

802 Institute of Economics

Introduction

With a staff of 59 researchers (out of a total of 86 employees), the Institute is a medium-sized research unit. Founded in 1946, its current situation is the result of successive restructurings after 1990 during which many of its fellows were re-qualified. The Institute is currently organized in 4 research departments whose make-up corresponds to the usual headings in academic teaching of economics, and 3 scientific supporting departments. The four research departments are:

- Economics of the Firm;
- Regional and Sectoral Economics;
- Macroeconomics;
- International Economics.

Like the other BAS institutes, the Institute of Economics is also required to “support the economic development and the economic reforms in Bulgaria through active engagement in research and policy advice, and education of high-qualified specialists and researchers”. Perhaps as a consequence of this requirement the research activity of the Institute is oriented mainly towards applied research. The Institute has prepared important reports upon request of different governmental bodies. Some researchers are considered as national or international experts in their respective fields.

Participation in teaching and training is also an explicit objective assigned to the Institute; this must be understood against the background of the dramatic changes after 1990 in the “mainstream” economic theory and the correlative re-organization in the country of higher education in economics. The Institute is a nationally acknowledged centre for PhD training. The menu of courses of Masters training offered by researchers based at the Institute in joint programs with Bulgarian universities is of wide scope and of high level. A drawback of this success is the increasing burden of teaching activities on research staff; a positive aspect is the additional income for institute and individuals.

The Institute has published in 2005 the first post-transition “*Economic Encyclopaedia*”. It is responsible for two scientific journals, *Economic Thought* (founded in 1956) and *Economic Studies* (founded in 1985). Both journals currently publish refereed papers in English or in Bulgarian, have international boards of editors or advisory editors, and are indexed since 2002 by *Journal of Economic Literature* and *EconLit*, as well as included in data bases SCOPUS and EBSCO and delivered on line by CEEOL. This good visibility of the in-house journals no doubt adds to the international recognition for some of the institute’s work.

Evaluation Summary

In terms of personnel, output and professional recognition, the Institute is a very important national player, rather well linked with state, regional and international institutions, foreign academies, international university teams and networks specialized in comparative studies on all the issues related with the transition and the process of European integration of South-Eastern Europe. A dynamic management aims at and partially succeeds in creating the conditions for international recognition; yet, currently this depends more on the international connections and reputation of individual researchers than on the overall activity of the institute.

The Institute prepares important reports upon request of the Presidency of the Bulgarian Republic. Its researchers have participated or participate in the management of and elaborations of strategies for Bulgarian economy and business. Economic problems of the day are quickly identified as theoretical issues, proposed as research projects to potential funders among Bulgarian state institutions, addressed in publications and in fora and conferences.

The Institute participates in interdisciplinary studies with other BAS institutes in the field of social sciences, the most remarkable joint realizations being a *White Book of the Population of Bulgaria* and the definition of a *National Strategy for Sustainable Development of Bulgaria*. It has bilateral co-operations with institutes of other academies (Hungary; Russia). Some of its researchers are included in international comparative studies based on the experience of countries from Central Europe in the process of accession to the EU. In addition, the Institute is part of several international research networks in the fields of economic development, economic policy, management, dynamics of institutions and markets.

The ratio between BAS subsidies and externally acquired funding is satisfactory, but changes significantly for third-party funding from year to year.

The overall score on **quality and productivity** is “**B**”: the institute produces “*work that is internationally visible... and has made valuable international contributions in the field*”. There is clearly potential for increased international recognition, which is encouraged by the Institute management. The institute’s **relevance** for different needs of scientific analysis of the Bulgarian economy is indisputable; the overall score is “**A**” (“*highly relevant*”). The context for the future development of the Institute under its dynamic and goal-oriented management is positive, even though the institute is plagued by current problems as other BAS institutes (over-aged; under-equipped); **prospects** are “*high*” (“**A**”).

Evaluation Report

a) Quality and Productivity

Quality (international recognition and innovative potential)

The panel found that quality can be detected more on the side of innovative potential than on the side of actual international recognition. However, already during the reporting period some researchers were regular partners in EU programs and guests at well-reputed institutes. Some researchers participated in projects sponsored by the World Bank, UN agencies, and foreign universities. Some research was published in high-level international scientific journals.

The research activity of the Institute is oriented mainly towards applied research. The institute is aware that in order to provide objective and independent expertise, it has to remain organizationally and administratively independent. The BAS system secures such an environment. There is active encouragement for interdisciplinary and innovative projects: in the area of climate change, impact, sustainable development, and migration, a team based at the Institute participates in the FP6 project SUS.DIV (Sustainable Development in a Diverse World). With its decision to allow no more than one quarter of researchers to pursue individual projects, the scientific council set a signal for such more ambitious and multidisciplinary projects; such a decision is to be seen against the background that two third of the projects completed during the period under evaluation were, apparently, individual projects. The institute itself does not seem to function as an intellectual meeting place (as many modern research centres would): two weekly seminars (the PhD seminar and scientific seminars) for an institute comprising 4 departments and 59 researchers are not enough to foster the synergies between the different units. Temporary transversal working groups of researchers, possibly belonging to different departments, could be formed around a medium-term objective, gathering some of the short-term small projects up-to-now dispersed. Possible themes for such medium-term objectives emerge from the lists of the most important scientific achievements / applied results (the two lists have significant partial overlaps). Re-centring the activity around some evolving scientific objectives would prevent blurring the Institute profile with a high number of small projects in applied research.

