

REVIEW

From: **Assoc. Prof. Dr. Stela Stoyanova Raleva**
Faculty of Economics and Business Administration,
Sofia University „St. Kliment Ohridski"
professional field 3.8. „Economics"
scientific speciality „Political Economy"

Regarding: Procedure for the defense of dissertation thesis for conferring an educational and scientific degree „Doctor" in professional field 3.8 „Economics“, Doctoral programme „Economics and Economic Policy“ at the Faculty of Economics and Business Administration of Sofia University „St. Kliment Ohridski"

Author of the dissertation: *Mihail Raychev Raev*

Dissertation topic: *Economic Reforms in Greece and Portugal (1999 – 2018) – comparative analysis*

Scientific supervisor: *Assoc. Prof. Dr. Mariela Nenova-Amar*

Grounds for the submission of the review: Member of the scientific panel for the defense of the dissertation in accordance with Order No. RD-38-207/08.05.2024 of the Rector of Sofia University.

The review is prepared in accordance with the Act on the Development of Academic Staff of the Republic of Bulgaria, the Rules for its application, and the Terms and Conditions for the Acquisition of Scientific Degrees and Taking Academic Positions at Sofia University „St. Kliment Ohridski“.

1. Information about the author of the dissertation

Mihail Raev graduated from “Emilian Stanev” Secondary School in Veliko Tarnovo with a degree in Management and Business Administration. In 2001 he acquired a Master's degree in Balkan Studies at the Faculty of History of „St. Cyril and St. Methodius“ University of Veliko Turnovo, and in 2012 - a Master's degree in Macroeconomics at the Faculty of Economics and Business Administration of Sofia University ‘St. Kliment Ohridski’. From October 2019 until September 2023, he was a part-time doctoral student at the Department of Economics of the

Faculty of Economics and Business Administration of Sofia University. He is fluent in English, Russian, German, French and Greek.

2. General characteristic of the dissertation

The submitted dissertation has a total *volume* of 278 pages, 186 of which constitute its main body. The structure of the dissertation includes an introduction, four chapters, a conclusion, literature used and three appendices. It focuses on a very interesting problem related to the economic reforms in Greece and Portugal, aimed at overcoming the debt crises in the period between the creation of the euro area and the return of the two countries to the world financial markets. The topic is still *relevant* today, for third countries in the EU included, and for Bulgaria in particular, due to the replacement of conservative fiscal policy with a fiscal stimulus policy, triggered by the COVID-19 pandemic and the energy crisis and the subsequent increase in budget deficits. The situation is further complicated by the subsequent tightening of monetary conditions in the euro area, leading to an increase in the cost of servicing newly issued debt. Despite the ECB's interest rate cut this month, expectations for inflation rates remain unstable, creating some uncertainty concerning future monetary conditions. In this context, the reform programmes discussed in the dissertation and the recommendations set out therein, especially the structural ones, are relevant to the situation observed over the last few years, as well as to the development prospects for a large part of the EU economies.

The *structure* of the dissertation is logical and fully corresponds to the purpose and specific tasks of the study.

The introduction contains all the necessary requisites typical of an introductory part of a dissertation, with clear and comprehensive content. It provides ample justification of the relevance and importance of the topic and the choice of the countries included in the study is substantiated. The main purpose and tasks of the study are presented, and its object and subject are defined. The research thesis is formulated, the approaches and methods of the research are described, the limitations of the analysis are set out, the claimed contributions are indicated and the structure of the thesis is outlined.

The first chapter provides an overview of the literature on the causes of economic reforms, the ways to implement or avoid them, and their outcomes, which are viewed as dependent on institutional factors and the role of the elites. At the beginning, the importance of fiscal

sustainability is highlighted and the main reasons for the emergence of financial crises, the interdependence between debt crises, banking crises and balance of payments crises are analyzed, as well as the ways to overcome them. The analysis is then transferred to the field of institutional economics and focuses on the importance of formal and informal institutions for rule-making and decision-making in the economy. A very important place in the chapter is assigned to the presentation of basic formulations of the theory of elites, which relate to their role in the formation of economic institutions and the making of economic decisions. Basic formulations of the theories of public choice and the new political economy, relevant to the topic, are also set out. In the last part of the chapter, a conceptualization of the theoretical framework of the study is presented, which is an important step towards the subsequent specific analysis focused on the two countries.

