

El → ~~Stefan~~ Stefan, Thomas U. Bald sent, U. Ambrosio, Simon



# European Association for Evolutionary Political Economy A Pluralistic Forum

Honorary Presidents: Janos Kornai, Luigi Pasinetti, Kurt Rothschild, Herbert Simon

## NEWSLETTER

No 22

July 1999

### Myrdal Prize and Council News

#### Myrdal Prize Awarded

The 1999 Myrdal Prize will be awarded in Prague to Esther Mirjam-Sent for her book *'The Evolving Rationality of Rational Expectations'*.

There was no clear winner for the K. William Kapp Prize and therefore the council will not award the prize this year.

#### News from the EAEPE Council

The council meets twice a year: at the annual conference in November and April. The last meeting was held on the 17<sup>th</sup> and 18<sup>th</sup> of April in Rotterdam. The council discussed many issues of both short term and long term importance about which I will report at the membership meeting in Prague. For the moment, I want to take this opportunity to tell you about:

1. The 1999 annual conference in Prague. In this newsletter, you will find information about the programme, how to book hotel rooms, etc. I advise you to read the instructions carefully - especially with respect to the publication of your paper on CD-ROM. The local organiser Pavel Mertlik however now Pavel is the Vice-Deputy Prime Minister he has limited time to devote to the organisation of the conference. We are therefore very happy to report the assistance of Milena Zeithamlova in organising the conference. Milena is the person you should contact about local organisational issues.
2. The scientific committee chaired by Ash Amin succeeded in composing a fine programme with excellent keynote speakers and interesting sessions. The job of the scientific committee is a difficult one, but this year was particularly challenging because of the high number of abstracts. Unfortunately, there will be many disappointed people because their proposal was rejected. The council discussed the possibilities of either enlarging the number of

sessions or introducing different types of sessions in order to accommodate more papers. This is something that will be on the agenda of the membership meeting in Prague. Many thanks to the scientific committee for the work they have done so far.

3. The annual conference of the year 2000 will be in Berlin. Gernot Grabher is local organiser and has already made the necessary reservations. So please put the date 2-4<sup>th</sup> of November 2000 Berlin in your diary for EAEPE conference.
4. I want to call special attention to the coming council elections. The council discussed the participation of the members extensively at the meeting in Rotterdam. We hold the election once every two years and it is an important way for the membership to be involved in EAEPE. I take this opportunity to invite all members not only to vote, but also to consider seriously being a candidate. In this newsletter, you will find information about the procedures. Please feel completely free to contact other council members or me in case you want more information about the way the council works and about the content of the job.
5. The council also dealt with the 'normal April business' like the Kapp and Myrdal Prizes, the accounts and budgets, the items for the newsletter, conference locations, the research areas, the website, the elections and other business. You will find information about these issues in this newsletter, or I will report on them at the next membership meeting. If you would like more information or have any questions please contact me or the other members of the council.

See you soon in Prague!

John Groenewegen

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## Elections for the EAEPE council 1999

In 1999 an important event takes place: the EAEPE general election. EAEPE is a democratic organisation and one of the means of the membership to participate actively is to take part in the two-year general election by being a candidate and/or to vote.

Council membership is a very interesting and challenging position. The decision making structure of EAEPE is decentralised so council members can enjoy significant input into specific tasks they are interested in. At the moment council members deal with the research areas, the selection of the Kapp and Myrdal Prizes, chairing the programme committee, organising summer schools, the web site, and the like. Every council member has ample opportunity to develop his or her own ideas. These ideas are then discussed in the council and decided upon by the membership.

The council meets twice a year: in April somewhere in Europe and in November at the EAEPE annual conference. If members are not able to find funding for the April meeting their costs are reimbursed.

The past 11 years the council has been a stimulating force inside EAEPE, many initiatives were taken and the contacts with the membership have been open and stimulating. For the stability of the organisation it is important that incumbent council members are candidates for new elections, but for maintaining an enthusiastic spirit it is also necessary for institutions like the council to renew with fresh blood and new ideas.

We invite every member of EAEPE to seriously consider being a candidate for the coming council elections. In the council there is room for your ideas and initiatives. An organisation like EAEPE deserves your enthusiasm. We would like to stimulate members to be candidates for the general election.

The formal rules of the election are laid down in article 10 of the constitution. Therefore, the council announces the following dates: Elections will be held in 1999. Due date for nominations will be 10 September, circulation date will be 1 October, ballot closing date will be 29th of October and the inauguration of the new council will be the first of December.

The council consists of the secretariat (the President, general secretary, treasurer and newsletter editor), and 10 ordinary council members. All are elected by postal ballot

A candidate may be nominated for more than one position, but may be elected to no more than one.

In the case of a contested general election for Ordinary Council Membership, each member of the Association shall be asked to vote for up to 10 candidates, by placing a single cross by the name of each selected.

Candidates are requested to send a 100 word signed statement as well as the signed support of four EAEPE members to the general secretary. Candidates are also asked to send their c.v. to be published on the web site so that way members are well informed about the candidates.

*John Groenewegen*  
General Secretary

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## FEED Names and Addresses

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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:

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### FEED Treasurer:

Geoff Hodgson

### FEED Board of Trustees:

Ash Amin, Wolfgang Blaas, Robert Delorme, Mike Dietrich, John Groenewegen, Geoff Hodgson (Treasurer), Albert Jolink, Giles Slinger, Andrew Tylecote (Secretary).

### How to Obtain Some EAEPE 1999 Conference Papers Prior to the Conference - The EAEPE Home Page on the Internet

Papers for the 1999 EAEPE conference can be obtained on the internet. It is hoped that a substantial number of submitted conference papers will be available. 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>. Comments or questions can be addressed to Wolfgang Blaas ([wblaas@pop.tuwien.ac.at](mailto:wblaas@pop.tuwien.ac.at)).

## EAEPE Council

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

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

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**EAEPE 1999 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. Secretary: Alison Wilkinson ([alison.wilkinson@durham.ac.uk](mailto:alison.wilkinson@durham.ac.uk)).

**EAEPE 1999 Conference Local Organiser:** Pavel Mertlik.

**EAEPE Newsletter Editor:** Gráinne Collins, Employment Research Centre, Trinity College Dublin, Ireland.

**EAEPE 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.

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### EAEPE Scientific Committee

The Scientific Committee helps plan the programme and selects the papers for the 1999 conference. The 1999 Scientific Committee are Ash Amin (co-ordinator), Angelo Reati, Gráinne Collins, Pavel Mertlik, Hella Hoppe and Charlie Dannreuther.

### The 1999 EAEPE Membership Meeting in Prague

An EAEPE Membership Meeting has been called in Prague on the 5<sup>th</sup> November 1999.

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@eov.few.eur.nl](mailto:groenewegen@eov.few.eur.nl).



## EAEPE Scientific Development Plan

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 designated priority Research Areas for EAEPE are now as follows:

**Research Area A: Economics: Its Institutions, History and Methodology**

Coordinators: Andrea Salanti (University of Bergamo, Italy) and Uskali Mäki (Erasmus University, Rotterdam, The Netherlands)

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

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

**Research Area C: Institutional Change**

Coordinator: Sebastiano Faddo (University of Rome III, Italy)

**Research Area D: Innovation and Technological Change**

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

**Research Area E: Theory of the Firm**

Coordinators: Nikolaj Juul Foss (Copenhagen Business School) and Neil Kay (University of Strathclyde, United Kingdom)

**Research Area F: Environment-Economy Interactions**

Coordinators: 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 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**

Coordinators: Massimo Egidi and Luigi Marengo (University of Trento, Italy)

**Research Area M: Cultural Economics**

Coordinators: Wilfred Dolfsma and Arjo Klamer (Erasmus University, Rotterdam, the 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 S: Theory of Production**

Coordinators: Neri Salvadori (University of Pisa, Italy) and Heinz Kurz (University of Graz, Austria)

**Research Area T: Institutional History of Economics**

Coordinator: Esther Mirjam-Sent (University of Notre Dame, USA)

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.

## Reports from Research Area Coordinators

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.)



## Frank Moulaert

### Research Area O: Economy, Territory and Society

#### INNOVATIVE REGION, SOCIAL REGION?

Since the 1980s regional economists have made major efforts to theorise a model of regional development which would offer an alternative to post-war top-down regional planning and policy models. By using elements from evolutionary economics, endogenous growth and development theory, transaction cost and network analysis, several new regional innovation models and theories have been designed: Industrial District (as of 1970s), Innovative Milieu (as of mid 1980s), New Industrial Space (as of end 1980s), Regional Innovation System (1990s), Learning Region (1990s), Spatial Cluster of Innovation (1990s).

Although the theoretical roots of these models show a significant diversity, they share many explanatory categories, all leading to an economically grounded theorising of technological and organisational innovation at the regional and local level. This justifies cataloguing these models under the common name 'Territorial Innovation Models'. The critique of the territorial innovation model (TIM) encompasses a vast literature and covers mainly the following points:

- the neglect of larger spatial scales beyond the local (localism) and of the role of large firms and their networks;
- the neglect of macroeconomic contexts and policies;
- the exaltation of some of the models to the status of local religion or ideology;

## Paolo Saviotti

### Research Area D: "Innovation and Technological Change"

Dear EAEPE member,

In the late 1980s, when EAEPE was created, evolutionary economics was a brand new research tradition, whose proponents were held together more by their dissatisfaction with neoclassical economics than by any shared ideas or techniques. At that stage most of the research about technical change and about evolutionary economics consisted of case studies or of complaints about neoclassical economics. I think everyone would agree that things have changed considerably. Theoretical or modelling papers now appear as frequently as empirical or conceptual papers. While this cannot be taken automatically as a sign of progress, it indicates a considerable increase in the range of competencies and interests of EAEPE members. Where are we now, and what are future avenues for progress? I will try here to indicate some that are in my view interesting directions for future development. Studies of innovation have been the mainstay of studies of technological change. Innovation can be taken as the unit of observation, but most innovations are introduced by firms. This then leads us inescapably to the theory of the

- a variety of interpretations of concepts around common metaphors leading to analytical confusion and a paradigmatic deadlock.

But above all, TIM - even the most sociologically conceived of society-embedded versions - seem to be inaccessible for concerns of territorial development which are recognised by constituencies and policy-makers as critical to the future of a region or locality: cultural integration of groups with various socio-cultural backgrounds, valorisation of historical and cultural heritage, redistribution of wealth among various territorial functions, reinforcement of the social fabric in deprived urban and rural areas

A special session at the EAEPE conference in Prague will be devoted to new or rehabilitated theories of regional innovation and development, focusing on social, cultural and political dimensions. Multi-dimensional definitions of regional development, by passing its usual economic conceptualisation and stressing cultural integration, satisfaction of basic needs, local democracy, etc. will be at the heart of the discussion. It is important that we shift to an approach which does not compromise between economic objectives on the one hand, and social, cultural and political objectives on the other, but considers production and distribution as means to satisfy 'other' existential needs. The 'economy' must regain its instrumental role, and abandon its status as the predominant mode of existence.

firm. The introduction of concepts such as routines, competencies and, more recently, the growing emphasis on the dynamics of knowledge creation and utilisation, have been important contributions of evolutionary economics, even if they were sometimes shared with other research traditions. In spite of their importance these contributions do not yet amount to a proper theory of the firm. Such a theory should contain at least the following elements:

1) Formation of strategies. Firms are not simply profit maximisers, but pursue a number of other objectives (e.g. growth, market share, new products, new markets etc). Why and how firms choose a given strategy is not completely clear. The leads that could be explored are a Schumpeterian mechanism, in which the search for temporary monopoly leads firms to introduce new goods and services, to look for new markets etc., or a mechanism in which strategy is formed by adapting to the external environment of the firm, including some induced modifications of this environment.

