

# **Developing Graduate Economics Education from Scratch: The Case of the CEU**

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The Central European University was founded in 1991 with the purpose of bringing the social sciences to a large group of ex-socialist countries where these disciplines, as they are understood in the West, hardly existed at that time. This paper considers the specific problems of capacity-building in the field of economics, describes some aspects of the teaching program and research activities at the CEU Economics Department, and provides suggestions for further development organized around the CEU theme of “the relationship of the general and the particular.” The emphasis throughout is on problems in building a PhD program, a much more demanding task than the MA in terms of necessary resources, faculty time and dedication, and complementary activities and infrastructure. The perspective throughout is that of someone who has been a regular teacher and researcher (and to a lesser extent, an administrator) in a capacity-building program since 1991; thus, the approach is much less macro than the “technology transfer” perspective of Ofer and Polterovich (2000). Rather than taking the viewpoint of someone organizing large fund-raising efforts or negotiating with governments, the paper analyzes the behavior and characteristics of faculty, students, and university administration – the micro actors in capacity-building.

## **Economics Capacity-Building in Eastern Europe and the Former Soviet Union**

In broad terms, the condition of economics in Central and Eastern Europe and the Soviet Union at the time the socialist regimes collapsed is fairly well-understood.<sup>1</sup> Western economists arriving soon after to teach in the newly established capacity-building organizations immediately gleaned from their students that there was a virtual absence of any exposure to the neoclassical theories and empirical methods standard in the West. Researchers from the West who attempted to find collaborators or speaking partners among the numerous and well-staffed institutes of economics could not fail to be impressed by the stark differences in questions and methods. Of course there were some very few exceptions, represented chiefly by some highly motivated individuals who sought out and taught themselves substantial parts of Western economics, and there was some cross-country variation, particularly associated with greater liberalization in some countries than others during the 1980s.

A more interesting dimension of variation, because it is a systematic factor with considerable inertia through the following transition, is the extremely wide gap in the “level” (from a Western standpoint) of different aspects or fields of economics. In particular, mathematical theory was well-developed at the best universities of Eastern Europe and the Soviet Union, and the concepts of neoclassical economics were taught with such a thick mathematical patina under the guise of “economic cybernetics” (at such places as Kiev, Novosibirsk, and TsEMI, in my experience) that students could actually

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<sup>1</sup> See for instance Alexeev, Gaddy, and Leitzel (1992) or the symposium articles published in *Comparative Economic Studies* (2000).

learn them without ever discerning that they were analyzing the standard problems of bourgeois economics, such as consumer choice and profit maximization.

This heavy mathematical emphasis represented a great strength in certain departments of the region, and teaching in the capacity-building institutions has exploited the much stronger preparation of students in mathematics to move more quickly and technically, by comparison with the situation in the US. Yet in some cases the mathematical strength may actually have made it more difficult to absorb economics as it is actually practiced in the West. After all, only a tiny fraction of American economists spend their days proving theorems, even if the profession (mistakenly, according to most observers who take a step backwards from following the fashions) has accorded outsized rewards and prestige to this activity.<sup>2</sup> For examples, see the list of Nobel prize-winners (but not John Bates Clark award-winners) or the standard first-year graduate curriculum at any US university (a subject to which we shall return). Most economists, by contrast, are primarily involved in the very useful attempt to try to understand real-world phenomena through the analysis of data and (mostly) simple empirical methods.<sup>3</sup> But while mathematical theory may be relatively easy to learn from a textbook, the highly idiosyncratic nature of empirical research renders it less immediately conveyable. For all

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<sup>2</sup> See, for example, the essays by Dierdre McCloskey (2000), who criticizes the tendency of economics faculty members to mimic the axiomatic “theorem and proof” approach of their colleagues in mathematics rather than the pragmatic “let’s understand the world” approach characteristic of the physics department.

<sup>3</sup> The applied fields include several major fields of microeconomics (industrial organization, labor economics, and public finance), as well as smaller subfields (environmental, financial, regional, and urban economics; and economics of development, education, health, institutions, law, etc.). Most US economists, in fact, work in these areas, and all the applied micro subfields share a common theoretical structure and approach to empirical research.

these reasons, the applied fields that account for the vast majority of economic practice have proven much harder to inculcate in the region than anyone had anticipated.<sup>4</sup>

This factor is also relevant for the new capacity-building organizations, such as the CEU, that have been set up in several countries of the region. Part of the problem is that, even if the ventures were greenfield, from a legal point of view, many of the inputs were not. Faculty members, many of them well-qualified, were drawn from the region, and in some cases they tended to bring strong mathematical skills and biases with them. Nor in terms of labels are the new organizations clearly differentiated from the old: economics is a much misunderstood (and, some might say, abused) term throughout Eastern Europe and the former Soviet Union. Both from visits to many universities in the region and through experiencing our arriving students, a CEU instructor knows better than to expect that someone with an Economics BA from most universities of the region has ever experienced even such basic concepts as utility maximization and income and substitution effects.<sup>5</sup> Instead, economics is confused with business and management throughout the region, and the several hundred transcripts that the CEU economics

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<sup>4</sup> The same is true of applied econometrics: while econometric theory, which is also highly mathematical, may be learned relatively easily from textbooks – and it has been thus been relatively easily mastered in the region – the art of applying these methods to answer economic questions has been far slower to develop.

<sup>5</sup> As one example, I might relate the personal experience of teaching the first course (or the few weeks of the first course) in microeconomic theory in the CEU MA, which I did in 1993 and 1994, and again from 2000 to 2003. The students in those first two years came with essentially no background in micro, but after the five-year gap in the middle of this teaching experience, I expected that their preparation would have improved (and indeed, while most of our students in the early years had backgrounds in engineering, math, and physics, an increasingly large fraction of the incoming students had majored in economics as undergraduates). To assess their backgrounds, on the first day of class in 2000 I asked them to complete a short form listing previous courses in economics, and many indicated several courses, including micro. My experience in teaching them, however, was that very few had even very basic knowledge of micro. The next year, therefore, I added yes-no questions on the first-day of the form, “Do you know the meaning of X?” where X represented some basic concepts (utility, elasticity, factor demand, etc.). Although I was initially pleased to see that quite a few students claimed to know these concepts, I was later dismayed to realize that their knowledge was much weaker than claimed. Finally, in the more recent years, I have simply given a first-day quiz, which although exceedingly unpopular with the students has revealed with greater reliability both the generally weak condition of economics training in the region and the discrepancy between course titles and what students actually learned in their previous universities.

faculty must evaluate each year as part of the admissions process are full of courses in marketing, accounting, and some other extremely practical sounding subjects that however are not part of economics as we define it.

The lack of preparation of students for graduate programs is probably a common problem for all the capacity-building efforts, as it affects the quality of the basic input – new students.<sup>6</sup> It raises questions about the focus of international resources almost exclusively on the graduate area, to the neglect of undergraduate preparation and broader education in economics for noneconomists.<sup>7</sup> It reflects the limited effects of capacity-building efforts on other universities outside the new institutions themselves: perhaps these externalities are necessarily slow to develop, but one cannot help but notice how little is the impact compared with the apparently large effects on the lives of the students graduating from the capacity-building programs. Yet the goals of capacity-building presumably involve more than the creation of new ivory towers, insulated not only from the broader society – as are most economics departments in the West – but also from other universities in the same region.

