



## **Czech Economic Society**

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# **CZECH ECONOMIC SOCIETY ACTIVITY REPORT 2018**

## 1. THE SOCIETY AND ITS BODIES 2018

The Czech Economic Society (CES) is an association of professionals and enthusiasts in the field of economics. The principal mission of the CES is to enhance the development and general knowledge of economics in the Czech Republic in a manner that fully respects and supports a plurality of opinions and the autonomous evolution of individual schools of economics. To achieve this aim the CES organises lectures, seminars and competitions for young economists and produces publications focused on economics. It organizes a biennial conference and in the intervening years a general meeting is held. The CES is a member of the Council of Scientific Societies in the Czech Republic and of the International Economic Association.

The managing board of the CES in 2018 was composed as follows, as elected at the General Meeting on 30 November 2017; members of the board are listed in alphabetical order by surname together with the agenda(s) they had responsibility for in 2018.

Josef Bič	Relations with members
Jiří Dušek	CES web administrator
Ivana Faltová Leitmanová	
Jakub Fischer	Chair of the organizing committee for the 10 <sup>th</sup> biennial conference of the CES
Kamil Galuščák	President, guarantor for the Young Economist of the Year competition
Mojmír Hampl	Member of the programme committee for the 10 <sup>th</sup> biennial conference of the CES
Jan Hanousek	Chair of the programme committee for the 10 <sup>th</sup> biennial conference of the CES
Tomáš Holub	Member of the programme committee for the 10 <sup>th</sup> biennial conference of the CES, guarantor for the Kateřina Šmídková prize
Roman Horváth	Member of the judging panel for the Young Economist of the Year competition
Petr Jakubík	Guarantor for the Experts to Schools project
Karel Janda	
Petr Janský	Member of the judging panel for the Young Economist of the Year competition
Milan Jílek	Chair of the České Budějovice branch
Svatopluk Kapounek	Vice-president, Chair of the judging panel for the Kateřina Šmídková prize, member of of the programme committee for the 10 <sup>th</sup> biennial

	conference of the CES
Eva Kolcunová	Chair of the Ostrava branch
Viktor Kotlán	
Hana Lipovská	
Martin Macháček	Former president (2016-2017)
Daniel Műnich	Guarantor of the Prize for long-term contribution to the development of Czech economic learning
Daniel Němec	Chair of the Brno branch
Barbara Pertold - Gebická	Member of the judging panel for the Young Economist of the Year competition
Jakub Seidler	Editor of the CES newsletter
Michal Skořepa	
Patricie Velikovská	CES treasurer, head of the CES secretariat, member of the organizing committee for the 10 <sup>th</sup> biennial conference of the CES

In 2018 the managing board met on 18 January and 6 November. Both meetings were held on the premises of CERGE-EI in Prague. The revision committee was composed of Liběna Kantnerová, Leoš Víttek and Jan Vlachý. Jaroslav Ambrož was co-ordinator for the Experts to Schools project.

## 2. CES SEMINARS

In 2018 the CES organized a total of 14 seminars. Most of these were organized by the CES branches in Brno, Ostrava and České Budějovice. Details of the seminars can be found in the CES newsletters.

<b>Topic</b>	<b>Leader</b>	<b>Date</b>	<b>Location</b>
The beginnings of behavioural economics in the Czech Republic	Michal Skořepa	7.3.2018	Ostrava
The issue of adopting the euro in the Czech Republic	Marek Mora	4.4.2018	České Budějovice
The Eurozone in motion	Oldřich Dědek	11.4.2018	Brno
The Financial Authorities' strategies	Martin Janeček	16.4.2018	České Budějovice
Current questions related to achieving financial and price stability in the Czech Republic	Luboš Komárek	14.5.2018	České Budějovice

