



# NEWSLETTER

No. 15

January 1996

## EAEPE 1996 CONFERENCE

### 'Work, Unemployment and Need: Theory, Evidence, Policies' Antwerp, Belgium 7-9 November 1996

Technical, corporate and other organisational changes in developed countries, combined with the increasing globalisation of the world economy, have brought about massive changes in the nature, pattern, rewards and security of work. There have been major shifts in income distribution and skill requirements. Furthermore, patterns of education, leisure and family life have radically altered.

While some people benefit from these changes, a growing underclass is excluded from them. Unemployment is still the scourge of Europe. Structural change and failed economic policies have combined to produce unemployment rates of over 10 per cent in even the richest European nations. In poorer European regions and states the percentages are much higher. Unemployment carries with it a legacy of waste, social disintegration, violence and ethnic hatred.

Arguably, conventional economic theory is poorly equipped to deal with these problems. Structural and technological changes have never been its forte. In policy circles, orthodox macroeconomic theory has been largely discredited. Ideology and expediency, rather than theoretical analysis, seem to drive much microeconomic policy. Orthodox welfare theory is based on an abstract utilitarianism, in which the individual is deemed to be always the best judge of his or her

interests. The Pareto criterion—according to which one can give to the poor only if one does not take from the rich—diverts attention from real problems of inequality and maldistribution.

As well as these vital themes, the 1996 EAEPE conference will prioritise topics on its Scientific Development Plan (see page 18). Accordingly, other issues covered will include: economic methodology, complex socioeconomic systems, institutional change, innovation and technological change, firms and production processes, ecological economics, macroeconomic regulation and institutions, the institutions of economics, monetary economics and finance, and structural change in Eastern Europe.

Participants wishing to submit papers are invited to send a title with a 400-600 word abstract to John Groenewegen. Priority will be given to abstracts submitted before 1 March 1996.

John Groenewegen, Department of Economics, Erasmus University, PO Box 1738, 3000 DR Rotterdam, The Netherlands. Telephone (31) 15 14 11 24. Fax (31) 10 408 13 86. Email: Groenewegen@EOV.FEW.eur.nl

See page 19 'The 1996 Conference' for further information about submission of papers and the Antwerp conference.

**NEW EAEPE NEWSLETTER EDITOR!** Maureen McKelvey, Department of Technology and Social Change, University of Linköping, S-581 83 Linköping, Sweden. Telephone (46) 13 28 29 98. Fax (46) 13 13 36 30. If possible, material should be submitted on diskette, either IBM or MAC but preferably in MS WORD or sent by email maumc@tema.liu.se (See further on page 20.) The deadline for the next issue is early April 1996.

# 1995 Conference Briefs

## 'Transforming Economies and Societies: Towards an Institutional Theory of Economic Change' Krakow, Poland. 19-21 October 1995

### 1. by Regine Heidenreich

*London School of Economics and Political Science,  
Gunnar Myrdal Prize winner*

Krakow, the historical capital of Poland, hosted the annual EAEPE conference in October. The conference started with an informal meeting in the evening of Thursday, October 19th, and ran for two more days of paper presentations and discussions. The sessions were framed by two plenary sessions, the opening by D.M. Nuti and G. Kolodko, the Polish deputy prime minister, on the politics and economics of post-socialist transformation and, closing the sessions, E. Matzner's critical review of five years of transformation and P. Mirowski's provocative confrontation of M. Polanyi and F.A. von Hayek.

Both days were positively productive, not only for the representation of the research areas, but particularly for the contributions towards an understanding of the transformation process in Middle and Eastern European countries. The main structure consisted mainly of paper presenting sessions organised by the research area coordinators. These were complemented by sessions on selected topics of transition and institutional change, globalisation, technology policy, democracy, nationalism, macroeconomics, an institutional perspective of accounting, and contributions towards the history of economic, particularly evolutionary economic, ideas.

The papers given represented the EAEPE theoretical perspectives as regards the development of an institutional and evolutionary economic approach, integrating both a demanding methodological claim and the policy-oriented perspective. Being an EAEPE member for the second year now the most striking impression from the first annual conference I have attended is yet the delicate balance of the joint efforts represented in the scientific development plan and the interdisciplinary programme.

EAEPE is not an eclectic get-together but goes further, towards an institutional and evolutionary economic theory. These, at least, are my expectations. Or, my question is, Is it just the interdisciplinary perspective

that pays for the profile? I found the philosophy of science as well as political theory and economic (or social) geography well represented, but I found other areas in social sciences lacking. In addition I found that the political economy of gender, unalienable in contemporary political economy, was also not sufficiently sub-stantiated.

As regards the non-academic side of the conference it has to be said that the organising committee did a great job. The banquet in the picture gallery of the Chamber of Prussian Homage in the outstanding architectural environment of the Cloth Hall on the market place—the whole setting dating back to medieval times—prepared us for the excellent concert in the Juliusz Slowacki theatre. The conference dinner in the Wielicka salt mine formed an impressive 'underground' closing of the conference.

For the time being, the organisers of the 1996 Conference in Antwerp, Belgium, in November might feel obliged to assure a high level of paper contributions in an environment as perfect as Krakow offered to all of us.

### 2. by Jack J. Vromen

*Erasmus University, Gunnar Myrdal Prize winner*

What are conferences good for? As every experienced conference-visitor knows, attending conferences is time-consuming, tiresome and—given the familiar nuisances with travelling—not without risks. There is no way of escaping this 'iron law'. Why then do we still attend conferences? Because of the seemingly irrational but irrevocable hope that *this time* we are lucky: that this time the conference is well-organized, that this time the speakers show up, that this time we not only renew and refresh our already existing acquaintances but also meet new interesting people, that this time we witness and can participate in engaging discussions. In short, we hope that this time we return home not exhausted but replenished with new energy and plans.

For me, attending the Krakow Conference turned out to be such an exceptional experience. Not least, this was due to the fact that the Conference was perfectly organized in every respect. The degree of perfection achieved was best exemplified, I think, in the two thick volumes which comprised (almost) all papers that were presented. Very handy (though heavy!) indeed. One can only congratulate and thank the organizers for the splendid job they have done!

When pressed to report negative things also, I can really think of only three minor points. The locations chosen were not always suited to fulfil their purpose: pity those who were to present their papers in Room 2 (though it must be said that the conditions were made better during the conference)! Then in many sessions the speakers took (much) more time than they were given so that there was almost no time left for discussion (that was limited anyway). Finally, the presentations within the sessions were sometimes quite different in many respects. Perhaps next year it could be tried to formulate in advance some (sub)themes for sessions (on which members then are asked to focus in their papers), to reserve more time for discussion and to see to it that speakers keep to their time.

With the Conference the EAEPE once again showed itself as a many-sided association. Besides many contributions to the main theme of the Conference, there were several 'state of the art' and pioneering papers on the latest attempts to model processes of self-organisation in evolutionary economics, for example. But a considerable number of more qualitatively oriented theoretical papers on institutional and methodological issues were also presented. It is precisely this variety of approaches and subject matters, I think, and the fact these do not just peacefully co-exist side by side but are confronted (or at least can be confronted) with each other in 'open' discussions that give the EAEPE its special place in the economics profession.

### **3. Riitta Kosonen**

*Helsinki School of Economics*

The historical town of Krakow no doubt provided stimulating surroundings for discussing economic change from an evolutionary view. The milieu was characterized by layers of previous rounds of investments accumulated during the past centuries upon and even below the earth surface (the breathtaking salt mine). This provided a constant reminder of the evolutionary nature of economic

systems and impressed particularly participants arriving from 'young nations', such as a Finn like me.

But how about the ultimate goal of the conference? Did we get 'towards an institutional theory of economic change', as indicated in the title? I would say yes, we made moves *towards* such a theory. Approaching the goal in the conference was made possible by increasing understanding of the multi-dimensional phenomenon of economic change. As most of the papers elucidated economic change from the point of view of the post-socialist transition, my thoughts of the conference lean on such discussions. Understanding was prompted by the multi-*disciplinary* nature of the conference papers. Not only did the papers cover economics, but also brought along social aspects and spatial dimensions. Even accounting was represented. Furthermore, a multi-*level* view of economic change was offered in the papers, which analyzed the various processes connected in economic change—the international, national and, last but not least—the local.

