

Mathematical Methods in Economics 2005, 14 – 16 September 2005
Opening Session, 14th September, Room A5, 10.30

Oldřich Vlasák
Member of the European Parliament

Ladies and gentlemen

Let me welcome you all in the city of Hradec Králové, which I personally feel to be an integral part of as I had been a mayor of this beautiful city for six years before I joined the European Parliament. I believe that you will find the city and its inhabitants as charming and friendly as I do.

The topic of this international conference is Mathematical methods in economics. You may probably wonder how a politician could contribute to such a topic. You may also wonder whether a politician can even understand the difficult language of mathematics and econometrics. I can try to build our dialogue on some foundations because I specialized on mathematics and physics when I was studying on the local grammar school. But that was long time ago. Despite this fact I have to tell you that sometimes I find easier to catch up with integrals and derivations than to follow the logic of the political newspeak.

You know that many politicians use data and present numbers without correctly referencing to their sources or explaining what they are exactly talking about. For example when the national budget is debated in the media or in the Parliament everybody is fiercely talking normatively about the size of projected deficit and debt. But only a few clearly define if they mean public deficit or deficit of the state budget solely, if extra budgetary funds such as health insurance are included or not and so on. Also hardly anybody speaks about variables and parameters that have been used when the budget was calculated. You know better than me how powerful these parameters are and what wonders can you achieve when you slightly adjust some of them.

The same applies to the European level. One of the hot issues of our membership in the Union is calculation if we receive from Brussels more than we have to pay. Recently our prime minister said that since 2006 Czech Republic will receive more than 100 billion crowns a year from the structural funds. He said it out of the blue; you can't find any document which would provide you with a mathematical model showing where this figure coming from. I personally believe that membership in the Union is about different values than the pure equalization between our payments and commitments. Values such as democracy, safety, access to internal market, freedom of movement etc. But that is different story. Different story also is if we will be able to use the resources, no matter how big they will be, effectively and efficiently so that they will boost up our economic

growth. However how can we recognize if the statement is true or not? What a citizen can believe in?

Here I see your role, role of academia, role of econometric and operations research societies to strictly follow and examine if the models politician use are correct. You should tell our fellow-citizens how to interpret results of these models and how to understand their factual meaning. You should be the watchdogs of politicians so that they can't any more juggle with numbers. You have a hard job in front of you. But I believe that your deeper involvement in politics is necessary.

I would like to express thanks for the opportunity to share my ideas with you and wish you good luck and many fruitful discussions during this conference.

Thank you.

Oldřich Vlasák
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