

European Association for Evolutionary Political Economy **NEWSLETTER**

No 7

January 1992

EAEPE 1992 CONFERENCE

**'Structural Change and the Regulation of Economic Systems:
Integration, Disintegration, Globalization'**

**Ministère de la Recherche et de la Technologie, Rue Descartes, Paris, France
4th-6th November 1992**

Capitalism is an integrated global system, now extending its reach into the former Eastern Bloc. Transnational companies have become increasingly prominent and substantially beyond the influence of national governments. Financial markets have become truly global, regulating flows of investment across the entire world system. Meanwhile, there is increasing integration at the political level, in Europe, the Americas, and in the Far East. The national economy is no more, and the nation state is being challenged by the processes of globalization, by the development of local economic networks, and by new local aspirations.

All economies are currently undergoing momentous structural changes, profoundly affecting their organisation and functioning, and modifying their dynamic and macroeconomic behaviour. Such structural changes agitate economies at the microeconomic level as well. They affect human welfare, enhance female participation in the labour force, and transform the household economy. But also they create greater unemployment and new forms of poverty, and accelerate urban decline.

The dimensions of structural transformation include changes in technology, industrial organization, forms of competition, geopolitics, labour markets, demography and migration. There are increasing threats to the environment and the ecosystem, and renewed concerns regarding gender and ethnicity. Competition has increased in intensity and changed its form, accompanied by greater flexibility in the labour process. Competition is no longer limited to price; it concerns quality and adaptability. Meanwhile, there is increasing oligopolization and concentration, growing direct investment, more frequent mergers and takeovers, and new joint ventures and firm alliances.

The enhanced role for global markets has increased the impetus for economic integration within the European Community, but has underlined the vulnerability of the economies of the former Eastern Bloc. Concomitant

uncertainty at the international level has given rise to new strategic behaviour. Governments have replaced the goal of full employment with that of nominal price stability.

How do we theorize structural changes yielding such a peculiar economic geography? Generally, how do we analyze structural changes and the regulation of economic systems? What are the appropriate theories of technological and institutional change? What are the peculiar institutional conditions which yield different local and global outcomes? What factors affect the structure and location of firms? How does foreign direct investment affect economic policy? Is it possible still to define the national economic interest? What are the appropriate responses in terms of macroeconomic, competition, and industrial policy?

Many theoretical issues are involved here, relating to the general analysis of structural change. They relate to problems of complexity, evolution, and systems analysis in economics. The EAEPE 1992 conference will address all these vital topics, be they of a methodological, theoretical, applied, or policy nature.

In addition to all the themes outlined above, participants are welcome to submit abstracts for conference papers on any of the themes – including economic theory and methodology – relating to EAEPE's Provisional Scientific Development Plan (see back page).

The languages of the conference will be English and French. Participants wishing to submit papers are invited to send a title with a 400-600 word abstract to the EAEPE Scientific Committee Convenor, Robert Delorme, CEPREMAP, 142 Rue du Chevaleret, 75013 Paris, France. Telephone (33) 1 40 77 84 43. Fax (33) 1 44 24 38 57. Priority will be given to abstracts submitted before 1st March 1992. If the paper can be fitted into the conference schedule then a final version will be requested by 30th August 1992 so that all papers can be mailed to participants before the conference

(See page two for further conference details.)

The EAEPE Newsletter can include reports of current and proposed research and short articles of interest to EAEPE members, as well as news and other items. Please send material to Michael Dietrich, EAEPE Newsletter Editor, Sheffield University Management School, Crookesmoor Building, Sheffield S10 1FL, UK. Contributions will not be refereed, but the Editor reserves the right to decide what is to be accepted. The Newsletter was designed and typeset from a PC disc by Roger Booth Associates and printed by Tyneside Free Press.

EAEPE 1992 CONFERENCE

The conference will be located at the Ministère de la Recherche et de la Technologie, Rue Descartes, Paris. The location is close to the Notre Dame.

Conference registration will commence on the afternoon of 4th November and the conference will finish in the evening of 6th November. The conference fee is £80 and this includes the cost of the conference dinner on the 6th November. There is no rebate for those who do not wish to partake of the conference dinner and no other meals are included in the price. Furthermore, there is an additional charge of £20 for those who are not yet 1992 members of EAEPE, plus an addition of £20 for bookings received on or after July 1st.

All conference bookings and fees should be sent to the EAEPE Conference Secretary at the Department of Economics and Government, Newcastle upon Tyne NE1 8ST, United Kingdom; telephone (44) 091 232 6002 extension 3939, fax (44) 091 235 8654 or 091 235 8017 or 091 235 8558. Payments may be made over the telephone by credit card.

Please note that delegates must be registered by mid-September at the Newcastle Polytechnic office in order to receive advance copies of the conference papers.

The conference fee does not include accommodation. Hotel bookings are the responsibility of delegates themselves. There are many hotels in close proximity to the conference venue, a few suggestions are listed below.

The conference is organised with the assistance of CEPREMAP, Paris, and Newcastle Polytechnic, UK. Applications for further financial support are in progress.

The Foundation for European Economic Development (FEED) has agreed to sponsor the conference. It will set aside and administer a Conference Assistance Fund for EAEPE conference delegates who are unable to obtain adequate support from their own institution. Applications for financial assistance should be sent as soon as possible to the Secretary of FEED, Dr Andrew Tylecote, School of Management and Economic Studies, University of Sheffield, Conduit Road, Sheffield S10 1FL, United Kingdom; telephone (44) 0742 768 555. Fax (44) 0742 725103.

CONFERENCE ACCOMMODATION

(Note all Paris telephone and fax numbers must be preceded by the code 33-1)

Within 500m distance of the conference

- ** Hôtel St Jacques, 35 rue des Ecoles 75005 Paris. Tel 43268253. Fax 43256550. FFr400-500
- ** Hôtel Vendome, 8 rue d'Arras 75005 Paris. Tel 43266037. FFr400-500
- * Hôtel des Carmes, 5 rue des Carmes 75005 Paris. Tel 43297840. FFr 350-450
- ** California Hotel, 32 rue des Ecoles 75005 Paris. Tel 46341290. FFR400-500
- ** Hôtel du Collège de France, 7 rue Thénard 75005 Paris. Tel 43267836. Fax 46345829. FFr500
- *** Le Jardin de Cluny, 9 rue du Sommerard 75005 Paris. Tel 43542266. Fax 40510336. FFr575-720

No more than 1km distance (in the Sorbonne area)

- * Hôtel de Monaco, 11 rue Champollion 75005 Paris. Tel 43545064. FFr350-500
- * Hôtel Gerson, 14 rue de la Sorbonne 75005 Paris. Tel 43542840. FFr300-350
- ** Hôtel de la Sorbonne, 6 rue Victor Cousin 75005 Paris. Tel 43545808. Fax 40510518. FFr400-450
- * Grand Hôtel Saint-Michel, 19 rue Cujas 75005 Paris. Tel 46333302. FFr220-250
- * Hôtel Central des Ecoles, 3 rue Champollion 75005 Paris. Tel 46341420. Fax 46337412. FFr320-390

1.5 km distance (direct subway connection, close Place d'Italie)

- ** Hôtel Campanile, 15 bis Avenue d'Italie 75013 Paris. Tel 45849595. Fax 45707306. FFr380-430

EAEPE NAMES AND ADDRESSES

EAEPE General Secretary:

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EAEPE Conference Organiser:

Robert Delorme, CEPREMAP, 142 Rue de Chevaleret, 75013 Paris, France. Work telephone (33) 1 40 77 84 43. Fax (33) 1 44 24 38 57.

(1992 Conference bookings should be sent to the General Secretary at Newcastle Polytechnic, abstracts and papers to the Conference Organiser.)