The problem is also related to the almost uniform hostility of most economics departments towards importing foreign skills and materials. For instance, the Civic Education Program of the OSI has frequently had difficulty getting state universities in the region to accept temporary appointments of Western-trained scholars, even when they come at very low cost to the local university and – from our perspective – would seem to have very high benefits for students. For the most part, the local universities are loathe to

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<sup>6</sup> Only if we think that economics is merely a branch of applied mathematics rather than a social science does it make sense to equate preparation with mathematical skills.

hire new PhDs from the West (some of them CEU or other capacity-building institution MA graduates), exacerbating the brain drain problem on the supply side, and they are reluctant to introduce substantial changes to their curricula.<sup>8</sup>

Some other general problems of capacity-building in East European economics relate to the lack of complementary activities and infrastructure surrounding at least some of these programs. A successful graduate program, particularly a PhD, requires a vibrant research environment in which students can participate and learn as apprentices to more experienced scholars. Contrary to frequent practice in the region (and indeed in Europe more generally, but not in the US), this does not mean that students get involved in a variety of money-making projects that have little bearing on their development as researchers. Rather, it means that students see that faculty members are actively engaged in scholarly research and that the former are able to draw upon the latter's expertise for help with dissertation ideas, and with implementing and writing up those ideas. Other important aspects of infrastructure include library, student services, admissions office, placement services, and alumni organization. It is very difficult in a new institution to have all these at an adequate level in just a few years and to run them professionally and according to the espoused Western standards.

Finally we come to what many perceive as the biggest problem of capacity-building institutions, both for year-to-year management and long-run strategy: recruitment, retention, and motivation of faculty. The approach in most organizations

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<sup>7</sup> The CEU is evaluating a change in this strategy to include BA programs in the future. Ideally, of course, the graduates of these programs wishing to pursue an MA or PhD should be encouraged to do so at another university, but in this case the supply of students to the graduate programs would not be affected.

<sup>8</sup> The many new private universities that have sprung up around the region are probably no better, and may even be significantly worse in this respect, as they are oriented towards business studies, and they do not even benefit from CEP instructors.

was to bring in visitors, sometimes regular visitors, from Western universities to deliver courses. Gradually, there have been some appointments resembling full-time positions, mostly among young PhDs from the same country in which the organization is located and sometimes through open searches on the international job market (at least at CEU). The continuity of longer-term and more frequent presence is clearly desirable for students, particularly for PhD students who benefit from regular consultations on their research progress. Presence is also important for the development of research environment, as we can see that physical proximity is a frequent stimulus for researchers to work together.

But there are also some drawbacks: many of the faculty coming from the same country decreases the international character of the department. It makes the degree less valuable and the department less attractive to students from outside the country and to some extent from inside as well, which should be of great concern if the capacity-building goals encompass more than one nation, as they certainly do at the CEU. “Returnees” may or may not identify with the capacity-building goals of the organization, instead seeing the job as merely the best available (usually by far the best available among academic positions) in their home country. They may perceive their interest primarily as promoting an ultra-standard approach to the discipline, since that is likely to garner the widest acceptance internationally even if it has less impact locally and regionally. Such junior faculty in Western universities are not usually given large responsibilities in PhD teaching, particularly in the core courses, nor are they expected to do a great deal of dissertation advising – the usual argument being that they are still so concerned to develop their own research careers that it is difficult for them to share ideas

with students. They are also not burdened with administrative work nor are they put in positions of authority; they may be consulted but rarely have a vote on important curricular issues, new faculty hiring, and department strategy.

More senior visitors, while more experienced in these functions and possibly at a better place in their careers to exercise them generously, have other drawbacks. They are expensive, and they have little personal interest in investing time and energy in the new programs. They are almost never interested in a full-time, exclusive appointment, due to the partially inherent uncertainty associated with new institutions in countries experiencing instability and lacking reliable contract enforcement. The perceived job insecurity in these positions is also related to the difficulty faced by the capacity-building institutions in offering tenure, which the CEU does not grant at all. So senior scholars are loathe to give up the status and security of an appointment in the West and very few are interested in full-time appointments. The possible strategy of motivating these people not through compensating differentials but by encouraging them to identify with and develop the goals of capacity-building through their own research and teaching has been neglected.

### **Economics at CEU**

The CEU Economics Department shares some similarities with the other new economics programs in Eastern Europe and the former Soviet Union, including the goal of capacity-building, but there are also some important differences. Unlike most other programs, and unlike its early years, the CEU Economics Department is now firmly embedded in a much larger university, although it is the largest department in the CEU.

Many of the functions that at other economics programs (and formerly at the CEU Department) are performed almost entirely by the Department – student recruiting and admissions, faculty hiring and promotion, student records, human resources, research contracts, alumni relationships – are now almost entirely carried out by the University. There are some disadvantages to this centralization, some of which are related to the peculiarities of the way the economics profession operates – such as the academic job market and the credentialing role of the PhD degree for professional economists – and some of which tend to be only poorly understood by those without much experience in American universities. In general, the dominant role played by US departments in setting the standards for the profession is probably greater in economics than just about any other discipline, and a small, start-up department with little reputation has to follow many established conventions.

The Department also benefits in a number of ways from membership in the larger university. Most obvious is the more secure funding due to the endowment given the University by George Soros a few years ago. Less obvious are the possible scale economies associated with centralizing certain functions. Also potentially quite valuable is the broader sense of shared mission that may come from bringing not only a single social science, but a whole package of related disciplines together. The nature of the mission is a topic that may be more frequently discussed when one convenes regularly together with a diverse group of philosophers, sociologists, legal scholars, and gender studies specialists than when the possibly narrower perspectives of economists receive little outside feedback. This benefit might be still much greater if Economics Department

faculty members engaged in more interdisciplinary research and dialogue, but the quest for such interaction seems to be as elusive at CEU as elsewhere.

Notwithstanding a number of arguments concerning the precise mission of the University, the CEU Economics Department has organized its programs predominantly along standard “Western” lines. Focusing on the PhD, which can be much more easily compared to an international standard (there being few if any MA Programs like the CEU’s in the US), application requires the GRE general scores (unlike other PhD and MA programs in Eastern Europe), in addition to the standard application form, transcripts, statement of purpose, and two letters of recommendation. In practice, it appears that the quantitative GRE score plays a heavy role in admissions decisions, as it does in the US, and accepted students seldom if ever have had a score below 700, with most much closer to 800. The acceptance policy is similar to most American universities in that there is no expectation of substantial attrition: once students enroll, the Department and University do not try to eliminate a large fraction as a secondary screening procedure, the usual practice at a few programs, such as the University of Chicago. Also, unlike the Chicago practice, all students in good standing have the right to full financial aid. Part of the rationale for these policies at CEU might be that they induce fruitful cooperation among students.

