions, he had the opportunity to control and determine some of the most important trends in Bulgaria's economic policy. He was also professor of political economy and Rector of Sofia University, with a significant number of publications and thus he was able to influence the formation of part of the economic elite of Bulgaria.

The main thesis of this paper is that socialism is one of the main characteristics of economic views and had a strong impact on the political activities of professor Tsankov. His socialism was not orthodox or "scientific" with respect to Marxist concepts, but that does not make it less socialist. For this reason the definition alternative in the title is in quotation marks. From the beginning to end of his scientific and public activities, while experiencing some fluctuations, Tsankov remained loyal to his socialist credo. It cannot be related to political parties and organizations of which he was a member or founder. The reasons that account for for entering or leaving a

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political organization and the consequent political career involve not only a given ideology, but rather personal ambition and opportunism.

Binding the economic views of Al. Tsankov with the theory and practice of socialism requires a brief clarification of the nature and content of that concept.

### 1. Theoretical framework or more on the question - what is socialism and what the Bulgarian Socialists are?

The temptation and over-confidence that the intellectual efforts of one man can change the social structure in accordance to his own views for good and bad, resulted in the birth of the socialist idea. Its roots are to be found in classical philosophy. In his "Republic" Plato hints at some of the basic elements of socialist ideology, among which were criticism of private property (which is defined as the source of the corruption of morals) and traders, moneylenders, etc. (Platon, 1981). All these elements were not developed in a complete system. Among the forerunners of socialism which worked respectively in the sixteenth and seventeenth century were Thomas More and Tommaso Campanella. In their works "Utopia" and "The City of the Sun" they described their dreams of social order in which there is no private property. These authors did not use the term socialism to characterize of the new social order. The very concept of socialism appeared at the beginning of the nineteenth century. Then the first serious attempts to define socialism were made, although the way in which a socialist was realized was not clarified. The first socialists relied heavily on the individual efforts as a method for building a socialist society.

The term socialism began to be used in the 1830s and from the beginning its most important characteristic was the ambition to eliminate the private ownership of the means of production and to replace it by public ownership. The process of elimination of private property is defined as socialization, nationalization, democratization of ownership, etc. However, it is difficult to find any fundamental difference between the content of these terms<sup>1</sup>. Ultimately hostility towards private property lies behind all of them. In 1848, in The Manifesto of the Communist Party Karl Marx and Friedrich Engels are more specific: "In this sense, the theory of the Communists may be summed up in the single sentence: Abolition of private property." (Marx, K., Fr. Engels, 1999, p. 46). In that case, it is necessary to clarify that in the middle of the 19<sup>th</sup> century, there was no clear distinction between socialists and communists.

Since its inception, the socialist movement was characterized by the lack of agreement on a number of key issues. Contradictions were to be found with respect to several problems such as: atheism-religion, reforms-revolution, state-anarchy etc. These contradictions were the reason for the formation of different types of socialism: Christian, conservative, utopian, military, Marxist (claiming to be scientific), Fabian and others. In the development of the socialist movement the statist form of socialism gradually took the upper hand, although it never became the only one. Statist socialism relies on governmental power and its apparatus of coercion to achieve its goals. All kinds of socialism, however, albeit in varying degrees, share the negative attitude towards private property and insist on its abolition. This

<sup>1</sup> Among the various types of socialism there is some difference between these terms. According to Fr. Engels, for example, nationalization of private property is not yet socialism, but a step towards Socialism (Engels, 1950)

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content of the concept is adopted by the main reference books, regardless of their ideological basis, or the time at which they were written<sup>2</sup>.

A certain shift in the content of the concept of socialism emerged after the end of World War Two. At the end of 1950s the social democrats in Germany gradually softened their views on the need for direct and complete nationalization of the means of production and paid more attention to the need of redistribution of income in favor of the poor through tax system instead (Hoppe, 2007, p. 43). It was only in the 1990s, however, that the idea for the nationalization of the means of production was no longer among the socialist goals. This happened in the program of the British Labour Party. Nationalization was replaced by the vague desire for justice, which became the main principle the socialists adhered to. A similar evolution could be traced in Bulgaria. At the beginning of the 21<sup>st</sup> century the Bulgarian Socialist Party also rejected nationalization and perceived socialism as "more equitable social order, based on respect of labor and equitable distribution of its results" (Stanishev, 2008, p. 10).