Furthermore, the conference underlined the difficulties in conceptualizing 'institutions' in a systematic way. This made me think of the potential mutual support that the institutional approach and the empirical phenomenon of transition may provide each other. On the one hand, an institutional approach can provide the most comprehensive avenue to analyze the turmoil of transition. On the other, the multi-dimensional nature of the recent changes in the former Eastern economies may provide a healthy shock thereby contributing to the unpacking of the concept of 'institution' and the institutional approach. Consequently, I saw the conference theme as a potentially fertile symbiosis, with institutionalism providing the tool for analysis, and the transition economies providing a laboratory for testing and reshaping the tool.

A feature perhaps worth noticing in the conference was the division of labor between the Western and Eastern presentations. As a general trend, the papers of the east-European participants seemed to concentrate in increasing the empirical knowledge of transition, whereas the conceptualization and the theoretical framing was predominantly carried out by their western colleagues. By saying this I do injustice to many of the contributors, as such a division was, of course, broken by exceptions. However, in order to reshape the combination, an increase in the number of the Ph.D. students arriving from the transition economies could, perhaps, be a long term goal?

And finally, a comment about the conference profile to conclude with: I was glad to hear that there were exceptionally many female participants this year.

#### **4. by Andrew Tylecote**

*Sheffield University Management School*

I will leave others to pronounce on the scientific achievements of the Krakow conference; my purpose here is rather to reflect on its broader significance. I grew up in the 1950s and 1960s in the most complacent European country, which had no use for the concept of Europe, except in atlases. As they looked eastwards from their smug self-sufficient island, my countrymen's condescension increased with distance. They did, of course, deplore the Soviet boot which had descended on the eastern half of the continent, but they were inclined to think those lands had been rather different to start with, and at any rate that they would be irrevocably different from then on.

As my knowledge of history improved, I began to understand something of the unfairness of this view. Poland, for example, had been an integral part of medieval Catholic Europe—that is, of a civilisation united by a common culture, in which scholars moved freely and conversed easily, in their common language, Latin. They had contributed their share to that culture—Copernicus (of Krakow) is only the best known example; and they had provided the great outsiders of medieval Christendom, the Jews, with their main place of refuge from persecution further west.

They had also done much to defend Europe against its external enemies: for example, when the Turks were at the gates of Vienna, in 1683, and the Austrians were frantically appealing for help, with the French and British sitting on their hands, it was the King of Poland, Jan Sobieski, who raised a great army in South Poland, and marched south to save Vienna. The Austrians were grateful—so grateful that when in the next century they were invited by the Prussians and Russians to take part in the partition of Poland, it was said that their Empress wept: 'and the more she wept, the more she took'. Including Krakow.

When a century and a half later Poland re-emerged as an independent state from the rubble of the three empires, it, like Czechoslovakia, looked to an alliance with my own country and France to protect it from those empires' successors. In the event those paragons of liberty and democracy proved no more help to the Poles than they had been in 1683 to the Austrians. With inimitable stupidity the British government refused to support

Czechoslovakia when by doing so it could certainly have defeated Nazi Germany rather easily, and then gave Poland a guarantee which it was quite unable or unwilling to translate into effective support. Down went Poland again, but with far more slaughter and destruction than the first time.

So much I gradually learnt: it was certainly hard to blame the victim for its separation from Western Europe, but it was equally hard, in the 1970s, to see an end to it. Then the system of oppression began perceptibly to rot—like a fish, from the head—and the Poles gathered their courage, with Solidarity, and rose against it. Within a decade it had fallen—in that same year that our European Association was formed. Once again Europe's scholars were moving freely, and conversing increasingly easily, now mostly in English. But how much of Poland's Western heritage had survived; and how quickly could what was lost, be recreated?

In 1995, EAEPE members got their answer. Krakow's wonderful intact beauty was a symbol of the survival of the essential; and the vigorous participation in the conference of Polish economists—with many others, one should add, from Central and Eastern Europe—was a clear sign of the energy with which its social scientists were making up for lost time. Poland was certainly back in Western civilisation; it was also clearly very much in EAEPE.

Though of course it is invidious to mention only one name, one can hardly forbear to boast that the government which is presiding over the fastest-growing economy in Europe is advised by the local conference organiser and EAEPE Steering Committee member, Jerzy Hausner. When we heard something of the trouble he and his team were taking over the conference, we began to be afraid that EAEPE would have to accept responsibility for any temporary downturn in the Polish economy in the coming year. When we saw how well the conference turned out, we decided the Polish economy too would probably get by pretty well.

#### **5. An Overview of Krakow**

155 delegates attended the EAEPE 1994 conference in Krakow on 19-21 October 1995. The theme of the conference was 'Challenges to Institutional and Evolutionary Economic Theory: Growth, Uncertainty and Change'. 97 papers were given. In terms of the number of people attending and the number of papers presented, this was the largest EAEPE conference to date. The quality of the papers was generally very high and

excellent plenary talks were given by Grzegorz Kolodko, Egon Matzner, Philip Mirowski and Mario Nuti.

At the conference dinner the 1995 Gunnar Myrdal Prize was awarded jointly to:

**Regine Heidenreich** (Regensburg University, Germany) for her book *Ökonomie und Institutionen: Eine Rekonstruktion des wirtschafts- und sozialwissenschaftlichen Werks von K. W. Kapp. (Economics and Institutions: A Reconstruction of the Work of K. William Kapp in the Economic and Social Sciences)*.

**Jack Vromen** (Erasmus University, Rotterdam, Netherlands) for his book *Evolution and Efficiency: An Inquiry into the Foundations of "New Institutional Economics"*.

#### 1995 Membership Meeting in Krakow

The 1995 EAEPE Membership Meeting in Krakow on 20 October was attended by 59 members. A report was given on EAEPE finances and the 1996 Scientific Committee was elected. Two constitutional amendments and a resolution on membership subscriptions were both carried and consigned to ballot. (See further page 13.)

#### Companion to Institutional and Evolutionary Economics

The two-volume *Elgar Companion to Institutional and Evolutionary Economics* has been published. The first ever encyclopaedic treatment of the 'old' and 'new' institutionalisms, as well as of related work on evolutionary economics, it contains 176 entries in two volumes by leading authorities in the field. Edited by Geoff Hodgson, Warren Samuels and Marc Tool, it is available from Edward Elgar Publishing, Gower House, Croft Road, Aldershot, Hampshire GU11 3HR, UK.

Royalties will be divided equally between EAEPE and the USA-based Association for Evolutionary Economics (AFEE). Please ensure that your university has a copy of the *Companion*. It is ideal for teaching as well as research purposes.

Edward Elgar Publishing are pleased to announce a 20% discount for paid-up EAEPE members off the price of the *Elgar Companion to Institutional and Evolutionary Economics*, reduced from £125 to £93.75, and of the price of the *Elgar Companion to Radical Political Economy*, reduced from £85 to £63.75.

## 1997 Kapp and Myrdal Prize Competitions

Entries for the 1997 Kapp and Myrdal competitions are now welcome, with a closing date of 1 January 1997:

### K. William Kapp Prize

Amount: £1000 (half funded by the William Kapp foundation).

Awarded annually for the best article unpublished at the time of the award on a theme broadly in accord with the EAEPE Theoretical Perspectives (minimum 5,000, maximum 12,000 words). Note that entries may be submitted for publication—but if successful may not appear in print—prior to the award of the prize at the 1997 conference.

### Gunnar Myrdal Prize

Amount: £1000 (all funded by EAEPE)

Awarded annually for the best monograph (i.e. a book, and excluding multi-authored collections of essays) on a theme broadly in accord with the EAEPE Theoretical Perspectives. Submissions for the 1997 Myrdal prize should be either unpublished or published no earlier than 1 January 1994.

The strict deadline for receipt of each prize is 1 January 1997. Entries should be sent to the EAEPE General Secretary, Geoff Hodgson, The Judge Institute of Management Studies, University of Cambridge, Trumpington Street, Cambridge CB2 1AG, UK. Five non-returnable copies should be submitted for the Kapp Prize and four non-returnable entries for the Myrdal Prize. Awards of the 1997 prizes will be made at the 1997 EAEPE Conference.

All candidates must be paid-up 1997 members of EAEPE. It is planned that the Steering Committee will judge both prizes by April 1997. The Kapp Foundation will assist in the judging of the Kapp Prize. Any member of the EAEPE Steering Committee or trustee of the Foundation for European Economic Development serving at any time from 1 January 1996 to 1 July 1997 inclusive shall be ineligible to enter. The EAEPE Steering Committee reserves the right not to award a prize if the entries are below the required quality.

# THE 1996 CONFERENCE

## Submission of abstracts and papers

The 1996 Conference Local Organiser is Julien van den Broeck and the 1996 Conference Programme Organiser is John Groenewegen.

