



In This Issue

Page

Leader

- Evaluation of IHS 1

Project Activities

- Youth 3
- OSCOGEN 4

Economics and Finance

- Social Security and Retirement 5
- Inflation Targeting 7
- Market Simulation Research 8

Political Science

- Governance in Europe 10

Sociology

- Policy Networks 11
- *Methodenstreit* 12

IHS Burgenland

- Trend Report 13

Evaluation of IHS

by Bernhard Felderer

The national public sponsors of the Institute for Advanced Studies recently arranged for a committee to evaluate the major Austrian institutes active in economic research. The Institute for Advanced Studies (IHS), in particular its department of Economics and Finance, was one of these. Professor Silvio Borner (University of Basel), Professor Gerhard Clemenz (University of Vienna) and Professor Wolfgang Franz (University of Mannheim and ZEW) submitted a detailed report on each of the three institutes. Since the reports cover previous performance and helpful recommendations, it seems appropriate to consider some of the findings and suggestions.

The review of the **academic research** in the last ten years was extremely positive. The authors of the report emphasize both the quality and the quantity of "first class publications" in "prominent journals" like the *Economic Journal*, the *Quarterly Journal of Economics* and *Econometrica*. The evaluation experts mention, in particular, that this activity has significantly increased in the last decade and recognize the high competence of the Institute in theoretical and empirical research.

Post-graduate education in economics and finance on the highest international level will remain an indispensable mission for IHS. Regarding our two year post-graduate programs in economics and quantitative finance, the evaluation committee concludes that public



funds for teaching are insufficient. They, therefore, strongly recommend that the subsidies for education be increased. These subsidies should be guaranteed for a three to five year period on a contractual basis. The evaluation commission recommends that the Institute collaborate with Austrian universities to establish a national PhD program in economics and finance. Indeed, several months prior to the evaluation, the Institute together with the University of Vienna and the Technical University of Vienna presented a draft of an agreement for a collaboration to the Ministry of Education, Science and Culture. We are confident that we will be able to establish one of the most prestigious PhD programs in economics and finance in Europe. Furthermore, IHS intends to continue the close collaboration with the Economics Faculties at Columbia University and the CentER in Tilburg as well as the successful visiting professor program.

That part of research which we term **applied research** is, in principle, not covered by public funds. More precisely, variable costs of this research have to be raised through the market for research expertise. Subsidies for these activities are limited to office space, computer equipment, and library access. Applied research activities expanded rapidly in the past ten years, in particular during the second half of the 1990s. The evaluation report questions the large volume and the heterogeneity of the applied research program. Indeed, the turnover of projects increased from € 0.28 million in 1990 to € 2.54 million in 2001. The Institute supported the creation of new research entities (ESCE, ExAqua) that were established as independent spin-offs by former colleagues and partners. IHS itself runs two regional offices: one in Carinthia (since 1998) and one in Burgenland (since 2001). A precondition for the continued success of IHS in the area of applied research is

the synergy between academic and applied research. The high level of applied research is only possible because researchers take part in all academic activities of the Institute.

Following the **recommendations** of the report, the director of the Institute will suggest to its Board of Trustees (*Kuratorium*) not to increase further the share of applied research in the total budget and even to reduce it, especially if public subsidies are significantly raised. Sufficient research capacity to satisfy the many and diverse needs of potential customers will be guaranteed thanks to our regional IHS offices and entities mentioned above. The evaluation report also makes a number of suggestions regarding the organization of the Institute. While some of these suggestions have always formed an integral part of our management concept, the implementation of others has had to be kept at a low level due to a lack of funds (e.g. sabbaticals for members in applied research groups).



Bernhard Felderer

To conclude, the final evaluation report represents an impressive documentation of the successful work of the Institute for Advanced Studies in its nearly forty years of existence. The report emphasizes that the rise in academic standards in economics in Austria in recent decades has been to a significant degree due to the activities of IHS. The fact that our Institute has never been more present and recognized in academia and in the minds of the public as it is now does not mean that we cannot perform even better. As this success is due to the individual commitment and avid enthusiasm of the entire IHS community, the continued mobilization of these talents should allow us to become one of the leading European institutions in economics.

Bernhard Felderer is Professor of Economics and Director of IHS: felderer@ihs.ac.at. The entire evaluation report is available in German at <http://www.oenb.co.at>.

Project **The Condition of Youth and Youth Policies in Europe**

Institutions involved: The project is co-ordinated by IARD, Milan and youth experts in each European country.

Commissioned by: European Commission (DG Education and Culture)

Project Period: April 2000 - July 2001

Homepage: <http://europa.eu.int/comm/education/youth/studies/iard/iard.html>

► This project was carried out for the European Commission as background for their *White Paper on Youth*. This is the first time that a really comprehensive overview of the situation of youth in Europe has been attempted.

We have to take into account a combination of the welfare regimes and the family models in the different parts of Europe to understand how young people are situated. In **youth policies**, young people can be seen either as a resource for society or as a problem for society. In the former regimes all youth were targets of intervention as a resource. In the current regimes it is rather the problem youth that are the focus of intervention. The extent to which youth policies form a major or a minor area of welfare policy is also variable. Finally, there is the involvement of different actors - local and national government, market, state and civil society.



The **Nordic states** provide the most support for young people, enabling them to leave home relatively young (and this is considered an ideal amongst Nordic youth) and to be more or less independent of their families. In the Nordic countries young people are likely to cohabit for periods of time rather than to marry and a large proportion of children are born to unmarried parents. This is associated with universalistic welfare regimes (in the typology of Esping-Andersen¹). Here youth policies are a relatively new form of intervention and were greatly expanded as a response to rising unemployment in the last twenty years. The policies are mainly state directed, but there is a strong involvement of civil society and the Third Sector. There is a narrow concept of youth, focused just upon teenagers and upwards, and youth are seen as a resource. Therefore, an important element of youth policy is to encourage the participation and integration of young people into society but at the same time enhance the autonomy and independence of all young people. The target groups are thus all young people but with a narrowly defined age range.

In the **Central European countries** of Germany, Switzerland, and Austria, there are what is termed *employment-based family-centred* welfare regimes. This is because the welfare system is

mainly insurance based and family centred with state support. Here young people are semi-autonomous from their families since they may leave home but depend upon extended family support and a mixture of state and market in their transitions out of the family home. In these countries there has been a long tradition of youth policies since the beginning of the last century and well established institutes and ministries dedicated to youth. However, youth policy is often decentralised and is also devolved to a greater or lesser extent onto civil society. The concept of youth is a wide one which also includes children and young families and perhaps for this reason, young people are seen as people to be protected as well as promoted and supported. Thus youth policies are directed both towards all youth (broadly defined) and towards problem youth who may need extra protection.

In **the UK and Ireland**, we find a liberal or minimal welfare regime. Young people also leave home early and there is an expectation that they will be autonomous from their families, but this depends upon the market rather than the state. The early entry into the labour market enables them to become autonomous from their families but with more risks attached than in the Nordic systems. There is a problem of young women having children without any employment or partner and this is strongly associated with poverty and deprivation. In the Republic of Ireland, however, this liberal welfare state exists together with a rather conservative family model whereby young people stay at home for longer periods and are less likely to form families without getting married. In these countries, youth policies are mainly delegated to civil society (churches, volunteer organisations) rather than being directed by the state. Local communities rather than national states are responsible for youth policies. There is a narrow definition of youth in terms of age ranges and state youth policies are directed mainly at youth as problems. The aim of youth policies is therefore often one of problem containment and certain youth become the focus, such as single ►

¹ Gosta Esping-Andersen "Social Foundations of Postindustrial Economies", Oxford University Press, 1999.

parents, unemployed youth, homeless youth, youth in deprived neighbourhoods and so on.

