

STANDPOINT

From: Prof DSc Zhelyu Vladimirov, Sofia University St Kliment Ohridski, scientific field 3.7 "Administration and Management"

On: the works of Associate Professor Viktor Ivanov Yotzov, PhD, submitted to a competition for the academic position of professor in professional field 3.8. Economics (Financial Crises and Markets, in Bulgarian and English) at the Sofia University "St. Kliment Ohridski", announced in the Official Gazette, no. 35/18/04/2023

Reason for the standpoint: order of the Rector of the Sofia University "St. Kliment Ohridski" RD-38I274/25.05.2023.

1. Brief introduction of the candidate

The candidate, Associate professor PhD Victor Yotzov, completed his master's degree at UNWE in 1985, majoring in "Management and Planning of the National Economy (Socio-Economic Planning)", and in 2001 he defended his doctoral dissertation at the Economic Institute (EI) of the Bulgarian Academy of Science (BAS) on the topic "Modelling and forecasting of economic processes in transition conditions - theoretical statements and empirical results". In the period 1992-2002 he had additional specializations in Austria, USA, Switzerland and Great Britain.

His teaching activity from 1992 to 2011, with some interruptions, was as a part-time lecturer at the International College of Management, Marketing and Trade, UNWE, NBU and the International Banking Institute. Since 2011, he is an associate professor at UNWE, where he teaches courses on "Fundamentals of Finance"; "Monetary Theory and Monetary Policy"; "Financial Programming"; "Financial Crises".

He worked as an economist in the scientific-production unit "Technology of Metals"; research assistant in EI of BAS, Bulgarian National Bank, seven years at the IMF in the USA (2003-2010), associate professor at UNWE and in compatibility at EI of BAS. From 2012 to 2015, he was a chairman of the Board of Directors of the Fund for Sustainable Urban Development. From 2015 to 2018, he was the director of the Institute of Economics and Politics at the UNWE, and from 2020 until now he is a member of the supervisory board of UBB AD.

2. General characteristics of the candidate's works

The candidate Assoc. Prof PhD Victor Yotzov has a total of 112 publications, including one independent monograph, one textbook; two co-authored books; 87 publications such as articles, studies, book chapters and collective monographic publications; as well as 21 reports at national and international conferences.

For participation in the competition, he submitted 30 publications, which do not repeat the publications for obtaining the PhD scientific degree and holding the academic position "associate professor". Among these publications are: an independent monograph, 10 chapters of the Annual reports of EI of the BAS from 2018 to 2021; one study in the UNWE Yearbook in English; one joint chapter in English; one textbook from 2022; two studies and one article in the journal *Economic studies*, indexed in Scopus; 6 articles in refereed publications and 7 reports from international conferences. A total of 22 of the presented publications are in Bulgarian, and the remaining 8 in English. There are 23 independent publications, and the other 7 are co-authored. From the reference for citations, it can be seen that the candidate has 72 citations, of which 47 citations are from Bulgarian authors, and the rest by foreign authors.

With these works, the candidate meets the minimum national requirements under Art. 2b of the Law on the Development of the Academic Staff in the Republic of Bulgaria for professional field 3.8. Economics, as well as the minimum requirements of the Sofia University "St. Kliment Ohridski" in the area 3. Social, economic and legal sciences. The candidate reports nearly 1130 points, which exceeds the minimum number for the position of "professor" of 550 points. As far as I am aware of the areas of research of Assoc. Prof PhD Viktor Yotzov, plagiarism is not detected in the publications for the competition.

The works submitted for participation in the competition can be grouped into six directions with the corresponding numbers: *Construction of models for early warning of crises* (No. 1, 9, 13); *Macroeconomic and financial modelling and forecasting* (No. 15); *Accession of Bulgaria to the Eurozone* (No. 5, 18, 19); *Macroeconomic Analyses and Policies* (Nos. 6, 7, 8, 10, 11, 12, 14, 23); *The global financial crisis and its impact on Bulgaria's economy* (No. 1, 2, 3, 4, 21, 29, 30); *Conditions and factors for economic growth (external sector - No. 27, 8; investments - No. 17, 22; fiscal sector - No. 2, 14, 21, 29, 30; social inequality - No. 20, 25).*

In the direction *Building models for early warning of crises*, the candidate has 3 publications (No. 1, 9, 13). The monograph *Financial crises and systems for their early recognition* (2021, 212 pages) presents the main types of financial crises, the connections and dependencies between them, the main approaches and a comparative analysis of the models for early recognition of crises. The joint publication *Developing an Early Warning Framework for the Commodity Market in Bulgaria* (2020) sets out recommendations for governments to use an early warning systems (EWS) in the commodities, oil and natural gas markets. The similarities and differences in the crisis experience of the Korean and Bulgarian raw materials markets are investigated and the early warning model for the Bulgarian situation is selected. The publication *Commodity market structure and risk factor analysis in Bulgaria* (2021) also develops an EWS for Bulgarian raw materials with the corresponding limitations caused by non-economic factors.

Macroeconomic and Financial Modeling and Forecasting (2022) is revealed in publication No. 15, which is also a textbook. Sequential one-year forecasts are outlined for the real, external, fiscal and monetary sectors assuming unchanged policies (baseline scenario); the economic challenges and risks under the base scenario and the policies for their elimination are identified; an alternative scenario reflecting the macroeconomic impacts of the proposed measures has been prepared.

The problems related to the *accession of Bulgaria to the Eurozone* are studied in publications No. 5, 18, 19. The first publication reveals the situation of our country between the new requirements and the unchanged rules, which creates a number of problems. The second publication analyses key theoretical concepts regarding the advantages and disadvantages of joining the monetary union. It is concluded that the adoption of the euro has both negative and positive effects. Reflections on Joseph Stiglitz's book (No 19) critically analyses Stiglitz's thesis on the threats of a common currency to the future of Europe.