The program includes a substantial component of coursework, similar to American PhDs but dissimilar with the standard in Europe until recently. The list of courses offered in the CEU PhD since the first year in 2000-01 is shown in Table 1, together with the course instructors each year. The first year of coursework is devoted to core courses in micro, macro, and econometrics, as is standard in the US. At the end of

these sequences, comprehensive exams are offered in each, and students are required to pass these before continuing with the program (generally, only 2 attempts are permitted). During the second year, students are required to take a number of field courses in various areas of applied economics, and they must submit a dissertation proposal. With the approval of the proposal, the student is matched with an advisor and expected to participate in departmental seminars and to make rapid progress on dissertation research. When the dissertation work is substantially completed, but not yet finalized, the student takes an orals examination. Although as a formal matter, the orals committee votes on whether the student passes or not, failure is expected to be rare, as the dissertation advisor should not permit a student to take the exam if failure is a distinct possibility. More importantly, the orals examination is intended to yield an explicit contract between the student and the dissertation reading committee (which is a subset of the orals committee) on what work remains before the dissertation can be signed.

On first examination, this organization of the program appears very similar to those at good universities in the US. Admissions, financial aid, and other procedures are designed on the basis of standard Western practice. The titles and contents of most courses offered differ trivially if at all from international standards. The backgrounds of the faculty, who have PhDs from leading Western universities themselves, and the course workloads of the students are also similar.

But there are some important differences. Most significantly for the current stage of the program, which is still in development, the CEU coursework is actually significantly shorter than in the standard US program. Currently, a total of 36 credits are required for the PhD, with 1 credit implying 12 hours in the classroom. Of these 36

credits, 22 are core courses (7 in each of micro and macro and 8 in econometrics).<sup>9</sup> Only 14 are optional field courses. Both of these are much less than the US standard. Students in the US would normally have at least 12 hours of core courses each week of the first year, for a total of 32-33 weeks (based on 2 16-week semesters or 3 11-week quarters). This implies approximately 50 percent more core material in US universities, with the CEU shortfall greatest in micro and macro (because these fields tend to receive more attention in the US). But the difference in course requirements is much greater for the optional field courses. In the US, students usually take 2 or 3 year-long fields plus some distribution requirements, altogether adding up to at least one more full year of coursework. The CEU requirement is less than half that, although there are plans to increase it slightly in the future. The CEU PhD Program also has no fields, in the sense of particular sets of courses among which students must choose, which could be partly due to the small number of field courses students are required to take, although there are also some American programs where either there are no such groupings or they vary regularly (or irregularly) from year to year. The faculty has been discussing whether to organize the coursework into fields, and (with more heat) which fields should be chosen, but as long as students take so few courses the question appears moot.

Another way in which the Economics PhD at the CEU does not follow standard US practice is that the CEU requires that applicants have received an MA before they enroll in the PhD program. In the US this would be unheard of; starting PhD students rarely have an MA. The CEU policy is university-wide, and there seems to be little that the Economics Department can do to change it. Because of this policy, however, at least

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<sup>9</sup> Almost all first-year PhD students are also required to take an additional preparatory course in econometrics, "Intermediate Econometrics," which nevertheless does not count towards their degree

a few interesting candidates are turned away each year by the CEU Admissions Office, without even having their applications considered. Given the state of economics in the region, as discussed above, this would not seem to be a very well-advised policy.

As a result, most PhD students at CEU are Hungarian graduates of the Budapest University of Economic Sciences and Public Administration (renamed some years ago from Karl Marx University and recently renamed again as Corvinus University). This university is certainly one of the best state universities in the entire region, so the preparation is fairly good. The formal admission requirements to the CEU are stringent, and the students appear to perform very well; Table 2 contains a list of titles of recent presentations of PhD student research. But the PhD program lacks the great variety of nationalities and backgrounds found in the MA, where a typical entering class of 45 students represents about 20 different countries. It also lacks any Western students, who could be interested in applying to the PhD program (particularly if it carved out a somewhat specialized niche – as discussed below), but who rarely have an MA before proceeding to the PhD.

Another peculiarity of the student population in the Economics PhD at CEU is that there are few graduates of the CEU MA program. This result has been very disappointing for CEU faculty members, who are exceedingly proud of the high quality of the MA students, of whom 40-50 percent go on to PhD programs each year. Despite a number of conscious attempts to stimulate interest among them, including offering ways to accelerate the PhD program (by offering waiver exams, combining coursework, permitting much to be accomplished during the 2-year MA program), most of the MA students nonetheless strongly prefer to go to US programs. Sometimes they apply to the

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requirements; if included, however, it would raise the number of credits in econometrics to 12.

CEU PhD, but it seems to be mostly as a back-up alternative. Of course, the CEU faculty can only wish them well and cheer them on when they are accepted with full funding into top US and European schools, but this pattern does point to a demand problem for the PhD programs in the region.

Although the workload in particular CEU courses is comparable to that in American universities, the CEU requires much less by way of assistantship work from their PhD students. The CEU financial aid is a fellowship, and the work requirement is only some minimal teaching assistance – not a half-time job, as is typical in the US. While a low work requirement has many advantages, most obviously permitting students to focus first on their courses and then on their research, it has the drawback that PhD students do not have the same opportunities to interact with different faculty members each term as they receive different assignments. Indeed, after a course is finished, it may be difficult for students to approach professors, and working as a TA (or RA) provides a natural way for people to start talking with each other.

A final difference is that most PhD students work outside of the University. Most commonly they are employees of the Hungarian National Bank, but some teach economics courses at local universities or work on government-funded projects. Immigration rules prevent non-Hungarians from such outside work. Some of these experiences may be valuable, but they further serve to undercut the development of a vibrant research environment at CEU, together with other factors discussed below.

Only one explanation appears to account for all, or most, of these anomalies: the University has a strict policy limiting any student's financial aid to a total of 4 years (46 months, to be exact). Therefore, PhD students need to finish coursework quickly; the

University requires that they already have an MA to make sure they are prepared for a rapid program; the MA requirement excludes many applicants from the region and nearly all of those from other regions of the world; the current MA students have already used up 2 of their possible 4 years and are afraid of exhausting their funding; the CEU cannot demand much assistantship work as it needs to force a fast pace; only Hungarians are able to get outside work in Hungary, making non-Hungarians even less interested in CEU; and Hungarian students readily accept jobs outside (even forgoing their stipends temporarily) because they see their financial aid running out eventually.

A problem that the CEU has in common with most other institutions is how to build a research environment that encourages individuals to carry out innovative projects and to publish them well. Most CEU faculty members are, or have been, active researchers. Table 3 contains a list of faculty publications since 2002. But building a research environment involves more than long faculty vitae. It requires regular seminars with high levels of participation, social interaction among faculty and advanced students, and regular and informal discussions taking place in the offices, halls, and lunchrooms. Some of the particular problems in developing such an atmosphere at CEU follow from the peculiarities of the admissions and financial aid policies, and they are also related to CEU's hiring practices and incentives offered to faculty.

A major problem, one which is quite common in Eastern Europe and the former Soviet Union, is that most faculty members have multiple affiliations. This is true not only of the non-Hungarian visitors, but it is also true of most Hungarian faculty members. And it is true not only of the part-timers, but it is also true of some of those with full-time contracts. The multiple affiliations might not matter much if people spent their time at

CEU, but many do not: the foreigners tend to come only when required by teaching obligations (and even then it is sometimes in doubt), but when they do come, they can be found around the department – usually 16 hours per day. But some of the local faculty may show up only for office hours and to teach their classes. They may run their research grants through other organizations (a practice sometimes explained by those organizations' greater expertise in handling contracts), and effectively their research energy may go elsewhere. Relatively few faculty hang around to engage in regular research discussions with others.