2) Firm boundaries. Since Coase and transaction cost economics the boundaries of the firm are not considered



any more given, but determined by the balance between transaction costs and production costs. Yet this balance can only be observed ex-post. Furthermore, the nature of the boundaries can change in addition to their location. Two firms interchanging personnel at all the times have a more 'porous' boundary than firms exchanging only outputs do.

3) Intra-firm interactions. Each firm is always the result of division of labour and of coordination. Coordination occurs by means of communication/interaction, but such interactions are many fewer than the maximum possible number. For example, in the U and M forms only some members of each division/department interact with members of other departments/divisions. However, the organisational structure adopted is not an absolute, but depends on the firm's output, on its size and on its external environment.

4) Inter-firm interactions. The recent upsurge of inter-institutional collaborative agreements has created a phenomenon without a theoretical justification. Any theoretical justification of this phenomenon cannot be separated from a theory of the firm. Why such inter-firm and inter-institutional networks are created and what is their dynamics are important questions in the modern theory of the firm.

Economics of knowledge. A related though not identical subject is represented by the mechanisms of creation and of utilisation of knowledge in modern economies. In this perspective firms are essentially organisations that create and acquire knowledge in order to create different types of output. It is, however, possible to study these mechanisms in other institutions, or simply to analyse aspects of knowledge that are independent of their institutional context. What begins to be called the economics of knowledge has a certain autonomy with respect to the theory of the firm.

Aggregate models of production and growth. Most research in evolutionary economics and especially in technological change, has been focused on a micro-economic level. This is not to deny that there has been some work dealing with higher levels of aggregation, for example with growth models or with national innovation systems. However, both the quantity of research on higher levels of aggregation and its relationship to micro-economic research have not been ideal. Evolutionary models, in order to be truly dynamic, have to represent the creation of novelty, leading to changes in the composition of the economic system. To this extent aggregate models of production and growth that can explicitly represent the composition of the economic system are required.

### Recent Publications by EAEPE Members

- Hulsink, W. en E.F.M. Wubben (1998) 'Het Waterloo van de marktwerking?' [The Waterloo of creating markets?] in: Koninklijke Vereniging voor de Staathuishoudkunde (1998) *Jaarboek 1997/1998*. Rotterdam: ESB. Pp.47-50. [in Dutch]
- Jackson, William A. (1998), *The Political Economy of Population Ageing*, Edward Elgar, Cheltenham.
- Jackson, William A. (1999), 'Dualism, Duality and the Complexity of Economic Institutions', *International Journal of Social Economics*, 26, 545-558.
- Koehorst, H., Vries, H. de & Wubben, E.F.M. (1999) 'Standardization of crates: Lessons from the Versfust-(Freshcrate) project', in *Supply Chain Management: April*
- Morroni, Mario (1998), "Production and time: a flow-fund analysis" in K. Mayumi e J. Gowdy (eds.), *Bioeconomics and Sustainability: Essays in Honor of Nicholas Georgescu-Roegen*, Edward Elgar, Cheltenham, forthcoming, pp. 1-44.
- Morroni, Mario (1998), "Increasing returns", H. D. Kurz e N. Salvadori (eds.), *Elgar Companion to Classical Economics*, Edward Elgar, Cheltenham, pp. 399-405.
- Morroni, Mario (1998), "Decreasing returns", H. D. Kurz e N. Salvadori (eds.), *Elgar Companion to Classical Economics*, Edward Elgar, Cheltenham, 1998, pp. 209-212.
- Vahabi Mehrdad, "De l'économie de la pénurie à l'économie politique du communisme : évolution récente de la pensée économique de Janos Kornai (1980-1996)", *Revue d'économie politique*, vol. 107, no. 6, nov.-dec. 1997, pp. 831-853.
- Vahabi Mehrdad, "Ein Überblick verschiedener Theorien der Industrieökonomie (Teil I)", *Wirtschaft arbeiten + lernen*, Heft 30, 2. Quartal 1998, pp. 7-13; (Teil2), *Wirtschaft arbeiten + lernen*, Heft 31, 3. Quartal 1998, pp. 7-12.
- Vahabi Mehrdad, "The relevance of the Marshallian concept of normality in interior and inertial dynamics as revisited by Schackle and Kornai," *Cambridge Journal of Economics*, vol. 22, no. 5, Sept. 1998.
- Vahabi Mehrdad, "Une analyse cliométrique du régionalisme européen," *Revue d'économie politique*, vol. 108, no. 6, nov.-dec. 1998, pp. 855-865.
- Van Asselt, H.Th. en Wubben, E.F.M. (1998) 'Environmental Conflict Management', in Nath, B., L.Hens, P.Compton & D.Devuyst (eds) *Textbook Environmental Management in Practice. Volume I: Instruments for Environmental Management*, London: Routledge: Hst. 23: pp.436-456
- Wubben, E.F.M. (1997) 'Entrepreneurship, Interdependency and Institutions', in W.Keizer, B.Tieben & R van Zijp, (eds) *Austrian Economics in Debate*, London: Routledge. pp. 192-219.
- Wubben, E.F.M. (1997) 'Whatever happened to Hayek?', in S.F. Frowen (ed.) *Hayek: Economist and Social Philosopher - A Critical Retrospect*, London: MacMillan Press. Ch.13, pp.281-304.
- Wubben, E.F.M. (1999) 'What's in it for us? Or: the impact of environmental legislation on competitiveness', in *Business Strategy and the Environment: March*, vol. 8, no.2, pp.95-107



# Eaepe Conference 1999

**Inequality and Integration: Challenges for Institutional economics**

November 4 - 7, 1999

CHARLES UNIVERSITY – KAROLINUM OVOČNÝ TRH 3, STARÉ MESTO (OLD TOWN), PRAGUE 1, CZECH REPUBLIC

The theme of this year's conference is the application of institutional and evolutionary economics to integration and inequality. Why is it, for example, that as international integration proceeds, so too does the concentration of power and economic inequality. What new insights can the heterodoxies embraced by EAEPE offer to contrast the stress placed on market imperfections or structural impediments by mainstream approaches? What alternatives can be offered to reconcile integration, competitiveness, and social cohesion, beyond the familiar mantras of market, hierarchy, and redistribution?

As usual, in addition to the theme of integration and inequality, the 1999 conference will prioritise themes on its Scientific Development Plan (see page 4).

The 1999 conference will be located at Charles University (Karolinum). The Karolinum is situated in the heart of Prague's beautiful historic centre - the Old Town or Staré Mesto. Information about Prague can be found on websites: <http://sunsite.ms.mff.cuni.cz/prague/> and <http://www.gli.cas.cz/herpet/prague.htm>. For information about registration, please check the EAEPE website: <http://eaepe.tuwien.ac.at>.

The Conference Programme Organiser is Ash Amin, University of Durham, Department of Geography, Science Laboratories, South Road, Durham DH1 3LE. (Tel: (44) 191 374 2450; email: [ash.amin@durham.ac.uk](mailto:ash.amin@durham.ac.uk) or [m.l.vandijk@fwb.eur.nl](mailto:m.l.vandijk@fwb.eur.nl)). The Conference Local Organiser is Pavel Mertlik ([dana.rottova@cnb.cz](mailto:dana.rottova@cnb.cz)), helped by Agency Action M, Ms Milena Zeithamlova, email: [actionm@cuni.cz](mailto:actionm@cuni.cz). Information on the programme and registration can be obtained from Loes van Dijk, the EAEPE administrative secretary ([m.l.vandijk@fwb.eur.nl](mailto:m.l.vandijk@fwb.eur.nl); Tel: (31) 10 408 8979).

## Your Paper

Papers should be sent on disk before 31 August 1999 to Albert Jolink ([a.jolink@fwb.eur.nl](mailto:a.jolink@fwb.eur.nl)), Erasmus University Rotterdam, Erasmus Institute for Philosophy and Economics, FWB 5-04, P.O. Box 1738, 3000 DR Rotterdam, Netherlands.

Final papers should be single spaced, have adequate margins and cover no more than 8000 words. The conference organisers reserve the right to exclude papers that are in excess of 8000 words. If a paper is accepted on the conference programme and is not received by the due date of 31 August 1999 then its authors are responsible for its production and distribution, and at their own cost.

Sets of abstracts and papers on CdRom will be available to conference delegates on registration at Prague.

A version of the paper as an email attachment is also requested for placement on the internet (in ASCII, WordPerfect or MS Word). 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](mailto:wblaas@pop.tuwien.ac.at) (Institute für Finanzwissenschaft, Technical University of Vienna, Karlsplatz 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) so that they can be placed on the web page of each Research Area Co-ordinator as a research paper.

Please note that your paper is likely to be inserted in one of two types of session, allowing 15 minutes or 25 minutes maximum for presentation and discussion. All sessions will be chaired.

## Conference Bookings and Fees

All conference bookings and fees should be sent to Albert Jolink, Erasmus University Rotterdam, Erasmus Institute for Philosophy and Economics, FWB 5-04, P.O. Box 1738, 3000 DR, The Netherlands. Tel: + 31.10.408 8967. Fax + 31.10 408 8979. Email: [a.jolink@fwb.eur.nl](mailto:a.jolink@fwb.eur.nl) or [m.l.vandijk@fwb.eur.nl](mailto:m.l.vandijk@fwb.eur.nl).

The conference fee (including conference dinner) is 400 Dutch Guilders, plus an additional 80 Guilders if you book after 31 August 1999. Please note that you have to be an EAEPE member in order to attend the Conference. Payment should be made in Dutch Guilders by credit card (provide number and expiry date) or bank transfer to Albert Jolink. If you do not have the 1999 conference booking form or the 1999 EAEPE membership form, please download from <http://eaepe.tuwien.ac.at>

The EAEPE 2000 Conference  
The EAEPE Council is planning to hold the 2000 Conference in early November in Berlin.

## How to Obtain Some EAEPE 1999 Conference Papers Prior to the Conference - The EAEPE Home Page on the Internet

Papers for the 1999 EAEPE conference can be obtained on the internet. It is hoped that a substantial number of submitted conference papers will be available. 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>. Comments or questions can be addressed to Wolfgang Blaas ([wblaas@pop.tuwien.ac.at](mailto:wblaas@pop.tuwien.ac.at)).