The second chapter explores the economic, political and social development of Greece, the reforms proposed by the OECD in the period between 1996-2001 and by the Troika in the period between 2010-2015 and draws a comparison between them. The analysis in this part begins by tracking the political changes in the country after 1974 and the rotation of the two main political forces in power, which leads to the formation of two antagonistic groups in the political elite. Further in the chapter, the economic development of Greece from 1974 until 2009 is studied, focusing on the policies led by the various governments, their results and accumulated problems. Special paragraphs are devoted to the causes and history of the 2009-2010 debt crisis, as well as to the political and economic crisis of 2010-2018. The chapter places particular importance on the consideration of the OECD recommendations concerning the implementation of labour market reforms, pension plans, tax and social security systems and state ownership in strategic economic sectors. The next focus in the chapter is the analysis of the three economic restructuring programmes of 2010, 2012 and 2015 and highlights their similarities with the OECD recommendations.

The third chapter looks at Portugal and its structure is similar to that of the second chapter. While presenting economic and political developments, it distinguishes two periods, before and after the euro area membership, focusing both on the behaviour of different governments and the dynamics of key macroeconomic indicators, and on the role of institutional factors. The study of the debt crisis also analyses political and social causes and describes how the authorities are taking advantage of the Rescue Programme to carry out reforms that go beyond the requirements

of the European Commission, the ECB and the IMF. It provides an overview of the OECD reform recommendations for the period 1992-2001, which are subdivided as related to competitiveness, social security system and labour market, health and tax systems. It outlines the main objectives of the 2011 Economic Restructuring Programme, which are connected to taxation, health care, the size of the public sector, the stabilization of the banking and financial sectors, the labour market, growth and handling imbalances, the real estate market, the development of key sectors and structural reforms. For Portugal, too, a comparison is made between the reforms recommended by the OECD and the Troika, commenting on the existing matching elements between them.

The fourth chapter presents a comparative analysis of the economic reforms in Greece and Portugal and highlights the role of the elites in their implementation. At the beginning of the chapter the similarities and differences between the reforms in the two countries in the period from 1974 to 2001 are presented, as well as between the sources of institutional change and the most important institutional constraints. Clarification of the role of the elite in Greece highlights the ability of the Greek government to successfully negotiate with foreign partners, its dependence on trade unions and employers' organizations, as well as the dependence of the economic policy on the election cycle. In the case of Portugal, attention is drawn to the use of arrangements with the IMF as a source of internal institutional change and to the formation of a single party elite group. The main opponents to and constraints of internal institutional changes for both countries are identified. Based on the analysis and the theoretical framework set out in chapter one, models describing the relationships between the main actors in institutional changes are created. The general characteristics of the economic reforms applied to Greece and Portugal from 1999 to 2018 are summarized at the end of the chapter.

The conclusion contains two relatively separated parts. The first part presents a summary of the content of the dissertation regarding the goals and tasks set in it. In the second part conclusions resulting from the dissertation concerning Bulgaria are drawn in the context of its future accession to the OECD and the euro area.

The list of literature used contains 168 sources in Bulgarian and English and 75 electronic sources, of which 7 databases.

The appendices contain analyses of OECD reports on Greece and Portugal and analyses of Greece's Economic Restructuring Programmes.

The different structural units of the dissertation are meaningfully connected and are subject to its general logic.

3. Scientific and applied contributions and results

Interesting research results have been obtained in the dissertation, some of them having the characteristic of scientific contributions. The most important achievements are:

1) The application of a broader interdisciplinary approach to the analysis of the economic reforms in Greece and Portugal, which is based on economic theory (macroeconomics, institutional economics, political economy in a neoclassical context), sociology, political science and history. The adoption of this approach provides an opportunity to understand the reasons and grounds for certain behavior of those conducting macroeconomic policy and, accordingly, to endogenizing it. These causes and reasons, in turn, affect the magnitude of the crises, the scope and depth of the reforms which address them, and the specific results of these reforms.

2) The comprehensive comparative analysis of the OECD recommendations made at the end of the last and the beginning of this century and of the economic restructuring programmes implemented in each of the two countries, agreed with the IMF, the EC and the ECB in 2010 and 2011. The repetitions of some of the main recommendations, proven in this analysis, are considered by the author as an opportunity to outline the persistent problems each of the two economies experienced, the explanation of which is sought in the influence not only of economic, but also of political, social and institutional factors.

3) The comparisons made between the economic, political and institutional conditions in Greece and Portugal, between the dimensions of their debt crises and between the content and scope of the reforms undertaken in each of the two countries. They also provide an opportunity to answer the question raised at the beginning of the dissertation about the reasons why Portugal managed to return to the financial markets after the implementation of only one restructuring programme, whereas Greece needed three programmes.

4) The justified use of the elite theory in explaining debt crises and the behaviour of governments in the negotiation process with international creditors. It is worth noting the conclusion made by the author that the interelite political struggle in Greece can lead to a debt crisis and to the emergence of new elites to implement the reform, while in Portugal the need for reforms is

accepted by consensus by the political elites, but is unacceptable for the society until an economic crisis is reached.

