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THE RESEARCH INSTITUTE
CHAPTER 1: INSTITUTIONAL REVIEW

1.1. MISSION STATEMENT

RESAM has the following mission statement.

* RESAM aims for research results that significantly improve our understanding of the operation of economic systems, the behaviour of agents in the economy, and the effects of economic policies.

* RESAM facilitates and promotes research by faculty members of the FEB to foster the academic ideal of intertwined university research and teaching.

RESAM (Research in EconomicS and econometrics Amsterdam) is one of the two research institutes of the Faculty of Economics & Business (FEB); the other being the research institute of the Amsterdam Business School (ABS-RI). RESAM was established in 1998 after the MUB (Wet Modernisering Universitair Bestuur (law on the modernization of university management)) came in effect. RESAM covers the wide area of economics and econometrics as can be seen from the names of the two Departments that employs its researchers: Algemene Economie (AE, Economics) and Kwantitatieve Economie (KE, Quantitative Economics).

Research is organised in Research Programmes, which are directed by experts with core positions in the curriculum. Stimulating research that significantly improves our understanding of the economy is meant as a focus on fundamental research. In many cases, the inspiration for research questions derives from practical problems in business and society as well as from pressing problems for government policies, as is only natural for a social science. But the research results should primarily be reported to the international academic community and assessed against the quality standards that apply there. Such permanent quality assessment feeds back into the quality of teaching and of advice given to business and the government. Contributions to public debates should be a consequence of developing reliable knowledge about the economy rather than a primary goal.

RESAM closely co-operates with the Tinbergen Institute, where many of RESAM’s researchers are appointed as fellow. The Tinbergen Institute also acts as the graduate school for RESAM Ph.D. students.

1.2. ALLOCATING RESOURCES

The total faculty budget available in the FEB, after deducting resources for administrative positions (dean, faculty bureau, department chairpersons, curriculum co-ordinators, institute directors), is divided between the two Schools, the School of Economics and the Business School. In principle time is equally allocated to teaching and to research. Schools are compensated by the research institute (RESAM for the School of Economics) and the teaching institute (OWI) for research and teaching tasks the department provides. Faculty members in the School of Economics are annually assigned time for research on the basis of their publication records in the past three years. In this way RESAM provides incentives to increase the quality and quantity of output.

Publications are graded by quality level of the outlet. For journals, RESAM distinguishes

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1 Since January 1, 2006 Faculty of Economics and Business is the new name of the Faculty of Economics and Econometrics. Although this report reflects on activities in 2005 we will use the new name throughout this document.
· A: **excellent, international top level**
  Publications in A level journals set directions for research, by approach and by method. They select topics and set standards for analytical and methodological level.

· B: **good international level**
  Publications in B level journals meet high analytic and methodological standards but have far less influence on direction and standards for future research.

· C: **international refereed journals**
  These journals satisfy the minimum norm of aiming for an international audience, applying blind refereeing, and publish in an accessible language. Analytical and methodological standards satisfy a generally accepted minimum level.

· D: **other, non-refereed and refereed**

RESAM has drawn up a list of rankings of publication outlets (journals, publishing houses, conference proceedings, see the RESAM website www.fee.uva.nl/resam). The minimum norm for adequate research performance is formulated as 100 points over the past three years. An A-level publication counts for 100 points, a B-level for 50 points, and a C-level for 25 points in 2000 and 2001. Individual authors of a publication with n authors each get a share of \(\frac{2}{1+n}\) points of the publication. The weight for C-level publications was linearly reduced in three steps, with a resulting weight of zero for research published in 2004. The new system has become operational for the research time assignment of the calendar year 2004 which has been calculated in 2003 on the basis of points earned by output published in 2000-2001-2002, for in 2002 a C publication counted for 16.67 points \((\frac{2}{3}*25)\) for the first time. The system will be fully implemented when research time is allocated for 2008, on the basis of results from 2004-2005-2006, three consecutive years in which a C publication does not yield points. Research time assigned to individuals is related to publication points over the past three years as follows:

<table>
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<th>Points Range</th>
<th>Research Time</th>
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<tr>
<td>100 or more</td>
<td>0.5 fte</td>
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<tr>
<td>50-99</td>
<td>0.25 fte</td>
</tr>
<tr>
<td>1-49</td>
<td>0.125 fte</td>
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<tr>
<td>0</td>
<td>0 fte</td>
</tr>
</tbody>
</table>

For faculty members with part-time positions, norms and research time are adjusted proportionally.

Fellows of the Tinbergen Institute, the graduate research school in which UvA, EUR and VU cooperate, have a five year protection period of their research time at the maximum of 0.5 of their working hours. Admission as TI Fellow is based on A- and B-level publications only (TI has its own grading of publications). New appointees are allotted the maximum research time for a period of three years.

RESAM stimulates concentration of the School’s research in Research Programmes also by other means (such as an annual budget for conference visits and other academic activities to the research programmes). Once a year RESAM hosts a meeting of the Council of Programme Leaders to discuss the results of the past year and plans for the future.

### 1.3. STRATEGY AND POLICY

After the VSNU Quality Assessment of Research in 1995, the Faculty started a process of realigning its research efforts by reducing the amount of research programmes. Before this assessment there were 25 programmes but in the next Quality Assessment (2001) only 14 programmes were submitted for evaluation. Several programmes in economics and econometrics were merged while research in the fields of marketing and management were discontinued. Thereafter the faculty has successfully focused its research programme even further. In 2002 the AgBS-RI (now ABS-RI) was established to stimulate research in business studies (with the three former RESAM programmes of Accounting, Organisations and Society, Corporate Finance and Financial Systems and Information Management).
RESAM continued with eight research programmes plus the SEO. This year a new programme has been established: Industrial Economics, Competition and Antitrust. Professor Patrick van Cayseele is director of this programme, which will focus on cartel behavior and stability, market power, auctions and seller/buyer mechanisms and two-sided markets.

RESAM aims to reach its goals by organising, stimulating and monitoring Research Programmes. Annually, Programme performance is assessed. Means are allocated to Programmes based on performance. Research coverage is not directed and controlled by the Faculty’s management, but develops in an open competitive environment. General policy issues are discussed at the annual convocation of the Council of Programme Directors.

Figure 1: Organizational chart

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2 The SEO has a rather special status. It is a foundation for commercial contract research which seeks to benefit from interaction with academic research. By special agreement SEO is compensated for publication in the international academic community and is also considered as one of RESAM’s research programmes.
1.4. ORGANISATION

Friday, September 9 2005, the inaugural conference of the Amsterdam Schools of Economics and Business was held. On this conference the official establishment of two schools, the Amsterdam School of Economics and the Amsterdam Business School, within the Faculty was celebrated.

The Amsterdam School of Economics offers several excellent master programmes in economics, econometrics, actuarial science and operations research & management and has a strong emphasis on research. The school has about 110 academic staff and 2400 students.

RESAM is the research institute of the school and the research director is part of the management team of the school. The management team, which further consists of the dean of the school, the department chairs and the director of the education institute, meets every month to discuss strategy and policy. An organisational chart of the Amsterdam School of Economics is given in figure 1.

Box 1: Research Highlight: Florian Wagener

Environmental problems form an area where long-term government policy making is widely held to be beneficial for society: stocks of pollutants decay slowly and costs of environmental catastrophes are potentially huge. These problems are usually modelled as dynamic optimisation problems of a single government or as dynamic games between governments, depending on the scale of the problem. Stock dynamics of pollutants are usually of the complex, non-linear, non-convex kind; this severely restricts the scope of analytic methods, since explicit analytic solutions are hardly ever available.

The aim of the VIDI-project 'Structural Stability of Economic Dynamics' is to tackle these problems with geometrically inspired methods in order to derive qualitative properties of solutions directly. One of the concepts involved, global bifurcation theory, may be thought of as a generalisation of the method of comparative statics, but now applied to the optimal policy as a whole instead of applied to a steady-state equilibrium.

Typically the set of problem parameters can be partitioned into regions of `structural stability': solutions for two different parameter values in such a region differ quantitatively but not qualitatively. This implies that within such a region only a single parameter value has to be investigated more precisely. Usually there are however several structurally stable regions; the points separating these are `bifurcation values'. In situations with two principal parameters, the set of bifurcation values is typically a union of points and curves that can be determined by numerical methods, and that can be depicted in a bifurcation diagram. This diagram and the 'typical solutions' from the various structurally stable regions form then a `structural analysis' of the original problem, of which the effects of parameter changes on the solutions can be read off immediately.

In particular, we can apply this to situations with several possible long-term solutions, for which it depends on the initial state of the system which of these will be selected; they are commonly known as 'history dependent' or 'path dependent' equilibria. It is well known that these occur simultaneously with 'indifference states' (commonly known as 'Skiba points') in state space, where a policy maker is actually indifferent between two courses of action, which are possibly radically different. It turns out that the existence of indifference states, and therefore of path dependent equilibria, is closely connected to the mathematical structure of the state-costate dynamics, and that it can be read off a bifurcation diagram. Moreover, we can attack the highly nonlinear problem of finding and analysing Nash equilibrium solutions of dynamic games with and without coalitions between players.

Though the methodology used is suited for general problems in dynamic optimisation, the immediate aim of the project is to analyse ecological-economic interest conflicts where one or more actors, usually governments, have to weigh the interests of agricultural or industrial production against the uses of a (common) natural resource. We are interested in pollution problems of single and interconnected lakes, in transboundary pollution, and in the feasibility and stability of global coalitions to overcome the global warming problem, to name just a few applications.
CHAPTER 2: INPUT

Personnel policy and human resource management is the domain of the department chairs. RESAM encourages the departments to hire good researchers and to stimulate faculty to increase the quality and quantity of academic publications, it cannot exert direct influence on personnel policy. Broader strategy issues concerning hiring and firing, however, are discussed within the Amsterdam School of Economics management team and this has resulted in a document on personnel policies wherein requirements current and new staff should meet are clearly defined. In 2005 it was decided that tenured positions will only be awarded to people that meet the admission requirements for fellowship of an accredited research school (preferably the Tinbergen Institute).

2.1. RESEARCHERS AND OTHER PERSONNEL

The tables below give some information on RESAM faculty. Table I shows that in 2005 total research capacity has expanded, as it did in previous years. This development was due to several factors. An increase in the so-called second flow of funds (in addition to the figures in table I, it must be noted that in 2005 more ph.d. projects were funded by NWO, this can be seen in the input tables per programme in part B) as well as in the third flow of funds. This increase was mainly due to researchers working on several EU projects and increase in the number of researchers working at the SEO Economic Research (SEO Economic Research carries out independent applied economic research on behalf of the government and the private sector). Table II shows that trends differ somewhat across research groups.

**Table I: Input research Staff at institutional level**

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<td>Ph.D. students</td>
<td>2.41</td>
<td>2.85</td>
<td>2.97</td>
<td>3.44</td>
<td></td>
</tr>
<tr>
<td><strong>Total Research staff</strong></td>
<td>7.65</td>
<td>8.49</td>
<td>7.98</td>
<td>9.52</td>
<td></td>
</tr>
<tr>
<td><strong>Human Capital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WP 1 (first flow of funds, excl. Ph.D.'s)</td>
<td>5.66</td>
<td>4.59</td>
<td>4.07</td>
<td>2.21</td>
<td></td>
</tr>
<tr>
<td>WP 2 (second flow of funds, excl. Ph.D.'s)</td>
<td>6.69</td>
<td>7.89</td>
<td>4.61</td>
<td>3.63</td>
<td></td>
</tr>
<tr>
<td>WP 3 (third flow of funds, excl. Ph.D.'s)</td>
<td>0.90</td>
<td>1.04</td>
<td>2.18</td>
<td>1.30</td>
<td></td>
</tr>
<tr>
<td>Ph.D. students</td>
<td>5.65</td>
<td>5.35</td>
<td>4.25</td>
<td>5.38</td>
<td></td>
</tr>
<tr>
<td><strong>Total Research staff</strong></td>
<td>18.90</td>
<td>18.87</td>
<td>15.11</td>
<td>12.52</td>
<td></td>
</tr>
<tr>
<td><strong>History &amp; Methodology of Economics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WP 1 (first flow of funds, excl. Ph.D.'s)</td>
<td>1.72</td>
<td>1.65</td>
<td>1.70</td>
<td>2.27</td>
<td></td>
</tr>
<tr>
<td>WP 2 (second flow of funds, excl. Ph.D.'s)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.42</td>
<td>1.00</td>
<td></td>
</tr>
<tr>
<td>WP 3 (third flow of funds, excl. Ph.D.'s)</td>
<td>0.00</td>
<td>0.11</td>
<td>0.11</td>
<td>0.06</td>
<td></td>
</tr>
<tr>
<td>Ph.D. students</td>
<td>0.85</td>
<td>0.00</td>
<td>0.50</td>
<td>0.60</td>
<td></td>
</tr>
<tr>
<td><strong>Total Research staff</strong></td>
<td>2.57</td>
<td>1.76</td>
<td>2.73</td>
<td>3.93</td>
<td></td>
</tr>
<tr>
<td><strong>Experimental &amp; Political Economics</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WP 1 (first flow of funds, excl. Ph.D.'s)</td>
<td>3.88</td>
<td>4.35</td>
<td>3.11</td>
<td>1.98</td>
<td></td>
</tr>
<tr>
<td>WP 2 (second flow of funds, excl. Ph.D.'s)</td>
<td>0.80</td>
<td>0.80</td>
<td>2.23</td>
<td>3.64</td>
<td></td>
</tr>
<tr>
<td>WP 3 (third flow of funds, excl. Ph.D.'s)</td>
<td>0.20</td>
<td>0.00</td>
<td>0.04</td>
<td>0.25</td>
<td></td>
</tr>
<tr>
<td>Ph.D. students</td>
<td>2.35</td>
<td>2.45</td>
<td>3.30</td>
<td>4.43</td>
<td></td>
</tr>
<tr>
<td><strong>Total Research staff</strong></td>
<td>7.23</td>
<td>7.60</td>
<td>8.68</td>
<td>10.30</td>
<td></td>
</tr>
<tr>
<td><strong>Industrial Economics, Competition &amp; Antitrust</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WP 1 (first flow of funds, excl. Ph.D.'s)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.57</td>
<td></td>
</tr>
<tr>
<td>WP 2 (second flow of funds, excl. Ph.D.'s)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>WP 3 (third flow of funds, excl. Ph.D.'s)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.15</td>
<td></td>
</tr>
<tr>
<td>Ph.D. students</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total Research staff</strong></td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1.72</td>
<td></td>
</tr>
<tr>
<td><strong>SEO</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WP 1 (first flow of funds, excl. Ph.D.'s)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>WP 2 (second flow of funds, excl. Ph.D.'s)</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>WP 3 (third flow of funds, excl. Ph.D.'s)</td>
<td>24.70</td>
<td>24.70</td>
<td>28.77</td>
<td>29.72</td>
<td></td>
</tr>
<tr>
<td>Ph.D. students</td>
<td>1.00</td>
<td>0.80</td>
<td>0.80</td>
<td>1.60</td>
<td></td>
</tr>
<tr>
<td><strong>Total Research staff</strong></td>
<td>25.70</td>
<td>25.50</td>
<td>29.57</td>
<td>31.32</td>
<td></td>
</tr>
</tbody>
</table>
Most faculty are in the ranks of professor and Ph.D. student (although the number of researchers (oz) is higher than the number of Ph.D. students, but 74% of researchers in table III are working at SEO Economic Research). Overall there seems to be a healthy mix of researchers in different stages of their career, although some programmes might benefit from a more balanced spread in ranks.

**Table III: Ranks at programme level**

<table>
<thead>
<tr>
<th>Research programme</th>
<th>Hgl</th>
<th>Uhd</th>
<th>Ud</th>
<th>Oz</th>
<th>Pdoc</th>
<th>Ph.D.</th>
<th>Guest</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># fte</td>
<td># fte</td>
<td># fte</td>
<td># fte</td>
<td># fte</td>
<td># fte</td>
<td># fte</td>
<td># fte</td>
</tr>
<tr>
<td>UvA- Econometrics</td>
<td>4</td>
<td>1.61</td>
<td>3</td>
<td>0.80</td>
<td>3</td>
<td>1.38</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Operations research</td>
<td>2</td>
<td>0.75</td>
<td>1</td>
<td>0.39</td>
<td>3</td>
<td>0.90</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equilibrium, expectations &amp; dynamics</td>
<td>1</td>
<td>0.50</td>
<td>1</td>
<td>1.80</td>
<td>2</td>
<td>1.00</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Actuarial science</td>
<td>5</td>
<td>1.06</td>
<td>1</td>
<td>0.00</td>
<td>2</td>
<td>0.32</td>
<td>2</td>
<td>0.10</td>
</tr>
<tr>
<td>Other research quantitative economics</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>0.15</td>
<td>3</td>
<td>0.13</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>The Transformation of Europe</td>
<td>7</td>
<td>2.37</td>
<td>1</td>
<td>0.50</td>
<td>6</td>
<td>1.90</td>
<td>4</td>
<td>1.18</td>
</tr>
<tr>
<td>Human Capital</td>
<td>6</td>
<td>1.80</td>
<td>2</td>
<td>0.41</td>
<td>1</td>
<td>0.50</td>
<td>2</td>
<td>0.80</td>
</tr>
<tr>
<td>Methodology &amp; History of Economics</td>
<td>4</td>
<td>0.41</td>
<td>3</td>
<td>1.31</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>0.61</td>
</tr>
<tr>
<td>Experimental &amp; political economics</td>
<td>5</td>
<td>2.45</td>
<td>1</td>
<td>0.33</td>
<td>1</td>
<td>0.42</td>
<td>4</td>
<td>2.67</td>
</tr>
<tr>
<td>Industrial Econ., Competition &amp; Antitrust</td>
<td>1</td>
<td>0.10</td>
<td>2</td>
<td>0.83</td>
<td>2</td>
<td>0.79</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other research economics</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>0.11</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>SEO economic research</td>
<td>5</td>
<td>2.49</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>40</td>
<td>13.54</td>
<td>17</td>
<td>6.63</td>
<td>23</td>
<td>7.34</td>
<td>50</td>
<td>33.34</td>
</tr>
</tbody>
</table>

* hgl=professor, uhd=associate professor, ud=assistant professor, oz=researchers, pdoc=postdoctoral fellow

### 2.2. RESOURCES, FUNDING AND FACILITIES

As can be seen in table IV only a very small part of RESAM funds is allocated to non-staff cost centres. Most of this non-staff funding goes to the Tinbergen Institute where it is used to cover the expenses of courses for Ph.D. students and is used to organize seminars for fellows.