In the **Southern European countries** we find a sub-institutional welfare regime. The welfare system is not universal - some people are not covered at all - but rather the family is one of the main sources of welfare. Cohabiting or having children outside of marriage is rare. Given the high levels of unemployment, the labour market does not offer a way out of the family, either, for many young people. Therefore, they stay for long periods at home with their parents, leaving mainly in order to get married. In these countries, there were no youth policies until very recently. Youth were regarded as part of the family rather than a separate target of intervention and other issues were dealt with by the Church. However, now youth policies are being introduced, partly as a result of the introduction of European policy. In these countries, there is a narrow concept of youth (specific age ranges) and youth policies are centralised and state directed. There is little involvement of civil society since both local authorities and civil society have a weak role in these countries. There is low participation in youth organisations, but it seems to be growing and only special groups of youth, rather than all youth, are targeted by youth policies.

Considering all these models, we can see that there are different traditions of youth policies in the various parts of Europe and that these tend to reflect historical traditions as well as different religions and family cultures. The Europeanisation of social policies in recent years has meant that there is more of a tendency to introduce new policies reflecting common problems and this has been especially influential in Southern Europe. However, the *White Paper* and the initiative behind this research may help to create a more harmonised youth policy in the future.

For further information please contact Claire Wallace, researcher at IHS, specializing in Gender Studies, Migration and Citizenship, Transition in Eastern and Central Europe and Youth (wallace@ihs.ac.at) or Reingard Spannring, researcher at IHS, specializing in youth research (transition, precarious employment, informal work, national identity, citizenship, participation, youth policy) and social reproduction (spann@ihs.ac.at).



Project

Optimisation of Cogeneration Systems in a Competitive Market Environment

Institutions involved: IHS; BEWAG AG, Berlin; IER, Institut für Energiewirtschaft und Rationelle Energieanwendung, Universität Stuttgart; IJS, Institut Jozef Stefan, Slovenia; FE, Faculty of Electrical Engineering, Laboratory for Energy Policy, University of Ljubljana; TE-TOL, Termoelektrarna Toplana Ljubljana; CEPE, Centre for Energy Policy and Economics, ETH Zurich WEC

Commissioned by: European Commission

Project Period: November 2000 - January 2003

Homepage: <http://www.oscogen.ethz.ch>

► The project aims at developing an optimisation tool for the operation of co-generation plants in competitive energy markets based on stochastic programming and genetic algorithms.

The current **liberalisation of electricity markets** and the introduction of **energy exchanges** will have a tremendous impact on the electricity production business in Europe. Power producers nowadays are confronted with volatile spot market prices rather than fixed rates. But this increase of uncertainty also results in potential chances and here is where the financial industry comes into play. The electricity producer now has the possibility, in financial terms *the (real) option*, either to produce electricity by using his generation assets or to buy electricity on the spot market. The underlying theory, the **theory of real options**, was mainly inspired by the option pricing techniques which revolutionized financial theory in the early 1970s. The planning of the operation of existing plants or the building of new plants consequently requires an update accounting for the new opportunities for companies trading on energy markets. The objective of the OSCOGEN project is therefore to develop an optimisation model for the operation of combined heat and power (CHP) plants within this new market.

In particular the **model** should

- incorporate the technical and economic characteristics of CHP plants,
- allow for uncertainties to give a more accurate picture of real world applications, and

- provide support for the submission of optimum bids in the electricity spot market.

Starting with a deterministic prototype optimisation model, an extended version will be formulated taking into account uncertain parameters and variables. Genetic algorithms will be used in order to find good or at least attractive solutions in view of highly complicated optimisation problems. In addition to this, electricity markets in the EU as well as uncertainties at the bidding stage and their correlation with the underlying market characteristics will be investigated. Finally a method for evaluating optimum bidding strategies will be developed. The optimisation tool will then be tested, adjusted and improved jointly with industrial partners in Germany and Slovenia through two case studies.

For further information please contact R.Alt (alt@ihs.ac.at), C.Helmenstein (helmen@ihs.ac.at), J.Hlouskova (hlouskov@ihs.ac.at), S.Kossmeier (koss@ihs.ac.at) or A.Schnabl (schnabl@ihs.ac.at).

■

Vienna Vice Mayor at IHS



B. Felderer and J. Rieder

On December 19th 2001, Vice Mayor Josef Rieder visited the Institute for Advanced Studies. Bernhard Felderer, the heads of the IHS departments and several IHS staff members presented to him the current focus of applied research activities. Mr. Rieder was particularly interested in the topics of health economics, pension insurance, life-long learning, privatization and local finance. After an interesting and stimulating discussion, Mr. Rieder and Mr. Felderer on behalf of the IHS agreed to remain in contact and to consider further cooperation in the near future.

Social Security and Retirement in Austria

Interaction between social security and retirement behavior in Austria is the focus of an IHS study, commissioned by the Ludwig Boltzmann Institut. The study analyses labor market and retirement behavior of older people in Austria and presents the results of a series of simulations aimed at assessing the retirement incentives generated by the pension system. Together with Robert Holzmann, director of the Ludwig Boltzmann Institut zur Analyse wirtschaftspolitischer Aktivitäten, and Bernhard Felderer, the two authors, Helmut Hofer and Reinhard Koman, presented the study in a press conference at IHS on October 30th, 2001.

by Helmut Hofer and Reinhard Koman



Press conference at IHS (l. to r.): R. Koman, H. Hofer, R. Holzmann, B. Felderer

By international comparison, Austria spends a rather high proportion of government funds on pensions and currently operates one of the more **generous and complete pension systems** in Europe: Pension assessment is based on the best fifteen years of salary and the maximum replacement rate is 80 percent, among the highest in Europe. Pension benefits are indexed to net wages. Pension expenditures claim about 14½ percent of GDP, which is one of the highest values in the world and well above the OECD average of about 10 percent. Pension contributions have fallen short of pension outlays over the past twenty years. Approximately one quarter of pension expenditures has to be covered by transfers out of the federal budget, even though contribution rates have almost doubled since the 1960s.

Another distinctive feature of the Austrian system is the **large share of disability and early retirement pensions**. Between 1970 and 1998, the actual retire- ►

ment age fell from 61.9 for men and 60.4 for women to 58.2 and 56.7, respectively. Early retirement has been used heavily to limit unemployment among older workers. As a result of this, labor force participation rates of the older people have been falling dramatically in the post-war period and this process has even accelerated since the 1970s, particularly among males over age fifty-five. Between the ages of sixty and sixty-five, only about 10 percent of the population is in the labor force.

An aging population, increasing life expectancy and very generous benefit levels make the Austrian pension system unsustainable in the long run. In the absence of basic adjustments, fiscal pressure from the pension system is expected to increase significantly in the future when the old-age dependency ratio is expected to worsen. Given the unfunded nature of the pension system, an increasing dependency ratio will put an immense pressure on public budgets.

An important source of financial pressure is the sharp drop in labor force participation rates among older people. It seems inevitable that the labor force participation of older people and the effective retirement age will have to be raised. The key question of our study is, how much of the low labor force participation of older people can be attributed to incentive effects of the public pension system. The study describes labor market and retirement behavior of older people in Austria, both today and over time, surveys the key features of the Austrian public pension system, summarizes the relevant institutional details and describes the benefit assessment rules.

