

American University in Bulgaria

Opinion Template

Recommended length: two to three pages

OPINION

By: Jeffrey Nilsen, Associate Professor, American University in Bulgaria

Regarding: The application of the following candidate for habilitation as **ASSOCIATE PROFESSOR** according to the Bulgarian legislation at the American University in Bulgaria in Area of Higher Education *Social Science, Economic Science, and Law* in Professional Field 3.8 *Economics*. The procedure has been announced in the State Gazette issue 75 dated September 9, 2014.

Candidate: **Dr. Didar Erdinc, American University in Bulgaria**

I present the evaluation below in my capacity as a member of the Habilitation Jury appointed for the above mentioned procedure by a letter of the AUBG President dated November 6, 2014 and according to a Decision of AUBG dated August 19, 2014. This evaluation is based on the *Development of Academic Staff in the Republic of Bulgaria Act*, the Rules for its implementation, the internal AUBG rules, regulations, and policies, including the *Habilitation Procedure* and the habilitation procedure advertisement on the AUBG website.

Evaluation of the Candidate

*The evaluation is carried out according to the **Primary Indicators** and **Additional Indicators** included in the document **Guidelines for the Habilitation Jury**.*

I. Basis for Evaluation

Please indicate on what information this evaluation is based - documents submitted by the Candidate, professional activities, publications, e.g.:

- YES** monograph(s);
- YES** articles in refereed journals specialized in the area;
- YES** non-refereed publications;
- YES** conference reports;
- YES** other publications (*Media interviews, Book Review*)
- YES** citations (by publications in Bulgaria/abroad)
- YES** reviews, recommendations, opinions for the candidate's works;
- YES** projects (Bulgarian, international, project leader);
- YES** professional memberships
- YES** other activities (*Advisor/Editorial Board for Scientific Journals*).

II. Eligibility

1. Please find enclosed the **Eligibility Checklist** (Enclosure 1), combining eligibility conditions set forth in the Law and the University regulations.
2. I find the candidate is eligible to apply for habilitation.

III. Areas of Research of the Candidate. Evaluation of the Contributions of the Candidate.

1. Please find the enclosed **Additional Requirements list** (Enclosure 2) giving the principal areas of the candidate's research. I find the Candidate's areas of research correspond to the specific requirements of the current procedure.
2. The candidate's research is focused on European monetary policy, finance and macroeconomics, issues of Turkish minorities, foreign direct investment in emerging markets, and economic growth. In all these fields the candidate utilizes the latest techniques in panel data econometrics. I highlight some of the findings, the numbers given below reference the corresponding number in the abstracts document.

Banking and monetary policy in emerging market European economies: Using panel data in 2), the candidate finds that subsequent to the 1997 crisis, less capitalized banks engaged in excessive and riskier lending, thus making the Bulgarian banking sector more susceptible to macroeconomic shocks. In 4), the candidate attributes low credit volume during 1997 to 1999 to banks cautious because of risks in the real sector and also new banking regulations. During this period, however, she finds that larger banks were able to increase their profitability. In 7) a credit boom caused fragility – banks reduced their capital and saw a rise in non-performing loans. This study importantly included the early stages of the crisis and noted appropriate policies by the Bulgarian National Bank. In 8) the candidate finds that a monetary policy shock, measured by changes in the base interest rate, has an impact on the growth rate of bank lending but the degree of intensity differs by bank size, capitalization, and liquidity. In an early article, 9), the candidate calls for banking sector reform. In a notable theoretical contribution 10), the candidate utilizes a overlapping generations model with production and credit market imperfections. When at a golden rule level she finds a Tobin effect which makes the Friedman candidate monetary policy rule sub-optimal. Interestingly she finds instead of the usual zero rate of inflation being optimal that a positive rate may be optimal. This may have empirical importance in today's world of inflation-targeting central banks. In 14) with co-author,



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they find that banks' adoption of more intense advanced risk management reduces the level of non-performing loans and thus will play an important role in avoiding future widespread distress during crises.

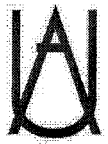
In 1) and 3) and 5) the candidate addresses the economic situation of Turkish minorities in Bulgaria and Turkish relations with Bulgaria in the light of the Bulgarian accession to the EU.

In 12) the candidate and co-author compare the effect of workers' remittances in central Europe and Latin America on economic growth. They find that remittances have a positive impact on both consumption and investment in central Europe and suggest remittances could help economic growth and overcome the chronic capital market imperfections in channeling funds to agents with advantageous projects. In 13) the candidate and co-author measure the difficult-to-quantify cultural variables and find they do affect the process of economic growth in a large panel of nations.