Besides allocating funds to fixed cost-centres to meet obligations made in the past, the remainder of RESAM non-staff funds is distributed over the research programmes. This is done on the basis of the size of the programme (fte). Programme leaders are free to use money for any research related activities of programme members, such as visiting conferences, conducting experiments and collecting data. Figures on actual expenditures of programme funds by research programmes are not very insightful: some programmes save money over several years to cover future expenses, in other programmes RESAM funding is combined with funding from other sources to pay for conference visits or experiments.
### Table IV: Funding and expenditures at institutional level

<table>
<thead>
<tr>
<th>1st flow of funds</th>
<th>Budget 2005</th>
<th>Exploitation</th>
<th>% of budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>73001 Academic Staff</td>
<td>1,913,428</td>
<td>2,026,974-</td>
<td>105.9</td>
</tr>
<tr>
<td>73002 Ph.D. students</td>
<td>863,126-</td>
<td>976,294-</td>
<td>113.1</td>
</tr>
<tr>
<td>73011 Support staff RESAM</td>
<td>23,651-</td>
<td>25,946-</td>
<td>109.7</td>
</tr>
<tr>
<td>73037 Booklets inaugural lectures</td>
<td>3,000-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>73039 Bonus Ph.D. students</td>
<td>5,500-</td>
<td>11,339-</td>
<td>206.2</td>
</tr>
<tr>
<td>73040 Various</td>
<td>16,000-</td>
<td>5,177-</td>
<td>32.4</td>
</tr>
<tr>
<td>73041 Tinbergen Research Institute</td>
<td>110,000-</td>
<td>104,628-</td>
<td>95.1</td>
</tr>
<tr>
<td>73042 Tinbergen Ph.D. programme</td>
<td>122,100-</td>
<td>84,661-</td>
<td>69.3</td>
</tr>
<tr>
<td>73044 Ph.D. networks</td>
<td>17,000-</td>
<td>11,629-</td>
<td>68.4</td>
</tr>
<tr>
<td>73047 Organisation of seminars</td>
<td>1,400-</td>
<td>2,335-</td>
<td>166.8</td>
</tr>
<tr>
<td>73051 Scholar</td>
<td></td>
<td>34,829-</td>
<td></td>
</tr>
<tr>
<td>73056 Data collection</td>
<td>23,000-</td>
<td>14,823-</td>
<td>64.4</td>
</tr>
<tr>
<td>73070 Overhead Faculty of Economics</td>
<td>1,749,551-</td>
<td>1,749,601-</td>
<td>100</td>
</tr>
<tr>
<td>73095 Income Resam</td>
<td>4,570,000</td>
<td>4,466,001-</td>
<td>97.7</td>
</tr>
<tr>
<td><strong>Total profitcenter</strong></td>
<td>397,756-</td>
<td>664,860-</td>
<td>167.2</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Research programmes</th>
<th>Budget 2005</th>
<th>Exploitation</th>
<th>% of budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eerste geldstroom</td>
<td>104,000</td>
<td>45,582-</td>
<td></td>
</tr>
</tbody>
</table>
Currently, many governments use auctions to allocate licenses to operate in a market. Well known examples include the sale of oil drilling rights, landing slots at airports, and gas stations along highways. How much money may be generated by selling such “privileged positions” was demonstrated by the recent European UMTS spectrum auctions, which raised over 80 billion dollars. License auctions differ from standard auctions for consumer goods in that they may change the nature of the market's competitive landscape, and economists have only recently begun to investigate their efficiency and revenue-generating properties.

In my KNAW-project, I address many practical and theoretical issues related to license auctions, relying on both experimental and theoretical methods. For example, scarce licenses to use a new technology are often sold among existing market parties (incumbents) and potential entrants. When the incumbent firms have (strong) advantages over newcomers, standard auctions may perform rather poorly in terms of revenue, in particular, because they facilitate collusion among the incumbent firms. Together with Audrey Hu and Sander Onderstal, I currently investigate the collusion-facilitating properties of alternative auction formats such as the English auction, first-price auction, and a premium auction. In a premium auction, the highest losing bidder earns a reward for raising the bid of the winner. In our project, we investigate to what extent premium auctions deter collusion, as they may attract entrants to pursue the premium, and whether there is a gain in employing such a format compared to the more standard auctions.

CREED remains the busy and flourishing research unit that it was. If you visit the CREED webpage (don’t confuse us with the noisy rock band), it immediately becomes clear that the researchers pursue a healthy anarchy of topics. Again, 2005 was a very successful year for CREED in terms of publications. Sander Onderstal (together with Jacob Goeree, Emiel Maasland and John Turner) scored a Journal of Political Economy publication with his article on the virtues of all-pay auctions when it comes to fundraising for charities. My paper with Jan Potters on the effect of auctioning licenses on consumer-prices in the aftermarket was accepted for publication in the Review of Economic Studies. Besides these two “AA- publications” of the standard TI-list, we also scored top-publications in adjacent fields. Jens Grosser and Arthur Schram have a paper forthcoming in the American Political Science Review on the positive effect of information of other voters’ decisions on voter participation. Matthijs van Veelen’s paper on the use and abuse of the Price equation appeared in the Journal of Theoretical Biology. Being social scientists, it becomes time that we start appreciating good publications in neighboring fields, perhaps by introducing separate classes such as BB- and CC-publications on the TI-list.
CHAPTER 3: CURRENT STATE OF AFFAIRS

3.1. PROCESSES IN RESEARCH, INTERNAL AND EXTERNAL COLLABORATION

RESAM allocates resources on the basis of past performance. RESAM stimulates and facilitates application for external funding (NWO, KNAW, EU). In general, the research institute tries to stimulate an active research environment, by organizing a weekly general seminar, where participants from all Research Programmes meet, and it tries to assist programme members, when necessary, by providing them with information and administrative support.

Actual research management takes place within the Research Programmes. Decisions on research strategies, research topics, joint work, participation in international networks, publication outlets are all taken within these Programmes, sometimes by the Programme director, but mostly in an informal way by direct communication and interaction within these groups. Research groups are typically small and interaction is frequent, direct and effective. RESAM basically monitors and controls by rewarding output.

Another way in which RESAM creates a stimulating research environment is by sponsoring and participating in the Tinbergen Institute (TI). Two other Dutch universities (Erasmus University and Free University) participate in the TI. It is their joint graduate school and facilitates exchange amongst its fellows (top researchers of the three participating faculties) by hosting seminar series (see box 3 for all RESAM seminars) and publishing a discussion paper series.

As a graduate school, the Tinbergen Institute, initiated some major changes in 2003. With the introduction of the Bachelor-Master structure in the Netherlands the TI has chosen to offer a two-year research master (Master of Philosophy in Economics). These two years are basically part of a five-year Ph.D. track. Up until last year most Dutch Ph.D. students started their work after four years of university education. The first year of our Ph.D. students’ four-year term usually consisted of additional courses at the Tinbergen Institute, which left three years for actual research. The new master is an integration of this ‘old first year’ together with the last ‘normal university year’. Instead of 4-4 track (which usually was a 4-1-3 track) there will now emerge a 3-2-3 system. The advantage of this system is that the new TI-master offers students an excellent research-oriented two-year programme with good opportunities to meet top-level supervisors (TI-fellows).

<table>
<thead>
<tr>
<th>Box 3: Seminar series organised by and in co-operation with RESAM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>UvA-Econometrics Workshops</strong></td>
</tr>
<tr>
<td>Organisation: Kees Jan van Garderen, Fridays, Fortnightly</td>
</tr>
<tr>
<td><strong>TI Econometrics seminars</strong></td>
</tr>
<tr>
<td>Organisation: Kees Jan van Garderen &amp; Charles Bos, Fridays, Fortnightly</td>
</tr>
<tr>
<td><strong>KAFFEE Lunch Seminars</strong></td>
</tr>
<tr>
<td>Organisation: César Ariza, Adam Booij, Lev Ratnovski &amp; Marcos Ribeiro, weekly seminar, every Monday</td>
</tr>
<tr>
<td><strong>Amsterdam Research Group in History and Methodology of Economics Seminars</strong></td>
</tr>
<tr>
<td>Organisation: Harro Maas, limited number of seminars throughout the year</td>
</tr>
<tr>
<td><strong>Economics Colloquia</strong></td>
</tr>
<tr>
<td>Organisation: Franc Klaassen, Maurice Bun, Aljaž Ule &amp; Florian Wagener, weekly seminar, every Thursday</td>
</tr>
<tr>
<td><strong>Tinbergen Labour Seminar Series</strong></td>
</tr>
<tr>
<td>Organisation: Erik Plug, Bas van der Klaauw &amp; Pieter Gautier, weekly seminar, every Tuesday</td>
</tr>
<tr>
<td><strong>ENCORE Seminars and Workshops</strong></td>
</tr>
<tr>
<td>Organisation: Jeroen Hinloopen, several seminars throughout the year on Fridays</td>
</tr>
<tr>
<td><strong>CREED-Tinbergen seminar series in Institution and Decision Analysis</strong></td>
</tr>
<tr>
<td>Organisation: Randolph Sloof &amp; Matthijs van Veelen, weekly seminar, sometimes organized in Rotterdam</td>
</tr>
</tbody>
</table>
In 2005 an international peer review committee consisting of prof. Dale Jorgenson, prof. David Hendry, prof. Arie Kapteyn, prof. Robert Merton and prof. Torsten Persson judged that the level of instruction in the core courses is comparable to the first-year program in leading graduate schools in economics in the UK and North America.

The number of students starting a Ph.D. training within RESAM was very uneven in recent years (ten projects started in 2004 (four of these on external funding), two in 2003, 21 in 2002 and two in 2001). The jump from 2001 to 2002 was due to postponing entry as a result of a new system of financial support\(^3\). The strong drop in 2003 and 2004 was a consequence of a financial shortages and, since all projects run at least four years, because of the high number of projects started in 2002 that are still weighing down on the budget. Only three projects have started in 2005 but RESAM will try to hire several new Ph.D. students in 2006. Unfortunately, the outflow of students who have completed their Mphil at the Tinbergen Institute is not yet sufficient to fill all these vacancies.

### Table V: Ph.D. graduations by cohort (FEB)*

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects started</td>
<td>24</td>
<td>11</td>
<td>13</td>
<td>13</td>
<td>16</td>
<td>16</td>
<td>15</td>
<td>13</td>
<td>3</td>
<td>137</td>
<td>82/138</td>
</tr>
<tr>
<td>Graduated/Total</td>
<td>15/24</td>
<td>9/11</td>
<td>11/13</td>
<td>7/13</td>
<td>8/13</td>
<td>11/16</td>
<td>9/16</td>
<td>6/15</td>
<td>6/13</td>
<td>0/3</td>
<td>59%</td>
</tr>
<tr>
<td>Fraction graduated from total</td>
<td>0.63</td>
<td>0.82</td>
<td>0.85</td>
<td>0.54</td>
<td>0.62</td>
<td>0.69</td>
<td>0.56</td>
<td>0.40</td>
<td>0.46</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Graduated within 60 months</td>
<td>10/15</td>
<td>6/9</td>
<td>5/11</td>
<td>3/7</td>
<td>3/8</td>
<td>10/11</td>
<td>5/9</td>
<td>3/6</td>
<td>3/6</td>
<td>0/0</td>
<td>48/82</td>
</tr>
<tr>
<td>Fraction grad. within 60 months</td>
<td>0.67</td>
<td>0.67</td>
<td>0.45</td>
<td>0.43</td>
<td>0.38</td>
<td>0.91</td>
<td>0.56</td>
<td>0.50</td>
<td>0.50</td>
<td>-</td>
<td>59%</td>
</tr>
<tr>
<td>Av. duration to completion in m.</td>
<td>66</td>
<td>66</td>
<td>64</td>
<td>67</td>
<td>60</td>
<td>54</td>
<td>65</td>
<td>56</td>
<td>58</td>
<td>-</td>
<td>62</td>
</tr>
</tbody>
</table>

* Including all FEB Ph.D. students (also those now under the Amsterdam Business School Research Institute)

As can be seen in table V, on average, graduates needed 62 months from start of the contract to actual graduation. If a thesis has been accepted by the supervisor, it easily takes four months until actual graduation (6 weeks for the committee to read and react, communication to the dean and the office of the pedel, time to print, etc). Adding queuing time for the auditorium, a lag of up to six months after the expiry date of the contract time is quite normal. Hence, average completion time of 62 months, compared to a formal minimum of some 54 months is not bad. Reason for real concern is the overall low percentage of graduations (59%). It is, however, expected that this figure will rise when the new system, in which excellent students receive a comprehensive two-year research-training programme before entering the Ph.D., will have become operational.

### Table VI: Ph.D. graduations by cohort (RESAM)

<table>
<thead>
<tr>
<th>Cohort</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>Total/Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projects started</td>
<td>9</td>
<td>5</td>
<td>10</td>
<td>3</td>
<td>27</td>
</tr>
<tr>
<td>Graduated/Total</td>
<td>6/9</td>
<td>3/5</td>
<td>5/10</td>
<td>0/3</td>
<td>14/27</td>
</tr>
<tr>
<td>Fraction graduated from total</td>
<td>0.67</td>
<td>0.60</td>
<td>0.50</td>
<td>0.00</td>
<td>52%</td>
</tr>
<tr>
<td>Graduated within 60 months</td>
<td>4/6</td>
<td>2/3</td>
<td>2/5</td>
<td>0/0</td>
<td>8/14</td>
</tr>
<tr>
<td>Fraction grad. within 60 months</td>
<td>0.67</td>
<td>0.67</td>
<td>0.40</td>
<td>-</td>
<td>57%</td>
</tr>
<tr>
<td>Av. duration to completion in m.</td>
<td>60</td>
<td>54</td>
<td>58</td>
<td>-</td>
<td>57</td>
</tr>
</tbody>
</table>

In 2005 41 Ph.D. students were working on different projects at RESAM. Contracts of eight students expired during the year, three of them have graduated and the others are now finalizing their theses. Two others have followed their supervisor to another university and will finish their work there. Furthermore four new projects were initiated in 2005 (three of them with external funding).

### 3.2. Academic Reputation

In 2003, CentER, the research institute in economics of Tilburg University, again drew up a ranking of Dutch economists and one of Dutch institutes and has since then repeated this exercise every year.

\(^3\) The ‘bursaal’-system was abolished in favor of the ‘AIO’-system. In the former system Ph.D. students are not employed by the university but received a scholarship whereas in the latter system the Ph.D. students are employees with concommitant rights and legal positions.
In 2005 FEB ranked 4th, one place lower than the previous year. The number of FEB-researchers in the Top 40 also dropped: only three FEB researchers (nine in 2004) were listed in the Top 40 of Dutch economists.

A ranking based on weighted publications exploits only one dimension of research performance. A ranking of European academic institutions in 1999, based on articles published in the ten most prestigious international journals from 1991 to 1996, has FEB ranking 17th. This puts FEB ahead of all other Dutch institutions: Tilburg (19), Maastricht (37), Erasmus (42), Groningen (55), Leiden (58), Nijmegen (81), Utrecht (97) and the Free University (111). Output is not scaled by size of the institute. The top ranking institution (LSE) has published almost 400 AER (American Economic Review) equivalent pages, the top-ten all publish in excess of 140 AER equivalent pages. FEB published 86, Tilburg 80 pages, and all other Dutch institutions below 40 pages.

Table VII: Editorial Positions

<table>
<thead>
<tr>
<th>Name</th>
<th>Editorship</th>
<th>Journal</th>
<th>Ranking</th>
<th>IF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bethlehem, J.</td>
<td>Member editorial panel</td>
<td>Journal of the Royal Statistics Society, Series A</td>
<td>0.796</td>
<td></td>
</tr>
<tr>
<td>Beetsma, R.M.W.J.</td>
<td>Associate editor</td>
<td>European Economic Review</td>
<td>A 1.169</td>
<td></td>
</tr>
<tr>
<td>Dhaene, J.</td>
<td>Associate editor</td>
<td>Insurance: Mathematics and Economics</td>
<td>A 0.602</td>
<td></td>
</tr>
<tr>
<td>Elhman, M.J.</td>
<td>Associate editor</td>
<td>Cambridge Journal of Economics</td>
<td>B 0.506</td>
<td></td>
</tr>
<tr>
<td>Ewijk, C. van</td>
<td>Editor</td>
<td>De Economist</td>
<td>B 0.311</td>
<td></td>
</tr>
<tr>
<td>Gooijer, J.G. de</td>
<td>Editor</td>
<td>International Journal of Forecasting</td>
<td>B 0.467</td>
<td></td>
</tr>
<tr>
<td>Goovaerts, M.J.</td>
<td>Editor</td>
<td>Insurance: Mathematics and Economics</td>
<td>A 0.602</td>
<td></td>
</tr>
<tr>
<td>Goovaerts, M.J.</td>
<td>Editor</td>
<td>Journal of Computational and Applied Mathematics</td>
<td>B 0.486</td>
<td></td>
</tr>
<tr>
<td>Goovaerts, M.J.</td>
<td>Associate editor</td>
<td>Asin Bulletin</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>Hartog, J.</td>
<td>Associate editor</td>
<td>Journal of Financial Economics</td>
<td>2.551</td>
<td></td>
</tr>
<tr>
<td>Hartog, J.</td>
<td>Member editorial board</td>
<td>Economics of Education Review</td>
<td>B 0.382</td>
<td></td>
</tr>
<tr>
<td>Hinhoopen, J.</td>
<td>Co-editor</td>
<td>Review of Industrial Organization</td>
<td>B 0.462</td>
<td></td>
</tr>
<tr>
<td>Hommes, C.</td>
<td>Associate editor</td>
<td>Computational Economics</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>Hommes, C.</td>
<td>Editor</td>
<td>Journal of Economic Dynamics and Control</td>
<td>A 0.477</td>
<td></td>
</tr>
<tr>
<td>Hommes, C.</td>
<td>Associate editor</td>
<td>Macroeconomic Dynamics</td>
<td>B 0.500</td>
<td></td>
</tr>
<tr>
<td>Hommes, C.</td>
<td>Associate editor</td>
<td>Nonlinear Science</td>
<td>1.615</td>
<td></td>
</tr>
<tr>
<td>Hommes, C.</td>
<td>Associate editor</td>
<td>Journal of Economic Behavior &amp; Organization</td>
<td>B 0.633</td>
<td></td>
</tr>
<tr>
<td>Kaas, R.</td>
<td>Managing editor</td>
<td>Insurance: Mathematics and Economics</td>
<td>A 0.602</td>
<td></td>
</tr>
<tr>
<td>Kleibergen, F.R.</td>
<td>Advisory editor</td>
<td>Economics Letters</td>
<td>B 0.361</td>
<td></td>
</tr>
<tr>
<td>Kuiper, E.</td>
<td>Associate editor</td>
<td>Feminist Economics</td>
<td>B 0.326</td>
<td></td>
</tr>
<tr>
<td>Morgan, M.S.</td>
<td>Member editorial board</td>
<td>History of Political Economy</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Offerman, T.J.S.</td>
<td>Member editorial board</td>
<td>Experimental Economics</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>Oosterbeek, H.</td>
<td>Member editorial board</td>
<td>Economics of Education Review</td>
<td>B 0.382</td>
<td></td>
</tr>
<tr>
<td>Praag, C.M. van</td>
<td>Associate editor</td>
<td>Small Business Economics</td>
<td>B 0.448</td>
<td></td>
</tr>
<tr>
<td>Riedl, A.</td>
<td>Coordinating editor</td>
<td>Theory and Decision</td>
<td>B 0.214</td>
<td></td>
</tr>
<tr>
<td>Schram, A.</td>
<td>Editor</td>
<td>Experimental Economics</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>Sonnemans, J.</td>
<td>Associate editor</td>
<td>European Economic Review</td>
<td>A 1.169</td>
<td></td>
</tr>
<tr>
<td>Sonnemans, J.</td>
<td>Member editorial board</td>
<td>Quantitative Finance</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>Sonnemans, J.</td>
<td>Member editorial board</td>
<td>Journal of Economic Psychology</td>
<td>B 0.570</td>
<td></td>
</tr>
<tr>
<td>Tuinstra, J.</td>
<td>Associate editor</td>
<td>Journal of Economic Dynamics and Control</td>
<td>A 0.477</td>
<td></td>
</tr>
<tr>
<td>Volgenant, A.</td>
<td>Advisory editor</td>
<td>Computers and Operations Research</td>
<td>B 0.562</td>
<td></td>
</tr>
<tr>
<td>Wakker, P.P.</td>
<td>Member editorial board</td>
<td>Journal of Behavioral Decision Making</td>
<td>0.809</td>
<td></td>
</tr>
<tr>
<td>Wakker, P.P.</td>
<td>Member editorial board</td>
<td>Journal of Mathematical Psychology</td>
<td>0.944</td>
<td></td>
</tr>
<tr>
<td>Wakker, P.P.</td>
<td>Member editorial board</td>
<td>Journal of Risk and Uncertainty</td>
<td>A 1.480</td>
<td></td>
</tr>
<tr>
<td>Wakker, P.P.</td>
<td>Member editorial board</td>
<td>Management Science</td>
<td>A 1.934</td>
<td></td>
</tr>
<tr>
<td>Wakker, P.P.</td>
<td>Member editorial board</td>
<td>Theory and Decision</td>
<td>B 0.214</td>
<td></td>
</tr>
<tr>
<td>Winden, F.A.A.M. van</td>
<td>Member editorial board</td>
<td>Public Choice</td>
<td>B 0.401</td>
<td></td>
</tr>
<tr>
<td>Wolthuis, H.</td>
<td>Associate editor</td>
<td>Insurance: Mathematics and Economics</td>
<td>A 0.602</td>
<td></td>
</tr>
</tbody>
</table>

A ranking published in 2003, drawn up for the European Economic Association, puts the FEB at rank 10 in Europe. The ranking covers the period 1995-1999 and is based on thirty prestigious journals.

