Myrdal Prize Awarded


The K. William Kapp Prize will not be awarded this year, due to insufficient quality of submitted papers.

News from the EAEPE Council

As you probably know, the EAEPE Steering Committee has become the EAEPE COUNCIL. The former Chairperson Robert Delorme has become the President of EAEPE. So for the first time in history there is news from the council.

The council of EAEPE met in Rotterdam on March 21st and 22nd. This was the first meeting after the transfer of office from Sheffield to Rotterdam, and so the first time that the team of Albert Jolink, Loes van Dijk and myself were responsible for organizing the meeting. We discussed a variety of issues about which I will report during the membership meeting in Lisbon this coming November. However, I want to report on three issues now:

1. You have all received a letter in which I explained the wish of Maureen McKelvey to end her editorship of the newsletter and you were all invited to nominate candidates. I am extremely happy to inform you that Grainne Collins is elected unopposed as the new editor of the newsletter of EAEPE. Grainne is well known because of her enthusiasm, organizational capabilities, but most of all because of her active participation in the EAEPE Summer School and her knowledge of heterodox economics. Grainne, our congratulations on your new position! We are all looking forward to meeting you in Lisbon!

The January 1998 issue of the newsletter will be a joint effort of Maureen and Grainne. Please send your material to: Grainne Collins, Institute of Development Studies, University of Sussex, Brighton, BN1 9RE, United Kingdom. Tel +44-1273-606261. Fax +44-01273-621202. E-mail: g.collins@ids.ac.uk

Maureen, I cannot repeat it enough: you made the newsletter a very valuable instrument to communicate with the membership and we hope that you will continue to publish in the newsletter. Thanks again!

2. Most of you participated in the discussion about the name of EAEPE during the membership meeting in Athens. Based on that exchange of ideas, the council decided unanimously the following in Rotterdam:

“The council believes that the membership of the EAEPE is divided between two competing needs:

- to signal that, in line with the beliefs of evolutionary political economists, we are an open and pluralistic association that welcomes debate between different approaches

- to recognize that our existing name has attracted more than 700 European economists.

The Council believes that both needs can be satisfied by keeping the existing name but adding the subtitle “A Pluralistic Forum”. While we keep our name we want to send a strong signal that we welcome members sympathetic to our approaches and who are willing to get involved in the open debate that has always characterised the association. One of the objectives of EAEPE is to provide an open forum for the debate among different schools that is needed in Europe.”

3. The Myrdal Prize will be awarded in Lisbon to Steve Fleetwood for his book on Hayek. Steve we are all looking forward to congratulating you personally in Lisbon!

I am looking forward to meeting you in Lisbon and please do not forget to book your hotel well in advance. Have a nice summer!

John Groenewegen
General Secretary

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EAEPE 1998 Conference
5-8 November, Technical University of Lisbon, Portugal

"Why Is Economics Not An Evolutionary Science?": Institutions, Learning and Change

1998 marks the centenary of Thorstein Veblen's famous essay 'Why Is Economics Not An Evolutionary Science?', published in the Quarterly Journal of Economics. This work founded American institutional economics and established a genuinely evolutionary approach to economic theory. In this path-breaking essay, Veblen argued that economics must break from the static confines of 'natural law' and equilibrium-orientated theory. Veblen proposed a non-teleological and evolutionary standpoint, where everything is open to mutation and change.

As well as addressing the issues raised by Veblen 100 years ago, the 1998 conference, as in all EAEPE annual conferences, will prioritise themes on its Scientific Development Plan (see page 14). 1998 also marks the 10th birthday of EAEPE.

The 1998 conference will take place at the Superior Institute of Economics and Management, Technical University of Lisbon, Portugal, on 5-8 November. The 1998 Conference Programme Organiser is Ash Amin, University of Durham, Department of Geography, Science Laboratories, South Road, Durham DH1 3LE. (Tel: (0191) 374 2450; email: ash.amin@durham.ac.uk or alison.wilkinson@durham.ac.uk). The 1998 Conference Local Organiser is Francisco Louça.

Your paper

Papers should be sent to Francisco Louça, ISEG, R. Miguel Lupy 20, 1200 Lisboa, Portugal. (Tel: (351) 1 392 5954; Fax: (351) 1 397 4153; email: f louca@iseg.ulis.pt)

Final papers should be single spaced, typed or printed clearly, suitable for reprography, have adequate margins and cover no more than 12 sides of A4 or quarto. The conference organisers reserve the right to exclude papers that are illegible or in excess of 12 sides. With modern word-processing software it is not difficult to compress a paper of up to 8000 words into 12 sides of A4. This restriction of 12 pages is very important to keep down printing costs.

If a paper is accepted on the conference programme and is not received by Francisco Louça by the due date of 31 August 1998 then its authors are responsible for its production and distribution, and at their own cost. If you have received a letter of acceptance for your abstract and your name does not appear in the Programme timetable (pages 5 and on) please contact Ash Amin's secretary Alison Wilkinson immediately (alison.wilkinson@durham.ac.uk).

Printed sets of conference papers (those received before 31 August) will be available to conference delegates on registration at Lisbon.

A version of the paper as an email attachment is also requested for placement on the internet (in MS Word 2.0, MS Word 6.0 or MS Word 97). This will make the paper accessible prior to the conference. The email attachment should be sent to Wolfgang Blaas, email: wblaas@pop.tuwien.ac.at (Institute für Finanzwissenschaft, Technical University of Vienna, Karlsgasse 11, A-1040 Vienna, Austria).

The electronic version will be publicised on the EAEPE internet site. The EAEPE home page is http://eaepe.tuwien.ac.at. Please indicate if relevant the 'Research Area' of your paper (list published in Newsletter, page 14) so that they can be placed on the web page of each Research Area Co-ordinator as a research paper.

Some papers for the 1998 EAEPE Conference can be obtained by internet users - courtesy of the Technical University of Vienna. It is hoped that a substantial number of submitted conference papers will be available by this medium. Unless withdrawn by their authors, they will remain on the internet (http://eaepe.tuwien.ac.at) until three months after the conference.
The conference fee (including conference dinner) is 400 Dutch guilders, plus an additional 80 guilders if you are not a 1998 EAEPE member, plus an additional 80 guilders if you book after 31 August 1998. Payment should be made in Dutch guilders by cheque, cash or credit card (provide card number and expiry date) to Albert Jolink. If you do not have the 1998 conference booking form or the 1998 EAEPE membership form (included in January Newsletter), please contact Albert Jolink.

Credit Card Payments: Transactions across national currency boundaries are inconvenient, uncertain and costly. For the convenience of EAEPE members, payments may be made by Access/MasterCard/Visa/Eurocard. Simply telephone (31) 10 408 8967; Fax: (31) 10 212 0448. Email: a.jolink@fwb.eur.nl or m.l.vandijk@fwb.eur.nl with your card number and expiry date. Alternatively, you can notify the EAEPE office in Rotterdam by post with the same information.

Accommodation

Accommodation is not covered by the conference fee. Hotel bookings are the responsibility of delegates themselves. The Conference Local Organiser, Francisco Louça, will be pleased to supply further information on hotels. This year, owing to the knock on effects of EXPO '98 in Lisbon this summer, it will be more difficult to find hotel accommodation. Fortunately we have managed to reserve 220 places (not indefinitely) in different hotels, and at special prices.

*We therefore strongly recommend that you make a reservation immediately at one of the hotels listed below.* The Hotel Amazonia is the hotel preferred by the Local Organiser:

Hotel Amazonia, Fax 003511-3879090 (10,000 single and 11600 double)
Hotel Nacional, Fax 003511-3561122 (9200 single)
Hotel Novotel, Fax 003511-7266496 (12300 and 13500)
Hotel Sofitel, Fax 003511-3472842 (16500 and 19500)
Hotel Mélia, Fax 003511-3531865 (19500 and 21500)
Hotel Embaixador, Fax 003511-3557596 (7700 and 9700)
Hotel Florida, Fax 003511-3543584 (single 12500, double 15000)

Hotel ratings are all either a 3* or 4* rating. Prices in Portuguese Escudos per night with breakfast

*When booking it is essential that you mention you are attending the EAEPE Conference.*

Travel

EAEPE has managed to negotiate reduced air fares with Air Portugal (TP). There will be a reduction of 20% for first class tickets and 15% for all other fares including apex and superex. Those wishing to benefit from the reduction should buy the ticket directly from a TP office, mentioning the EAEPE conference when booking, and present the letter of acceptance of their paper or acknowledgement of their conference booking.