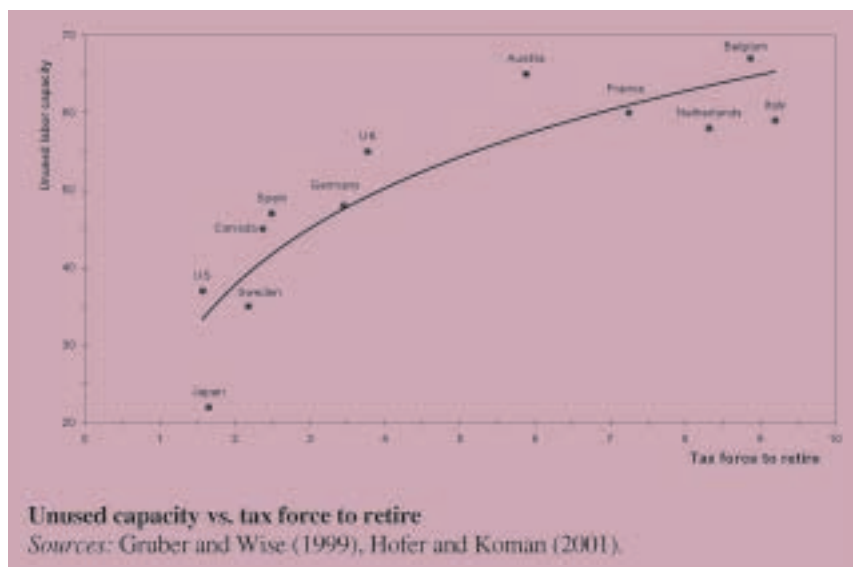
Finally, we present the **results** of a series of simulations aimed at assessing the retirement incentives generated by the pension system. We compute, for several stylized cases, levels and accrual rates of social security wealth and implicit tax rates on continued work according to the method portrayed in an international study edited recently by Jonathan Gruber and David A. Wise, *Social Security and Retirement Around the World*. Social security wealth is defined as the expected present value of net pension benefits minus pension contribution payments after the age of fifty-five. The accrual rate is the percentage change of social security wealth from an additional year of work while the

implicit tax rate on continued work is the ratio of the loss of social security wealth to the potential net earnings from working one more year.

Our results show that, to some extent, the sharp drop in labor force participation among older people must be attributed to major disincentives of the Austrian pension system, which turns out to provide significant incentives to retire early. The implicit tax on continued work becomes quite large after the early retirement age; it is particularly high, even before the early retirement age, for workers who are entitled to claim disability pensions or equalization supplements. Recent reforms, which have extended the number of years over which the assessment base is computed, increased the penalty factors for early retirement and postponed the early retirement age, have, to some extent, reduced the disincentives. Our results, however, indicate the need to reform the public pension scheme further and to reorient it more

strongly towards the principle of actuarial fairness.

In order to place labor market behavior and retirement incentives in Austria in **international perspective**, we compare our results to those provided in Gruber and Wise (1999) for a sample of eleven countries: The accompanying illustration pre-



sents a scatter plot of the *tax force to retire*, an indicator ranging from zero to ten and intended to summarize the country-specific incentives for early retirement, and the *unused labor capacity*, the unweighted average of the proportion of men not working between the ages of fifty-five and sixty-five.

Austria has labor force participation rates at older ages that are among the lowest among similarly developed countries. In our country sample, the unused labor capacity in Austria (65 percent) is only exceeded by the Belgian value (67 percent). The tax force to retire amounts to 5.88 in Austria, which is close to the top rates in the sample. As already documented in Gruber and Wise (1999), the international comparison shows a strong correlation between the tax on continued work and unused labor capacity.

H. Hofer and R. Koman are IHS researchers, specializing in labor economics and public economics, respectively. For details please contact koman@ihs.ac.at or hofer@ihs.ac.at.

Advanced Topics in Continuous Time Finance Term Structure Models

IHS courses in October 2001

by Kerry Back

Kerry Back taught two courses, *Advanced Topics in Continuous Time Finance* and *Term Structure Models*, for the second year QuantFin students in October. He began

his courses with the Equivalent Martingale Measures and how these measures can be applied to various derivatives, including exotic derivatives. He then showed in his second course how various yield curve models can be priced.



Kerry Back

In his public lecture, Kerry Back presented his latest research paper, "Information in Securities Markets: Kyle meets Glosten and Milgrom". In this paper, he studies a model of informed trading in which trades arrive sequentially, uninformed trades arriving as a Poisson process. He characterizes an equilibrium in which the single informed trader plays a mixed strategy - a point process with stochastic intensity. In this equilibrium, informed and uninformed trades arrive probabilistically, as they are assumed to do in Glosten-Milgrom models. He studies a sequence of such markets in which uninformed trades become smaller and arrive more frequently, approximating a Brownian motion. He shows that if the equilibria converge, then their limit is the equilibrium of a Kyle-type continuous auction model.

K. Back is Vernon W. and Marion K. Piper Professor of Financial Economics at the Olin Business School, Washington University, St. Louis: back@olin.wustl.edu

Inflation Targeting and Nominal Income Growth Targeting: When and Why Are They Suboptimal?

by Dale Henderson

In "Inflation Targeting and Nominal Income Growth Targeting: When and Why Are They Suboptimal?" Jinill Kim and I derive optimal monetary stabilization rules and compare them to simple rules. Optimal rules maximize the expected utility of the representative agent subject to the information set of the policymaker, which may contain either full or partial information about the shocks that hit the economy. In accordance with the practice of most central banks, we assume that the nominal interest rate, not the money supply, is the instrument of monetary policy. Inflation targeting and nominal income growth targeting receive special attention.

We use a **model** of a closed economy with optimizing firms and households, monopolistic competition in both product and labor markets, and one-period nominal contracts. Within a range, it is profitable for firms or workers to increase their outputs or labor services in response to increases in demands even though they cannot change prices or wages. A stabilization problem exists because the shocks are unknown when contracts are signed. Agents are "identical" because contracts are synchronized, so we can consider the utility of the representative agent. This utility can be written as a function of only employment and shocks since consumption is implied by the production function. To illustrate some basic theoretical results in an easily understandable way, we impose enough simplifying assumptions to insure that we can obtain exact analytic solutions.

We consider **two cases**: (1) all wages set in contracts and all prices flexible, and (2) all wages and prices set in contracts. The outcomes in the third case with price contracts alone are the same as the outcomes in the case of both wage and price contracts for all variables except the nominal wage. If wages are set in contracts, for some shocks the attractiveness of some simple rules depends crucially on whether prices are also set in contracts. For each case, we determine the optimal rule with commitment and full information.

Although it may seem surprising at first, the **optimal rule** with nominal contracts generates the unique outcomes for employment that would emerge in equilibrium with full flexibility of wages and prices. With full flexibility, employment does not depend on the price level (neutrality) or inflation (superneutrality) ►

and the mean and variance of employment are independent of monetary policy. Full flexibility employment is below Pareto optimal employment because of the distortions resulting from monopolistic competition, but there is nothing that the policymaker can do to change this fact. With nominal contracts, monetary policy can affect both the mean and variance of employment. However, expected utility with nominal contracts is always less than or equal to expected utility with full flexibility. That is, it is not welfare improving to raise expected employment above the full-flexibility level toward the level it would have without distortions.



Dale Henderson

shock. The higher this ratio, (1) the lower the response coefficient in optimal rules based on observation of and response to a single variable, and (2) the more suboptimal are strict inflation targeting, strict nominal income targeting, and other simple rules that involve total stabilization of a single variable rather than optimal response to that variable.