The definition of socialism as a theory and movement that seeks to remove the private ownership of the means of production is applied by many researchers in their analyses of the various economic and social aspects of socialism. The definition of socialism remains the same even when the conclusions reached by the individual authors are completely divergent. Thus Ludwig von Mises in his fundamental study "Socialism. An Economic and Sociological

Analysis" defines socialism as "policy which aims at constructing a society in which the means of production are socialized"(Mises, 1951, p. 20). In this study Mises proved that the socialist society is utopia, as in the absence of private property and market prices the rational economic calculation becomes impossible. In another classic work J. Schumpeter defines socialism as an "institutional pattern in which the control over the means of production and over production itself is vested with a central authority" (Schumpeter, 2008, p. 167). The main thesis of the author is that capitalism is doomed, because of its success and not because of its inherent problems.

Still with the beginning of the socialist movement in Bulgaria at the end of the 19<sup>th</sup> century the Bulgarian Socialists argued that "making public ownership all the means of production that make all people happy, healthy and able to develop mentally and morally, that is the total content of the doctrine which is called *socialism*" [italics D. Blagoev] (Blagoev, 1951, p. 448). In the early 20<sup>th</sup> century the Bulgarian Socialists split. Although the controversial point was revolution or reforms, there were other secondary reasons for the conflict. The so-called **narrow** socialists, led by D. Blagoev, upheld the "integrity" of all Marxist principles, while the so-called **broad** socialists, grouped around Y. Sakazov, rejected some of the Marxist postulates. The revision of Marxism by Edward Bernstein in Germany, which proved that the views of Marx on the concentration of capital, the growing rate of proletarianization, the absorption of small businesses by the big companies etc. cannot be proved to exist in

<sup>2</sup> For more details see: The New Encyclopaedia Britannica, vol. 27, 1993, p. 393; Большая Советская Энциклопедия, 24, кн. 1, Москва, 1976, с. 222 (according to the Marxist orthodoxy here socialism is presented as the first phase on the way to communism, but the definition of socialism is the same as in Britannica); Энциклопедический словарь, т. XXXI, С. Петербург, 1900, с. 21-22.

reality served as a conceptual basis of this division. From the perspective of a Marxist, Bernstein's views were coming close to classical liberalism (Berlin, 1901).

On the issue of ownership the narrow socialists dogmatically insisted on the socialization of all private property (Markowski, 1903), while the broad socialists were against the socialization of petty private property that does not exploit wage-earners (Dzhidrov, 1902; Dimer, 1903). It is clear, however, that in terms of the essence of socialism there was no essential difference between the narrow and broad socialists. The difference between them is rather in terms of quantity not quality, because both trends do not deny the necessity of abolishing private property of the means of production. In this respect, arguing that the broad socialists are close to classical liberalism and laissez faire capitalism can be done only from the sectarian perspective of the orthodox Marxists. The broad also believed that socialism could be achieved without revolution and violence, but by the means of democracy, through cooperation with classes outside the proletariat and they pushed forward the idea of the need for social solidarity (Tsankov, 1933; Sakazov, 1991; Pastuhov, 1923). The question of the role of the state in the transition from socialism to capitalism was not among the principal contradictions between the narrow and broad socialists. In fact, the two great wings of the socialist movement in Bulgaria remained statist.

The division into narrow and broad socialists in Bulgaria is among the typical ones of the socialist movement in general. It stems from the fact that at the end of the 19<sup>th</sup> and the beginning of the 20<sup>th</sup> century in Bulgarian society the proletariat was a negligible group (class in Marxist definition). This "hampers" the establishment of proletarian power in Bulgaria and requires that the Socialists seek strategic allies. On the other hand, espousing revolutionary ideas and radicalizing the socialist movement was typical of societies which lacked the basic democratic rights and freedoms such as universal suffrage, freedom of association, freedom of the press, etc. (Marks, Mbaye, Kim, 2009)<sup>3</sup>. In Bulgaria these rights and freedoms were guaranteed by the Constitution and therefore radical socialist ideas remained isolated for a long time and were not very popular. Since the early 20<sup>th</sup> century the clashes between Blagoev and Sakazov became quite sharp, and went far beyond the political and theoretical debate. This had a long-term negative effect on the relations between the narrow and broad socialists, and later on between Communists (which succeeded the narrow socialists) and Social Democrats (which succeeded the broad socialists)<sup>4</sup>.