Participants wishing to submit papers are invited to send a title with a 400-600 word abstract to John Groenewegen. Priority will be given to **abstracts** submitted before **1 March 1996**.

If the **paper** is selected for inclusion in the conference schedule, then a final version will be requested by **31 August 1996**.

A version of the paper on disc is also requested (in ASCII, Wordperfect or MS Word, indicating type of software used).

Both the paper and the disc should be sent to the 1996 Conference Local Organiser, Julien van den Broeck.

Addresses: **John Groenewegen**, Department of Economics, Erasmus University, PO Box 1738, 3000 DR Rotterdam, The Netherlands. Telephone (31) 15 14 11 24. Fax (31) 10 408 13 86.

Email: Groenewegen@EOV.FEW.eur.nl

**Julien van den Broeck** Department of Economics, University of Antwerp-RUCA, Middelheimlaan 1, B-2020 Antwerp, Belgium. Telephone (32) 3 21 80 738. Fax (32) 3 21 80 742. Email: julvdb@ruca.ua.ac.be

Final papers should be typed clearly, suitable for reprography, have adequate margins and cover no more than 20 sides of A4 or quarto. They may be single or double spaced, reduced on a photocopier or otherwise. The conference organisers reserve the right to exclude papers that are illegible or in excess of 20 sides.

**NOTE!** If a paper is accepted on the conference programme and is not received by Julien van den Broeck by the due date of 31 August 1996, then its authors are responsible for its production and distribution, and at their own cost.

## Copies of Conference Papers

Printed sets of conference papers (those received before 31 August) will be available to conference delegates on registration at Antwerp. Additional copies of complete sets may be purchased for £30 each (cheques made payable to 'EAEPE') from Julien van den Broeck.

It is hoped that most of the conference papers will be available on the Internet prior to the conference. Details of this service will follow.

## Antwerp

The 1996 EAEPE conference will be held in Antwerp, Belgium, from Thursday 7 November until the late evening of Saturday 9 November 1996. Antwerp is the city of Rubens and Van Dyck. Attractive and historic, it is conveniently located at 'the crossroads of Europe'. It is the second largest port in our continent and was 'Cultural Capital of Europe 1993'. It has dozens of museums, theatres, opera and concert halls. Its cathedral, built between 1352 and 1521, is the largest church in the Low Countries.

Antwerp has excellent railway and motorway connections with other European cities. For example, Amsterdam is 155 km away, Bonn 221 km, Frankfurt 395 km, London 240 km, Milan 969 km, Munich 778 km, Paris 343 km, Rotterdam 100 km, Strasbourg 473 km, and Vienna 1216 km. Belgium's national airport is close to Brussels and just 40 km from Antwerp, with a regular *Sabena* bus service to this city. Also, there is a smaller airport at Antwerp with daily flights to London (Heathrow, Gatwick and City).

Conference registration will commence on the afternoon of Thursday 7 November at the University of Antwerp. A reception is planned that evening in the City Hall.

The conference itself will take place at the University of Antwerp-RUCA, Faculty of Applied Economics, Hall G, Middelheimlaan 1, 2020 Antwerp. It will finish with the conference dinner on Saturday 9 November.

## Conference Fees

The conference fee is £125, and this includes the cost of the conference dinner on the 9 November. The location of the conference dinner is the Marble Hall of the Antwerp Zoo Congress Centre. There is no rebate for those who do not wish to partake of the conference dinner, and no other meals are included in the price. Furthermore, there is an additional charge of £25 for those who are not yet 1996 members of EAEPE, plus an addition of £25 for bookings received on or after August 1st.

The £125 conference fee would be waived for EAEPE members (principally from the former Eastern Bloc countries) without adequate means of financial support

and with a gross personal income equivalent of less than £1,500 per year. This offer is limited to the number of places available. In addition, in a limited number of cases, the conference fee will be reduced to £60 for EAEPE members earning less than £15,000 a year and without alternative means of financial support. It is not planned to waive or reduce conference fees for anyone with a gross income of more than £15,000 a year.

To apply for the conference fee to be reduced or waived, write to Andrew Tylecote at the address below, preferably before 1 March 1996. Include a completed conference booking form, a letter explaining the basis of the application and indicate whether you have submitted an abstract to the Conference Programme Organiser.

All conference bookings and fees should be sent to the EAEPE Administrator, Sheffield University Management School, 9 Mappin Street, Sheffield S1 4DT, UK. Telephone (44) 01142 825 296 (please ask for Jane Roe). Fax (44) 01142 725 103. Payments may be made over the telephone by credit card. Email: J.Roe@Sheffield.ac.uk

An administration fee of £20 will be deducted from conference fees returned to delegates due to cancellation of attendance by the delegate.

The conference fee does not include accommodation. Hotel bookings are the responsibility of delegates themselves. However, the EAEPE Conference Local Organiser, Julien van den Broeck, will be pleased to supply further information on hotel accommodation.

### Recommended Hotels

The following hotels are recommended. Note that all telephone and fax numbers should be preceded, when appropriate, by the international code for Belgium plus the city code for Antwerp (i.e. 32 3). Room prices are quoted in Belgian francs and are for guidance only. Exact prices should be confirmed with the hotel. Typically, rooms with prices in the upper part of the quoted price range are suitable for two or more people.

**Alfa Congress Hotel** \*\*\*, Plantin & Moretuslei 136, 2018 Antwerp. Rooms 3750-5700 BF. Tel 235 30 00. Fax 235 52 31.

**1996** \* Conference bookings should be sent to the Treasurer in Sheffield (UK)  
\* Abstracts—preferably by 1 March—to John Groenewegen in Rotterdam  
\* Final papers—by 31 August—to Julien van den Broeck in Antwerp.

If possible, please send a version of the paper on disc, using ASCII, Wordperfect or MS Word, and indicating type of software used.

**Alfa Empire Hotel** \*\*\*\*, Appelmansstraat 31, 2018 Antwerp. Rooms 4950-6950 BF. Tel 231 47 55. Fax 233 40 60.

**Hotel Eden** \*\*\*, Lange Herentalsestraat 25-27, 2018 Antwerp. Rooms 3250-4250 BF. Tel 233 06 08. Fax 233 12 28.

**Hilton Hotel** \*\*\*\*, Groenplaats, 2000 Antwerp. Rooms 8525-10150 BF. Tel 204 12 12. Fax 204 12 13.

**Hotel Ibis Antwerpen Centrum** \*\*\*, Meistraat 39, 2000 Antwerp. Rooms 2900-3300 BF. Tel 231 88 30. Fax 234 29 21.

**Plaza Hotel** \*\*\*\*, Charlottalei 43-49, 2018 Antwerp. Rooms 3900-5900 BF. Tel 218 92 40. Fax 218 88 23.

**Hotel Prinse** \*\*\*\*, Keizerstraat 63, 2000 Antwerp. Rooms 4100-4400 BF. Tel 226 40 50. Fax 225 11 48.

**Hotel Rubens-Grote Markt** \*\*\*\*, Oude Beurs 29, 2000 Antwerp. Rooms 4500-7500 BF. Fax 222 48 48. Fax 225 19 40.

**Waldorf Hotel** \*\*\*, Belgiëlei 36-38, 2018 Antwerp. Rooms 2000-3500 BF. Tel 230 99 50. Fax 230 78 70.

*The Waldorf hotel has a special arrangement with EAEPE and is particularly recommended.*

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### The 1996 EAEPE Membership Meeting in Antwerp

An EAEPE Membership Meeting has been called in Antwerp on Friday 8 November 1996.

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### ACKNOWLEDGEMENTS

The conference is organised with the assistance of the University of Antwerp, Erasmus University Rotterdam, the University of Sheffield and the University of Cambridge. Applications for further financial support are in progress.

# The Games People Play—An Almost True Tale

by M. G. Dongosh

A school student named Ludo applied for a place on the economics degree course at the prestigious University of Oxbridge. She was invited for an interview to determine if she was up to standard for admission. The interview panel at the Oxbridge college included experts in a number of social science disciplines and the prominent American economist and game theorist, Professor Gnash. He could not resist the temptation to put his latest teaser to the aspiring student. The professor asked the student to consider the following problem:

‘There are one thousand closed booths, with one person inside each booth. Each booth is numbered sequentially from 1 to 1000. You are in booth number 1000. Each booth is soundproof and has a closed and unlocked door. All 1000 people are unknown to each other. No communication is possible between one booth and another. Inside each booth is a \$1 dollar bill and a loudspeaker. Simultaneously, the following message is broadcast through all 1000 loudspeakers:

‘‘You have two choices. *Either* you can take the \$1 and leave, *or* you can stay in the booth and forfeit the \$1. However, if you stay in the booth *and at least one person remains in a booth with a lower number than yours*, then you will receive \$10,000. You have one minute to decide.’’

