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Articles

Globalization and Development of Theoretical Economy

Prof. Traicho Spassov, Ph.D.

The study deals with some new economic phenomena related to the development of globalization, technological change in production and the formation of the new economy, which exert considerable influence on the construction of a new modern system of principles and approaches to the theoretical economy. They determine the specifics of transition from national to the new global economic theory. If the national economy reflects the behaviour of the sovereign national state, the global economy has cosmopolite characteristics and presupposes development of a unified and integrated society at the world scale.

The contemporary technological revolution, whose development is based on the principles of technological synthesis and the economy of knowledge, enhances and makes irreversible the trend towards global economic unity of the contemporary world, creating preconditions for knowledge to become the main source of society's wealth.

This is a basis for the formation of a new paradigm in contemporary theoretical economy. The concepts related to the role of the traditional system of production factors are also changing. Conditions are created for the formation of a new production factor on the basis of artificial intelligence, with unlimited capacities for productivity growth. This, however, can also provoke negative contradictions in the development of the economic process. In this respect, it may be necessary to set limitations upon the

use of the unlimited capacities of technological synthesis.

These new realities impose cardinal changes in the system of theoretical principles. According to the traditional theory, now people make choices in the conditions of limitations. The new theoretical approach, supported also by the modern institutional theory, will come down to a choice of limitations, within which the economic agents would make their choices in the consumption and production spheres. This implies a total redefinition of the economic paradigm.

Key words: globalization, new economy, knowledge economy, national economic theory, global economic theory, economic regionalism, localization, artificial intelligence.

Foreign trade, Finance and Economic Growth

Assoc. Prof. Staty Stattev, Ph.D.

The article is an empirical study on the impact of foreign trade on the relationship between financial development and economic growth in Bulgaria. The study verifies the hypothesis whether foreign trade is a factor of economic growth and whether it acts as one of the major transmission mechanisms transferring effects on economic growth, which are generated by the dynamic development of banking financial intermediation. To this end, a descriptive analysis of various aspects of the functioning of the real economy and banking system is made at the beginning, and a comment is offered on the dependencies existing between them. Subsequently, econometric methods are used to test the availability of a Granger's causality for each of the real/financial variable pairs in the periods before and after the

implementation of the currency board mechanism in Bulgaria. At the next stage, by applying Johansen's test, the study reveals the most significant long-term dependencies of economic growth on its fundamental real economy factors, and goes on to do so by adding financial development factors. A follow-up is made of the effect produced by the inclusion of each of the financial variables on the contribution of foreign trade, as well as of the impact of foreign trade on the economic growth contribution of each of the financial variables. By successive inclusion and exclusion of the openness of the economy from the economic growth models, the last stage of the study assesses to what an extent foreign trade impacts the fundamental sources of economic growth in the real economy. It has been proved that in the period extending to the middle of 1997, foreign trade is the only statistically significant real growth factor, and that, at the same time, it is the major transmission mechanism of effects on the part of financial development, whereas in the conditions of the currency board mechanism implemented in the country from the middle of 1997 onwards, it is mainly investments that take over both functions mentioned above.

Key words: foreign trade, financial development, economic growth, investments, employment, transmission mechanisms, factor effect.

JEL: C3, C32, E1, E17, G2, G21, O1, O11, O16.

Globalization in the Development of Economic Institutions

Assoc. Prof. Marcho Markov, Ph.D.

Globalization is a process, in which the essential laws of contemporary development are formed on a global level reflecting the objective links between economic agents acting on a total planetary scale. They build the global-informational way of production.

In the conditions of gradually stronger globalization, one of the most important directions eco-

nomical development is the institutional change, understood as a combination of conscious and goal-related actions for the transformation of the components of the institutional matrix of society. It is achieved through institutional transformations and innovations, which are an important part of any institutional project, which ensures adequate reforms under the new conditions.

Key words: globalization, institutional change, institutional matrix, institutional transformation, institutional traps.

Macroeconomic Dynamics in the Conditions of European Integration

Assoc. Prof. Vera Pirimova, Ph.D.

The present paper investigates the dynamics of the economic growth in Bulgaria. The main accent is laid to the comparison of some macroeconomic indicators in Bulgaria with the other EU countries (like EU 27, EU 15 or EU 10). There are described in the analysis relative good positions of Bulgaria during the period until 2007 on indicators as the annual rate of the GDP increase, the rate of the GDP per capita, the rate of increase and the percentage of the investments in the GDP, the level of unemployment. The preconditions, tendencies and opportunities for retain these and improve the positions of the country on other indicators in the next years are deduced and generalized.

Key words: economic growth, economic dynamics, comparative characteristics.

JEL: E01, O47, O57.

Human Capital under the Conditions of Globalization

Assoc. Prof. Atanass Kazakov, Ph.D.

