

SOFIA UNIVERSITY “ST. KLIMENT OHRIDSKI”
FACULTY OF ECONOMICS AND BUSINESS ADMINISTRATION

REVIEW

By Prof. D.Sc. (Econ.) STATTY STATTEV

University of National and World Economy, Department: Economics,
scientific specialty 05.02.01

„Political economy (microeconomics and macroeconomics)”

to the scientific papers submitted for a competition for occupying the academic position
“professor”

in the professional field 3.8 Economics, “Social, Economic and Legal Sciences” (Institutional
Economics, Behavioral Economics and Economic Theories – in English and German),
announced in the State Gazette № 52/07.02.2019

of the candidate:

TEODOR VENKOV SEDLARSKI, Ph.D. in scientific specialty 05.02.01 „Political economy
(microeconomics and macroeconomics)”, Assoc. Prof. in professional field 3.8 Economics in
Department of Economics, Faculty of Economics and Business Administration, Sofia
University “St. Kliment Ohridski”

I. Competition information:

Competition for awarding of a scientific title “professor” in professional field 3.8 Economics, “Social, Economic and Legal Sciences” (Institutional Economics, Behavioral Economics and Economic Theories – in English and German), is announced for the purpose of FEBA, Sofia University “St. Kliment Ohridski” in the State Gazette № 52/07.02.2019. The Scientific Jury was established with an Order № RD 38-451/26.07. 2019 of the Rector of Sofia University “St. Kliment Ohridski ”.

Assoc. Prof. Dr. Teodor Venkov Sadlarski is the only candidate applied for the competition is regular associate professor at FEBA, Sofia University “St. Kliment Ohridski”.

Review complies with the requirements of the Law for Development of the Academic Staff in the Republic of Bulgaria (LDASRB) and the Sofia University’s Rules for acquiring scientific degrees and academic positions. No violations were detected during the implementation of the procedure.

II. Fulfillment of requirements for occupation of the academic position

The candidate applies in a competition with 63 publications, incl. 4 monographs (one of them co-author), 2 studies (one of them co-author), 3 chapters in scientific collections including content editing, 50 articles in scientific journals (7 of them in foreign language and 21 co-author), 2 publications in conference proceedings and 2 textbooks (one of them co-

author). Assoc. Prof. Teodor Sedlarski presents in the competition for the academic position of "Professor", sufficient publications in terms of volume, content, thematic orientation and variety of issues, which fully correspond to the scope and scientific classification of the announced competition for professor. They are published in scientific journals, refereed and indexed in worldwide databases of scientific information, as well as in scientific journals and non-refereed magazines with scientific review, or edited collective volumes. There is a required number of citations in scientific publications, refereed and indexed in worldwide databases of scientific information, or in other with scientific review, non-refereed with scientific review journals. Applicant has fully satisfied the quantitative and qualitative criteria of the minimum national requirements under Art. 26 of LDASRB incl. a dissertation thesis for awarding of an educational and scientific degree "doctor", habilitation work (monograph), as well as the required number of articles and reports.

III. Teaching experience and candidate's qualification level for occupation of the academic position in the competition

The applicant has 13 years, 8 months and 25 days of internship, all in the specialty at the time of submitting the documents. From 1997 to 1999 Teodor Sedlarski studied Business Administration at Vienna University of Economics and Business Administration, 1999 - 2002 studied at the Faculty of Economics and Business Administration of Sofia University and received a bachelor's degree in Business Administration. In 2004 he graduated his master's degree in "Business Administration - Organizational Development" at the Faculty of Economics and Business Administration of Sofia University "St. Kliment Ohridski". In the period February 2005 - March 2009, he holds a PhD in science code 05.02.01 Political economy (microeconomics and macroeconomics) at the Faculty of Economics and Business Administration of Sofia University and defended his dissertation thesis: "Institutions, Transaction Costs and Economic Development: The Transition in Bulgaria". He has hold specializations at the University of Economics - Vienna, Austria and the University of St. Gallen, Switzerland. After successfully completed competition in 2005 he was appointed as a full-time assistant in Microeconomics; Macroeconomics; Money, Banking and Financial Markets; Economic theories; Public Sector Economics (taught in German for the needs of the German Business Management Programme at the Faculty of Economics and Business Administration). In 2009 he was elected as a Senior Assistant and in 2010 - Chief Assistant. Since September 2011 is an associate professor at the Economics Department of the Faculty of Economics and Business Administration, delivering lectures on Public Sector Economics and Institutional Economics in the master's programme "Economics and Management of Public Sector"; lectures on "Economic Theories" in the bachelor's programmes "Economics and Finance" and "Business Administration", etc. In October 2011, he was elected as a Vice-Dean for Academic Affairs and International Relations of the Faculty of Economics and Business Administration. In 2012 he established and became Head of the Centre for Economic Theories and Economic Policies (CETEP) at Sofia University "St. Kliment Ohridski". From April 2014 he was appointed Academic Director of the Centre for Economic Strategies and Competitiveness at Sofia University, affiliated with the Institute for Strategy and Competitiveness at Harvard Business School. From June 2013 is a co-chair of the French-German Centre for Applied Research in Economics and Management at Sofia University "St. Kliment Ohridski". Dean of the Faculty of Economics and Business Administration at Sofia