## In summary, we kindly ask delegates to note the following:

- follow precisely the instructions for sending your paper to Albert Jolink and to Wolfgang Blaas
- book for the conference and your hotel well in advance
- correspond about your paper, time schedule and session directly with Ash Amin or Loes van Dijk
- take 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 other EAEPE members and the research area co-ordinators.
- notify Loes van Dijk as early as possible if you are unable to attend the conference

## PROVISIONAL CONFERENCE PROGRAMME

Conference registration desk will be open at the Main Entrance at the Karolinum - historical building of Charles University, Ovocný Trh. 3, Praha 1 - Stare Mesto on Thursday, November 4 from 14.00 to 20.00 and each following day of the conference from 08.00 to 18.00 hours.

The provisional programme is likely to change before 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 or contact the Conference Programme Secretary Loes van Dijk.

Each session will be chaired either by a Research Area Co-ordinator or another EAEPE member. Their names will be posted in later programmes on the internet as well as the final programme. On the basis of papers finally received, the chairs may decide in co-operation with the programme committee to reorganise sessions.

### Thursday 4th November

FEED Trustees meeting 16.00 - 17.00  
EAEPE Council Meeting 17.00 - 19.00  
Conference 14.00 - 20.00  
Registration

### Friday 5th November

Conference 08.00 - 18.00  
Registration  
Opening Address 09.00 - 09.15  
Keynote Speakers 09.15 - 10.45

#### **Professor Milan Sojka:**

To be announced

#### **Professor, Lord Meghnad Desai:**

'Globalisation: the highest phase of capitalism'

Parallel Sessions 11.15 - 13.15 F1A - F1E  
14.15 - 16.15 F2A - F2E  
16.30 - 18.30 F3A - F3E

Membership meeting 18.45

### Saturday 6th November

Parallel Sessions 09.00 - 11.00 S1A - S1E  
11.15 - 13.15 S2A - S2E  
14.15 - 16.00 S3A - S3E

Research Area 16.15 - 17.15

Meetings

Keynote Speakers and 17.30 - 19.00

Close

#### **Professor Göran Therborn:**

'Why are some societies more equal than others?'

#### **Professor Ricardo Petrella:**

'The last 25 years of Economic Globalisation: the new process of rising Inequalities.'

Conference Dinner and 20.00  
Myrdal Prize

At the Congress Centre of the Ambassador hotel, Located on Venceslas Square 5-7, Praha 1.(Five minutes walking distance from Karolinum)



## LOCATION

EAEPE 1999 conference will take place at **Charles University – Karolinum, Ovocný Trh 3, Prague 1, Czech Republic** on November 4 – 7, 1999. Karolinum is situated in very heart of the city at walking distance from the Old Town Square. The nearest metro station is Můstek (line A and B).

Prague is one of the most beautiful cities in the world and Karolinum is situated in a heart of the city, nearby Old Town and Wenceslas Squares. The university founded in 1348 consists of historical buildings and new lecture halls. The Aula Magna is the most magnificent hall and other "lecture rooms" will be available for the conference. The address is Ovocný Trh 3, Praha 1 – Staré Město (Old Town).

## HOW TO REACH THE CONFERENCE SITE

### From the Airport

You can use a minibus for a fixed price of CZK 360 for 1-4 persons door to door or CZK 90 per person to the city centre Náměstí Republiky, Prague 1 from where is possible to reach the conference site on foot. Other alternative is using the bus No 119 from the airport and get off at metro station Dejvická (line A - green). You can transfer to tram No 26 and go directly to Náměstí Republiky tram stop. From there you get through CELETNÁ Street to Ovocný trh.

### By Taxi

A taxi from the Airport to the city centre should not cost more than CZK 600. Regular price in Prague is 17 CZK per one kilometre plus 25 CZK starting rate (excluding airports' and hotels' taxis).

### Transportation in Prague

Excellent public transportation in Prague is provided by metro (subway), trams, and buses from 5 a.m. till midnight, and by night tram (non-stop). Tickets can be bought in yellow sales machines (in each metro station) or at newsstands for 12 CZK (valid 1-hour incl. transfer). A one-day card can be purchased for 70 CZK and a one-week card for 250 CZK.

### Generally

Using subway you have to get at NÁMĚSTÍ REPUBLIKY off (metro - line B – yellow) or MUSTEK. Then Ovocný trh and Karolinum is in a walking distance.

## GENERAL INFORMATION

### Weather

At the beginning of November the temperature in Prague can range from 8° C to 15° C during the day and from 0° C to 10° C during the night.

### Currency

The Czech monetary unit is the Czech Crown, international abbreviation CZK. The exchange rate is approximately 1 USD = 34 CZK or 1 EUR = 37 CZK.

## REGISTRATION DESK

The registration desk will be open at the historical building of Charles University on Thursday, November 4 from 14:00 to 20:00 and each following day of the conference from 9:00 to 18:00.

## LOCAL ARRANGEMENTS

**LOCAL ORGANISER:** Pavel Mertlík, Faculty of Social Sciences, Charles University

**ACTION M AGENCY** (Milena Zeithamlová, Lucie Váchová, Daniela Bakrliková)

Vršovická 68








101 00 Praha 10

The Czech Republic

☎ (+420-2) 67312333 or 67312334 fax: (+420-2) 67310503 e-mail: [actionm@cuni.cz](mailto:actionm@cuni.cz)

## ACCOMMODATION

The Action M Agency has arranged several options for accommodation at various hotels, pensions and hostels for EAEPE conference participants. If you are interested the Action M agency can make hotel reservations for you, select three hotels of your choice and mark on the following form (by using numbers 1, 2, 3) and return to Action M. We urge participants to make reservations as early as possible. The Action M Agency offers you this accommodation with following special conference prices.

HOTELS prices per night incl. breakfast in EURO	SINGLE ROOM	DOUBLE ROOM	DEPOSIT EUR	DISTANCE
<b>Intercontinental *****</b> nám. Curieových 43/5, Prague 1 ☎ +420-2-24881100	<b>149</b>	<b>169</b>	<b>135</b>	 10 minutes
<b>President ****</b> nám. Curieových 100, Prague 1 ☎ +420-2-2314812	<b>103</b>	<b>116</b>	<b>135</b>	 10 minutes
<b>Bílá Labuň ****</b> Biskupská 9, Prague 3 ☎ +420-2-2324540	<b>74</b>	<b>89</b>	<b>80</b>	 15 minutes
<b>Andante***</b> Ve Smečkách 4, Prague 1 ☎ +420-2-22211616	<b>72</b>	<b>83</b>	<b>80</b>	 15 minutes
<b>Cloister inn ***</b> Bartolomějská 9, Prague 1 ☎ +420-2-2327700	<b>48</b>	<b>62</b>	<b>50</b>	 less than 15 minutes
<b>Central ***</b> Rybná 8, Prague 1 ☎ +420-2-248111013	<b>43</b>	<b>51</b>	<b>50</b>	 10 minutes
<b>PETRSKÁ HOSTEL</b> Petrská 3, Prague 1 ☎ +420-2-260426	<b>15</b>	<b>28</b>	<b>30</b>	 15 minutes

**EAEPE TAKES NO RESPONSIBILITY FOR BOOKING ARRANGEMENTS OR ANY HOTEL FEES CHARGED. THIS IS ENTIRELY THE RESPONSIBILITY OF THE ACTION M AGENCY.**



# ACCOMMODATION REPLY FORM ● EAEPE '99

**TO BE FAXED TO: (+420-2) 6731 0503**  
**OR MAILED TO: Action M Agency, Vršovická 68, 101 00 Praha 10, Czech Republic**

LAST NAME:	FIRST NAME:	TITLE:
UNIVERSITY / COMPANY:		
DEPARTMENT:	STREET:	
CITY:	ZIP CODE:	
COUNTRY:	PHONE:	
FAX:	E-MAIL:	
ACCOMPANYING PERSON:		

<b>ROOM PREF:</b>	<input type="checkbox"/> SINGLE	<input type="checkbox"/> DOUBLE	PERSON SHARING ROOM:
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↓ please indicate 3 choices (by using numbers 1,2,3) ↓

1 <sup>ST</sup> CATEGORY	2 <sup>ND</sup> CATEGORY	3 <sup>RD</sup> CATEGORY	PENSION & HOSTEL
Deposit = EUR 135	Deposit = EUR 80	Deposit = EUR 50	Deposit = EUR 30
<input type="checkbox"/> INTERCONTINENTAL	<input type="checkbox"/> BÍLÁ LABUŇ HOTEL	<input type="checkbox"/> CLOISTER INN	<input type="checkbox"/> HOSTEL PETRSKÁ
<input type="checkbox"/> PRESIDENT HOTEL	<input type="checkbox"/> ANDANTE HOTEL	<input type="checkbox"/> CENTRAL HOTEL	

DATE (TIME) OF ARRIVAL:	DATE OF DEPARTURE:	NO OF NIGHTS:
SPECIAL NEEDS (VEGETARIAN, DISABLED ACCESS ETC.):		

## PAYMENT

➔ **ACCOMMODATION DEPOSIT**

(SEE ABOVE TABLE) \_\_\_\_\_

➔ **SOCIAL PROGRAMME FEES**

WALKING TOUR OF PRAGUE: (EUR10) \_\_\_\_\_

MUSEUM OF CZECH GLASS: (EUR 9) \_\_\_\_\_

ADDITIONAL TICKET TO GALA-DINNER: (EUR48) \_\_\_\_\_

**TOTAL:** \_\_\_\_\_

**A CHEQUE IS ENCLOSED**

➔ **PAYMENT BY CREDIT CARD**

- |                               |  |                          |
|-------------------------------|--|--------------------------|
| <input type="checkbox"/> VISA | <input type="checkbox"/> MASTERCARD/EUROCARD | <input type="checkbox"/> |
| AMEX                          |  |                          |
| <input type="checkbox"/> JCB  | <input type="checkbox"/> DINERS CLUB         |                          |

**No:** \_\_\_\_\_

EXPIRY DATE:	NAME ON CC:
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I, THE UNDERSIGNED, AUTHORIZE THE ACTION M AGENCY TO CHARGE TO MY CREDIT CARD TOTAL AMOUNT OF EUR \_\_\_\_\_

and unless the booking is cancelled by writing BY OCTOBER 1 to charge the accommodation balance due after that date to my Account.

YOUR SIGNATURE: \_\_\_\_\_

EAEPE TAKES NO RESPONSIBILITY FOR BOOKING OR HOTEL FEES CHARGED THIS IS SOLELY THE RESPONSIBILITY OF ACTION M AGENCY.