## 2. Biography and political activities of prof. Al. Tsankov - in the light of his socialist beliefs

Al. Tsankov was born in 1879, studied law at the University of Sofia, still in his student years he participated in the political

<sup>3</sup> In the early 20th century, as Lenin explained, the Russian Social Democrats were more radical than Western socialists because of the lack of Western parliamentary democracy in Russia (Lenin, 1945).

<sup>4</sup> Interesting is the opinion of Al. Tsankov, who believes that as a result of the split between narrow and broad socialists, the socialism in general is "coming down" from the scene because it was "not timely" [emphasis added – P.P.] (Tsankov, 1933, p. 25). This statement was done at a time when Tsankov made increasingly clear his positive attitude towards fascism and National Socialism. So it reveals that he is not principally in favour of a rejection of the fundamental tenets of socialism. Just in the first years of the 20th century there were no suitable conditions for socialism in Bulgaria.

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life of the country as a sympathizer of the party of the broad socialists which went into sharp ideological clashes with left-wing socialists. For Tsankov the socialist ideas were not just an infatuation of the youth. Throughout his adult life as a scientist and politician he remained highly critical of capitalism, especially in its laissez-faire form. Tsankov adopted and implemented in his scientific and political pursuits some of the basic theoretical postulates of Marx, but did not regard them as a religious dogma. The broad socialist's negative attitude towards political parties, which claimed to have utilized all Marxist ideas in economics and politics persisted to the end of his life.

In 1904, Al. Tsankov went to Germany, where he studied political economy. His stay in Germany played a major part in the shaping of his theoretical and political views. In Munich he attended the lectures and seminars of L. Brentano, Georg von Meyer and Walter Lotts. Later on Tsankov moved to Breslau (1906), where W. Sombart taught, and then he followed his teacher to Berlin, where he also attended the courses of G. Schmoller and A. Wagner (Tsankov, 2002). In his memoirs Tsankov depicts interesting details about the way of teaching, he expresses his personal views about the relationship between professors and between professors and students in the German universities in the early 20<sup>th</sup> century. He writes: "I have never heard a better speaker among the university professors than Brentano. ... Of all the German scholars-economists nobody has exerted such an influence on me as Brentano" (Tsankov, 2002, pp. 22-23). Tsankov writes for Sombart: "He had not the charming speech of Brentano for example, but he was speaking as a serious scholar

who enchants you with the originality of his thought and with his flawless epic, smooth and logical presentation." (Tsankov, 2002, p. 34).

In Germany, under the supervision of L. Brentano, Tsankov began his first serious scientific pursuits. On Brentano's recommendation he studied in details the works of Alfred Marshall and E. Böhm-Bawerk. In Berlin, he began writing a doctorate "Capital and capitalistic production process in Böhm-Bawerk" under the guidance of W. Sombart. Al. Tsankov failed to complete and defend his doctoral dissertation because the Bulgarian Ministry of Education stopped his funding.

In his memoirs Tsankov explains that his education in Germany radically transformed his theoretical and political views. He notes that he went to Germany as an "orthodox Marxist", but gradually evolved to "the doctrine of Brentano and the Viennese school and especially to the last" (Tsankov, 2002, p. 33). This statement, however, should not be taken at face value. It was made in his memoirs, written after World War II. The main goal of the author was to emphasize the anti-communist element in his beliefs and to hide his open sympathy for National Socialism, which he felt during World War Two. Tsankov was a student of the famous German economist Werner Sombart, who early in his career was close to Marxism, and between the two world wars became the theorist of National Socialism. The representatives of the German historical school of economics, like L. Brentano, W. Sombart, G. Schmoller, A. Wagner etc., are known as *kathedersocialisten* (socialists of the chair) and they supported the ideas of increased state intervention in economy in order to solve the social

problems caused by the industrialization of Germany. They could therefore be defined as statist socialists, and they had a huge impact on the economic views of Tsankov. Unlike the Marxists, they do not accept the concepts of class struggle and proletarian revolution, but their adherence to socialist principles is beyond doubt. Their influences in fact reinforced and clarified rather than eliminated Tsankov's socialist beliefs. So his evolution in Germany could be defined as an evolution from Marxism to a statist mode of socialism<sup>5</sup>. As for the influence of the Vienna (or Austrian) school on Tsankov - based on his publications and his political activity, it can be described as minimal. Perhaps the rejection of the postulates of Marxism and certain aspects of the explanation of the trade cycle could be traced to the Austrian influence.

