

A New Standard of Economic Excellence

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By Konstantin Sonin

To outside observers, it might seem that Russian economists do nothing but ignore each other — or at least speak to one another in completely different languages. One group of economists writes briefs for the government, another submits abstracts to academic journals, a third composes articles for the press and a fourth offers analytical reports to corporate management — and the information produced by each group rarely overlaps. In other countries, the common ground between varying groups of economists is much broader. That is why any serious initiative that manages to unite Russian economists is worth discussing.

The first-ever National Award for Applied Economics will be conferred on Thursday. The award stands a good chance of becoming a prominent event and represents the first step toward establishing common ground among Russian economists. Sergei Kadochnikov, dean of economics at Urals State University, proposed the award, and his initiative won support from Moscow's leading universities and institutes, the Association of Independent Centers of Economic Analysis, and Expert business magazine.

By Russian standards, the cash prize is significant — 1.5 million rubles (\$51,000). But that is not the most important thing. Our country offers many different prizes for achievements in economics, but they are not very prestigious. An award only gains national standing when the judging criteria are sufficiently well-defined so that a variety of specialists in economic science see the winner's contribution to the field. Only then is the award taken seriously, because it allows economists and other professionals to see what type of work sets the standard for quality. Such work also serves as a jumping-off point for further research.

From the outset, two principles governed the judging of this award. First, the prize is awarded for applied research. That is, it honors work that can lead directly to recommendations for economic policy. Second, the work must meet the highest possible economic standards. When awards are conferred annually in multiple categories, a great temptation exists to “haggle” over who should be given what. To exclude that possibility, this award is conferred in a single category and only every two years. In addition, the winner is chosen by a jury of five people selected from the membership of the award's academic committee. That committee consists of leading representatives of every field of economics. The names of jury members are kept secret, and five new members take their places each year. This provides a further guarantee against possible collusion.

The jury members were each sent the names of award nominees. Their job was to choose several of the nominees' works and to obtain reviews of the work from specialists in those particular fields. Next, they had to select what was, in their opinion, the most outstanding work and to prepare a clear and interesting answer as to why it should be deemed the best work in applied economics for 2008-2009.

This year, the prize was awarded to Yury Gorodnichenko of the University of California at Berkeley and Klara Sabirianova Peter and Jorge Martinez-Vazquez, both of Georgia State University in Atlanta, for their paper, “Myth and Reality of Flat Tax Reform: Micro Estimates of Tax Evasion Response and Welfare Effects in Russia.” That paper was published in the *Journal of Political Economy*, one of the world's leading economics publications.

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