5) Highlighting the main institutional constraints and the most important opponents of institutional changes in both countries. The analysis concludes that the most significant institutional constraints for Greece are the dependence on trade unions and employers' organisations, on the political cycle and on the constitution (decisions of the Constitutional Court), while in Portugal these are the dependencies on the constitution (Constitutional Court), laws and regulations and trade unions.

6) The conceptualization of the theoretical framework by constructing a model for presenting the relations and positions of the main actors in both countries in favour or against institutional change. The subsequent application of this model and the assessment of the positive or negative role of these actors in the reform process can be defined as one of the most important contributions of the dissertation.

7) The formulated conclusions concerning Bulgaria, which reveal its most important advantages over the countries under consideration, as well as the existing bottlenecks, which should be subject to further attention. Although these conclusions are only mentioned in the conclusion, they follow from the analysis made in the dissertation and can be taken into account when conducting certain structural policies.

4. Personal impressions

My personal impressions of the PhD student come from my role as a reviewer during the internal discussions of his dissertation at the Department of Economics, as well as from our joint participation in a number of discussions and departmental forums. He is a very ambitious and serious researcher who knows how to argue substantively his views and to consistently defend his positions.

5. Evaluation of the publications on the dissertation

Mihail Raev has submitted three individual publications on the topic of this dissertation, two of which are studies published in the Yearbook of the Faculty of Economics and Business Administration of Sofia University, and the third is an article in a peer-reviewed journal that is indexed in Scopus bibliographical base. The topics of these publications are the European EMU

and the theory of the optimal currency area, the path to the insolvency of Greece and the accumulation of Greek public debt. The latest publication is in English and has been published abroad. As evidenced by the content of the publications, they include significant results from the dissertation and therefore it can be deemed *sufficiently validated*.

With these publications, the candidate fully meets the minimum state requirements for awarding the educational and scientific degree "Doctor" in scientific field 3. „Social, economic and legal sciences", professional field 3.8. „Economy“ in accordance with the Law on the Development of the Academic Staff in the Republic of Bulgaria and its rules for implementation.

6. Evaluation of the Abstract of Dissertation

The abstract of dissertation is 43 pages long. It provides a general overview of the dissertation, outlines its structure, and describes the content by chapters, highlighting the achieved more relevant research results. It includes a summary of the scientific contributions of the thesis, as well as a list of related publications by the author. My overall assessment of the abstract is that it accurately, precisely, and comprehensively presents the main points of the dissertation.

7. Critical Remarks, Recommendations, and Questions

Alongside the merits of the dissertation, some *critical remarks* can also be made. One of these is related to the repeated references to a few main authors and their works in certain parts of the dissertation, even though these works present an overview and are cited correctly. This repetition leads to a certain one-sidedness in the analysis, which is more noticeable in the first chapter, especially in the description of the financial crises. The second remark is that the dissertation includes some unnecessary facts and details such as dates of political changes and agreements, negotiation techniques, excessive details in presenting recommendations, etc. Although the details as such are interesting, they sometimes come at the expense of the analytical depth and focus of the analysis, and therefore should be avoided in future research. In my opinion, the study would have benefited if the three extensive appendices had not been included, as they are not the typical appendices but rather present a parallel, albeit more detailed, analysis of the main text.

The mentioned remarks do not change the overall very positive impression of the dissertation.

I recommend that Mihail Raev continue the analysis of the debt crisis in the euro area and focus on publishing the results about Portugal, as well as its comparative analysis with Greece, in international journals.

I suggest that during his defence he answers the following question:

Which of the basic assumptions and conclusions of the main fields in the theory of elites have been confirmed and which have not been confirmed in the analysis of the reforms in Greece and Portugal and to what extent they are valid for Bulgaria?

Conclusion

Based on all the above, I believe that the dissertation is an up-to-date, interesting and multi-faceted scientific study. It demonstrates the author's significant knowledge on the research topic, it is an independent study and contains serious research results and contributions. It fully complies with the requirements of the Act on the Development of Academic Staff of the Republic of Bulgaria, the Rules for its application, and the Terms and Conditions for the Acquisition of Scientific Degrees and Taking Academic Positions at Sofia University „St. Kliment Ohridski“.

In view of all the above, I give my positive evaluation of the peer-reviewed dissertation on „Economic Reforms in Greece and Portugal (1999 – 2018) – comparative analysis“ and I confidently recommend that the esteemed members of the scientific jury vote to award Mihail Raychev Raev the educational and scientific degree "Doctor" in professional field 3.8. "Economics".

17.06.2024

Sofia

Signature:

/Assoc. Prof. Dr. Stela Raleva/