After his return to Bulgaria in 1911, Tsankov was elected an associate professor of political economy at the University of Sofia, and in 1919 became rector of Sofia University (Naumov, 2004). Meanwhile he participated actively in the institutions for government control over the Bulgarian economy during World War One (Katsarkova, 1996). Wartime economy and the attempt of the state to regulate and control all the economic sectors were very close to the socialist-statist beliefs of Tsankov. We should not forget that the wartime economy of Germany during World War One became a model even for Lenin for the socialist organization of the economy, and he applied this model in Soviet Russia. According to Tsankov World War One was a crucial watershed in the

history of mankind. He was convinced that after the war "... capitalism steps down from the historical scene, and that it had already completed its mission." (Tsankov, 2002, p. 112). He published similar thoughts in the 1920s and 1930s (Tsankov, 1928; Tsankov, 1931). In these cases Tsankov did not specify what economic and social structure would replace capitalism and whether the transition to the new social order would happen quickly or gradually. Nevertheless, the undisputed fact is that for him World War One put the end of capitalism, and this view definitely was socialist.

In a public speech, which he gave in 1932, Tsankov said that capitalism will last for a long period - a statement which, at least at first glance, clashes with his socialist views. A careful reading of the speech, however, reveals that this was not in contradiction with his socialist credo. Immediately after these words Tsankov announced that capitalism must be reformed and reinforced. As a means of reforming he points out the limitation of private profits through increased taxation, nationalization and democratization of capital. Tsankov explains that what he means when he insists on nationalization and democratization is completely different from expropriation. His definition of nationalization and democratization is "penetration of capital into the bowels of the creative popular forces" (Tsankov, 1932 b, p. 45). In fact this is the old socialist idea of governmental restriction and control over of the right of private property.

His rapid academic career did not satisfy (Al. Tsankov's) ambitions and he turned his attention towards a political career.

<sup>5</sup> In his work "Capitalism, Socialism and Democracy" J. Schumpeter writes that the claims of Marxists that Marx had set the main objectives of the historical school in economics are not entirely without justification (Schumpeter, 2008, p. 44). In this sense, one can find a lot of similarities between Marxism and historicism. So in fact Al. Tsankov enriched his Marxist beliefs the ideas of the German historical school.



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After World War I the traditional democratic parties lost their credibility in Bulgaria and from 1920 to 1923, the country was ruled by the populist regime of BAPU (Bulgarian Agrarian People's Union). An important part of the ideology of BAPU was the so-called estates theory. According to it society is divided into estates (but not classes in the Marxian sense), and the Agricultural union represents the largest estate in the country - agriculturalists. This caused the discontent of various other social and professional groups and clashed with Tsankov's views of for the need of social solidarity between different social groups.

On 9 June 1923 this regime was overthrown by a military coup. The leaders of the coup appointed Prof. Al. Tsankov as Prime Minister, for he had no connections with the influential pre-war political parties. He remained in this position until the beginning of 1926. A month after the coup Tsankov gave a public speech in Sofia, which reveals a summary of his worldview and intentions in the economic and social policy. His visions were typical of a socialist-statist. Tsankov said that the state has the right to control and manage the financial capital, to introduce measures to regulate the working hours and wages of workers, to ensure that the land belongs to those who cultivate it, etc. Each of these ideas essentially violates the right of private ownership of certain means of production and in this sense the speech could be defined as socialist. The statist and collectivist views of Tsankov were revealed in his words that the Bulgarian citizens have to get used to wanting less from the state and to give it more. He firmly believes that the state is a prerequisite for prosperity: "If there is no state, then there is no progress of people; If there is no state

then there is slavery, moral, and cultural decadence" (Tsankov, 1923, p. 21). The opportunist-socialist views of Al. Tsankov on the economic policy of his government were clearly evident from his words that when the "necessities of life force me I would nationalize certain enterprises, when the necessities of life do not force me, I would not try to ..." (Tsankov, 1924, p. 17). Apparently he accepts the idea that at some point the necessities of life will be beneficial for the transition to socialism by eliminating private ownership of the means of production, although it is not clear who and how is going to define this point.