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Carlos Calleja Xifre	(SPAIN)
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Mike Dietrich	(UK)
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John Groenewegen	(NETHERLANDS)
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Eva Maskova	(CZECHOSLOVAKIA)
Klaus Nielsen	(DENMARK)
Angelo Reati	(BELGIUM)
Ernesto Screpanti	(ITALY)

(There is one vacancy on the 1992 Steering Committee)

EAEPE 1992 Scientific Committee:

Ash Amin, Kurt Dopfer, Robert Delorme (Convenor), Pascal Petit, Andrew Tylecote.

FEED NAMES AND ADDRESSES

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

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Andrew Tylecote, School of Management and Economic Studies, University of Sheffield, Conduit Road, Sheffield S10 1FL, UK. Work telephone (44) 0742 768555. Fax (44) 0742 725103.

FEED BOARD OF TRUSTEES:

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

1992 EAEPE MEMBERS' MEETING IN PARIS

An EAEPE Members' Meeting has been called at the Ministry of Research and Technology, Amphithéâtre Descartes, Paris, France, on the late afternoon of Thursday 5th November 1992.

1992 EAEPE STEERING COMMITTEE MEETINGS

The following Steering Committee meetings are planned for 1992:

15.00hrs on 6th March 1992
(following a meeting of FEED trustees at 14.00).
and

17.00hrs, 4th November 1992
(following a meeting of FEED trustees at 16.00).
and

10.00hrs, 7th November 1992
(Continuation of Meeting of 4th)

All 1992 meetings will be held at CEPREMAP, 142 Rue du Chevaleret, Paris.

EAEPE SEMINAR

An EAEPE seminar is planned for 9.00-16.00hrs on 7th March 1992 in CEPREMAP in Paris. The programme will be:

"Evolutionary Metaphors in Economics"

Geoff Hodgson

"The Way Forward for EAEPE"

Robert Delorme

"Aspects of Industrial Economics"

John Groenewegen

"Globalisation"

Ash Amin

All EAEPE members are welcome to attend this seminar.

EAEPE PRIZES

The Steering Committee are pleased to announce regular competitions for the following two prizes:

K. William Kapp Prize

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

Awarded annually for the best article unpublished at the time of the award on a theme broadly in accord with the Theoretical Perspectives of the Association (minimum 5,000, maximum 12,000 words).

Gunnar Myrdal Prize

Amount: £1000 (all funded by EAEPE)

Awarded annually for the best published or unpublished monograph on a theme broadly in accord with the Theoretical Perspectives of the Association.

The deadline for receipt of each prize is 1st February 1992. Entries should be sent to the EAEPE General Secretary. Three non-returnable copies of each entry must be submitted. Awards of the 1992 prizes will be made at the November 1992 Conference in Paris.

All candidates shall be paid-up 1992 members of EAEPE. The Steering Committee will judge both prizes in February-March 1992. The Kapp Foundation will assist in the judging of the Kapp Prize.

Any member of the Steering Committee serving at any time from February 1991 to February 1992 inclusive shall be ineligible to submit an entry.

Previous announcements concerning the Myrdal prize stated that the award would be made every two years. The Steering Committee is pleased to announce that the Foundation for European Economic Development have agreed to sponsor this prize competition, to the extent that each prize may be awarded annually. However, the Steering Committee reserves the right not to award a prize if the entries are below the required quality.

EAEPE 1991 CONFERENCE IN VIENNA

85 delegates attended the EAEPE 1991 conference in Vienna in November. The conference was jointly organised by the Technical University of Vienna (Austria) and the Department of Economics and Government at Newcastle Polytechnic (UK), with the assistance the BAWAG bank, the Austrian Central Bank, the Economic and Social Research Council of the UK, and several other institutions.

The main theme addressed by the 1991 conference was the ongoing transformation of the economies of Europe, east and West. In addition to this focused discussion, there were a number of theoretical papers on related themes. The average quality of the papers was a significant advance even on 1991 and discussions were clustered around a number of important topics.

EAEPE 1991 MEMBERS' MEETING IN VIENNA

The 8th November Members' Meeting at the Vienna conference elected the 1992 Scientific Committee and carried three constitutional amendments by large majorities. These were then passed on for a ballot of all members. Audited accounts for 1989 and 1990 were received, and provisional accounts for 1991.

Other items discussed were the EAEPE Provisional Scientific Development Plan, and ways in which to increase ethnic minority and female participation in EAEPE activities. Discussion of these important issues will continue at future Steering Committee and Members' Meetings.

MEMBERSHIP

EAEPE membership is currently 408. This is an increase of 46 over the last six months. By country our membership is now as follows:

	No.	Population(M)	No./Pop(M)
AUSTRIA	24	7.55	3.18
BELGIUM	8	9.86	0.82
BULGARIA	1	8.93	0.08
CZECHOSLOVAKIA	9	15.28	0.59
DENMARK	17	5.12	3.32
ESTONIA	1	1.52	0.66
FINLAND	6	4.84	1.24
FRANCE	23	54.83	0.42
GERMANY	23	77.79	0.30
GREECE	3	9.74	0.30
HUNGARY	4	10.71	0.37
ITALY	42	57.08	0.72
THE NETHERLANDS	30	14.39	2.08
NORWAY	5	4.15	1.20
POLAND	14	36.40	0.38
PORTUGAL	1	10.03	0.10
ROMANIA	1	22.48	0.04
SPAIN	10	37.83	0.26
SWEDEN	21	8.33	2.52
SWITZERLAND	10	6.48	1.54
TURKEY	2	45.22	0.04
USSR	3	206.75	0.01
UNITED KINGDOM	89	55.78	1.60
YUGOSLAVIA	4	22.80	0.18
EUROPE:	351	747.81	0.47
AUSTRALIA		6	
CANADA		8	
ISRAEL		1	
JAPAN		3	
KENYA		2	
NEW ZEALAND		1	
UNITED STATES		36	
NON-EUROPE:		57	
OVERALL TOTAL:		408	

EAEPE PUBLICATIONS

In collaboration with Edward Elgar Publishing, EAEPE is proud to announce the publication two volumes of selected conference papers from the 1990 conference. These volumes are titled *Rethinking Economics: Markets, Technology and Economic Evolution*, edited by Geoff Hodgson and Ernesto Screpanti, and *Towards a New Europe? Structural Change in the European Economy*, edited by Ash Amin and Mike Dietrich.

The normal cost of each volume is £35 and £39.95 respectively, but they are sold to paid-up EAEPE members at a substantial discount, for £15 each. They are available from Edward Elgar Publishing, Gower House, Croft Road, Aldershot, Hampshire GU11 3HR, UK.

In addition, a volume of selected conference papers from the 1991 conference is under preparation, edited by Wolfgang Blaas and John Foster. Royalties for both the 1990 and the 1991 conference volumes will be paid to EAEPE.

Also a *Handbook of Institutional and Evolutionary Economics* is being prepared, edited by Warren Samuels, Geoff Hodgson and Marc Tool. This work will also be published by Edward Elgar. Royalties will be divided equally between EAEPE and the USA-based Association for Evolutionary Economics.

STOP PRESS

CONSTITUTIONAL AMENDMENTS

The following constitutional amendments have all been carried with the required two-thirds majority, and are now incorporated into the EAEPE Constitution:

Constitutional Amendment (1)

'Section 1. Clause 1.2. Delete "U.S.S.R." and add where appropriate: "Armenia," "Azerbaijan," "Belorussia," "Estonia," "Georgia," "Latvia," "Lithuania," "Moldavia," "Russia," and "Ukraine,".'

Constitutional Amendment (2)

'Section 3. Preamble. Delete all and insert: "Evolutionary political economy provides an analysis of economic phenomena in the following terms:"'

Constitutional Amendment (3)

'Section 12. Clause 12.1. Delete "the election shall be carried out by alternative vote." and Replace by "the membership shall be asked to either endorse or reject each nominee. A nominee shall be elected if the number of endorsements exceeds the number of rejections that are received by the due date."'

YOU CAN NOW PAY BY CREDIT CARD!