Ludo thought for a while and answered: ‘On reflection, I would stay in the booth and chance my luck on receiving \$10,000.’

Professor Gnash smiled patronisingly and responded:

‘Perhaps you are not familiar with game theory. That is the wrong answer. It is a problem of backward induction. Consider the person in booth number 1. There is no booth with a lower number, so he cannot win the \$10,000 in any circumstances. It is rational for him to take the \$1 and leave the booth. Now consider the person in booth number 2. He is aware of the predicament of the incumbent of booth 1 and will reason that rational choice will result in booth 1 being empty. Accordingly, the person in booth 2 will also leave his booth. The person in booth 3 will be similarly aware of the choices faced by the incumbents of booths 1 and 2 and will reason that they will both be empty. He too will leave. The person in booth 4 will reason similarly and leave; so too with booth 5, and so on, up to booth 999. The consequences of rational choice mean that all 999 people will leave. You have no rational choice but to leave as well.’

Professor Gnash silently congratulated himself for his

fluent explanation and smiled again, eyeing the student to see if she had understood.

After a pause, Ludo politely responded: ‘I am sorry, Professor Gnash, but I think that is the wrong answer.’

Slightly shocked, Gnash asked if she wished to hear the explanation again: ‘It is quite straightforward once you follow the logic. You simply have to follow through the logic of rational choice.’

‘Please allow me to explain, Professor Gnash,’ Ludo asked. She elaborated thus:

‘This is an interview for a place on the economics degree at the University of Oxbridge. You have asked me this question. The question would be pointless if you expected everyone to get the correct answer. If so, it would then serve no purpose in discriminating between the stronger and weaker candidates. So it is a reasonable expectation—implicit in you asking this question—that a significant proportion of the candidates will get the answer wrong, despite the fact that these candidates are allegedly drawn from the most intelligent stratum of the population.’

She continued: ‘We may reasonably presume, therefore, that at least one person in the 999 booths will get the “wrong” answer. It is reasonable to expect that at least one person will *not* follow the rationalistic logic and will stay in their booth. Thus, being the incumbent of booth 1000, it is also reasonable for me to stay in that booth. After all, the greatest possible loss is so small and the potential gain is so high. The probabilistic analysis of expected payoff does not work. For these reasons I would stay in the booth.’

She finished by summarising the argument: ‘It is a question to which a “right” answer is not inevitable. The very possibility of a “wrong” answer is implied by you asking it. Hence the “right” answer—derived according to the logic of rational choice—on consideration of the logic of the situation turns out to be the “wrong” answer after all.’

Ludo was asked to leave the room. Against the wishes of Professor Gnash, the remaining committee members voted to award her a place on the undergraduate degree programme. Two years later, tired of the economics degree and its seemingly endless game theory of questionable relevance, Ludo transferred to the course in Management Studies at Oxbridge. In her final examinations she was awarded first class honours.



# Jumping Beyond Tacit and Codified

by Maureen McKelvey

Many researchers have accepted and actively use a distinction between tacit and codified knowledge. Tacit knowledge is what you know how to do without being able to explain it whereas codified knowledge can be written down. The first can only be transferred to others by showing them how to do something whereas the second can be transferred through the written word. But where does one type of knowledge stop and the other begin?

As EAEPE accepts the theoretical relevance of Schumpeter, who was a great horseman, I wish to address this question in relation to show jumping of horses. More than many jobs, show jumping requires a combination of physical strength, intuition, and mental skills. An uninitiated observer first believes it is the physical strength of the horse which matters; it, after all, is the one doing all the work. But as soon as the naive observer mounts a horse and does anything other than walk with long reins, she discovers that the rider must also be in good physical condition to be able to not only control his/her own body atop a moving object but also to be able to control the powerful horse under her/him.

Once past the initial sore muscles and able to post in trot and to gallop, our naive beginner believes that horseback riding is fairly easy, but begins, after a time, to realize the subtleties of horse-rider communication. Building up intuition and mental skills enabling deeper analysis of one's own riding as well as enabling evaluation of others performance takes a number of years of riding, of watching others, etc. Which brings us to the question of where tacit ends and codified begins from the perspective of the rider.

On the one hand, show jumping is all about tacit knowledge. From the rider's perspective, it is all about physically using hands, legs, and body weight to give signals to the horse, which also has to be trained to interpret and react quickly to them. Although taught verbally, developing this tacit knowledge takes physical (and extended!) practice to just instinctively do things, interpret, react, trust instincts. If you only had codified, written knowledge, your body would be too clumsy to translate intellectual understanding into physical action. Particularly during competition situations, things move so quickly that there is just not time to think through the signals, the actions. Instincts and analysis go hand in hand; or, as one Swedish trainer says, 'It has to sit in your spine', meaning that if you have to think about every-thing you are supposed to do before doing it,

things will go too slow. Instinct and tacit knowledge enable quick reactions.

On the other hand, show jumping does involve a lot of codified knowledge. All competitive riders jump for trainers, who, more or less successfully, verbalize what has to be done. There are two basic types of instructions (and trainers!)—those who just say what you should physically change each time in reaction to situations A, B, and C and those who say what to change as well as explain why. The latter give conceptual and analytical tools which give a more abstract picture of the physical and biological properties of show jumping. In both cases, though, the trainers are using codified knowledge to help you make improvements, solve problems, etc. The rider then has to translate that codified knowledge into physical movement which becomes instinctive, essentially tacit knowledge.

The same combination of tacit and codified knowledge goes for competitions, where the rider then plays both roles as trainer and the one who implements the plan. The rider walks the course first and tries to analyze all the difficulties, the strategies for different types of fences, etc., and then tries to implement that strategy later when jumping the horse. The rider needs a combination of almost instinctive reactions and high mental and physical concentration in order to implement the initial strategy as well as deal with all the unexpected changes. Some things have to be instinctive, routines, in order to allow the brain to analyze higher levels of difficulties.

The difficulty is that, even with a lot of tacit knowledge and practice, a lot of mistakes are made because the more sensitive the horse is (i.e. the better trained), the smaller the changes in rider hands, legs, and weight that will lead it to react and perhaps do something unexpected. For example, basically the horse needs to be compacted like a spring in order to jump, but perhaps you allow the horse (spring) to expand by putting your hand forward or by rushing a jump too fast. You crash through the jump or knock a fence down. Or the horse stops or jumps anyway, out of balance. You need to keep analyzing new situations.

What I am trying to do with this example is to show the limitations of dividing the world into tacit and codified knowledge, and of assuming that they are inherently different or refer to different bodies of knowledge. Show jumping is, at one and the same time, extremely physical and extremely intellectual. It demands instinctive, tacit knowledge relating to body movements and communication with the horse at the same time that

it requires analysis and reactions to problems and a changing situation. It can be taught through tips, explanations, watching others, but at the same time, the rider has to practice in order to implement the codified into tacit.

The tacit-codified dichotomy has been a step beyond neo-classical assumptions of the easy spread of (codified)

knowledge, but having made that point, we need new thinking to see how different types of knowledge affect each other, and can be learned, spread, and understood. How are tacit and codified knowledge related to each other? Under what circumstances, and why, do we need some of both?

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## Reviews and Publications

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**G. DUMÉNIL and D. LÉVY:** *The Economics of the Profit Rate. Competition, Crises and Historical Tendencies in Capitalism* (Edward Elgar, Aldershot 1993)

reviewed by **Angelo REATI**,  
European Commission, Brussels

1. In this important and very interesting book Duménil and Lévy (D&L) summarize the results of their theoretical and empirical contributions of the last ten years on the dynamics of capitalist economies. Renewing with the Classical tradition of Smith, Ricardo and Marx, they put the rate of profit at the core of the analysis. In this way some crucial aspects of modern economies—such as the resource allocation among industries, business cycles, capital accumulation and technical change—can find an appropriate explanation. Such an explanation is certainly better than the standard neo-classical one, in which the rate of profit has practically disappeared (apart from the profit maximisation criterion).

The volume is structured in six parts. The introductory Part I summarizes the argument of the book and deals with some statistical topics; the following three parts are mainly theoretical, while the two final parts provide empirical evidence on the USA from 1869 to 1989. The chapters are supplemented by very valuable appendices, in which the authors examine some technical aspects or present the “state of the art” on particular topics.