**PROVISIONAL PROGRAMME OF THE 1998 EAEPE CONFERENCE**

The 1998 EAEPE Conference will be held in the Superior Institute of Economics and Management, Technical University of Lisbon, Portugal from 5-8 November. Conference registration will commence on the afternoon of 5 November. The provisional programme is provided below. It is likely to change marginally between now and November. Changes in the programme will be posted regularly on the internet site and a final version will be available at registration. Please consult the internet site regularly or contact the Conference Programme Co-ordinator Ash Amin. Delegates will receive information about the chairs of the sessions in due course. The chairs will review the papers of their sessions during the months of August and September. On the basis of the final version the chairs can decide in co-operation with the programme committee to reorganise sessions.
We kindly ask delegates to note the following:

- follow precisely the instructions for sending your paper to Francisco Louça, and the file as an email attachment to Wolfgang Blaas
- correspond about your paper, time schedule and session directly with Ash Amin and the chair of the session
- pay attention to the opportunity to place your paper on the EAEPE website as a Research Area ‘publication’
- note the special Research Area sessions as an opportunity for you to discuss research proposals, seminars, publications, etc. with EAEPE members and the research area co-ordinators.
- notify Ash Amin if you are unable to attend the conference
- follow the correct procedures for conference booking
- because of EXPO 98 it is urgent you book accommodation as soon as possible
- take advantage of the special discount offered by Air Portugal

### Preliminary Timetable for EAEPE Conference

**Thursday 5th November**

- FEED Trustees meeting
- EAEPE Council Meeting
- Conference Registration (Hotel Amazonia)

**Friday 6th November**

- Conference Registration (ISEG)
- Opening Address
- Keynote Speakers:
  - Stan Metcalfe
  - Frank Hahn
  - "Growth and Evolution"
  - "Why evolutionary economics is not an evolutionary science"
- Parallel Sessions
  - F1A - F1E 11.15 - 13.15
  - F2A - F2E 14.15 - 16.15
  - F3A - F3E 16.30 - 18.30
- Conference Dinner and Myrdal Prize

**Saturday 7th November**

- Parallel Sessions
  - S1A - S1E 9.00 - 11.00
  - S2A - S2E 11.15 - 13.15
  - S3A - S3E 14.15 - 15.30
- Research Area Session
  - 15.45 - 16.45
- Keynote Speakers and Close
  - Sousa dos Santos
  - Mark Perlman
  - "What Governs Our Mindsets: One Hundred Years of Veblen's Contempt for Economists' Methodology"
- Membership meeting

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**How to Obtain Some EAEPE 1998 Conference Papers Prior to the Conference - The EAEPE Home Page on the Internet**

Papers for the 1998 EAEPE conference can be obtained by internet users - courtesy of the Technical University of Vienna. It is hoped that a substantial number of submitted conference papers will be available by this medium. Unless withdrawn by their authors, they will remain on the internet until three months after the conference.

The EAEPE home page is [http://eaepe.tuwien.ac.at/online.html](http://eaepe.tuwien.ac.at/online.html). Comments or questions can be addressed to Wolfgang Blaas (wblaas@pop.tuwien.ac.at).
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**Saturday 7th November**

11.15 - 13.15

**S2**

**Evolution**

- Evolution of Cultural-Scientific-Industrial Development (Van der Weele, 1998)
- Evolution of Innovation and the Knowledge Economy (Evans, 1998)
- Evolution of Globalization (Crouch, 1998)
- Evolution of the Financial System (Cox, 1998)

**Institutions**

- The Role of Policy in the Knowledge Economy (Dosi, 1998)
- The Role of Institutions in the Knowledge Economy (Amin, 1998)
- The Role of Law in the Knowledge Economy (Branstetter, 1998)
- The Role of Social Norms in the Knowledge Economy (Nelson, 1998)

**Innovation**

- Innovation and the Knowledge Economy (Nelson, 1998)
- Innovation and the Knowledge Economy (Zweig, 1998)
- Innovation and the Knowledge Economy (Zweig, 1998)
- Innovation and the Knowledge Economy (Zweig, 1998)

**Firms & Nations and Regions**

- Firms, Nations, and Regions (Dosi, 1998)
- Firms, Nations, and Regions (Dosi, 1998)
- Firms, Nations, and Regions (Dosi, 1998)
- Firms, Nations, and Regions (Dosi, 1998)

**Translation: Employment / Policy**

- Employment and Policy (Dosi, 1998)
- Employment and Policy (Dosi, 1998)
- Employment and Policy (Dosi, 1998)
- Employment and Policy (Dosi, 1998)
Letter from the President

This year marks the centenary of Thorstein Veblen’s essay "Why is economics not an evolutionary science?" published in the Quarterly Journal of Economics in July 1898. 1998 also marks the tenth birthday of EAEPE whose foundation was decided at Grim’s Dyke, near London, in June 1988.

Veblen advocated an open ended evolutionary standpoint in economics. With the hindsight that living in 1998 provides, the path-breaking character of Veblen’s essay is becoming more obvious. It is him who wrote that "the base of action - the point of departure - at any step in the process is the entire organic complex of habits of thought that have been shaped by the past process. The economic interest does not act in isolation, for it is but one of several vaguely isolable interests on which the complex of teleological activity carried out by the individual proceeds". He added that "From what has been said it appears that an evolutionary economics must be the theory of a process of cultural growth as determined by the economic interest, a theory of a cumulative sequence of economic institutions stated in terms of the process itself" (p.77). Institutions imply evolution, evolution implies institutions and they both imply - and are implied by - complexity. It is my conviction that imperfect knowledge, learning, human creativity, novelty, difference and change call not for an ideology nor a doctrine as approaches to doing economic research but for a behavioural economics. For those to whom evolution means open-endedness the current majority core of economics and political economy can hardly be depicted as evolutionary. Yet, however ambiguous the word evolution may remain, it would be unfair not to recognize the slow but real clarification that has been developing since the publication of Nelson and Winter’s book in 1982 and - why not mention it - since the foundation of EAEPE. Much has still to be done but we are definitively not in the state in which we were ten years ago: progress has been made.

Looking back at our conferences and meetings, at our conference volumes, at our recently created summer school and at the list of the research areas developing within the EAEPE Scientific plan, one cannot but be impressed by the diversity of activity brought in by our membership and our guests. Bob Coats recalled at our last year’s Conference in Athens the question asked some years ago by Allan Gruchy, “Are institutionalists organizeable?” I would say that the very existence and growth of EAEPE from no more than two dozens persons at Grim’s Dyke to 700 members now is an answer.

Naturally much should still be done and improved. It is enough to say that EAEPE has been able to strongly organize itself and to provide an active pluralistic forum. I would like to encourage our membership to be even more active and come with suggestions for improving EAEPE’s life. No one knows how EAEPE will look like in ten years from now. What is sure however is that it will depend upon us. The Spanish poet Antonio Machado said it very nicely:

I am looking forward to meeting you in Lisbon and to hearing from you.

Robert DELORME

1999 Kapp and Myrdal Prize Competitions

Entries for the 1999 Kapp and Myrdal competitions are now welcome, with a closing date of 1 January 1999:

**K. William Kapp Prize**

Amount: £10000 (half funded by the William Kapp foundation).
Awarded annually for the best article on a theme broadly in accord with the EAEPE Theoretical Perspectives (minimum 5,000, maximum 12,000 words). Submissions for the 1999 Kapp prize should be unpublished on 1 January 1999.

**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 1999 Myrdal prize should be either unpublished, or published no earlier than 1 January 1996.

Entries must be received by the EAEPE Prize Competition Coordinator by the strict deadline of 1 January 1999. Entries should be sent to the EAEPE Prize Competition Coordinator Kurt Döpfer, Sandrainstrasse 21, CH-9010 St Gallen, Switzerland. Tel: (41) 71 224 25 77. Fax: (41) 71 245 06 91. Email: kurt.dopfer@fgn.unisg.ch.

Please send your prize entries to Kurt Döpfer, and not to the EAEPE General Secretary. If your entry is sent to the wrong address, delay will result and you may miss the 1 January deadline for the prize. EAEPE will not be held responsible for prize submissions that are dispatched to the wrong address.

Five non-returnable copies should be submitted for the Kapp Prize and four non-returnable entries for the Myrdal Prize. Awards of the 1999 prizes will be made at the 1999 EAEPE Conference.

All candidates must be paid-up 1999 members of EAEPE. It is planned that the Council will judge both prizes by April 1999. The Kapp Foundation will assist in the judging of the Kapp Prize. Any member of the EAEPE Council or trustee of the Foundation for European Economic Development serving at any time from 1 January 1998 to 1 July 1999 inclusive shall be ineligible to enter. The EAEPE Council reserves the right not to award a prize if the entries are below the required quality.