Cryptocurrencies – are they currencies?	Karel Hlaváček	16.5.2018	Ostrava
The EU's popularity crisis: Empirical research vs. societal debate	Jan Fidrmuc, Jarko Fidrmuc	16.5.2018	Brno
Incentives and conflicts of interest in investment services	Jiří Šindelář	4.6.2018	Praha
Macroprudential Policies and Monetary Policy	Leonardo Gambacorta, Mikael Juselius	17.9.2018	Praha
Financial stability in the Czech Republic and the CNB's macroprudential policy	Jan Frait	22.10.2018	České Budějovice
Global Shocks and Small Open Economies: How Can We Succeed?	Olli Koski	8.11.2018	Brno
The introduction of the euro in the Czech Republic - Questions, challenges, preparation	Oldřich Dědek	12.11.2018	České Budějovice
Make love, not VAR (modelling macroeconomic systems)	Miroslav Plašil	16.11.2018	Ostrava
20 years of Czech inflation targeting	Andrew Filardo, Andrea Gerali, Athanasios Orphanides, Mojmír Hampl, Vladimír Tomšík	30.11.2018	Praha

### 3. THE BIENNIAL CES CONFERENCE

The 10<sup>th</sup> biennial conference of the Czech Economics Society took place on Saturday 1 December 2018 at the University of Economics in Prague. It brought together economists from the Czech Republic and from other countries, who heard a series of interesting and stimulating presentations and had the opportunity to meet their colleagues. On the Friday immediately preceding the conference a seminar was held at the Czech National Bank on the topic '20 years of Czech inflation targeting'.

The conference opened with greetings from the President of the CES, Kamil Galuščák, and the Dean of the Faculty of Informatics and Statistics at the University of Economics, Jakub Fischer. After this, Ladislav Minčíč, read a greeting from Vladimír Dlouhý, the President of the Czech Chamber of Commerce to mark 100 years since the formation of Czechoslovakia and 25 years of the Czech Republic. The conference's keynote speaker was Athanasios Orphanides (MIT), who spoke about the independence of central banks. In his presentation, Prof. Orphanides discussed the

legitimacy of central banks in the light of their expanding powers, for example in the area of macroprudential policy, and their frequent use of discretionary measures over the past decade.

After this, the conference programme was divided into 18 parallel sessions on particular topics, one of which was tailored to secondary school teachers of economics. In the afternoon plenary session, the society's President and Vice-president awarded CES prizes, consisting first of a series of awards as part of the Young Economist of the Year competition and afterwards the Kateřina Šmídková prize.

In the session for secondary school teachers, Jakub Fischer was first on the podium with his presentation on the topic *Statistics aren't dull: How to find your way in valuable data?* in which he explained the strengths and weaknesses of various better- and lesser-known indicators in national economics statistics, giving clear real-life examples not only of data collection but also of phenomena presented as statistics. In the following presentation, *A taster of interesting research in the field of educational economics* Daniel Münich of the IDEA think-tank at CERGE-EI introduced participants to research in the field of educational economics. In the later part of this session participants were informed by means of short promotional presentations about various projects on offer for schools in the area of economics, specifically: Jaroslav Ambrož (CES) spoke about the CES project Experts to Schools; Filip Pertold (CERGE-EI) presented Projects in Applied Economics for Talented Students; Jana Merunková (Yourchance.cz) presented the Financial Education Course; Martina Bacíková (INEV) informed participants about the Economics Olympiad and Markéta Fišerová (CNB) presented the CNB's initiatives in economics and financial education.

The number of participants and the feedback received lead us to conclude that the conference, which was sponsored by the Council of Scientific Societies in the Czech Republic, was a success. The newspaper *Hospodářské noviny* published information about the prizes awarded, as did the December edition of the magazine *Bankovníctví*. *Hospodářské noviny* also published an interview with the Kateřina Šmídková prize-winner.



Award-winning economists with leaders of the CES. From the left: Svatopluk Kapounek (Vice-president of the CES), Tomáš Kučera, Zuzana Havránková, Ludmila Matysková, Matěj Bělín, Jan Žáček, and Kamil Galuščák (President of the CES and guarantor of the Young Economist of the Year competition).

#### **4. YOUNG ECONOMIST OF THE YEAR COMPETITION AND KAREL ENGLIŠ PRIZE**

During the biennial conference the CES awarded prizes to young economists up to 30 years old. The Young Economist of the Year award is one of the CES's key activities. This prestigious competition, which has been held every year since 1994, is primarily designed to support young talent in the field of economics. The competition's high standards are confirmed by the fact that previous winners have gone on to successful careers in the field, both in the Czech Republic and abroad.