---


Tilburg takes up rank 1 in Europe, Erasmus is at 15, VU at 30, Maastricht at 31 and Groningen at 60. A ranking based on publication in some 650 journals in the period 1994-1998 puts UvA at rank 7 in Europe (Tilburg at 5, EUR at 8, VU at 19, Maastricht at 27 and Groningen at 29)\(^6\).

As table VII indicates RESAM faculty members take up many positions as editors or associate editors of international journals. Membership of editorial boards is also frequent.

### 3.3. OVERVIEW OF RESULTS

**Figure 2: Number of publication 1996-2005**

![Figure 2: Number of publication 1996-2005](image)

*A: Publications in A-journals, B: publications in B-journals, C: publications in C-journals, BR: refereed publications in/of books, ONB: non-ranked publications. Until and including 2001, this table includes publications of faculty that now fall under the Amsterdam Business School.*

**Figure 3: A and B-publications 1996-2005**

![Figure 3: A and B-publications 1996-2005](image)

\(^6\) [http://cwis.kub.nl/~few/few2/nieuws/Eurotop.htm](http://cwis.kub.nl/~few/few2/nieuws/Eurotop.htm)
Figure 2 shows a slow but steady increase in the number of A publications during 1996-2005.\(^7\) We should note however, that the ranking of publications is not constant over time. A systematic re-evaluation of journal rankings was first applied to the publications of the year 2000. Due to this re-evaluation the number of unknown (ONB) publication has been reduced to zero. The decrease of A and B publications in 2004 is probably partly due to the application of stricter rules for admitting unranked journals to the RESAM list.

Note also that as of 2002 publications refer to RESAM only whereas before they included the output of the research programmes of the ABS-RI (Amsterdam Business School-Research Institute).

Table VIII: Aggregated results of the institute\(^8\)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>RES - EEM</td>
<td>UvA-Econometrics</td>
<td>A 8 B 4 C 2</td>
<td>A 4</td>
<td>B 0</td>
<td>C 0</td>
<td></td>
<td>18</td>
<td>1</td>
<td>0</td>
<td>3.09</td>
</tr>
<tr>
<td>RES - OON</td>
<td>Operations Research</td>
<td>0 3 0 0 0 0</td>
<td>3</td>
<td>0</td>
<td>10</td>
<td>1 3 0</td>
<td>2.04</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RES - E&amp;D</td>
<td>Equilibrium, Expectations and Dynamics</td>
<td>7 8 2 0 1 1</td>
<td>2</td>
<td>0</td>
<td>14</td>
<td>4 3 1</td>
<td>2.50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RES - ACT</td>
<td>Actuarial Science</td>
<td>3 8 6 1 0 18</td>
<td>21</td>
<td>4</td>
<td>21</td>
<td>12 3 2</td>
<td>0.95</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RES - TOE</td>
<td>Transformation of Europe</td>
<td>6 8 4 0 2 0</td>
<td>9</td>
<td>7</td>
<td>31</td>
<td>10 12 2</td>
<td>4.19</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RES - HUM</td>
<td>Human Capital</td>
<td>5 9 4 0 3 0</td>
<td>11</td>
<td>10</td>
<td>25</td>
<td>4 8 2</td>
<td>2.21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RES - HME</td>
<td>History &amp; Methodology of Economics</td>
<td>1 5 1 4 1 0</td>
<td>9</td>
<td>4</td>
<td>2</td>
<td>2 2 0</td>
<td>2.27</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RES - EXP</td>
<td>Experimental &amp; Political Economics</td>
<td>10 4 1 0 1 2</td>
<td>0</td>
<td>2</td>
<td>28</td>
<td>0 1 1</td>
<td>1.98</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RES - ICA</td>
<td>Industrial Econ., Competition &amp; Antitrust</td>
<td>3 1 4 0 4 0</td>
<td>1</td>
<td>0</td>
<td>11</td>
<td>0 0 0</td>
<td>1.57</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SEO - SEO</td>
<td>SEO-Amsterdam Economics</td>
<td>3 2 8 0 0 1</td>
<td>73</td>
<td>11</td>
<td>12</td>
<td>4 1 0</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RES - OVO</td>
<td>Other Research KE</td>
<td>0 0 0 0 0 0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0 0 0</td>
<td>0.28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RES - OVO</td>
<td>Other Research AE</td>
<td>0 0 1 0 0 0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0 0 0</td>
<td>0.22</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>41 49 33 5 11 22</td>
<td>131</td>
<td>39</td>
<td>167</td>
<td>57 29 8</td>
<td>21.30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aggregated total</td>
<td></td>
<td>123 38</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>21.30</td>
</tr>
</tbody>
</table>

Output in different outlets by research programme is shown in table VIII.

Figure 4: RESAM dissertations*

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\(^7\) Due to a miscalculation the number of publications in the year 1999 (as published in the Annual Report 1999 and the Annual Report 2000) was much too high (for 1999 41 A, 70 B, 80 C, 72 B/R and 2 ONB were given). The figures and tables in this report (as well as those in the Annual Report 2001) show the correct numbers for all years.

---
\(^8\) As of last year, only publications of faculty on which their UvA-affiliation is mentioned, will be counted in the tables and figures. The total number of Academic Publications (books) includes monographs as well as chapters in books. In 2004 one monograph was published by an
*From 2002 excluding dissertations within programmes that are now under ABS-RI. Category I : Ph.D. students who worked at FEB and graduated at FEB, II: external candidates who graduated at FEB, III: FEB staff that graduated elsewhere, IV: non-FEB students who graduated elsewhere with a FEB promotor.

The number of dissertations has dropped to six in 2003 and four in 2004 and has, as was expected last year, risen again to eight in 2005. This was mainly due to the fact that rather many dissertations were successfully defended in 2001 and 2002. As the hiring rate fluctuated over the years, contract expirations are also very uneven. It again has to be noted here that as of 2002 dissertations refer to RESAM only whereas before they included the output of the research programmes of the research institute of the ABS. It is expected that numbers of successfully defended theses will again increase in 2006.

A-level publisher and two by non-refereed publishers. Publications in proceedings are counted in the Academic Publications (excl. books) section.
CHAPTER 4: ANALYSIS, PERSPECTIVES AND EXPECTATIONS FOR THE INSTITUTE

4.1. SWOT DIRECTOR RESAM

The School of Economics runs a number of research programmes with a (very) strong reputation. In spite of fierce international competition, output in high-level international journals has been growing of the past years. A possible concern is the high concentration in a small number of fields and the mere absence of some core subjects like microeconometrics. A permanent threat for the School’s research position is that very successful researchers accept a (n even more prestigious) position elsewhere. It is a challenge to recruit new people to replace the researchers who left.

Several weekly seminar series contribute to a lively research environment in the School of Economics. Through these seminars members of research programmes interact with members of related programmes from the partners in the Tinbergen Institute, and with members of other research programmes. It is important that seminar series are well organized, and not skipped for a term or a year. This puts a burden on the persons who are in charge of the organization. Fortunately there appears to be no lack of persons volunteering for this task. The facts in this report show that the success rate of PhD students needs to be improved. Too many PhD students dropout or are confronted with substantial delays. The new MPhil programme in economics offered by the Tinbergen Institute provides the opportunity to improve the success rate of PhD students. Students graduating from this demanding programme should be able to finish a PhD thesis in three years. Moreover, rather than PhD students working on projects formulated by advisors, the new system gives more scope for students to formulate their own research interests (and find an advisor). This change is also expected to boost the success rate. But while the new structure offers opportunities for improvement, there are also threats. Some researchers feel that the core of the Mphil-programme is too narrow and fear that this will discourage students interested in their fields to enter the programme. It is important that also these researchers feel comfortable with the new structure and support it.

The transition to the new structure has also led to a substantial drop in the inflow of PhD-students. The next few years are very important to prove that a sufficient number of high-quality students can be recruited for the Mphil-programme. Thereby also establishing a more balanced mix of foreign students and students with a Dutch nationality.

In the next year, the Universiteit van Amsterdam will introduce a new model to allocate funds to departments. Application of this model to the two schools within the Faculty of Economics and Business, will make transparent which amount is exactly earmarked for RESAM’s research programmes. At this stage, it is quite unclear what the exact consequences of this change will be. In the near future this will either lead to nice opportunities or will threaten RESAM’s research.

In 2008 the research programmes of the School of Economics are up for external examination (“onderzoeksvisitsatie”). It has not been decided yet whether this examination will be undertaken jointly with other School of Economics in the Netherlands, and how this examination will be related to the examination of the research programmes of the Business Schools. In any case, in the year to come RESAM will start preparing this examination by drafting a self-evaluation.

4.2. ASSESSMENT OF THE COUNCIL OF PROGRAMME LEADERS

Overall, the Council has reason to be quite satisfied with the results obtained over the last couple of years including 2005. The number of A- and B-level publications was slightly higher than in 2004 and overall output was satisfactorily both in quality and quantity. Most of the research groups have also
proven to be viable and are highly active in research, as is shown by the fact that many seminar series have been organised, which provide valuable opportunities for exchange and interaction within groups. If we continue this trend, we will undoubtedly remain one of the major European universities as far as research in economics is concerned. The clear objectives set and the consistent faculty-policy concerning quality of research have certainly contributed much to these results.

There are, however, also points of concern. Recent data obtained from NWO shows that economics in general is lagging behind other social sciences (mainly psychology) when it comes to acquiring research grants. Both Research Institute and Programme Leaders have a role in helping researchers be better prepared.

The new UvA-system to make payments and get reimbursed is not functioning properly and is difficult to use. Since each researcher now individually has to use the system quite a lot of research-time was lost since its introduction.

The Jorgenson-committee that evaluated the Tinbergen Institute noted that, although TI-fellows publish in international top-level journals, the impact of their work is not as high as might be expected. The council is divided on whether it is possible to actively improve this situation if, for instance, RESAM would provide more funding to visit conferences so research can be embedded by giving more paper presentations.

### 4.3. ASSESSMENT OF THE EXTERNAL ADVISORY COMMITTEE

Overall the institute is going through a transition which seems well underway. There is a system in place to try to encourage publications in high quality international journals. The total output and activity is impressive in many dimensions. The intellectual environment appears to have been enhanced with an increase in seminar activity and ties to the Tinbergen Institute. The new plan with regard to the graduate education program appears to be well thought out and hopefully will improve the situation with respect to the flow of doctoral students.

The external committee is, however, also concerned about various issues.

First is the varied and not very large Ph.D. output: how could this be stabilized? The changing size of the pool of new graduate students each year is especially troublesome. The new planned MPhil program may help but the current system seems counterproductive. Potential students may be far more interested if there is a more regular system with a minimum number of admitted students per year. This would also add to their intellectual environment. Perhaps seed money could be used for this in years in which there would otherwise be very limited opportunities for doctoral students.

Another issue is the number and quality of publications. Why haven’t the number and quality of publications increased more substantially since RESAM was initiated? Since from 2002 the figures show the numbers excluding the publications of programmes now within the Business School one can conclude the output has increased somewhat but the research institute might think of new ways to further increase the number of quality publications. Furthermore, as has been noted in the assessment of the Council of Programmeleaders, the impact and visibility in presentations at international venues is somewhat limited. How can RESAM make this part of the 'institute culture'?

Economics is interacting more and more with computer science, logic, psychology, and even philosophy. CSLI Stanford, for instance, has set up a new 'Interaction' Lab with logicians, philosophers, linguists, psychologists, and also economists and sociologists. RESAM could focus on opportunities as how to be more pro-active in establishing collaborations with other disciplines. This may be part of an inspiring statement about the guiding mission behind all of RESAM’s research, which is lacking in this report.
Another issue is the limited amount of external funding. RESAM could profit from adding incentives to further encourage the obtaining of outside research funds. This might include some seed money for those who have submitted proposals for funding or the addition of research time to those actively seeking funding. Small investments here might lead to large revenues.
B

THE RESEARCH PROGRAMMES
CHAPTER 5: UvA-ECONOMETRICS

Programme director: Prof. dr J.F. Kiviet
Department: Quantitative Economics (KE)
METIS-code: uva/fee/res/eem/prog
JEL-classification: C1, C2, C3, C4, C5
Web-address: www.fee.uva.nl/ke/UvA-Econometrics

5.1 MEMBERS OF THE RESEARCH GROUP AND RESEARCH IN FTES\(^9\)

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Total 2nd flow of funds 2.30 1.40 1.61
Total 3rd flow of funds 0.00 0.00 0.00
Total 1st f.o.f. excl. Ph.D.’s 3.64 2.85 3.09
Total 1st-3rd flow of funds 7.74 6.12 6.50
Ph.D. students 1.80 1.87 1.80

5.2 PROGRAMME DESIGN

Objectives
Assessment and enhancement of the accuracy, efficiency and robustness of econometric inference obtained from finite sets of empirical data by models which may be dynamic, non-linear, not fully

\(^9\) The numbers in the columns represent the research-time allocated by the department chair.
parametric, and nonetheless misspecified. Separate attention is being paid to cases where the data are
discrete or truncated, stationary or nonstationary, trended and/or seasonal, and where they pertain to a
cross-section, a set of discrete time-series, or a panel.

**Motivation**
Empirical economic data are usually not obtained from markets or agents in static equilibrium, but
they give a random and disturbed indication at a certain moment in time, or over a relatively short
period, of a dynamic adjustment process. Also they usually concern just a few aspects of the
underlying mostly very complex linear or non-linear economic system, and sample sizes are often
rather small. The various projects united in this programme all try to gear statistical techniques to the
typical characteristics of particular relevant empirical economic relationships and corresponding
observed data in the interest of accurate and efficient inference. The goal is to obtain a proper
interpretation of the essentials of the analysed phenomena in order to test economic theory, to support
decision making and for forecasting purposes.

**Techniques**
Both analytic and experimental methods are used in this programme to improve understanding of the
available econometric or statistical inference techniques, and to develop and test alternatives. The
analytic aspects often involve the derivation (possibly using computer algebra systems) of asymptotic
distributions, the approximation of finite sample moments or distribution functions, the elimination of
nuisance parameters etc. In computer simulations of completely specified systems the existing
standard procedures and the newly developed techniques are then compared and evaluated
experimentally. Occasionally the alternative techniques as such are of an experimental nature, because
they involve computer-intensive methods (bootstrap resampling, randomization techniques,
simulation-based inference). Actual data often serve to illustrate the empirical relevance and practical
usefulness of the theoretical findings, but at times empirical issues are the prime motivation of the
research projects engaged in.

**Applications**
The fundamental problems of econometrics indicated above are studied in an interplay with actual
applied econometric research. These applications come from both macro and micro economics or
business and finance. Aggregate demand (the consumption function) but also demand systems,
monetary relationships (demand for money, interest rates) but also data from financial markets (stock
returns, credit risk) are studied or provide prototypical examples for exercises in econometric theory
on modelling and analysing dynamic relationships, focusing on various aspects such as dynamic or
functional misspecification, order of integration, cointegration, exogeneity, seasonality, structural
change in parameter values, stochastic volatility, approximation errors in inference due to finite
sample sizes, etc. The economic behaviour of individual agents is analysed on the basis of cross-
section data (wage determination, job mobility and allocation), duration data (on unemployment) and
panel, longitudinal or spatial data (budget survey analysis, analysis of treatment effect such as
training).

**Subprogrammes, themes**
The programme is not a collection of separate clearly demarcated sub-programmes, though within the
general theme described above, the following six partly intertwined sub-themes can be distinguished.
The first theme is primarily concerned with **accurate inference in finite samples**. Within this theme,
analytical finite sample approximations, Bayesian inference, simulation-based inference, inference
based on GMM, conditional inference, and methods from differential geometry are studied for (and
applied in) models that may be dynamic, simultaneous, non-linear or non-standard in another way.
Main contributors are Kiviet, van Garderen, Kleibergen, Martellosio, van Giersbergen and Bun.
The second theme centers around the **analysis of non-stationary data**. This leads to the analysis of unit
roots, cointegration and error correction models, the role of (weak) exogeneity in such models, the
development of robust two-step procedures, the analysis of non-stationary seasonal and periodic
models, and non-stationary models for processes in finance and marketing. The main participants are
Boswijk, Kleibergen, van Giersbergen and Omtzigt.
The third theme deals with model selection and model comparison. Within this theme, both linear and non-linear models are considered, nested or non-nested, with an emphasis on time series. Relevant topics are information criteria and entropy measures, the Fisher information matrix, model inference, and space-time modeling of socio-economic data. Contributors are de Gooijer, Bethlehem, Kleibergen, Klein and Cheng.