Granting some license for the youth of the organization, however, a research environment is clearly developing. The Budapest Economic Seminar Series (BESS) meets frequently with both internal and external speakers. Table 4 contains a list of speakers in the current academic year. The CEU Labor Project, founded in 1994, has produced academic articles as well as contract research reports over the years, and many students have been involved in these activities, some as assistants and others as co-authors. An increasing number of assistant professors with Western PhDs are joining the faculty, and more research-related conversations seem to be taking place around the Department.

Some research at CEU is closely related to policy, in particular to policies in the transition from socialist to market economies. Several faculty members have worked closely with central banks in the region and with international organizations, and Hungarian faculty members have worked on a variety of Hungarian government contracts. The CEU Labor Project staff, including faculty, students, and MA graduates (some of whom are now in PhD programs) have participated in projects with the World

Bank, USAID, the European Commission, the OECD, and the governments of Moldova, Mongolia, Romania, and Russia. These latter projects focused on issues such as privatization, corporate governance, enterprise restructuring, labor market adjustments, unemployment, and education.

### **“The Relationship of the General and the Particular ”**

The mission of the CEU was conceived as primarily one-way, that is importing the finished goods represented by the received wisdom of the Western disciplines. These products could be imparted in the classroom, and they could be used to inform policymaking in the uncharted waters of transition from a socialist system. Somewhat neglected in the early plans, or at least not so clearly articulated, was the source of inspiration represented by the potential benefits flowing in the other direction: the substantial lessons that studying the particularities of the region could have for broader questions about economies, politics, and societies. Indeed, while simply being present during the momentous changes and the feeling of making some small contribution to the process provided some initial compensation for those actually “on the ground” (as some funders were wont to call them), a continuing devotion to the enterprise required either higher salaries than the organization was prepared to pay or commitment to using the experiences of the East to inform the disciplines of the West. The view that members of the community could be motivated by studying the region is far from universal inside the CEU, but the organization eventually did give some lip-service to it, in the form of the occasional slogan “the relationship of the general and the particular.” For the CEU Economics Department, this concept could become more than just a slogan, and in this

section I discuss some arguments for the Department to develop a clearer sense of intellectual focus. While the discussion concerns the CEU, these reflections might be useful to other capacity-building efforts also engaged in strategic planning for the future. The initial efforts to develop the new programs were necessarily concerned with the most basic requirements for economics education and research, but it may now be time to consider the place of these institutions in the region and the profession.

For a number of reasons, it seems to make sense that the CEU Economics Department adopt some focus. Clearly, the Department cannot dispense with broad strengths in the standard fields of economics as long as the University wants to offer MA and PhD degrees in Economics. But the Department could strive for something more than – or at least something different from – simply mimicking others in an attempt to join the ranks of the top 50 or top 20 programs in Europe. A vision of something unusual that the Department may be able to contribute would help to create a stronger sense of shared mission among faculty and students. It would guide strategic planning, including decisions on hiring and course offerings. And it would help to build a reputation for the Department outside the university as a place with a high level of research and teaching in general, plus a particular niche that differentiates the department from the mostly “plain vanilla” economics departments with whom we compete.

The choice of focus is not arbitrary. In principle, the Department could select one or a few fields of economics at random, with the only requirement that the field(s) be central to the discipline – because our ability to award economics degrees requires that the programs have a certain breadth. Much better, however, would be a choice of focus that builds on our comparative strengths. A short list of CEU advantages would include:

location in a region experiencing some very interesting economic developments, outstanding students from all over the region who are deeply interested in those developments, faculty members who have built their professional careers studying those same developments, and a university administration that professes a strong interest in policy relevance and social service.

A focus that builds on those advantages would have to be careful to avoid being pigeon-holed as a “regional specialization.” Economists who study economies other than the US know all too well that the profession is dismayingly Americo-centric and that over-stressing the non-American source of their data lowers the probability of acceptance in the top journals. Hamermesh (2002) argues in favor of much greater use of non-American data, on several grounds: the presence of exogenous shocks, more variation in policies, and larger size and better quality of foreign data. All of these arguments apply at least to some extent to the transition economies of Eastern Europe and the former Soviet Union. But Hamermesh (2002) also shows that few such papers are published in top journals: only 7 percent of all empirical labor economics articles in the *American Economic Review*, the *Journal of Political Economy*, and the *Quarterly Journal of Economics* used exclusively non-North American data, 84 percent used exclusively American data, and the remaining 9 percent used some mixture.<sup>10</sup> He also found that published papers using non-North American data have much lower rates of subsequent citations (lower by a factor of about 3 within 3 years after publication). The inference he draws is that journal editors are reluctant to publish such papers because they attract less interest in the profession.

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<sup>10</sup> The rate of non-North American data sources in the *Journal of Labor Economics* was somewhat higher (14 percent), but the mixed rate was lower (2 percent).

It would therefore seem to be privately rational for economists in the capacity-building institutions like CEU to devote their scarce research time to yet more analysis – although at a considerable distance – of the US economy. It may also be socially efficient if the university takes a single-factor view of faculty quality and output. For instance, the CEU now evaluates faculty research by awarding points for publications, with articles in top journals getting 3 points, those in leading field journals 2 points, and all others 1 point; the required minimum is 2 points per year on average. (In a similar vein, CERGE even provides financial bonuses for publications.) This policy might be the best one, and it probably is effective in raising consciousness among some faculty members about the importance of publishing internationally, and in the best possible venues. There may indeed be some tendency, out on the periphery of the profession, for faculty members to give up on participating actively in the big debates. Encouragement to remain involved, and to go through the steady grind of paper submission and revision, is surely valuable.

From a less atomistic point of view, however, neither the private incentives nor the points policy appears socially efficient. It encourages faculty members to abdicate from actively participating in evaluating – and even in reading – each other’s work. Perhaps there is insufficient trust among the new faculty in a new University for internal evaluation to play an important role, but building this social capital should arguably be an important part of the strategy of the organization as it matures. The points policy undermines the development of such social capital.<sup>11</sup> Moreover, the individually rational

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<sup>11</sup> Social capital is undermined as well when major hiring and promotion decisions are handled by University administration without significant involvement of Department faculty members.

solution ignores the potential complementarities of the Department with the factors of location, students, and university mission already discussed.

A possible encapsulation of an intellectual focus for economics at CEU could be “the role of institutional factors in economic development, growth, and transition.” This rubric is broad enough to cover both macro and micro, and both theory and empirical work. It avoids mentioning a particular region, and thus the “regional specialist” label, and it is open to inclusion of data and analysis from any part of the world. At the same time, it expresses the possibility of reverse learning in the capacity-building process: the hope would be that location of capacity-building centers benefits not only the particular students who pass through it, and not only the country and region in which the center is located (even if these externalities are far from accomplished), but also the broader profession, as a result of the important lessons that may be drawn from the regional economies. In this way, capacity-building may be treated less as a missionary activity (Campbell, 2000) than as a mutual benefit.