University “St. Kliment Ohridski” since October 2015. Held the position of Director of the Center for Educational Services (CEU) at Sofia University “St. Kliment Ohridski since 2017.

Since 2016, Assoc. Prof. Sedlarski taught lectures on “Macroeconomics” and “Institutional Economics” in Bulgarian and English as part-time professor in the Bachelor's and Master's programmes at the Department of Economics, University of National and World Economy. In the period January-May 2017 Teodor Sedlarski was a Minister of the Economy in the caretaker government of Bulgaria.

According to my observations and the teaching staff impressions of the Department of Economics and the Faculty of Economics of UNWE, in conducting exercises and delivering lectures in the above-mentioned disciplines, the applicant demonstrates responsibility, integrity, submits the material taught interesting and comprehensible to the students, including actual elements from the contemporary economic theory development. His level of competence has always been at a high theoretical level, and he always was striving to present the learning materials as understandable as possible with inclusion of specific examples and empirical evidence. The serious dedication to teaching, the continuous improvement of specific techniques in conducting classes in key disciplines undoubtedly make T. Sedlarski an appropriate candidate for the academic position of professor. They assume hard work, responsible attitude towards the acquisition of complex knowledge by each participant in the courses, excellent knowledge of economic theory and the most actual analytical techniques, continuous monitoring of current research achievements in defined scientific fields. I believe that the high theoretical background of the applicant is supported by the administrative and organizational experience gained from the managerial positions.

IV. Characteristics of submitted scientific papers/publications

Monograph “Behavioral and Socio-Psychological Dimensions of the Market Order: Status, Happiness, and Well-Being”, (Publishing House of St. Kliment Ohridski University, Faculty of Economics and Business Administration, 2019) of Teodor Sedlarski is a central one to presented for the competition publications where are systematized actual theoretical achievement from the author’s long-term research interest areas, as well as an important part of scientific contributions contained in his previous publications.

In a submitted monograph the author analyzes the phenomenon of social status and formation of preferences to status in the context of traditional economic theory, as well as examining the status competition effects on functioning of modern market economies. Presented is an interesting analyses related to improving understanding of the nature of human satisfaction nature in the so-called economy of happiness. When studying the nature of specific markets /e.g. of big stars/ are outlined the reasons for the growing inequality in modern farms. Based on systematization of key ideas in socioeconomics, social psychology and behavioral economics, the applicant propose an erudite and comprehensive approach to human welfare as a key subject of study in economics and psychology. The article “Political Economy of Social Status: Economic and Socio-psychological effects of Status Competition on Winner-Take-All Markets”, as part of the emerging "political economy of social status",

analyze the problems associated with competition for social status and distribution of winners-take-all-markets.

"Towards Behavioral Finance Theory" present the concept of traditional financial models enlargement by supplementing with basic insights from the behavioral studies that underpin the emerging behavioral financial theory.

Devoted to above two strands in the analysis are articles: "Political Economy of Social Status: happiness in the contemporary socio-economic order from the perspective of behavioral economics ", "Economic growth and happiness", "Economics and social status: methods for empirically status effects establishing in terms of income satisfaction", "Behavioral approach to the sustainability of the current socio-economic order", "Happiness Economics: The Social Nature of Human Happiness", "Behavioral Public Finance" (co-authored), "The Elusive Quest for Happiness", "Integrating Social Status into Economic Theory: The Social Status Economics of Robert Frank", "Determining Social Preferences in Experimental Economics", "Basic Concepts of Behavioral Finance Theory" (co-authored), conference papers - "Political economy of social status: status competition as an engine of a socio-economic market system", "Happiness Economics: the relative nature of human subjective well-being", etc.