D. Henderson is Associate Director in the Division of International Finance at the US Federal Reserve Board. In January 2002 he gave a course on Advanced Open-Economy Macroeconomics at IHS: dale.henderson@frb.gov

For us **"targeting" a variable** means either total or partial stabilization of that variable and "strict" ("flexible") targeting means total (partial) offsetting of deviations of a variable from a target value. The policymaker must target a nominal variable (either inflation or nominal income) if there is to be a determinate rational expectations equilibrium; there must be a "nominal anchor." If the policymaker responds to deviations of two variables - for example, inflation and output - from target values, we say it is targeting a combination of those variables. We show that inflation targeting, nominal income growth targeting, and some other simple rules are suboptimal with full information.

A policymaker might use a **simple rule based on a limited subset of variables** because it does not have information on other variables. We determine the optimal rules under alternative assumptions about partial information. Under these assumptions, the policymaker knows the current values of some or all of the variables determined by the model (inflation, output growth, and employment growth) and can infer something but not necessarily everything about the current values of some of the shocks. We show that strict inflation targeting, strict nominal income growth targeting, and some other simple rules are suboptimal with partial information and that flexible versions of these same rules are suboptimal except possibly under the very restrictive assumption that inflation, nominal income growth, or some other limited set of variables is the only information available to the authorities.

A number of our **conclusions** regarding optimal rules under partial information and simple rules depend critically on the ratio of the variance of the productivity shock to the variance of the demand

Market Simulation Research at IHS

by Jamsheed Shorish

This fall at IHS has seen the first steps toward developing a novel forum for both experimental and computational economics. The Market Simulation Research Project is a multi-faceted research agenda designed to address several issues in both theoretical and applied economics and finance, utilizing the technological advances in networked computing power which have been made over the last decade, and especially within the last five years.

First, the project will provide the infrastructure to allow for laboratory experiments with human subjects, interacting in a **trading environment via a virtual computer market**. Recent advances in computing power and programming will allow both researchers and the computer system itself to monitor and oversee the behavior of human subjects, to better understand how the information presented and the resultant actions performed are connected. Without delving too deeply into the behavioral foundations of human economic actions, the experiments will nonetheless allow for testing of e.g. the expected utility hypothesis in a wide variety of markets, both in general equilibrium and financial trading situations.

Second, the project will attempt to **develop computer algorithms** that can extrapolate the features of human economic behavior, and attempt

to reproduce such behavior in massive Monte Carlo-style simulations. This will require, at a purely computational level, a deeper investigation into the types of mappings between information and actions which are estimable and reproducible by an expert system that is observing human behavior. Again, as little *a priori* structure will be placed upon individual decision-making, so that tests of rationality, expectations formation etc. may be performed (instead of assumed). If successful, this implementation of human-like artificial market participants could indicate the empirical probability distributions of variables at the macroeconomic level. Techniques for investigating such distributions have been extensively studied in both the economic and the physical sciences (e.g., active media and mean-field theory), and have recently been applied to complicated dynamical economic systems by economists such as Masanao Aoki, William Brock and Stephen Durlauf.

The techniques developed for this analysis will be applicable to purely artificial market simulations (in which the human subject extrapolation is absent), in the hope that further light can be shed upon the distributions over macroeconomic states in such models. For example, the question of whether or not such degenerate states as the Representative Agent in macroeconomics are likely outcomes of such agent-based approaches is amenable to analysis in this framework.

Lastly, the project will provide a "sanitized" environment for **simulating financial markets**, to assess how individuals (artificial or human) learn from their surroundings, how various trading strategies evolve, or how new (e.g. derivative or monetary) assets are introduced and priced.

As a first step, two PhD scholars (Jürgen Jung and Günther Grohall) will focus at least part of their second-year thesis papers upon agent-based mode-

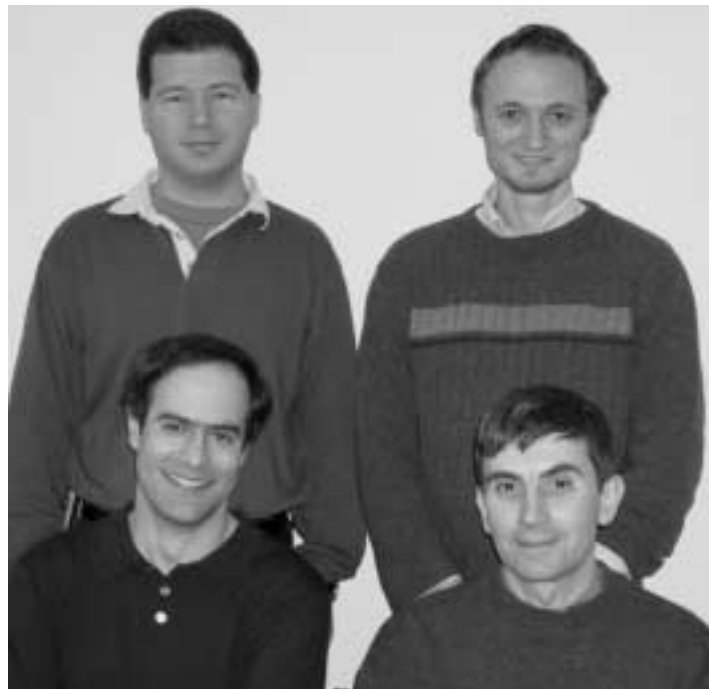
ling and macro-financial distribution estimation, from the general equilibrium and financial microeconomic viewpoints, respectively. In addition Victor Dorofeenko is investigating the distributional theory of agent-based complex economic systems, with an eye toward providing analytical predictions of macrostate variables. Central to these research foci is the **structure of the computer market** itself, whether it is flexible enough to "observe" and learn from human behavior (modifying its own structure accordingly, if necessary), and whether it is possible to extract enough information to analytically reproduce the actual information sets or "neighborhoods" which both human and artificial agents use to condition their actions. Such neighborhoods are in all but the simplest cases (e.g., the two-dimensional grids

which are the standard in most agent-based computational systems) higher-dimensional abstract manifolds to which the approaches of differential and algebraic topology are applicable.

The project is clearly ambitious in scope and long-term in duration. The reward of such a project is, however, of potentially great value to the development of **economics as a quantitative science**. The recent enormous advances in computing power may be harnessed to

generate both careful and precise human laboratory experiments, and to use the resulting information not just to falsify existing theoretical relationships but also to extrapolate new theories. Such theories may shed light upon the relationship between individual economic agents, their beliefs and expectations, and the resulting macroeconomic distributions of aggregate variable. Armed with such theories, the conventional techniques of comparative statics and confidence-interval-based estimation will continue to find fertile ground.

Jamsheed Shorish is an Assistant Professor in the Department of Economics and Finance at IHS, specializing in the fields of general equilibrium theory, learning dynamics and computational economics: shorish@ihs.ac.at ■



Standing (l. to r.): G. Grohall, J. Jung
Seated (l. to r.): J. Shorish, V. Dorofeenko

New Modes of Governance in Europe: Policy-Making without Legislating?

by Adrienne Héritier

Under conditions of **problem interdependence** across boundaries, collective action to provide common goods¹ has to take place vertically across multiple levels of government and horizontally across multiple arenas² involving public and private corporate actors. No single actor, public or private, has sufficient potential for action and/or sufficient power to solve problems of interdependence on her own, nor has she all the knowledge and information required to solve complex, dynamic, and diversified problems. Hence actors have to rely on each other (Kooiman 1993, 4). Problem interdependencies create incentives to cooperate: the very potential to mutually obstruct solutions promotes the willingness to come to agreements (van Vliet 1993, 110). Europe is such a multilevel and multiarena polity, faced with complex problems of interdependence against a background of diverse social and economic conditions in which public and private actors with very diverse interests depend on each other to provide common goods. In short, it is faced with a need for governance across multiple arenas.