Moreover, this choice of focus would be associated with some of the fastest, if not the fastest, growth areas in economics over the last 10-15 years: new institutional economics, comparative institutional analysis, and the quasi-experimental approach to identification problems in empirical research. Just about any modern economist, except some of those of the most rigid “plain vanilla” variety, is likely to sympathize with such an emphasis. Nor would it necessarily change or devalue the research and teaching that the Department currently carries out. But it might provide some motivation for senior faculty members to remain involved with the department and it would help students to understand that economics is relevant for their countries, not only for an (idealized)

market economy like the US. And it could serve as a useful guide to future strategy about faculty development, joint research products, and special course offerings.

## **Conclusion**

The CEU Economics Department was founded in 1991, but during the first 9 years there was only an MA program, and the PhD was started up only in academic year 2000-01. The Department is therefore still young, but the PhD is barely a toddler. In taking its first baby steps, it has raised many interesting questions about the nature of capacity-building and about the new organizations designed to effect the transfer of Western economic expertise. No doubt, the other capacity-building centers are contemplating some of those same questions. Yet the participants of the different organizations meet exceedingly rarely, and in general there is little knowledge of the others' activities. Much more cooperation among these special centers would be useful, not only in continuing to provide good economics training to the students who pass through, but in spreading the benefits to the larger societies of the region and in becoming respected contributors to the larger discipline of economics.

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**Table 1: List of PhD Courses and Instructors at CEU from 2000 to 2005**

PhD Course Title	2000/01	2001/02	2002/03	2003/04	2004/05
<b>CORE COURSES</b>					
Advanced Microeconomics 1 (4)	L. Ambrus Lakatos	L. Danziger	L. Danziger	L. Danziger	L. Danziger
Advanced Macroeconomics 1 (4)	M. Gillman M. Kejak	M. Gillman M. Kejak	M. Ben-Gad (3)	M. Gillman	M. Gillman
Advanced Microeconomics 2 (3)	L. Danziger	L. Danziger	L. Danziger	L. Danziger	L. Danziger H. Gintis
Advanced Econometrics (4)	L. Matyas	L. Matyas	L. Matyas	L. Matyas	L. Matyas
Advanced Macroeconomics 2 (3)	F. Coricelli	F. Coricelli	F. Coricelli	F. Coricelli	A. Dalmazzo (2)
Advanced Time Series Analysis (2)			T. Terasvirta	T. Terasvirta	P. Siklos (1)
Advanced Applied Econometrics (2)		C. Cornwell	C. Cornwell	C. Cornwell	G. Kezdi
<b>OPTIONAL COURSES</b>					
Contract Theory (1)	U. Pagano	U. Pagano	U. Pagano	U. Pagano	U. Pagano (2)
Topics in Macroeconomics (1)		F. Canova			
Advanced Labor Economics (3)		J. Earle Y. Weiss	J. Earle G. Pfann	J. Earle R. Sauer	J. Earle
Numerical Methods for Macro (1)		M. Kejak	M. Kejak	M. Kejak	M. Kejak
Applied Macroeconomics (2)	A. Ratfai	A. Ratfai	A. Ratfai	A. Ratfai	A. Ratfai
Pension Economics (1)		A. Simonovits	A. Simonovits	A. Simonovits	A. Simonovits
Topics in Advanced Micro (1)		T. Pietra	P. Rey		
Public Economics and Finance (2)	B. Koszegi	P. Benczur	P. Benczur	P. Benczur	P. Benczur
Economic Development (1)					I. Konya
New Economic Geography (1)					G. Ottaviano
Corporate Finance (2)	D. Mramor	D. Mramor			
Monetary Theory (3)	M. Gillman	M. Gillman	T. Monacelli (2)	M. Gillman	
Law and Economics (2)	A. Dnes				
Modeling Financial Markets (2)	P. Kofman	P. Kofman	P. Kofman		
Topics in Econometrics 1 (1)		P. Siklos			
Advanced Macro Theory and Policy (2)		A. Cukierman			

Topics in Economic Theory (1)		S. Bowles				
Advanced Int'l Finance (2)		S. Plaut				
Applied Microeconomics (2)		L. Danziger	L. Danziger	L. Danziger	L. Danziger	
Investment (1)			P. Sakellaris	G. Pfann		
Economics of European Integration (3)		R. Vickerman (2)	R. Vickerman K. Dezseri A. Ambrus	R. Vickerman K. Dezseri	R. Vickerman K. Dezseri	R. Vickerman K. Dezseri
Advanced Game Theory (1)						
Advanced Macro Theory (1)			R. Cooper	T. Monacelli		
Advanced Finance (2)	Gy. Loranth	Gy. Loranth	Gy. Loranth	Gy. Loranth	Gy. Loranth	
Topics in Econ. Theory (1)						
Discrete Choice Models (2)						R. Sauer
Exp. and Evol. Game Theory (2)						H. Gintis
Behavioral Economics (2)	B. Koszegi		A. Falk	A. Falk	A. Falk	L. Goette
Advanced International Finance (2)	S. Plaut					
Bayesian Econometrics (2)			W. Griffiths			
Topics in Time Series Analysis (1)					P. Siklos	
Theories of Economic Growth (3)	S. Gornulka I. Bicanic					
Advanced International Trade (2)	B. Elmslie					

Note: Only PhD courses (no MA courses) are shown. Number of credits for each course/instructor are in parentheses (1 credit = 12 classroom hours).

**Table 2: List of PhD Student Presentation Titles, June 2005**

Derivative Pricing With Symmetry Analysis

Rational Choices or Behavioral Outcomes? A Study of the Determinants of Voting Behavior in Post-Communist Romania

The Costs of Investment

Choice of Privatization in Romania. Evidence from a Comprehensive Panel

Firm Behaviour and Public Infrastructure: The Case of Hungary

Compatibility and Coordination Issues in Contracting with Network Effects: Screening and Divide-and-Conquer Techniques

The Role of Endogenous Exchange Rate Pass Through in New Keynesian Phillips Curves

Revenue Generating and Behavioural Effects of the Simplified Entrepreneurial Tax in Hungary

Credit and the Business Cycle

Monetary Rules for Partially Dollarized Developing Economies

Time Consistency in Fiscal Policy

Early Retirement and Consumption Prospects - An Empirical Analysis

The Effect of Trade and Competition on Firms' Pricing. The Case of Hungary

Latent Decisions in Discrete Choice Models

Exchange Rate Behaviour Before Final Fixing

Technology Spillovers from Foreign Direct Investment

**Table 2: List of Economics Faculty Publications, 2002-2005  
(on the basis of posted CVs for faculty members teaching at least 3 credits)**

**Andrzej Baniak**

“On Determinants of Foreign Direct Investment in Transition Economies.” Forthcoming in *Problems of Economic Transition*, 2005. (with J. Cukrowski and J. Herczynski).

“Analysis of the Market Power in Electricity Industry of a Small Central European Country.” Materials of X Scientific Conference *Energy Markets*. Lublin 2003, 53-62, (in Polish, with L. Paizs).

“The Volatility of Prices in the English and Welsh Electricity Pool.” *Applied Economics*, 2002, (with T. Robinson).