Transactions across national currency boundaries are inconvenient, uncertain and costly. For the convenience of EAEPE members, payments may now be made by Access/MasterCard/Visa/Eurocard. Simply telephone 091 232 6002 extension 3939 in the UK, with your card number and expiry date. Alternatively, you can notify the EAEPE Newcastle office by post with the same information.

ANNOUNCEMENT

A Plea for a Pluralistic and Rigorous Economics

Geoff Hodgson (UK), Uskali Mäki (Finland) and Donald McCloskey (USA) have been circulating the following appeal amongst prominent members of the economics profession. It is hoped that it will stimulate discussion concerning the need for greater diversity and pluralism, both in theory and method, in economic science:

"We the undersigned are concerned with the threat to economic science posed by intellectual monopoly. Economists today enforce a monopoly of method or core assumptions, often defended on no better ground than it constitutes the 'mainstream.' Economists will advocate free competition, but will not practice it in the marketplace of ideas."

"Consequently, we call for a new spirit of pluralism in economics, involving critical conversation and tolerant communication between different approaches. Such pluralism should not undermine the standards of rigor; an economics that requires itself to face all the arguments will be a more, not a less, rigorous science."

"We believe that the new pluralism should be reflected in the character of scientific debate, in the range of contributions in its journals, and in the training and hiring of economists."

These leading names have signed the above text:

Abramovitz, Moses	Arthur, W. Brian
Axelrod, Robert	Blaug, Mark
Boulding, Kenneth	Cowling, Keith
Cyert, Richard M.	Day, Richard
Davidson, Paul	Deane, Phyllis
Denison, Edward	Desai, Meghnad
Freeman, Christopher	Frey, Bruno
Furubotn, Eirik	Galbraith, J. K.
Georgescu-Roegen, N.	Goodwin, Richard
Grainger, Clive W. J.	Grandmont, Jean-Michel
Harcourt, Geoffrey	Heilbroner, Robert
Hirschman, Albert	Kindleberger, Charles
Kornai, Janos	Laidler, David
Leibenstein, Harvey	Matthews, R. C. O.
Mayer, Thomas	Minsky, Hyman
Modigliani, Franco*	Nelson, Richard
Olson, Mancur	Pasinetti, Luigi
Perlman, Mark	Rothschild, Kurt
Samuelson, Paul*	Shubik, Martin
Simon, Herbert*	Spanos, Aris
Tinbergen, Jan*	Tsuru, Shigeto
Vickers, Douglas	Weintraub, Roy

[Nobel Laureates = *]

Correspondence should be sent to: Geoffrey M. Hodgson, Department of Economics and Government, Newcastle Polytechnic, Newcastle upon Tyne NE1 8ST, U.K.

HOW EVOLUTION BECAME MALE

or it is not a dog eat dog world

Maureen McKelvey, University of Linköping, Sweden.

Everyone has heard of 'the survival of the fittest', a term meaning that the strongest win in the competition for survival. In the biology taught in schools and in most people's opinions, survival of the fittest is the epitome of evolution in all sectors of life – among different animal species, in the business world (where the best firms grow), perhaps even among people. In biology, evolution is a theory which explains how change occurs. Evolution has two main laws: the first is diversity through the generation of novelty. The second is a process of selection among this diversity. However, we sometimes talk as if the strong always will oppress the weak, as if this were the universal law of selection.

However, it was Spencer, not Darwin, who coined the term survival of the fittest; Spencer also believed in progress in society, in contrast to Darwin. Both of these ideas are still in vogue. Indeed, this widespread notion of evolution does not do justice to Darwin's ideas nor the modern understanding of evolution in biology, which argues that successful species are dependent on 'success in reproduction'. Moreover, this misrepresentation of evolution to be 'survival of the fittest' rather than 'success in reproduction' can arguably be said to reflect our society's view of the respective roles of and myths about men and women.

The widespread idea of 'survival of the fittest' emphasises the process of selection in that it emphasises the ability of one individual to survive at the expense of other individuals. It emphasises the ability of an individual to fight, to be tough etc; these are traits which our society generally subscribes to men. Even today, we still tend to divide work into 'men's jobs', which are tough and productive (such as construction and factory workers) and 'women's jobs', which are physically less demanding and which involve 'caring' (such as nursing and teaching). Whether or not such categorizations by sex are true, our notion that evolution is equated with survival of the fittest clearly celebrates those characteristics which we ascribe to men.

Although in evolutionary theory in biology, survival in a specific environment is important, survival is not all nor even the main part of the story. The most important part is survival of the species or subspecies, the passing on of specific genes. Genes constitute the mechanism to pass on characteristics for living. It is the ability to bear and raise young, who have their parents' genes. And no one can deny that women, and females in general, have a central role in reproduction and in care of the young. A similar argument about the importance of 'female attributes' in evolution is that altruism is much more common in the animal world than 'survival of the fittest' would imply.

To some extent, then, our idea that evolution means 'survival of the fittest' instead of 'success in reproduction' is more a reflection of ourselves than of the theory. In many ways, we are very unconscious of this because we often equate 'man' as 'all of the human race' at the same time that in our mind's view we see a male figure every time someone says 'man'. There are a million subtle ways of reproducing this dichotomy of active men and passive women, not least, for example, through TV and films.

Survival of the fittest is also closely aligned with another common idea about evolution, that of progress. Progress, or

improvement over time, is often seen to be a natural result of survival where the best one, an improvement over their parents, live. This coupling of progress with evolution is again related to Spencer's notion rather than Darwin's. In the 19th century, the age of colonialism, people used the idea of progress to argue that Western civilization was better than 'primitive civilizations', such as that found on other continents. These early anthropologists argued that the 'primitive' societies represented lower stages of human development compared to Western man, who lived at the pinnacle of human achievement, at a much higher spiritual and mental level. This could and was then used as a justification for conquering, 'educating' and 'christianizing' the backward heathens. These Westerners tried to explain the *existence* of differences in terms of linear progression and wasted little time explaining *how* these differences came about. The 'how' is of course what evolution is about and points to an important tension between 'progress' and 'evolution'.

Evolutionary theory does not actually say that change leads to progress. Instead, the theory says that an animal subspecies can be the one best adapted for a specific environment, at a certain time. Nor is there any assumption that the best of all possible adaptations exist at any time, only that an existing one may be the best among those that have previously and are currently represented. Thus, there is no absolute and universal scale in evolution, and such a scale would be indispensable in order to measure progress. Moreover, much of the change in species, including the ability to adapt to new conditions or environments, is generated through random mutations or else new combinations. Mutations are non-linear and unpredictable whereas progress by definition follows a predictable, linear path upwards.

Thus, one can say that evolutionary theory has been misrepresented in two senses. One that survival of the fittest is more important than reproduction; I argue that this has to do with our cultural understanding of the respective roles, and valuation of these roles, for men and women. The second has to do with progress. This too probably reflects existing social assumptions about the future. Both misrepresentations are interesting in themselves, as a reflection of our Western society; and additionally, any theory in the social science or the humanities which uses the analogy of evolution to explain the world should re-examine its own understanding of evolution in comparison with evolution as understood in biology.

'The watchwords of the nineteenth century have been, struggle for existence, competition, class warfare, commercial antagonism between nations, military warfare. The struggle for existence has been construed into the gospel of hate. The full conclusion to be drawn from a philosophy of evolution is fortunately of a more balanced character. Successful organisms modify their environment. Those organisms are successful which modify their environment so as to assist each other. This is exemplified by nature on a vast scale.'

(Alfred North Whitehead, *Science and the Modern World*, Cambridge University Press, 1926, p. 256.)

EUROPEAN INTEGRATION AND GROWTH MODELS

Grahame Thompson, The Open University, UK.