**New EAEPE Subscription Rates**

The following resolution has been passed in a recent ballot of members by the required majority:

From 1 January 1998, the EAEPE membership fees shall be denoted in Netherlands Guilders as follows:

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<tr>
<th>Category</th>
<th>Amount</th>
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<tr>
<td>Life Membership (non-honorary)</td>
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<td>Ordinary Rate</td>
<td>80 per annum</td>
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<td>Reduced Rate</td>
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<td>Special Rate</td>
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Furthermore, in the event of the Netherlands adopting the euro as its main currency on or before 1 January 2000, the above rates will be replaced by the following, denoted in euros:

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<tr>
<td>Life Membership (non-honorary)</td>
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<tr>
<td>Ordinary Rate</td>
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<td>Reduced Rate</td>
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<td>Special Rate</td>
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The above rates may be amended or replaced by any EAEPE Membership Meeting and subsequent ballot, in 1998 or thereafter.

Accordingly the following Guilder subscription rates are now in force:

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<tr>
<td>Life Membership</td>
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<td>Reduced Rate</td>
<td>fl20</td>
<td>fl.5</td>
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Subscription renewals should be sent to Albert Jolink, Erasmus University Rotterdam, Erasmus Institute for Philosophy and Economics, Oostmaaslaan 950-952, Rotterdam, The Netherlands. Tel: (31) 10 408 8967. Fax: (31) 10 212 0448. Email: a.jolink@fwb.eur.nl or m.l.vandijk@fwb.eur.nl. See information about paying by credit card on page 3.
Keynote Speakers in Athens 1997: Paul David and Nicos Mouzelis

by John Groenewegen

In his keynote lecture, Professor Paul David discussed two central concepts in evolutionary economics: path dependence and 'history matters'. These concepts are often used by economists in an unclear way. Path dependence is in the literature often related to non-predictability, inefficiency and determinism. Because of those confusions we are in need of a more precise definition of path dependence: path dependent processes can be defined as non-ergodic, that is to say as unable to shake free of their history.

In the analysis of historical change (the domain of economic history) research shows the existence of positive feedbacks and a multiplicity of equilibria. A state-dependent (Markov) process can have two or more 'absorbing states' (or sub-regions of states) that are distinct regions of 'attraction' for the dynamic system. In this case, it becomes path dependent. Often in the literature on path dependence, one or another of these equilibrium states is presented as 'lock-ins' that are economically inefficient. That can be the case but certainly is not necessarily so. Path dependency and 'sub-optimality' are logically distinct properties, David emphasised.

With respect to determinism Paul David said he regarded path dependency to be a property of stochastic (non-deterministic) processes, and therefore strictly distinguishable from (deterministic) chaotic processes. He referred to the work of Dougal Nish North who shows in his historical analysis that actors have a latitude of choice, that within the path of development there is room to manoeuvre. Path dependence does not imply 'inevitability in which the past neatly predicts the future'; but the concept of 'probabilistic causation' is well-defined. For instance in the case of medieval Holland where the geographical location determined the affinity with shipping, it can be said that this 'led probabilistically' to (i.e. favored the likelihood of) the Dutch learning about shipbuilding, rope and sailmaking, the construction of sawmills, and so on.

Other examples from the history of technology bring out the irrelevance of ahistorical neoclassical perspectives of explaining economic change as the result of cost minimizing behaviour in a setting where actions are coordinated simultaneously. The sequence of events is thereby implicitly assumed away, which is problematic, in David's view, because 'things happen, but never unhappen'.

The diffusion of mechanical technologies in Victorian Britain shows how the introduction of the 'best practice' technology could be blocked by existing complementarities between equipment and other parts of the production system. The decision to replace equipment then was based on technically interrelated components, which can lead to a continuation of the use of a particular type of machinery that, considered in isolation, ought to be replaced by the newer technology which had become available.

What about 'history matters'? It is nowadays 'bon ton' for economists to say that history matters, but a closer look shows that the differences and implications turn out to be substantial. Paul David distinguished between three degrees of historicity, between three forms of how history matters in economics:

- in the weak sense it is recognized there is a past and a present which are connected by an 'arrow of time' that points in one direction only; then all economic motion is not 'locomotion' in the sense of being costlessly reversible; this is recognized in the economist's concept of sunk cost hysteresis;
- in the mild sense of history it is acknowledged that making immediate changes is likely to involve very high marginal costs of adjustment; it therefore 'takes time' to move from one state to another (building of a capital stock, reputation, and the like). The notion of a dynamic path which is an object of choice is the way in which this notion of 'history mattering' is embraced by mainstream economic analyses;
- in the strong sense of history it is recognized that some (path dependent) dynamic systems satisfy the non-ergodicity condition, so that the possible future directions in which they can evolve at any moment in time is subject to change as a consequence of their own, evolving history; probabilistic branching processes illustrate this strong sense of 'historicity'—which involves both 'irreversibility' and 'contingency'.

To say that history matters has a meaning when the degree of historicity is formulated explicitly.

The 'history matters' perspective has important implications for economic analysis, according to Paul David, but, these are not so simple as saying that government should intervene wherever and whenever there is a 'market failure'.

It is well known that economists practice static economic welfare analysis that systematically favours the status quo. A change of the existing allocation is only justified when those who lose could be fully compensated and when the costs of the whole operation are covered by benefits. Market outcomes are said to be inefficient and 'remediable' when that test is passed.

One should be careful here. Referring to Oliver Williamsson Paul David agreed with his approach to ask first a test for remediation by 'private ordering' (private actors change allocation through contracting and governance structures), and then investigate the costs and benefits of 'public ordering'. Oliver Williamsson is clear about the fact that public ordering can sometimes do better in cases where information about network externalities is needed; when collective action is needed for coordination. the public sector is in a better position to orchestrate that by fiat; and there are cases where the social net benefit calculus will differ from the private one in substantial degree.

But often the question for the public sector should be one of timing: should it intervene now, or is it already too late? The proper role for public action is not necessarily that of selecting among alternative outcomes even when it is likely that there will be market failure; the state can seek to promote and coordinate better informed private decision-making; in cases where private agents are climbing on a 'bandwagon'—simply following what others around them are doing—even though it has the potential to lead to high social costs, to slow down process, reducing its momentum until more information becomes available.

Static efficiency performance should not be the only criterion for economists and politicians to base policies on. Questions about cumulative processes in which individuals and groups become increasingly advantaged or disadvantaged should be a central concern, according to Paul David. How can one understand the persistence of diverging intergenerational paths of income or wealth within a society? Analysis of positive and negative feedbacks should show where and how history really matters, and what kind of policies can be developed to improve the outcomes of selections that markets make between multiple equilibria. Only an analysis of processes of historical change can provide such necessary insights.

In doing that type research it becomes often clear that the economic perspective is too one-dimensional an approach and that a real understanding demands a variety of social science perspectives.
Another important social perspective was discussed by Professor Nicos Mouzelis, who delivered a keynote lecture on the contribution of sociology in conceptualizing complexity in modern Europe. Nico Mouzelis used the concepts of social differentiation and integration to identify the basic trend in modern society of growing complexity in culture. In primitive societies all functions necessary for the reproduction of social life (economic, political, religious, educational) are rooted in an all-inclusive kinship system. A low degree of social differentiation exists. At present in the processes of rapid globalization, different cultures are brought together and the growing differentiation poses policy makers for complicated questions.

Mouzelis discussed four ideal types of strategies by which a complex multi-cultural whole can accommodate its differentiated parts. It goes without saying that Nicos Mouzelis in his keynote addressed issues of extreme relevance in Europe today. But first the theoretical part.

The first ideal type is the compartmentalized strategy: the cultural parts exist side by side without integration. Communication and exchange are minimized and the cultural self-containment is disturbed as little as possible. Examples: the position of the gypsies in the history of many European countries, the ‘ghettoization’ in many cities.

The second type is called the monologic integration: the dominant culture obliterates the internal dynamic of all other cultures. Examples: religious fundamentalism, economic fundamentalism (see below) and xenophobic nationalism. Those who control the administrative and military key positions force one culture upon the others. Those systems are rather fragile and of transitory nature.

The third type of integration is called syncretic and entails an eclectic mixture of elements from various cultural traditions. Example: in post-modern societies elements of different cultures are linked without any interest in the origins. Every hierarchization and notion of boundaries is absent: anything goes. It is a flat, undifferentiated social and cultural universe from which one can pick and choose at will. The system is held together by consumerism: Japanese cuisine, Chinese furniture, Indian carpets, French chansons, and so on, are combined without knowledge of the historical and cultural context of the origins.