The new stage in globalization brought about a number of challenges closely connected with the human capital. One part of them concerns the

higher requirement to human capital, associated with totally different objectives and tasks which have arisen not only in global but in regional and national aspect as well.

The information age, the new knowledge-based economy, and the challenges brought about by the consecutive financial and economic crisis, necessitates a priority of solving the problems connected with the formation and using of the human capital. The short-run and the long-run objectives of Bulgarian society are to be reoriented in a greater degree to such changes in the human factor in order to prepare it for these challenges.

Bulgaria joins in the global economy as a member country of the European Union. This imposes upon us the obligation to rethink not only our participation in the international division of labour; it also obliges us to search for those market niches which give us advantages and chances connected with our territorial and regional conditions, and advantages stemming from our Bulgarian national character. Strategic in this direction is the development of the human capital, its qualitative creation, and effective using.

Key words: human capital, globalization, global economy, human resources, poverty.

JEL: E24, J24, O11, O15.

Global Challenges and Sustainable Development
of the Public Sector in Bulgaria
Assoc. Prof. Liliya Yotova, Ph.D.

The slowing of the pace of the economic growth in global, regional and national aspect is presenting a challenge for the stability of public finances and the uniformity of its economic and social functions. Achieving Bulgaria's strategic goal for attaining competitive, knowledge-based economy requires investments in human capital which entails the existence of a growing and sustainable public sector. On the other hand the public sector's sta-

tus report reveals that in this field Bulgaria is lagging behind the average EU country and that the convergence processes are slow and intangible for the population. Along with the objective issues in this article we discuss the importance of adhering to the expenditure policy priorities when formulating the concrete budget restraints. We uphold the idea that a better balance between stabilizing macro economical functions of the budget and its role as a factor for achieving sustainable development of the public sector is needed. For this reason we propose a moderately accelerating rate of increasing public expenditure contrasted to the GDP's growth rate, as well as public expenditure' restructuring with emphasis on investments in human capital and knowledge-based economy.

Key words: public sector, public expenditures, sustainable development.

JEL: E62, H10, H50.

The Integration of Europe's Financial Markets
Assoc. Prof. Venelina Trifonova, Ph.D.

The main objective of the paper is to analyze the degree of integration in the financial markets in the Euro area. The financial integration is interpreted from the point of view of the development of the main financial segments and the economic indicators used by the European Central Bank (ECB) for assessing the degree of integration in the money and capital markets. Key importance is attached on the main events and changes experienced during the last years in the financial markets in the Euro area. The degree of integration in these markets varies greatly depending on the market segment and existing technical infrastructure. As concerns the money markets' development in the Euro area, the dynamics of the following indices – "EONIA", "EURIBOR" and "EUREPO", is analyzed in the paper. It demonstrates a high degree of integration in the secured and unsecured money markets that is associated

with the operating large-value payment systems in the Euro area – “TARGET2” and “EURO1”, describing the full integration of the payment infrastructure. The ECB strongly supports the establishment of the Single Euro Payments Area (SEPA) as quickly as possible, as the completion of SEPA will have important benefits for the consumers. As concerns the integration in the capital markets, the current report defines that it is strongly determined by the securities settlement systems’ development. A process of consolidation of the securities clearing and settlement infrastructures is observed. The equity markets remains highly fragmented with a lower degree of financial integration, measured by the cross-country and cross-sector dispersion of monthly equity returns. With this regard, the ECB establishes an increase in the variance coefficient, explained by local and common factors. The technical infrastructure of the equity markets is defined as a less integrated than the bond markets, because the international settlement of equity transactions is undertaken by the national central depositories in the member-states and some differences between the states exist in the settlement cycles and the corporate taxation. In conclusion, the trends in the financial markets development in the Euro area are outlined by the recommendation of the EU Economic and Financial Affairs Council.

Key words: Euro-area, financial integration, money markets, bond markets, equity markets.

JEL: E42, E44, F15, F36.

The European Union as a Global Economic Player
Assoc. Prof. Emiliya Georgieva, Ph.D.

At the turn of the Century the European Union (EU) strengthened its position as a global economic player. This came about, first of all, on the basis of its economy: productive capacity and gross domestic product (GDP) of 12 339 731.1 bln euro for 2007; functioning domestic market;

financial sovereignty; constructed currency union and a new system of currency unity institutions; successful implementation of common policy; membership in WTO; etc.

As a global economic player EU faces a number of challenges. They are connected with both the strengthening of its position as a global player in the world economy, and the winning of recognition by the other global players such as the USA, Japan, the states of BRIC (Brazil, Russia, India, and China), and other countries.

