

# Warsaw International Economic Meetings 2007–2009 Best Paper Prize for Young Economists

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Warsaw International Economic Meeting convened in 2009 for the fourth time. The conference continues to bring young economists together, gives them the opportunity to interact, discuss and obtain feedback from their colleagues and more senior economists.

The National Bank of Poland funds the Best Paper Prize for Young Economists competition. The purpose of the Prize is to give promising young economists an additional signal on the job market at the beginning of their professional career. Significant numbers of local and international doctoral students were attracted to the WIEM conference. The quality of the research presented was generally very high and sometimes exceptional. The evidence of this quality is demonstrated by continuing success of the Prize laureates on the global job market for junior economists.

The procedure of selecting the winners involved obtaining feedback from independent referees—academics from a range of economic disciplines working at international universities. The main criterion of selection was research ‘innovativeness’ leading to good chances of publication in a world class economic journal. As the consequence of this strategy, no particular topic within economics was preferred.

The winner of the main Prize in 2007 was Tomasz Strzałecki, then a doctoral student at Northwestern University. Currently, he holds a job as an Assistant Professor at Harvard University. The title of his presentation was “Subjective Beliefs and Ex-Ante Agreeable Trade”. A newer version, titled “Subjective Beliefs and Ex Ante Trade” and co-authored by Luca Rigotti and Chris Shannon, was published in *Econometrica* in 2008. This is a distinctly theoretical study on general properties of beliefs. It provides a general definition of beliefs, as opposed to the special case of beliefs conforming to expected utility. It also provides conditions under which agents might trade due to differences in these general beliefs. This work is elegant, precise and focused.

Apart from the main Prize, two additional Prizes were awarded in 2007. The first one was given to Michał Kowalik, then a doctoral student at the University of Mannheim and CEMFI, for his conference presentation “How to Make Banks Reveal Their Risks: the Case of Basel II”. This is a policy-oriented paper studying implementation of risk-based capital requirements in the context of moral hazard problem inherent in banks’ risk choices. Incidentally, the re-

cent worldwide economic turmoil highlights the relevance of research in this field. Kowalik is currently a researcher at the Federal Reserve Bank of Kansas City. The second recipient of the additional Prize in 2007 was Max Friedrich Steinhardt from the University of Hamburg, HWWI. His paper “Labour market and migration—An empirical analysis of the wage and employment effects for Germany” is a well-executed empirical investigation on how immigration affects wages and unemployment of the native population in Germany.

There was one recipient of the Prize in 2008. Claudia Salim from Free University of Berlin and Technical University Berlin presented “Platform interconnection and quality incentives”; the new version of this paper is currently circulated as “Platform standards, collusion and quality incentives”. This is an attempt to illuminate the issue of interoperability of competing platforms in the telecommunication industry. It aims to analyse, from a theoretical angle, how platforms’ mutual agreement whether to interconnect or not affects subsequent price and quality competition. This study is motivated by, and provides arguments in an ongoing discussion in Europe of defining those telecommunications markets in which market failure may persist.

In 2009, the main Prize went to Przemysław Jeziorski, a doctoral student at the Graduate School of Business of Stanford University, for his presentation “Determinants of mergers and dynamic selection of product portfolio in the radio industry”. This is an ambitious project studying the merger wave that occurred in the U.S. radio industry after deregulation of 1996. What were the main forces driving the resulting consolidation and was consolidation good or bad from a welfare perspective? In order to provide an empirical answer, Jeziorski builds a sophisticated model and tests it against the unique set of data. This investigation suggests that most of incentives to merge were coming from the cost side and that all market participants benefited from the deregulation. Although this paper is still work in progress, one recognizes the skill in conducting a large-scale research project.

Of two additional Prizes in 2009, one went to Lenka Stastna from Charles University for her presentation “Local Governments’ Interactions: Evidence from Czech municipalities”. This research assessed the evidence of the spatial interdependence of local public expenditures in the Czech Republic. Not only is this project relevant and competently executed, but the whole research agenda was impressively presented at the conference.

The other additional Prize in 2009 was received by Jacek Rothert from the University of Minnesota for his presentation “Monitoring of the Government and Output Volatility: Theory and Evidence”. This study, still at the early stages of research at the time of the conference, aimed to explain why output volatility is different in developing countries in comparison to many very poor and rich economies. Rothert’s proposition is that the quality of monitoring of governments is crucial, as it affects the likelihood of government’s survival. This study, while focusing on political economy and growth theory is also applicable to industrial organization.