Some by-products of applied research have their own interest and could be the basis for major scientific achievements. Examples are the construction of a financial-economic model for projecting the macroeconomic proportions, a model-based study of foreign debt structuring, an attempt of firm modelling in transition economies, an evaluation of the matching of educational-professional training of the workforce and the needs of the labour market, the creation of an information base on foreign trade relations for the period 1986-2006. These are examples taken from the top five scientific achievements selected for each of the priority research directions fixed by BAS. In order for this work to gain the international recognition it deserves and to result in high-standard international publications, these projects should be followed up, for example by being included, in the medium-term, in collaborative projects with bigger teams, coordinated by the author of the initial project and supported with extensive means for scientific computation.

The quality of the Institute's PhD training is recognized by the existence of a program, financed by the European Cohesion Fund, giving scholarships and mobility financing to some young scientists and mainly to PhD students.

Productivity (scientific output and international standing)

The institute's research staff is involved in a great number of projects of different scope. 157 projects are listed, of which only 7 projects have received an additional funding from the National Science Fund, possibly due to existing funding priorities which do not adequately cover the area of the institute. A good number of projects is based on contracts with Bulgarian state institutions (40), or EU, OECD, World Bank and foreign universities (45).

Most of the 59 researchers have an important burden of teaching activities; against this background, the publication activity for the period 2004-2008 is impressive from a quantitative point of view: over 100 books, monographs and reports published; 48 papers published in scientific journals abroad, 222 in Bulgaria; another c.250 published in collective volumes or conference proceedings, of which about 20% abroad. Impressive also are the diversity of the issues treated and their relevance to the economic problems of Eastern countries acceding to EU. Publishing activity in English is insufficient, as is in general the number of publications in refereed journals.

The Institute publishes two scientific journals, *Economic Thought* (founded in 1956, succeeding the scientific organ of the Bulgarian Economists - Academicians Company) and *Economic Studies* (founded in 1985). Both journals currently publish refereed papers in English or in Bulgarian, have international boards of editors or advisory editors, and are indexed since 2002 by *Journal of Economic Literature* and *EconLit*, as well as included in data bases SCOPUS and EBSCO and delivered on line by CEEOL. The good visibility of the in-house journals no doubt has added to the international recognition for some of the institute's work. Publication of the journals also has helped the institute to operate in the international academic book exchange through which journals are exchanged with the largest world libraries in exchange for other interesting international journals. This seems to have worked well until the recent past, but the flow of exchanges of working papers and journals with foreign research institutions now seems to dry up.

The Institute's activity of diffusion of scientific economic knowledge by means of papers for general public, forums, etc, is satisfactory.

The overall score on **quality and productivity** is "**B**": the institute produces "*work that is internationally visible... and has made valuable international contributions in the field*". There is clearly potential for increased international recognition, which is encouraged by the Institute's management.

b) Relevance (socio-economic impact)

The relevance of the institute's work to the various needs of scientific analysis in the service of the Bulgarian economy is indisputable. A declared goal of the Institute is to tackle the many issues arising from the country's accession to the EU in the transforming European and world economy. Most of the 157 projects documented

can be listed under this objective. The way projects are managed guarantees their usefulness and also their independence with respect to the potential users.

Based on the past and present experience of reports prepared upon the request of the President of the Republic of Bulgaria (*Economic Report on the Social Challenges and the European Integration, Strategy for Accelerated Development of Bulgaria*), a new ambition of the Institute is to establish itself as a kind of *Institute of Conjuncture*, publishing an annual report on the economic development and the progress of economic reform and organizing each year a conference with thematic papers discussing the report. The state of preparations for this project of some interest was not confirmed during the site visit.

The Institute actively seeks to ensure that its priorities and research program bear in mind current problems of the Bulgarian economy. Even for non-commissioned work, the statute strives to make sure that after approval of relevant projects by the Scientific Council, ministries or other stakeholder receive a summary of the study with the results. Experts from the Institute participate in a number of government commissions, and a steady presence of the Institute's expert voice can be observed.

The institute also engages directly with non-governmental organisation and associations. For example there is a clear strategy for collaboration with the Bulgarian employers' organizations through networks, projects and scientific forums. A research fellow at the Institute is Executive Director of the Bulgarian Industrial Capital Association, and in this position she is a member of the European Economic and Social Committee.

The Institute is well positioned within BAS, cooperating with other institutes, even if inter-disciplinarity could be increased in fields where relevant competences reside in other BAS institutes (as is the case for all issues pertaining to the social-economic domain).