EU manifests itself as a particularly active economic player in several basic geographical directions: EU – America; EU – Asia; EU – Africa; and EU – Near East. The Union has signed agreements with many states and authoritative regional economic organizations. Here, special attention has been paid to the economic relations between EU and USA, EU and Japan, EU and Asia and Europe Meeting (AEM), EU and ASEAN. There is “a developing full-scale and strategic partnership” between EU and China, and an agreement for strategic partnership between EU and India. The working out of a new agreement with Russia is in a negotiation process. EU has signed agreements for cooperation, partnership and even association with many African and Near East countries too.

The challenges EU faces as a global economic player in the contemporary conditions increase manifold with respect to the global financial and economic crisis. The ability of the EU to find an adequate response to the scale and the specificity of the crisis, i.e. to manifest its authentic strategy against the crisis, and to realize its ambition for rewriting the rules of the world financial order, will attest to the level EU has reached as a global economic player.

Key words: European Union, global economic player, USA, BRIK.

For the Necessity of a Uniform Eco-Fiscal Policy in the EU

Assoc. Prof. Vanya Ivanova, Ph.D.

This article aims at proving the need of not merely harmonization, but the need of uniform eco fiscal policy, as a strain of sustainable development. Analyzing the great diversity of instruments and practices in the field of eco-fiscal policies among the countries of EU, an attempt to project the benefits and difficulties of introducing a uniform European eco fiscal policy and its effectiveness has been done.

Similar policy would have essential results, only if it is based on common rules and, in case it is implemented all over. Difficulties in performing and accepting such a uniform eco fiscal policy, or at least a document with common fiscal measures, gives a proof that countries from EU still think and take care of their own interests regarding individual national point of view, and still not of the mutual European and global ones.

For the time being, things are brought only to the matters of tax harmonization. But, and this discussion is raised from the national loss of competitiveness or profits from fiscal dumping, and not from the realized necessity, that collective goods exist, for which exercising a uniform eco fiscal policy is the more effective decision. In this sense, more frequently the idea of new "eco-Shengen" has been launched.

Key words: eco-fiscal policy, eco-taxes, ecological fees, eco-stimulating subsidies, effectiveness of the uniform eco-fiscal policy.

JEL: Q01, F59, H23.

The Impact of Globalization on National Economies

Assoc. Prof. Maria Marikina, Ph.D.

The globalization is a process, which has controversial impact on world economy. At the same time it can be regarded as one of the most pow-

erful forces, that determines the further course of economic development. The globalization has a significant influence on the economy of all countries in many different aspects. This influence has been regarded differently, sometimes stressing on positive, while in other author's studies, the negative impact is prevailing.

Key words: globalization, international competitiveness, global governance.

JEL: F3, F20.

Review

The Impact of Road Transport on the Environment

Tashko Minkov

The present work is an overview of the various aspects of the detrimental effect of road transport on the environment. The content matter roughly falls into five sections. Section One gives the history of the development of road transport and dwells on its advantages and disadvantages in carrying goods and passengers, as compared to the others means of transport. Section Two looks into the emissions of the various harmful gases of road transport. It also deals with the factors determining them, as well as the harmful influence of these emissions on living organisms and humans. Section Three focuses on the noise pollution of the environment by road transport. The work presents the factors resulting in this pollution and the harmful influence of noise on the human body. Section Four studies the use in road transport of different natural resources like fuels, lubricants, construction materials, metals, lumber, air, etc. Section Five dwells on the negative aspects of road construction and road accidents, such as the use of large areas of land, the destruction of soil and wildlife, the loss of human lives, the damages suffered, etc. Section six focuses on the measures, which have to take for decrease of the harmful influence of road trans-

port on the environment: administrative acts, developing of alternative fuels, technical innovations, organizational and economic measures.

Key words: road transport, vehicle, environment, pollution of the environment, poisonous substances.

JEL: C92, Q53, Q54.

Ludwig von Mises for Purchasing Power of Money and their Neutrality

Assist. Rumen Andreev

This article explains some aspects from point of view on money of Austrian economist Ludwig Mises. At the beginning of the twenty century he is first scientist connect theory of marginal utility with price of goods in money. Mises shows how money had its origin in the market, and how its value is based on its usefulness as a commodity in exchange. This classic treatise on monetary theory remains the definitive integration of micro-economics and macroeconomics. There are two myths in the monetary field, according to Mises: the myth of neutral money and the myth of the stable price level. His monetary theory avoided

both of them. Money is not neutral for economic system. Changes in money's quantity provokes changes in relative prices of commodities and as result some of individuals became richer whereas other became poorer. Ludwig von Mises's contribution to the monetary theory spanned six decades and touched upon almost every its aspect.

Key words: money, quantity theory of money, neutrality of money, market, inflation, Ludwig von Mises.

JEL: B25, E13, E31, E42, E52.

Scientific Activities

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