As Prime-minister the reputation of Tsankov was too bad because there was a civil war in the country. The communists and the members of BAPU were subject to serious repressions. This was the result of many factors, but in some ways the repressions against communists were a continuation of the confrontation between narrow and broad socialists of the early years of the 20<sup>th</sup> century. Al. Tsankov initiated the implementation of a number of economic measures which reinforced government intervention and control over the economy. The main slogan of his government was to establish a strong state power. Among the most important were: the establishment of a foreign exchange control, the prohibition of the importation of goods that are not basic necessities, the increase of export duties on certain goods, and the establishment of full governmental control over internal trade (Stoyanov, 1992). Certain measures were introduced in favour of the workers; cooperatives were encouraged in order to combat monopolies (Spasov, 1996). The regime of Tsankov resembled that of World War One and completely clashed with the

principles of economic liberalism. It is not by chance that he retained and perfected many economic reforms conducted by the authoritarian BAPU (Penchev, 2005). Tsankov's economic policy is consistent with the old idea of broad socialists of class collaboration, so he abolished only those reforms of BAPU that were an expression of their estate theory. The question of the restoration of the principle of the inviolability of private property was not among his main goals. Apart from the social-democratic principles, one could find in the Tsankov's economic policy features that are typical of the so-called conservative socialism, namely, price controls, restrictions on free trade, restrictions on private initiative, the desire to achieve price stability etc.<sup>6</sup>

After being forced to resign as Prime-minister, Tsankov remained actively involved in politics as Speaker of the National Assembly, and then for a short time in 1930-1931, he became Minister of Education (Bulgarian state institutions, 1987). He made an attempt to return as a professor at Sofia University, but due to protests by students was forced to resign as a full-time professor of political economy. In 1932 he founded his own political party, which later on was called the National Social Movement and which was heavily influenced by the ideology of Italian fascism and National Socialism. In the context of World War II Alexander Tsankov was among the most ardent supporters and propagandists of National Socialist ideas especially in the social and economic spheres. He insisted that the Bulgarian Government and the

National Assembly should continue with the development of the system of the Bulgarian National Socialism (Shorthand records, 25 ONS, III RS, 13, November 18, 1941, p. 184). In order finance military expenditures Tsankov advocated the idea of J. Maynard Keynes for forced saving. Despite the fact that the author of the idea is an English economist (i.e. in terms of Bulgarian alliance with Germany during the WWII – Keynes was an "enemy"), according to the Bulgarian author it was best applied in Germany (Tsankov, 1942b)<sup>7</sup>. Tsankov did not share the anti-Semitism of the German National Socialists and participated in the campaign to save the Bulgarian Jews in 1943 (Petrova, 2011). With the withdrawal of German troops from the Balkans Tsankov emigrated from Bulgaria to Argentina, where he died in 1959.

### 3. Scientific and theoretical views

The scientific and theoretical works of A.I. Tsankov in general are not well-known even among the Bulgarian specialists in the history of economic thought. The assessments about their characteristics are based on a limited number of his works and/or are ideologically stained. On one hand, in earlier studies his works were defined as fascist (and not National Socialist or Socialist), and on the other hand - in more recent publications the implication is about the contrast between his liberal economic views (or residual of liberalism) and the strong statism while he was in power (Grigorov, 1960; Avramov, 2007). The presence of liberalism in the

<sup>6</sup> AFor more details on economic policy that characterized the so-called conservative socialism see: Hoppe, Hans-Hermann, 2007, *A Theory of Socialism and Capitalism*. Ludwig von Mises Institute, pp. 65-94.

<sup>7</sup> The sympathies of Tsankov to ideas whose author is Keynes is not contradictory to his socialist (during WWII National Socialist) his ideas and beliefs. Overall Keynes's ideas were well accepted in Nazi Germany and, if we again refer to Schumpeter - between Keynes and Marx there was not a big gap (Schumpeter, 2008, p. 142).