In the fourth theme the focus is on the econometrics of financial markets. Topics are ARCH and stochastic volatility models, the econometrics of the CAPM and factor models, econometric analysis of credit risk, the analysis of option data and implied volatilities, and the analysis of high-frequency data and realized volatility. Participants are here Boswijk, Kleibergen, Oomen and van der Ploeg.

The fifth theme is concerned with micro-econometrics, focusing on limited dependent and discrete data, with applications in labor market econometrics. Contributors are van Ophem and Cramer.

Finally there are miscellanea, including work on poverty measures by van Garderen and on historical aspects of statistics and econometrics by Kiviet.

5.3 PROGRAMME EVALUATION

This evaluation of 2005 shows again the same positive points as that over 2004, though precisely the same negative findings have to be reported again too. As these few negative points seem to be aggravating they will receive some extra attention. First, however, we review the more positive aspects.

The current achievements within this program are still very much in line with the latest VSNU assessment covering 1996 through 2000, which awarded an excellent mark for quality, a good mark regarding viability, and satisfactory marks with respect to relevance and productivity, where the modest rating of the latter was mainly due to the relatively small number of Ph.D. students.

During 2005 a considerable number of papers (co)authored by UvA-Econometrics researchers has been published in leading journals (8 x A, 4 x B), and also the number of papers not yet published though already accepted by prominent periodicals or publishing houses is quite substantial (currently 8 x A, 5 x B too). These achievements have been realized especially in the first four sub-themes of the UvA-Econometrics research program. They perpetuate its reputation regarding quality and productivity of research output. This reputation is also displayed by the simple fact that this research program is embodied by 7 Tinbergen Institute research fellows (1 honorary, 5 senior, 1 associate).

The current size of the group of researchers in econometrics offers the minimal critical mass required to maintain a very stimulating research environment. Almost weekly a Friday afternoon (external) seminar or (internal) workshop is organized at the Tinbergen Institute. All members, especially the Ph.D. students (which are presently all from abroad), are strongly encouraged to participate actively in these weekly joint exchanges of ideas and achievements. All activities and achievements of UvA-Econometrics are communicated via its web-site www.fee.uva.nl/ke/UvA-Econometrics from which UvA-Econometrics discussion papers can be downloaded. Where possible and useful collaboration with similar groups is pursued to improve the general research environment. One noteworthy result of that in 2005 is the launch of the Netherlands Econometrics Study Group (NESG) and the organization of its first annual meeting at KNAW's-Trippenhuis in Amsterdam on June 17th 2005.

Most individual members of UvA-Econometrics continue to operate in intensive formal and informal national and international networks. It is the ambition of UvA-Econometrics to find further international recognition as one of the major strongholds in theoretical econometrics worldwide. The activities and achievements over 2005 (number and quality of publications, presentations at and invitations for international meetings, editorial responsibilities, hosting of visiting scholars, exposure at peer institutions, etc.) have been very substantial, but certainly leave ample room for further qualitative and quantitative improvements.
Regarding the following three aspects, which were already mentioned in the 2004 evaluation, (further) negative developments have to be reported:

(i) **Number of Ph.D. students**: During 2005 the program has not been able to extend its number of Ph.D. students, hence this number (presently 3) is still too small. Further attempts have been made to acquire NWO funding for extra positions, and to stimulate talented external candidates from underdeveloped countries to apply for Ph.D. fellowships at NUFFIC, but at this stage no successes can be mentioned. Such successes seem indispensable to improve the program's reputation regarding overall productivity and viability, because recent policy developments within FEB-UvA and the Tinbergen Institute seem to obstruct the future inflow (via 1e geldstroom) of qualified PhD candidates. UvA-Econometrics is certainly willing to supervise TI M.Phil. students who want to work in the field of econometrics. However, of the present generation of such students none show ambitions in that direction. Moreover, we strongly doubt that in future TI will develop into a breeding ground for such students, in a similar way as the MSc program in econometrics already is for almost half a century. Therefore, like our colleagues at EUR, we urge for facilities that enable to select our share of Ph.D. positions not just from within TI, but also in an open competition from our UvA master program and from similar programs in the Netherlands and abroad. That seems the only viable and (market) efficient way to continue at UvA a Dutch tradition of a steady production of high-quality Ph.D.'s in econometrics.

(ii) **Involvement in academic development aid programs**: Attempts undertaken over the last two years to obtain EU-funding for projects that aim at human capacity building regarding teaching and research skills in (applied) econometrics at particular Asian universities have not been successful. Major difficulties are that at least 4 (2 Asian and 2 European) partner universities have to be found with ambitions and capacities that match as closely and widely as required by EU. Various attempts were made to agree on project proposals, but in the end too few participants were willing to embark on the detailed financial and labour commitments that are entailed.

(iii) **Differences between assigned/planned and realised research fte's**: Like in 2004 some of the allocated research input for 2005 has actually not been consumed (made productive), because claims from faculty management obstructed the planned research activities by particular individuals. We urge that such losses should be compensated (for instance, by providing funds for hiring temporary research assistants, etc.).

### 5.4 RESOURCES AND FUNDING

Until a few years back the budget for compensating travel, subsistence and conference fees of the research group was very tight. Strict rationing of the budget over the active researchers induced most of them to find alternative funding (for instance from budgets created in the past on the basis of successful PhD defences, from compensations paid by the business school for special courses taught, or originating from other commissioners of special projects, etc.). As a result last years budget obtained via RESAM (€ 12.187,-) was hardly used. Since it is expected that most of the alternative funds will be exhausted soon, UvA-Econometrics hopes that the level of the present annual budget can be maintained. Over the last few years researchers have been confronted with sharply increasing price levels at conferences and for travel and accommodation.
### 5.5 OUTPUT

#### Key publications


#### Forthcoming publications


### Publications in numbers

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**Academic publications (excluding publications in/of books) – refereed**

**A**


**B**


**Academic publications (excluding publications in/of books) – non-refereed**


**Academic publications (in proceedings) – non-refereed**


**Academic publications (working- and discussion papers)**


Professional publications

Contributions to academic conferences, workshops and seminars


Bun, M.J.G. (2005, 25 June). The Euro Effect on Trade is not as Large as Commonly Thought. 12th International Conference on Panel Data, Copenhagen, Denmark.


Garderen, K.J. van (2004, 19 July). Geometry Based Bias and Variance Expressions for the MLE in the AR(1) Model. Faculty seminar FEB, University of Amsterdam.


Kleibergen, F. (2005, 3 November). Subset statistics in the linear IV regression model, Rutgers University, New Brunswick, USA

Kleibergen, F. (2005, 4 November). Subset statistics in the linear IV regression model, Université de Montréal, Montréal, Canada


Organisational contributions to conferences, workshops and seminars
Bethlehem, J.G. (2005). Member of the program committee of the 56th Session of International Statistical Institute, Lisbon

Participation in academic networks & fellowships
Boswijk, H.P. (2005). Member of the ESF-EMM network (Econometric Methods for the Modelling of nonstationary data, policy analysis and forecasting); financed by the European Science Foundation.

Editor or member of editorial board


**Referee activities**


**Membership of academic committees (including Ph.D. committees outside the FEB)**

Boswijk, H.P. (2005). Member of the Educational Board of the Tinbergen Institute.

Boswijk, H.P. (2005). Member of the Board of the Netherlands Network of Economics.


**Research contributions in the media**


**Various activities**


Garderen, K.J. van (2005, 6 February - 13 February). Visiting Scholar at University of Southampton.


Kiviet, J.F. (2005, 1-30 March). Visiting scholar at the University of Alicante (Spain) in order to pursue joint research and teach a course on Assessment and Improvement of the Accuracy of Inference.


**Seminars and Workshops organised by UvA-Econometrics**

- 3 February 2005: Dirk Hoorelbeke (KU Leuven). Bootstrapping the prepivoted score vector to correct the score test.
- 18 February 2005: Joao Santos Silva (Technical University Lisbon). Quantiles for Counts
- 11 March 2005: Kees Jan van Garderen (Universiteit van Amsterdam). A note on a single equation
- 29 April 2005: Jan Kiviet & Jerzy Niemczyk (Universiteit van Amsterdam). The asymptotic and finite sample distributions of OLS and IV in simultaneous equations.
- 13 May 2005: Peter Boswijk (Universiteit van Amsterdam). Adaptive Testing for a Unit Root with Nonstationary Volatility.
CHAPTER 6: OPERATIONS RESEARCH & MANAGEMENT

Programme director: Prof. dr N.M. van Dijk
Department: Quantitative Economics (KE)
METIS-code: uva/fee/res/or/prog
JEL-classification: C4
Website: www.ase.uva.nl/orm

6.1 MEMBERS OF THE RESEARCH GROUP AND RESEARCH IN FTES

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|                      | Total 2nd flow of funds  | 0.00 | 0.00 | 0.00 |
|                      | Total 3rd flow of funds  | 0.05 | 0.15 | 0.15 |
|                      | Total 1st f.o.f. excl. Ph.D.’s | 2.01 | 2.45 | 2.04 |
|                      | Total 1st-3rd flow of funds | 2.69 | 3.53 | 3.12 |
| Ph.D. students       | 0.68 | 1.08 | 1.08 |

6.2 PROGRAMME DESIGN

The general research mission of the Programme can be formulated as threefold
(i) The development and continuation of fundamental theoretical research in the areas of deterministic and stochastic operations research.
(ii) The application and development of scientific research in these fields for technological and infrastructure applications.
(iii) The dissemination of general insights and scientific results from the field of Operations Research for daily-life non-technical logistical situations.

Accordingly, three lines of research and associated activities are distinguished:

I Fundamental Theoretical Research
In this category in turn three directions of research are followed:
1.1 Combinatorial Optimisation specialised to:
• Generalisations of the Travelling Salesman Problems such as Peripatetic Salesman Problem;
• Steiner Tree Problems on Graphs and Generalisations as multiweighted problems;

10 The numbers in the columns represent the research-time allocated by the department chair.
• Degree constrained trees and problems with criteria as bottleneck, minimum deviation, and partial sum;
• Linear Assignment Problems

This research is focused on both exact and heuristic methods. The heuristic methods are of most interest from a practical point of view, as in many cases a nearly optimal solution is also sufficient. Special interest has been developed for the numerical implementation of algorithms.

1.2 Queuing Network Analysis
Stochastic service networks naturally arise in manufacturing (production lines), computer science (computer networks), telecommunications (long distance, satellite and mobile communications) and transportation (railway systems, traffic lights). The research themes are:

• the development of closed form (exact) expressions for stochastic service networks, most notably product form expressions for queuing networks;
• the development of simple insights in when and when not a stochastic network has this so-called product form steady state distribution.
• simple performance bounds for networks that are non-solvable due to practical phenomena such as finite capacity constraints, job-priorities or breakdowns.

1.3 Markov Chain Analysis
1.3.1 Error Bound Analysis for Approximate Markov Chain Modelling
• As practical systems that arise in manufacturing, telecommunications and computer networking are often non-solvable for the reasons mentioned, based on the insights and results above, approximations and bounds have to be developed. The error introduced by such approximations or bounds is of practical interest. To this end a technique has been developed to provide analytical error bounds. The application and extension of this technique remains a continuing research interest for a variety of situations. Particular research problems are:
• error bounds for non-exponential stochastic networks;
• error bounds for the truncation of Markov chains;
• error bounds for sensitivity analysis.

1.3.2 Continuous time and large Markov Chain Modelling
• Continuous time Markov Chain Models are known to provide a powerful tool for the description and modelling for a variety of applied fields. Unfortunately, for computational purposes these systems are generally hard if not impossible to handle, as the state spaces are usually far too large. Different methods to overcome this intractability are of ongoing research, such as by aggregation methods and uniformization.

II Fundamental Applied Research
This concerns queuing network and Markov chain modelling for a number of applied technical fields in order to obtain computationally attractive results. Most notably:
• Telecommunications (mobile communications, long-distance communications)
• Transportation Networks (Public transportation, Railways)
• Inventory systems and Reliability Networks

III Practical Research for Daily-life Logistics (Operations Management)
This concerns the application of insights and techniques from Operations Research for a number of practical logistical environments such as in:
• Administrative and Production Logistics
• Health care and hospitals
• Call Centers
6.3 PROGRAMME EVALUATION

The program was evaluated poorly by the research visitation in 2002 likely due to its
- unbalanced production
- the lack of PhD’s and
- the mathematical nature outside the core of economic research.

The production itself, as also evaluated as weak, turned out to be among the highest (both in absolute number and in economic A_B journals), as also reflected by the appearance of the programme leader in the 2003 and 2004 top 40 list of Dutch economists.

Accordingly, the program set itself the objectives of:
- A strong interaction among the group
- A strong research orientation of all members
- A more balanced and structured production over all the members.

The steps in this direction, as started in 2003 and 2004, have been continued in 2005, as reflected most notably by:

- An overall research mind setting and participation among the group
- Different research interactions among various members
  (see
  - Duin and Van der Sluis
  - Haijema, Duin and Van Dijk
  - Haijema, Van der Wal and Van Dijk
  - Van Dijk and Van der Sluis
  - Volgenant and Duin
- Productivity by each of the individual members
  (see
  - Duin
  - Van der Sluis
  - Van der Wal
  - Volgenant
  - Van Dijk

In addition there are two Ph.D. students (one with partial external funding). Unfortunately four “own” students from the OR-group could not be funded due to the total vacancy stop of the FEB and obtained Ph.D. positions elsewhere.

All three categories of research of the programme design have been addressed as shown by:

**Fundamental theoretical research**

Duin
Duin and Van der Sluis
Van Dijk (4x)
Volgenant (2x)
Van der Wal

**Fundamental Applied Research**

Van der Sluis
Van der Wal (2x)
Van Dijk and Van der Sluis (2x)
Practical Research
Van Dijk and Van der Sluis (2x)
Haijema, Van der Wal and Van Dijk (2x)
Van Dijk, Van der Sluis, Haijema, Al-Ibrahim and Van der Wal

Future objectives

- The three objectives mentioned remain to be the primary focus
- The supervision and acquisition (partially by external funding) of Ph.D. research
- General research profiling (e.g. by conferences and presentations).

6.4 RESOURCES AND FUNDING

- The research budget (as for travelling) has been rather, and in fact too, limited. By small practical (research) projects limited external funding (3de geldstroom) has therefore been acquired and used.
- One Ph.D. student is partially funded (2de geldstroom) by the Dutch Railways (NS).
- Partially external funding is currently acquired for one more Ph.D. student.

6.5 OUTPUT

Key Publications


Forthcoming


### Publications in numbers

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Academic publications (in proceedings) – refereed


Academic publications (in proceedings) – non-refereed


Academic publications (working- and discussion papers)


Book reviews

Popular publication

Contributions to academic conferences, workshops and seminars

Other lectures on research

Participation in academic networks & fellowships
Dijk, N.M. van (2005). Member LNMB (Landelijk Netwerk Mathematische Besliskunde)
Wal, J. van der (2005). Member LNMB (Landelijk Netwerk Mathematische Besliskunde)

Editor or member of editorial board

Referee activities
Membership of academic committees (including Ph.D. committees outside the FEB)
CHAPTER 7: EQUILIBRIUM, EXPECTATIONS & DYNAMICS

Subprogrammes:  
- CeNDEF Pionier program (NWO-MaG)  
- NWO-Vernieuwingsimpuls Information Flows in Financial Markets  
- EU STREP Project Financial Markets and Complexity.

Programme director:  Prof.dr. C.H. Hommes
Department:  Quantitative Economics
METIS-code:  uva/fee/res/e&d/prog
JEL-classification:  C, D, E6
Web-address:  www.fee.uva.nl/cendef

7.1 MEMBERS OF THE RESEARCH GROUP AND RESEARCH IN FTES

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|                      | Total 1st flow of funds | 4.16 | 4.50 | 3.70 |
|                      | Total 2nd flow of funds  | 3.75 | 2.00 | 2.00 |
|                      | Total 3rd flow of funds  | 0.00 | 0.00 | 0.00 |
|                      | Total 1st f.o.f. excl. Ph.D.'s | 1.96 | 2.50 | 2.50 |
|                      | Total 1st-3rd flow of funds | 7.91 | 6.50 | 5.70 |
| Ph.D. students       | 3.00 | 2.60 | 1.80 |

The numbers in the columns represent the research-time allocated by the department chair.
7.2 PROGRAMME DESIGN

Objectives
The objective of the program is the development of (mathematical) economic theory, which is focussed on the understanding of economic processes. The program aims at developing models of economic behaviour, in microeconomics, macroeconomics and finance. Emphasis is given to behavioural models of dynamic market phenomena. The research group has a multi-disciplinary approach. The models are studied both from a theoretical and a computational perspective, and the validity of the models is tested in laboratory experiments as well as real data. The NWO-MaG Pionier project Center for Nonlinear Dynamics in Economics and Finance (CeNDEF) and the NWO-Vernieuwingsimpuls Information Flows in Financial Markets are part of the research program.

Research themes
The program can be subdivided into four, closely related and interacting themes:

Equilibrium theory: Individual optimising behaviour of economic agents generates aggregate supply and demand of commodities, as a function of prices and individual expectations. In equilibrium supply and demand are equal. Many types of equilibrium can be studied: partial versus general, competitive versus monopolistic, dynamic versus static, temporary equilibrium, single, representative agent as well as heterogeneous, interacting agents equilibria. Existence of equilibria as well as conditions for stability or instability of dynamic adjustment processes are studied.

Game theory: This part of the program focuses on modelling strategic behaviour of economic agents in markets with imperfect competition, such as duopoly and oligopoly. Equilibria in non-cooperative games (e.g. duopoly, oligopoly) as well as cooperative games (costs sharing, general equilibrium) are studied. Evolutionary games with heterogeneous, boundedly rational strategies competing against each other are also studied.

Expectations and learning: Bounded rationality models of expectation formation and learning schemes are becoming a serious alternative to rational expectations, which was the dominating paradigm until quite recently. The fully rational representative agent is replaced by a large heterogeneous population of boundedly rational interacting agents, who form expectations based upon time series observations and update their forecasting rules according to new observations and new information about market fundamentals. Conditions under which learning schemes converge to rational expectations or to a boundedly rational expectations equilibrium with excess volatility are investigated. Formation of expectations is studied in theory, in laboratory experiments and in real markets.

Nonlinear economic dynamics: This part of the program focuses on nonlinear, complexity models of dynamic market phenomena. Are market fluctuations mainly caused by random exogenous shocks, or can endogenous nonlinear economic laws of motion explain (a significant part of) the fluctuations? Various deterministic and stochastic economic models are studied theoretically, computationally as well as empirically, attempting to mimic the most important stylised facts observed in real economic and financial time series. Emphasis is given to complex adaptive systems where markets consist of a large population of agents selecting simple strategies according to their relative success in the recent past. In these evolutionary adaptive systems endogenous variables such as prices and agents’ beliefs co-evolve over time.