“Comparative Statics in Ordered Spaces” (in Polish), *Dydaktyka Matematyki*, 3, 27-37, 2002.

**Peter Benczur**

“Nominális sokkok átmeneti reálhatása egy kétszektoros növekedési modellben.” *Közgazdasági Szemle*, LI, 101-126, February 2004.

“Information revelation, liquidity shocks, the volatility and the level of bond spreads.” *Economica*, 2004.

“A nominálárfolyam viselkedése monetáris rezsimváltás után.” *Közgazdasági Szemle*, XLIX, 480-497, Oct. 2002.

**Leif Danziger**

“Delays in Renewal of Labor Contracts: Theory and Evidence.” *Journal of Labor Economics* 23, 341-371, April 2005, (with S. Neuman).

“Inflation, Costly Price and Quantity Adjustments, and Time Spent in the Keynesian Regime.” *Economics Letters* 80, (August 2003): 161-168.

“The New Investment Theory and Aggregate Dynamics.” *Review of Economic Dynamics* 6, 907-940, October 2003.

“Fixed Production Capacity, Menu Cost and the Output-Inflation Relationship.” *Economica* 69, 433- 444, August 2002, (with C. T. Kreiner).

**John S. Earle**

“Information Technology, Organizational Form, and Transition to Market.” Forthcoming in *Journal of Economic Behavior and Organization*, (with U. Pagano and M. Lesi).

“Job Reallocation and Productivity Growth in the Ukrainian Transition.” Forthcoming in *Comparative Economic Studies* (with D. Brown).

“What Makes Small Firms Grow? Finance, Human Capital, Technical Assistance and the Business Environment in Romania.”), forthcoming in *Economic Development and Cultural Change*, Oct. 2005. (with D. Brown and D. Lup).

“The Wage Effects of Schooling under Socialism and in Transition: Evidence from Romania, 1950-2000.” *Journal of Comparative Economics*, June 2005, (with D. Andren and D. Sapatoru).

“Ownership Concentration and Corporate Performance on the Budapest Stock Exchange: Do Too Many Cooks Spoil the Goulash?” *Corporate Governance: An International Review*, 13(2), 254-264, March 2005, (with C. Kucsera and Á. Telegdy).

“The Reallocation of Workers and Jobs in Russian Industry: New Evidence on Measures and Determinants.” *Economics of Transition*, 11(2), 221-252, June 2003, (with D. Brown).

“Privatization, Competition, and Budget Constraints: Disciplining Enterprises in Russia.” *Economics of Planning*, 36(1), 1-22, 2003, (with S. Estrin).

“A Spoonful of Sugar: Privatization and Popular Support for Reform in the Czech Republic.” *Economics and Politics*, 15(1), 1-32, March 2003, (with S. Gehlbach).

“Privatization Methods and Productivity Effects in Romanian Industrial Enterprise.” *Journal of Comparative Economics*, 30(4), 657-682, December 2002. (with A. Telegdy).

“How Late to Pay? Understanding Wage Arrears in Russia” (with K. Sabirianova), *Journal of Labor Economics*, Vol. 20(3), 661-707, July 2002.

“Corporate Control: A Study of Firms on the Bucharest Stock Exchange.” *East European Economics*, 30(1), 96-133, March 2002, (with A. Telegdy, C. Kucsera, and V. Kaznovsky)

“Microeconomic Studies of Russian Labor Markets: An Introduction to the Symposium.” *Journal of Comparative Economics*, Vol. 30(1), 91-95, March 2002, (with H. Lehmann).

“Gross Job Flows in Russian Industry Before and After Reforms: Has Destruction Become More Creative?” (with D. Brown), *Journal of Comparative Economics*, 30(1), 96-133, March 2002.

### **Max Gillman**

“A Comparison of Exchange Economies within a Monetary Business Cycle.” Forthcoming in *The Manchester School* (with S. Benk and M. Kejak).

“Credit Shocks in the Financial Deregulatory Era: Not the Usual Suspects.” Forthcoming in *Review of Economic Dynamics* (with S. Benk and M. Kejak).

“Inflation and Balanced-Path Growth with Alternative Payment Mechanisms.” *Economic Journal*, 115(500), 247-270, January 2005, (with M. Kejak).

“Contrasting Models of the Effect of Inflation on Growth.” *Journal of Economic Surveys*, 19(1), 13-136, January 2005, (with M. Kejak).

“The Demand for Bank Reserves and Other Monetary Aggregates,” *Economic Inquiry*, 518-533, July 2004 (with M. Kejak).

“Causality of the Inflation-Growth Mirror in Accession Countries.” *Economics of Transition*, 12(4), 653-682, December, (with A. Nakov).

“Inflation and Growth: Explaining the Negative Effect”, *Empirical Economics*, 29( 1), 149-167, January 2004, (with M. Harris and L. Matyas).

“Causality of the inflation-growth mirror in accession countries,” (with T. Kakov), in Stojanov, D. and Culahovic, B., Eds. *From Transition to Development: Globalisation and Political Economy of Development in Transition Economies* Volume 1; Sarajevo: Univ. of Sarajevo, 55-75, 2004.

“Stable money demand and nominal money causality of output growth: A multivariate cointegration analysis of Croatia,” (with D. Cziraky), in Stojanov, D. and Culahovic, B., Eds. *From Transition to Development: Globalisation and Political Economy of Development in Transition Economies*. Vol. 1; Sarajevo: Univ. of Sarajevo, 95-129, 2004

“A Revised Tobin Effect from Inflation: Relative Input Price and Capital Ratio Realignment, US and UK, 1959-1999”, *Economica*, 70(279), 439-451, August 2003, (with A. Nakov).

“On Keynes’s Theory of the Aggregate Price Level in the Treatise: Any Help for Modern Aggregate Analysis?,” *European Journal of the History of Economic Thought*, 9(3), September, 430-451

“Modeling the Effect of Inflation: Growth, Levels, and Tobin” in Proceedings of the 2002 North American Summer Meetings of the Econometric Society: Money, 2002, (with M. Kejak).

### **Herbert Gintis**

*Moral Sentiments and Material Interests: On the Foundations of Cooperation in Economic Life*. Cambridge: MIT Press, 2005 (with S. Bowles, R. Boyd, and E. Fehr).

*Foundations of Human Sociality: Ethnography and Experiments in Fifteen Small-scale Societies*. Oxford: Oxford University Press, 2004 (with J Henrich, R. Boyd, S. Bowles, C. Camerer, and E Fehr).

“Evolution of Altruistic Punishment” *Proceedings of the National Academy of Sciences* 100(6),3531–3535, 2003, (with R. Boyd, S. Bowles, and P.J. Richerson).

“Economic Man’in Cross-cultural Perspective: Behavioral Experiments in 15 Small-scale Societies,” *Behavioral and Brain Sciences* target article, forthcoming, 2005 ( et. al).

“Solving The Puzzle of Prosociality,” *Rationality and Society* 15(2), 2003.

“The Hitchhiker’s Guide to Altruism: Genes-Culture Coevolution and the Internalization of Norms,” *Journal of Theoretical Biology* 220(4), 407–41, 2003.

