The Czech Economic Society

The Young Economist of 2020 Award

*Prague, 4th December 2020*

**The winner of the Czech Economic Society’s Young Economist of 2020 Award is Bruno Baránek. He has been awarded it for his ‘Quality of Governance and Design of Public Procurement’ paper.** Bruno Baránek studied at the Institute of Economic Studies, Faculty of Social Sciences, Charles University, Prague, and is now pursuing his doctoral studies at Princeton University, USA, where he will focus on the field of government intervention and public finance. The award-winning paper deals with the optimal regulation of the public procurement market. Using machine learning, causal estimating and structural models, it shows that public procurement authorities in the Czech Republic are not acting optimally. Contracting authorities are not investing sufficiently in the quality of projects, are choosing unsuitable suppliers, and often succumb to the influence of companies. Empirical analyses show that the improvement of the institutional environment of the state administration would lead to savings of 2% of GDP. Better regulation, which would limit the powers of contracting authorities and introduce unbiased quality criteria, may save over 1% of GDP. Therefore, the quality of the institutional environment is crucial for the regulation setting.

**Second place in the Young Economist of the Year competition has been awarded to Jan Hanousek Jr. for his paper on the topic of ‘Political Insider Trading: A Narrow Versus Comprehensive Approach’. Jan Hanousek Jr.** studies at the Muma College of Business, University of South Florida, USA, and deals with the application of advanced empirical methods for the analysis of capital markets. The award-winning paper focuses on the stock exchange trades of American senators between March 2012 and March 2020 after the implementation of the STOCK regulation. His results suggest that senators used confidential legislative and political information in investments, bringing them significant dividend yields. The author also points out that the informational asymmetry during political trading is high and is dependent on a time frame, on the personal characteristics of senators and, above all, is significantly higher than during the announcing of companies’ business results. The results of empirical analysis also support the opinion that exploiting confidential political information also extends to other persons.

**The third place in the Young Economist of the Year competition goes to Marek Šedivý for his paper on ‘Mortality Shocks and Household Consumption: The Case of Mexico’.** Marek Šedivý studies at the Institute of Economic Studies, Faculty of Social Sciences, Charles University, Prague. The award-winning paper focuses on the influence of the death of a household member on that household’s consumption. Unlike most of the previous studies dealing with this problem, he distinguishes the type of death based on the characteristics of the deceased as it has a significant influence on the household’s consumption.

The Czech Economic Society has been awarding ‘The Young Economist Award’ to economists under 30 years of age who register for the competition by submitting their original, professional papers. Furthermore, the CSE awards the Karl Engliš Prize to the paper best dealing with Czech economic policy. Moreover, authors under 25 years of age who have never been awarded by the CSE in the past may be granted honourable mentions.

**The Karl Engliš Prize for the best paper on Czech economic policy was awarded to the author team Dominika Ehrenbergerová and Josef Bajzík.** The authors work at the Institute of Economic Studies, Faculty of Social Sciences, Charles University, Prague, and at the Czech National Bank. In their paper titled ‘The Effect of Monetary Policy on House Prices—How Strong is the Transmission?’, they deal with the influence of monetary policy on real estate prices using a meta-analysis of complex empirical literature that often reports different results. They collected over 1,400 estimations of effects of short interest rates on real estate prices from 31 studies. The synthesis of results shows that an increase in the interest rate by 1% reduces prices by 0.7% on average after one year. After adjusting the publication selectivity, the effect of monetary policy remains significant on its horizon. The paper is particularly beneficial in the current period of low interest rates and rapid growth of real estate prices.

**Daniil Kashakrov, a student from the Centre for Economic Research and Graduate Education - Economics Institute (CERGE-EI), has received Honourable Recognition by the President of the CES for an Excellent Paper for Authors under 25 years of age for his paper titled ‘Automation and Human Capital: Accounting for Individual-Level Responses’**. In his work, he deals with the influence of human capital on the growing inequality of incomes due to the automatisation process. Automatisation increases the productivity of highly-qualified occupations and creates incentives for workers to invest in human capital. The empirical results of the paper suggest that due to the differences in learning capabilities, not all people are able to invest in human capital and are subsequently limited when applying for highly-qualified occupations.

The awards will be presented ceremoniously at the XI biennial conference of the CES and will take place in May 2021 at the University of Economics and Business, Prague.

The Young Economist competition is sponsored by the Council of Scientific Societies of the Czech Republic. Its media partners are Roklen24 and Bankovnictví Magazine.

**Contact for Journalists**

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**Note for Editors**

The Czech Economic Society (CSE) is a civic association of professionals and supporters of the field of economics. The main mission of the CSE is to help the development and popularisation of the economy in the Czech Republic in a way that respects and supports opinion plurality and the independent development of economics courses. The CSE is a member of the Council of Scientific Societies of the Czech Republic and International Economic Association. More information about the CSE’s awards can be found on the CSE website (www.cse.cz/en/).