7.3 PROGRAMME EVALUATION

This program grew out of a mathematical economics program Equilibrium and Dynamics, led by Weddepohl, which was quite small until the mid nineties. The group was extended considerably at the end of 1998, thanks to a NWO-MaG Pionier grant awarded to Hommes, to set up the Center for Nonlinear Dynamics in Economics and Finance (CeNDEF). At that time the program changed from a small specialized mathematical economics program into a multi-disciplinary research program with an
emphasis on economic theory, but also running laboratory experiments (in cooperation with Prof. Joep Sonnemans at CREED) to test behavioural theories and doing empirical work as well, in particular non-linear time series analysis, to test behavioural models empirically. Weddepohl retired in 2002 but is still at the department one day per week. More recently Furth and Koster joined the group in 2002 and game theory has become one of the research themes of the program. At the end of 2003, the CeNDEF postdocs Diks, Tuinstra and Wagener obtained tenured positions, so that the continuation of the research program has been ensured.

The year 2005 has been an excellent year. The output has been very good both in quantity and in quality (17 journal articles, including 7 A publications). With another 13 forthcoming publications the output is expected to remain good in 2006. The research program has gained international recognition, as e.g. shown by good citation statistics (e.g. according to the Science Citation Index (SCI) in 2005 about 100 citations of published work by group members and more than 400 cumulative citations 1988-2005) and many (invited) lectures given at international seminars, conferences and workshops by various members of the research group. Hommes was ranked at the 11th position in the ESB Economen Top 40 (based on publications in 1999-2003) and Wagener at the 34th position of the publication tipparade (based on publications in 2003).

In 2005 two new projects have started. In July 2005 Wagener obtained a NWO-MaG VIDI grant for the research proposal “Structural Stability in Economic Dynamics”. This project employs tools from nonlinear dynamics and bifurcation theory to investigate non-convex dynamic optimization problems characterized by a conflict between economic benefits and environmental externalities. It is expected that a Ph-D student and a postdoc will be hired in 2006 for this project. Hommes obtained a EU grant for a research proposal Financial markets and complexity, jointly with the universities of Warwick, Kiel, Marseille, Trieste and Cagliari, a STREP project within the EU 6th framework programme. This project focuses on the analysis of emergent properties of interacting agent systems. Mikhail Anufriev started as a postdoc in this EU-project in October 2005. The second year TI student Marius Ochea joined the group in September 2005 on a Ph-D project at the border of nonlinear dynamics and evolutionary game theory. Sander van der Hoog finished his Ph-D thesis Microeconomic Disequilibrium Dynamics in April 2005. It is expected that four Ph-D students (Dindo, Heemeijer, Panchenko and van der Weide) will finish their thesis in 2006. It is therefore important that new Ph-D students will join the group next year.

7.4 RESOURCES AND FUNDING

The program received only a limited amount of funding from RESAM, which was in fact insufficient to cover travel and accommodation expenses of one conference/workshop per researcher per year. Ph-D students received some additional travel funding from the Tinbergen Institute. Substantial external funding has been obtained from NWO-MaG (CeNDEF Pionier grant and Vernieuwingsimpuls) and an EU grant for a STREP project.
7.5 OUTPUT

**Key publications**


**Forthcoming**


Publications in numbers

Equilibrium, Expectations & Dynamics

1) Academic publications
   a) in refereed journals
      A 7 17
      B 8
      C 2
   b) in other journals
      A -
   c) book chapters
      A -
      B 1 2
      C 1
   d) proceedings
      Other 2
   Total 21

2) Monographs
   A -
   B -
   C -

3) Ph.D. theses
   1

4) Professional publications
   4

5) Popular publications
   3

6) Working papers
   14
   Total 43

Dissertations

Academic publications (excluding publications in/of books) – refereed

A

B


**Academic publications (in/of books) - refereed**


**Academic publications (in proceedings) – non-refereed**


**Academic publications (working- and discussion papers)**


**Professional publications**


**Popular publications**


**Contributions to academic conferences, workshops and seminars**


Furth, D. (2005, 5 December). Everything is possible with heterogeneous, but not with heterogeneous oligopoly. KAFE lunch seminar.

Hommes, C.H. (2005, 7 July). Heterogeneous agent models in economics and finance, Sant’Anna School of Advanced Studies, Pisa, Italy, invited seminar.


Organisational contributions to conferences, workshops and seminars


Participation in academic networks & fellowships


Editor or member of editorial board


**Referee activities**

**Membership of academic committees (including Ph.D. committees outside the FEB)**

**Research contributions in the media**
Grants, prizes and honours
Anufriev, M. (2005, November). Winner of the 1st Student Prize Award for the paper presentation Wealth-driven competition in a speculative financial market: example with "rational" strategies, awarded by the ACSEG meeting in Aix-en-Provence, France.
Koster, M. (2005, July-September). Travel grant from project Guillermo Owen entitled Game-Theoretic Approaches to Terrorist and Insurgent Networks, Naval Postgraduate School, Monterey CA.
CHAPTER 8: ACTUARIAL SCIENCE

Programme director: Prof.dr R. Kaas
Department: Quantitative Economics
METIS code: uva/fey/res/act/prog
JEL-classification: C, G2

8.1 MEMBERS OF THE RESEARCH GROUP AND RESEARCH IN FTES

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| Total 1st flow of funds | 2.22 | 1.89 | 2.16 |
| Total 2nd flow of funds | 1.00 | 0.97 | 0.19 |
| Total 3rd flow of funds | 0.37 | 0.46 | 0.46 |
| Total 1st f.o.f. excl. Ph.D.'s | 1.26 | 0.88 | 0.95 |
| Total 1st-3rd flow of funds | 3.59 | 3.32 | 2.81 |
| Ph.D. students         | 0.96 | 1.01 | 1.21 |

8.2 PROGRAMME DESIGN

The programme concerns both fundamental and applied research in the field of financial institutions, mainly directed at insurance, social insurance included, but also at banks and other financial institutions. The research mainly concerns the mathematical modelling, estimation, appraisal and control of financial risks of financial institutions (for insurers in the field of life, non-life and pension insurance) under complete and incomplete information. For long term insurance contracts, especially pensions, saving by insurance is significant, which leads to accompanying investment problems. This for instance concerns the "tuning" of the insurance and investment portfolios. Another practical aspect is the influence of the "risk of longevity" on the policies of life insurance, social insurance and care insurance. This remains a permanent subject of investigation. Present-day problems of insurance companies concern decreasing profit margins, increasing competition and selective behaviour of the

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\[12\] The numbers in the columns represent the research-time allocated by the department chair.
insured and of insurance companies. Up to now limited attention has been given to problems that
emerge from the privatisation of social insurance. The research partly deals with problems related to
the supervision of insurance companies.

An important subject of investigation is the further development of actuarial risk theory, in particular
the development of new mathematical and economic models in the fields of mathematical reserves,
equalisation reserves and solvency margins for insurance portfolios. Other significant fields of
research are the interaction between credibility theory, models for the estimation of unreported claims
(IBNR) and actuarial ordering of risks, and the consequences for the determination of insurance
premiums. In the premium calculation, the determination of factors that affect the risk (risk
classification) is a significant aspect. Other aspects are the homogeneity and heterogeneity of
insurance portfolios, the probabilistic and subsidising solidarity imposed on the insured, the voluntary
or compulsory character of the insurance, and the auto-selection and anti-selection of those insured.
Another theoretical research subject concerns the unification of several distinct actuarial theories in
the field of non-life, life and pension insurance, partly in connection with stochastic financial
mathematics. A new research project deals with the valuation of interest rate guarantees in insurance
and financial products. Another topic of interest will be the Generalized Linear Models and
Generalized Linear Mixed Models. GLMs can be used for a variety of actuarial statistical problems
like survival modeling, graduation, multiple-state models, loss distributions, risk classification,
premium rating and claims reserving in non-life-insurance. Credibility models can in fact be viewed
as GLMMs, having both random (subject-specific) and fixed effects in the linear predictor.

8.3 PROGRAMME EVALUATION

The main focus of the research of the Actuarial Science group presently is on the subject of ordering
of risks and dependence of risks, as can be seen from the lists of publications. In the future, research
in this field will continue, but there will be also be a shift to the field of financial modelling: In
cooperation with the professors of financial economics and financial econometrics of our faculty a
Ph.D. research project called “Valuation of Interest Guarantees in Insurance Projects” has started in
2002, about the integration of actuarial and financial modelling. A second Ph.D. project has started in
May 2002, called “Risk Measures and Dependencies between Risks”, hence also a project that
combines insurance and financial market elements. Also in May 2002 a postdoc, financed by NWO,
has started working on a project called “The Theory of Dependencies of risks applied to asset-liability
models”. Though this postdoc took another position during 2004, we plan to continue research in this
field by appointing one or more new postdocs.

Our Belgian colleagues at the KU Leuven have started a large GOA Project called Actuarial, financial
and statistical aspects of dependencies in insurance and financial portfolios. In this framework a
cooperation has been established between the GOA group and the Actuarial Section of the
Universiteit van Amsterdam (Prof. Dr. R. Kaas, Prof. Dr. H. Wolthuis, Dr. Q. Tang, Drs. R. Laeven).
Within Belgium, a close co-operation already exists between the GOA-group and the University of
Antwerp (A. De Schepper, M. Van Wouwe) and the University of Ghent (M. Vanmaele) as well as
with the UCL (M. Denuit) all resulting in joint papers within the topic of the GOA. Partly as a
reaction to comments of the VSNU assessment of research quality in 2002, we have adapted our
submission behaviour and included submissions to journals in related fields without of course
neglecting our classical publications outlets (the typical actuarial journals). We have the impression
that with this international co-operation we succeed in playing a more pronounced role in the
international world, where we succeeded in becoming one of the few university groups involved in
the project concerning R(isk) B(ased) C(apital) evaluations, which will to some extent form the basis
of the new IAS 52 reporting. We refer to the "Report of Solvency working party" (www.iasb.org.uk
and www.actuaries.org). As a consequence we are also involved in the IAA Risk-Based Capital
Solvency Structure working party, which is preparing a final report. The basic concepts in the
actuarial reserving and risk taking strategies rely heavily on the notion of economic capital. Using the
concepts of risk order and comonotonicity we succeeded in providing the instruments for describing
the role of economic capital and capital allocation taking into account diversification effects. These theoretical results in the meantime have had some influence on the RBC-approach from the IAA and the S&P rating agency. We have the impression that some of our theoretical results can serve as a basis (and are in fact a breakthrough) for the capital adequacy of financial conglomerates.

In our recent actuarial book Modern Actuarial Risk Theory (2001), we integrate classical actuarial techniques with financial aspects based on dependencies. It is important to note that this book, published by Kluwer Academic Publishers, has had its seventh printing this year. This is rather exceptional for books within the rather small actuarial field. The Chinese edition of this book has appeared early in 2005.


The actuarial group supports the actuarial profession's rethinking of their role in the world. Research work has been initiated into the history of and the philosophy behind the actuarial profession.

As a consequence of our activities, the University of Amsterdam plays an important role in the organisation of actuarial and financial meetings world-wide. Our researchers are members of organising committees and of scientific committees of various forthcoming important actuarial-financial colloquia and conferences. Several international series of conferences are organised with the co-operation of the members of our team: the annual IME conferences (this year Rome), the biannual ICCAM conferences at the KU Leuven, the conferences at the University of the Aegean (Samos), as well as the Brazilian Conferences on Statistical Modelling in Insurance and Finance (Ubatuba).

Some new projects will be submitted to NWO or related institutions in co-operation with the Actuarial and the Accountancy-Finance-Insurance groups of the Department of Applied Economic Science of the K.U. Leuven and the group Financial Economics of the University of Amsterdam.

The annual research output of the actuarial research group has more than doubled in 2002 with respect to 2001. In 2003, we have managed to increase the output even further. This trend has continued in 2004, even though the actuarial research group at the University of Amsterdam is very small.

**8.4 RESOURCES AND FUNDING**

The programme received a very modest amount of funding (€ 6.288,-) from the research institute RESAM in 2005. The money was spent on costs related to conference visits by programme members.
8.5 OUTPUT

**Key publications**


Forthcoming publications


Schrager, D. & Pelsser, A.A.J. Pricing Swaptions and Coupon Bond Options in Affine Term Structure Models. Accepted for publication in *Mathematical Finance*.


**Publications in numbers**

**Actuarial Science**

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| 3) Ph.D. theses | 2 |
| 4) Professional publications | 12 |
| 5) Popular publications | 3 |
| 6) Working papers | 21 |

Total | 81 |

**Dissertations**


**Academic publications (excluding publications in/of books) – refereed**


Academic publications (in/of books) – refereed


Academic publications (excluding publications in/of books) – non-refereed


**Academic publications (in/of books) – non-refereed**


**Academic publications (in proceedings) – non-refereed**


**Academic publications (working- and discussion papers)**


**Professional publications**


**Popular publications**


**Contributions to academic conferences, workshops and seminars**


Goovaerts, M.J. (2005, 6-8 July). Decision principles derived from risk measures, IME-meeting Québec, Université de Laval, Canada.


Laeven, R.J.A. (2005, 6-8 July) An axiomatic characterization of the upper and lower Choquet expectation, 9th International IME Conference, Quebec, Canada.


Tamerus, J (2005, 6 October). Generational welfare and fairness in PGGM’s pension deal (Subtitle: Today’s deal and its evolution so far; How good or bad is it and to whom?). Netspar Pensionday.


**Other lectures on research**


Tamerus, J (2005, 6 December). We willen een betrouwbaar en betaalbaar stelsel – de 1-jrs-hersteltermijn brengt dat in gevaar, Miniconferentie Stichting van de Arbeid.

**Organisational contributions to conferences, workshops and seminars**


**Participation in academic networks & fellowships**


Wolthuis, H., Bühllmann, H. & Gerber, H.U. (2001-). Member of the supervisory board of the Belgian scientific program “Actuarial, financial and statistical aspects of dependencies in insurance and financial statistics”.


**Editor or member of editorial board**


Heerwaarden, A.E. van (2005). Member editorial board *De Actuaris*.


Referee activities

Membership of academic committees (including Ph.D. committees outside the FEB)
Heerwaarden, A.E. van (2005). Member of the “Stuurgroep kwaliteitszorg” of the Actuarieel Genootschap.

Research contributions in the media

Grants, prizes and honours

Various activities
Dhaene, J. (2004, April). Actuarial Mathematics, 13.5 hours course, Department of Mathematical Statistics, University of the Free State, Bloemfontein, South-Africa.


Dhaene, J. (2005, April). Profit testing in life insurance, 5 hours course, Department of Mathematical Statistics, University of the Free State, Bloemfontein, South-Africa.


Dhaene, J., Denuit, M. & Scaillet, O. (2005, 8-12 August). Dependent risks in actuarial science and finance, scientific director of the 18th International Summer School of the Swiss Association of Actuaries, Université de Lausanne, Switzerland.


Laeven, R.J.A. (2005). Member of the exam committee non-life insurance for the Dutch Actuarial Society.

Vanduffel, S. (2003-). Member of the Educational Committee of the KVBA. (Koninklijke Vereniging van Belgische Actuarissen).


CHAPTER 9: OTHER RESEARCH
Department: Quantitative Economics
Ozis code: uva/fee/res/orq/prog

9.1 RESEARCHERS AND RESEARCH TIME IN FTE

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Forthcoming
Benthem, A.A. van, Kramer, G.J. & Ramer, R. An options approach to investment in a hydrogen infrastructure. Accepted for publication in Energy Policy.

13 The numbers in the columns represent the research-time allocated by the department chair.
## CHAPTER 10: THE TRANSFORMATION OF EUROPE: MONETARY, FISCAL & INSTITUTIONAL ASPECTS

**Subprogrammes:**
- A: International Economics
- B: Macroeconomics
- C: Monetary Economics
- D: Transition Economics

**Programme director:** Prof. dr. R.M.W.J. Beetsma

**Department:** Algemene economie (economics)

**METIS-code:** uva/fee/res/toe/prog

**JEL-classification:** E, F, H, P

**Web-address:** www.fee.uva.nl/toe

**VSNU-scores 1995-2000:** Quality: 4, Productivity: 4, Relevance: 4, Viability: 3

### 10.1 MEMBERS OF THE RESEARCH GROUP AND RESEARCH IN FTES

14 The numbers in the columns represent the research-time allocated by the department chair.

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10.2 PROGRAMME DESIGN

The program intends to use theoretical and empirical methods to analyse important current and future economic issues for Europe that are in the areas of international economics, macroeconomics, monetary economics and transition economics. Dissemination of the results takes place mainly via international, refereed scientific journals, but also via more policy-oriented outlets. The research program can be positioned as “society-driven”.

Subprogram A: International Economics
This program explores the behaviour of nominal and real exchange rates. The approach is both analytical and empirical, while making use of advanced econometric time series analysis. More specifically, we analyse speculative attacks, currency crises, and, related to this, exchange rate policy. This is relevant for some countries in the European Union and for all the countries in Central and Eastern Europe that are not yet part of EMU. Further, we investigate the influence of real exchange rate volatility on international trade, which is often mentioned as a key reason for European monetary integration, but which empirically is largely an unresolved issue. Finally, we explore the effects of monetary unification on international trade within the union.

Subprogram B: Macroeconomics
Major topics in this subprogram are fiscal policy, dynamic stochastic general equilibrium modelling and population ageing. These lines of research are often intertwined. As far as fiscal policy is concerned, we investigate how the presence of fiscal constraints affects the incentives for structural reform and, via this channel, the functioning of the European Monetary Union (EMU). We also analyse fiscal policy in the context of models of the New Open Economy Macroeconomics literature, which focuses on sticky prices and imperfect competition. Our empirical work in this area explores the international spill-over effects of fiscal policy shocks in the Euro-area and U.S. fiscal policy over
The past century. The stochastic dynamic equilibrium modeling focuses on heterogeneous agents and uninsurable idiosyncratic risks. Population ageing is studied from various perspectives. For example, in the context of our participation in the Netspar project on population ageing, we investigate the role of pension systems in determining how macro-economic stabilisation policies affect different generations.

Subprogram C: Monetary Economics
Research within this subprogram focuses on two broad topics. The first is uncertainty, information, communication and monetary policy. Specific issues include the credibility of central bank announcements, the effects of central bank communication on output stabilisation, central bank transparency, inflation targeting under uncertainty and the role of the media in shaping consumer confidence. The other broad topic concerns nominal and financial rigidities and the transmission process of monetary policy. Specifically, price setting behaviour of Dutch firms is studied and the sticky information Phillips curve is estimated for the Netherlands. Further, we study the Dutch and European housing market dynamics, as well as the role of monetary policy for such dynamics.

Subprogram D: Transition Economics
Central to this theme is the transition of the countries of the former communist block. This allows us to draw some general conclusions for the theory of economic systems, which is of great practical importance for the future of the European Union, as it has admitted a number of these countries recently and may admit more of these countries in the future. The project pays particular attention to the institutional aspects of the transition, the role of agriculture, the role of the informal sector (which is much more important than was initially expected) and the role of ethnic issues. The analysis is both theoretical and empirical.