An Institute of Economics typically attracts into the universities a high number of students in order to prepare them for the economic practice; this Institute also contributes to ensuring that an increasing number of university teachers is acquainted with economic research. The decision to offer the best ones a position as "associated researcher" at the Institute is, right now, an excellent idea. In a more distant future, well-formed university teachers should be and will be considered as a potential pool of good researchers for several economic institutes to be linked with but not necessarily included in the BAS Institute of Economics. This distant future should be thought of.

The institute's **relevance** for different needs of scientific analysis of the Bulgarian economy is indisputable; the overall score is "A" (*"highly relevant"*).

c) Prospects (vitality and feasibility, management & leadership; future potential and ability of the Institute to tackle new scientific challenges)

The context for the future development of the Institute under its dynamic and goal-oriented management is positive, even though the institute is plagued by current problems just as other BAS institutes are: the age and qualification structure of the research staff, characterized by the insufficient proportion of young researchers and the disproportion between the researchers with first (PhD) and second habilitation (Doctorate of Economic Science) is problematic. Sources for funding of fundamental research (e.g. through NSF) are scarce and insufficient premises (in view of the number of researchers), the relative poverty of the library and the underequipped computer network are critical points.

Yet, the context of the future development of the Institute is characterized by the acute and increasing need of studying the processes of further economic integration of Bulgaria in the transforming European and world economy. The Institute must enhance its collaborations with the best domestic and with a good range of leading international partners, expanding its activity in international networks it already participates in, and further integrating into the European Research Area.

The success of the Institute in expanding its international reputation and maintaining its status as an acknowledged centre for analyses of domestic economic policy will depend on its ability with the help of BAS to attract young researchers and new research group leaders, and to control the compatibility between projects and their financing. The Institute's management is determined to achieve these strategic goals; however, as it stands, the number of PhD awarded seems to low (two to six per annum for the reporting period) – though it is not very low by comparison. Many more PhD students receive supervision from researchers based at the institute but pursue their studies at universities.

The positioning of the Institute vis-à-vis the universities has various dimensions: teaching, joint research projects, seminars, co-organising international and national conferences, joint publications. Involvement of researchers in teaching activities adds to the students' training and gives the institute access to a pool of promising students who may choose an academic career. The Institute leadership is to ensure, however, that pedagogic activities of BAS researchers should not exceed a reasonable level of hours; they should be to the graduate level (doctoral and masters studies).

Strategic decisions with regard to the recruitment of junior researchers have been taken that point in the right direction: an improvement of PhD training will be achieved with support from the European Cohesion Fund. The beneficiaries are 24 young researchers (19 PhD students and 5 young scientists). The program consists of over 20 concrete activities, including training modules, mobility, financing field studies, scholarships for the participants. Currently, there is little evidence of a real involvement of PhD students in institute-wide projects. On the other hand, the project presented during the site visit – a follow up project of long-term studies that involve researchers of different expertise - was presented by a young researcher, who had been recruited after completing her PhD at the Institute. The Institute actively develops post-doctorate specialization, including also foreign scholars. The Scientific Council has decided to seek to attract acknowledged researchers from other organizations by conferring them the status of “associated researcher”, which

this Panel considers an interesting decision in terms of opening up to external expertise.

The context for the future development of the Institute under its dynamic and goal-oriented management is positive, even though the institute is plagued by current problems as other BAS institutes (over-aged; under-equipped); **prospects** are “high” (“A”).

Overall strengths and weaknesses

Human capital is the main strength of the Institute. Weaknesses are mainly organizational.

Strengths

- scientific quality and national / international recognition of the researchers;
- dynamic and goal-oriented management;
- involvement in international networks;

Weaknesses

- poor infrastructure (rooms; library; computing equipment);
- the institute does not seem to function as a proper intellectual meeting place fostering synergies of the different units (only two weekly seminars: PhD seminar and scientific seminars);
- unsatisfactory presence of early career researchers in collaborative projects;
- imbalance between applied and fundamental research.

Recommendations

The overall score on **quality and productivity** is “B”: the institute produces “*work that is internationally visible... and has made valuable international contributions in the field*”. There is clearly potential for increased international recognition, which is encouraged by the Institute management. The institute’s **relevance** for different needs of scientific analysis of the Bulgarian economy is indisputable; the overall score is “A” (“*highly relevant*”). The context for the future development of the Institute under its dynamic and goal-oriented management is positive, even though the institute is plagued by current problems as other BAS institutes (over-aged; under-equipped); **prospects** are “high” (“A”).

In the framework of an activity where the scientific profile of the Institute is well defined, the Institute has still:

- to focus more visibly on a small number of carefully defined and evolving scientific objectives, supported by transversal working groups;

- to improve the synergy and interaction of researchers inside the Institute by creating a more stimulating intellectual environment in situ, and across the BAS system, by encouraging pluri-disciplinary complementarity;
- to create the conditions for international publications arising from the fundamental and applied research results, by actively supporting the upgrading of the best work to the level of international publications;
- to increase its presence and its activity in international research networks.

These recommendations should help the Institute in its efforts to achieve the goals fixed by its dynamic management.