A large group of publications is devoted to the problems of economic theories, tracing aspects of the Keynes works and his followers, as well as his opponents as representatives of economic neoliberalism, the monetarism theory and Milton Friedman. An introductory article to anthology "Economic Theories" are synthesized key aspects of the early neoclassical economists work (Alfred Marshall and Irwin Fischer, representatives of the German History School, Thorsten Veblen, and Austrian economists von Hayek and Schumpeter). In the candidate's collective introductory study of "Economic Theories. Anthology", volume I (the author is also a compiler), are presented in-depth analyzes of economic science researchers, as well as the basic concepts and trends in development of economic science from the XVIII to the XXI century. The candidate is also an author of a textbook on "Economic Theories (History of Economic Thought)", of a co-authored textbook "International Economics", articles on the theoretical contributions of David Ricardo in the history of economic thought, and co-authored articles "Fundamentals of Contemporary Economics: William Baumol and entrepreneurship", "The 'Keynesian Revolution' in the History of Economic Thought", "Foundations of Contemporary Economics: Alexander Gerschenkron", "Fundamentals of Contemporary Economics: Gottfried Habler" and number of articles related to analysis of the institutional economy contemporary problems.

V. Research areas

The main research and teaching areas of the applicant are related to: analysis of the economic theories development, behavioral finance, as well as study of economic effects of the social status competition, teaching of economic theories and international economics;

As important scientific and applied scientific results of the author's research activity we can highlight:

Completed thorough analysis of the single economic schools of thought, as methodological similarities and differences between them were looked for. The new interpretation of business history, in this aspect, is highlighted by including in the study key factors contributing to emergence of open access societies, as well as enrichment of the new institutional economy analytical approach. Discussion on problems of school of thought evolution contributes improvement of university education.

Proposals for enrichment of the new institutional analysis, incl. recognition of the societal phenomena role of power, status competition and challenges posed by enhanced opportunity of choice, which certainly contributes to searching of solutions for the long-term sustainability of a market-based public system.

VI. Basic scientific and applied contributions

- Based on a thorough theoretical analysis, the author has successfully systematized and highlighted the methods used to empirically test the hypotheses related to the influence of social status on economic behavior, as well as satisfaction with the material standard of living;
- As a theoretical contribution of the author, we can point out the justification of the status competition effects for functioning of modern market economies, as well as improvement of the social status implementation in economic analysis. An interesting point is the author's views related to introduction of measures in economic policy in order adverse effects limitation of the status competition on efficient allocation of resources in the economy;
- Further development of markets concept with the so-called Veblen's effects definitely is significant contribution by analyzing theories of ostentatious consumption, the relative income importance, social status, differences in owned capital and socio-psychological effects on the sustainability of the economic order;
- Interesting is the author's experience of traditional financial models enlargement with behavioral ones, taking the assumption of markets inefficiency and of limited rational behavior of participants during the financial crisis periods;
- From the point of view of modern achievements of Happiness economics are outlined and justified specifics in formulation and conducting of economic policies. As a scientifically applied contribution, we can point the defined by the author opportunity for certain indicators use for personal/subjective well-being and national levels of happiness assessment, as part of an institutional complex created conditions for sustainable economic growth and social development.

It has to be indicated the innovative nature of Teodor Sedlarski's papers on Bulgarian economic literature, related to presentation of the social status concepts in context of conventional economic theory, factors of subjective well-being, reasons for the big stars market spreading and consequences of the contemporary market socio-economic system sustainability to the scientific community.

In more detail, the applicant's contributions can be summarized in the different research areas presented in the competition publications:

Research on economic effects of the social status competition

- The possibility for social status inclusion into contemporary conventional economic analysis is justified by systematizing and refining methods for empirical testing of hypotheses regarding influence of social status on economic behavior and of social status comparison on the material standard of living satisfaction. (Publications 1, 3, 41).