In the fourth type of integration, the communicative one, the negative aspects of the former three are avoided. In this ideal type, the autonomy and internal logic of different cultures is respected, and bridges between them are built for which a lingua franca is crucial. Distorted communication should be avoided, and a peaceful and openly creative co-existence of different traditions demands the acceptance of certain limitations to cultural autonomy. Cultural autonomy has to be bound first by democratic values making cultural pluralism possible and second by basic human rights which have acquired a transcultural universal character. Nicos Mouzelis discussed some concrete cases of the boundaries of cultural autonomy such as the unrestricted power of the male head over his wife and children, of child mutilation for economic purposes and sexual mutilation of daughters via the traditional practice of circumcision.

Applying the theoretical ideal type to the European situation of today, Mouzelis observed a tendency towards a situation in which one-third of the population in most Western European countries reaps the material benefits of neo-liberalism and two-thirds is marginalized. Most of the cultural minorities belong to the latter category.

The type of integration found in Europe is a combination of the compartmentalized and syncretic type with a few monologic projects of extreme Right. Communicative integration is on the wane. The real challenge for governments lies in finding new means for achieving their traditional goals of combining sustainable capitalist growth with the spread of civic, political, socio-economic and cultural rights to the bottom of the social pyramid. More specific: the combination of jobless growth and deteriorating welfare has to be stopped.

A second field of application of the ideal types of integration discussed by Nicos Mouzelis, was the dominance of the culture of economic efficiency at European universities. Referring to the British system, Mouzelis considered the application of efficiency to the core organizing principle of research and teaching as undermining the university’s autonomy. The basic right of academics to be guided in their research and teaching by criteria that are neither economic nor political is threatened. The tendency is away from basic knowledge to ‘professional training’. At the present, the balance between policy oriented research, professional training and the production and dissemination of basic knowledge is disturbed.

Mouzelis pleads for the establishment of a communicative type of integration between the economy and the university. The values of productivity and competitiveness should co-exist in an opened, balanced manner with the logic and values of democracy in the political sphere, the values of solidarity in the social sphere and of cognitive rationality in the sphere of higher education.

The idea of communicative integration can also be applied to the history of social sciences. A compartmentalized situation with methodological, epistemological and ontological walls between different paradigms seems to characterize much of social science nowadays. Two types of reaction can be observed: one of the postmodern syncretic type and one of the communicative type.

It is my conviction that EAEPE is an association where the communication meant by Nicos Mouzelis is strongly advocated (see “News from the Council” about the name) and that pluralism is the only wise strategy of integrating different cultures. Also in economics.

1999 Value Theory Mini-Conference: Deepening the Dialogues

A Mini-Conference at the Eastern Economic Association (USA) conference will be held on March 12-14 1999, in Boston. It is organised by the International Working Group on Value Theory (IWGVT).

The IWGVT aims to promote pluralistic debate on the concepts of value, seeking particularly but not exclusively to deepen the discussion of value concepts appropriate to dynamic analysis, and to end the unacceptable exclusion of the value theory of Karl Marx from existing debates. However, it defends no particular theory of value beyond arguing that the concept itself is indispensable.

Material from conferences and additional information about the IWGVT can be obtained either by emailing value.theory@greenwich.ac.uk or at www.greenwich.ac.uk/fa03/iwgvt.

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B.I.E.N.

The Basic Income European Network (B.I.E.N.) organizes its 7th International Congress on basic income at 10-12 september 1998, Amsterdam, The Netherlands. The three main themes of the Congress are: full employment without poverty; sustainable funding and social Europe. Parallel sessions are open for volunteered papers (in English).

B.I.E.N. aims to serve as a link between individuals and groups committed to or interested in basic income, and to foster informed discussion on this topic. B.I.E.N. publishes a Newsletter that is sent on request by e-mail. More information about the Congress and the integrated contents of the first 28 issues (1988-1997) are also accessible on World Wide Web (http://www.espo.ucl.ac.be/etes/bien/bien.html).

Information about other organisations, journals, conferences and websites are provided in the newsletter as services to our members. While every effort has been made to provide accurate information, the EAEPE newsletter claims no responsibility.

PhD Programme in Philosophy and Economics

Erasmus University launched a PhD programme in Philosophy and Economics in 1997. Thanks to recent appointments, Erasmus University has created a unique centre devoted to the combined study of philosophy and economics. The PhD programme exploits the expertise of specialists such as Uskali Mäki, Arjo Klamer, Maarten Janssen, Jack Vromen, and Albert Jolink at the Erasmus University for Philosophy and Economics.

The PhD programme consists of one year advanced course work and two years of research within the broad framework of the Erasmus Institute Research Programme 'Institutions'. The advanced courses will go into topical issues in the philosophy of economics, microeconomics and game theory, evolutionary and new institutional economics, history of economic thought, and the rhetoric and culture of economics. The Research Programme is organised under four headings: 'Economics of Institutions', 'Institutions of Economics', 'Economics in Philosophy' and 'Philosophy in Economics'. A detailed description of the research programme is available upon request.

The PhD programme is open to all candidates who have a completed Master's degree in economics, in philosophy, or in the philosophy of economics, and who have a strong interest in subjects falling within any or all of the themes of the Research Programme. (Those who are within three months of completion of their Master's may also apply.) The tuition for the first year is NLG 10,000. After the first year, students can apply for a fellowship of approximately NLG 24,000 per year for the second and third year.

For information and application forms please contact:

Erasmus Institute for Philosophy and Economics, attn. Dr Albert Jolink, Faculty of Philosophy, Erasmus University Rotterdam, Postbus 1738, 3000 DR Rotterdam, The Netherlands. Fax +31.10.408 8979, e-mail a.jolink@fwb.eur.nl

EAEPE as of May 1st 1998 member of

INTERNATIONAL ECONOMIC ASSOCIATION
ASSOCIATION INTERNATIONALE DES SCIENCES ECONOMIQUES
ASOCIACION INTERNATIONAL DE ECONOMIA
Book Reviews

1

Pier Paolo Saviotti

*Technological Evolution, Variety and the Economy*
Winner of the 1996 Myrdal Prize
Reviewed by Bryan Morgan, University of Southern Queensland, Australia.

Those readers who attended the EAEPE 1996 conference in Antwerp may recall Paul Krugman's assertion that, if they really understood modern theories of biological evolution, evolutionary economists would be doing neoclassical economics. What seems implicit in this and similar statements is a belief that economic analysis that lies outside the framework of equilibria, optimisation and comparative statics has little to contribute to our understanding of the economy. Paolo Saviotti's recent book, *Technological Evolution, Variety and the Economy*, is an excellent demonstration that such a belief is mistaken.

Saviotti identifies the focus of his book as qualitative change and technological innovation. Having established the scope of his inquiry, Saviotti argues that an evolutionary theory rather than neoclassical economics is a suitable analytical framework as it allows features of technological change to be explicitly included. Two features missing from orthodox theory that are included by Saviotti are changes in product technology and new forms of knowledge.

The book is divided into three parts. The first examines the nature of evolutionary theories and their relationship with neoclassical economics. Saviotti supports his contention that an evolutionary theory is the appropriate approach by examining how theories can be compared. Evolutionary economics and neoclassical economics are found to have different observation spaces, that is different sets of observables, with the analysis of innovations being more naturally at home in an evolutionary theory. Saviotti's next objective is to clarify the nature of evolutionary theories. In a chapter that serves as a very useful introduction to the subject, Saviotti provides a succinct yet comprehensive summary of the present state of evolutionary economics by examining the different research traditions that have made contributions to it.

The second part of the book contains a model of technological innovation built up over three chapters. A generalised, "twin characteristics" representation of product technology is described in which the units of analysis are products, differentiated according to technical and service characteristics. The internal structure of the product is separated from the service it provides to users and this separation provides a way of distinguishing radical and incremental innovations.

The concept of variety is one that is important in the analysis of qualitative change and variety is identified as a variable that can be used to map the development of the economic system and its changing composition. While Saviotti states his analysis is "suggestive rather than exhaustive", he, nevertheless, manages to discuss a wide range of implications in areas such as economic development, mechanisms of variety generation, competition and international trade.

The explicit characteristic representation and the concept of variety are applied to the development of a simulation model of technological evolution based on replicator dynamics. Using the model Saviotti studies the conditions required for variety growth and the results of the simulation imply that "excessive competition" has an adverse effect. In an earlier chapter, Saviotti argues that growth of variety is a necessary requirement for economic development. Unfortunately, space constraints prohibit even a brief description of the model in this review. However, the exposition is always well structured and clear and this chapter should be accessible even to those readers who have only a limited mathematical knowledge.