10.3 PROGRAMME EVALUATION

The main objectives of the program are to enhance our understanding of current European policy issues in the subject areas of this program (positive analysis) and, where possible, to come up with welfare-enhancing policy recommendations (normative analysis). The main activity has been research aimed at publications in international, refereed scientific journals. A number of our program members have finished their Ph.D thesis not so long ago. Output of these members is increasing and we expect that output of the program as a whole will gradually rise in the coming years. Our aims are to publish occasionally in the top five general journals, to widen the number of members publishing in high-ranked (but not top-five) journals, and to intensify collaboration with researchers from leading foreign institutions.

The main results in terms of economic substance over the past year are described in the sequel.

Subprogramme A
Tijmen Daniëls continued the work on his Ph.D project “Exchange Rate Anchors under Bounded Rationality”. The project aims at gaining a better understanding of how the public forms expectations about swings in exchange rates, and how exchange rates are influenced by expectations in turn. Over the last year, research has concentrated on the interplay between expectations and policy in the context of currency crises.

Naomi Leefmans’ research concentrated on her Ph.D project “Openness and productivity growth; the case of Tanzania”. In particular, she aims to acquire further insight into the relation between trade liberalization and economic growth through a firm-level analysis of efficiency changes and investment behavior for the case of Tanzania.

Neeltje van Horen investigated whether trade credit is used as a way to lock in customers by firms in developing countries. She did this by analysing both the impact of producer as well as customer market power on a firm’s decision to provide trade credit. Based on a new dataset containing a large
number of firms in 42 developing countries, she finds strong evidence that an important driving force behind the decision to provide trade credit is the urge to be competitive. This holds especially for those firms that still have to establish a solid reputation in the market and firms located in countries with an underdeveloped banking system.

Franc Klaassen investigated the effect of monetary unification on trade flows within the Euro zone. This work intends to improve upon existing estimates by paying special attention to the characteristics of trade data and, in particular, the fact that trade levels increase over time. Taking account of this reduces the estimated trade benefit to a statistically insignificant 3%. In another project, Klaassen focuses on contagion through the foreign exchange market during the Asian crisis. It turns out that the pressure on the Thai Baht during the crisis was transmitted to the surrounding countries and thereby contributed to the spread of the crisis.

Dirk Veestraeten continued his research on stochastic processes. One of the main theoretical predictions of the literature on exchange rate target zones concerns the nonlinear relationship between fundamentals and the exchange rate. However, such nonlinearities are empirically hard to detect. Veestraeten argues that this may be due to the possibility that the monetary authorities are actually targeting narrower fluctuation margins than the official band on the exchange rate. Indeed, estimates for the Belgian and French Franc between 1993 and 1997 confirm the presence nonlinearities are present when such narrower zones are accounted for.

Subprogramme B

Roel Beetsma (with Massimo Giuliodori and Franc Klaassen) estimates the cross-border transmission of fiscal shocks within the European Union. They focus on the trade channel and find that an increase in German government spending or a decrease in net taxes of 1% of GDP stimulates foreign income by, on average, 0.1%. These effects are larger for neighboring countries such as the Netherlands and smaller when the fiscal stimulus originates in a smaller economy. In another project, Beetsma (with Alex Cukierman and Massimo Giuliodori) studies U.S. fiscal policy over the past century and, in particular, in relation to wars. The first major finding is that the correlation between military and civil public spending switches from positive to negative when going from World War I to World War II. The other major regularity they discover is a permanent upward effect of World War II on transfers, veteran benefits and taxes.

Debora Kusmerski studies the mix between pay-as-you-go and funded pensions. In this context, she has worked on a computational general equilibrium model with probabilistic ageing and several overlapping generations. The model will be used to simulate changes in the pension policy of seven OECD countries during the demographic transition, starting with the Netherlands.

Marcos Ribeiro (with Roel Beetsma) analyses the incentives for a government facing electoral uncertainty to implement structural reforms in the presence of a fiscal constraint. In designing a reform package, the government faces a trade-off between enhancing its electoral chances by providing costly compensation, and keeping the deficit below the limit set by the fiscal rule. Tighter sanctions, more volatile macro-economic shocks and lower income inequality worsen the trade-off. Andreas Schabert showed that the means by which monetary policy is implemented affects macro-economic stability as well as social welfare. Implementation via quantity adjustments (for example, open market asset exchanges) can serve as a commitment device for a central bank, which aims to maximize social welfare under discretion. In a second line of research, Schabert explores the role of public debt and deficits for macro-economic stabilization policy. He finds that the evolution of public debt can interact with monetary policy and thereby affect the principles of optimal stabilization policy. In particular, high deficits can interfere with the central bank’s aim to stabilize inflation, which can even lead to unstable debt dynamics. Schabert further demonstrates that a “fiscalist” logic of price level determination breaks down when a government has to resort to distortionary taxes.

In his first line of research, Koen Vermeylen analyses the general equilibrium effect of long-lasting income shocks due to job loss, as unemployed workers who find a new job typically have to accept lower wages than what they earned before they became unemployed. In turns out that taking these
wage dynamics into account leads to substantially higher precautionary saving and precautionary wealth. In a second line of research, Vermeylen improves linearization techniques that he developed earlier. This will open up the possibility to analyse new channels through which uncertainty affects consumption and investment decisions, as described in the waiting option theory.

Subprogramme C
As predicted by theory, one of the main benefits of central bank transparency is that it enhances the credibility and flexibility of monetary policy. This suggests that more transparency should result in lower nominal interest rates. Carin van der Cruijsen exploits a detailed transparency data set to investigate this relationship for eight major central banks. It appears that the majority of the improvements in transparency are associated with significantly lower interest rates than economic conditions would predict, although in some cases transparency increases seem to have had no effect or even a detrimental effect.

In related work, Maria Demertzis (with Carin van der Cruijsen) explores whether increases in transparency have led to a weakening of the relation between inflation and inflation expectations. Such a weakening would make it easier for the central bank to respond to shocks. The authors indeed find that countries associated with higher levels of transparency experience a weaker link between the two variables. However, not all aspects of transparency matter equally much. Certain features associated with the general institutional set-up seem to uniformly matter. For example the adoption of inflation targeting in Australia and Canada has proved very successful in this respect. More in detail but along similar lines, the publication of the inflation report in Sweden and the provision of explanation of policy changes in New Zealand, appear to have contributed equally beneficially.

Marco Hoeberichts presents original evidence on individual price setting in the Euro area. They use micro data on consumer (CPI) and producer (PPI) prices, as well as survey information. Some major findings emerge. First, prices in the Euro area are sticky and more so than in the US. Second, there is evidence of heterogeneity and of asymmetries in price setting behaviour. Third, downward price rigidity is only slightly more marked than upward price rigidity and, finally, implicit or explicit contracts and coordination failure theories are important, whereas menu or information costs are judged much less relevant by firms. In another project, Marco Hoeberichts presents survey evidence on price setting behaviour by firms in the Netherlands. The main finding is that such behaviour critically depends on the firm’s size and the competitive environment it faces. Small firms adopt more rigid pricing policies, while the weaker the competition a firm faces, the stickier a company’s price will be.

Massimo Giuliodori (with Ester Faia and Michele Ruta) develops a political economy model of exchange rate policy based on a common agency approach. Financial and exporter lobbies affect exchange rate policy and create an over-commitment to exchange rate stability. This helps to rationalize the empirical evidence of the fear of large currency swings that characterizes exchange rate policy of many emerging market economies. Moreover, the model suggests that the effects of political pressures on the exchange rate are smaller if the quality of institutions is higher. The authors find empirical for these theoretical predictions from a large sample of emerging market economies.

Subprogramme D
Part of Michael Ellman’s research focused on the Soviet famine of 1931-34. This work built on his earlier work on the Soviet famine of 1946-48, which was favourably discussed in an article in the September 2005 issue of the Journal of Economic Literature. His main research, however, concentrated on the impact of the “resource curse” of the energy-rich CIS countries. The results will be published in a book that he edited and in a monograph sponsored by the UN Economic Commission for Europe. Ellman also debated with the Russian social historian Mironov about what he (Ellman) regards as his (Mironov’s) misuse of anthropometric data to justify the economic policies of Witte. The aim of Ellman’s intervention in this field was to prevent the misuse of statistics in historical assessments.
Klarita Gërxhani uses a large dataset for Albania to explain gender difference with respect to tax evasion in a transition country. The result that women evade taxes less than men (even after controlling for socio-economic and demographic characteristics) cannot be explained by new institutional economics but mainly by gender segregation in the labor market. Another related project studies econometrically the relationship between individual self-reported financial satisfaction and working in the formal or informal sector in transition. The results show that, for most individuals, working in the informal sector has negative effects on their subjective welfare. Another line of research studies the formation of social capital in Eastern Europe and attempts to explain the gap vis-à-vis developed countries. The empirical results suggest that the gap in social capital between transition and developed countries can be largely attributed to economic and institutional differences and should disappear as the former catch up in economic and institutional development with the latter. Ruud Knaack (with Henk Jager) analysed the transition process in three different countries, namely East Germany, the Czech Republic and Russia. The analysis revealed that the rapid demolition of the old planning institutions did not automatically result in the building of a fully-fledged market economy. All three countries experienced a depression. The creation of market relations may be necessary for economic growth, but it is not sufficient. Policy and contingent factors, such as a competitive exchange rate and the scope for the growth of medium and small enterprises, have also played an important role.

Rusinova worked on the simulation and testing of theoretical models of growth during transition. Starting point was the “optimal speed of transition” literature – the general equilibrium model of Castanheira (2001), which is an extension of the well-known model of Roland and Castanheira (1996). Simulations revealed that this model of sectoral reallocation performs poorly when compared to the real data. Sectoral reallocation alone is insufficient for a theoretical analysis of growth dynamics during transition. It is necessary to take into account additional (possibly political and institutional) factors.

Marije Schouwstra’s research concentrated on the relationship between economic policy and political factors during the Mongolian transition. To this end, she did field work in Mongolia, among other things by interviewing decision-makers and by carrying out an enterprise survey. In particular, she investigated the applicability of the total factor productivity concept to the Mongolian transition. Further, with the help of econometric methods, she compared the outcomes of economic policy in the various Central Asian countries.

Simatupang’s work concentrated on describing the problems and achievements of the Polish economy during the period 1990-2003 and its perspectives after joining the European Union in 2004. His other research on transition economics focused on broader issues. He devoted particular attention to developments in China and Vietnam.

10.4 RESOURCES & FUNDING

The program is primarily financed by "first-stream" resources from the government. A small part of the program is financed by the European Commission via a Research and Training Network (RTN) and Netspar (third-stream). The budget for travelling and other expenditures is very limited. The regular budget is provided by RESAM. The Tinbergen Institute occasionally contributes to travelling and other spending, while RTN and Netspar activities have their own budget.
Key publications

Forthcoming

10.5 OUTPUT

**Publications in numbers**

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Dissertations

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83
**Academic publications (in/of books) – refereed**


**Academic publications (excluding publications in/of books) – non-refereed**


**Academic publications (in books) – non-refereed**


**Academic publications (in proceedings) – non-refereed**

(Book) reviews

Academic publications (working- and discussion papers)


**Professional publications**


**Popular publications**


Contributions to academic conferences, workshops and seminars


Ellman, M. (2005, 8 February). Russia and the resource curse. School of East European Studies, University College London.
Ewijk, C. van (2005, 6 October). All we don’t know about intergenerational risk sharing, Netspar Pension Day, Tilburg.


Klaassen, F.J.G.M. (2005, 10 March). The Euro Effect on Trade is not as Large as Commonly Thought, Econometric Institute & Tinbergen Institute seminars, Erasmus University Rotterdam, Invited lecture.


Leefmans, N. (2005, 6 July). Tanzania from socialism to market economy; results and remaining obstacles to growth, University of Amsterdam.


**Other lectures on research**


Organisational contributions to conferences, workshops and seminars
Giuliodori, M. (2005). Organiser of the internal seminar series of the Transformation of Europe research programme at the University of Amsterdam
Hoogduin, L.H. (2005). Member of the programming committee of the Business week, Economische Faculteitsvereniging Rotterdam (EFR)

Participation in academic networks & fellowships


Ewijk, C. van (2005). Fellow NAKE.


Hoogduin, L.H. (2005). Member of the Board of Oversees of Center Household Panel.


Jacobs, B. (2005). Fellow CentER.

Jacobs, B. (2005). Fellow NETSPAR.


Vermeylen, K. (2005). Affiliate Member of the Sloan Industry Studies Program of the Alfred P. Sloan Foundation (New York, U.S.) and the Center for Industry Studies at the University of Pittsburgh (Pittsburgh, U.S.)

**Editor or member of editorial board**


Ewijk, C. van (2005). Editor *De Economist*.


Hoogduin, L.H. (2005). Member of the editorial board of *Financial and Monetary Studies*.

Hoogduin, L.H. (2005). Member of the editorial board of *SUERF Studies*.


92

**Referee activities**


**Membership of academic committees (including PhD-Committees outside the FEB)**


Ellman, M. (2005). Member Advisory Board of the Amsterdam Research Centre for Corporate Governance Regulation.


Hoeberichts, M. (2005, 16 December). Member PhD committee of Tesfaselassie, M., Communication, Learning and Optimal Monetary Policy, Tilburg University, Tilburg.


**Research contributions in the media**


**Grants, prizes and honours**

Gërxhani, K. (March 2005). VENI grant - An individual research grant awarded by Netherlands Organisation for Scientific Research (NWO) as part of the Innovational Research Incentives Scheme.


**Various activities**


Demertzis, M. (July-Augustus 2005). Visiting Professor, Teaching Quantitative Methods at Mid-Career Masters in Public Administration, Kennedy School of Government, Harvard University, USA.


Ewijk, C. van (2005). Lid begeleidingscommissie SCP.

Hoogduin, L.H. (2005, 16 December). Address of graduation ceremony of the University Nimbas: Europe: The way forward?


### CHAPTER 11: HUMAN CAPITAL

**Subprogrammes:** SCHOLAR  
*Population & Gender Economics*  
*Social Inequality & Direct Welfare Measurement*

**Programme director:** Prof.dr. J. Hartog  
**Department:** Economics  
**METIS-code:** uva/fee/res/hum/prog  
**JEL-classification:** I, J, L  
**VSNU-scores 1995-2000:** Quality: 3, Productivity: 4, Relevance: 4, Viability: 4

#### 11.1 MEMBERS OF THE RESEARCH GROUP AND RESEARCH IN FTES\(^{15}\)

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\(^{15}\) The numbers in the columns represent the research-time allocated by the department chair.
11.2 PROGRAMME DESIGN

Mission
The Programme aims to improve the understanding of the economic role of human capital.

Motivation
Human capital is the key concept to describe, analyse and understand individual competencies in the labour market. They are vital for individuals’ welfare, for business performance and for aggregate economic performance. Understanding issues of definition, measurement, investment, obsolescence, utilization and (market) valuation of human capital can contribute to a better understanding of the functioning of external and internal labour markets, and form the basis for solid advice on policy issues related to socio-economic questions of efficiency and distribution of economic welfare.

Techniques
Participants of the Programme apply techniques from microeconomics (including applied game theory), econometrics and experimental economics. The research orientation is both theoretical and empirical.
Subprogrammes and projects

**SCHOLAR**
SCHOLAR is an NWO funded project to analyse the efficiency of the transition from education to the labour market and its consequences for economic development, as well as the equity aspects of the transition. Key questions relate to the optimal investment in schooling and training, the relation between home and school investments and implications for public policy.

**Comparative gender and population economics**
The Research Programme directly focuses on economic effects of changing gender relations in the family, the market and economic institutions. As such, it constitutes a coherent perspective and it develops concepts and expertise that are required to address current problems concerning work, care and income in economic and social policy.

**Social inequality and direct welfare measurement**
The labour market is an important distribution mechanism for income and individual welfare. We study both distributions and measurement issues. While the dominant approach in economics only considers utility (or welfare) measurements as revealed in actual choice behaviour as acceptable, with direct measures of welfare and risk attitudes, normative analyses gain considerable value. Applications include normative analysis of the tax structure, measurement of external effects and the relation between health and welfare.

11.3 PROGRAMME EVALUATION

The programme has performed quite satisfactorily in 2005, including several publications in top-rated journals. Programme members are well embedded in international academic networks and have given seminars at many places. The academic standing and reputation of the programme members is reflected in several ways: Oosterbeek is Dutch coordinator of a European network of economics of education, several programme members are on the board of reputed journals, Plug is on the Council of the European Society for Population Economics, Pott-Buter organised the large-scale conference of the European Economic Association in Amsterdam. Tijdens serves on the European Advisory Committee on statistical information in the economic and social spheres, Eurostat. Hartog was a keynote speaker at the LoWER Conference in Mannheim. Programme member members acted as referees for top-ranked journals and are fellows in reputed institutes like Tinbergen Institute, IZA and CESifo.

The number of dissertations is still quite low, as a consequence of the faculty hiring squeeze in the past, but the situation is improving, as there are now 8 Ph.D. students. A problem is the very low outflow of MPhil.students from the TI, severely limiting the number of candidates.

New opportunities to strengthen the programme arise as several programme members will retire in the near future. This creates openings for new appointments. One option is to improve expertise in applied econometrics. Another is to promote international interaction by employing short-term visitors and researchers on sabbatical. The part-time affiliation of Professor Dustmann, of UCL, jointly with TI, at the Randstad Chair, fits this purpose.

11.4 RESOURCES AND FUNDING

External funding has become more important in recent years, and competition is fierce. Several applications failed. Others were successful. Ferrer-i-Carbonell joined SCHOLAR with an NWO Veni subsidy. The subprogramme Gender obtained an EU grant, on top of other subsidies. In several instances, contract research provided a good basis for funding high-quality research that led (or will lead to) publications in high ranking journals.
11.5 OUTPUT

**Key publications**


**Forthcoming**


Publications in numbers

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<td>c) book chapters</td>
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Dissertations

Academic publications (excluding publications in/of books) – refereed


Academic publications (in/of books) – refereed

Academic publications (excluding publications in/of books) – non-refereed


**Academic publications (in/of books) – non-refereed**


**Academic publications (in proceedings) – non-refereed**


**Academic publications (working- and discussion papers)**


103

**Professional publications**
Praag, C.M. van (2005). *Rapport Literature review Relatie beloning van topbestuurders en bedrijfsprestaties. [Commissioned by the Monitoring Commissie Corporate Governance Code].* 

**Popular publications**

**Contributions to academic conferences, workshops and seminars**
Participation in academic networks & fellowships
Jacobs, B. (2005). Fellow CentER.
Jacobs, B. (2005). Fellow NETSPAR.
Maassen van den Brink, H. (2005). Local coordinator SCHOLAR in Equalsoc, funded by EU in cooperation with AIAS
Maassen van den Brink, H. (2005). Chair Consultative Committee of Sector Councils for research and development (COS, the Hague).