- The effects of the status competition on functioning of modern market economies, work motivation, seeking of goods for ostentatious consumption, waste of resources, cultural changes and lifestyles in contemporary developed societies are presented (Publications 1, 7, 9, 14, 40, 41).

- The Winner-Take-All Markets concept, with the so-called Veblen's effects, theories of ostentatious consumption, of importance of relative income, social status, the Marxian tradition of studying differences of the owned (symbolic) capital and sociopsychological effects for the long-term sustainability of the economic order has been further developed. (Publications 1, 7, 9, 13, 14, 41).

- Sociopsychological effects of the joint influence of the striving toward higher social status, information connectivity with development of the communication technologies, media and social networks, the openness of national economies, accelerated productivity increase, the spread of trends such as mass custom production and of markets where winners get everything have been analyzed. (Publications 1, 7, 9, 14)

- Using postulates of behavioral economics - that take into account cognitive characteristics such as mental defects in availability, representativity, anchoring, framing and intolerance to losses - are formulated the effects of status comparison on subjective well-being in modern market economies. (Publications 1, 7, 9, 12, 14, 15, 16)

- Introduction of measures in economic policy objected the status race unfavorable effects on efficient allocation of resources in economy and on the quality of taken by individuals life and career decisions has been justified (Publications 1, 7, 9, 14)

- The opportunity for new institutional analysis enrichment is demonstrated basing on formal and informal norms concepts, property rights, transaction costs, limited rationality and social networks taking into account the role of social phenomena such as power, status race and the cognitive challenges of expanded opportunities for choice. The conclusions drawn from the extended institutional approach are addressed to the problem of long-term sustainability of a market public system. (Publications 1, 29, 32, 35, 37)

Behavioral finance

- The possibility of traditional financial models' enlargement with behavior ones where the markets' inefficiency is allowed, participants are limited rational, exist investment bubbles resulting to big financial crises has been demonstrated. Basic theoretical elements of the modern financial paradigm are being improved - portfolio theory, capital asset valuation model, efficient markets hypothesis are replaced by the behavioral portfolio theory, behavioral asset valuation model, and by adaptive markets hypothesis. Famous heuristics and financial markets' anomalies are analysed (Publications 8, 33)

- The principles of behavioral economics are applied to public finances within the frame of the emerging field of so-called behavioral public finances. It's demonstrated how the inherent to economic agents' cognitive defects and heuristics - such as thought accounts, effects of possession, isolation and disaggregation, hyperbolic discounting, propensity to prefer the present and other - influence significantly on the taxes perception and on the human behavior in response to public sector' policies as a whole. An answer to the question of consumer's sovereignty principle viability is suggested on the background of different presentation of financial measures effects, framing differently individual choice and leading to different economic decisions (Publication 21)

- The causes and specific development of the global financial and economic crisis of 2007-2008 have been analyzed using concepts from the behavioral finance research. Proposed is an explanation of the financial markets' failure based on the theory of perspectives, cognitive partialities and errors studied in behavioral researches. Testimonies disproving the postulates of the efficient markets' hypothesis are systematized so to substantiate the necessity of a more realistic theory based on predictable models of a "limited rational" market behavior (Publication 26).

Happiness Economics

- Specifics of the economic policies formulation and implementation are outlined and justified from the position of: the latest findings of the happiness economics based on studies of declared subjective well-being, cognitive specifics of information processing and decision-making by economic agents; taking into account the negative external effects of ostentatious consumption, the social status race and the markets' structure where winners receive everything; hedonic adaptation and challenges of the increased choice possibilities; insecurity, risk and loss overcoming (Publications 1, 9, 12, 14, 15, 16, 21, 24, 29, 31, 32, 33; 41; 42).

- The use of certain indicators to evaluate personal subjective well-being and national levels of happiness is justified . Grounded is happiness indicators' application in addition to the existing system of national accounts as a refined guide to formulating economic policy goals, assessing its effectiveness and analyzing the effects of economic growth. (Publications 1, 12, 13, 15, 16).

- The optimal institutional complex creating conditions for sustainable economic growth and social development was derived on the base of the new economic history concepts, expanded with current discoveries of cognitive sciences, behavioral economics, economics of happiness and economics of social status. (Publications 1, 18, 35, 37, 39, 40).