In the literature the **concept of governance** is used in two different ways: one broad, the other more restricted. In the encompassing sense it implies every mode of political steering involving public and private actors, including the traditional modes of government and different types of steering from hier-

archical imposition to sheer information measures. In the restricted sense it only comprises types of political steering in which non-hierarchical modes of guidance, such as persuasion and negotiation, are employed, and/or public and private actors are engaged in policy formulation.

Private actors may be engaged in a variety of forms of policy formulation:³ they may "regulate" themselves on a voluntary basis; a regulatory task may have been delegated to them by a public actor; or they may be engaged in "co-regulation," regulating jointly with public actors. The focus of this analysis is on new modes of governance and government in the European Union that (a) include private actors in policy formulation, and/or (b) while being based on public actors, (c) are only marginally based on legislation (these are hierarchical insofar as they are subject to a majority decision) or that are not based on legislation at all.

In recent years non-legislative modes of policy-making and modes of governance including private actors in policy-formulation have gained in salience in European policy-making, and they have been advocated as a panacea for speeding up European decision

making, which has so often ended up in gridlocks (Héritier 1999). The European integration project has reached a stage where core areas of the welfare state such as employment policy, social policy, and education are directly affected. These are areas where member state political support is very difficult to gain (Jacobsson 2001). Hence a method of cooperation has been developed to avoid the classical form of legislation through directives and regulations; instead, it relies on the **open method of coordination**, that is, target development and published scoreboards of national performance, as measured by the policy objectives that have been agreed upon, as well as voluntary accords, that is, the self-regulation of private actors. Many statements praising the new modes of governance have come out of the Commission. To quote just **two examples** here:

- The sixth Environmental Action Program promises that "voluntary initiatives will certainly have a key role to play" in European environmental policy in the coming years (DG XI official, European Voice, 11-17 January 2001).



Adrienne Héritier

¹ Common goods include: public goods, characterized by accessibility and non-rival consumption; common pool resources, characterized by accessibility and rival consumption; and club goods, characterized by limited access and rival consumption.

² Since the term "arena," in contrast to the term "level," encompasses both the vertical and horizontal dimension, it is used as the more general term.

³ In policy implementation, private actors are regularly involved in the realization of policy measures, since they frequently are important addressees of these measures, as ultimate target groups or as instrumental organizations needed to realize the targets (Windhoff-Héritier).

- Additionally, employment and social policy Commissioner Diamantopoulos now calls legislation an "outdated" form of policy-making and points to the need for voluntary agreements among social partners (European Voice, March 2001).

While the Commission sees the new modes of governance as offering a possibility to expand European policies in the face of national governments' resistance, member-state governments prefer them to legislation because they allow member states more autonomy in shaping policy. Trade associations support the new modes of policy-making because they have an important role in it. The European Parliament is more skeptical because it circumvents the Parliament's rights of co-decision.

A. Héritier is Professor of political science and co-director of the Max Planck Project Group "Common Goods: Law, Politics and Economics" in Bonn. Her research focuses on policy research, European policy-making and the comparative analysis of member state policy-making under the impact of European policies: heritier@mpp-rdg.mpg.de

Analyzing Policy Networks: Concepts, Methods, and Applications

IHS course December 13 - 18, 2001

by Volker Schneider

The seminar provided an introduction into structural analysis of public policy making and stressed the concept of "policy networks". From a theoretical perspective, policy networks are conceived as an alternative form of political governance. The parliamentary democracy and the idea of the "state of law" usually represent the starting point of conventional political theories. A governance mechanism is political, if it is designed for and/or has the effect of making and implementing binding decisions for a given collectivity.

In this perspective, the only official form of private political participation is voting for parliamentary chambers. The parliamentary-electoral channel is then treated as the only legitimate logic of collective decision-making. In such a perspective government and administration appear as simple executors or agents. Direct participation of private actors (business associations, trade unions, firms, public interests groups, science, etc.) in policy formulation and

implementation is then often perceived as a distortion of the democratic ideal, or at least as an alternative form of political governance besides conventional democracy.

In a network view of policy-making the idea of extended participation in the policy process is generalized in the sense that all forms of private participation in policy-making and implementation are treated as interaction and exchange processes between institutionally autonomous but functionally interdependent actors. Networks of information exchange and other supportive relations serve as necessary components within complex production chains of public policies. If one uses the language of information processing to describe these new forms of decision making, then parliament no longer fulfils the role of a "mainframe computer," in which all decisions are centrally processed. Instead it represents one of several nodes in an overall "parallel computing network".



L. Lassnigg and V. Schneider with IHS students

However the emergence of these decentralized political decision structures, which transcend the sphere of the traditional nation state, are not seen as indications that the nation state is in decline. Instead these developments point rather to a trend towards more complex forms of social organization based on higher degrees of functional specialization and socio-technical interdependencies. Advanced and more intricate forms of social differentiation make public actors much more dependent on private actors and vice versa. As a result, dense networks emerge in which private and public actors closely cooperate in the formulation of public policies. And in some situations, under specific conditions, even private arrangements of self-regulation may provide solutions to policy-problems.

V. Schneider is Professor at the University of Konstanz: volker.schneider@uni-konstanz.de

Rationality and the Explanation of Social Action

by Axel van den Berg

During the past couple of decades a new *Methodenstreit* has been raging across the social sciences. The battle lines are starkly drawn. On one side we find those proclaiming rational choice theory, derived from the individual



Axel van den Berg

utility-maximization model of neoclassical economics, to be the long-sought paradigm capable of unifying the social sciences. This apparent "economic imperialism" has, on the other side, provoked a vehement reaction from a variety of quarters, going under such labels as "new institutionalism," "new economic sociology" and "socioeconomics." These critics advocate instead explanatory models that emphasize the importance of institutions, norms and culture.

Much of the vehemence and polarization of the debate can only be understood if one recognizes the deep moral-philosophical commitments to alternative "root images" of human action that underly the ostensibly "technical" arguments on both sides: one rooted in liberalism, the other more communitarian in origin. This recognition is important in helping us to separate the wheat from the chaff in the ongoing war of words.

From this vantage point it can be shown that a number of controversial questions can be set aside as non-issues, including whether preferences ought to be treated as endogenous or exogenous, methodological individualism vs. methodological holism, determinism vs. voluntarism, and the trade-off between descriptive realism and explanatory scope. But this still leaves plenty of hotly debated issues unresolved. These concern the usefulness of the rational choice description of how individuals actually make choices, on the one hand, and how the rational choice model relates to social order and social institutions, on the

other. If we are to move past the current state of debate, these issues must be turned from matters of first principles to questions of empirical variation that may ultimately be settled by empirical research. But this is only possible if one takes seriously the "modest" view of rational choice theory as *not* the ultimate unifying paradigm but as a heuristic device which points to some fundamental aspects of social action - the need to economize on scarce resources - which is present to *some extent* in virtually all human behaviour, *but to varying degrees*.