EAEPE 1999 Conference, Charles University, Prague, 4-7 November  
Session Programme

	A Integration/Inequality F1A Development	B Institutional Theory F1B Critical Realism (Mäki)	C Innovation F1C Sources	D Firms, Nations, Regions F1D Firms	E History/Transition F1E Institutional History (Sent)
F1	Fadda, S. Uneven development and institutional change. Kaiser, M. A matrix for explaining economic and social Prosperity. Koning, N. Hunger defeated? An evolutionary perspective on agriculture and food security McNeill, D. The influence of economics on 'ideas' in multilateral development institutions Hutchinson, F. , Burkitt, B. From Debt to Social Credit	Mäki, U. Unrealistic realism: Or why critical economists should not embrace critical realism. Delorme, R. Realism in economics: critical or complex ? Hodgson, G. Structures and institutions: Reflections on institutionalism, structuration theory and critical realism. Sappinen, J. Explanatory unification and economic imperialism	Becker, W. , Peters, J. Technological opportunities, absorptive capacities, and innovation Crocco, M. Innovation, investment and expectations: some notes McKelvey, M. , Alm, H. When and why does co-operation lead to innovation? An exploration into turbulent waters. Nooteboom, B. Governance, innovation and (dis)integration	Currie, F. The theory of the GM-Fisher Body relationship: asset specificity versus culture. Fauchart, E. , Moreau, F. Firms interactions and market dynamics. Finch, J. , Simpson, G. , Dinnie, N. , Lamb, F. A Behavioural framework for understanding decision-making as an inimitable organisational competence Midttun, A. Business ethics and the logic of competition: is there scope for a moral firm. Plunkett, A. Internal selection environment and the firm's evolution.	Izquierdo, A.J. 'Model risk' in financial markets (or how econometric methodology turned into shareholder and government concern) Klaes, M. The diffusion of 'The Nature of the Firm': a sociology of error? Kuijper, E. Gender and economic science Van Staveren, I. The literary economics of Charlotte Perkins Gilman.
<b>Friday 5th November</b> <b>11.15-13.15</b>					



	<b>A</b> Integration/Inequality	<b>B</b> Institutional Theory	<b>C</b> Innovation	<b>D</b> Firms, Nations, Regions	<b>E</b> History/Transition
<p><b>F2</b></p> <p><b>Friday 5th November</b></p> <p><b>14.15-16.15</b></p>	<p><b>F2A</b> Access</p> <p>Checchi, D. <i>Inequality in incomes and access to education. A cross-country analysis (1960 - 90)</i></p> <p>Ferreiro, J. , Serrano, F. <i>Negative consequences of labour market reforms.</i></p> <p>Grimshaw, D. Whitehouse, G. , Zeltin, D. <i>Occupational concentration, pay determination and the gender pay gap: recent trends in Australia and the UK.</i></p> <p>Ebersberger, B. , Pyka, A. <i>Innovation and Sectoral Employment: A Trade-Off between Compensation Mechanisms.</i></p> <p>Notarangelo, M. <i>Interaction between employment and effective demand: the effects of technological change</i></p>	<p><b>F2B</b> Knowing</p> <p>Bunchuk, M. <i>Science as a cultural institution and the economic value of science.</i></p> <p>Groenewegen, J. , Verburg, R. <i>Economic and other social sciences: complementarities?</i></p> <p>Olsen, W. <i>New methodologies for Agricultural Economics: Two innovations leading to reduced dependence upon utility theory and universal value judgements.</i></p> <p>Te Veide, R. <i>Knowledge on markets</i></p>	<p><b>F2C</b> Technological Change</p> <p>Buenstorf, G. <i>Innovation and substitution. In search of regularities in innovation processes using a multi-level production concept and second-hand evidence from economic history.</i></p> <p>Dalle, J.M. <i>Lock-in, speed and institutional leverage: A model for the capacity role of research-industry intermediation institutions.</i></p> <p>Jullien, N. , <i>From the 'Unix World' towards the 'Linux' community: a historical co-evolutionary perspective on 'small worlds'.</i></p> <p>Phan, D. <i>Morphogenesis and morphostasis in self-organized critically hierarchical networks: new perspectives on the evolution of 'technological paradigms'.</i></p>	<p><b>F2D</b> Competitiveness</p> <p>Albuquerque, E. <i>Scientific infrastructure and the catching up process: notes about the role of science in developing countries.</i></p> <p>Nielsen, K. <i>Discourses on globalisation and competitiveness, and changes in economic institutions.</i></p> <p>Tokumaru, N. <i>The Self-sustaining mechanism in the industrial structure</i></p> <p>Tylecote, A. <i>Corporate governance, financial systems and the development of technological capability in LDCs: East Asia and Latin America compared</i></p>	<p><b>F2E</b> Institutional History (Sent)</p> <p>Akerman, M. <i>Ecological economics and the interplay between science and politics.</i></p> <p>Backhaus, J.G. <i>Keynesianism in Germany and the role of Hayek</i></p> <p>Jolink, A. <i>Human character formation and institutions in Mill and Marshall</i></p> <p>Schoorl, E. , Plasmeijer, H.W. <i>Academia, banking and politics</i></p> <p>Lee, F.S. <i>The social history of Post Keynesian economics in America, 1971-1995.</i></p>

	A Integration/inequality F3A <u>Integration</u>	B Institutional Theory F3B <u>Evolution</u>	C Innovation F3C <u>Learning</u>	D Firms, Nations, Regions F3D <u>Industry</u>	E History/Transition F3E <u>Economic History</u> (Minog(ou)
<p><b>F3</b></p> <p><b>Friday 5th November</b></p> <p><b>16.30-18.30</b></p>	<p>Amin, A. <i>Integration and inequality</i></p> <p>Collins, G., Wickham, J. <i>Does integration promote inclusion?</i></p> <p>Dannreuther, C. <i>Hard currency and the Phallus - power and EMU</i></p> <p>Farrell, M. <i>Integration and inequality: The institutional limitations of European Union</i></p> <p>Philipps, R. <i>Complexity, networks, and the learning economy: an unnecessary blindness towards inequality and dominance in processes of economic integration</i></p>	<p>Dutraive, V., Arena, R. <i>Economic competition in an evolutionary perspective: an interpretation</i></p> <p>Tezel, G. <i>Marshall and Biology</i></p> <p>Vromen, J. <i>The human agent in Evolutionary Economics</i></p> <p>Viskovatoff, A. <i>Social-theoretic foundations for economics</i></p>	<p>Denis, B., Lazatic, N. <i>Codification of knowledge and creation of new routines: what can we learn from the implementation of ISO 9002 in food industries?</i></p> <p>Llerena, P., Matt, M., Trenti, S. <i>Institutional arrangements of technology policy and diversity: the case of digital switching systems in France and Italy.</i></p> <p>Adjali, I., Collings, D., Reeder, A. A., Varley, A. Lyons, M.H. <i>Investigating learning schemes in evolutionary game theory. with an application to a model of entry in a regulated market</i></p> <p>Prado, E.F.S., Kadota, D.K., Soromenho, J.E.C. <i>Survival of technologies: an evolutionary game approach.</i></p>	<p>Engelbrecht, H.J. <i>Changes in the Information labour force of a strongly reforming economy: the case of New Zealand.</i></p> <p>Pot, F. <i>Cultural continuity of the employment relationship in the age of globalization: a comparative analysis of the Netherlands and the United States.</i></p> <p>Ruiz, R. <i>Brazilian auto industry in the 90's: a textbook and liberal restructuring?</i></p> <p>Santos, F. <i>Structural reforms and the transformation of industrial enterprises in Latin America: effects on distribution and growth.</i></p> <p>Skorobogatov, A. S. <i>Methodology of business cycles</i></p>	<p>Burlamqui, L. <i>The institutional structure of East Asian capitalism and its crisis: a Polanyian approach</i></p> <p>Garside, W.R. <i>Institutional intervention and economic progress: a case study of post-war Britain and Japan.</i></p> <p>Ozveren, E. <i>Economic rationality and institutional set-up in a cross-cultural historical context.</i></p> <p>Reid, J. Jr. <i>The evolution of U.S. Government employments.</i></p>



A	B	C	D	E
<p><b>Integration/Inequality</b> <b>S1A</b> Nation/Civil Society</p> <p>Comin, F. <i>On the concept of social capital and social inequality</i></p> <p>Pagano, U. <i>Nationalism, globalisation and integration: the political economy of Ernest Gellner</i></p> <p>Pontuso, J.F. <i>Civil Society and the Free Market</i></p> <p>Stanfield, J.R. <i>The protective response, the great capitalist restoration, and the nurturance gap: the Polanyi theses in today's context.</i></p>	<p><b>Institutional Theory</b> <b>S1B</b> Institutions</p> <p>Ananyin, O. <i>Institutions: Why so many definitions? (on one unknown way of thinking about institutions).</i></p> <p>Dyer, A. <i>The intimacy of ordinary economic relations: psychological and political foundations of economic institutions.</i></p> <p>Ramazotti, P. <i>Institutions, structures and systems: a hierarchical analysis</i></p> <p>Turvani, M. <i>Designing institutions: feasible and desirable?</i></p> <p>Vahabi, M. <i>From Walrasian general equilibrium to incomplete contracts: Making sense of institutions</i></p>	<p><b>Innovation</b> <b>S1C</b> Internationalisation</p> <p>Cantwell, J., Piscitello <i>Spatial distribution and agglomerative tendencies of MNC technological activities in Europe: a comparison between foreign-owned and indigenous firms.</i></p> <p>Los, B., Verspagen, B. <i>Technology spillovers in an interindustry growth model with North-South trade.</i></p> <p>Samson, I., Brunot, E. <i>Innovation trajectories and indicators of systemic change in transition economies.</i></p> <p>Salavisa, I., Hill, A. <i>Patterns of technological innovation in intermediate countries.</i></p> <p>Santangelo, G.D. <i>Inter-European regional dispersion of corporate ICT research activity: the case of German, Italian and UK regions.</i></p>	<p><b>Firms, Nations, Regions</b> <b>S1D</b> Regions (Moulaert)</p> <p>Gambarotto, F., Rangone, M. <i>Information and path dependent economic processes as determinant of the evolutionary capability of local economic systems.</i></p> <p>Jubeto, Y. <i>Public organisations in the system of innovation: the case of a peripheral region</i></p> <p>Lawson, C. <i>Technology consultancies and collective learning</i></p> <p>Mistri, M. <i>Local cultures and globalization processes: the case of the industrial districts.</i></p> <p>Moulaert, F. <i>Economy, society and territory: innovative region, social region?</i></p>	<p><b>History/Transition</b> <b>S1E</b> Transition</p> <p>Dulbecco, P., Regard, M.F. <i>Permanency and flexibility of institutions: the role of decentralisation in Chinese economic reforms</i></p> <p>Dumitrescu, A.L. <i>Social reform as basic element of economic reform</i></p> <p>Nosova, O. <i>Institutional transformation: capital flows in eastern Europe</i></p> <p>Okon-Horodynska, E. <i>Special economic zone-is it an effective factor of the sustainable development in transforming countries ?</i></p> <p>Todeva, E. <i>Market co-ordination and the failure of transition policies in central and eastern Europe</i></p>
<p><b>S1</b></p> <p><b>Saturday 6th November</b></p> <p><b>9.00 - 11.00</b></p>				