“The Genetic Side of Gene-Culture Coevolution: Internalization of Norms and Prosocial Emotions,” *Journal of Economic Behavior and Organization* 53(1),57–67, 2004.

“*Homo Reciprocans*: Altruistic Punishment of Free Riders,” *Nature* 415, 125–128, 10 Jan. 2002 (with S. Bowles).

“Intergenerational Inequality,” *Journal of Economic Perspectives* 16(3), 3–30, 2002(with S. Bowles).

Review of *Why Men Won’t Ask for Directions: The Seductions of Sociobiology* by Richard C. Francis. *Evolutionary Psychology*, 2, 47-49.

“The Global Inheritance of Inequality: Reply” *Journal of Economic Perspectives* 17(3), 203–206, Summer 2003, (with S. Bowles).

“On the Unity of the Behavioral Sciences,” in Dov Gabbay, Shahid Rahman, John Symons, and Jean Paul Van Bendegem (eds.) *Logic, Epistemology, and the Unity of Science*. New York: Kluwer, 2004.

“Towards the Unity of the Human Behavioral Sciences,” *Politics, Philosophy, and Economics* 3(1), 37–57, 2004.

“The Evolution of Strong Reciprocity: Cooperation in Heterogeneous Populations” *Theoretical Population Biology* 61, 17–28, 2004, (with S. Bowles).

“The Origins of Human Cooperation” in Peter Hammerstein (ed.) *The Genetic and Cultural Origins of Cooperation*. Cambridge: MIT Press, 2004, (with S. Bowles).

“Prosocial Emotions,” in L. Blume and S. Durlauf (eds.) *Complex Nonlinear Systems III*, 2004, (with S. Bowles).

“Persistent Parochialism: Trust and Exclusion in Ethnic Networks,” *Journal of Economic Behavior and Organization* 55(1), 1–23, 2004 (with S. Bowles).

“The Genetic Side of Gene-Culture Coevolution: Internalization of Norms and Prosocial Emotions,” *Journal of Economic Behavior and Organization*, 53(1), 57–67, 2004.

“Explaining Altruistic Behavior in Humans,” *Evolution & Human Behavior* 24, 153–172, 2003, (with S. Bowles, R. Boyd, and E. Fehr).

“Altruism and Emotions,” *Behavioral and Brain Sciences* 25, 258–259, 2002.

“Reciprocity and the Welfare State,” in J. Mercier-Ythier, S. Kolm and L. Gérard-Varet, (eds.) *Handbook on the Economics of Giving, Reciprocity and Altruism*. Amsterdam: Elsevier, 2002, (with C. M. Fong and S. Bowles).

“Some Implications of Endogenous Contract Enforcement for General Equilibrium Theory,” in Fabio Petri and Frank Hahn, *General Equilibrium: Problems and Prospects*. London: Routledge, 176–205, 2002.

“Social Capital and Community Governance,” *Economic Journal* 11(483), 419–436, 2002, (with S. Bowles).

Review of *Dawkins vs. Gould: Survival of the Fittest* by Kim Sterelny, *Human Nature Review* 2, 3ff. 2002.

Review of *Sense & Nonsense: Evolutionary Perspectives on Human Behaviour* by Kevin N. Laland and Gillian R. Brown, *Human Nature Review* 2, 208–209, 2002.

### **Julius Horvath**

“On Some Currency Regime Considerations for the Visegrad Countries,” *Duisburger Volkswirtschaftliche Schriften*, Duncker & Humblot, Berlin with Günter Heiduk, 2003.

“The State of Economics in Slovakia,” in *Three Social Sciences Disciplines in Central and Eastern Europe. Handbook on Economics Political Science and Sociology (1989–2001)*; edited by M. Kaase and V. Sparschuh, Social Science Information Centre (IZ), Collegium Budapest, pp. 168–187, 2002.

“The Czech Currency Crisis of 1997,” in *Currency Crises in Emerging Markets*, ed. M. Dabrowski, Kluwer Academic Publishers, 2003

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“Some Comments on Unilateral Euroization,” in *Some Currency Regime Considerations for the Visegrad Countries*, edited by G. Heiduk and J. Horvath, *Duisburger Volkswirtschaftliche Schriften*, Duncker & Humblot, Berlin 2003

“Shocks and Monetary Integration Efforts. An Empirical Assessment of Slovakia,” in *Proceedings from the International Conference on the Anniversary of the 115th birthday of Robert Schuman in Bratislava, December 4–5 2001*; Ekonom Publishing House Bratislava 2002

“Supply and Demand Shocks in Countries to Join the EMU,” *Journal of Comparative Economics*, June 2004, (with A. Ratfai).

### **Gabor Kezdi**

“Trade in University Training: Cross-State Variation in the Production and Use of College-Educated Labor,” *Journal of Econometrics*, forthcoming in 2003. (with J. Bound, J. Groen, and S. Turner).

“Jackknife Minimum Distance Estimation”, *Economics Letters*, 76(1), June 2002, (with J. Hahn and G. Solon).

### **Laszlo Matyas**

*The Econometrics of Panel Data*. Kluwer Academic Publishers, Third Edition 2004, (ed. with P. Sevestre).

“A Comparative Analysis of Different IV and GMM Estimators of Dynamic Panel Data Models.” *Forthcoming in International Statistical Review*, 2004, (with M. Harris).

“Inflation and Growth: Explaining a Negative Effect,” *Empirical Economics*, 29, 149-167, 2004, (with M. Gillman and M. Harris).

“Modelling the Impact of Environmental Regulation on Bilateral Trade Flows: OECD 1990-1996.” *The World Economy*, 25, 387-405, 2002, (with M. Harria and L. Konya).

### **Ugo Pagano**

(With Massimo D’Antoni) National Culture and Social Protection as Alternative Insurance Devices. *Structural Change and Economic Dynamics* V. 13 (2002).

L’Economia delle Istituzioni e le Economie della Scienza Economica. *Economia Politica*, January 2003. (With Trento S.) Continuity and Change in Italian Corporate Governance. The Institutional Stability of One Variety of Capitalism. In M. Di Matteo M, Piacentini P. *The Italian Economy at the Dawn of the XXI Century*, Ashgate, Aldershot, 177-211, 2003.

Nationalism, Development and Integration: The Political Economy of Ernest Gellner. *Cambridge Journal of Economics*, 27, 623 - 646 September 2003.

‘Posiciones legales y complementariedades Istitucionales’ *Revista de Economia Institucional*.” October 2003.

‘Mercato, Confronto di sistemi capitalistici’ *Enciclopedia del Novecento*, Italiana Treccani. (2003).

Legal Positions and Institutional Complementarities. In Cafaggi F. Nicita A. Pagano U. *Legal Orderings and Economic Institutions*. Routledge, London and New York, 2004.

“Incomplete Contracts, Intellectual Property and Institutional Complementarities” *European Journal of Law and Economics*, 2004, (with M.A. Rossi).

### **Jacek Rostowski**

*The Eastern Enlargement of the Eurozone* ed. with M.Dabrowski, Kluwer Academic Publishers, 250, Boston, 2005.