Editor or member of editorial board
Praag, C.M. van (2005). Associate Editor of Small Business Economics.

Referee activities

Research contributions in the media
Ferrer-i-Carbonell, A. (2005). Received media attention in Spain (including interviews), both newspaper and the Radio.
Grants, prizes and honours
Ferrer-i-Carbonell, A. (2005). Received a VENI grant (NWO).
Hartog, J. (1992-). elected member, Hollandsche Maatschappij van Wetenschappen.
Hartog, J. (2001-). elected member, Koninklijke Nederlandse Academie van Wetenschappen.

Various activities
Hartog, J. (2005). Member Wetenschappelijke Raad van Advies SEO.
Hartog, J. (2005). Member Wetenschappelijke Adviesraad IMES.
Hartog, J. (2005). Member Wetenschappelijke Adviesraad AIAS.
Hartog, J. (2005, March). Visiting Fellow, Robert Schuman Centre for Advanced Studies, European University Institute, Fiesole, Italy.
Maassen van den Brink, H. (2005). Member of the Board of SEO.
Maassen van den Brink, H. (1998- ). Member of the board Max Goote knowledge Center, University of Amsterdam, Amsterdam).
Maassen van den Brink, H. (2002-2005). Member of the Senaat University of Amsterdam.
Maassen van den Brink, H. (2003-present). Member of the Committee Zaanstreek, Peter de Grote lezingen, Zaandam.
Praag, C.M. van (2005). Member of the Think Tank of Dialogues towards a more entrepreneurial Dutch society.
Praag, C.M. van (2005). Supervisory Board member of the Research Group SCALES, EIM.
SUBPROGRAMME SOCIAL INEQUALITY & DIRECT WELFARE MEASUREMENT

**Academic publications (excluding publications in/of books) – refereed**


**Organisational contributions to conferences, workshops and seminars**

SUBPROGRAMME GENDER & POPULATION ECONOMICS

Dissertations

Academic publications (excluding publications in/of books) – refereed
Kenjoh, E. (2005). New Mothers’ Employment and Public Policy in the UK, Germany, The Netherlands, Sweden, and Japan. Labour, 19, 4-49. [C].

Academic publications (in/of books) – refereed

Academic publications (excluding publications in/of books) – non-refereed

Academic publications (in/of books) – non-refereed

**Academic publications (working- and discussion papers)**

**Professional publications**

**Popular publications**

**Contributions to academic conferences, workshops and seminars**
Kenjoh, E. (2005, 21 December). Family Policy and Mothers’ Employment in Japan and Four European Countries. The 5th Japan’s Panel Data Conference, organized by Japan’s Institute
for Research on Household Economics together with Keio University, Osaka University, Ochanomizu University and Hitotsubashi University, Tokyo, Japan. Invited lecture.


Tijdens, K.G. (2005, 6 June). Working time around the world. Member of the panel discussion during the 93rd Session of ILO’s International Labour Conference.


Tijdens, K.G. (2005, 7 September). Introducing the WageIndicator.org project, Presentation of the Woliweb project to a French research group.


Referee activities

Membership of academic committees (including Ph.D. committees outside the FEB)


Research contributions in the media

Tijdens, K.G. (2005, 26 March). De rechter of de dokter is een vrouw. Interview in De Stentor.


Grants, prizes and honours

Various activities
Tijdens, K.G. (2005- ). Member of the European Advisory Committee on statistical information in the economic and social spheres. Eurostat, Luxembourg.
CHAPTER 12: HISTORY & METHODOLOGY OF ECONOMICS:
THEORIZING, MODELING AND POLICY APPLICATION

Programme directors: Prof.dr. J.B. Davis & dr. G.A.T.M. Reuten
Department: Economics
Starting date programme: 2002
METIS-code: uva/fee/res/hme/prog
JEL-classification: B (B0-B5)
Website: www.ase.uva.nl/hme

12.1 MEMBERS OF THE RESEARCH GROUP AND RESEARCH IN FTES16

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Research associates
Bellofiore, R.
Le Gall, P.
Schliesser, E.
Toporowski, J.

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12.2 PROGRAMME DESIGN

This research programme investigates the mutual connections in economics between theorizing, modeling, and policy application, in order to explain research strategies and methods of explanation in economics. In this investigation, the research group employs a methodological approach using a theory-historical perspective. This involves examining changing research strategies and methods of explanation as employed in the history of economics up to the present.

16 The numbers in the columns represent the research-time allocated by the department chair.
We investigate current economics as the product of past economics, and study past economics to understand the development of current economics. For both our study of current economics and past economics we focus on the research strategies and methods of explanation of economists. We particularly focus on current economics because of the special methodological issues involved in its strategies and methods of explanation (see below), and because of its rapid evolution and change in recent decades.

A central characteristic of recent economics is a renewed interest in the relation between economic behavior and social structure, as reflected in a succession of new views and ideas about how economic behavior and social structure are mutually influencing. These new currents in theory go hand in hand with new ideas about modeling, measurement, and investigative methods appropriate to economics. In line with the research group’s earlier research into models as instruments that mediate between theory and data, we investigate how these new techniques and methods are used to further represent, measure, and intervene in the economy.

Changes in economic theorizing and modeling have been accompanied by new thinking about the scope and content of economic policy. This has expanded the range of norms and values at work in the applied and policy domains in economics, and also produced changes in thinking about the nature of political decision-making in regard to the economy and to economics as a science. The linkages between economic theorizing, modeling, and measurement to economic policy are an explicit concern in the programme.

As a meta-study of economics, our investigations should serve economic researchers by pointing out the implications and consequences of various research strategies and methods of explanation in different sub-fields of economics as they relate to the discipline of economics as a whole. In addition, we also aim to produce research that clarifies to the users of economic science in the public domain what current economics involves and how this applies to economic policy and political decision-making.

Theorizing, modeling and policy application

Keywords
- Research strategies and methods of explanation in economics
- Current economics as the product of past economics
- Economic behavior in relation to social structure
- Models as instruments mediating between theory and data
- Economic policy, norms, and values
- Methodological approach with a theory-historical perspective

12.3 PROGRAMME EVALUATION

The History and Methodology of Economics Group continues to be highly active in research and publication, with all members of the Group making important research contributions in 2005. In addition, considerable research is already forthcoming from the Group members for 2006.

The Group continued its fall seven week seminar series that last year focused on neuroeconomics and this year focused on rationality in economics. In December, the Group again co-sponsored its annual workshop with the Cachan, France École normale superieure History of Social Science Group.

The Group completed and taught the first version of a jointly-produced textbook for the Economic Methodology course, *A Short Introduction to Economic Methodology*, and has had initial discussions regarding publication with Cambridge University Press.
The Journal of Economic Methodology editorial office moved to the Faculty in 2005. John Davis is an Editor of the journal and Marcel Boumans is an Associate Editor of the journal. Boumans is currently organizing a journal workshop for next December, “Complexity in economics,” with Cars Hommes from the Faculty. Papers from the workshop will appear in a special symposium in the journal.

Edith Kuiper continues her three-year VENI grant for young researchers from the Dutch Organization for Scientific Research (NWO). Kuiper is also the President for the International Association for Feminist Economics, and is organizing the annual conference for Melbourne, Australia next June.

The Group has been given the opportunity to host the 12th World Congress of Social Economics in June 2007 at the Faculty. John Davis and Harro Maas are members of the organizing committee. Davis is Vice-President of the Association for Social Economics which is sponsoring the World Congress.

Marcel Boumans is organizing the April Dutch-Flemish Network for Philosophy of Science and Technology Workshop, “Rationality in Science en Technology.”

Jan P.R de Jonge has joined the Group as a new PhD researcher.

The Group completed discussions with the Pierson Stichting to fill the Pierson Chair position in 2007.

12.4 RESOURCES AND FUNDING

John Davis was British Academy Professor for International Relations in October 2005, 976 pounds, for research in the UK with Robert McMaster, University of Aberdeen, for work on health care economics.

12.5 OUTPUT

Key publications


**Publications in numbers**

**History & Methodology of Economics**

1) **Academic publications**
   - a) in refereed journals
     - A 1
     - B 5
     - C 1
   - b) in other journals
     - A 3
     - B -
     - C -
   - c) book chapters
     - A 3
     - B -
     - C -
     - Other 4
   - **Total** 23

2) **Monographs**
   - A 1
   - B 1
   - C -
   - **Total** 2

3) **Ph.D. theses**
   - -

4) **Professional publications**
   - 2

5) **Popular publications**
   - 2

6) **Working papers**
   - 2
   - **Total** 31

**Dissertations**


Rouvray, A.A. de (2005, 1 July). *Economists Writing History: American and French Experience in the mid-20th Century*. London School of Economics [promotor prof. Dr. M.S. Morgan] [cat. IV]

**Academic publications (excluding publications in/of books) – refereed**


Academic publications (in/of books) – refereed


Academic publications (excluding publications in/of books) – non-refereed


Academic publications (in/of books) – non-refereed


Reuten, G.A.T.M. (2005). El trabajo dificil de una teoría del valor social: metaforas y dialectica sistematica al principio de 'El Capital' de Marx [The difficult labour of a theory of social value; metaphors and systematic dialectics at the beginning of Marx's 'Capital' (transl. Mario L. Robles Baez)]. In Robles Baez, Mario L. (comp.), *Dialectica y Capital; Elementos para una reconstruccion de la critica de la economia politica* [Dialectics and Capital; Elements of a reconstruction of the critique of political economy] (pp. 31-58).

Book reviews


**Academic publications (working- and discussion papers)**


**Professional publications**


**Popular publications**


**Contributions to academic conferences, workshops and seminars**


Kuiper, E. (2005, 3 December). Psychoanalyzing Adam Smith, presentation at Research Day History and Methodology of Economics, FEB, UvA.


Morgan, M.S. (2005, 13 June). Invited Speaker Ideal Types, Idealization and the Art of Caricature Models at Special Conference In Honour of Nancy Cartwright, London School of Economics.


Morgan, M.S. (2005, 10 October). Rational Economic Man: Ideal Types, Idealization and Caricatures, University of Sydney, Australia, History and Philosophy of Science Seminar.


Other lectures on research


Went, R.C.P.M. (2005, 1 December). Participant in panel discussion on free trade at Studium Generale of the University of Amsterdam, Amsterdam.

Organisational contributions to conferences, workshops and seminars
Morgan, M.S. (2005, 4 March). Organiser: Models Workshop, at Centre for Philosophy of Natural and Social Sciences, London School of Economics.
Morgan, M.S. (Programme Committee Member, Philosophical Perspectives on Scientific Understanding, Vrije Universiteit, Amsterdam, 25-27th August, 2005

Participation in academic networks & fellowships
Boumans, M.J. (2005). Member of board Dutch-Flemish Network for Philosophy of Science and Technology.
Davis, J.B. (2005). Advisory Board, University of Stirling Centre for Economic Methodology
Morgan, M.S. (2005). Overseas Fellow of the KNAW
Morgan, M.S. (2005). Fellow of the Tinbergen Institute
Morgan, M.S. (2005). Elected Member of Governing Board, Philosophy of Science Association
Morgan, M.S. (2005). Member of Executive Committee, History of Economics Society

**Editor or member of editorial board**


**Referee activities**


**Membership of academic committees (including Ph.D. committees outside the FEB)**


**Research contributions in the media**


**Grants, prizes and honours**

Davis, J.B. (2005, October). British Academy Professor for International Relations.
Morgan, M.S. (2005, August-November). Visiting Fellow, Economics Programme, Research School of Social Sciences, Australian National University, Canberra, Australia.

Various activities
CHAPTER 13: EXPERIMENTAL & POLITICAL ECONOMICS (CREED)

Programme Director: Prof.dr. F.A.A.M. van Winden
Department: Economics (AE)
METIS-code: uva/fee/res/exp/prog
JEL-classification: D7, D8
Web-address: www1.fee.uva.nl/creed

13.1 MEMBERS OF THE RESEARCH GROUP AND RESEARCH IN FTES17

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Ph.D. students: 2.45 3.30 4.43

17 The numbers in the columns represent the research-time allocated by the department chair.
13.2 PROGRAMME DESIGN

Objective
Improving the understanding of the behavioural determinants and consequences of economic decision making by (a) focusing on political economic issues, (b) allowing for bounded rationality, and (c) using laboratory experimentation as research method.

Motivation
Political decision making plays an important role in economies. Governments, for example, are essential for the functioning of markets, may be called upon to correct for market failures, but also have their own dynamics. Positive welfare effects of policies cannot be taken for granted. It is, therefore, important to study political decision making and the way in which policies can be applied beneficially. These observations provide the motivation for the first project: “Economics of political decision making”, a long standing project at the FEB dating back to 1983. It is related to public choice and the more recent upsurge in political economics.

Economic models, also when concerned with political decision making, typically make strong assumptions about the rationality, sophistication, and selfishness of individual behaviour. Experimental and other empirical evidence suggests, however, that the predictive power of the standard ‘homo economicus’ model is often disappointing and depends on the institutional character of the decision making environment. There is a need for greater knowledge and a more satisfactory treatment of the bounds on rationality generated by the nature of cognition and emotion, and the influence of institutions. This motivates the second project: “Bounded rationality and institutions”, which fits into the emerging field of behavioural economics.

For the advancement of theory, empirical feedback is crucial. This may hold in particular for new research areas, when sorting out the most promising ways to go. Empirical analysis is seen as an important ingredient of this Programme. For many of the issues studied in the aforementioned two projects, however, adequate field data are hard to come by or even nonexistent. Laboratory experimentation is a helpful complementary research method, especially in these cases, for exploration or the testing of models focusing on fundamental behavioural aspects or mechanisms. This motivates the third project: “Experimental economics”, which is stimulated by, and provides feedback for, the other two projects.

Institutional embedding
The research of this Programme is carried out within the Center for Research in Experimental Economics and political Decision-making (CREED), a research institute of the FEB. CREED was established in 1991 by a PIONIER-grant from the Netherlands Organization for the Advancement of Scientific Research (NWO) for the development of experimental economics in the Netherlands. An important facility is the CREED-laboratory for experimental economics, one of the few dedicated computer laboratories in Europe. Its focus on political decision making and experimental economics distinguishes CREED internationally.

Projects
I Economics of political decision making
This project is concerned with the demand for and the endogenous supply of government policies, the ways in which coordination takes place through the political decision-making process, and the effects thereof on the economy. Major research topics are:
- Political participation and influence (voting, activity and influence of interest groups);
- Interaction between the public sector and the private sector (e.g. the development of social capital and its importance for the provision of public goods);
- Political economy of public and private institutions (e.g. issues of fiscal federalism).

II Bounded rationality and institutions
In this project fundamental aspects of individual decision making, with economic relevance, are investigated. More particularly, attention is focused on the impact of cognitive limitations and emotions. In addition, responses to the complexity and institutional characteristics of the decision environment are studied. Among the topics investigated are:

- Group formation in complex environments (e.g. development of political preferences through social interaction, development of interest groups);
- Economic significance and modelling of emotions (e.g. anger, anxiety, happiness);
- Performance of various auction formats;
- Irrationalities in risk attitudes, and efficiency gains by avoiding or reckoning with these.

III Experimental economics

The main purpose of laboratory experiments in economic research is to create a (political) economic process in a laboratory environment which allows for sufficient control and accurate measurement. Experiments are used for three purposes: (a) the testing of behavioural assumptions and predictions of existing (competing) theories; (b) the searching for facts that are instrumental in the construction of descriptive and explanatory theories; and (c) the evaluation of (new) institutions to assist policymakers. Research in this project is particularly stimulated by, and provides feedback for, the aforementioned two projects. Major lines of research are:

- Voting and electoral competition (behaviour of voters and political candidates/parties);
- Lobbying and political pressure (ways and means, and determinants of effectiveness);
- Emotions and economic behaviour (impact, and modelling);
- Markets and institutions (functioning of markets and, the design of, institutions);
- Evolution of cooperation (development of cooperative behaviour over time);
- Biases in risk attitudes.

13.3 PROGRAMME EVALUATION

2005 was another great year for our research group. We managed to publish about ten A-publications and numerous B-publications. Aljaž Ule defended his PhD thesis (cum laude) and three PhD-students (Astrid Hopfensitz, Ernesto Reuben and Gijs van de Kuilen) are about to finish their PhD dissertations within their original planning. Also Jens Großer will defend his thesis in 2006.

International projects. The EC-MRTN project ENABLE (European Network for the Advancement of Behavioral Economics), coordinated by CREED, has had the first meeting in Toulouse. This project brings together leading economists as well as psychologists to work on the interface of their disciplines, using theoretical modeling and laboratory experimentation as research methods. Martin Kocher and Michal Krawczyk started working at our group, funded by ENABLE. For several weeks, we had two visitors from the Shanghai University of Finance and Economics (Yongming Liu and Han Qing) who wanted to get acquainted in the experimental method and later that year the dean of the SHUFE (prof. Dai) visited our laboratory. Furthermore, several junior and senior researchers visited CREED for a shorter or longer period.

There is a price for success. If a research group performs well, outside offers are inevitable and cannot always be matched by our department. Important changes took place in our group during 2005. Arno Riedl became professor of public economics at the Maastricht University. He has been a very fine and helpful colleague for many years. We miss him and his valuable remarks during our internal research seminars. We plan to stay in contact. Another great loss to the group is the departure of Peter Wakker to the Erasmus University in Rotterdam. Peter is a very productive researcher and consistently one of the highest ranked economists of the Netherlands. Every cloud has a silver lining; we are happy that Peter left for a department that participates in the Tinbergen Institute. He will stay active in the Tinbergen theme group “Institutions and Decision Analysis” in which all seniors of our research group also participate.
Klaus Abbink will replace Arno Riedl, from February 2006. Klaus worked in major European experimental groups (Bonn, Barcelona, Nottingham) and is a very original and productive researcher on a wide range of topics. We are happy that he is joining us and we have great expectations of his contributions to our group.

10.4 RESOURCES AND FUNDING

The programme received a very modest amount of funding from the research institute RESAM. As last year, this money was mostly spent to cover (part of) the costs related to the participation in conferences by research group members. Additional means were obtained from external funding and the Tinbergen Institute (for the PhD-students).

Substantial additional means come from the Dutch science foundation NWO (several major grants), the European Union, and commissioned research for public and private institutions. For example, a major budget item like the payment of subjects participating in experiments at the CREED-laboratory is taken care of by using these external sources.

10.5 OUTPUT

Key publications

Any publication over the last five years in journals classified as “AA” by the Tinbergen Institute will be automatically mentioned here. These are: the American Economic Review, Econometrica, Journal of Political Economy, Quarterly Journal of Economics, and the Review of Economic Studies. In addition, at most one (more) publication considered to be key by the researchers themselves will be listed.


Forthcoming


Kocher, M. & Sutter, M. Individual versus group behavior and the role of the decision making process in gift-exchange experiments. Forthcoming in *Empirica*.