In summary, the candidate makes valuable research with both students and colleagues and throughout nearly all her research uses the most advanced panel data estimation technologies.

IV. Evaluation of the Candidate's teaching

- 1. Please find below a short evaluation according to the Additional Indicators related to teaching, with emphasis on teaching in recognized liberal arts institutions and student-centered approach.*
- 2. It is my opinion that the Candidate's areas of teaching correspond to the **Additional Requirements** (Enclosure 2) set forth by AUBG for this procedure.*
- 3. According to the candidate's statement on teaching, she strives to be clear and rigorous, to encourage students to apply theory to analyze contemporary issues, to utilize a wide range of teaching methods to maintain student interest. Specifically, in her main teaching interest of econometrics she seeks to give the theory immediately prior to teaching the software application. As I witnessed in a peer review, she is eminently successful. I was greatly impressed how the technicalities were not the main idea but imposed as small roadblocks in a student's ideal goal of finding the answer to some question which has general relevance. The other peer reviews are*



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different perspectives but with clearly impressed similar conclusions. One said "a model of how econometrics should be taught", while also mentioning clear and logical organization. The other reviewer mentioned excellent student involvement. These views are mirrored by the student evaluations with overwhelmingly excellent results. There can be no doubt, this is an excellent teacher.

V. Conclusion:

- 1. The candidate is a highly valued member of faculty and thus is very appropriate to the specific requirements of the American University in Bulgaria*
- 2. I strongly recommend the candidate for habilitation*

Signature and date:

A handwritten signature and the date "14 Jan 2015" written in cursive script over a horizontal line.

By signing here I also declare that writing this review does not represent conflict of interest.

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Eligibility Checklist

Name of the Candidate: **Didar Erdinc**

Applying for habilitation as: **Associate Professor at the American University in Bulgaria according to announcement in State Gazette, issue № 75, dated 9 September 2014**

In the Professional Field: **3.8 Economics**

Check below what applies. Sign and submit together with your review or opinion.

YES The Candidate has Ph.D;

YES The Candidate has served five years as (Senior) Assistant Professor at a recognized academic institution;

YES The Candidate has published a monograph or publications of equal standing in specialized journals. These should not repeat publications based on which previous degrees or ranks have been granted;

YES The Candidate has experience from recognized academic liberal arts institution(s);

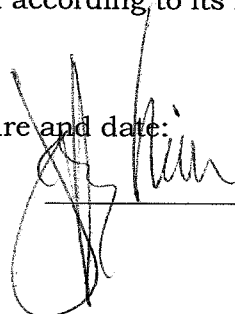
YES The Candidate has experience in student-centered teaching approach;

YES The Candidate has undergone at least one successful evaluation in teaching, research and service at a recognized academic liberal arts institution, including positive student evaluations of teaching.

YES The Candidate has experience in teaching in English at a higher education institution with instruction in English language.

YES AUBG can ensure teaching and research load according to its internal rules and regulations.

Signature and date:

 14 Jan 2015

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Additional Requirements

For Associate Professor academic position in Professional Field 3.8 Economics

Additional specifications: Banking, credit, and monetary mechanisms, corporate culture, and FDI in emerging European economies; Economic development among religious or ethnic minority populations; Banking and financial crisis and macroeconomic uncertainty; Panel data econometrics.

Name of the Candidate: **Didar Erdinc**

Check below what applies. Sign and submit together with your review or opinion.

Research

The Candidate has conducted research in the following areas:

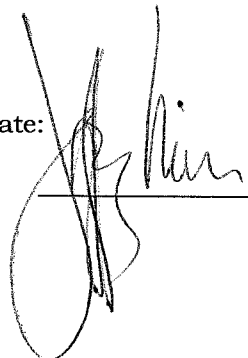
- YES** Banking, credit, and monetary mechanisms in emerging European economies;
- YES** Corporate culture in emerging European economies;
- YES** FDI in emerging European economies;
- YES** Economic development among religious or ethnic minority populations;
- YES** Banking and financial crisis and macroeconomic uncertainty;
- YES** Panel data econometrics.

Teaching

The Candidate has teaching experience in the following areas:

- YES** Theoretical and applied econometrics;
- YES** Macroeconomics;
- YES** Managerial economics;
- YES** Open economy macroeconomics;
- YES** Financial markets and institutions;
- YES** Economics of transition and regional economic integration;
- YES** Microeconomics;
- YES** International finance.

Signature and date:



14 Jan 2015