The topic of the *Macroeconomic analyses and policies* (No. 6, 7, 8, 10, 11, 12, 14, 23) is the economic development of Bulgaria before, during and after the Covid-19 pandemic. The collective article (No. 14) analyses the state of the economy and the trends formed as a result of this pandemic. The potential internal and external risks for economic development are shown. In publications No. 6, 7, 8, 10, 11 and 12, the dynamics of the real sector (GDP, investments, final consumption, contributions of individual sectors to growth, domestic demand and the external sector, inflation, etc.) are analysed in detail. Regarding the financial sector, the dynamics of the main monetary and credit aggregates and interest rates and the development of the banking sector have been studied. Fiscal policy is examined both from the point of view of achieving a stable

fiscal position and from the point of view of its role in growth. The 2021 real sector analysis considers lessons from the pandemic, the effects of rising commodity prices and challenges to energy stability. On the basis of the detailed analysis of the internal and external economic environment, justified recommendations for the economic policy have been made. These analyses are similar in structure for 2018, 2019, 2020 and 2021, being essentially chapters/parts of the respective BAS EI Annual Reports. In the collective article *The Bulgarian economy in 2021-2022 - between economic recovery and fears of stagflation* (2023), the state and development of the Bulgarian economy in 2021 and the beginning of 2022 was studied. Based on a structural macroeconomic model, a medium-term macroeconomic framework is proposed, reflecting various assumptions about the dynamics of the external economic environment and the expected economic policies.

The direction *Global financial crisis and its impact on the economy of Bulgaria* (No. 1, 2, 3, 4, 21, 29, 30) is largely related to the previous one, insofar as the effects of the crisis are considered in the context of the monograph presented above (No. 1), as well as from the point of view of budget revenues and expenditures, changes in the budget balance and government debt, trends in taxation and financial relationships between levels of government. The dependence between fiscal policy and macroeconomic activity is outlined (No. 2, 3, 4). Recommendations have been made for the achievement of low inflation, a balanced budget, relatively stable economic growth, a liberal foreign trade regime, a stable (fixed) exchange rate, a high currency and fiscal reserve, low levels of external debt, etc. (No. 21). Shifting the focus from restoring growth to fiscal sustainability without leading to serious economic and social problems (Nos. 29, 30) is cited as the most serious challenge.

The *Conditions and factors for economic growth* are analysed consistently in publications No. 27, 8 - external sector; No. 17, 22 - investments; No. 2, 14, 21, 29, 30 - fiscal sector; and No. 20, 25 - social inequality. Publication No. 27 defines the advantages and disadvantages of the export-oriented model and the import substitution model. It is concluded that Bulgaria will have to implement an export-oriented growth model in the medium term. In publications No. 17 and 22, a review of the main theoretical concepts and an empirical assessment of the impact of FDI on the rate of economic growth in Bulgaria was made. The understanding that FDI always has a large positive effect on the host country's economy has been challenged. The topics in publication No. 21 are some financial parameters in the development of the Bulgarian economy. Studies No. 29 and No. 30 analyse the changes and challenges facing Bulgaria's fiscal policy over the last decade in the context of the question of whether there is a need for tax reform

The problems of *social inequality* and its role for social stability and economic growth are discussed in publications No. 20 and No 25. Based on data from ESS 9, the main factors influencing the perception of well-being in Bulgaria were analysed, and the data were compared with the average levels for European countries. It is concluded that excessive inequality is undesirable both from a social and a purely economic point of view

3. Significance of the contributions for science and practice

The review of the works presented for the competition by Assoc. Prof PhD Viktor Yotsev shows that, for the most part, these are serious scientific studies. The publications contain the applicant's substantive contributions in the areas of macroeconomic analysis and policy, macroeconomic and financial modelling and forecasting, and the conditions and drivers of economic growth. The following theoretical and practical contributions deserve to be briefly mentioned.

Theoretical contributions: (1) The possibility of creating a system for early prediction of financial crises and assessment of their consequences is revealed; (2) A macroeconomic model of Bulgaria was built and tested, considering the peculiarities of the economy functioning under the conditions of a monetary board; (3) The main advantages and disadvantages of our country's participation in a monetary union are systematized.

Practical and applied contributions: (1) The macroeconomic effects of the global financial and economic crisis in Bulgaria are revealed; (2) Different in nature anti-crisis measures and policies have been introduced in global and national aspects; (3) Basic patterns of economic growth are shown in terms of the relationship with the external sector, fiscal and monetary policy, FDI, labour force, tax system and other factors; (4) The negative effects of deepening income inequality are outlined.

4. Critical notes, recommendations and questions

I have no questions or comments on the candidate's works. I would only like to point out, in relation to the 26 original scientific contributions cited by the applicant, that not every publication or group of publications leads to such contributions.

5. Conclusion

The candidate's theoretical and empirical publications are truly impressive. With the works presented, Assoc. Prof PhD Viktor Yotzov shows extremely deep knowledge of macroeconomic problems and skilful application of various concepts in his empirical research. In some of the fields such as macroeconomic analysis and policies, financial modelling and forecasting, and conditions and factors for economic growth, he stands out as one of the significant economic authors in the country. For the most part, the presented publications are successfully used in the courses taught by him. With these publications and with his active management activity at various levels, Assoc. Prof PhD Viktor Yotzov emerged as a leading researcher and teacher.

All this gives me a reason to recommend to the esteemed scientific jury to award Associate Professor PhD Viktor Yotzov the academic position of **professor** in professional field 3.8. Economics (Financial crises and markets in Bulgarian and English).

04.08.2023 г.

Sign:

Sofia

Prof DSc. Zhelyu Vladimirov