How is European economic integration being officially justified? I explore this question below in the context of the way the European Commission has utilized the so called 'new growth theory' (NGT). This approach is interesting because it emphasizes 'real' consequences of moves towards economic integration. These are sadly neglected in debate with its usual emphasis on monetary aspects. However, when and where real factors surface in documents issued by the Commission they rely upon quite suspect forms of analysis that those of us not wedded to neo-classical economics should be wary of. This is not an argument against further European economic integration but merely one that suggests a scepticism about how conventional economics has treated this issue.

The two main documents presenting the Commission's analysis of the effects of economic and monetary integration are 'The Economics of 1992', *European Economy* 35 March 1988, and 'One Market, One Money', *European Economy* 44 October 1990. The first of these deals mainly with the real economy and is driven by 'new trade theory' stressing imperfect competition and internal economies of scale (IEOS). The basic approach adopted can be found in the background papers ('The Economics of EMU', *European Economy* 1991). In these documents Richard Baldwin and his co-authors adopt the NGT and the idea of *external* economies of scale (EEOS) when they deal with the real economy. EEOS refers to aggregate, economy-wide EOS – the spill-overs and intermediate public goods that emerge from the one-off efficiency gains in the context of IEOS. The Baldwin NGT model builds on the idea of 'secondary' productivity gains that may appear. Put simply this is as follows:

[% change in GDP in the long-run] = [% increase in GDP because of one-off gains]*[e]

where e is made up of EEOS. This equation can be further subdivided as follows:

[% increase in final GDP] = ([% increase in one-off GDP]+[% medium-term growth of GDP])*[e]

so that e is related to a one-off 'static' effect and a medium-term growth effect as well.

Traditionally (neo-classical) growth models of the Solow type assume decreasing or constant returns to scale so that any one-off increase in an accumulatory factor eventually comes up against decreasing returns to the non-accumulatory factor and a new steady state growth is achieved. But if we have economy-wide increasing returns this is not necessarily the case. The result can be continued dynamic growth. This would greatly increase the potential benefits from the one-off EC 1992 programme. Indeed Baldwin suggests the 'static' analysis of *European Economy* 35 could underestimate the beneficial effects by as much as 300-450 per cent!

This result emerges from the 'endogenous growth model' of Romer and Krugman. This can be developed from an economy-wide Cobb-Douglas (CD) production function as follows:

$$GDP = AK^a + bL^{1-a}$$

The CD is 'dynamised' by the factor 'b', which represents the external economy effect. Clearly the value of the coefficients a+b is crucial:

if $a+b < 1$ we get the usual result (steady state growth);
if $a+b > 1$ we get accelerating growth, which is ruled out on empirical grounds; only if $a+b = 1$ do we get the new dynamic growth.

As might be expected a good deal of the analysis in the background papers dealing with EEOS is devoted to explaining why a+b is likely to be equal to 1 on existing estimates.

In the Baldwin model the one-off growth effect is based upon the orthodox CD analysis. The medium-term growth is also based upon the CD approach. The medium-term effects arise from two factors: the increase in profitability due to 'Europe 1992', which leads to an increase in investment and then to an increase in GDP; and secondly from an increase in consumer welfare due to 'Europe 1992', to an increase in savings, to an increase in investment, and then to an increase in GDP.

The long-term growth effects come from endogenising innovations and technical progress. An increase in market size and more intense competition, because of 'Europe 1992', lead to a reduction in the unit cost of innovations. This 'dynamic' growth of innovations and technical progress results in an increase in output.

But all this analysis begs a number of questions. In the first place, why should a+b conveniently equal 1? One of the features of the model is an increase in firms' profitability leading directly to an increase in investment, which acts as the link to an increase in productivity and output. But here a number of well known problems arise. For instance, the assumed link between profitability and (real) investment can be tenuous, since firms have the options of either financial investment or the distribution of additional surpluses to workers and owners. Also the 'quality' of any additional real investment is likely to be very important. Clearly these are empirical questions, which are likely to be nationally specific. Hence detailed estimates and calculations are required before a sensible result can emerge, rather than the aggregate back-of-the-envelope 'guesstimates' supplied by Baldwin.

Similar points can be made about the role of innovations. To start with the relationships between innovations, product development and marketable output is highly country-specific, there being great variability in the efficiency, time taken, and success of the processes. What is more, better results seem to emerge in some sectors rather than in others, and in cases where small and medium-sized firms are involved rather than the large ones exclusively considered by the Commission. These kinds of specificities were not considered in the analysis.

Finally, consumer income increases are hypothesised to directly lead to increases in savings (and *via* investment to output). But again, this could merely manifest itself in increased consumption rather than savings. Such an increase in consumption often takes the form of increased imports which causes balance of payments difficulties. Thus there may be a hidden cost involved here which should be taken into account in any proper investigation.

Cecchini estimates of welfare gains from completion of the internal market (% of GDP)

Step 1: Removal of barriers affecting trade	0.2-0.3
Step 2: Removal of barriers affecting overall production	2.0-2.4
Subtotal 1 and 2	2.2-2.7
Step 3: Exploiting economies of scale more fully	2.1
Step 4: Intensified competition	1.6
Subtotal 3 and 4	2.1-3.7
Total gains	4.3-6.4
Midpoint	5.3

It might be argued that, while valid in their own right, the previous points are unfair since the growth model analysis is aggregative and not meant to be empirically rich. But against this Baldwin does make some grand claims, as noted above. The NGT recalculations are based on Cecchini estimates (see the table). With the midpoint estimate of a final 'once off' 5.3 per cent growth of GDP, a 300-450 per cent increase (as suggested by Baldwin) would bring long-term effects to between 16.5 and 24 per cent growth of GDP as a result of the 1992 programme. To say the least this looks optimistic.

What is more, these recalculated estimates include various items of benefit that are ruled out by the NGT, the IEOS of 2.1 per cent for instance. Baldwin *et al* suggest there are no unrealized IEOS in Europe. Using the suggested estimate of an EEOS coefficient (e) of 1.4, we get the following results:

$$\% \text{ increase in GDP growth} = [5.3] * [1.4] = 7.4\% \text{ long-term GDP growth.}$$

But supposing we take the 2.1 per cent IEOS away from the 5.3%:

$$\% \text{ increase in GDP growth} = [3.2] * [1.4] = 4.5\% \text{ long-term GDP growth.}$$

In addition new growth theorists endogenise 'static' benefits of the type under step 4 (1.6%), hence:

$$\% \text{ increase in GDP growth} = [1.6] * [1.4] = 2.2\% \text{ long-term GDP growth.}$$

To find the overall GDP growth we need to add these figures to the original 'static' Cecchini estimates. Thus this could vary anywhere between 12.7% (7.4+5.3) and 7.5% (2.2+5.3), significantly lower than those suggested by Baldwin. To marry this approach to EMU, the specific 'static' benefits of that programme would first need to be estimated and then a similar exercise conducted.

Finally, what exactly are EEOS? These tend to be rather vaguely specified in the papers referred to. But they do include such items as the effects of education and training, cooperation, technological spillovers etc. An argument made about EEOS is that they rule out the beneficial effects of targeted industrial support that are traditionally justified in terms of IEOS. And with no remaining unrealized IEOS in

Europe, such industrial support is pointless anyway. But if EEOS do actually exist, these could form the basis of beneficial economic multipliers. One implication would be to call for increased aggregate demand in Europe to take advantage of the EEOS by stimulating spill-overs etc. This is not something considered by the Commission however.

What I have tried to do in this short article is give a flavour of the kinds of official analyses and arguments circulating around the calculations of the real benefits of the 1992 programme and further integration. I have deliberately confined this to 'traditional' neo-classical considerations, showing that, from largely within its own terms, there are a set of criticisms that can be made of the estimated benefits. But this is not necessarily an argument against further European economic integration. Rather it is to argue against modelling methodologies that are unlikely to provide adequate theoretical and policy tools to understand the effects involved.

Note: the contents of this article are refined and developed as in my forthcoming *The Economics of the New Europe?: the political economy of cooperation and competition*, Edward Elgar.