Kocher, M., Luptacik, M. & Sutter, M. Measuring productivity of research in economics. A cross-country study using DEA. Forthcoming in *Socio-Economic Planning Sciences*.


Neugebauer, T., Poulsen, A. & Schram, A.J.H.C. Fairness and Reciprocity in the Hawk-Dove game. Forthcoming in *Journal of Economic Behavior and Organization*.


Sonnemans, J., Dijk, F. van & Winden, F.A.A.M. van. On the dynamics of social ties structures in groups (An earlier version of this paper was titled: Group formation in a public good experiment). Forthcoming in *Journal of Economic Psychology*.


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Dissertations


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Academic publications (in/of books) – refereed

Academic publications (excluding publications in/of books) – non-refereed

Academic publications (working- and discussion papers)
Kugler, T., Bornstein, G., Kocher, M. & Sutter, M. (2005). Trust between individuals and groups: Groups are less trusting than individuals but just as trustworthy.


Popular publications


Contributions to academic conferences, workshops and seminars


Broek, E.M.F. van den (2005, 7-9 October). The effects of heterogeneity in an agent-based model of indirect reciprocity, CeDEx-CREED research meeting, University of Nottingham, UK.


Gillet, J. (2005, 7-10 October). Cartel Formation by Groups and Individuals, CeDEx-CREED research meeting, University of Nottingham, UK.


Kuilen, G. van de (2005, 7-10 October). CeDEx-CREED research meeting, University of Nottingham, UK.


Offerman, T.J.S. (2005, 12 October). Sampling for Information or Sampling for Imitation: An Experiment on Social Learning with Information on Ranks, University of Nottingham, Nottingham, Invited lecture.


Sonnemans, J. (2005, 7-10 October). CeDEx-CREED research meeting, University of Nottingham, UK.


Winden, F.A.A.M. van (2005, 2-4 May) Competition and Well-being, Academy Colloquium Trust and Cooperation, KNAW Amsterdam, presentation.


Winden, F.A.A.M. van (2005, 22-25 August). Let Me Vote!, IIPF, Jeju Island, South-Korea, presentation.


Other lectures on research


Organisational contributions to conferences, workshops and seminars

Hopfensitz, A. (2005, 7-10 October). Organizer of the CeDEx-CREED research meeting, University of Nottingham, UK.


Winden, F.A.A.M. van (2005, 20-21 June). Coordinator and chair of ENABLE network meeting, IDEI, University of Toulouse.
Participation in academic networks & fellowships
Offerman, T.J.S. (2005). Fellow of the Tinbergen Institute, Fellow of the Royal Netherlands Academy of Arts and Sciences (KNAW), Visiting Guest Professor New York University.

Editor or member of editorial board

Referee activities
Boone, J. (2005). Referee for EER, EJ, RAND, AER, BoER, JEAA, JPE

Membership of academic committees (including Ph.D. committees outside the FEB)
Boone, J. (2005). Member of the PhD committee Evgenia Motchenkova.
Wakker, P.P. (2005). Approximately 5 times in Ph.D. committee outside the FEB.
Winden, F.A.A.M. van (2005, 20 May). Member PhD committee of Chris Kortekaas, Erasmus University Rotterdam.

Winden, F.A.A.M. van (2005, 1 September). Member PhD committee of Klaas Beniers, Erasmus University Rotterdam.

**Research contributions in the media**


**Grants, prizes and honours**


Winden, F.A.A.M. van (2005). Research Fellow CEPR

**Various activities**


CHAPTER 14: INDUSTRIAL ECONOMICS, COMPETITION & ANTITRUST

Programme Director: Prof.dr. P. van Cayseele
Department: Economics (AE)
METIS-code: uva/fee/res/ica/prog
JEL-classification: L

14.1 MEMBERS OF THE RESEARCH GROUP AND RESEARCH IN FTES\(^{18}\)

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14.2 PROGRAMME DESIGN

The Research Program is organized following 4 research themes:

**Cartel Behavior and Stability**

In this strand of research, we investigate how cartels are formed and whether they continue to exist, that is whether they are stable. Methodologically, we combine Game Theory with elements from Law and Economics as well as with Experimental Economics.

**Market Power, Consumer Search and Social Networks**

It is well-known that in the absence of searching consumers, enterprises more easily can exploit market power. We investigate how the information obtained by the consumer on the price vector charged by competing firms can mitigate the need to do individual search. Extensions include obtaining information on the quality of the goods.

**Auctions and Seller/Buyer Mechanisms**

Many auction formats exist and given the environment, one may show they are optimal, by using mechanism design theory. While well-established in the literature, mechanism design theory assumes that one party can set the rules, whereas maybe the other party has private information. In a repeated interaction over time, the buyer and seller each have some power

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\(^{18}\) The numbers in the columns represent the research-time allocated by the department chair.
to determine the rules of the game. Rather than bargaining over a single transaction, they might negotiate the procurement mechanism. This could explain why in reality one observes mechanisms different from the auction format.

Two-Sided Markets
It is recognized more and more that platforms cater for different groups of consumers, the idea being that the different groups are brought together to conclude a transaction. Payment services, Settlement, Safekeeping and Custody of Financial Securities, Newspapers, Video Streaming, Health Care Insurance, a.s.o. are but a few examples of industries operating according to this business model. But such a market organization has quite different implications for market delineation, pricing, ... and therefore the exploration of the model has led to the identification of many sources of mistakes in the practice of Antitrust.

14.3 PROGRAMME EVALUATION

The research program is a consolidation of the research efforts that the members of the IO group had been engaged in, in the past, although at an individual level. Hence, combining different area’s of expertise introduces synergies. A few strong points for the group include the fact that many of its’ members have a strong quantitative background, being trained as econometricians. Also the international network with the Universities of John Hopkins, Northwestern, Purdue, London, Toulouse and Leuven constitute an asset. In the Netherlands, Amsterdam traditionally has pronounced visibility in government and entrepreneurial circles in this area of research.

As a weakness, it still is a challenge to obtain good data sets regarding the players in an industry, and hence test models empirically. Especially in an era that industrial economics has moved from theory to applied empirical research, this is a challenge. The IO group however has dealt with this problem in a creative way by starting up experimental research, and will explore in the future the potential of simulation techniques.

A major opportunity to position the Industrial Economics group at the UvA on an international scale presented itself in 2005. In the Executive Committee of the European Association for research in Industrial Economics (EARIE) in Porto, the decision to hold the 33rd annual conference in Amsterdam, was taken. The IO group of the UvA will act as host. This conference will bring over 400 scholars in the field of Industrial Economics to Amsterdam.

No real threats have come up. In the field of Industrial Economics, it always is the case that a pronounced interest from government and industry for the scholars operating in a university environment exist. Also, the teaching load of the group is substantial, due to many novel demands, coming from the creation of new initiatives at the level of master programs in which IO enters as a strong component.

14.4 RESOURCES AND FUNDING

Over the last year, funding was coming from two main sources: the UvA and ENCORE, the latter being a joint venture between university and government. A few people of the junior faculty will become junior fellows at the Tinbergen Institute.
14.5 OUTPUT

Key Publications

Forthcoming
Hinloopen, J. & Martin, S. The economics of collusion and tacit collusion. Forthcoming in International Journal of Industrial Organization.

Publications in numbers

<table>
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**Academic publications (excluding publications in/of books) – refereed**

A


**Academic publications (in/of books) – refereed**


**Academic publications (excluding publications in/of books) – non-refereed**


**Academic publications (working- and discussion papers)**


**Contributions to academic conferences, workshops and seminars**


*Other lectures on research*
Cayseele, P. van (2005, June). De Interactie tussen Economen en Juristen: Enkele Reflecties omtrent het opzet van een Economisch bureau bij de NMa, Dutch Competition Authority (NMa), The Hague.
Hinloopen, J. (2005, March). Discussion of Aubert, C., Rey, P. and Kovacic, W., The impact of leniency and whistle blowing programs on cartels, at the workshop on Collusion and tacit collusion of the Economics Network for Competition and Regulation (ENCORE), Amsterdam.

*Organisational contributions to conferences, workshops and seminars*
Cayseele, P. van (2005). Chair of the Program Committee of the 33th EARIE conference. ENCORE. University of Amsterdam.
Onderstal, S. (2005-). Member of the local organizing committee of the 33th EARIE conference. ENCORE. University of Amsterdam.
Soetevent, A.R. (2005). Member of the local organizing committee of the 33th EARIE conference. ENCORE. University of Amsterdam.

*Participation in academic networks & fellowships*
Hinloopen, J. (2005-present). Fellow, Tinbergen Institute

*Editor or member of editorial board*
Cayseele, P. van (2005). Member of the Editorial Board of Revue Belge de la Concurrence.
Cayseele, P. van (2005). Member of the Editorial Board of Tijdschrift voor Economie en Management.
Referee activities

Membership of academic committees (including Ph.D. committees outside the FEB)
Cayseele, P. van (2005). Member of the board of the FWO, the equivalent of the Dutch NWO in Belgium.
Hinloopen, J. (2005). Member, Ph.D. committee, R. Lukach, Strategic process innovation in firms, University of Antwerp.

Various activities
CHAPTER 15: OTHER RESEARCH

Department: Economics
METIS-code: uva/fee/res/ore/prog

15.1 MEMBERS OF THE RESEARCH GROUP AND RESEARCH IN FTES

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Function</th>
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<th>Funding</th>
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Academic publications (excl. in/of books) – refereed

Academic publications (in/of books) – non-refereed

Contributions to academic conferences, workshops and seminars

Organisational contributions to conferences, workshops and seminars
Voort, R.C.W. van der (2005). Third Interdisciplinary European Conference on Entrepreneurship Research (IECER), University of Amsterdam, FEB, 6-8 February (Chair).

Editor or member of editorial board

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19 The numbers in the columns represent the research-time earned with publications under the RESAM-system.
Various activities
### 16.1 MEMBERS OF THE RESEARCH GROUP AND RESEARCH IN FTES

<table>
<thead>
<tr>
<th>Name</th>
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<th>Total 2005</th>
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</table>

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20 The numbers in the columns represent the research-time allocated by SEO.
16.2 PROGRAMME DESIGN

SEO Economic Research was founded in 1949 as a contract research institute by the Department of Economics of the University of Amsterdam. Since then SEO has operated successfully in the market for applied economic research and analysis. Today, research is carried out by a staff of about 40 professionals, mostly economists and econometricians. With its supporting staff of about ten, SEO is a middle-sized economic research institute and a major player in the higher segment of the market for applied economic research in The Netherlands. Contract research and consultancy for international organisations (Eurostat, European Commission, US AID, US Bureau of the Census) is a growing activity of SEO Economic Research. Results are published in the SEO research report series and frequently presented at seminars and conferences.

Core markets
SEO Economic Research consists of six research clusters:

Regions & Transport
An important activity within this cluster is the monitoring of the regional economy of greater Amsterdam, resulting in a yearly publication discussing the economic conditions and prospects of the
Amsterdam area. Other activities in this cluster are the research on the building and housing market and the development of a value assessing instrument for commercial and office buildings.

**Labour Economics & Education**
Economic analysis in this cluster concerns the transition from school to the labour market, flexible labour and the educational choice of pupils and students, wage inequalities and the development of the Dutch information economy. Annually published research monographs are the *Education and Labour Monitor* analysing the initial labour market experiences of higher educated labour market entrants and the *Study Choice Monitor* documenting the educational choices of students at the end of secondary schooling.

**Health Economics & Social Security**
Important projects of the health economics and social security cluster are the development of an allocation model for social security benefits (to provide local authorities with incentives to get welfare recipients back on the job), research on local poverty policy, the demand for medical treatment and the demand for and supply of child care.

**Regulation & Competition Policy**
This is a research area of growing importance, as witnessed by the increasing impact of the Dutch Competition Authority (NMa), and the development of regulation policy in the last years. It belongs to the new innovative research fields of this moment. Recent research projects concern entry into the telecommunication market and regulation in the electricity sector and the relation between productivity and competition and cartel agreements in the building sector.

**Aviation Economics (AAE)**
AAE is a young cluster within SEO Economic Research. In 2003 AAE was involved in a growing range of aviation economics projects. Recent reports concern:
- airroutes over Amsterdam, airline alliance scenarios
- improving the KLM hub & spoke system, accessibility of an offshore airport, relocation of Naples airport and airport licensing.

**Industrial Economics**
This cluster joined the Institute in the summer of 2005. Its research field consists of the relations between firms, and processes within firms, in the context of (mainly service) industries. Research projects concern amongst others benchmarking studies, market structure studies and scenario analyses. Some of the industries under study are real estate brokerage, insurance and mortgage brokerage, architecture and fund raising & charity.

Research by SEO Economic Research is done independently of the commercial and political interest of the contractants. Research contracts can be from ministries, local governments or international organisations, but also private companies and non-governmental institutions contribute an important part to the contract portfolio.

**Organisation**
SEO Economic Research is an independent research institute without much bureaucracy. Most of the research is done in house, but SEO co-operates frequently with other research institutes. SEO has a non-executive board of 7 members and a council of advisors who meet regularly and discuss the research programme of SEO. The management team of SEO (consisting of the general director and heads of research clusters) takes care of daily policy.

**Science**
SEO Economic Research regularly publishes in Dutch and international professional journals. Only by publishing and lecturing, a research institute stays 'alert' and keeps abreast of the newest

16.3 PROGRAMME EVALUATION

Academic publications made by members of SEO Economic Research are usually a spin-off from contract research, SEO’s main activity. This year 13 articles in refereed journals were published plus 1 refereed book publication. The number of non-refereed academic publications was large. SEO also creates a stimulating environment for Ph.D. research. Like in previous years, a thesis was defended successfully by one of SEO’s contract researchers. Overall, academic output has remained fairly constant over the years.

16.4 RESOURCES AND FUNDING

SEO Economic Research obtains the majority of funding from contract research. In 2005 SEO Economic Research had 2 employees in the ‘AIO-programme’ from RESAM for 0.4 fte each.

16.5 OUTPUT

### Key Publications


### Forthcoming


**Publications in numbers**

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<th>SEO</th>
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**Dissertations**


**Academic publications (excluding publications in/of books) – refereed**


Wit, J. de (2004). Development strategy of Schiphol Airport and lessons for Incheon Airport to be a logistic hub. *Journal of International Logistics and Trade, 2*, (2), 83-97. [C].

**Academic publications (in/of books) – refereed**


**Academic publications (excluding publications in/of books) – non-refereed**


**Academic publications (in/of books) – non-refereed**


**Working- and discussionpapers**


**Professional publications**


**Popular publications**


**Contributions (lectures) to conferences, workshops and seminars**


Research contributions in the media


Teulings, C.N. (2005, 22 September). Reactie op kabinetsplannen “Creëren van 40.000 banen”. TV programma NOVA.


**Membership editorial staff or referee activities**

Burghouwt, G. (2004-). Referee for *Applied Geography*.

Kok, L. (2003-). Member editorial-advisory board *Rendemens*.

Teulings, C.N. (2002-). Member editorial board *ESB (Economisch Statistische Berichten)*.

Wit, J.G. de (2004-). Member of the editorial board *Journal of Air Transport Management*.

Wit, J.G. de (2004-). Member of the editorial board *Journal of Air Transportation*.

Wit, J.G. de (2005-). Member of the editorial board and referee. *Tijdschrift voor Vervoerswetenschap*.


**Membership of academic committees (incl. PhD committees outside the UvA)**

Burghouwt, G. (2004-). Member of the Urban and Regional Research Centre Utrecht (URU).

Burghouwt, G. (2004-). Member of the Air Transport Society.


Leeuwen, M.J. (2003-). Member advisory board Rapportage Sport SCP.

Nooij, M. de (2005). Member scientific committee The European Electricity Market 05, Lodz, Polen.

Teulings, C.N. (2005-). Member of the REA-Raad van Economisch Adviseurs of the Tweede Kamer der Staten Generaal.

Teulings, C.N. (2004-). Chairman Committee II new examination programme economy for Havo and Vwo.

Teulings, C.N. (2004-). Member manifesto committee of the political party PvdA.

Teulings, C.N. (2003-). Member of the Committee Dijkstra (salaries political and civil top).

Teulings, C.N. (2001-). Member of the CPC (Central Planning Committee) of the CPB (Central Planning Bureau).

Wit, J.G. de (2004). Member of the German Aviation Research Society.

Wit, J.G. de (2004). Member of the Aviation Forecasting and Economics Committee of the Transportation Research Board USA.
APPENDIX I  LIST OF PERSONS, COMMITTEES AND ADDRESSES

**Board Amsterdam School of Economics**
Vice-dean School of Economics: Prof. dr. H. Maassen van den Brink
Director RESAM: Prof. dr. H. Oosterbeek
Chair Department Quantitative Economics: Prof. dr. H.P. Boswijk
Managing Director Onderwijsinstituut: Dr. J.C.M. van Ophem

**Board Faculty**
Dean FEB: Prof. dr J. van der Gaag
Managing director: Mr. L.J. Verhulst
Vice-dean School of Economics: Prof. dr. H. Maassen van den Brink
Vice-dean Business School: Prof. dr. W.P. Rees
Director RESAM: Prof. dr. H. Oosterbeek
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**APPENDIX II**

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Publications with no ranking

OZ  Onderzoeker
    Researcher
OVO  Overig Onderzoek
    Non-programme research
OWI  Onderwijsinstituut
    Teaching Institute
OZI  Onderzoekinstituut
    Research Institute
PDOC  Postdoctoral fellow
Ph.D.  Philosophy Doctor
PL    Personele lasten
    Costs of personnel
Postdoc  Postdoctoral fellow
PPI   Produder Price Index
PZ    PersoneelsZaken
    Personnel Department
RBC   Risk Based Capital
RESAM  Research institute in Economics & econometrics
        Amsterdam
RTN   Research Training Networks (EU)
S&P   Standard & Poor
SCHOLAR  Schooling, Labour Market and Economic Development
SCE   Society for Computational Economics
Secr. Secretriaat
Secretariat
SEO   Stichting voor Economisch Onderzoek
        Amsterdam Economics
SGP   Stability and Growth Pact
SHUFE Shanghai University of Finance and Economics
STREP Specific Targeted Research or Innovation Project
SWOT  (Analysis of) Strengths, Weaknesses, Opportunities & Threats
TAR   Threshold Autoregression
TI    Tinbergen Instituut
        Tinbergen Institute
UCL   Université Catholique de Louvain
UD    Universitair Docent
        Assistant Professor
UHD   Universitair Hoofddocent
        Associate Professor
UMTS  Universal Mobile Telecommunications System
USAID United States Agency for International Development
UvA   Universiteit van Amsterdam
VAR   Vector Autoregression
VENI  NWO Research grant for young researchers
VIDI  NWO Research grant
VICI  NWO Research grant
VSNU  Vereniging van Samenwerkende Nederlandse Universiteiten
        Association of Universities in the Netherlands
VU    Vrije Universiteit Amsterdam
        Free University Amsterdam
WP    Wetenschappelijk Personeel
        Faculty