In the theoretical chapters, D&L treat what they call “proportions” and “dimensions”, meaning by “proportions” the relative values of variables (e.g. relative prices or output), and by “dimensions” the macroeconomic aspects and business cycles.

I was impressed by the clarity and rigor of the chapters on “proportions”, in which D&L examine in depth the question of the “gravitation” of market prices around the prices of production or, to follow more closely their approach, the tendency towards an equalization of the profit rates among industries, resulting from capital mobility (the Classical meaning of “competition”, as

argued by D&L). D&L first present (Part II of the book) the simplest model of formation of prices of production in which: (i) profitability differentials induce capital mobility (from prices to quantities), and (ii) differences between supply and demand modify prices (from quantities to prices). It appears, first of all, that equilibrium exists and, second, that under certain conditions this equilibrium is also stable, in the sense that actual magnitudes for prices and quantities tend towards their “natural” (or equilibrium) level. Two conditions should be met for such a convergence: (a) the initial levels of the variables should not be too distant from their equilibrium level, and (b) the reaction coefficients (i.e. the intensity of changes in prices or output in response to actual disequilibria) should not be too large. In other words, convergence is guaranteed only when disequilibria are fairly limited.

D&L then enrich their analysis on “proportions” by presenting a “general disequilibrium model” (Part III), which allows for unsold commodities, spare capacity, changes in the general level of prices and inadequate quantity of money and credit. The outcome is very much the same as in Part II: provided that the above two conditions on initial levels and reaction coefficients are satisfied, there is gravitation. To obtain this result the authors rely on several simulations concerning prices and profit rates (chapter 8, Part III), which show that, after a very long delay (usually more than 100 periods, and sometimes up to 400 periods), actual magnitudes reach their equilibrium levels.

Part IV, on “dimensions”, provides an analysis of stability in a model in which a single commodity is produced. Particular attention is given to the impact of the profit rate on the macroeconomy.

The theoretical model is empirically tested in Part V with reference to the USA (“Technology and distribution: a historical perspective”), while Part VI provides a historical overview of long term dynamics of such economy.

2. In spite of my strong appreciation of the book, I deeply disagree on several points. To keep this review within reasonable limits of space, I shall be telegraphic and address only the most important aspects, just to incite the reader to further reflection.

(a) *On the empirical part:* D&L introduce doubtful or even wrong causal links.

(a.1) For instance, they fall into the neoclassical "trap" of postulating that the choice of technique is determined by changes in labour costs (page 270). By doing so, they ignore Pasinetti's fundamental finding which contradicts this neoclassical assumption. In fact, under the hypothesis of uniform wage rate (an assumption shared by D&L) and of an instantaneous diffusion of wage increases between sectors, Pasinetti in his *Structural change and economic growth* (CUP, Cambridge 1981, 190-199) demonstrates that the choice of technique is completely independent from changes in the wage rate. This choice is influenced by the rate of profit, but "there is absolutely no grounds for saying *a priori* in which direction a shift of technique will take place when the rate of profit is changed" (p. 193). It is unfortunate that radicals (and non-mainstream economists in general) do not pay attention to Pasinetti's result which shows that, in general, wage moderation is not the appropriate policy to fight unemployment.

(a.2) The above hypothesis on the causes of technical change induce D&L to argue that productivity growth is determined by wage increases. Here the direction of causality is curiously inverted and D&L dismiss, without adequate discussion, one of the strong points of the French theory of *régulation*, which shows that capitalism was able to reproduce itself precisely because of this linkage of wages with productivity growth. This wage indexation played a double role: it fuelled the system with effective demand and allowed enterprises to plan their future developments. D&L reject all this by observing that it relies on the idea that wage movements ought not to affect the profit share; indeed, what really matters for capitalists is the profit rate, and profit share is just one element determining it.

I am dissatisfied with this kind of explanation which, among other things, does not prove that, historically, the direction of causation runs in the sense supposed by D&L. Moreover, considering the profit rate instead of the profit share is not incompatible with the wage indexation on productivity. In fact, for the profit rate to be high enough, it is necessary to have sufficient demand, and this condition can be fulfilled when wages follow productivity increases.

(b) *On the theoretical part:* I have two queries on gravitation and a comment on the concept of competition adopted by the authors.

(b.1) D&L claim that *gravitation* is a real process in capitalism. However, if one considers the extremely long time required for actual magnitudes to converge towards the "natural" ones (between 100 and 400 periods, according to D&L's simulations), one realizes that gravitation will never be effective because, within such a long delay, new perturbing factors will intervene, and the (very lengthy) process of gravitation has to restart.

My second point concerns the conditions for having gravitation (the initial levels of variables and the reaction coefficients). As D&L clearly state, the issue is whether economic agents will actually choose the right reaction coefficients (p. 134 and 345). In several part of the book D&L suggest that, in the real world, this is actually the case. One should then expect adequate empirical support for such a claim but what the reader can find on pages 343-346 is clearly insufficient. Concerning the stability of "proportions", D&L just rely on a general assumption of "rational" behaviour of firms (p. 132-133).

(b.2) *On competition*, D&L maintain that monopolistic competition is "the most appropriate framework in which to account for the classical analysis of competition" (p. 76). On this topic I would like to observe that to deal with monopolistic competition is certainly an advance with respect to pure and perfect competition; D&L's effort to come closer to reality should thus be praised. However, we should be aware that this is only a (necessary) initial phase of a broader research which will encompass oligopoly and oligopolistic strategies.

I also note that, considering the competitive process exclusively in terms of inter-sectoral capital mobility, is too restrictive because, in modern economies, rivalry among oligopolists takes many other forms (product innovation and product differentiation, advertising and other market strategies). These should be considered in a more comprehensive theory of capitalism.

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## Recent Publications by EAEPE Members

Wladimir Andreff (1994). 'East European Privatization Assessed from West European Experience', *Emergo: Journal of Transforming Economies and Societies*, 1, 1, Summer, pp. 21-33.

Wladimir Andreff (1995). 'Les entreprises du secteur public: conditions du succès de la transition' in W. Andreff (ed) *Le secteur public à l'Est. Restructuration industrielle et financière*, Editions L'Harmattan.

Wladimir Andreff (with Madeleine Andreff) (1995). 'Economic Disintegration in Eastern Europe: Towards a New Integration?' in B. Dallago, G. Pegoretti (eds.) *Integration and Disintegration in European Economies* Aldershot.

Wladimir Andreff (1995). 'Le contrôle des entreprises privatisées dans les économies en transition: Une approche théorique', *Revue Economique* 46, 2, mai, pp. 763-73.

Charles Edquist and Maureen McKelvey (forthcoming). 'High R&D Intensity without High Tech Products: A Swedish Paradox?' in Nielsen, Klaus and Johnson, Björn (eds.) *Evolution of Institutions, Organizations, and Technology* Edward Elgar.

Jerzy Hausner; Bob Jessob; and Klaus Nielsen (eds.) (1995). *Strategic Choice and Path-Dependency in Post-Socialism: Institutional Dynamics in the Transformation Process* Edward Elgar.

Geoff Hodgson (1995) 'The Evolution of Evolutionary Economics', *Scottish Journal of Political Economy*, November.

M. Peter van der Hoek and Khi V. Thai (1994). 'Recent Developments in Public Financial Management in the European Community: A Symposium' *Public Budgeting and Financial Management* 6.

M. Peter van der Hoek (1994). 'Fiscal Accountability: The Dutch Experience', *Public Budgeting and Financial Management*, 6.

M. Peter van der Hoek (1994). 'Upgrading Eastern Germany', *Berichte vom Forschungsinstitut der Internationalen Wissenschaftlichen Vereinigung Weltwirtschaft und Weltpolitik*, 4.

M. Peter van der Hoek (1994). 'The Use of Labor Market Supplements by Central Governments in the Netherlands' *Public Administration Quarterly*, 18.

M. Peter van der Hoek (1995). 'Baltic Public Administrators Tackle Currency Problems Foriegn to U.S. Practitioners' *SPOD News*, 18.

Frances G. Hutchinson (1995). 'A Heretical View of Economic Growth and Income Distribution' in Edith Kuiper & Jolande Sap (eds.). *Out of the Margin: Feminist Perspectives on Economics*. Routledge.

Frances G. Hutchinson with Andrew Hutchinson (1995). 'Sustainable Regeneration of the UK's Small and Medium-Sized Sector: Some Implications of SME Response to BS7750', *Greener Management International* 9, 73-84.

William A. Jackson (1995). 'Population Growth: A Comparison of Evolutionary Views' *International Journal of Social Economics* 22(6), 3-16.