Thorstein Veblen
**THE PLACE OF
 SCIENCE IN
 MODERN
 CIVILIZATION**

Reprinted with a new introduction
 by Warren J. Samuels
 Published by Transaction Books, 1990.

For sale to EAEPE members at £10 each.

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Thorstein Veblen's *The Place of Science in Modern Civilization* is a major institutionalist classic and has long been unavailable, especially in Europe. Although it is a collection of essays rather than an integrated volume, it is probably Veblen's greatest and most important book.

Letters to the Editor

Dear Editor

We are looking for individuals interested in collaborating with a research project we are about to launch, entitled 'Perceptions of Economic Performance'. We believe as a starting position that the recognition of economic performance through the sieve of intellectual and public opinion can have an independent effect on the perception of economic success or failure. That is to say objective statistics may not be the whole story in comparing the apparent success or failure of nations in that equivalent statistics would be liable to be interpreted differently in different national environments.

We would like to investigate this idea for the leading European economies: Germany, France, Italy and the UK. This needs French, Italian and German language speakers. What will be required is to look at the national interpretation of statistics in the press as well as a comparison of formal statistics over time. We would like to produce a published article as a result of our investigations.

If you are interested in participating in the project or would simply like to comment upon it please drop us a line.

Alexander Dow, Alan Hutton

Glasgow Polytechnic, Cowcaddens Road, Glasgow G4 0BA, UK.

Dear Editor

As the Chairman of the London Centre of the Association of Retired Persons (ARP-O50) I am interested in a practical way

in the formation of public policy towards the sociological, psychological, economic and political aspects of retirement. Whilst, to some people, retirement provides a welcome relief to what are perceived as unrewarding chores or rigid disciplines, giving the individual more time to develop the pursuits that really interest him/her, to many people when retirement comes it is to some extent unprepared for and often comes as a profound shock to individual self esteem. Having been conditioned to believe that unless a price is involved an entity has no value, when the individual finds that his/her services no longer command a price in the labour market he/she may conclude that the services to society no longer have any value and by extension the person is no longer any use to anybody. This can have a profound effect on the outlook of the individual with widespread ramifications in society, standards of health and political policies.

This is a general, and growing problem. There are around 18 million over 50s in Britain alone (perhaps around 100 million in Europe) and the development of positive policies to combat "ageism" in modern society is no less urgent than policies to combat racism and sexism. The problems are broadly similar in all countries, and in particular in Europe, different countries are probably developing different policies to address the problems which are arising from changing demographic profiles brought about by the fact that people are living – and staying active – much longer than used to be the case.

As a member of EAEPE this is a research field in which I am currently engaged and the purpose of this letter is to ask if any members who are interested in these questions would contact me at the address below. If there is sufficient response I will undertake to circulate a list of those expressing an interest in order to develop a network of colleagues in Europe who are pursuing different aspects of this complex subject.

RB Davison

ARP – Over 50, 5 Francis Street, London SW1.

PROKLA

Call for Papers

Zeitschrift für Politische Ökonomie und sozialistische Politik (Quarterly Journal for Political Economy and Socialist Politics).

For 1992 the Editorial Board of PROKLA is planning a number of special issues:

- * 'Civilisation' of Capitalism – and the semiside of civil society (1 March)
- * Chaos-Theory – a new paradigm in social sciences? (1 July)
- * Nations without states and states without nations (1 October)

Papers are welcome (in German or English). Please send them to: Elmar Altvater, Freie Universität Berlin – Fachbereich Politische Wissenschaft, Ihnestr. 21, 100 Berlin 33, Germany.

Sixth Malvern Political Economy Conference

The sixth Malvern Political Economy Conference will be held from 11-13 August 1992 at the Mount Pleasant Hotel, Great Malvern. Speakers will include: AW Coats, Norman Clark, John Henry, Mary Farmer, Mark Matthews, John Davis, Zohreh Emani, Charles Clark, Malcolm Rutherford, Shaun Hargreaves Heap, Michael Dietrich, Nahid Aslanbegui, Rogerio Studard (1991 winner of the Alfred Eichner Scholarship).

Anyone wishing to obtain further information about the conference should write to: John Pheby, Department of Economics, Leicester Polytechnic, PO Box 143, Leicester LE1 9BH, UK.

Books, a major part of which are authored or edited by EAEPE members, may be reviewed in this section of the Newsletter; contact the Newsletter editor for details.

P Guerrieri and P Padoan (eds), *The Political Economy of European Integration*, Harvester Wheatsheaf, 1989.

Reviewed by Paul Teague, University of Ulster, Northern Ireland.

The focus of this book is narrower than suggested by its title since most of the chapters are about the monetary and financial aspects of European integration. Thus it is not a book for someone seeking either an introductory or comprehensive account of the dynamics of the European Community. But for those already familiar with EC issues, or with monetary matters generally, the volume is well worth reading.

Probably the key theme of the book is that establishing Europe wide monetary arrangements creates a number of tensions and conundrums which are not easily resolved. One of the most acute problems is that although the current European Monetary System was established as an inter-organisational arrangement so that member states could retain autonomy over monetary policy, the lack of power at the centre has actually allowed Germany to dominate the system. As a result, the EMS operates essentially as a D mark zone with most of the other member states simply having to live with the decisions made by the Bundesbank. Now the only feasible route open to check Germany's hegemony of the system and to make it more communitaire is to transform the EMS into a supranational arrangement i.e. full monetary union. In other words, a half way house European monetary arrangement is the worst of all possible worlds for the vast majority of the member states since in essence they lose control over monetary policy without gaining any effective say over the operation of the system.

A second tension highlighted by the book is that greater co-operation among the member states on monetary matters may actually cause fragmentation rather than deeper integration in other areas. Thus Pelkmans moots the possibility that the strong deflationary bias of the EMS may have induced member states to be more protectionist, thereby undermining the common market. After surveying the evidence he suggests this effect only occurred in a relatively select number of cases. Nevertheless, the basic point still holds that further moves towards monetary union need to be carefully planned as the propensity for negative spillovers to arise are great. Too often a partial equilibrium approach is taken to calculate the costs and benefits of closer economic integration in Europe.

A further tension identified in the collection is the lack of an external dimension to the EMS. Since the EMS is only an internal arrangement, the Community remains vulnerable to the movement of the dollar in international financial markets. In the past this vulnerability has cost the Community heavily. Katseli shows how the hike in US interest rates at the turn of the 1980s, which causes the dollar to soar, pushed the Community into recession because many of the member states could not finance their budget deficits. All in all, without an external dimension to the EMS most of the member states faced a double hegemony – internally from the D mark and externally from the dollar.

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A range of other less systematic tensions are identified by industrial chapters. For instance Goodman outlines how the Community may have created the basis for free capital mobility between member states, but that complete financial integration will be frustrated by a range of rigidities remaining within member states. The chapters by Pascal Petit and Peter Gourevitch are among the best yet they fit uneasily with the rest of the book. Petit's piece highlights, by use of the French case, how a strategy of Keynesianism in one country is now defunct whilst Gourevitch theorises about the political constraints and opportunities that shape economic policy choices.

Europeanisation has emerged as an attractive and progressive force to the point where people are now starry-eyed and uncritical about the integration process. By emphasising that there is no inherent gravitational force pulling the member states closer together and that European integration is neither a smooth nor painless process, this book injects much needed scholarly realism into the subject. Whether a cynic or enthusiast about Europe, a lot can be gained from the chapters in this book.

Philippe d'Iribarne, *Le Chômage paradoxal* (*Paradoxical unemployment*), Paris, Puf, 1990

Reviewed by Robert Delorme,
CEPREMAP, Paris, France

This is a truly socio-economic and institutional contribution on the sources of unemployment. It aims at the integration of history, institutions and culture in the economic analysis of unemployment. D'Iribarne studied some years ago differences in the functioning of plants of a given multinational company located in several countries. The influence of national forms of social life on industrial relations revealed the presence of social logics specific to each country. This book is built upon the assumption that these specificities also shape the working of the labour market and explain the differences in unemployment across countries.