	A Integration/Inequality S2A Equality	B Institutional Theory S2B Rationality (Le Moigne)	C Innovation S2C Innovation	D Firms, Nations, Regions S2D Regions (Moulaert)	E History/Transition S2E Transition (Peaucelle)
<p><b>S2</b></p> <p><b>Saturday 6th November 11.15- 13.15</b></p>	<p>Tool, M.R. Choose equality</p> <p>Tortia, E.C. Workers' controlled firms and flexible wages</p> <p>Ward, A. The common sense of the left.</p> <p>Went, R. Beyond the (uneven and combined) globalisation of inequality</p>	<p>Le Moigne, J.L. Recursive and teleological rationality involved in the modelling process of self-organizing socio-economic systems.</p> <p>Dequech, D. Towards a general approach to convention, knowledge and rationality under uncertainty.</p> <p>Fioretti, G. Information structure and the evolution of routinized Behaviour</p> <p>Tammi, T. On reflexivity in economics: Non-optimizing choices of choice theories</p> <p>Hausner, J. Foundations of interactive governance</p>	<p>Andersen, B., Miles, I. Distributed innovation systems in copyright industries: music in the knowledge based service economy.</p> <p>Kwasnicki, W. Technological substitution processes - an evolutionary model.</p> <p>Roux, P. An empirical analysis of the TBP diffusion impacts on SME innovative behaviors: localized interactions as factors of innovation.</p> <p>Sandberg, M. Learning of technologies as 'innovation Darwinism': spread of information technologies in Swedish public and private organizations</p>	<p>Athreye, S. Keeble, D. Specialisation, market structure and regional systems of innovation</p> <p>Capelen, A., Fagerberg, J., Verspagen, B. Lack of regional convergence</p> <p>Grabher, G. The creative economy of cities: rivalry and reflexivity in the 'Advertising Village' in Soho.</p> <p>Hardy, J. Virtuous cumulative causation in the interaction of foreign capital and local institutions in transforming economies: a case study of a region in western Poland.</p> <p>Oinas, P. Proximity and organisational learning</p>	<p>Blaas, W. From full employment to zero inflation: stages of economic policy</p> <p>Egorov, I. Structural changes and the role of defence sector in the post-Soviet states.</p> <p>Rychetnik, L. P. The post-communist transformation as a cultivation of order.</p> <p>Toporowski, J. Kalecki's Veblenian arguments for socialism</p>



	A Integration/Inequality S3A Care (Bettio,)	B Institutional Theory S3B Culture (Dolfsma)	C Innovation S3C Innovation (Saviotti)	D Firms, Nations, Regions S3D Inflation/Employment	E History/Transition S3E Transition (Peaucelle)
<p>S3</p> <p><b>Saturday 6th November</b></p> <p><b>14.15- 16.00</b></p>	<p>Bettio, F. , Plantenga, J. Care systems and economic efficiency. A comparative perspective.</p> <p>Himmelweit, S. An evolutionary approach to caring.</p> <p>Jochimsen, M. Towards a concept of caring activities in economics</p> <p>Kreimer, M. On the balance of paid and unpaid care work in Austria.</p> <p>Thenner, M. Labour market implications of pre-school child care.</p>	<p>Klamer, A. , Mignosa, A. The economics of attention.</p> <p>Mosselmans, M. Jevons's music manuscript and the political economy of music</p> <p>Zuidhof, P.W. Institutional arrangements in the arts: Market, government, and gift.</p>	<p>Carayol, N. The emergence of hybrid bodies of knowledge between science and industry through knowledge disclosure and codification incentives</p> <p>Cantner, U. Industrial structures and technological dynamics: an empirical attempt on verifying replicator dynamics.</p> <p>Saviotti, P.P. Considerations about a production system with qualitative change: a comparison of a replicator dynamics approach and of an input-output approach.</p> <p>Schoser, Ch. The institutions defining national systems of innovation: A new taxonomy to analyse the impact of globalisation</p>	<p>Binswanger, M. Speculative bubbles instead of inflation: new dimensions in the co-evolution between real and financial markets since the 1979-1982 recession.</p> <p>McMaster, R. Institutional change and trust: the case of the UK's health service.</p> <p>Tomass, M. Identity-sharing groups and the informal economies</p>	<p>Krajewski, S. , Tomaszewicz, L. Investments and innovations in large state-owned and privatised companies in Poland.</p> <p>Levin, M. Industrial innovation in Russia</p> <p>Lissowska, M. Evolution of general and specific institutions governing credit contracts (the case of Polish banks).</p> <p>Peaucelle, I. Research and development in the restructuring of the Russian economy</p> <p>Przybylinski, M. , Tomaszewicz, L. FDI and structural changes in Poland.</p>
<p>S3</p> <p><b>16.15- 17.15</b></p>	<p><b>Research Area Sessions and Special Session on Hugh Stretton's Book on Economics</b></p>				

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Entries for the 2000 Kapp and Myrdal competitions are now welcome, with a closing date of 1 January 2000:

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Five non-returnable copies should be submitted for the Kapp Prize and four non-returnable entries for the Myrdal Prize. Awards of the 2000 prizes will be made at the 2000 EAEPE Conference.

All candidates must be paid-up 2000 members of EAEPE. It is planned that the Council will judge both prizes by April 2000. 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 1999 to 1 July 2000 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.



As part of the ongoing development of this newsletter a new controversy section is being initiated. This section is designed to provoke debate in a more systematic and meaningful way than is possible in conferences or online discussion groups. Geoff Hodgson has agreed to produce the inaugural article a piece on Alfred Marshall. Therefore the next newsletter will hopefully have a section with responses to Geoff's ideas and a section with a new controversy. So if you have an issue you want to debate – get scribbling!

## Alfred Marshall and the Problem of Historical Specificity

This article is an edited extract from a forthcoming draft book on the "The Problem of Historical Specificity in Economic Analysis". Comments and criticisms are welcome.

**Geoff Hodgson, University of Hertfordshire**

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**For much of the nineteenth century, economists were concerned with a central theoretical and methodological problem. It engaged the minds of leading economists such as Karl Marx, Carl Menger and Alfred Marshall. It dominated the work of the German Historical School, including that of Wilhelm Roscher, Bruno Hildebrand, Karl Kneis, Werner Sombart, Gustav Schmoller, Max Weber and many others.**

Today, however, the problem is largely forgotten. It is absent from the textbooks. Neither neoclassical economists nor even Marxists pay much attention to it. Yet for almost one hundred years this problem preoccupied some of the greatest minds in the social sciences and was central to economic analysis.

I call it the problem of historical specificity. Briefly, it acknowledges the fact that economic theory addresses different types of economic system. Accordingly, economic theory must itself reflect that differentiation in some of its core concepts and categories. To some degree, different types of economic system will require different conceptual and theoretical tools.

In contrast, modern mainstream economics defines itself as the science of choice under scarcity, alleging that its principles can apply to all economic systems where choice and scarcity exist (Robbins, 1932). Real differences between economic systems are either downplayed or ignored at this conceptual level. A different perspective emerges from the realist assumption that every science has a real object of analysis to which it is related. Hence physics is about the nature and properties of matter and energy, chemistry is about substances, astronomy about heavenly bodies, biology about living things, psychology about the human psyche, and so on.

Once we accept that economics is about real world socio-economic systems then we are obliged to address an underlying methodological problem, concerning the role of general and specific assumptions in economic analysis. The question is basically, this: are the core assumptions of economic science appropriate for *all* types and forms of economy, since the dawn of human history, or appropriate for a (temporal or geographical) subset of them only? For example, are the assumptions of

economics appropriate for modern market systems only, or for all types of socio-economic system? Are some assumptions general and transhistorical while others are historically specific? If so, how do we establish concepts at each level of generality?

This problem of historical specificity demarcates the social from the physical sciences. Socio-economic systems have changed markedly in the last few thousand years, whereas the essential properties and laws of the physical world have not altered since the Big Bang. Accordingly, the methods and procedures of the social sciences must alter to reflect the changing subject of analysis. Not so in the physical sciences.

A partial exception is biology. In the biotic, as in the social world, new species and phenomena arise, and others pass away. Accordingly, biology combines general principles (for example concerning taxonomy, or the laws of evolution) with specific studies of specific mechanisms and phenomena. This is one reason why the social sciences are closer to biology than to physics: biology has a problem of historical (or evolutionary) specificity.

The methodological problem of historical specificity was raised clearly by Marx and his followers, and was explored by the German historical school from the 1840s to the 1930s. It also appeared in American institutionalism, and the issue pervades much institutionalist thought.

The problem of historical specificity was part of the disputed terrain of the *Methodenstreit*. Carl Menger ([1883] 1985) argued that the basic assumptions of economics were universal rather than historically specific. He also attacked the naïve empiricism and inductivism of many of the German historicists.

### **Marshall's Respect for the German Historical School**

The purpose of this article is to consider Alfred Marshall's attitude to this problem. Marshall, of course, was one of the pioneers of neoclassical economics and marginal utility theory. But it is important to note that this did not place him in a close alliance with Carl Menger, or make him an enemy of the German historicists.

Marshall was fluent in German. Like many aspiring young economists in the nineteenth century, he went



to Germany to study under the tutelage of members of the historical school, and he absorbed much of their doctrine (Hammond, 1991; Hutchison, 1998). Even in the later editions of his *Principles*, Marshall (1949, p. 634) retained a highly laudatory view of this German group of economists:

It would be difficult to overrate the value of the work which they and their fellow-workers in other countries have done in tracing and explaining the history of economic habits and institutions. It is one of the great achievements of our age ...

Accordingly, Marshall was not in a full frontal confrontation with the historicists. He recognised their achievements and tried to overcome their errors. Strikingly, *Marshall did not reject the problem of historical specificity*: unlike Menger, he saw it as a legitimate and important question for economists. Crucially, Marshall acknowledged the principle of historical specificity in his inaugural lecture as Professor of Political Economy at Cambridge. Taking a historical view, Marshall criticised the English economists of the early nineteenth century because 'they did not see how liable to change are the habits and institutions of industry' (Marshall, 1885, p. 155). Writing as if he were a card-carrying historicist, Marshall (p. 154) further noted that:

the mathematico-physical group of sciences ... have this point in common, that their subject-matter is constant and unchanged in all countries and in all ages. ... [But in contrast] if the subject-matter of a science passes through different stages of development, the laws which apply to one stage will seldom apply without modification to others; the laws of science must have a development corresponding to that of the things of which they treat.

This is an unambiguous recognition of the problem. Given the venom that mainstream economists since the 1930s have directed against the German historical school, and Marshall's contrasting sympathy for their ideas and achievements, it is unlikely that he would get even a junior university post in any leading department of economics in the 1980s rather than the 1880s.

However, Marshall did not elaborate the way in which the 'laws which apply to one stage' should be modified to apply to another. He did not show what degree or type of modification he had in mind. To what extent, and in what manner, would economic theory have to change to be applied to a changed economic reality? An answer to this question was not apparent. Marshall fully acknowledged the problem of historical specificity but he did not make a sustained attempt to resolve it. Instead he concentrated on the formulation of the allegedly universal *Principles* for which he became famous.