William A. Jackson (1995). 'Naturalism in Economics', *Journal of Economic Issues* 29(3), 761-80.

Anastassios D. Karayiannis (1995). 'Imperfect Meritocracy and Inefficiency', *Rivista Internazionale di Scienze Economiche e Commerciali* 42:2, 241-55.

Anastassios D. Karayiannis (1993). 'Entrepreneurship and the Transition from Socialism to a Free Market Economy', *International Journal of New Ideas* 2:2, 42-54.

Maureen McKelvey (1994). 'Engineering the Biological and Political: Enabling Industrial Use of Genetic Engineering in Sweden' *Polhem, Tidskrift för Teknikhistoria* 1994/3, 12, 216-59.

### EAEPE Book Publications

In collaboration with Edward Elgar Publishing, EAEPE is proud to announce the publication a volume of selected conference papers from the 1993 conference entitled *On Economic Institutions: Theory and Applications* and edited by John Groenewegen, Christos Pitelis and Sven-Erik Sjöstrand. The normal cost is £45.00 but the volume is sold to paid-up EAEPE members at a 50% discount price of £22.50.

Papers from the 1992 conference have been published in a volume entitled *The Political Economy of Diversity: Evolutionary Perspectives on Economic Order and Disorder* and edited by Robert Delorme and Kurt Dopfer. The normal cost is £49.95 but the volume is sold to paid-up EAEPE members at a 50% discount price of £24.98.

Copies of the 1991 conference volume are still available, entitled *Mixed Economies in Europe* and edited by Wolfgang Blas and John Foster. The normal cost is £45 but the volume is sold to paid-up EAEPE members at a 50% discount price of £22.50.

1990 conference volumes are also still for sale, entitled *Rethinking Economics: Markets, Technology and Economic Evolution*, edited by Geoff Hodgson and Ernesto Screpanti, and *Towards a New Europe? Structural Change in the European Economy*, edited by Ash Amin and Mike Dietrich. The normal cost of each volume is £35 and £39.95 respectively, but they are sold to paid-up EAEPE members at a substantial discount, for £15 each.

All the above volumes are available from Edward Elgar Publishing, Gower House, Croft Road, Aldershot, Hampshire GU11 3HR, UK. To apply for your discount, mention that you are an EAEPE member.

Royalties for these conference volumes will be paid to EAEPE.

# MORE EAEPE NEWS

## 1996 Steering Committee Meetings

Steering Committee meetings will be held in Majorca on Saturday 30 March from 9.30 to 19.00 hrs and in Antwerp on Antwerp on Thursday 7 November 1996 from 16.30 to 19.30hrs.

The March Steering Committee meeting in Majorca will be followed, on Sunday 31 March at 9.30, by a seminar on 'Strategic Problems facing EAEPE'.

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## STOP PRESS

The following **constitutional amendments** have been passed by the required two-thirds majority in a postal ballot and are now incorporated into the EAEPE constitution:

### Amendment 1

**Add to Clause 3.8:** 'Nicholas Georgescu-Roegen,'

### Amendment 2

**Alter Clause 5.1 to read:** 'Membership of the Association shall be open to any person, resident in Europe or elsewhere, sympathetic to the Theoretical Perspectives, and willing to abide by the Constitution and Rules, and shall be valid upon receipt of the Membership Fee, or upon election as Honorary President (see 12.4 below) or upon the award of life membership (see 12.5 below).'

**Alter Clause 5.4 to read:** 'Payment of the membership fee brings rights of membership for the calendar year in which the fee is paid. New members enrolling after 31 August in any given year are entitled additionally to membership for the whole of the subsequent calendar year. With the exceptions of Honorary Presidents and life members, membership of the Association shall lapse if membership fees are unpaid on 1st January in the subsequent year.'

**Add new Clause 12.5:** 'The Steering Committee or a Membership Meeting may award the honour of life membership to any member of the

association. A life member is not required to pay any further membership fees and his or her membership terminates only in the cases of death or resignation.'

Furthermore, the following **resolution** has been passed by the required simple majority in a postal ballot:

'That for the 1996-1999 period 'Millennium Membership' of EAEPE will be available. On payment of a fixed fee of £75, EAEPE membership will be extended to 31 December 2000.'

Payment of £75 on 1 January 1996 thus brings five years of EAEPE membership, a saving of 40% on the standard rate of £25 per annum. The fee of £75 will not be reduced in subsequent years, so the saving will be 25% in 1997 and zero in 1998. Even in 1998 some may wish to take advantage of this offer, perhaps to describe themselves as 'Millennium Members' on the occasion of EAEPE's tenth birthday!

## Pan-European Scientific Networks

With the support of the Copernicus Programme of the EC (DGXII) a Pan European Network has been set up to develop research in institutional and evolutionary economics. The funding lasts until September 1996.

The centres and coordinators of this project are as follows:

- \*Jerzy Hausner, Krakow Academy of Economics  
Poland
- \*Geoff Hodgson, University of Cambridge, UK
- \*Pavel Mertlik, Charles University, Prague, Czech Republic
- \*Andrew Tylecote, Sheffield University Management School, UK

The network will be widened to other institutions, particularly in Central and Eastern Europe.

Members of academic institutions in the Czech Republic, Slovakia and Hungary are invited to contact **Pavel Mertlik** (Institute of Economic Science, Charles University, Smetanova nabrezi 6, 110 01 Prague 1, Czech Republic. Telephone (42) 2 24 81 08 04 x 64.

Fax (42) 2 24 81 09 87. Email: mertlik@mbox.fsv.cuni.cz).

Members of academic institutions in Poland are invited to contact **Jerzy Hausner** (Academy of Economics, ul Rakowicka 27, 31-510 Krakow, Poland. Telephone (12) 22 69 19. Fax (12) 22 69 19. Email enhausne@cyf-kr.edu.pl). Other academic institutions in Central and Eastern Europe will also be considered.

## An Appeal for Books for Central and Eastern Europe

One of the first tasks of the Pan-European Scientific Network is to distribute quality academic books in the universities of Central and Eastern Europe. Two collection points, in Krakow and in Prague have been set up. Second hand volumes should be sent to either to Pavel Mertlik or Jerzy Hausner (see addresses listed above)

Jerzy Hausner and Pavel Mertlik will distribute this material to participating universities in Central and Eastern Europe.

Thanks are due to all those EAEPE members and others who have already contributed books to this appeal. In particular, we are very grateful for a large donation of books from Edward Elgar Publishing. In all, it is estimated that books to the value of well over £8,000 have been donated to date.

*The main EAEPE administration is located at the University of Sheffield (UK). The Sheffield office is responsible for EAEPE finances, membership records and conference bookings. The part-time Administrative Assistant for EAEPE at Sheffield is **Jane Roe**. At the University of Cambridge the EAEPE General Secretary is assisted by **Jo Grantham**.*

## FEED Names and Addresses

The Foundation for European Economic Development (FEED) is registered charity number 1001277 under the Charities Act 1960 (England and Wales).

### FEED Secretary:

Andrew Tylecote, Sheffield University Management School, 9 Mappin Street, Sheffield S1 4DT, UK. Work telephone (44) 01142 768 555. Fax (44) 01142 725 103. Email A.Tylecote@Sheffield.ac.uk.

### FEED BOARD OF TRUSTEES:

Ash Amin, Wolfgang Blaas, Robert Delorme, Mike Dietrich, Geoff Hodgson (Treasurer), Klaus Nielsen, Christos Pitelis, Angelo Reati, Andrew Tylecote (Secretary).

## Pyrenees Sponsored Walk Raises Over £1000 for Books Appeal

Five people—two British, two Swiss and one German—joined the EAEPE sponsored walk in the Pyrenees in June-July 1995. On the second day the walkers achieved their first major target: the summit of Vignemale, at 3298 metres the highest peak in the French Pyrenees. The walk continued for another six days, using tents and with the average weight of each rucksack in the region of 20kg.

Several minor peaks were attained but only two-thirds of the planned route was covered. Progress slowed because of the late rising habits of at least two of the party, an infected dog bite suffered by the EAEPE Treasurer, and the EAEPE General Secretary's relatively slow rate of descent. Three of the party went on—with the help of a taxi ride—to climb Pico de Aneto (3404m) in Spain. The five walkers covered 80km or more through the beautiful and remote Pyrenees and an excellent time was had by all. (The Treasurer has now fully recovered from his dog bite, but the dog is still at liberty.)

This sponsored walk, and associated appeals, has raised over £1000 for books and journals in institutional and evolutionary economics for universities in Central and Eastern Europe. All donors are warmly thanked for their support.