It is not an exhaustive book. It contains little consideration on how to create jobs. Its focus is the integration of socio-cultural factors. D'Iribarne's contribution is to conceptualize it. According to him, unemployment differences across countries are best interpreted as being the outcome of the combination of a market logic and of a statutory logic in each society. According to the market logic, individual behaviour is driven by competition and money. According to the statutory logic, individual behaviour is driven by the notion of what is socially legitimate, by the social status attached to a given position. Though this may appear rather obvious once it has been stated, d'Iribarne contends that it is the way according to which these two logics are combined which is specific to each country, in addition to the fact that the market logic has a universal basis when the statutory logic is locally defined. Although the author emphasizes the French case, its analysis is based on an international comparison in which the USA, the UK, Sweden, Japan and the Netherlands are considered. He shows how the USA and Sweden have until now had a better performance than most European countries through the consistent combinations of logics making them appear as two

polar cases. Needless to say, this is a book worth reading and which should interest an English publisher.

N Garnham, *Capitalism and Communication: global culture and the economics of information*, Sage, 1990.

GJ Mulgan, *Communication and Control: networks and the new economics of communication*, Polity Press, 1991.

Reviewed by John Armitage,
Newcastle upon Tyne Polytechnic, UK.

Both these books represent important contributions to the expanding UK literature on the political economy of information. Nicholas Garnham's book is for the most part a collection of previously published journal articles. The only new essay to appear here and the one which opens the book sets out his theoretical views on the nature and direction of media theory. For the uninitiated, Garnham's views are founded on the political economy of media activity. Such an approach, of course, entails focusing on media history and production rather than on media consumption and the ideological analysis of media texts.

Garnham pulls no punches in asserting the primacy and efficiency of Marxist political economy in media theory. Chapter 2, for example, is a discourse on Marxist methodology, which was originally published in 1979 in the very first edition of the British journal *Media, Culture and Society*. The article was also the subject of much methodological debate between Marxist media theoreticians and Political Scientists such as Jay Blumler whose empirical work Garnham subjects to a detailed critique in a later chapter. In chapter 3 Garnham takes issue with those who consider film and media studies to be crucially concerned with ideological and textual analysis and in particular those cultural analysts grouped around the British journal *Screen*. Here, Garnham argues for the final severing of the historical link between English Literature and media studies and suggests that the latter should be re-incorporated into the social sciences. As a contribution to such a project a substantial article on Bourdieu's sociology of culture written with the late Raymond Williams is included.

A good example of Garnham's economic (some might say economic) approach to his subject can be found in chapter 4 which is concerned with cautioning those who feel that increasingly widespread video ownership will bring into being a new kind of media democracy. As Garnham points out, it is not media institutions' economic control of cultural production which makes them powerful but their economic control of cultural production and *distribution*. An excellent illustration of this point can be found in Garnham's masterly structural analysis of 'The Economics of the US Motion Picture Industry'.

Elsewhere, the book contains numerous articles which are concerned with the political economy of media regulation, public service broadcasting and the latter's relationship to the market. In chapter 7, for example, consideration turns to the role of the media in sustaining democratic values in an era of

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monopoly capitalism and state ownership. Similarly, in 'Public Service versus the Market', an article that initiated an important debate in the pages of *Screen* in the mid 1980s, Garnham argues the case for a media system based on the public values of citizenship rather than on the private values of the market. For those interested in public policy issues there are two imaginative articles included. In the first of these on the telecommunications industry, Garnham argues that without serious re-thinking neither state ownership nor the market can adequately provide the basis for the development of the industry in the 21st century. In the second article, Garnham looks at cultural industries in the UK. In it he makes the case for focusing policy attention on the broadcasting sector because of its central place in cultural production and distribution in the UK.

In sum this book is set to become a valuable aid to those wishing to undertake a course of study in the political economy of the media industries. Many of the articles here have either achieved the status of modern classics or are of the extremely hard-to-get variety. My only concerns are that much of the economic data is now rather stale and there is in fact very little attention paid here, despite the title, to the processes of globalisation in the cultural industries; arguably within the political economy of the media the most pressing issue of our time.

Geoff Mulgan is a regular co-author of articles with Nicholas Garnham and as such it comes as no surprise to find that his book covers topics which are not too far removed from those of his collaborator. Mulgan's book is essentially concerned with the political and economic implications of attempting to control information and communication networks in complex organisations. Indeed, his core argument is that the new electronic networks which are presently being employed in business organisations and state institutions are undermining traditional bureaucratic models and methods of information control. The central claim is that as complex organisations become increasingly networked electronically, older bureaucratic conceptions and techniques of administration find themselves confronting what he terms a 'crisis of control'. A crisis of control emerges because of the organisational attributes which are inherent in the new information systems. For at the heart of these developments in Mulgan's view is the paradoxical fact that electronic networks simultaneously both centralise and decentralise information across time and space. Thus, the ability of large corporations, for example, to achieve centralised control over information flows is always and everywhere undermined by the possibility of unauthorised information access and dissemination. Ultimately therefore, Mulgan argues that in an age of information proliferation and economic uncertainty only decentralised control structures will be able to deal adequately with the information needs of both firms and governments.

Communication and Control can be read either as a single narrative or as a series of individual essays. In the later chapters of the book, for example, Mulgan tackles value theory, network standardisation, censorship and the policy implications of electronic communications networks. For all that, and considering Mulgan's avowed concern for labour, there is precious little here which is focused on the implications of communications networks for information workers. Nor, for that matter, is there much sensitivity to the

military applications and socio-cultural dynamics of information technology. These latter aspects are surely a crucial area for future investigation in the post Gulf war era where sophisticated communication and control systems routinely despatch 'smart' bombs to destinations halfway across the globe.

In short, both of these books are to be recommended to anyone interested in the political economy of media and information. Of the two, Garnham's book is the more explicitly economic in focus whilst Mulgan's work takes issue with the more nuanced aspects of the nature of information control from a political standpoint. Taken together the two are fascinating reading and in many ways can be viewed as complimentary additions to this newly emerging field of study.

Geoffrey M Hodgson, *After Marx and Sraffa: essays in political economy*, Macmillan, 1991.

Reviewed by MC Howard, University of California, Riverside, USA.

This book is a collection of the author's articles spanning a period of twenty years, and its principal purpose is to articulate and defend a particular form of institutional economics. Hodgson's ideas are presented clearly, his arguments are well structured and their substance sufficiently cogent to be taken seriously by economists of all schools. The author's presumption is that neoclassical theory will reign supreme until there is a convincing alternative paradigm to challenge it and, he maintains, neither Marxian or Sraffian analysis on their own constitute a viable challenge. However, Hodgson does claim that central elements in Marx, Keynes and Institutionalism are mutually reinforcing and can provide the foundation for a viable new economics. This is argued in general theoretical terms and is illustrated in the analysis of specific issues. For example, Marx's distinction between labour and labour-power is shown to be buttressed by Keynes's treatment of uncertainty, and that this amalgam indicates that the particular institutions organizing production are critical in governing variations in productivity. Moreover, considerable empirical evidence is brought forward in an endeavour to integrate the theoretical discussion with the actual performances of different capitalist economies.

After Marx and Sraffa is made up of thirteen chapters, and is divided into two parts; the first dealing with Marxism and Sraffian analysis; and the second formulating a new institutional economics. Because each chapter is a previously written essay there is some repetition, although this is no more than a minor irritant. A somewhat more substantial limitation is the failure to explicitly assess the overall critical impact of Sraffa upon Marxian political economy, or on neoclassicism. Thus, the importance of the Capital Controversy for aggregate neoclassical theory is outlined, but nowhere is it stated that Walrasian theory and game theory emerge unscathed – although it is implicit in much of the remaining discussion that this is in fact so. The problems engendered for Marx's theory of value are accepted, but it is argued – and argued extremely well – that the strength of Marxism remains in economic analysis, rather than in political theory or sociology.