While the critics of rational choice theory often emphasize this variability, their own alternative approaches do not provide much of an advance towards its better understanding. There is great emphasis on how actors and collectivities observe norms, institutions and historical "paths", but on close inspection much of the "new institutionalist," "new economic sociology" and "socio-economic" literature relies rather unreflectively on an eclectic mixture of plain rational choice reasoning and a-theoretical invocations of "culture" or "norms" and "path dependency," whenever they actually try to explain specific social events or regularities.

Only if we are able to abandon the underlying moral commitments will it be possible to move beyond the impasse. Once it is recognized that the ubiquitous need to economize is almost always mixed up with institutionally prescribed norms and sheer habitual behaviour in varying combinations, the truly interesting questions for theory and research come to revolve around the kinds of social and historical conditions that favour one kind of mixture over another. This, then, calls for a kind of "second order" theory (the term was suggested by Karl Müller), one that does not seek to establish that behaviour is entirely motivated *either* by instrumental rationality *or* by norms, but to work out under what social conditions what *mixtures* of these motives are most likely to prevail. This would open up an entirely new, *shared* research agenda for economists, sociologists, and political scientists alike.

A. van den Berg is Professor at McGill University in Montreal, expert in sociology of labour markets, relations between sociology and economics as well as contemporary sociological theory. In September 2001 he gave a seminar at IHS entitled "Rationality and the Explanation of Social Action," which sought to familiarize students with the issues being debated by the two camps (mentioned above) and to suggest some possible avenues leading beyond the present stalemate: axel.vandenberg@mcgill.ca

Trend Report Burgenland - West Hungary

In the trend report for Burgenland and West Hungary (on behalf of the Burgenland federal state government) about 250 experts from all over Austria as well as from the three districts (Komitate) of Western Hungary (Győr/Moson/Sopron, Vas, Zala) were interviewed in a one-year project on general trends and future scenarios regarding the regional-specific potential. This team of experts was established with relevant support of the regional management of Burgenland (RMB GmbH) and the Hungarian counterpart - the West-Pannon Development Agency.

by S.Kirchner and C.Haerpfer

The interviews were conducted in the Delphi-Design, a **method** used in the social sciences. The participants of the study were contacted twice in two rounds of interviews with a standardized questionnaire, and could send their answers and estimates either via mail or directly via Internet. The specific survey method featured a technological novelty: An application on the Internet which enabled the experts to answer the questionnaire directly on the Internet, if they were equipped with a special password and a User-ID. This method has the advantage of enormous savings of time and money, with low maintenance costs.

Apart from these expert interviews the trend report Burgenland-West Hungary consists of two further steps of investigation: a data base of socio-economic indicators of Burgenland and West Hungary (as well as statistical comparative data with Central and Eastern European countries) and a role model (*Leitbild*) of the "Euregio", which is a transborder region, consisting of Burgenland and three Hungarian counties.

The main **results** of the trend report are the following: The best opportunities for the economy of the "Euregio" were identified in tourism, food production, infrastructure, information technology, the wood industry, and the automobile industry. The areas with the best potential of the regional economy focus around three central terms: quality, health and orientation towards nature.

The experts stress the importance of a coordinated development of tourism in Burgenland as well as

in Western Hungary. Three elements are particularly promising: well-being tourism, wellness tourism and environmentally friendly tourism (*naturnaher Tourismus*).

Another bright spot for the regional economy is high-quality food production. The experts stress the long-lasting experience of this region in viniculture and the production and refinement of meat and vegetable products. The experts advise creating an image such as "Tuscany" and "Friaul-Udine-Veneto" have.

An important potential of the regional economy exists in the further development of its infrastructure. The experts attach great importance to the development and new building of industrial and trade areas, particularly with a transnational character between Burgenland and Hungary. Additional emphasis should be placed on the systematic development of private and public traffic.

The fourth promising potential for the regional economy consists in the further development of information technology. Since the experts see the best development chances for the IT-sector, information technologies should focus primarily on the "servo industry."



Press conference at IHS with Hans Niessl, Governor of the Austrian Federal State of Burgenland, and Bernhard Felderer

An important niche for good economic development of the region exists in the wood and forestry industry. The raw material of wood in the region should be processed at high levels of quality in order to establish a wood and furniture industry with top quality similar to Northern Italy.

A majority of the Hungarian experts see excellent opportunities in the creation of an automobile cluster in this region across the Austrian-Hungarian border. The existing factories (OPEL, Audi) of the automobile industry should be linked in terms of infrastructure. The experts are thinking of a structure similar to the Upper Austrian automobile cluster.

The Trend Report is regarded as a successful analysis of the potential of a given region and there are discussions about developing similar reports for several regions in the Russian Federation. Its results were presented at an IHS press conference on the 30th January 2002.

Susanne Kirchner is researcher at and Managing Director of IHS Burgenland (kirchner@esce.ihs.ac.at), Christian Haerpfer (haerpfer@ihs.ac.at) is Head of the Center for Strategic Development at IHS and Scientific Director of IHS Burgenland. A summary of the report is available from IHS Burgenland: kirchner@esce.ihs.ac.at

Economics Series

- No. 95 Schabert Andreas**
Interest Rate Policy and the Price Puzzle in a Quantitative Business Cycle Model. February 2001
- No. 96 Fisher Walter H. / Bianconi Marcelo**
Intertemporal Budget Policies and Macroeconomic Adjustment in a Small Open Economy. February 2001
- No. 97 Hofer Helmut / Huber Peter**
Wage and Mobility Effects of Trade and Migration on the Austrian Labour Market. February 2001
- No. 98 Villar Antonio**
The Welfare Evaluation of Primary Goods: A Suggestion. March 2001
- No. 99 Fisher Walter H.**
Status Preference, Wealth, and Dynamics in the Open Economy. April 2001
- No. 100 Stark Oded / Wang Yong**
Inducing Human Capital Formation: Migration as a Substitute for Subsidies. April 2001
- No. 101 Drost André / Felderer Bernhard**
Social Security as a Monopoly. July 2001
- No. 102 Dimitz Maria Antoinette**
Output Gaps in European Monetary Union. New Insights from Input Augmentation in the Technological Progress. July 2001
- No. 103 Dupont Dominique Y.**
Hedging Barrier Options: Current Methods and Alternatives. September 2001
- No. 104 Dupont Dominique Y.**
Extracting Risk-Neutral Probability Distributions from Option Prices Using Trading Volume as a Filter. September 2001
- No. 105 Di Maria Corrado**
Elastic Labour Supply and Optimal Taxation in a Model of Sustainable Endogenous Growth. October 2001
- No. 106 Fisher Walter H. / Hof Franz X.**
Status Seeking in the Small Open Economy. October 2001
- No. 107 Fisher Walter H.**
Current Account Dynamics in a Small Open Economy Model of Status Seeking. October 2001
- No. 108 Hofer Helmut / Weber Andrea**
Wage Mobility in Austria 1986-1996. October 2001

