

Statement from the director of the institute on the revised final report of the Commission No.10

In our Statement from the director of the institute on the final report of Commission No.10, we suggested that two general corrections of the final report might be in order. While we welcome how the Commission approached the second suggestion (item "Severe underfunding of EI"), we continue to take issue with the first item ("Externally imposed excessive administrative burden"), as detailed below.

Severe underfunding of EI (item 2 in the Statement from the director)

To summarize, we agreed with the Commission's statement that the Economics Institute is severely underfunded (**Section 5, Subsection Declaration on the vitality and sustainability, item 1**) but disagreed with the added comment in the bracket that "it is the case for all evaluated Institutes." The latter comment has been removed from the Commission's final report and we appreciate this change.

Excessive administration (item 1 in the Statement from the director)

We would like to express our concerns regarding the way the Commission's final report has been revised in response to our rejection of the Commission's recommendation for EI to "relax the problem of research underfunding by drastically reducing the administrative burden." While we welcome that the Commission's Comments to the Reassessment agreed with us that the excessive administrative burden is beyond EI's control and that the Commission added in Section 5 of the final report that CERGE-EI appears to be haunted by an excessive administrative burden *'that is externally driven'*, we are concerned that other parts of the final report have not been revised to reflect this change, seemingly making the overall report appear inconsistent in its conclusions and recommendations. As a couple of specific illustrations:

- (i) Section 4 Recommendations still states that "The excessive administration should be drastically reduced and the funds thus saved should be made available for research."
- (ii) Section 5 still contains the original statement that "Therefore, one should consider ways in which the administrative burden at CERGE-EI be drastically reduced in an efficient way. The resources thus saved might productively be used to relax the underfunding problem of research."

Since these statements seem contradictory to the Commission's revisions of the final report, it would seem meaningful to align the statements with the revisions. Other statements in the final report now seem misaligned, too, but this might be due to our misunderstanding of the Commission's revisions. We have reasons to believe so because the Commission's Comments to the Reassessment mentions that *'additional changes in wording were performed in the report'* yet we have not been able to identify them, as we demonstrate below for sections that in our view call for further revision.

Let us take this opportunity to clarify that there are additional claims which were not raised by the EI director or the team leader during the presentation to the Commission, nor were they discussed at the meeting, to the best of our recollection. Referring to the Commission's final report, among the key ones are:

- 1) "An initiative to make additional funds available to CERGE-EI for data acquisition and empirical research would be welcome" in Section 4 Recommendations (on page 2).
- 2) "The group is lacking a sufficiently large empirical arm. This is partially due to the aforementioned financial restrictions, since economic theory is cheaper than empirical work (which requires investments into data bases and data collection)."

Let us clarify that:

- 1) We do not ask for more funding data acquisition and empirical research.
- 2) We disagree that the current lack of empirically oriented researchers is driven by the lack of funding invested into databases and data collection. In our view, we are indeed lacking (or were lacking at the time of the evaluation) sufficient number of empirically oriented researchers but, as we argued during our presentations, this rather reflects the availability of researchers on the international job market in empirical fields in recent years, combined with the insufficient funding we have available for attracting promising new researchers in general. We argued that, under such conditions, a small-size department such as ours (which again is connected to the general underfunding) is naturally sensitive to even small fluctuations in its field composition.

Original final report:

Section 4. Recommendations, p.2:

The allocation system for funding within the CAS should be changed so as to give more weight to quality. As it is common at research institutions around the world, journal publications should be evaluated by a strongly convex schedule giving most of the weight to the top journals (bearing in mind the differences between particular fields of research and their "publishing policy") and essentially lower weight to low-ranked journals. An initiative to make additional funds available to CERGE-EI for data acquisition and empirical research would be welcome. The excessive administration should be drastically reduced and the funds thus saved should be made available for research.

Section 5, item (3):

CERGE-EI appears to be haunted by an excessive administrative burden. This may be explained by the fact that it is a joint operation of CAS and Charles University. But it strikes us that this can at best be an excuse. In neighbouring Austria the Vienna Graduate School of Finance (VGSF) is run jointly by three institutions (the Vienna University of Economics and Business, the University of Vienna, and the Institute for Advanced Studies) already for over ten years. Yet, VGSF has never developed such an excessive administrative apparatus as CERGE-EI has. Therefore, one should consider ways in which the administrative burden at CERGE-EI be drastically reduced in an efficient way. The resources thus saved might productively be used to relax the underfunding problem of research. However, the Commission could not assess whether the administrative burden is higher compared to other Institutes of the CAS.

Revised final report:

Section 4. Recommendations, p.2:

The allocation system for funding within the CAS should be changed so as to give more weight to quality. As it is common at research institutions around the world, journal publications should be evaluated by a strongly convex schedule giving most of the weight to the top journals (bearing in mind the differences between particular fields of research and their "publishing policy") and essentially lower weight to low-ranked journals. An initiative to make additional funds available to CERGE-EI for data acquisition and empirical research would be welcome. The excessive administration should be drastically reduced and the funds thus saved should be made available for research.

Section 5, item (3):

*CERGE-EI appears to be haunted by an excessive administrative burden **that is externally driven**. This may be explained by the fact that it is a joint operation of CAS and Charles University. But it strikes us that this can at best be an excuse. In neighbouring Austria the Vienna Graduate School of Finance (VGSF) is run jointly by three institutions (the Vienna University of Economics and Business, the University of Vienna, and the Institute for Advanced Studies) already for over ten years. Yet, VGSF has never developed such an excessive administrative apparatus as CERGE-EI has. Therefore, one should consider ways in which the administrative burden at CERGE-EI be drastically reduced in an efficient way. The resources thus saved might productively be used to relax the underfunding problem of research. However, the Commission could not assess whether the administrative burden is higher compared to other Institutes of the CAS.*

In Prague March 3, 2016

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