“How to Reform the Stability and Growth Pact” in *The Eastern Enlargement of the Eurozone* eds. M.Dabrowski and J.Rostowski, Kluwer Academic Publishers, 185-198, Boston, 2005.

“Assessing Dollarization: an Application to Latin America and Central Europe” with R.Ene, in *Beyond Transition* eds. M.Dabrowski, J.Neneman and B.Slay, Ashgate, 2004.

“Why Unilateral Euroization makes sense for (some) Applicant Countries”, in *Beyond Transition* eds. M.Dabrowski, J.Neneman and B.Slay, Ashgate, 2004.

“When should the Central Europeans join EMU?” *International Affairs*, Royal Institute for International Affairs, pp.993-1008, Vol.79, No.5, Chatham House, London, October 2003.

“Old Fashioned solutions for Russia’s modernization” in *Modernizatsiia ekonomiki Rossii, itogi i perspektivy*, ed. Yevgenii Yasin, Gosudarstvenny Universitet, Vysha Shkola Ekonomiki, Moscow, 2003

“The EU Attitude to Unilateral Euroization: misunderstandings, real concerns and ill-designed admission criteria” with A.Bratkowski *Economics of Transition*, 10(2), 445-468, 2002.

“The Eastern Enlargement of the EU and the Case for Unilateral Euroization” in *Financial Policies in Emerging Markets*, eds. M.Blejer and M.Skreb, Cambridge Mass: MIT Press, 2002.

“Unilateral Adoption of the Euro by EU Applicant Countries: the Macroeconomic Aspects”, with A. Bratkowski, in *Transition and Growth in Post-Communist Countries: The Ten Year Experience*, ed. L.Orlowski, Edward Elgar, 2002.

### **Andras Simonovits**

A Note on the Aging Populations and the Size of the Welfare State. 2004, NKFP 5/62/2002.

Bevezetés az optimális nyugdíjösztönzés tervezésébe. Kézirat, 2004 NKFP 5/6/2002.

Designing Optimal Bilinear Rules with Flexible Retirement and Redistribution. 2004, NKFP 5/62/2002.

### **Almos Telegdy**

“Ownership Concentration and Corporate Performance on the Budapest Stock Exchange: Do Too Many Cooks Spoil the Goulash?” *Corporate Governance*, 13(2), 254-264, March 2005 (with J. S. Earle and C. Kucsera).

“Hungarian – Romanian Cross-Border Economic Cooperation.” *Région et Développement*, 2003, (with G. Hunya)

“Privatization Methods and Productivity Effects in Romanian Industry,” *Journal of Comparative Economics* Vol. 30/4: 657-82, December 2002, (with J. S. Earle).

“Corporate Control of Listed Firms: The Bucharest Stock Exchange,” *Eastern European Economics* Vol. 40/3: 6-27, May-June 2002, (with J.S. Earle, V. Kaznovsky and C. Kucsera).

**Table 4: BUDAPEST ECONOMICS SEMINAR SERIES (BESS)  
Speakers during Academic Year 2004/05**

- September 15, Gary S. Becker, University of Chicago and Hoover Institution, "The Quantity and Quality of Life and the Evolution of World Inequality"
- September 27, Michael Artis, European University Institute, "The Transmission Mechanism in a changing world?"
- September 29, Christopher Waller, University of Notre Dame, "Money, Credit and Banking"
- October 15, Andras Simonovits, CEU, "Designing Neutral versus Redistributive Mechanisms"
- November 5, Gianmarco Ottaviano, University of Bologna, "Testing the Home Market Effect in A Multi-Country World"
- November 12, Zoltán Jakab, CEU, "Endogenous Exchange Rate Pass-Through with Imported Intermediates"
- November 26, Steven Plaut, University of Haifa, "The Demand for 'Gatedness'"
- December 3, Miklos Koren, Harvard University, "Technological Diversification"
- December 13, Elias Khalil, Konrad Lorenz Institute for Evolution and Cognition Research, Austria, "The Political Nature of the Firm"
- December 20, Eva Nagypal, Northwestern University, "Amplification of Productivity Shocks: Why Vacancies Don't Like to Hire the Unemployed?"
- Jan. 21, Bartosz Mackowiak, Humboldt University, "Optimal Sticky Prices Under Rational Inattention"
- Jan. 24, Peter Grajzl, University of Maryland, "Allocating Law-Making Powers: Self-Regulation vs. Government Regulation"
- Jan 25, Vladimir Hlasny, Michigan State University, "The Impact of State Restructuring and Deregulation on Gas Rates"
- Jan 26, Shlomo Weber (CORE, Universite Catholique de Louvain), "Language Disenfranchisement in Multilingual Societies: The Case of the European Union"
- Jan 27, Andrew Sfekas, Cornell University, "Physician Learning and Patient Outcomes: An Empirical Study of Cardiac Surgery in Maryland and New Jersey"
- Jan 28, Andri Chassambouli, University of Maryland, "Job Competition and Search Externalities over the Cycle: Implications for Worker Reallocation and Unemployment Rates Across Skill Groups"
- Febr 11, Orsolya Lelkes, European Centre for Social Welfare Policy and Research (Vienna), "Knowing what is good for you. Empirical analysis of personal preferences and the 'objective good'"
- Febr 18, Roman Sustek, Carnegie Mellon University, "Plant Level Nonconvexities and the Transmission of Monetary Policy"
- Febr. 25, Roderick McCrorie, University of Essex, "Identification and Estimation of Exchange Rate Models with Unobservable Fundamentals"
- March 3, Juergen Maurer, European University Institute, "Do the Joneses Really Matter? Peer-group vs. Correlated Effects in Intertemporal Consumption Choice"
- March 4, Simon Loertscher, University of Bern, "Market Making Oligopoly"
- March 7, Valeriu Omer, University of Minnesota, "Wage Growth, Search and Experience: Theory and Evidence"
- March 8, Tokhir Mirzoev, Ohio State University, "Limited Commitment, Inaction and Optimal Monetary Policy"

March 10, Alexis Anagnostopoulos, London Business School, "Consumption and Debt Dynamics with (Rarely Binding) Borrowing Constraints"

March 11, Alena Bicakova, Johns Hopkins University, "Unemployment Versus Inactivity: An Analysis of the Earnings and Labor Force Status of Prime Age Men in France, the UK and the U.S. at the Turn of the Century"

March 18, Jean Imbs, London Business School, "Globalization, Competition and the Decline in Inflation"

March 25, Volodymyr Bilotkach University of Arizona and EERC (Kiev), "A Tax Evasion-Bribery Game: Experimental Evidence from Ukraine"

Apr 29, Valerie Lechene, University of Oxford, "On the Identification of the Effect of Smoking on Mortality"

May 6, Lorenz Goette, University of Zurich, "Do Workers Work More When Wages are High?"

May 13, Franck Portier (Toulouse), "Stock Prices, News and Economic Fluctuations"

May 20, John S. Earle, CEU, "Nonrecoverable Wages, Learning, and Unemployment Duration of Displaced Workers"

May 27, Maros Servatka, University of Arizona, "Carrot or Stick? An Experimental Study of Reputation Effects in Dictator Games"

June 3, Miklos Koren, Harvard University, "Does Trade Improve Productivity? Evidence from Hungarian Firm- and Product-Level Data"