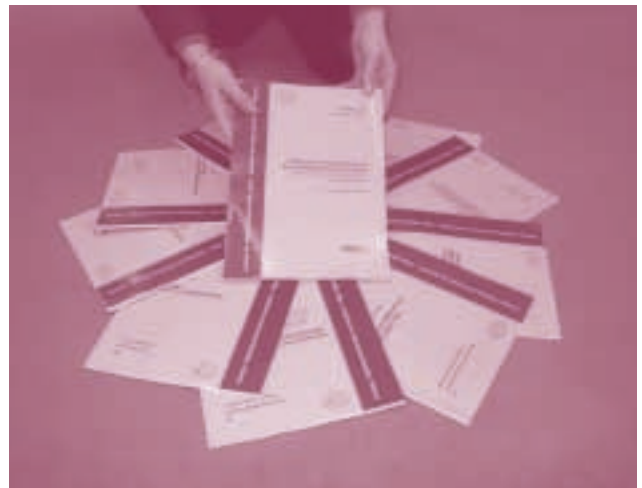
Political Science Series

- No. 75 Schmitter Philippe C.**
What is there to legitimize in the European Union... and how might this be accomplished? May 2001
- No. 76 Abromeit Heidrun**
Ein Maß für Demokratie. Europäische Demokratien im Vergleich. Mai 2001
- No. 77 Biegelbauer Peter / Griebler Erich / Leuthold Margit**
The Impact of Foreign Direct Investment on the Knowledge Base of Central and Eastern European Countries. June 2001
- No. 78 Neuhold Christine**
"Much Ado About Nothing?" Comitology as a Feature of EU Policy Implementation and its Effects on the Democratic Arena. September 2001

- No. 79 Biegelbauer Peter S.**
Interessenvermittlung unter den Bedingungen der europäischen Integration: Die Erstellung nationaler Positionen zum 5. Forschungsprogramm der EU in Österreich, die Niederlande und Schweden. Oktober 2001
- No. 80 Moser Cornelia**
How open is 'open as possible'? Three different approaches to transparency and openness in regulating access to EU documents. November 2001

Sociological Series

- No. 48 Wroblewski Angela**
Leiharbeit in Österreich. Übergangslösung oder Sackgasse? Mai 2001
- No. 49 Prenner Peter / Scheibelhofer Elisabeth**
Qualifikation und Erwerbsarbeit von Frauen von 1970 - 2000 in Österreich. Juli 2001
- No. 50 Steiner Mario / Steger Martin**
Fallstudien zur Adaption und Antizipation im österreichischen Fachhochschulsektor. Juli 2001
- No. 51 Lassnigg Lorenz**
Ways for improving the co-ordination of VET and employment. November 2001
- No. 52 Lassnigg Lorenz / Mayer Kurt**
Definition und Auswahl von Kompetenzen in Österreich. Länderbericht zum BFS-OECD Projekt DeSeCo. November 2001
- No. 53 Lassnigg Lorenz / Mayer Kurt**
Definition and Selection of Key Competencies in Austria. Country report on the BFS-OECD Project DeSeCo. November 2001



Economics, Political Science and Sociological Series contain scientific contributions from researchers working for and with IHS.

All issues are available in printed version for a charge of € 6 for individuals and € 20 for institutions. For further information or to order, please

- see <http://www.ihs.ac.at/index.php3?id=730>,
- write to: library@ihs.ac.at, or
- call ++43/1/59991-237.

Most issues of the various series can be downloaded as PDF-file from <http://www.ihs.ac.at>.

Lectures (L) and Publications (P)

Karl S. Althaler (L) (with T. Slavova) "Application of Optimal Control to Difference Systems Dynamics", International Conference on Systems Thinking Globally Concerned, Vienna, November 2001.

Ute Behning (P) (with M.Feigl-Heihs) "Europäisierung von Wohlfahrtspolitik - Ihre Genese und ableitbare Entwicklungstrends", in: SWS-Rundschau, Vol. 41, No.4/2001, 459-478.

Peter Biegelbauer (L) "European Research Area or National Innovation Competition? Technology Policy in the European and Comparative Perspective", Conference, Karlsruhe, Fraunhofer Society, 10 November 2001. (P) (with B.Kittel) "Standort und politische Steuerung", Austrian Political Science Journal, Vienna, 2001.

David F.J. Campbell (P) "Politische Steuerung über öffentliche Förderung universitärer Forschung? Systemtheoretische Überlegungen zu Forschungs- und Technologiepolitik, Österreichische Zeitschrift für Politikwissenschaft, 30 (4), 2001, pp 425-438.

Monika Feigl-Heihs (P) (with U.Behning) "Europäisierung von Wohlfahrtspolitik - Ihre Genese und ableitbare Entwicklungstrends", in: SWS-Rundschau, Vol. 41, No.4/2001, 459-478.

Bernhard Felderer (L) "Bildungsökonomie und Regionalpolitik", Universität Klagenfurt, Oktober 2001. "Recession or the 11th of September as a Reason - Recovery of Keynesian Policy?", Julius Raab Stiftung, Wien, Jänner 2002. (P) (with C.Helmenstein, G.Lee, P.Schmidt-Dengler) "Austrian Demography and Housing Demand: Is There a Connection?", Empirica, vol. 28, 2001, pp. 259-276.

Walter Fisher (L) "Advanced Undergraduate Macroeconomics" University of Washington (Department of Economics), Seattle, WA USA, October-December 2001.

Christian Helmenstein (P) (with B.Felderer, G.Lee, P.Schmidt-Dengler) "Austrian Demography and Housing Demand: Is There a Connection?", Empirica, vol. 28, 2001, pp. 259-276.

Helmut Hofer (L) "Die Entwicklung der Erträge der Schulbildung in Österreich", Wissenschaftliche Tagung Arbeitsmarkindikatoren - Modelle, Ergebnisse, Trends, Wirtschaftsuniversität Wien, 30.11.2001-1.12.2001. (P) (with R.Koman) "Social Security and Retirement in Austria", Forschungsbericht 2001.05, Ludwig Boltzmann Institut, October 2001.

Maria M. Hofmarcher (L) "Diagnose Marktversagen - Therapie: Wettbewerb?", Conference, 21. Hochschulkurs aus Gesundheitsökonomik, Seefeld/Tirol, October 2001. (P) (with I.Paterson, M.Riedel) "Measuring hospital efficiency in Austria - A DEA approach", Journal of Health Care Management Science 5:1, 7-14, 2002.

Reinhard Koman (P) (with H.Hofer) "Social Security and Retirement in Austria", Forschungsbericht 2001.05, Ludwig Boltzmann Institut, October 2001.

Gabriel Lee (P) (with B.Felderer, C.Helmenstein, P.Schmidt-Dengler) "Austrian Demography and Housing Demand: Is There a Connection?", Empirica, vol. 28, 2001, pp. 259-276.

Beate Littig (L) "Arbeitnehmerbeteiligung am Umweltschutz als ein Baustein sozialer Nachhaltigkeit", Symposium Umweltpolitik am Nachhaltigkeitspfad, Arbeiterkammer Wien am 31.10.2001

Christine Neuhold (L) "Wie beeinflusst die EU unser Leben?, Politikfelder der EU und deren Auswirkungen auf Österreich", Europäische Union transparent, Ein Lehrgang des Arbeitskreises "Politische Bildung", Symposium, Salzburger Bildungswerk, Salzburg, October 2001. (P) "The Legislative Backbone keeping the Institution upright? The Role of European Parliament Committees in the EU Policy-Making Process", European Integration online Papers (EIoP) Vol. 5 (2001) N° 10, 26pp.

Iain Paterson (P) (with M.Hofmarcher, M.Riedel) "Measuring hospital efficiency in Austria - A DEA approach", Journal of Health Care Management Science 5:1, 7-14, 2002.

Monika Riedel (L) "Medizinisch-technischer Fortschritt und Gesundheitsausgaben", Symposium "Ein sicheres und finanzierbares Gesundheitssystem - Wunschtraum ohne Realisierungschance?" der Wirtschaftskammer Österreich, Wien, Jänner 2002. (P) (with M.Hofmarcher, I.Paterson) "Measuring hospital efficiency in Austria - A DEA approach", Journal of Health Care Management Science 5:1, 7-14, 2002.

