

REVIEWS: CONFERENCES

European Economic Association: First Annual Congress

It seems appropriate that the inaugural *Journal of Economic Surveys* Conference Report should cover the First Annual Congress of the European Economic Association held at the Wirtschaftsuniversitat, Vienna, 29–31 August, 1986. The choice of location and timing was clearly influenced by the presence of the European Meeting of the Econometric Society in Budapest, 1–5 September—an association to be continued in 1987 (Copenhagen) and 1988 (Bologna). Well funded conference goers could take advantage of a hydrofoil service along the Danube between the two, with less fortunate attenders catching a train. The deliberate synchronization of the conferences led to the full use of Saturday and Sunday sessions in Vienna—not a practice to be encouraged.

Attendance at the Congress was in excess of 600, exceeding the organizers' initial expectations and leading to upward revisions in the accomodation for sessions and (the) social event and also to a great proliferation of papers. The latter led not only to a larger number of parallel papers at one time, but to considerable overlap between invited and contributed ones.

In terms of the geographical distribution of participants it was refreshing to see such a wide range of mainland European economists attending; however, several expressed the opinion that the UK had a disproportionate influence (whether this was a comment on the papers, the number of participants, or the choice of chairpersons was not clear) although we could not see it ourselves. As to the large contingent from Concordia, Canada, this probably had more to do with Budapest than a desire to see the city so closely associated with Joseph Schumpeter!

Although the Congress was successful in terms of attracting a large number of participants, there were several annoying 'teething' problems which the organizers need to address. These included a degree of clairvoyance (or at least inspired guesswork) as to the location of Congress registration. It turned out to be located at the, rather vague, Congress address published in the preliminary programme circulated with the April 1986 issue of the *European Economic Review*. Maps, etc. were not supplied prior to registration which led many bleary eyed attenders (registration being between 9 & 11am on Friday morning) to grapple with the Vienna transport system or succumb to local taxis. Such problems were probably outwith the Congress's control, with such organization presumably contracted-out to the Austropa agency; however, the almost total lack of copies of papers before, and in some cases during, (and after) the sessions really is not acceptable.

What of the Congress itself? The organizers had clearly chosen a theme, at least for the special topic sessions, advertized as 'Three Views on Stagflation!' These views were expressed by Jacque Drèze in his Presidential Address, Herbert

Giersch in the Joseph Schumpeter lecture and Edmond Malinvaud in the Alfred Marshall lecture.

Opening his Presidential Address, 'Underemployment Equilibria: from Theory to Econometrics and Policy', Drèze appealed for the integration of Keynesian and Walrasian General Equilibrium methodologies in order to develop a 'two-handed' (demand and supply) solution to European unemployment. To anyone familiar with Malinvaud's 'The Theory of Unemployment Reconsidered' and Drazen's excellent *Econometrica* survey, much of his early tour of the literature would have been familiar. Participants without such a background were soon introduced to the famous 'min-condition', a tool of analysis which was to be used by many authors in the following few days. One interesting area pursued was a discussion of general equilibrium with rationing within a world of increasing returns, an assumption whose popularity appears to be growing, particularly in models of unemployment and hysteresis.

For those interested in new abbreviations, Drèze concluded his Address with new variations on the now (thankfully) less popularly used, N.A.I.R.U. (Non Accelerating Inflationary Rate of Unemployment)—Variant I: Not Altogether Informative Rate of Unemployment—Variant II: Now Altogether Irrelevant Rate of Unemployment. Let us all hope that it will now R.I.P!

If Drèze's Address covered familiar ground, many participants were surprised by the content of the Joseph Schumpeter lecture, 'Economic Policies in the Age of Schumpeter' presented by Herbert Giersch. The majority were expecting a recanting of recent economic history and were *amazed* to discover that *we are in the Age of Schumpeter!* After pondering this suggestion for most of the session...one did recognize the proposed policy recommendations to fight unemployment: privatization, deregulation, liberalization (both internal and external). Linking such proposals to Schumpeter may have put a geographically topical slant on them, but it did little to make them any the more convincing.

In contrast Edmond Malinvaud's Alfred Marshall lecture, 'The Legacy of European Stagflation' added a new ingredient to the stagflation recipe, business indebtedness. How does debt, or particularly inherited debt, affect the demand and supply of labour? According to Malinvaud the 1960s were characterized by short-sighted (vulgar) macroeconomic policies which when coupled with a sluggish reaction to the shocks of 1971, pulled-down profits leading to reductions in *desired* indebtedness to reduce the risk of insolvency. As with elements in Drèze, the arguments had a familiar ring, in this case Hyman Minsky on financial cycles; however, Malinvaud put 'flesh-on-the-bones' with respect to the effects of debt on the demand and supply of labour.

Such was the content of the special topic sessions. To do justice to the other 150 or so papers is clearly impossible; however, some sessions were talked about before, after (and dare one say, during) their presentation. Before we consider such sessions special praise should be extended to the session chairpersons who were often given the almost impossible task of justifying how a collection of papers could be construed as relevant to a particular topic. Most were up to the

task with some clearly enjoying their role of creating new linkages within the discipline!

The invited and contributed sessions on unemployment always seemed popular including as they did contributions from James Malcomson, Assar Lindbeck, Richard Layard, and Olivier Blanchard, to name but a few. However, it was perhaps the invited session on Experimental Economics which was the 'buzz-of-the-day', the session 'not to be missed'.

Viewed from outside, the type of experiments currently under investigation seem incredibly simple. To John Sutton this seemed a necessary aspect of the research programme; the experiments need to be simple in order that the subjects can understand the games. To Ken Binmore the current simplicity of the models is one of their drawbacks. One thing that does appear strange is the lack of repeated-game simulation and this clearly has repercussions for John Sutton's views on 'keeping games simple so that they can be understood'. To give a stylized example: if one were interested in modelling the game of chess between two players, playing the game for the *first time*, you explain the rules to them, let them play *once* and you find they don't understand the game: it's too complicated. What do you do? If you follow John Sutton you might say 'the game's too complicated—lets try draughts (checkers).' You explain the rules, let them play *once*, they don't understand, so you say 'the game's too complicated. . . . etc. . . . what about heads and tails (coin tossing)?' Surely the way people deal with game playing is to repeat the game—in most cases that's how they develop and learn strategic behaviour? It may well be that controlling these types of experiment is difficult, but many people attending the session felt that the repetition issue really needs to be addressed very soon if the area is to maintain the interest it quite rightly deserves.

As to the rest of the Congress, there was a European feel to many of the sessions with economics appearing to gain the upper hand over pure technique. It was particularly nice to see policy issues enjoying something of a renaissance. However, as with any major gathering, one attraction of attendance is to discuss issues outwith the sessions themselves. Here the Congress was disappointing. With participants housed all around the city the only real chance to socialize was in the organized coffee sessions. The only social event included in the registration fee was a reception at the Palais Auersperg, an event scheduled for 7–9pm. However, anyone arriving after 8pm would have been very fortunate to obtain either food or drink. The registration fee did not include any meals (lunch is often provided at major conferences) and the only advice offered concerned the student refectory, rather confusingly referred to as MENSA, where the food was cheap if not cheerful. By the end of the Congress people had sorted such things out; however, how much better things might have been with a little more coordination, more information and more of a feeling that Vienna, or even the Wirtschaftsuniversitat, really wanted to stage the First Congress.

To conclude, the Congress did succeed on many levels and it brought a much welcomed European focus to international conferences. However, the teething