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scientific texts of Tsankov is more than controversial. Defining some of his views as liberal is possible on the basis of their analysis in the light of Marxism. Statism and proximity to fascism and National Socialism that are an indisputable fact were part of his socialist beliefs<sup>8</sup>.

The research activity of Al. Tsankov covers a period of about four decades from 1904 to 1943. During these years he published many papers, studies, books, a textbook (lectures) on political economy (Tsankov, 1932), co-authored a study in the history of joint-stock companies in Bulgaria (Tsankov and others, 1926), etc. Apart from that, as a political activist Tsankov delivered and published a large number of keynote speeches, propaganda brochures, worked out political programs (see eg. Tsankov, 1933). After his emigration he wrote two volumes of memoirs (Tsankov, 1998; Tsankov, 2002). The thematic scope of his publications is wide. Among these are papers on current issues related to Bulgaria's economic and foreign trade policy (Tsankov, 1909, 1915), research in Political Economy (Tsankov, 1942), on the consequences of the World War One (Tsankov, 1916, 1917; 1919), on the financing of wars (Tsankov, 1942b), on the status and role of cooperatives in the Bulgarian economy (Tsankov, 1904), on the nature and impact of the Depression of the 1930s (Tsankov, 1932), and others.

It is difficult to find original analyses or some specific theoretical contributions to the economic science in all of his studies. Common characteristic features of all the publications are: criticism of capitalism and especially of economic liberalism, positive assessment of state intervention in the economy, and the pursuit of a scientific

justification of the ideas of social solidarity. And these are the topics and motifs that belong entirely to the arsenal of socialist economic theory. In his first scientific publication Tsankov supported the broad socialists' views on cooperatives. He announced that in a market economy the masses are forced to sell their labor and thus they are exploited by "parasites such as shopkeepers, artisans, moneylenders, etc. who "suck their vital forces" (Tsankov, 1904, p. 171). According to Tsankov, the cooperative movement is promoted by the socialists, because they regard it as the germ of the future socialist society. Tsankov maintained his positive attitude towards the cooperative movement after World War I, when he became president of the Union of Popular Banks. Fully in line with the views of a broad socialist about the need of class collaboration was his proposal whereby labor disputes should be resolved not through strikes, but following the German model of conciliation committees (within the enterprises), with conciliation courts, and by collective agreements (Tsankov, 1907).

In some of his relatively early papers Tsankov made attempts for making an original contribution to the field of economic theory. In 1910 he published his study "The capital and profit from it" (Tsankov, 1910). Probably this is part of his doctoral thesis. In this study Tsankov analyzed and criticized Adam Smith's views on the nature of capital. According to the Bulgarian author, the fundamental error of Adam Smith in defining the essence of capital consists in confusing the concepts of property and capital. The representative of the Austrian School of E. Böhm - Bawerk<sup>9</sup> is also subjected to such criticism. The criticism of Tsankov stemmed primarily from

<sup>8</sup> For more details on economic policy that characterized the so-called conservative socialism see: Hoppe, Hans-Hermann, 2007, *A Theory of Socialism and Capitalism*. Ludwig von Mises Institute, pp. 65-94.

the postulates of the German Historical School and Marxism. Tsankov was convinced that private capital is a historical and legal phenomenon and that the main prerequisite for the origin of capital and the capitalist mode of production is the emergence of the market exchange economy. He considers the capital of the state social capital, which he said is the most perfect cultural unit, and when explaining the nature of capital he based his view on Marx's concepts (Tsankov, 1910). Apart from the Marxist postulates in his theoretical reflections, Tsankov widely utilized the ideas of other socialist writers such as K. Rodbertus and F. Lassalle. Particularly strong is the influence of the theories of the conservative and statist Rodbertus, whose views largely coincided with those of Tsankov<sup>9</sup>.