### Greedy for Facts: But Not by Facts Alone

Without dismissing the empirical work of the historical school, Marshall recognised the need for additional, theoretical endeavour:

Greedy then as the economist must be for facts, he must not be content with mere facts. Boundless as must be his gratitude to the great thinkers of the historic school, he must be suspicious of any direct light that the past is said to throw on the problems of the present. (Marshall, 1885, p. 171)

For Marshall, historical facts were essential, but they cannot *on their own* provide us with the answers (Marshall, 1949, p. 32). Thus at once he paid tribute to the work of the historical school, but simultaneously undermined the naive empiricist views in their midst. Marshall also explained in his lecture that

facts by themselves are silent. Observation discovers nothing directly of the actions of causes, but only of sequences in time. ... In economic or social problems no event has ever been the exact precedent of another. The conditions of human life are so various: every event is the complex result of so many causes, so closely interwoven that the past can never throw a simple and direct light on the future. (Marshall, 1885, p. 166)

Hence the method of inductive inference was confounded by the complexity of economic phenomena. However, in showing that economics could not rely on induction alone, Marshall appealed to the authority of a leading and sophisticated member of the German historical school. In the *Principles* (Marshall, 1949, p. 24) quoted and endorsed Schmoller's statement that: 'Induction and deduction are both needed for scientific thought as the left foot and the right foot are both needed for walking.'

Furthermore, Marshall tried to appeal to the strengths of both sides in the induction *versus* deduction debate. Although he accepted deduction, he was quite cautious in introducing deductive arguments based on universal assumptions. The deductive core was to be confined to such universal forces as supply and demand. In his inaugural lecture he saw the central and universal core of economic theory as

a machinery to aid us in reasoning about those motives of human action which are measurable. ... But, while attributing this high and transcendent universality to the central scheme of economic reasoning, we may not assign any universality to economic dogmas. ... It is not a body of concrete truth, but an engine for the discovery of concrete truth ... (Marshall, 1885, pp. 158-9).

Marshall in his *Principles* outlined a similar idea. Appealing appropriately to biology, he suggested that amidst the historical or evolutionary variety found in



economic and biotic phenomena, common features and principles might exist:

As, in spite of the great differences in form between birds and quadrupeds, there is one Fundamental Idea running through all their frames, so the general theory of the equilibrium of demand and supply is a Fundamental idea running through the frames of all the various parts of the central problem of Distribution and Exchange. (Marshall, 1949, p. vii)

For Marshall, the 'general theory of the equilibrium of demand and supply' formed an essential element of the deductive engine of economic theory. However, he wished to restrain and complement this engine's powers. For instance, Marshall (1949, p. 638) warned that the function of

analysis and deduction in economics is not to forge a few long chains of reasoning, but to forge rightly many short chains and single connecting links. ... as surely as every deduction must rest on the basis of inductions, so surely does every inductive process involve and include analysis and deduction.

The danger in the work of the historical school, Marshall argued, was that in placing an impossible faith in facts alone, they were inattentive to their own acts of classification and logic; and they ignored their own use of deductive reasoning.

When therefore it is said that a certain event in history teaches us this or that, an element of deductive reasoning is introduced, which is more likely to be fallacious the more persistently it is ignored. For the argument selects a few out of the group of conditions which were present when the event happened, and tacitly, if not unconsciously, assumes that the rest are irrelevant. The assumption may be justifiable: but it often turns out to be otherwise. (Marshall, 1885, p. 166)

As a result

the most reckless and treacherous of all theorists is he who professes to let facts and figures speak for themselves, who keeps in the background the part he has played, perhaps unconsciously, in selecting and grouping them, and in suggesting the argument (Marshall, 1885, p. 168).

On this issue Marshall was on strong philosophical ground. Empiricism is flawed as an epistemology, and induction is weak as a method.

On 12 October 1899, Marshall wrote to W. A. S. Hewins, the first Director of the London School of Economics, concerning its economics curriculum:

The fact is I am the dull mean man, who holds Economics to be an organic whole, and has little respect for pure theory (otherwise than as a branch of mathematics or the science of numbers), as for that crude collection and

interpretation of facts without the aid of high analysis which sometimes claims to be part of economic history. (Quoted in Coats, 1992, p. 259)

Clearly, Marshall was trying to steer a middle course between mathematical economic theory and banal empiricism. Marshall again wrote to Hewins on 29 May 1900:

Much of 'pure theory' seems to me to be elegant toying: I habitually describe my own pure theory of international trade as a 'toy'. I understand economic science to be the application of powerful analytical methods to unravelling the actions of economic and social causes, to assigning each its part, to tracing mutual interactions and modifications; and above all to laying bare the hidden *causas causantes*. (Quoted in Coats, 1992, p. 262)

Sadly, a century later, the economics profession as a whole, including Marshall's Economics Department at Cambridge University, has become much preoccupied with the 'elegant toying' that Marshall looked down upon. The study of real causes within socio-economic systems, that Marshall saw as the essence of economic science, has become much less fashionable today than the exhibition of mathematical technique for its own sake.

#### **The Gentle *Methodenstreit*: Marshall's Debate with the British Historical School**

However, Marshall's attempt to promote a relatively balanced position, with a role for both induction and deduction, went too far for some of the British historicists. In Cambridge they had William Cunningham and Herbert Foxwell. They were concerned about the potential over-use of deduction and Marshall's admission of universal presuppositions. Like his predecessors in the German historical school, Cunningham defended the focus on national economic units and aggregates. For Cunningham (1887, p. 8) economics should not only be an empirical science, but also it should recognise the non-existence of universal laws in its domain:

Instead of aspiring to be a sort of Pure Physics of Society which assuming a single force - the individual desire for wealth - states the laws of the operation of this force in the supply and demand of different articles of value, Political Economy might for the present be content to *observe* and *classify* and *describe* and *name* as other sciences have been. ... No real advance can come from the statement of laws of phenomena which only hold good when a considerable number of cases are excluded as abnormal; if Political Economy is to rank with other empirical sciences one must try to classify the widely varied phenomena of industrial life ... as an empirical science in its classificatory stage.

According to the above statement, Cunningham's answer to the problem of historical specificity was that economists should be preoccupied with



taxonomy. He objected to the assumptions of neoclassical economics in the following terms:

The underlying assumption against which I wish to protest is ... That the same motives have been at work in all ages, and have produced similar results, and that, therefore, it is possible to formulate economic laws which describe the action of economic causes at all times and in all places. (Cunningham, 1892b, p. 493)

Cunningham's insistence that economic theory had to have a strong, historically specific component illuminated Marshall's failure to develop one. However, Cunningham almost completely ruined his case by replacing this by a taxonomic empiricism, and by failing to recognise that even taxonomy requires some universal principles before it can proceed. Cunningham (1892a, p. 2) wrote: 'Economic doctrine about the actual world we live in is all built up as a branch of empirical knowledge; it has no universality.' This extreme and untenable empiricist position denied the very conceptual tools upon which all enquiry must proceed.

Like many in the German historical school, Cunningham saw the salvation of theory in terms of empirical enquiry alone. He failed to understand Menger's forceful argument that even empiricism requires prior universal assumptions such as the uniformity of nature. All empirical work requires prior

universal concepts, such as units of measure. Taxonomies especially require classificatory schema. All such concepts are tied up with explicit or implicit theories about the world. Theory is unavoidable, and has epistemic priority. Cunningham did not understand this. Marshall did. It was tragic for the British historical school that they fought on such weak methodological ground.

In his response to Cunningham, Marshall (1892) again conceded much of the historical school case: historical enquiry was essential for economic theory. Especially given this concession, Marshall's position was an attractive one, even for those young scholars who saw much of value in the work of the historical school. On the question of historical specificity, Marshall had conceded some ground to the historical school, but from a stronger philosophical standpoint. The weakness of the historical school was not its attention to the problem of historical specificity but its failure to discover an adequate methodological alternative to either inductivism or deductivism. Marshall should be given credit, both for attempting to overcome this limitation and for acknowledging the central importance of the problem of historical specificity. This aspect of his thinking has all but been forgotten today

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This is my second newsletter as editor and I have been on a steep, steep learning curve but I hope I am making progress. Many people have helped with advice, suggestions and contributions but I want to single out two people. Maureen McKelvey the former newsletter editor has been very helpful with tips and encouragement but she is a very hard act to follow. Maureen gave birth, changed job, changed country, wrote numerous articles and edited the newsletter! Way to go! The second person I have to thank is Loes van Dijk. Not only has she been excellent in channelling information between Ireland, England, The Czech Republic and The Netherlands but also she has done so with cheerful and efficient emails. On two personal notes I want to extend congratulations to Wilfred Dolfsma on his successful viva (page 25) and to him and Marion on the birth of their baby son Marnix. Finally, John Groenewegen in the election announcement on page two emphasises the need for new blood on the council. As the youngest member of the council (and its only women), I would like to reinforce that call, its hard work but a lot of fun too.

Gráinne Collins

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## Valuing Pop Music - Institutions, VALUES and Economics: Delft: Eburon, 1999

Dissertation by: **Wilfred Dolfsma**, Erasmus University Rotterdam.

The advent of pop music in the 1950s and 1960s presents an excellent case where preferences change, having far-reaching cultural, social, as well as economic consequences. In this dissertation I have tried to explain why so many people 'suddenly' started to consume this 'new' type of music. Rather than the previously dominant Big Band and Crooner music, this new kind of music that originates from American Blues and Folk music was consumed and valued by many people. There are historians who argue not only that the period in recent history has been a breaking point, but also that pop music has played an important role.

An explanation of this phenomenon requires that people's tastes are studied - it is impossible not to question taste formation: *De gustibus est disputandum*. I do so, starting from the perspective of institutional economics, but integrating insights from other social sciences such as sociology and psychology.

Empirically, I have focused on the interaction between what were the most important production institutions, on the one hand, and consumption institutions, on the other. Recent insights from studies of consumption emphasise that this interplay between consumption and production is essential, forming the 'system of provision' of pop music. Besides research of the available literature, I have conducted interviews with people involved in the production of radio programs and music magazines, organised a survey among consumers, and done a series of group interviews for rhetorical analysis.

What is quite apparent in the case of pop music, is that institutions are shaped by actors and are acted upon by them for particular reasons. People in particular circumstances 'act' (broadly defined) similarly and explain or justify their behaviour in comparable ways. Production and consumption institutions that are now inseparably connected to pop music emerged in the late 1950s and early 1960s. But although these institutions now naturally seem to express the socio-cultural values that pop music is thought to be thoroughly imbued with, in fact a prolonged period of experimentation took place.