In the final part of the book, Saviotti turns his attention to information and knowledge and their effects on organisational structures and institutions. The Shannon and Weaver form of informational entropy is used to examine the implications of the trend towards increasing variety for organisational structures and for information requirements. Saviotti distinguishes between information and knowledge and, having considered information and organisations, looks at the relationships between knowledge and organisations. The topics covered here include the knowledge base of organisations, the division of labour, coordination and inter-firm collaboration. In the last chapter of this part, Saviotti brings together many of his ideas through the concept of national systems of innovation which is compatible with the evolutionary framework and expands the analysis to an international level. Within this framework a distinction is made between the local accumulation of innovative capabilities and the internationalisation of the economy. In these chapters, Saviotti continues to provide a scholarly and insightful discussion incorporating concepts that are outside the scope of neoclassical theory.

One of the important objectives of any science is the identification and explanation of patterns occurring in the empirical world and this first requires the development of abstract concepts, for example describing the orbit of planets required a knowledge of ellipses and in recent times previously unforeseen patterns have been identified using Mandelbrot's concept of the fractal. The contribution that orthodox theory has made to our understanding of the economic system cannot be denied, but, as Saviotti argues, the scope of any theory is limited and new concepts are required to move to a new observation space. In this work Saviotti has made a substantive contribution to the development of a set of new concepts and, hopefully, the growth of variety within economic theory.

2

Charles Edquist (editor)

Reviewed by Geoff Hodgson, Cambridge University, UK.

This important collection of essays results from the work of a network of researchers engaged in the building of a "conceptual and theoretical foundation for the continued study of innovations in a systematic context" (p. xiii). In short, the aim was to describe, understand, explain - and perhaps influence - processes of innovation' taking 'all important factors shaping and influencing innovations into account' (p. 2). Among these factors are, importantly, social and economic institutions, including laws, cultural norms, social rules and technical standards.

The contributions within this volume reflect the sustained period of collaborative interaction between the contributors, and give the work a measure of conceptual and narrational unity. In the introduction to the volume, Charles Edquist gives an overview of the volume as a whole and discusses the emergence of the systems of innovation approach. Part I provides a more extended discussion of the basic concepts, with contributions by Stefano Breschi, Charles Edquist, Mark Elam, Paolo Guerrieri, Björn Johnson, Franco Malerba, Keith Smith and Andrew Tylecote. Part II is devoted to 'evolutionary perspectives' with contributions by Esben Sloth Anderson, Bo Carlsson, Patrick Cohendet, Staffan

Readers of this Newsletter will find this volume very useful. Many will endorse the rich insights provided by placing the innovation process in an institutional and cultural context. This work is a major contribution to the systems of innovation literature, following earlier work by Bengt-Åke Lundvall (1992), Richard Nelson (1993) and others. The volume under review is thus the third key volume on innovation systems to appear. With a central focus on interactive innovation and learning, and with full recognition of the institutional and cultural context, this literature gives much richer insights than that provided by mainstream economic theory. Here we have ample evidence of both the theoretical and operational superiority of institutional and evolutionary economics.

It is impossible to discuss all the essays here, and my remarks must be confined to a few highlights. Particularly striking is the way in which the metaphor of biological evolution plays a crucial role in some of the theoretical essays, notably the ones by Maureen McKelvey, Pier Paolo Saviotti, Patrick Cohendet and Patrick Llerena.

Usefully, Mark Elam’s article notes the emergence of the systems of innovation concept and its precedent in the concept of ‘national economy’ developed by the German economist Friedrich List (1841) 1904) and subsequently by members of the German historical school. As Christopher Freeman (1995) has also pointed out in an excellent and earlier essay, there is a close relationship between the national systems of innovation concept and the organic idea of the ‘national economy’ developed by List and the German historicists. Both the ‘systems of innovation’ idea and the earlier one of ‘national economy’ share an implicit rejection of reductionism and methodological individualism, focusing on the structured characteristics of the system as a whole. It can hardly be objected that such excursions into the history of economic thought are antiquarian and redundant, for several of the essays openly and willingly discuss some of the historical precedents to the ideas involved. In any case, to give key concepts full grounding and meaning it is necessary to put them in the context of their own history. Contrary to a view held by mainstream economists, understanding the historical creation and development of ideas is highly relevant to those ideas themselves.

A weakness of the volume is the inadequate treatment of social culture. Arguably, culture and language are crucial elements both unifying, and bestowing a distinctive character upon, all systems of innovation. It is commonplace to analyse, for example, the Japanese system of innovation in these terms (e.g. Dore, 1987; Morishima, 1982; Nonaka and Takeuchi, 1995). The index to the volume under review contains references to only four discussions of culture in a volume of over 400 pages. The concept of culture is raised, for example, as germane to the comparative analysis of national systems in the essay by Paulo Guerrieri and Andrew Tylecote, but nowhere is it explored in any depth.

This omission is also clear when the editor of the volume discusses institutions primarily in terms of ‘constraints and/or incentives’ (p. 2). Insufficient emphasis is given to the way in which institutions are enabling and constitutive for individual action. The ‘habits of thought’ (Veblen, 1919) handed down from past generations - including language and ways of thinking and doing - shape individual expectations, goals and interactions. Institutions do not simply provide constraints and incentives: they provide the very basis through which the individual can give meaning to his or her situation and interact fruitfully with others (Hodgson, 1998).

It may be that the insufficient emphasis on culture in the volume explains a rather hurried disposal of the word ‘national’ from the 'system of innovation' concept. Edquist and his co-authors are right to point out that systems of innovation are not confined to national boundaries and can take industrial, district, regional, or trans-national forms. However, this poses the need for a developed methodology to ascertain the integrity and boundaries of each system. For example, is a single firm a 'system of innovation'? In contrast, the concept of national systems of innovation focuses appropriately on the relatively prominent institutional, linguistic, and cultural factors which often bestow upon nations an 'organic' unity.

Criticism aside, this is an excellent and extremely interesting volume. Much more than a collection of essays, it is a serious and partially successful attempt to push back the forefront of our knowledge of the crucial processes of learning and innovation which should be central to the discourse of economic science in the twenty-first century.

References

DRUID
The Danish Research Unit for Industrial Dynamics (DRUID) has three areas: 1) The Firm as a Learning Organisation, 2) Changes in Competitive Patterns and Inter-firm Learning Processes, and 3) The Learning Economy and the Competitiveness of Systems of Innovation. All DRUID Working Papers are available free of charge at the URL:

The papers can also be ordered from the secretary, but they are not free of charge if done so. The fees are DKK 600 (yearly subscription, approximately 20 issues) and DKK 40 (single issue). It is possible to make a commitment to an exchange of papers from related departments or research
The 1998 EAEPE Summer School

EAEPE will hold its third summer school on 14-24 July 1998 in Kenmare, County Kerry, Ireland. The overall theme of the 1996, 1997 and 1998 summer schools is: 'Institutions and Technology: Interdisciplinary Perspectives on European Economy and Society in an Era of Rapid Change'.

The lecturers on the 1998 Summer School will be: Ash Amin (Durham), Ronald Dore (LSE), Giovanni Dosi (Rome), Mark Granovetter (Stanford), Geoff Hodgson (Cambridge), Tony Lawson (Cambridge) and Klaus Nielsen (Roskilde).

The summer schools are mainly for young academics, postgraduates and other researchers. There is substantial EC financial support covering most tuition, travel and accommodation costs for 60 participants. A limited number of additional places are available for scholarship supported, self-funding, or partially self-funding, applicants.

To register for an EAEPE summer school, each applicant must normally:

1. Be aged 35 or under at the time of the summer school;
2. Be in possession of a Masters or other higher degree, and have some significant and advanced knowledge of economics and social theory;
3. Be pursuing research at a university or within industry.

As the summer schools are conducted in English, participants must be fluent in that language. Young academics, postgraduates and other researchers are invited to apply for a summer school prospectus.

The summer school involves 10 days' attendance, including 2 free days at the weekend. Participants agree to take up residence for 10 days, in a closed environment conducive to study. 1998 summer school participants agree to arrive - and register with the summer school secretary - no later than 17.00 hrs on Tuesday 14 July and depart no earlier than Friday 24 July, staying all 10 nights in the summer school location.

