
IES Young Scholar Conference

Institute of Economic Studies, Charles University in Prague

23 September, 2008

Julie Chytilová*

For the third time, young scientists doing research in the field of economics had the opportunity to present and discuss their research ideas at the IES Young Scholars Conference, organized as a part of research program “Economic theory of political markets”, cosponsored by Czech Science Foundation (GAČR), project No. 402-05-H510. The event took place on 23 September, 2008, at the Institute of Economic Studies of the Charles University.

There were two parallel sessions. The first one run throughout the whole day and consisted of four sections, the second one took place in the morning hours and included two sections. In total, 18 papers were accepted for the conference and each section accommodated three of them.

The section *Public Choice* included the following contributions. Pavel Doležel presented an analysis of simple and multi-rule weighted voting systems efficiency (Estimating the Efficiency of Voting Systems). Viera Knutelská analysed different models of cooperation between national parliaments and governments in the EU member states (Influence of National Parliaments Over the Decision-Making in the Council of the European Union – Use of Parliamentary Reservations). Lenka Šťastná presented her paper Spatial Interdependence of Local Public Expenditures: Evidence from the Czech Republic, which was recently awarded second prize in the Young Economist competition organized by the Czech Economic Association.

Petr Teplý and his co-authors gained control of the section *Banking and Corporate Finance*. With Petr Jakubík they identify seven financial indicators capable of explaining business failure at a one year prediction horizon and based on them construct an aggregate indicator of the credit-worthiness of the Czech corporate sector (The Prediction of Corporate Bankruptcy and Czech Economy’s Financial Stability through Logit Analysis). In their paper Operational Risk Scenario Analysis, Petr Teplý and Milan Rippel focus on operational risk measurement techniques and on regulatory capital estimation methods. The aim of the study by Hana Stárová and Petr Teplý is to find out whether M&A transactions in the European banking sector can be justified by creating value for involved banks’ shareholders (European Bank Mergers and Acquisitions: Do They Create Value for Shareholders?). Their findings suggest large value creation for the targets’ shareholders, while significant value destruction is found for shareholders of the bidding banks.

The audience visiting the section *Labor Market and Intra-Household Decision Making* listened to presentation of the following papers: Kamila Fialová focused on the role of labour market institutions in both old and new EU member states (Labour Market Institutions and Their Contribution to Labour Market Performance in the New EU Member Countries, co-authored by Ondřej Schneider). The results confirm that high taxes and

* Ph.D. Candidate, Institute of Economic Studies, Charles University, Prague.

stricter employment protection increase unemployment and depress activity rate, while the opposite is true for active labour market policies. Martina Mysíková analysed the gender wage gap in the Czech Republic and found that the gap can be explained mainly by the remuneration effect stemming from gender-specific remuneration of the same individual labor characteristics or by other unobserved characteristics (The Gender Wage Gap and Its Determinants in the Czech Republic). Based on the experiments conducted in Indian villages, Julie Chytilová and her co-author Michal Bauer find that women are more patient than men and that women's patience increases with the number of children (Do Children Make Women More Patient? Evidence from Indian Villages).

Three researchers focusing on *Agent-Based Modeling and Simulations* met in the last morning section. Irakli Gogatisvili outlined a framework for the agent-based modeling and simulation of an artificial double-auction financial market, where trading agents are heterogeneous, boundedly rational and subject to the information asymmetries (Artificial Double Auction Financial Market with Two Different Learning Rules: Agent-Based Modelling and Simulation). The agent-based computational experiments presented by Petr Švarc show that both the interaction structure and the way how agents choose to imitate the others strongly influence the dynamics of the evolutionary game on networks (Testing Different Imitation Strategies in an Evolutionary Prisoner's Dilemma Game on Networks, co-authored by Natálie Švarcová). The research question Matúš Halás aimed to answer in his game theoretic agent-based model is whether or not international relations system facilitates emergence of coo-

peration among nations (Game-Theoretic Model of The System of International Relations).

After the lunch break, participants of the conference met at the section devoted to *Economic Development and Growth*. Michal Bauer presented the results of experiments designed to measure discount rate of Indian villagers. The findings suggest that the structure of microcredit loan contracts helps people with self-discipline problems who lack suitable saving devices (Behavioral Foundations of Microcredit: Experimental and Survey Evidence From Rural India, co-authored by Julie Chytilová and Jonathan Morduch). Elisa Galeotti analyzed the effects of geographical proximity and agglomeration of FDIs on domestic firms in the privatized glass sector in the Czech Republic and found that geographic proximity is important for transmitting spillover effects and that FDIs produced negative spillovers on domestic firms (Do domestic firms benefit from geographic proximity with FDI? Evidence from the privatized glass sector in the Czech Republic). Jaromír Baxa illustrated the calibration exercise of simple real business cycle model (A Simple Real Business Cycle Model: An Application on the Czech Economy).

The conference was closed by the last section *Shocks, Risk and Economic Modelling*. Roman Horváth provided evidence on the nature and the relative importance of domestic and foreign shocks in Slovak economy (How Important Are Foreign Shocks in Small Open Economy? The Case of Slovakia, co-authored by Marek Rusnák). Jozef Baruník and his co-author Miloslav Vošvrda in their paper attempt to fit the the cusp catastrophe theory to stock market data. They show that in some cases the cusp catastrophe model explains

the crash of stock exchanges much better than alternative linear and logistic models (Are Stock Markets Bifurcational? The View of the Catastrophe Theory). Juraj Kopecsni with his co-author Radovan Chalupka proposed a methodology to estimate loss given default and applied it to a set of micro-data of loans to SME and corporations. They find that the main de-

terminants of recovery rates are a certain collateral type, loan size, business connection and year of the loan origination (Modelling Bank Loan LGD of Corporate and SME Segments).

Revised versions of some of the papers presented at the conference will be published in the special issue of the AUCO/Czech Economic Review.

Northeastern Universities Development Consortium Conference

Boston University, 8–9 November, 2008

Michal Bauer*

Northeastern Universities Development Consortium Conference (NEUDC) has become a major forum for the field of development economics by organizing annual conferences since 1967. The location and sponsorship of the NEUDC conferences rotates among five institutions: Yale University, Boston University, Cornell University, Harvard University and Williams College. This year the move was rather modest, the event stayed within the boundaries of studentish Boston area and moved from Harvard to Boston University, Institute of Economic Development.

In five parallel sessions of four slots, the conference accommodated 140 papers. The structure of presented papers nicely reflects the unusual interest among development economists to collect original data in poor countries to test very particular hypotheses about behavior of the poor. Let me pick a few papers to illustrate the diversity of questions one can address with well designed field experiments or carefully collected survey data.

Lot of attention is traditionally devoted to fertility behavior. For example, Ming-Jen Lin, Jin-Tan Liu and Nancy Qian estimate a trade-off between sex-selective abortion and post-natal discrimination of girls using legalization of abortion in Taiwan as an exogenous shock. In their paper “The Impact of Abortion on Sex Ratios at Birth and Excess Female Mortality in Taiwan” they find that approximately 15 more female infants survived for every 100 aborted female fetuses. Development is full of such uneasy value judgements.

How to make children going more to school? The research of James Berry “Rotten kids or rotten parents? Child motivation and education decisions in India” shows that incentives given to children result in better outcomes than incentives given to parents for initially weak students, while the reverse is true for initially strong students. This suggests importance of inter-generational within-household frictions in education decisions. Karthik Murlidharan and Ven-

* Ph.D. Candidate, Institute of Economic Studies, Charles University, Prague.