- The influence of macroeconomic factors such as inflation, unemployment and GDP has been traced, as well as the quality of management, on overall life satisfaction reported in the surveys. Concepts of ostentatious consumption and the relative income hypothesis are applied in conjunction with the concept of "hedonic treadmill " to explain the constant levels of happiness in recent decades, despite the remarkable rise in the living standard in developed countries. (Publication 24).

- The influence of the so-called Veblen's effects has been derived on individual division of time between work and leisure, the importance of relative income and ostentatious consumption for subjective well-being, inequality and rising consumption expectations.

Empirical approaches for analyzing effects of relative poverty are summarized (Publications 1, 13, 41).

Analysis of the economic theories development

- Methodological similarities and differences between different economic schools of thought are identified on the basis of a comparative analysis of approaches and methods. (Publications 5, 20, 22, 23, 27, 28, 34)

- Theoretical overview of theories and concepts regarding connection between formal and informal institutions and economic development has been developed, with an emphasis on their mutual influence. Characteristics and stages of institutional and economic progress have been presented based on shared thought patterns and reality maps development. The arranged institutional decisions make possible modern levels of production, trade and economic growth. An explanatory approach was used to synthesize, on the basis of the common elements between them, the alternative concepts for this process in the studies of A. Greif, A. Achemoglu and J. Robinson, D. North, J. Wallis and B. Weingast (Publications 5, 18, 37, 39, 40).

- Institutional aspects of sustainable economic development are derived by combining of two research areas. The analytical approach of the new institutional economy offers an interpretation of economic history by including of key development factors in the survey such as property rights and institutions to restrict coercion and enforce contracts' execution. These factors are used to explain the emergence of an open access societies, stable or fragile public developments (Publication 18).

Teaching economic theories and international economics

- Conceptual and methodological peculiarities of teaching and studying economic theories, which are deduced from their polemical character at theoretical level and interdisciplinary nature have been considered. (Publications 5, 28).

- A possible approach was proposed in presenting theoretical contributions of David Ricardo in an Economic Theories course. Ideas of Ricardo - determinant for the political economy - as a differential rent, comparative advantages, automatic equilibration of balance of payment, economy steady state, application of the unified methodological basis of labor theory of value, the salary "natural law" are bound in the text with less known his contribution as Ricardo's "Stick plan," his recommendation to nationalize the Bank of England and his position in the "bullionist dispute", Ricardo's equivalence (Publication 11).

- Textbook including systematic theoretical knowledge of international trade and international economic relations has been prepared in co-authorship. By means of process diagrams is visible demonstrated the international conjuncture connectivity, price levels and income at fixed and floating exchange rates, respectively. They are given tasks for explanation and interpretation of key theoretical assumptions, conclusions and dependencies from the international economy, which allow to confirm the knowledge and conclusions about international economic relations with an actual examples. (Publication 5 from the list).

- Discussed are the possibilities of the university education in economics to develop cognitive potential and professional competence. The evolution of schools of thought, their different worldviews and hidden ideological content, the confrontation for ideas supremacy,

make understandable that modern economists often declare belonging to one or another course in their common professional work. Knowledge of the economic doctrines development allows their impartial assessment and application to relevant reality cases. (Publication 28).

The author presents a reasoned defense of his positions on discussion issues in his scientific papers. Numerous references to literary sources allow researchers working on contemporary behavioral theory to broaden their knowledge of the issues under consideration. Scientific papers are written so to be accessible to a wider audience than that of professional economists: a number of explanations have been included to make the concepts presented more understandable. Students in economics and interested readers are given the opportunity to learn about main outcomes of the two rapidly evolving areas of contemporary economic research - behavioral economics and the happiness economics.

As a recommendation to the author's further research and teaching activities, I can suggest him to deep his studies in behavioral economics toward extending traditional behavioral financial models in the face of inefficient markets and the irrational behavior of participants, which definitely is a promising area of economic science development.

The applicant's professional and teaching experience and the above mentioned scientific and applied contributions meet the requirements for occupying the academic position of "Professor" at Sofia University "St. Kliment Ohridski ". This gives me reason to support the assignment of Assoc. Prof. Teodor Sedlarsky to the academic position of "Professor" in Direction 3.8.

09.10. 2019

Sofia

Reviewer:

Statty Stattev, professor in macroeconomics,

Doctor of Economics