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In the second part of the book, the importance of key ideas in Marx's and Keynes's work, set in the context of an institutional perspective, are illustrated with regard to various topics. For instance, data on labour productivity variations between countries is examined and shown to be beyond the explanatory power of orthodoxy, but susceptible to analysis by Hodgson's own version of institutionalism. Of particular importance here is the fact that he is aware that neoclassical theory has changed significantly in the last twenty-five years, and that, it too, has evolved to treat imperfect information and institutions, sometimes in innovative ways. However, the limitations imposed by the tenets of classical liberalism which underpin all forms of this paradigm are shown to limit

significantly its ability to treat adequately many important issues of political economy.

Overall Geoffrey Hodgson's book is a very important publication. He provides a hard-headed analysis of different forms of economics, and convincingly outlines how political economy outside of mainstream channels might be rejuvenated. It should be widely read and digested, not only by those who would already be inclined to accept its message, but also by neoclassical economists. They will find much criticism that really does carry a punch in terms which they should be able to understand, as well as an indication of the direction in which their theoretical talents could be more usefully employed.

Review of Political Economy

EAEPE has close but informal links with the Review of Political Economy, including a reduced price for EAEPE members. Forthcoming issues will include the following:

Volume 4, number 1, January 1992

Christopher Torr, 'The dual role of user cost in the derivation of Keynes's aggregate supply function'

Peter Wynarczyk, 'Comparing alleged incommensurables: institutional and Austrian economics as rivals and possible complements?'

Marc Lavoie, 'Towards a new research programme for post-Keynesianism and neo-Ricardianism'

Peter van der Hoek, 'Judging the performance of an economy with an application to the Netherlands'

Shiela Dow, 'Post-Keynesian methodology: a comment'

Stephen Boehm in conversation with Israel Kirzner. Book reviews and Newsletter.

Volume 4, number 2, April 1992

Ian Steedman, 'Questions for Kaleckians' with commentaries by Malcolm Sawyer, Peter Kreisler and Lynn Mainwaring

AK Dutt, 'Unproductive sectors and economic growth: a

theoretical analysis'

Ole Winckler Anderson and Kirsten Bregm, 'New institutional economics: what does it have to offer?'

Andrew Tylecote, 'History as a forecasting tool: the future of the European economy in a long-wave/long-cycle perspective'

David Young, 'Austrian monopoly theory: insights and problems'

Book reviews and newsletter.

Volume 4, number 3, July 1992

This issue will be devoted to a consideration of various aspects of the work of GLS Shackle. Topics to be covered include expectations and uncertainty, business cycles, monetary economics and methodology. Contributions will come from Sir Charles Carter, Jime Ford and WenSheng Peng, Peter Earl, Chris Starmer, Jack Gilbert and Stephen Boehm.

Post-Keynesian Study Group

Anyone interested in finding out details of the current programme for the Post-Keynesian Study Group should write to either Professor Philip Arestis, Department of Applied Economics, The Polytechnic of East London, Longbridge Road, Dagenham, Essex RM8 2AS, or Dr Victoria Chick, Department of Political Economy, University College London, London WC1.

THE 1992 GLS SHACKLE PRIZE

This prize, worth £500 to the winner, will next be awarded in 1992. Normally the prize will be awarded to someone under 30 years of age, but older candidates who are within eight years of graduation or previously unpublished in an academic journal are also eligible. The subject matter can be on any aspect of political economy, broadly interpreted. The winning entry will be published in the *Review of Political Economy*. Submissions will be judged by a panel from the editorial board of the *Review*. The conferment panel reserves the right to withhold making an award and their decision will be final. The conditions are as follows:

* Essays should be typed in English and be no longer than 10000 word.

* The essay should be original and previously unpublished.

* An abstract of no more than 500 words should accompany each submission.

* Twelve copies of each entry should be sent to John Pheby, Department of Economics, Leicester Polytechnic, PO Box 143, Leicester LE1 9BH, UK by 15th July 1992.

RECENT PUBLICATIONS BY EAEPE MEMBERS

The following publications are authored, in whole or in part, by members of EAEPE. This regular feature of the Newsletter is intended to disseminate information throughout the Association. Please send details of recent publications to the Newsletter Editor. EAEPE members are shown in bold type.

Ash Amin, University of Newcastle, UK.
with **Michael Dietrich** (eds), *Towards A New Europe? Structural Change in the European Economy*, Edward Elgar, 1991.
with **Michael Dietrich**, 'From hierarchy to 'hierachy': the dynamics of contemporary corporate restructuring in Europe', in Amin and Dietrich (1991) *op cit*.

James Angrasano, Route 5 Box 1940, Farmville, VA 23943, USA.
Comparative Economics: an evolutionary-institutional approach, Prentice-Hall, 1992.
'Political and Economic Obstacles Inhibiting Comprehensive Reform in Hungary', *East European Quarterly*, XXVI(1), 1992.
'A Mixed Economy in Hungary', *Comparative Economic Systems*, 1992.

Thomas P Boje, Roskilde University Centre, Denmark
'Flexibility and fragmentation in the labour market', in Amin and Dietrich (1991) *op cit*.

Michael Dietrich, University of Sheffield, UK.
'European economic integration and industrial policy', *Review of Political Economy*, 3(4), 1991.

Alexander Dow, Glasgow Polytechnic, UK.
'Metal Mining and Canadian Economic Development before 1939', *Business History*, XXXII(3), 1990. Reprinted in C Harvey and J Press (eds), *International Competition and Industrial Change*, Frank Cass, 1990.

Mick Dunford, University of Sussex, UK.
with G Benko (eds), *Industrial Change and Regional Development*, London, Belhaven, 1991.

Mary Farmer, University of Sussex, UK.
with Mark Matthews, 'Cultural difference and subjective rationality: where sociology connects with the economics of technological change', in Hodgson and Screpanti (1991), *op cit*.

Pierre Garrouste, ECT-MRASH, Lyon, France.
with D Foray, 'Levels of analysis in industrial dynamics', in Hodgson and Screpanti (1991), *op cit*.

Ian Gough, University of Manchester, UK.
with A Pfaller and G Therborn (eds), *Can the Welfare State Compete? A comparative study of five advanced capitalist countries*, Macmillan, 1991.
with L Doyal, *A Theory of Human Need*, Macmillan, 1991.

John Grahl, Queen Mary and Westfield College, UK.
with P Teague, 'A new deal for Europe', in Amin and Dietrich (1991), *op cit*.

Colin Haslam, East London Polytechnic, UK.
with John Williams and Karel Williams, "Leap before you look": the implications of EMU for the future of the EC', in Amin and Dietrich (1991), *op cit*.

Geoffrey M Hodgson, Newcastle upon Tyne Polytechnic, UK.
with **Ernesto Screpanti** (eds), *Markets, Technology and Economic Evolution*, Edward Elgar, 1991.
'Socio-political disruption and economic development', in Hodgson and Screpanti (1991), *op cit*.

M Peter van der Hoek, Erasmus University, Netherlands.
'Managing the budget: the Dutch experience', *Public Budgeting and Financial Management*, 3(2), 1991.
'Local Taxation in the Netherlands', *Public Budgeting & Finance*, 11(1), 1991.
'Begrotingspresentatie', *Openbare Uitgaven*, 23(3), 1991.
'Vooruitschuiven', *Financieel Overheidsmanagement*, 4(7/8), 1991.

William Jackson, University of York, UK
'Employment Determination with Variable Productivity', *British Review of Economic Issues*, 12, October 1990.
'Dependence and Population Ageing', in J Hutton *et al* (eds), *Dependency to Enterprise*, London, Routledge, 1991.
'On the Treatment of Population Ageing in Economic Theory', *Ageing and Society*, 11(1), 1991.
'Generalized Rationing Theory', *Scottish Journal of Political Economy*, 38(4), 1991.