Probably under the influence of W. Sombart, but mostly under the influence of his own socialist beliefs, Tsankov combines socialist concepts with those of the German Historical School. According to Tsankov, "only as a means of obtaining larger and more values does money become capital" (Tsankov, 1910, p. 41). Marx's theory of exploitation of workers by capitalists was also espoused by Tsankov. He is convinced that the employees do not receive the full price of the products they have produced, i.e. they are exploited. In his view, the source of profits for the capitalists is the unpaid work of the working class (a Marxist concept). However, Tsankov thought that this concept is not the only explanation of profits. Therefore he added that profits depend on "market conditions, on the situation, and on the speculative abilities of the capitalist entrepreneur" (Tsankov, 1915b,

p. 16). Definitely socialist in nature were his words that "if the capital is publicly owned then the whole society will benefit from the profit and the income from it; incomes will be more equally distributed and the profit, in the course of constantly increasing and diversification of social needs, will accrue to the social capital, which will inevitably increase gradually" (Tsankov, 1910, p. 54). Such is the meaning of his statement that in the organization of the mortgage loans market in Bulgaria it "should not be placed in private and even less in foreign banks." This requires the creation of a special state-owned credit institution because "all the observations are in favour of the thesis that the mortgage loans market in Bulgaria should be in the hands of a government agency as the State through BN [bank] and Agricultural banks, **have nationalized all other types of loans** [emphasis added P.P.]" (Tsankov, 1912, pp. 197, 198)<sup>10</sup>.

During the World War One Tsankov wrote and published several studies in which the analysis is based on a direct borrowing of socialist concepts. For example, he explains the foreign policy of individual countries before and during the war as a consequence of their economic interests. In his opinion, England joined the Entente, because Germany had threatened its monopoly on the world markets. The War broke out as a result of competition between the great powers in the struggle for colonies, for control of the open seas and over world markets. Without claiming as Lenin that imperialism is the last stage of capitalism, Tsankov thinks that imperialism is a form of modern capitalism

<sup>9</sup> For more information on the economic views of Karl Rodbertus look at: Andrews, E. B., 1892, Rodbertus's Socialism. *Journal of Political Economy*, Vol.1, N 1, pp. 56-97.

<sup>10</sup> These words are another evidence that the statement that during his stay in Germany Tsankov had abandoned Marxism should not be accepted as true.

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(Tsankov, 1916). In analyzing the Bulgarian economic interests during the war he advocates the establishment of a state-owned Danube shipping company. He was convinced that only such a company would be able to guarantee lower tariffs to the Bulgarian exporters for the transportation of their goods along the Danube (Tsankov, 1917). The establishment of state-owned enterprises was not a new practice in Bulgaria before the war (Railways, Posts, mines Pernik, etc. were state-owned). The expansion of the public sector, however, could certainly be defined as a tendency towards socialism according to the adopted definition of this concept.

In 1919 Al. Tsankov delivered a speech on the occasion of his election as the Rector of Sofia University, which was published under the title "Money and its Devaluation" (Tsankov, 1919b). It was one of his most serious attempts to contribute to the field of economic theory. First he gives his interpretation of the theory of Fr. G. Knapp about money as a legal tender. Tsankov believes that under Knapp's definition of the legal tender it can be concluded that the value of money is "something nominal, fictitious, invented by man and established by the authority." Unlike Knapp, Tsankov believes that the value of money is something real, "the unit value of money is an objective measure of our income or, in general, of what we deserve as an economic unit" (Tsankov, 1919b, p. 6). The Bulgarian author widely used the theory of the Ukrainian socialist-economist Mikhail Tugan - Baranovsky about the cyclical development of the capitalist system. Tsankov accepts the statement that during the economic growth the purchasing power of money decreases, while during

depression it increases. The main reasons for alternating periods of boom periods and depression are two. The first is the so-called capitalization of profits, i.e. the tendency of capitalists to invest their profits in a continuous expansion and increased production, which leads to overproduction. The second, and in a sense more important, reason for the booms and busts, is the credit expansion in the banking system. Tsankov writes: "Transmission of these new capitals to the capitalist production increases it and opens new and wide vistas, but the expanded individual companies further increased imbalances in the distribution of economic forces" (Tsankov, 1919b , p. 16). After the depletion of this free capital and the end of credit expansion the economy goes into a state of depression. Tsankov's explanation of the cyclical capitalist economy does not differ in principle from Tugan-Baranovsky's concept (Barnett, 2001).