I show that the reason for this ambiguity is that the socio-cultural values that pop music came to be associated with were different from those that existing institutions represented. Nevertheless, a reconciliation was attempted. Such is evident from the way in which consumption institutions evolved and is evident from the emergence and change of, for instance, the institutions of the chart and the disc jockey. The chart, based on sales figures, implied that the audience measured the value of a song

externally. Instead, previously, the presumption prevailed that the worth of a song was to be established on the basis of characteristics of the song itself. One needed experts for this, who were producing radio programmes and music magazines. The experts would then 'educate' the audience with regard to proper taste. Songs and their creators were sacred. A presenter of a programme could therefore not talk over the introduction of a song. Cutting the length of a song was impossible. These and other institutions were at odds with the ideas associated with pop music. Pop music was supposed to signal independence, autonomy, success, modernity, speed, and sexuality. A presenter was not a 'real' DJ. Charts are a measure of success, but for the broadcasters these stood for unwelcome commercialisation. The 'commercial' pirate radio stations are not much different in this respect for quite some time compared to the public broadcasters.

To understand these dynamics, one needs to have a conceptual framework that allows one to understand how institutions are related with socio-cultural values. In a number of strands of thought in the social sciences, leads for such an understanding are present. I have tried to make those more explicit and elaborate them into what I call the Social Value Nexus. I distinguish between socio-cultural values or VALUES (in capitals), which are expressed in particular institutions or institutional settings, to then 'determine' what value particular objects or goods have for people. The links between VALUES and institutions, on the one hand, and between institutions and value, on the other, are not strictly one-to-one, but are established in a social and historical process, as I show in the case of pop music. In the course of this process, the relation between VALUES that people want to adhere to and the institutions in which they come to be expressed can become a close one.

A focus on the institutions of consuming and producing forces one not just to answer the question why pop music became popular, but also how that process took place. Answering both questions is required for a full understanding. Value is socially constructed, I thus argue, and suggest a framework for understanding this. I indicate that there have been other scholars in the history of economics who have taken a similar position. For several reasons these ideas did not take root then. Now the situation has changed; institutional and social economics are in higher command, interdisciplinary research is appealing to many, and less rigid methodological insights have now reached economics as well.

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## Other Organisations

*EAEPE is affiliated to ICARE, an organisation which carries invaluable information about organisations, conferences, journals, etc.*

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#### ICARE's Statement of Purpose:

There is a need for greater diversity in theory and method in economic science. A new spirit of pluralism will foster a more critical and constructive conversation among practitioners of different approaches. Such pluralism will strengthen standards of scientific inquiry in the crucible of competitive exchange. The new pluralism should be reflected in scientific debate, in scholarly conferences, in professional journals, and in the training and hiring of economists.

ICARE is a confederation that will facilitate the exchange of information and other fruitful collaboration, with a view to a fundamental reform of the discipline of economics, by opening it to a healthier variety of interdisciplinary and other studies of economic behaviour.

**Contact person:** John Adams, Executive-Secretary, ICARE, Department of Economics, Northeastern University, Boston, Massachusetts 02115 USA. Tel: (1) 617 373 2872 (office) or (1) 508 668 4135 (home). Fax: (1) 617 373 3640 (office). Email: jadams@lynx.neu.edu (office) or ntvf60b@prodigy.com (home).

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## Society for the Advancement of Socio-Economics

The 11th Annual Meeting on Socio-Economics will be held in Madison, Wisconsin at Grainger Hall, the Business School of the University of Wisconsin-Madison, from July 8-11, 1999. The meeting will be cosponsored by the International Institute, the Center on Wisconsin Strategy (COWS), and The Havens Center at the University of Wisconsin. It will be part of the 150th anniversary celebration of the University of Wisconsin. The focus of the meeting will be **Globalization and the**

**Good Society.** If you have questions concerning the conference, contact the SASE office at:

SASE  
PO Box 39008  
Baltimore, MD 21212  
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Phone: +1 410 435 6617  
E-mail: saseorg@aol.com

### ATTENTION GRADUATE STUDENTS

To recognize the good work of graduate students and to encourage them to attend the 11th Annual Meeting on Socio-Economics, SASE has established an award for the four best papers submitted for presentation at the meeting. Each of the papers selected will receive a cash award to help defray travel and lodging expenses for the meeting. Faculty and other members of SASE are encouraged to submit the papers of their graduate students. The papers should be well-written and should concern socio-economic issues. They may be in English, French or Spanish. For a paper to be considered for these awards, three copies must be submitted to the SASE office, PO Box 39008, Baltimore, MD, USA by February 15, 1999. An international committee chaired by Jerald Hage, past president of SASE, will make the selections and notify the winning candidates by April 15, 1999.

The address for the SASE web site for the 1999 conference is <http://www.mpi-fg-koeln.mpg.de/sase99/>. The site will include detailed information about SASE International and the plans for the 1999 conference as they develop.

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Panel Topics:

Risk and Uncertainty in Sustainable Development, Political Ecology, Socio-Economic, Evolutionary and Institutional Approaches, The Challenge of Transition - New Ideas for Sustainable Solutions in Eastern Europe, Social Dimensions of Sustainability, Ecological Economics - in Search for Contributions from Austrian Thinkers, Regional Sustainable Development, New Approaches to Environmental Management - Institutions and Practice, Ecological Economics of Material and Energy Flows, Social- and Technological Environment-oriented Innovation, The Consumers Part in Industrial Transformation

Location: Vienna University of Economics and Business Administration /Wirtschaftsuniversität Wien

Deadline for submission of abstracts: 31.10.1999

Website: <http://www.wu-wien.ac.at/esee2000>

Co-ordination: Vienna University of Economics and Business Administration:

Uwe Schubert and Klaus Kubeczko Email: [esee2000@wu-wien.ac.at](mailto:esee2000@wu-wien.ac.at)

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### **'The Long Run': Long-term Developments in the Arts and Cultural Industries, February 23-25, 2000 Rotterdam, The Netherlands.**

The official language of the Conference is English.

The Department of Art and Culture Studies at Erasmus University in Rotterdam focuses on the sociological, economic and historical aspects of the arts and cultural industries. In February 2000, the Department celebrates its 10th Anniversary with an international conference. The Conference provides an open, interdisciplinary forum for research into the world of art and culture. The conference aims at charting long-term developments in the arts and cultural industries. Speculation about future developments is welcome, as long as it is grounded in empirical research or theoretical argument.

You are invited to submit papers on the following or related topics:

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- Artistic Work and Artistic Careers between Market and Organisation
- (Mass)Media as a Source of Information on the Arts
- The Museum as Urban Representation
- The Dynamics of Transnational Cultural Exchange
- Perspectives on European Cultural Industries
- Cultural Industries: Risks, Rights and Revenues

Deadline for the submission of abstracts is August 15, 1999. For further information, visit <http://www.eur.nl/fhkw/thelongrun>

or contact the Conference Secretariat:

Theresa Oostvogels  
Dept. of Art and Culture Studies [Room L3-25]  
Erasmus University of Rotterdam,  
P.O. Box 1738  
NL-3000 DR Rotterdam  
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email [Oostvogels@fhk.eur.nl](mailto:Oostvogels@fhk.eur.nl).  
<http://www.eur.nl/fhkw/thelongrun>

Abstracts should not exceed 250 words. Please give your name, institution, and full address (preferably with e-mail and fax) and indicate which of the seven themes your paper addresses. An electronic version of your abstract (e-mail attachment or a diskette) is preferred.

Notification of acceptance will be sent out by September 30, 1999.

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

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

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## Book Review

**Sam Bowles, Maurizio Franzini and Ugo Pagano (editors)**

*The Politics and Economics of Power*  
London, Routledge, 1999

Reviewed by Ernesto Screpanti, University of Siena, Italy

Here is a book of essays on trespassing. It gathers contributions of economists and political scientists in search of cross-fertilisation. The cultivation ground or, rather, the culture medium where they choose to meet is the analysis of power. Economists are moved by an ever increasing dissatisfaction with mainstream economics - an approach that sees the market and the well known empty boxes as places where nothing important happens in the intercourse among social agents, apart from the politically neutral, mutually beneficial and welfare maximising exchanges and transformations of commodities. Political scientists, on their own part, feel no longer at ease with an approach to social problems which treats individual actors as cogs in a machine moved by "non-logical actions" and hetero-directed motives.

Traditional boundaries among social disciplines have delivered us a schizophrenic vision whereby power is expunged from the market place by the invisible hand, whilst self-interested and economising behaviour is removed from the political arena by the "structure of social action". The essays published in this book try to get out of the deadlock.

In the first part, Sam Bowles and Herbert Gintis show that even a Walrasian equilibrium gives ground for the development of contested exchange and power relations if enforcement problem and incomplete contracting are allowed to infect economic transactions. Maurizio Franzini uses Hirschman's exit-voice scheme to argue that in certain circumstances, especially when efficient adaptation to exogenous change is required, it could be convenient to react to bad performance with recontracting instead of exiting or voicing. Ugo Pagano offers an insightful analysis of power as a positional good according to which the positive consumption of a piece of it by an actor implies that another actor enjoys a negative amount of it. This makes immediately clear that Pareto efficiency is out of question when dealing with the allocation of this good, for people who undergo power relations may feel distressed quite independently of any benefit they could obtain in exchange. Interesting implications on the study of firms organisation and the analysis of class relations are drawn. Paul Milgrom and John Roberts investigate the internal

dynamics of capitalist firms and show that, when incomplete contracting and opportunistic behaviour exist, that is always, rent-seeking choices and bargaining costs play a fundamental role in structuring the firm organisation. Then, with a simple and elegant model, they explain how job assignment can be influenced in a non-efficient way.

The second part of the book crosses the boundary in the opposite direction. Albert Breton tries to model politics as a competitive enterprise. He then tries to account for what governments actually do by following a neo-Madisonian view that he finds superior in explanatory power, not only to welfare economics, but also to public choice theory. Gianluigi Galeotti applies Schumpeter's and Downs' approach to the political economy of democracy to investigate the ability of political parties to correctly reflect the voters' preferences. He also makes a comparison of different electoral rules and discovers that proportional rule is not good for democracy. Why? Because it boxes voters in their choices and reduces vote mobility, thus decreasing competition among politicians! He prefers a two-party system to a pluralistic one, for, provided the two parties are not very different, they may compete efficiently for the median voter's vote. But then one could ask: why not reduce the franchise to the median voter? Competition between two parties over only one vote would be perfect. This, of course, would be a Pareto improvement. Donald Wittman tries to study political structures by applying some notions which are normally used to account for economic organisations, the key concept being "transaction costs". In a similar vein, Victor Vanberg utilises the theory of competition to study constitutional choice, trying at the same time to explain the role of constitutions in constraining and safeguarding competition, and to tackle the problems of accountability and efficiency of government outcomes. Finally John Dunn advocates the development of a common field of investigation for economists and political scientists, a sort of integrated new political economy. Indeed he makes us reflect on a sad oddity: while economists are trying to overcome the "free" competition prejudice of their discipline by introducing the analysis of power into the market model, political scientists are doing the opposite operation in the attempt to complement the analysis of political structures with the notion of competition.