Klaus Ritzberger (L) "From Evolutionary to Strategic Stability", Universität Carlos III, Madrid, 18. Oktober 2001.

Tatjana Slavova (L) (with K.S.Althaler) "Application of Optimal Control to Difference Systems Dynamics", International Conference on Systems Thinking Globally Concerned, Vienna, November 2001.

Claire Wallace (L) "Commentary on Social policy report in Hungary, Poland and Czech Republic", Symposium, Vienna, Institut für Wissenschaft von Menschen, 9-10th November 2001. "Migration and Enlargement Futures", High level experts meeting on Enlargement Futures, Bled, Slovenia, December 3-4th 2001.

This list does not represent a complete enumeration of all lectures and publications of IHS researchers since the last newsletter edition, but a representative cross-section. If you are interested in a complete list of publications and lectures, please do not hesitate to contact ablinger@ihs.ac.at for the Annual Report (Oct 2001 - Sept 2002).

New staff members

Victor Dorofeenko is a graduate of Rostov State University, Russia (M.Sc., Ph.D. Physics) and of IHS (Program in Economics). He has worked as a Senior Collaborator at the General Physics Institute in Rostov prior to employment at the Institute for Advanced Studies. His research interests include monetary economics and evolutionary game theory.



Victor Dorofeenko



Christine Lietz

Christine Lietz is a graduate of Vienna University, Department of Economics (Mag. rer. soc. oec) and has been employed at IHS in the Department of Economics and Finance/HealthEcon Group since October 2001. Her research interests include health economics and labour economics.

Congratulations to

Beate Littig, who habilitated in Sociology at the University of Vienna ("Feminist Perspectives on Environment and Society", Pearson Education, London et al., 2001). Since May 2001 she has been university lecturer for sociology (Univ.-Doz.) at the University of Vienna/Institute for Sociology besides her research and teaching activities at IHS. Her fields of specialization are environmental sociology, sustainable development, gender and ecology, new biotechnologies and qualitative research methods.

Elisabeth Scheibelhofer, who obtained her Ph.D. degree from the University of Vienna/Institute for Sociology in November 2001 ("Migration and Individualisation. Main Action Orientations in the Process of Emigration exemplified by Austrians living in New York City"). E.Scheibelhofer has been IHS researcher since September 1999. Her fields of specialization are theories and methods of qualitative social research, effects of EU policies on national labour market policies, migration in modern societies, and gender studies with emphasis on the situation of women in the labour market.

Visiting Professors

Economics and Finance

For further information please contact pawelcza@ihs.ac.at.

Roger GUESNERIE (DELTA, Ecole Normale Supérieure)
Microeconomics (February 19-28, 2002)

Gerard VAN DEN BERG (Free University of Amsterdam)
Advanced Econometrics (March 2002)

Colin CAMERON (University of California/Davis)
Advanced Econometrics for Count Data (March/April 2002)

Ingmar PRUCHA (University of Maryland)
Estimation of Panel Data and Spatial Models (April 2002)

Ben HEIJDR (University of Groningen)
Macroeconomics (May 2002)

Bart LIPMAN (University of Wisconsin-Madison)
Decision Theory and Bounded Rationality (May/June 2002)

Larry SAMUELSON (University of Wisconsin-Madison)
Evolution and Learning (June 2002)

Fernando VEGA-REDONDO (University of Alicante)
Advanced Game Theory (June 2002)

Political Science

For further information please contact hafner@ihs.ac.at.

Beate KOHLER-KOCH (University of Mannheim)
EU and International Organisations (March 4-6, 2002)

Janos GACS (IIASA, Laxenburg)
EU-Enlargement: Political, Social and Economic Consequences (April 8-10, 2002)

Jozsef BAYER (Ungarische Akademie der Wissenschaften, Institut für Politikwissenschaft)
EU-Enlargement: Institutions, Democracy, Civil-Society (April 10-12, 2002)

Janos Matyas KOVACS (Institut für die Wissenschaften vom Menschen, Wien)
EU-Enlargement: West-East Transfer of Institutions and Ideas (April 16, 2002)

Bob JESSOP (Lancaster University)
Globalisation and European Integration (May 13-24, 2002)

Sociology

For further information please contact stadler@ihs.ac.at.

Martin BAETHGE (University of Göttingen)
The future of work and the European social model (March 4-6, 2002)

Wim J. NIJHOF (University of Twente)
Bridging the gap between education and employment (April 22-26, 2002)

Walter W. POWELL (Stanford University)
Institutional Analysis of Organization: New Developments (May 2002)

New Fax No. from 1st April 2002 on:
+43-1-59991-555

Call for Papers

Workshop on Game Theory May 13-14, 2002

The Institute for Advanced Studies in Vienna invites submission of papers for a Workshop on Game Theory to be held on May 13-14, 2002. This Workshop represents a continuation of last year's successful "Workshop on Network Externalities" with Jean Tirole.

Prospective **keynote speakers** at the Workshop on Game Theory in May 2002 are (in alphabetical order):

- Larry Blume (Cornell University)
- Josef Hofbauer (Vienna University)
- Bart Lipman (University of Wisconsin, Madison)
- Klaus Ritzberger (Institute for Advanced Studies)
- Ariel Rubinstein (Tel Aviv University)
- Larry Samuelson (University of Wisconsin, Madison)
- Fernando Vega-Redondo (University of Alicante)

A small number of contributed papers will also have the opportunity to be presented.

Registration: If you wish to submit a paper for the Workshop, please send your coordinates (including email address) and an abstract to Beatrix Pawelczak, Institute for Advanced Studies, Department of Economics and Finance, Stumpergasse 56, A-1060 Vienna, Austria, Tel. (+43-1-) 599 91-145, Fax. (+43-1-) 599 91-163, Email: pawelcza@ihs.ac.at

Submission Deadline: March 29, 2002

Notification of Acceptance: April 19, 2002

For an update on the program and further details, please refer to our **homepage** at <http://www.ihs.ac.at/index.php3?id=942>.

The **Registration Fee** for the Workshop is **€ 21**. The proceeds from the Registration Fee will partially be used to pay for a visit to a "Heurigen" - a typical Viennese wine restaurant. Other meals during the conference must be paid for by the participants.

We regret that we will not be able to supply travel support or accommodation for participants other than invited speakers.

The **Institute for Advanced Studies** is Austria's first postgraduate research and education institution and combines theoretical and empirical research in economics and the social sciences. It was established in 1963 as a non-profit organization on the initiative of Paul F. Lazarsfeld and Oscar Morgenstern. The Institute is divided into three departments: Economics and Finance, Political Science and Sociology. Director: Bernhard Felderer

IHS-Newsletter, Volume 10, No. 1, Winter 2002

ISSN 1605-8038

Editorship: Sylvia Parzer (Public Relations, e-mail: parzer@ihs.ac.at)

Printed by: Leukauf Druck

The IHS Newsletter is a quarterly publication of the Institute for Advanced Studies.

You can download the newsletter as a pdf-file from <http://www.ihs.ac.at>.

Institut für Höhere Studien (IHS)
Institute for Advanced Studies
Stumpergasse 56, 1060 Vienna, Austria
Phone.: +43-1-599 91-0
Fax: +43-1-597 06 35
E-mail: communication@ihs.ac.at
Homepage: <http://www.ihs.ac.at>



For further events and lectures please see
<http://www.ihs.ac.at/index.php3?id=170>