In his studies Tsankov demonstrated profound knowledge of the basic economic theories, however, his preference for the principles of the German historical school and statist socialism is apparent. In the 1920s, probably because of his involvement in political life, the number of his scientific publications is limited. In the 1930s Tsankov more clearly manifests his affinity to ideas that are close to fascism and National Socialism. However, this was not a shift in his beliefs. In fact he considers these two theories as an achievement of the socialist ideals which he clings to from his earliest years. In 1930, Tsankov published his lectures on political economy as a textbook. In it he criticized certain aspects of Marxism such as the negative attitude towards the state, the criticism and rejection of the Malthusian theory of

population and the lack of definition of the nature of the class. On the other hand, Marx's views on the capital remained at the core of its analytical tools (Tsankov, 1930). The Marxist concepts that capitalism increases social inequality, causes anarchy in the economy and that there is a continuous trend towards concentration of production, which leads to the emergence of monopolies and the robbing of small producers, also remained an essential part of his economic views (Tsankov, 1933). During the Great Depression of the 1930s Tsankov prophesied that "the old is gone and that a new social and economic world will inevitably follow" (Tsankov, 1932, p. 2). At this point he refrained from characterizing this "new" world. With the outbreak of World War II, however, Tsankov clearly defined it.

In 1940 he wrote that the war was "a grandiose revolutionary era, perhaps more spectacular than the English and French revolution". The essence of the new revolution that took place lies in the departure of capitalism – up to this point in his statements there was nothing that he had not said or written before. The difference is that now Tsankov is clear about the future: "As a new social order that comes, I think it's the socialist system, socialism, not Marxism, not Bolshevism" (Tsankov, 1940, p. 571, 577). As an example of such a new socialist order Tsankov points to Nazi Germany and Fascist Italy. Similar were the ideas Al. Tsankov presented in a parliamentary speech delivered in November 1941 (The shorthand records, 25 ONS, III RS, 13 zas.). Later on in a special book entitled "The Three Economic Systems. Capitalism, Communism and National Socialism" published in 1942, he writes that the economic system in the USSR is essentially a bureaucratic state

capitalism, while the prototype of socialism is Germany. In Tsankov's views, the key features of the socialist society in Germany are: the introduction of four-year plans, subsidies of agricultural production, the restriction of private interests and aligning them with the public interests, distribution of wealth based on participation and merit, regulation of profits by the state etc. He declares that private enterprises will not be eliminated from economic life and that private property will be "illuminated" in the principle of the new socialist society. These words were in fact invalidated by the statement that private property will be placed in the service of public interest and public welfare. Ultimately Tsankov is clear that the state is a paramount factor in the economic life, which in turn "will be under the regime of guided and directed economy". On the basis of the German National Socialism Tsankov foresees the construction of New Europe in which socialism will not be international, but national (Tsankov, 1942). The propaganda of the ideas of National Socialism discredited Tsankov as a scientist and as a politician as well.

#### **4. Concluding remarks**

Alexander Tsankov definitely is not among the personalities that modern socialists would gladly define as socialist. However, it is clear that his economic views and his political activities associate him with this powerful and diverse socio-economic and political movement. The socialism of professor Tsankov is alternative only if one accepts the self-determination of Marxism as the sole scientific socialism. Then any deviation from orthodoxy should be considered as alternatives to scientifically based ideas. Placed in the light of what during

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the 19<sup>th</sup> and almost up to the end of the 20<sup>th</sup> century is seen as socialism, the views of professor Tsankov are not a departure from, but a variant of the socialism. He combined the elements which are characteristic of social democracy and conservative statist (and hence nationalistic) socialism.

In this sense, these views raise a number of more general issues. Are there "right" and "wrong" types of socialism and what are the criteria to draw a distinction between them? Do the declared and planned by the socialist theorists social order aspirations to improve the lives of all or at least the majority of the population always ends with dictatorship, crimes against humanity, abolition of the democratic rights and freedoms, and the establishment of totalitarianism? Whether the present state of society with its typical social legislation (promoted as an idea and as a practice introduced in Bulgaria by Al. Tsankov), state control over monopolies (the first such attempt was made by Al. Tsankov), price controls and restrictions on private property (implemented and maintained by Tsankov) etc. is not an expression of the inevitable victory of the statist socialism envisaged by J. Schumpeter? The answer to these and to other similar questions could be given on the basis of more and deeper research on the theory and practice of socialism.

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