**The winner of the 2018 Young Economist of the Year competition was Ludmila Matysková**, who studied at CERGE-EI and is now at the University of Bonn. Her award-winning study *Bayesian Persuasion with Costly Information Acquisition* is from the field of Information Economics; in it, Matysková studies the relationship between the sender and recipient of

information in a model known as Bayesian Persuasion, in which the sender can influence the recipient's subsequent reaction. An example of such behaviour is the transfer of information between a prosecutor and a judge, when the prosecutor wishes to persuade the judge about the accused's guilt. The award-winning study looks at cases in which the recipient of the information decides to obtain further information at their own expense. After receiving the award, Matysková gave a presentation on the same topic.

**Second place in the Young Economist of the Year competition went to Jan Žáček** from the Institute of Economic Studies at the Faculty of Social Sciences, Charles University, who is currently working at the Czech National Bank, for his study *Should Monetary Policy Lean Against the Wind? Evidence from a DSGE Model with Occasionally Binding Constraint*. This study looked at the implementation of financial variables, such as share prices, in the Taylor rule, which determines the optimal setting of the central bank's basic interest rate.

**Third place in the Young Economist of the Year competition went to Matěj Bělín** of CERGE-EI for his study *Time-invariant Regressors under Fixed Effects: Identification with a Proxy Variable*. The identification of time-invariant coefficients in panel estimates is subject to the assumption that the coefficient is not correlated with an unobserved heterogeneity. Bělín proposes an estimator that replaces this assumption using a proxy variable.

In addition, the **Karel Engliš Prize** for the best study on Czech economic policy was awarded to **Miroslav Palanský** from the Institute of Economic Studies at the Faculty of Social Sciences, Charles University. In his paper entitled *The Value of Political Connections in the Post-Transition Period: Evidence from the Czech Republic* he looked at the influence of political connections on Czech business profits using a unique database of all corporate donations to political parties in the Czech Republic in the period 1995-2014.

**The President of the CES's Honorary Award for authors under 25 years old went to Tomáš Kučera**, a graduate of University College London who is now working for Boston Consulting Group, for his contribution *Cognitive Bias Mitigation: How to Make Decision-making More Rational?* which was based on a bachelor's thesis he had previously defended at the University of Economics in Prague. His research in the field of behavioural economics reveals that human decision-making is often irrational, which leads to economic inefficiencies. This thesis looks at how these errors in decision-making can be overcome, by means of an experiment.

The latest round of the Young Economist of the Year competition, sponsored by the Council for Scientific Associations in the Czech Republic, once again confirmed that Czech economics is capable of making a substantial contribution towards solving contemporary questions in fields of economic theory that influence economics in practice.

## **5. KATEŘINA ŠMÍDKOVÁ PRIZE**

The Kateřina Šmídková Prize is awarded by the CES in memory of the renowned Czech Economist Kateřina Šmídková, who was for many years a member of the CES's managing board, Professor of economics at the Institute of Economic Studies at the Faculty of Social Sciences, Charles University, and the director of the Economics Research Department at the Czech National Bank. The Prize awards female economists who are either Czech (living in the Czech Republic or abroad) or of foreign origin but based in the Czech Republic long-term whose publications are of exceptional quality, and supports their further professional development. The Prize is financed by the Kateřina Šmídková Trustees Fund.

Zuzana Havránková became the third ever prize-winner. Doc. Havránková works at the Institute of Economic Studies at the Faculty of Social Sciences, Charles University, where she is active in the fields of macroeconomics, international economics, banking, energy and environmental economics. In her research she primarily applies meta-analysis and she has previously published work in the *Journal of International Economics*, *IMF Economic Review* and *World Development*, among others, becoming one of the most cited economists in the Czech Republic according to the WoS database. At the prizegiving ceremony, which took place as part of the CES's biennial conference, Havránková also gave a presentation.