Participants who did not attend the 1996 or 1997 summer schools must attend the foundation course. Others attend the 'Economy and Society' theme. In the second part of the course, all participants will be asked to join one of two themes. The themes for 1998 are as follows:

### The Structure of 1998 Summer School

<table>
<thead>
<tr>
<th>First Part</th>
<th>Second Part</th>
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<tr>
<td><strong>Foundation Course:</strong></td>
<td><strong>Advanced Theory:</strong></td>
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<td>Institutional and Technological Change -</td>
<td>Theoretical Frontiers of Institutional and Evolutionary Economics</td>
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<tr>
<td>Introductory Theory and Methodology</td>
<td>Giovanni Dosi, Geoff Hodgson, Tony Lawson</td>
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<td>Geoff Hodgson, Tony Lawson, Klaus Nielsen</td>
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<td><strong>Economy and Society:</strong></td>
<td><strong>Industrial Districts, Regions and Globalisation:</strong></td>
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<td>and Interpenetration</td>
<td>Ash Amin, Ronald Dore, Klaus Nielsen</td>
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<td>Ronald Dore, Mark Granovetter, Klaus Nielsen</td>
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The Scientific Development Plan Officer is Klaus Nielsen, Department of Social Sciences, Roskilde University, Postbox 260, 4000 Roskilde, Denmark. Tel: (45) 46 75 77 11. Fax: (45) 46 75 66 18. Email: knielsen@ruc.dk. The currently designated priority Research Areas for EAEPE are as follows:

Research Area A: Post-Positivist Approaches to the Philosophy, Methodology and History of Political Economy
Coordinator: 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: Institutional Change
Coordinator: Sven-Erik Sjöström (Stockholm School of Economics, Sweden)

Research Area D: Innovation and Technological Change
Coordinator: Pier Paolo Saviotti (Université Pierre Mendes-France, France)

Research Area E: Firms and Production Processes
Coordinators: Nikolaj Juul Foss (Copenhagen Business School) and Neil Kay (University of Strathclyde, United Kingdom)

Research Area F: Environment-Economy Interactions
Coordinator: Alessandro Vercelli and Maurizio Franzini (University of Siena, Italy)

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: Structural and Institutional Change in Eastern Europe
Coordinator: Irena Peaucelle (CEPREMAP, Paris, France)

Research Area J: Monetary Economics, Finance and Financial Institutions
Coordinator: Marcello Messori (University of Cassino, Italy)

Research Area K: Gender and Economics
Coordinators: Francesca Bettio (University of Siena, Italy) and Janneke Platenga (University of Utrecht, The Netherlands)

Research Area L: Experimental Evolutionary Economics
Coordinator: Massimo Egidi and Luigi Marengo (University of Trento, Italy)

Research Area M: Cultural Economics
Coordinator: Wilfred Dolfsma and Arjo Klamer (Erasmus University Rotterdam, Netherlands)

Research Area N: Need, Value and Pricing
Coordinator: Alan Freeman (University of Greenwich, United Kingdom)

Research Area O: Economy, Society and Territory
Coordinator: Frank Moulaert (University of Lille, France)

Research Area P: Economic History
Coordinator: Ioanna Minoglou (University of Athens, Greece)

Research Area Q: Computational Evolutionary Economics
Coordinator: Lionello F. Punzo (University of Siena, Italy)

Research Area R: Information in the Service Economy
Coordinator: Jacques de Bandt (LATAPSES, France)

Research Area Coordinators (RACs) are appointed by the Council. 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 Council. In addition, each RAC is expected to publicise and further the activities of each Research Area by use of the EAEPE newsletter and EAEPE annual conferences. In exceptional cases, EAEPE may be to award a small contribution towards Research Area expenses. (The former system, of awarding small grants in the order of £100, was withdrawn in November 1997.)

Reports from Research Area Coordinators

Research area coordinators are encouraged to use the *EAEPE Newsletter* to assist with the development of work in their research area.

Research Area P: Economic History

*Joanna Minoglou (University of Athens, Greece), Athens University of Economics, Patission 76, Athens 104 34, Greece. Tel: (30) 1 82 03 457 Fax: (30) 1 82 03 301. Email: iminoglou@aeub.gr*

Economic History is a new EAEPE Research Area. During the last few years, the common ground between economics and economic history has expanded. Economic historians are increasingly shedding their long standing isolation from economics and are turning towards an 'institutional' and 'evolutionary economics' approach; On the other hand, more economists, have begun to realize the importance of 'historical' economics. In spite of these developments, most economic historians continue to operate within the framework of the pure economic/business history associations and projects.

EAEPE wishes to make a major contribution in breaking the organizational 'barriers of communication'.

Apart from enhancing the dialogue between economists and economic historians, the Economic History Research Area, aspires to enable economic historians to maximize their benefits from their cohabitation with heterodox economists. Basic goals are to:

1) Create a network for the exchange of information and ideas among the economic historians who are members of EAEPE.
2) Widen the scope of EAEPE conferences so as to include economic history sessions.
3) Organize forms of research collaboration between EAEPE and economic history networks.
4) Set up EAEPE sponsored international workshops in economic history.
5) Act as a venue for EAEPE members to organize Sessions at the Conferences of Economic History Associations.

Could those interested in Economic History Research Area please make themselves known. Suggestions for the development of this New Area are welcome.

Research Area R: Information in the Service Economy

*Jacques De Bandt (CNRS : LATAPSES/DEFI), 250 rue A. Einstein, Sophia Antipolis, 06560 VALBONNE, France. Tel (33) 4 93 55 42 30, Fax (33) 4 93 65 37 98, e-mail : debandt@idefi.cnrs.fr*

Service activities have long (since A. Smith) been considered as non (or poorly) productive activities, which means of course that they are not of great interest, from the standpoint of economists. This "benign neglect" is still the dominant attitude of economists.

But services have become a dominant share (of the order of 1/3, without taking account of the "internalised" service activities) of GDP and Employment in all developed countries. Among them, "informational services" (their main activity consists in handling information of various kinds) constitute the most dynamic element. They are strongly related with non-material investments of enterprises, and thus with knowledge production processes within enterprises. They thus reflect new modes of production, within which information is playing new, substantially increased, roles.

While most economists still consider that these activities are essentially similar to industrial activities, new research areas have emerged lately (let us say since the middle of the 80s) which concern information, knowledge production, services. These appear to be fundamentally different realities.
The purpose is to analyse not only the various informational service activities per se, but also, more fundamentally, the way these activities are changing the way products, values and wealth are produced in our economies.

This can be done several ways:

1. We can concentrate on the specificities of those informational services:
   * they are non-material activities and we are not accustomed to handle non-material products or assets,
   * they are co-produced, which means that they are not only "exchanged"
   * their market is non-transparent, products being essentially qualitative and non-comparable
   * information asymmetries are pervasive
   * in many cases, firms are both "buying" and "making"

2. We can put the emphasis on criticising actual theories, showing their limited or non-applicability in the field of (informational) services.

   It can indeed be shown that many central theories (market mechanisms: competition and entry barriers, vertical integration and transaction costs, productivity, labour, value, etc.) are not valid or only with strong reservations, in the field of services.

   Of course, we can also try to amend those theories in order to extend their validity to the field of services.

3. We can also put our efforts in trying to build new theories, for understanding the ways service activities are functioning and producing value and wealth.

   The hypothesis here is we have to find a new paradigm - an "informational paradigm" - for understanding the central role of these informational service activities are progressively playing in the creation of wealth.

   These different lines of research are of course quite complementary.

### 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 has sponsored and supported past EAEPE activities.

**FEED Secretary:**
Andrew Tylecote, Sheffield University Management School, 9 Mappin Street, Sheffield S1 4DT, UK. Work telephone (44) 0114 222 2000. Fax: (44) 0114 222 3351. Email: a.tylecote@sheffield.ac.uk.

**FEED Treasurer:**
Geoff Hodgson, The Judge Institute of Management Studies, University of Cambridge, Trumpington Street, Cambridge CB2 1AG, UK. Tel: (44) 01223 339 700. Fax: (44) 01223 339 701. Email: gmb@eng.cam.ac.uk.

**FEED Board of Trustees:**
Ash Amin, Wolfgang Blaas, Robert Delorme, Mike Dietrich, John Groenewegen, Geoff Hodgson (Treasurer), Albert Jolink, Giles Slinger, Andrew Tylecote (Secretary).
EAEPE Publications

In collaboration with Edward Elgar Publishing, EAEPE is proud to announce the publication of the volumes listed below.

Edward Elgar Publishing would like to conduct an experiment in the elasticity of demand for EAEPE conference volumes and would propose that the following four titles be offered to EAEPE members at a special price of only £20.00 plus postage and packing:

◊ Selected papers from the 1995 EAEPE conference in Krakow, edited by Ash Amin and Jerzy Hausner, entitled *Beyond Market and Hierarchy: Interactive Governance and Social Complexity*. The normal cost is £59.95 but the volume is sold to paid-up EAEPE members at a high discount price of £20.00.