This venture may become an annual institution. There are tentative plans for another EAEPE mountain trek in early July 1996, possibly in the Austrian Alps or in the Picos de Europa in Northern Spain. For further information contact Geoff Hodgson at Cambridge.

# Conferences, Associations, and Journals

## International Joseph A. Schumpeter Society

### Call for Papers

The sixth conference of the International Joseph A. Schumpeter Society will take place in Stockholm, Sweden from 3-5 June 1996. The theme of the meeting will be:

### Entry, Competence and Economic Growth

#### - the firm, the innovator, the entrepreneur and market competition

The Scientific Committee of the congress encourages submissions of papers devoted to theoretical, empirical and historical aspects as well as to policy analysis.

Abstracts of at least one half page and a maximum of two pages should be submitted in duplicate before 31 January 1996, one to each of the following addresses:

(1) Professor Gunnar Eliasson, Royal Institute of Technology (KTH), Department of Industrial Economics and Management, S-10044 Stockholm, Sweden. Tel +46 8 790 68 03. Fax +46 8 20 72 68.

(2) Professor Horst Hanusch, Universität Augsburg, WISO-Fakultät, Universitätsstr. 16, D-86135 Augsburg, Germany. Tel +49 821 598 4179. Fax +49 821 598 4229.

Selection of papers will be based on abstracts. Decisions will be made before the end of February. (Please submit a fax number with your address.) If you wish to present a paper and take advantage of early rates, please fax for application forms +46 8 20 72 69 giving address and fax/email.

## International Association for Feminist Economics

IAFFE is a non-profit association with the goal of advancing feminist inquiry of economic issues and is therefore sponsoring a new journal. The association plans to hold its 1996 summer conference in Tours, France during July. For further information, contact: Jean Shackelford, Department of Economics, Bucknell University, Lewisburg, PA 178387, USA. Tel: (1)717-524-3441. Fax: (1) 717-524-3769. Email: jshackel@bucknell.edu

## The Association for Institutional Thought (AFIT)

will hold its annual meetings (in connection with the Western Social Science Association Meetings) in Reno, Nevada on 17-20 April 1996.

AFIT is a US-based association with close ties to the Association for Evolutionary Economics. It encourages and fosters the development of institutional thought within the tradition of Thorstein Veblen, John Dewey, Clarence Ayres, John Commons, Wesley Mitchell and others. For further information, contact: Professor James Swaney, Department of Economics, Wright State University, Dayton, Ohio 45435, USA

## Society for the Advancement of Socio-Economics (SASE)

### Call for Papers

The 8th conference of the Society for the Advancement of Socio-Economics (SASE) will take place in Geneva, Switzerland from 12-14 July 1996. The theme of the meeting will be:

### Socio-Economic Foundations of a Just Society

The program organizers encourage sessions and papers that focus on the building of trust and institutions that promote the development of just and fair societies. Sessions and papers can therefore be submitted around a variety of relevant topics.

Those proposing a paper should send a completed "Session Participant Information" form (available on request) and an abstract (max 150 words) no later than 16 January 1996. Program committee members will review paper proposals.

Those proposing sessions should send a "Session Organizer Information" form and an abstract (max 150 words) no later than 2 January 1996. Sessions can be typical paper sessions, panel discussions, informal discussion sessions, or organized around a single author/book.

For further information, contact: SASE, 2808 Central Avenue SE, Albuquerque New Mexico 87196, USA. Tel: (1)505-277-5081. Fax: (1)505-277-4215. Email: SASE@UNM.EDU

## International Association for the Economics of Participation

The 8th conference will take place at the Pyramida Hotel, Prague, Czech Republic from 22-24 August 1994. The theme of the conference will be:

### Economic Participation and the Transition

Presentations in all areas of workers' participation, self-management, and economic and industrial democracy are welcome (economic theory, empirical evidence, institutional and historical studies, experience in Eastern and Central Europe, developed, and developing countries).

For information on sessions, participants, guest speakers, and general information concerning the IAFEP contact: Mark Klinedinst, Vice-President of the IAFEP, Department of Economics, Southern Station Box 5072, University of Southern Mississippi, Hattiesburg, Mississippi 39496, USA. Phone: (1) 601-266-4649 or 601-264-8005. Fax: (1) 601-266-4920. Email: mklnst@whale.st.usm.edu

IAFEP plans to produce a booklet of abstracts presented at the conference. Complete papers should be brought by the participants directly to the conference and in sufficient quantity for distribution to the audience.

## The Direction of Contemporary Capitalism

An International Interdisciplinary Conference

This conference will take place at the University of Sussex, United Kingdom, from 26-28 April 1996.

Speakers from a range of disciplines will assess the direction and nature of some of the central economic, social and political changes in capitalist societies over the last decades; the relationships between these changes; the possibilities and dangers they create for the future; and their implications for social theory and political philosophy.

For further information, contact Andrew Chitty, Graduate Research Centre in the Social Sciences, University of Sussex, Brighton BN1 9QN, United Kingdom. Tel: (44) 1273 606755. Fax: (44) 1273 678466. Email: sptconf@sussex.ac.uk

## International Thorstein Veblen Association

The next meeting will be 23-25 May 1996 at Carleton, Northfield, Minnesota.

*The purposes of this association are:*

- 1: To facilitate and revive in a Veblenian spirit a critical and historical attitude in the social sciences.
2. To examine and evaluate Veblen's ideas and methods from the point of view of their applicability and utility for comprehending and analyzing the contemporary world.
3. To make explicit the attitudes, perspectives, and assumptions underlying Veblen's social, economic, political and religious frameworks.
4. To illuminate the relationships between Veblen's ideas and his linguistic, rhetorical and poetic style.
5. To foster and facilitate communication between Veblen Scholars throughout the world.

For further information, contact: Rick Tilman, Department of Public Administration, University of Nevada, Las Vegas, Nevada 89154 USA

## The Cambridge Journal of Economics

Founded in the tradition of Marx, Keynes, Kalecki, Joan Robinson and Kaldor, the *Cambridge Journal of Economics* provides a focus for theoretical, applied, interdisciplinary and methodological work, with strong emphasis on realism of analysis, the development of critical perspectives, the provision and use of empirical evidence, and the construction of policy. The editors welcome submissions in this spirit on economic and social issues such as unemployment, inflation, the organisation of production, the distribution of the social product, class conflict, economic underdevelopment, globalisation and international economic integration, changing forms and boundaries of markets and planning, and uneven development and instability in the world economy.

Articles should be submitted in triplicate to Ann Newton, Faculty of Economics and Politics, University of Cambridge, Sidgwick Avenue, CB3 9DD, UK.



## The Review of Heterodox Economics

The *Review of Heterodox Economics* is a quarterly newsletter dedicated to the interchange of ideas among heterodox economists. It contains details of published papers in all areas of heterodox economics.

There will also soon be a new Internet site for "Resources for Teaching Heterodox Economics".

Subscription to the *RHE* is currently free, but a charge may be levied in the future. To have your working paper listed send (1) your full mailing address and email address (2) the title of your paper (3) an abstract, 75 words maximum (4) identify the subject of the paper using the *RHE* coding system available from the address below.

For further details contact: Review of Heterodox Economics, c/o Eric Nilsson, Department of Economics, California State University, San Bernadino, CA 92407, USA. Email: enilsson@wiley.csusb.edu

## Review of International Political Economy

The International Review of International Political Economy is a new inter-disciplinary journal for 1994 based on an analytical synthesis between politics and economics. In particular, RIPE will:

- \* address the internationalisation of the state, especially the structures of political authority, diplomacy, and institutional regulation;
- \* examine the shift from a national to a transnational economic system, including the study of global finance and production;
- \* promote the study of development trajectories, local and national, in all parts of the world.

EAEPE members are entitled to a subscription discount. Normal individual rates for the UK/EC are £35/\$60, the reduced rate is £22/\$35. For subscriptions, contact: Trevina White, Routledge Subscriptions, ITPS Ltd., Cheriton House, North Way, Andover SP10 5BE, UK. Tel: (44) 264-332424. Fax: (44) 264-364418.

On editorial matters, contact: The Editors (Ash Amin, Barry Gills, Ronen Palan, Peter Taylor), Review of International Political Economy, Department of Politics, The University, Newcastle upon Tyne, NE1 7RU, UK. Fax: (44) 91-2228107.