The final part of the book contains a series of attempts at expanding the domain of economics. What's the use of the Pareto efficiency criterion when studying the "norms of exclusion" (Russel Hardin), "ethnic capital" (Ronald Wintrobe) and nationalism (Ernest Gellner)? And what the use of craving for



unique and stable equilibria when dealing with abrupt political change and the *coup d'état* problem (Ulrich Witt)?

Routledge are pleased to be able to offer EAEPE members a discount of 20% off the published price of *The Politics and Economics of Power* representing a saving of £11. To order your copy at the special price of £44:

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E-mail: [info.economics@routledge.co.uk](mailto:info.economics@routledge.co.uk) Tel: +44 171 842 2362 Fax: +44 171 842 2302

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### Telecommunications Policy Journal- Book Reviews

Professor William H. Melody, Delft University of Technology, NL became General Editor from September 1998 of *Telecommunications Policy* (Pergamon/ Elsevier Science Ltd). Professor Robin Mansell, SPRU, University of Sussex is serving as Book Review editor with Professor W. Edward Steinmueller (SPRU) and Dr. Colin Scott (London School of Economics). We will appreciate notices of new publications and review copies of books that may be of interest to readers of *Telecommunications Policy*.

Publications covering all aspects of the field of telecommunication policy including regulation and legal aspects, market development, service innovation, and convergence of the sector with information technology applications are of interest. The journal will review publications that draw upon political economy, legal, sociological, and communication theoretical perspectives and those which are oriented toward policy issues arising in both industrialised and developing countries.

Please send all correspondence relating to Book Reviews to: Professor Robin Mansell SPRU - Science and Technology Policy Research University of Sussex Mantell Building Falmer, Brighton, East Sussex, BN1 9RF Fax: +44-1273-678165, email: [r.e.mansell@sussex.ac.uk](mailto:r.e.mansell@sussex.ac.uk) General Editor contact: William Melody email: [w.h.melody@sepa.tudelft.nl](mailto:w.h.melody@sepa.tudelft.nl)

### ACE

ACE (Association of Critical Economics) was "founded" in Kenmare, Kerry, Eire in July 1998 as a network of former EAEPE Summer School participants with the intention of continuing an exchange of ideas between young researchers and professors mainly around evolutionary, institutional and political economy approaches to understanding contemporary economics. ACE cherishes and promotes its close links with the European Association for Evolutionary Political Economy.

The legal foundation of ACE will be prepared at the forthcoming Workshop *Pre- and Post-Doc Workshop of the Association of Critical Economics - Roots and New Approaches* in Olomouc, Czech Republic, 15- 17 July 1999.

This Workshop will be open to all previous participants of EAEPE Summer Schools (Ribadasella, 1996; Hania, 1997; Kenmare, 1998) and to PhD-students from the Czech Republic.

Olomouc. All former EAEPE Summer School participants are invited to participate in the meeting being held in Olomouc and have the opportunity to join this Association.

The Ad-hoc **Committee** for the foundation of **ACE** elected in Kenmare consist of 5 members:

- Sally Hayward, Ireland (Treasurer)
- Geoff Hodgson, Great Britain
- Klaus Kubeczko, Austria (Secretary)
- Ricardo Mamede, Portugal
- Chistina Stecker, Germany

The programme for the Workshop in Olomouc will take place over 3 days. This will include guest lecturers **Kurt Rothschild; Geoff Hodgson; Prof. Micoch** and the opportunity for participants to present their own research. Prior to the Workshop there is a voluntary mountaineering trip which is an opportunity for those to meet prior to the Workshop. The aims of the Workshop are two-fold:

- to provide a forum for pre and post-doctoral researchers the opportunity to continue the associations made at three previous EAEPE Summer School events (Ribadasella, 1996; Hania, 1997 and Kenmare, 1998). The intention is that this forum will continue the spirit created at the EAEPE Summer Schools to exchange ideas mainly in evolutionary, institutional and critical economics. At the same time ACE will continue to promote its close links with the European Association for Evolutionary Political Economy;
- to establish the legal foundation of ACE. All former EAEPE summer school participants are invited to participate in the meeting and have the opportunity to join this Association.

For further information on ACE please visit the ACE website:

<http://speth08.wu.wien.ac.at/usr/h85/h8555684/ACE/ACEworkshop.htm>

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## Serious Matters

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### **ECONOMISTS, 1996**

Some call what you do the pursuit of science  
Perhaps for most it's the art of compliance;  
Fashion selects the world from your theories  
Or gets the Truth from some lengthy time series.  
These are your methods at your peril resist;  
If in alternative paradigms persist  
Rejection, removal, demotion, no grants!  
Get tenure and glory from joining in chants  
That repeat like a mantra "Let us assume,  
Let us model". Let us argue, let us fume;  
Deductive and inductive, both are extremes  
Explaining reality? Not what it seems!  
Researchers SHOULD struggle, the world is complex  
Institutions, culture, religion, race, sex  
All introduce problems that most will ignore  
Though unravelling them may reveal the core  
Of the issues confronting the modern state.  
Let us praise economists who contemplate  
Epistemologies that incorporate,  
Encompassing factors that the obdurate  
With their standard approaches assume away.  
It's interdisciplinary interplay  
That should be seen as the highest endeavour  
The attractive track for the really clever.  
David Jacobson, August 1996

As well as news and other items, the *EAEPE Newsletter* includes reports of current and proposed research, short articles of interest to EAEPE members, and abstracts of finished PhDs. Please send material to Gráinne Collins, EAEPE Newsletter Editor, Gráinne Collins, Employment Research Centre, Trinity College Dublin, Ireland. Material should be submitted on a floppy disk (IBM or MAC and preferably in MS WORD) or sent by email ([collinsg@tcd.ie](mailto:collinsg@tcd.ie)) as an attached document. If using email, please state 'EAEPE' in the subject title. 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 be active in contributing material! **The deadline for the January 2000 issue is 15<sup>th</sup> of November.** Gráinne Collins



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Or gets the Truth from some lengthy time series.  
These are your methods at your peril resist;  
If in alternative paradigms persist  
Rejection, removal, demotion, no grants!  
Get tenure and glory from joining in chants  
That repeat like a mantra "Let us assume,  
Let us model". Let us argue, let us fume;  
Deductive and inductive, both are extremes  
Explaining reality? Not what it seems!  
Researchers SHOULD struggle, the world is complex  
Institutions, culture, religion, race, sex  
All introduce problems that most will ignore  
Though unravelling them may reveal the core  
Of the issues confronting the modern state.  
Let us praise economists who contemplate  
Epistemologies that incorporate,  
Encompassing factors that the obdurate  
With their standard approaches assume away.  
It's interdisciplinary interplay  
That should be seen as the highest endeavour  
The attractive track for the really clever.  
David Jacobson, August 1996

As well as news and other items, the *EAEPE Newsletter* includes reports of current and proposed research, short articles of interest to EAEPE members, and abstracts of finished PhDs. Please send material to Gráinne Collins, EAEPE Newsletter Editor, Gráinne Collins, Employment Research Centre, Trinity College Dublin, Ireland. Material should be submitted on a floppy disk (IBM or MAC and preferably in MS WORD) or sent by email ([collinsg@tcd.ie](mailto:collinsg@tcd.ie)) as an attached document. If using email, please state 'EAEPE' in the subject title. 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 be active in contributing material! **The deadline for the January 2000 issue is 15<sup>th</sup> of November.** Gráinne Collins

**1999 Conference Booking Form**  
**Eleventh Annual Conference, Prague, Czech Republic, 4-7 November 1999**

Title: ..... Forename/s: ..... Surname: .....

Mailing Address: .....

.....

Fax number: .....

Membership Number: 

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**If you are not a member, please fill in a membership form.**  
**EAEPE membership is required for Conference participation.**

Please if you have had a paper accepted for the Conference .....

Please if you have accepted an invitation to act as a Chair/Discussant at the Conference ....

	Dfl.	Tick Below
Conference fee including conference dinner*	400.00	
Plus an addition for booking received after 31 August 1999	80.00	
<b>Total</b>		

\* Please indicate if you require a vegetarian dinner.  
 \*\* Please ensure that you also complete a 1999 Membership Application/Renewal Form.

**Method of payment (payment should be made in Dutch Guilders):**

Please indicate your method of payment by placing a in the appropriate box:

**Cheque made payable to EAEPE**       **Cash**       **Credit Card**

Please debit my Eurocard/Mastercard/Visa (no other cards are acceptable)

Number: 

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    Expiry Date: .....

(Credit card payments may also be made over the telephone)

Signed: .....      Date: .....

**Bank Transfer**

These payments should be made via your banker, to VSB Bank, Lusthofstraat 24, Rotterdam, The Netherlands, Account number 80.61.89.665. **These payments should be sufficient to cover all bank transfer charges. Please note that the bank charge is Dfl. 15,- for each bank transfer.**

**Please read the information overleaf and send this form and remittance to:**  
 EAEPE Administrator, Erasmus Institute for Philosophy and Economics, Erasmus University  
 Rotterdam, P.O. Box 1738, 3000 DR Rotterdam, The Netherlands. Tel: +31-10-4088967 Fax: +31-10-4088979.

For Office Use only	Mem. paid on:	Database	Money	Receipt	Conf. Details
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## Accommodation

- Delegates are responsible for arranging their own accommodation and meals, with the exception of the conference dinner on Saturday which is included in the conference fee. Please note that there is no rebate for those who do not wish to partake of the conference dinner. Information on hotel accommodation will appear in the newsletter.

## Conference Papers

- **Abstracts** should be sent to:

Loes van Dijk, Erasmus University Rotterdam  
Erasmus Institute for Philosophy and Economics  
Oostmaaslaan 950-952  
3062 PA ROTTERDAM, The Netherlands  
Email: m.l.vandijk@fwb.eur.nl

preferably by **1 March 1999**.

- Both paper and abstracts of paper should be sent in hard copy and on disk to:

Albert Jolink, Erasmus University Rotterdam  
Erasmus Institute for Philosophy and Economics  
Oostmaaslaan 950-952  
3062 PA ROTTERDAM, The Netherlands  
Email: a.jolink@fwb.eur.nl or m.l.vandijk@fwb.eur.nl

by **31 August 1999**.

The duplication and distribution to conference delegates of any paper not received by this date is the responsibility of the authors. Further details and the required format for papers are given in the newsletter.

A version of the paper as an email attachment is also requested for placement on the internet (in Word for Windows). 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](mailto:wblaas@pop.tuwien.ac.at) (Institut für Finanzwissenschaft, Technical University of Vienna, Karlsplatz 11, A-1040 Vienna, Austria). The electronic version will be published on the EAEPE internet site.

## Conference Bookings

- All conference delegates and paper givers must be 1999 members of EAEPE. Conference booking and membership forms should be sent with the appropriate remittance to EAEPE's Rotterdam office (address overleaf) and **NOT** to either of the Conference Organisers.

## Further Information

- EAEPE Newsletters (January 1999) and (July 1999) contain further details about the conference.