◊ Selected papers from the 1994 EAEPE conference in Copenhagen, edited by Klaus Nielsen and Björn Johnson, entitled *Institutions and Economic Change: New Perspectives on Markets, Firms and Technology*. The normal cost is £55.00 but the volume is sold to paid-up EAEPE members at a high discount price of £20.00.

◊ Selected papers from an 1994 EAEPE workshop in Bergamo have been published in a volume edited by Andrea Salanti and Ernesto Screpanti on *Pluralism in Economics: New Perspectives in History and Methodology*. The normal cost is £59.95 but the volume is sold to paid-up EAEPE members at a high discount price of £20.00.

◊ Selected papers from the 1993 EAEPE conference in Barcelona have been published in a volume entitled *Environment, Technology and Economic Growth* and edited by Andrew Tylecote and Jan van der Straaten. The normal cost is £49.95 but the volume is sold to paid-up EAEPE members at a high discount price of £20.00.

Postage and packing: Either (UK) Please add £2.50 for the first book and £0.50 per book thereafter, OR (Overseas) $4.00 per book (air mail).

Other EAEPE volumes are available at the following prices:

◊ Selected papers from the 1993 EAEPE conference in Barcelona have been published in a volume entitled *On Economic Institutions: Theory and Applications* and edited by John Groenewegen, Christos Pitelis and Sven-Erik Sjöstrand. The normal cost is £49.95 but the volume is sold to paid-up EAEPE members at a 50% discount price of £25.00.

◊ 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 £55.95 but the volume is sold to paid-up EAEPE members at a 50% discount price of £28.00.

◊ Copies of the 1991 conference volume are still available, entitled *Mixed Economies in Europe* and edited by Wolfgang Blaas and John Foster. The normal cost is £59.95 but the volume is sold to paid-up EAEPE members at a 50% discount price of £30.

◊ 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 Amanda Johnson, Edward Elgar Publishing Ltd, 8 Lansdown Place, Cheltenham, Glos GL50 2HU, UK. Tel: (44) 1242 226 934. Send payment with your order, and mention that you are an EAEPE member.

Royalties for these volumes will be paid to EAEPE.
Journals With Reduced-Rate Subscriptions for EAEPE Members

Paid-Up EAEPE Members Receive Substantial Discounts on Subscriptions to the Following 5 Journals:

**Cambridge Journal of Economics**

Among all general and heterodox, economics journals in the world, the *CJE* is consistently the most highly-cited.

Founded in the tradition of Marx, Keynes, Kalecki, Joan Robinson and Kaldor, the *CJE* 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.

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

**EAEPE members are entitled to a 20% discount.** The reduced rate is £37.60/£60 (normally £47/£75). Contact: Journals Marketing Dept, Oxford University Press, Walton Street, Oxford OX2 6DP, UK. Tel: (44) 1865 556 767.

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**Industrial and Corporate Change**

An interdisciplinary journal committed to the study of corporate and industrial change, drawing from disciplines such as economics, sociology, organisation theory, political science, and social psychology.

Topics covered include: internal structures of firms, history of technologies, evolution of industries, nature of competition, decision rules and strategies, firms and their institutional environment, management and workforce, performance of industries over time, labour process and organisation of production, relationships between and boundaries of organisations and markets, nature of the learning process underlying technological and organisational change.

**EAEPE members are entitled to a 20% discount.** The reduced rate is £39.20/£68.80 (normally £49/£86). Contact: Journals Marketing Dept, Oxford University Press, Walton Street, Oxford OX2 6DP, UK. Tel: (44) 1865 556 767.

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**International Review of Applied Economics**

*IRAE* is devoted to practical applications of economic ideas. It embraces empirical work and the application of economics to the evaluation and development of economic policies. The interaction between empirical work and economic policy is an important feature of the journal.

The journal is international in scope. Articles that draw lessons from the experience of one country for the benefit of others, or make cross-country comparisons are particularly welcomed. Contributions which discuss policy issues from theoretical perspectives neglected in other journals are also encouraged. Malcolm Sawyer is the editor of the *IRAE* at the School of Business and Economic Studies, University of Leeds, Leeds LS2 9JT, UK. Tel: (44) 1532 334484. Email: mcs@bes.leeds.ac.uk

**EAEPE members are entitled to a 55% discount.** The reduced rate is £23.42 (normally £52/£90) Contact: Carfax Publishing Company, PO Box 25, Abingdon, Oxfordshire OX14 3UE, UK. Tel: (44) 1235 401 000. Fax: (44) 1235 401 550.

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**Review of International Political Economy**

*RIPE* is an interdisciplinary journal, based on an analytical synthesis between politics and economics. In particular, *RIPE*:

* addresses the internationalisation of the state: the structures of political authority, diplomacy, and institutional regulation

* examines the shift from a national to a transnational economic system, involving global finance and production

* promotes the study of development trajectories, local and national, in all parts of the world.

On editorial matters, contact: The Editors, *RIPE*, Room E417, School of Social Sciences, University of Sussex, Falmer, Brighton BN1 9QH. Email: ripe@sussex.ac.uk. Tel: (44) 01273 678 064.

**EAEPE members are entitled to a 45% discount.** The reduced rate is £22/£38 (normally £40/£60). Contact: Routledge Subscriptions, TTPS Ltd., Cheriton House, North Way, Andover SP10 5BE, UK. Tel: (44) 1264 332 424. Fax: (44) 1264 364 418.

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**Review of Political Economy**

The Review of Political Economy welcomes constructive and critical contributions in all areas of political economy, including the Post Keynesian, Socialist, Marxist, Austrian and Institutionalist traditions. The Review publishes both theoretical and empirical research, and is also open to submissions in methodology, economic history and the history of economic thought.

On editorial matters, contact: Gary Mongioli, Department of Economics and Finance, St. John's University, Jamaica, New York 11439. Tel: (1) 718 990 6161 ext 7320. Email: ycmnec@stjohns.edu

**EAEPE members are entitled to a 32% discount.** The reduced rate is £34/£56 (normally £50/£86). Contact: Carfax Publishing Company, PO Box 25, Abingdon, Oxfordshire OX14 3UE, UK. Tel: (44) 1235 401 000. Fax: (44) 1235 401 550.

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Sample copies of these journals may be obtainable from the publishers on request. All subscription rates are for individuals rather than institutions. Subscriptions rates outside Europe may vary. While every effort has been made to provide accurate information, all the above subscription rates are subject to conformation by the publisher concerned.
Recent Publications by EAEPE Members


Blaas, Wolfgang (in cooperation with Egon Matzner, Leo van der Meer, Gerhard Schimak, Friedrich Schindegger) (editors) A New Perspective for European Spatial Development Policies Ashgate, Aldershot.


Hutchinson, Frances and Brian Burkitt (1997) "Towards a Re-evaluation of the Role of Finance in the Causation of Environmental Degradation" Local Environment Vol.2 No.1. (pages 9-17)


INK (Information, Networks and Knowledge) Center
Science Policy Research Unit, Sussex University, has opened a new research center covering Information, Networks and Knowledge.

INK empirical studies examine how information generation and exchange occur in both market and non-market contexts and what the consequences are for market outcomes; how information exchange processes span organisational, cultural and institutional boundaries; and how to reduce risks of exclusion facing countries and regions as a result of the widespread differences of new technological systems.

Please contact: Cynthia Little, INK, Science Policy Research Unit, Mantll Building, University of Sussex, Falmer Brighton, East Sussex, BN1 9RF United Kingdom. Email: c.m.little@sussex.ac.uk Tel: +44-1273-678165

ACE
The Agent-based computational economics (ACE) provides information electronically. The news notes will be formatted in simple html (no graphics) so that links can be directly accessed in Web-enabled mail systems, which are becoming fairly common, but the news notes can still be easily read by others as well. All ACE news notes are archived at the ACE Web site at http://www.econ.iastate.edu/tesfatsi/ace.htm

if you should experience any difficulty reading these notes. Comments are to tesfatsi@iastate.edu

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New EAEPE Council

(Formerly described as the EAEPE Steering Committee)

IMPORTANT ANNOUNCEMENT

As a result of Fall 1997 EAEPE elections, the new EAEPE General Secretary is John Groenewegen and the new EAEPE Treasurer is Albert Jolink.

The main EAEPE administration is now located at Erasmus University Rotterdam, Erasmus Institute for Philosophy and Economics, Oostmaaslaan 950-952, Rotterdam, The Netherlands.