## **6. EXPERTS TO SCHOOLS PROJECT**

In 2018 the CES organized the Experts to Schools project, which supports economics teaching at secondary schools and familiarizes secondary school students in the Czech Republic with current economic affairs as they are seen by respected Czech economists, both university lecturers and financial experts. The project aims to give secondary school students a better idea of economics in practice and motivate them to study economics courses at university.

In 2018 the project was financially supported by the Council of Scientific Societies in the Czech Republic. CES collaborated with INEV in publicizing the project. The feedback received from the participating secondary schools was very positive and numerous schools expressed their wish to participate in the project again in 2019. 41 presentations were given, on topics such as The EU budget and policies, A monetary family tree, Business in the Czech Republic, Banks' struggles against money laundering, The effects of financial illiteracy, News in accounting, Taxes and insurance for entrepreneurs from 1.1.2018 and The European Central Bank's reaction to the financial crisis. The presentations were given at schools in Prague, Blansko, Orlová, Frýdek-Místek, Tábor, Brno, Lysá nad Labem, České Budějovice, Jablonce nad Nisou, Třinec, Ostrava, Valašské Klobouky, Jihlava, Liberec and Havlíčkův Brod.

## **7. INTERNATIONAL RELATIONS**

Following a decision by the managing board, the CES has been a member of the International Economic Association since 2017.

Following an informal meeting of the presidents and chairs of the economic societies of the Visegrad countries, which took place at the 55<sup>th</sup> congress of the Hungarian Economics Association in Eger in September 2017, the heads of the Czech Economics Society, Hungarian Economics Association, Polish Economics Society and Slovak Economics Society signed a Memorandum of cooperation in economics research, education and information exchange. The Memorandum was signed on 22nd March 2018 in Budapest during the "Economics Reformation" conference organized by the Hungarian Economics Association. The signatory for the CES was its president, Kamil Galuščák.

## **8. MEMBERS AND FINANCES IN 2018**

Any individual aged 18 years and above may apply for individual membership of the CES by completing an application form which is submitted to the managing board, who decide on their acceptance. Individual membership then commences upon the payment of the first membership fee. In 2018 the standard membership fee was 500 CZK, 250 CZK for students and 100 CZK for pensioners. By the end of 2018, 170 individual members had paid their membership fees which is the same number as in 2017.

In addition to the individual members, the CES's collective members also contribute substantially to the society's activities. Any legal entity may become a collective member if it financially, materially or otherwise supports the CES, agrees with its aims, requests collective membership in writing to the managing board of the CES and names an individual who will represent it at the General Meeting of the CES and in other CES bodies, with an advisory vote. Based on the value of their financial contribution or other forms of support, collective members are categorized into three groups: general partners, gold members and basic members. In 2018 the following collective members supported the CES's activities:

#### General partners

- Czech National Bank
- Faculty of Economics and Administration, Masaryk University
- University of Economics in Prague
- University of Social and Administrative Affairs, Havířov

#### Gold members

- CERGE-EI
- Faculty of Economics, Technical University of Ostrava
- Faculty of Business and Economics, Mendel University
- University of Finance and Administration

#### Members

- AMBIS
- Faculty of Economics, University of South Bohemia in České Budějovice
- Faculty of Economics, Technical University of Liberec
- Faculty of Economics and Administration, University of Pardubice
- Institute of Economic Studies, Faculty of Social Sciences, Charles University
- Moravian Business College Olomouc
- Silesian University School of Business Administration in Karvina
- Škoda Auto University
- University of Economics and Management

The CES also receives substantial long-term support from the CERGE-EI Foundation and the Council of Scientific Societies in the Czech Republic.

In 2018 the CES's finances were substantially affected in particular by the organization of the biennial conference. The Society's income, which totalled 410,922 CZK, came from individual and collective membership fees and a grant from the Council of Scientific Societies in the Czech Republic to support the biennial conference, the Young Economist of the Year competition and the Experts to Schools project. Expenditures totalled 437,921 CZK, the majority of which was spent on the biennial conference. The difference between incomes and expenditures amounted to -26,999 CZK. At the end of the year the CES had 134,052 CZK in its current account and cash float.