## Cybernetics & Human Knowing: A Journal of Second Order Cybernetics & Cyber-Semiotics

This is a quarterly journal dedicated to the understanding of understanding through an interdisciplinary approach spanning Cybernetics, Systems Science, Library and Information Science, Semiotics, Philosophy, Mathematics and Linguistics. It is affiliated with the American Society of Cybernetics.

Editor, *Cybernetics & Human Knowing*, The Royal School of Librarianship, Aalborg Branch, Langagervej 4, DK-8220 Aalborg, Denmark.

## Review of Political Economy

The Review of Political Economy welcomes critical and constructive contributions within the broad traditions of political economy (institutionalism, post-Keynesianism and other non-orthodox approaches) that place significant emphasis upon realism of analysis. The journal is particularly keen to encourage submissions of interest to a wider international audience.

EAEPE members are entitled to a subscription discount. Normal individual rates for the UK/EC are £34, the reduced rate is £28. For subscriptions, contact: The Promotion Department, Edward Arnold Journals, Hodder & Stoughton Publishers, Dunton Green, Sevenoaks, Kent TN13 27A, UK.

On editorial matters, contact: Professor John Pheby, Managing Editor, Review of Political Economy, Department of Economics, DeMontford University, PO Box 143, Leicester LE1 9BH, UK.

Three econometricians went out hunting, and came across a large deer. The first econometrician fired, but missed, by a metre to the left. The second econometrician fired, but also missed, by a metre to the right. The third econometrician didn't fire, but shouted in triumph, "We got it! We got it!"

A totalitarian head of state asked for an economist with one arm to advise the government. Why? Because he was tired of economists who say: "Well on one hand ... But on the other hand ..."

# EAEPE Scientific Development Plan

The Scientific Development Plan identifies priority areas of scientific development for EAEPE. It is based on the premise that EAEPE should prioritise intensive rather than extensive growth; it must invest in theoretical and policy development and try to develop a theoretical cutting edge.

The designated priority Research Areas for EAEPE are now as follows:

**Research Area A: The Development of Realist and Post-Positivist Methodologies for Economics**

Coordinators: Tony Lawson (University of Cambridge, UK) and Andrea Salanti (University of Bergamo, Italy)

**Research Area B: Complex Socio-Economic Systems**

Coordinator: Jean-Louis Le Moigne (Université d'Aix-Marseille III, France)

**Research Area C: The Theory of Institutional Change**

Coordinator: Sven-Erik Sjöstrand (Stockholm School of Economics, Sweden)

**Research Area D: The Theory of Innovation and Technological Change**

Coordinator: Pier Paolo Saviotti (Université Pierre Mendès-France, France)

**Research Area E: The Theory of Firms and Production Processes**

Coordinator: Christos Pitelis (University of Cambridge, UK)

**Research Area F: Theoretical and Policy Aspects of Environment-Economy Interactions**

Coordinator: \* Post Vacant

**Research Area G: Macroeconomic Regulation and Institutions**

Coordinator: Maurice Baslé (Université de Rennes I, France)

**Research Area H: The Institutions of Economics**

Coordinator: Uskali Mäki (Erasmus University, Rotterdam, The Netherlands)

**Research Area I: The Analysis of Structural and Institutional Change in Eastern Europe**

Coordinator: \* Post Vacant

**Research Area J: Monetary Economics, Finance and Financial Institutions**

Coordinator: Marcello Messori (University of Cassino, Italy)

Volunteers for vacant Research Area Coordinator posts are requested to write to the General Secretary, with a full and up-to-date cv.

Research Area Coordinators (RACs) are appointed by the Steering Committee. The primary role of a RAC is as a network-builder, linking EAEPE in with other researchers and other networks. Each RAC is encouraged to:

- (1) develop international networks and seminars relating to the research area;
- (2) apply for EC, nationally-funded or private grants for research work in the area;
- (3) develop and promote research material for future EAEPE conferences relating to the research area;
- (4) make a contribution to the development of EAEPE sponsored publications reflecting work in the research area.

Each year after appointment, each RAC is asked to submit a Research Area Report, of no less than 500 words, on the annual progress of his or her work in the Research Area, to the EAEPE Steering Committee. A token annual grant of a minimum of £100 will be awarded to each RAC, subject to the following conditions:

- (i) the Research Area Report is satisfactory and indicates satisfactory progress by the RAC in network-building and other work in the research area, and
- (ii) the Research Area Coordinator has maintained links with and personal membership of EAEPE, undertaken projects specifically linked to EAEPE, given sufficient accreditation to EAEPE in reporting or publishing the research, and has given sufficient priority to (3) and (4), as well as (1) and (2), above.

Research Area Coordinators have a significant role in helping to organise sessions for, and suggesting and recruiting potential contributors to EAEPE conferences.

# EAEPE Names and Addresses

## **EAEPE Chairperson:**

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## **EAEPE Steering Committee:**

As the result of the 1995 elections and recent cooptions, the Steering Committee (with email addresses) is as follows:

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Bertram Schefold	(GERMANY)	
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1. Coopted until 1 Dec 1996

2. Coopted until 1 Dec 1997

## **EAEPE 1996 and 1997 Conference Programme Organiser:**

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## **EAEPE 1997 Conference Local Organiser:**

Stavros Ioannides (Pantion University of Political and Social Sciences), 14 Gazias Street, 157 71 Zografou, Athens, Greece. Telephone (30) 01 924 0732 x 516. Fax (30) 01 524 6517.

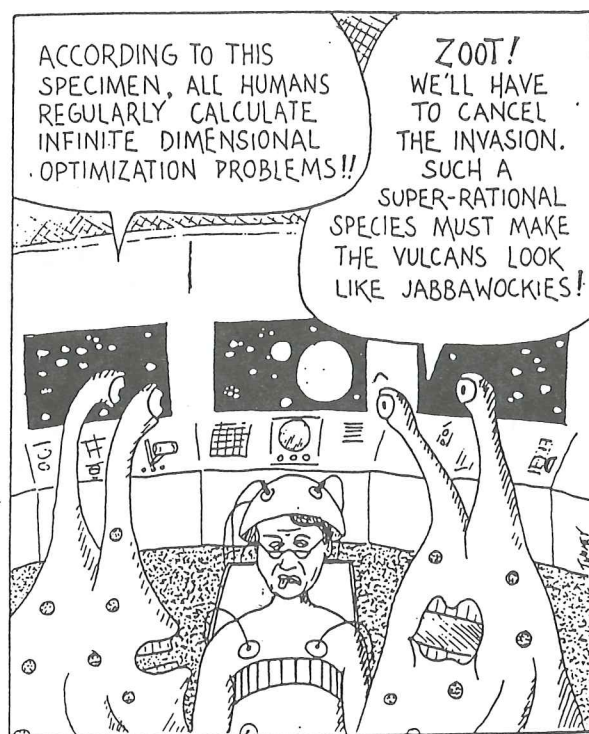
## **EAEPE Scientific Committee:**

The following persons were elected to the 1996 Scientific Committee at the 20 October 1995 Membership Meeting in Krakow:

Paul Beije, Julien van den Broeck, John Groenewegen (convenor), Stavros Ioannides, Bart Nooteboom, Angelo Reati, Jack Vromen.

## Table of Contents

Announcement of the EAEPE 1996 Conference	
'Work, Unemployment and Need: Theory, Evidence, Policies'	1
1995 Conference Briefs	2
Kapp and Myrdal Prize Competitions, 1997	5
The 1996 Conference	6
'The Games People Play—An Almost True Tale'	
by M.G. Dongosh	8
'Jumping Beyond Tacit and Codified'	
by Maureen McKelvey	9
Reviews and Publications	
Review of Duménil and Lévy by Angelo Reati	10
Recent Publications by EAEPE Members	12
More EAEPE News	13
Conferences, Associations and Journals	15
EAEPE Scientific Development Plan	18
EAEPE Names and Addresses	19



Frank Hahn saves the earth  
(or what really happened in those missing  
hours on that late Sunday evening)  
by Paul Twomey

**EDITOR'S BOX:** I'm the new EAEPE newsletter editor, and you should notice some changes as of the editon you hold in your hand. The change in physical layout reflects a conscious change to give more emphasis to research issues and topics as well as being a channel of information for members. One implication is that members are encouraged to be active in contributing material! Material can include reports of current and proposed research and short articles of interest to EAEPE members, as well as news and other items. Please contact me if you are willing to review a book by an EAEPE member. A new section will include abstracts of recent Ph.D.s taken by EAEPE members. Contributions will not be refereed, but the editor reserves the right to decide what is to be accepted. The deadline for the next issue is early April 1996. (See page 1 for address and instructions.) *Maureen McKelvey*