The new EAEPE administrative secretary in Rotterdam is Loes (Sarah) van Dijk. Email: m.l.vandijk@fwb.eur.nl

EAPE President:
Robert Delorme, Université de Versailles, CEPREMAP, 142 rue du Chevaleret, 75015 Paris, France. Tel: (33) 1 40 77 84 43. Fax: (33) 1 44 24 38 57. Email: robert.delorme@cepremap.cnrs.fr

EAPE General Secretary:
John Groenewegen, Department of Economics, Erasmus University, PO Box 1738, 3000 DR Rotterdam, The Netherlands. Tel: (31) 10 408 1383. Fax: (31) 10 452 5790. Email: groenewegen@few.eur.nl

EAPE Treasurer:
Albert Jolink, Erasmus University Rotterdam, Erasmus Institute for Philosophy and Economics, Oostmaaslaan 950-952, Rotterdam, The Netherlands. Tel: (31) 10 408 8967. Fax: (31) 10 212 0448. Email: a.jolink@fwb.eur.nl

EAPE 1998 Conference Programme Organiser:
Ash Amin, Dept of Geography, University of Durham, Science Laboratories, South Road, Durham DH1 3LE, UK. Tel: (44) 191 374 2450. Fax: (44) 191 374 2456. Email: ash.amin@durham.ac.uk. Secretary: Alison Wilkinson (alison.wilkinson@durham.ac.uk).

EAPE 1998 Conference Local Organiser:
Francisco Louça, ISEG, R. Miguel Lupi 20, 1200 Lisboa, Portugal. Tel: (351) 1 392 5954. Fax: (351) 1 397 4153. Email: flouc@iseg.utl.pt

EAPE Newsletter Editor, from 1 September 1998: Grainne Collins, Institute of Development Studies, University of Sussex, Brighton, BN1 9RE, United Kingdom. Tel +44-1273-606261. Fax +44-01273-621202. E-mail: g.collins@ids.ac.uk

EAPE Scientific Development Plan Officer:
Klaus Nielsen, Department of Social Sciences, Roskilde University, Postbox 260, 4000 Roskilde, Denmark. Tel: (45) 46 75 77 11. Fax: (45) 46 75 66 18. Email: knielsen@ruc.dk

EAPE Prize Competition Coordinator:
Kurt Dopfer, Sandrainstrasse 21, CH-9010 St Gallen, Switzerland. Tel: (41) 71 224 25 77. Fax: (41) 71 245 06 91. Email: kurt.dopfer@fgn.unisg.ch

1998 EAEPE Conference bookings should be sent to the Albert Jolink (EAPE Treasurer) in Rotterdam, abstracts to Ash Amin in Durham, and final papers - by 31 August - to Francisco Louça in Lisbon.

As the result of the 1997 elections and a recent cooption, the EAEPE Council is as follows:

| Ash Amin | (UK) |
| Ash Amin | (UK) |
| Wolfgang Blass | (AUSTRIA) |
| Grainne Collins | (UK) |
| Robert Delorme | (FRANCE) |
| Kurt Dopfer | (SWITZERLAND) |
| Gemot Grabher | (GERMANY) |
| John Groenewegen | (NETHERLANDS) |
| Geoff Hodgson | (UK) |
| Stavros Ioannides | (GREECE) |
| Albert Jolink | (NETHERLANDS) |
| Francisco Louça1 | (PORTUGAL) |
| Pavel Mertlik2 | (CZECH REPUBLIC) |
| Klaus Nielsen | (DENMARK) |
| Ugo Pagano | (ITALY) |
| Angelo Reati | (BELGIUM) |
| Andrew Tylecote | (UK) |

1. Coopted until 1 Dec 1998
2. Coopted at the November 1997 Steering Committee meeting until 1 Dec 1999
Past Members of the EAEPE Steering Committee (or Council)

Jerzy Hausner, Bertram Schefol and Ernesto Screpanti all ended their period of service on the EAEPE Steering Committee on 1 December 1997. Maureen McKelvey will end her period of service on 1 September 1998. They are all warmly thanked for the help and work on the Steering Committee over the years. Bertram had been a member of the Steering Committee since 1993, Jerzy since 1990, Ernesto since 1989, and Maureen since 1995. They will all be missed.

EAEPE Scientific Committee:

The Scientific Committee helps plan the programme and selects the papers for the 1998 conference. The following persons were elected to the 1998 Scientific Committee at the 7 November 1997 Membership Meeting in Athens: Ash Amin (coordinator), Massimo De Angelis, Francisco Louça, Sandye Gloria and Jane Hardy.

The 1998 EAEPE Membership Meeting in Lisbon

An EAEPE Membership Meeting has been called in Lisbon on Saturday 7 November 1998.

EAEPE and the Internet

The EAEPE home page is http://eaepe.tuwien.ac.at. There is also an EAEPE email discussion network called EAEPEdialogue. For details see the home page. In addition, it is important that John Groenewegen, the EAEPE General Secretary, is informed of your current email address, in order to send out current information etc.. Please inform him on groenewegen@cov.few.eur.nl.

The EAEPE 1999 Conference

The EAEPE Council is planning to hold the 1999 Conference in late October in Prague. A firm decision on the timing and location will be made in March 1998.

Among other things, the EAEPE Newsletter includes Council news, short articles or information of interest to EAEPE members, publications of members and abstracts of finished PhDs. Contributions will not be refereed, but the editor reserves the right to decide what is to be accepted. Please contact me if you are willing to review a book by an EAEPE member - or if you wish a book to be reviewed. Members are encouraged to actively contribute!

Material should be submitted on a floppy disk (IBM or MAC and preferably in MS WORD) or sent by email (g.collins@ids.ac.uk) as an attached document. If using email, please state ‘EP’ in the subject title.

NEW NEWSLETTER EDITOR! Please send material to Grainne Collins, Institute of Development Studies, University of Sussex, Brighton, BN1 9RE, United Kingdom. Tel +44-1273-606261. Fax +44-01273-621202. E-mail: g.collins@ids.ac.uk

The deadline for the January 1999 issue is 15 November 1998.

After seven newsletters, two babies, professional work and an EAEPE change-over from Cambridge/Sheffield to Rotterdam, I am quite content to step down as newsletter editor and let Grainne Collins take over! Grainne is full of enthusiasm, and I, for one, look forward to the newsletter developing in new directions to further our common pluralistic approach to economics. I would just like to thank everyone who has contributed in various ways during my time as editor and as a member of the steering committee.

Maureen McKelvey
EAPE THEORETICAL PERSPECTIVES
A Pluralistic Forum

Evolutionary political economy provides an alternative to neo classical economic theory in the following terms:

The approach to analysis is based on successive, critical abstraction of relevant tendencies and linkages in actual economic systems – instead of a methodology that sanctifies fictions and diverts attention from the difficult task of analysing real world phenomena.

The analysis is open-ended and interdisciplinary in that it draws upon relevant material in psychology, sociology, anthropology, politics and history, as well as economics itself – instead of a definition of economics in terms of a rigid method which is applied indiscriminately to a wide variety of social, political or economic institutions.

The conception of the economy is of a cumulative and evolutionary process unfolding in historical time in which agents are faced with chronic information problems and radical uncertainty about the future – instead of approaches to theorising which focus exclusively on equilibria.

The concern is to address and encompass the interactive, social process through which tastes are formed and changed, the forces which promote technological transformation, and the interaction of these elements within the economic system as a whole – instead of a theoretical framework that takes individuals and their tastes as given, technology as likewise exogenous, and with production separated from exchange.

It is appropriate to regard the market itself as a social institution, necessarily supported by a network of other social institutions such as the state, and having no unqualified nor automatic priority over them – instead of an orientation which takes the market as an ideal or natural order and as a mere aggregation of individual traders.

It is recognised that the socio-economic system depends upon, and is embedded in, an often fragile natural environment and a complex ecological system – instead of a widespread tendency to ignore ecological and environmental considerations or consequences in the development of theories and policy recommendations.

The enquiry is value-driven and policy-orientated and recognises the centrality of participatory democratic processes to the identification and evaluation of real needs – instead of a utilitarian outlook which separates considerations of means from those of ends, and judgements of fact from those of value, and which ignores social relations, conflicts and inequalities between the agents.

The Association accepts the relevance of writers as diverse as John Commons, Nicholas Kaldor, Michal Kalecki, William Kapp, John Maynard Keynes, Alfred Marshall, Karl Marx, Gunnar Myrdal, Francois Perroux, Karl Polany, Joan Robinson, Joseph Schumpeter, Adam Smith, Thorstein Veblen and Marx Weber to institutionalist and evolutionary thought.

EAPE wants to send a strong signal that welcomes members sympathetic to our approaches and who are willing to get involved in the open debate that has always characterised the association. One of the objectives of EAPE is to provide an open forum for the debate among different schools that is needed in Europe.