Robert Lane
The Market Experience, Cambridge University Press, 1991.

Maureen McKelvey, University of Linköping, Sweden.
'How do national systems of innovation differ? A critical analysis of Porter, Freeman, Lundvall and Nelson', in Hodgson and Screpanti (1991), *op cit*.

Pavel Mertlík, Universitas Carolina, Prague, Czechoslovakia.
'ESOP v CSFR', *Prodniková organizace*, February 1991.
with L Rusmichová, J Soukup *et al*, *Uvod do obecné ekonomie*, VSE, Praha 1990, Aleko, Praha 1991.

Mario Morroni, Università di Bergamo, Italy.
'Production flexibility', in Hodgson and Screpanti (1991), *op cit*.

Pascal Petit, CEPREMAP, Paris, France.
with B Coriat, 'Deindustrialization and tertiarization: towards a new economic regime?', in Amin and Dietrich (1991), *op cit*.

Peter Riach and Judith Rich, Leicester Polytechnic, UK and Montash University, Australia.
'Testing for Racial Discrimination in the Labour Market', *Cambridge Journal of Economics*, 15(3), 1991.

Kurt Rothschild, University of Linz, Austria.
'Glimpses of a non-linear biography', *Banca Nazionale del Lavoro Quarterly Review*, 176, March 1991.
'A note on insiders, outsiders and the two-thirds society', *Kyklos*, 44(2), 1991.

Wicher Schreuders, Erasmus University Rotterdam, Netherlands.
with **John Groenewegen** and Kees van Paridon, 'Post-Keynesian thought in perspective', *Journal of Economic Issues*, 25(1), 1991.

Klaus Semlinger, Institut für Sozialwissenschaftliche Forschung V, Munchen, Germany.
'New Developments in Subcontracting: mixing market and hierarchy', in Amin and Dietrich (1991), *op cit*.

John Smithin, York University, Ontario, Canada.
'European Monetary Arrangement and National Economic Sovereignty', in Amin and Dietrich (1991) *op cit*.

Marc Tool, California State University, USA.
'Contributions to an institutional theory of price determination', in Hodgson and Screpanti (1991), *op cit*.

Vivien Walsh, UMIST, UK.
'Inter-firm technological alliances: a transient phenomenon or new structures in capitalist economies?', in Amin and Dietrich (1991), *op cit*.

Ulrich Witt, Universität Freiburg, Germany.
'Reflections on the present state of evolutionary theory', in Hodgson and Screpanti (1991), *op cit*.

THE INTERNATIONAL SOCIETY FOR ECOLOGICAL ECONOMICS

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Abstracts are due by February 28 1992 (preferably written on an IBM or Macintosh compatible diskette). For further information contact: ISEE conference secretariat, Department of Systems Ecology, Stockholm University, S-106 91 Stockholm, Sweden. Fax (8) 158417.

E A C E S

European Association for Comparative Economic Studies

This Association aims to initiate and co-ordinate internal collaboration in theoretical and applied knowledge in the field of comparative economic systems. Its aims are purely scientific. The Association is to be a broadly based organization in which all schools of analysis can exchange research views and ideas. This includes organizing conferences and workshops and cooperating with other international groups.

To become a member of the Association a candidate must submit to the Association's Secretary and (informal) application and a short curriculum with a list of main publications. When notified of acceptance, the applicant must pay the association fee; for 1991 these were for individuals: west US\$40, east US\$5.

Secretary: Bruno Dallago, Department of Economics, University of Trento, Via Inama 1, 38100 Trento, Italy. Tel 39-461-882211. Fax 39-461-882222. Electronic mail: Dallago at ITNCISTI.

ASSOCIATION FOR EVOLUTIONARY ECONOMICS

EAEPE has close ties with the US-based Association for Evolutionary Economics (AFEE), sponsors of the longstanding *Journal of Economic Issues*. Individual membership of AFEE, including a subscription to the journal costs \$25.00 annually (students \$12.50, institutions \$30.00). Members outside North America add \$5.00. Remittances to:

F Gregory Hayden

Department of Economics, University of Nebraska,
Lincoln, Nebraska 68588, USA.

European Association for Bioeconomic Studies

The EABS was set up on May 5 1990. Its aims and objectives are:

1. To promote the study and application of bioeconomics, with particular reference to the work of Nicholas Georgescu-Roegen.
2. To safeguard the environment, and to be concerned with the accelerated "entropization" of the limited resources of our planet.
3. To promote the exchange and diffusion of information on bioeconomics and related topics.

For details of any matters to do with EABS contact: Korinna Muller, Secretary General EABS, 11 Via Larga, I-20122 Milan, Italy.

KARL POLANYI INSTITUTE OF POLITICAL ECONOMY 4TH CONFERENCE

**Beyond Market and State: survival strategy or
autonomous development?**

November 12-14 1992, Concordia University, Montreal

The major themes of this conference will be:

- Comparative community politics • Social justice v social Darwinism •
- Third world informal sectors • The socialist tradition •
- Globalization v localization • Karl Polanyi and economic anthropology •
- Karl Polanyi and economic history.

For details contact: Karl Polanyi Institute of Political Economy, Concordia University,
1455 de Maisonneuve W. Montreal, Quebec H3G 1M8,
Canada. Tel (514)848-2580.

A PROVISIONAL EAEPE SCIENTIFIC DEVELOPMENT PLAN FOR THE 1990s

At its November 1991 Steering Committee, a Provisional Scientific Plan for EAEPE was agreed. The plan is not meant to be fixed and definitive, and it can be amended from time to time. The Steering Committee welcomes comments from EAEPE members on the contents of the plan, and invites volunteers for the posts of 'Research Area Coordinator', explained below.

This plan suggests priority areas of scientific development for EAEPE, and proposals emanating therefrom. It is based on the premise that EAEPE should now prioritise intensive rather than extensive growth; it must invest in theoretical and policy development and try to develop a theoretical cutting edge.

This means the establishment of areas of priority for scientific work. EAEPE cannot cover everything within the compass of economics, let alone the whole of social science.

Research Areas

The designated priority Research Areas for EAEPE will be as follows:

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

Research Area B: The Application of Evolutionary and Complex Systems Theory to Economics

Research Area C: The Theory of Institutional Change

Research Area D: The Theory of Innovation and Technological Change

Research Area E: The Theory of Firms and Production Processes

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

Research Area G: Theoretical and Policy Aspects of State-Economy Interactions

Research Area H: The Theory of Macroeconomic Development and Crises

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

Clearly, there is some overlap between the Research Areas. This is partly a reflection of the fact that they are bound together by some common theoretical presuppositions. These relate to EAEPE Theoretical

Perspectives and to the focus on evolutionary and structural aspects of economic change.

Research Area Coordinators

Research Area Coordinators (RACs) shall be appointed by the Steering Committee for each of the nine areas. Each RAC should be encouraged to:

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

Each year after appointment, each RAC is asked to submit a Research Area Report, of no less than 2000 words, on the annual progress of work in the Research Area to the EAEPE Steering Committee. A token annual grant of a minimum of £100 will be awarded to each RAC, subject to the following conditions:

- (i) the Research Area Report is satisfactory and indicates satisfactory progress in the research area, and
- (ii) the Research Area Coordinator has maintained links with and personal membership of EAEPE, given sufficient accreditation to EAEPE in reporting or publishing the research, and has given sufficient priority to (3) and (4) – as well as (1) and (2) – above.

EAEPE Conferences

Another major implication is that the chosen Research Areas will be reflected in the EAEPE annual conference programme, and that Research Area Coordinators will have a significant role in planning annual conferences.

It would be risky, however, to have a sequence of annual conferences, *one* on each research area. This would mean that in annual conference terms some Research Areas could lie fallow for several years. A better idea is to try and link together three or more Research Areas in each annual conference.