





Munich Society for the Promotion of Economic Research CESifo GmbH

The CESifo Group, comprised of the Center for Economic Studies (CES), the Ifo Institute for Economic Research and their joint subsidiary company, CESifo GmbH (Munich Society for the Promotion of Economic Research), is a research association that combines the theoretically oriented research of the university with the empirical approach of a leading economics research institute. The product spectrum of the group ranges from well-known service products, like the Ifo Business Climate Index, to internationally acknowledged top research and an exceptional promotion of junior academic staff. Of particular importance are the numerous contributions that influence the debate on economic reforms in Germany and the rest of Europe.

The CESifo Group has turned Munich into a major centre for academic and economic policy debate in Europe. CESifo GmbH has played a major role in this success, providing the platform for the joint activities, promoting the internationalisation of research and co-ordinating an international research network that by now (12 January 2005) includes 484 renowned economists from all over the world.

The main tasks of CESifo are:

- furthering the exchange between the University of Munich (LMU) and the Ifo Institute
- the administration of the worldwide CESifo Research Network
- the publication of economic research results
- the promotion and co-ordination of research projects and
- the organisation of events in the area of economics.

CESifo GmbH, now in its sixth year, has considerably expanded its activities to fulfil these tasks.

Exchanges between LMU and the Ifo Institute

CESifo GmbH is the central liaising body between LMU and Ifo Institute economists. It also co-ordinates their active participation at diverse academic conferences.

In order to strengthen the personnel ties between Ifo and the University as well as to enhance research at

both institutions, CESifo GmbH participates in the financing of professorships at LMU. Thus, at the end of 2004 professors Peter Egger and Thies Büttner accepted joint appointments to C4 (tenured) professorships at LMU and, simultaneously, as heads of the Environment, Regions and Transportation department and Public Finance department, respectively, at the Ifo Institute.

Research Network

In 2004 the CESifo Research Network grew by 41 new members, who had been guest researchers at CES in 2004. At year-end the network numbered 484 members.

Expanding Research
Network

The Network members hail from 23 countries and cover the complete spectrum of economic research.

To optimise the exchange of experiences and ideas in such a large network, five research areas have been established, headed by renowned economists (Area Co-ordinators) who enhance the Network's stature through their reputation and openness.

The Area Co-ordinators are Paul de Grauwe (University of Leuven, Money, Macro and International Finance area), Christian Gollier (University of Toulouse, Industrial Organisation area), Rick van der Ploeg (European University Institute in Florence, Public Sector Economics area), John Whalley (University of Ontario and University of Warwick, Global Economy area) and Kai A. Konrad (Social Science Research Center Berlin and Free University of Berlin, Employment & Social Protection area). Kai A. Konrad took over this position in 2004 from Jonas Agell

CESifo Research Network Members by Region

Region	%
North America	27.30
Germany	21.75
Europe – total	47.42
– Western Europe	34.57
– Eastern Europe	0.38
– Scandinavia	12.47
Others	3.53

CESifo Research Network Members by Research Area

Research area	%
Money, Macro and International Finance Including Global Economy	24.69
Industrial Organisation	22.22
Public Sector Economics	36.63
Employment & Social Protection	16.46

(Stockholm University), who has become the publisher of the internationally renowned *Scandinavian Journal of Economics*.

CESifo GmbH provides its Network researchers with the English-language publications of the CESifo Group. Together with the Ifo Institute, it organises many international conferences, such as the annual area conferences, which provide a platform for lively discussion among Network members. As part of the Area Conference on Public Sector Economics, the “CESifo Distinguished Affiliate” prize is awarded every year to a promising young economist. CESifo fosters and supports various research projects carried out by Network members in co-operation with CESifo Group in-house researchers.

Publications

CESifo has developed a number of publications aimed at stimulating economic policy discussion in Europe. At the forefront is the **CESifo Working Paper Series**, which disseminates the early-phase findings of academic research conducted by our Network members, making them available for intense professional discussion.

The Working Papers, 261 of which were published in 2004, are administered jointly by CES, the Ifo Institute and CESifo GmbH. Printed versions are sent to a growing number of libraries and to CESifo Research Network members. An order of magnitude larger is the online distribution via SSRN (Social Science Research Network), which provides regular access to the research results of the CESifo Network members to the more than 5,000 SSRN subscribers in economics and politics. Given the growing number of inter-

national economic research institutions and organisations that use SSRN to distribute their products, it is noteworthy that the CESifo Working Paper series tops the download ranking among the economic institutes. Even though distribution via SSRN only began in 2001, CESifo Working Papers have already been downloaded more than 140,000 times, followed by the working papers of the National Bureau of Economic Research in Cambridge (NBER) with 134,000 downloads (as on 6 January 2005). This underscores the excellent international position that the CESifo Network has achieved in just a few years. CESifo has also reinstated its papers at RePEc, another online database for working papers in economics, as a further online distribution outlet. More than 21,000 CESifo Working Papers were downloaded in the ten months before this report went to press. But by far the highest number of downloads are made from our own website, averaging 5,500 downloads monthly and with a clear upward trend.

As a further tool to both better disseminate our Working Papers and to increase their reference value, CESifo introduced in 2004 a fully searchable CD-ROM containing all the CESifo Working Papers ever published.

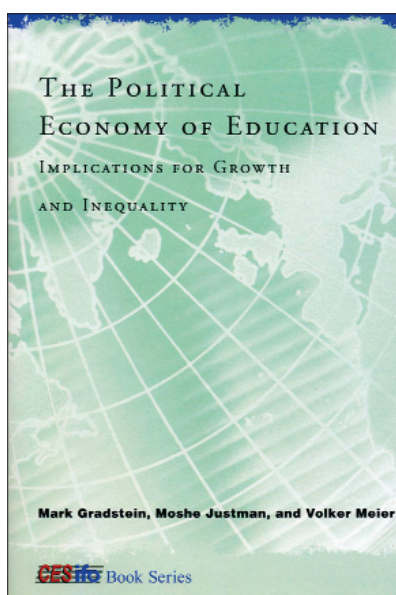
An additional new product is the monthly **CESifo Press Service Newsletter**, which is sent out by email to some 4,000 recipients, out of which 600 are international journalists. Focusing on Working Papers dealing with topics of current interest, the newsletter reports as well on other CESifo publications. The joint **CESifo-Ifo Internet site**, slated to go online in early April 2005, offers the complete service and product spectrum of the CESifo Group both in English and German. It informs about the activities and projects of the CESifo Group and documents their combined research output. In addition to accessing publications and economics data, users can also view or download videos of academic lectures, seminars and conferences.

The Website also offers the **CESifo Internet Forum**, which facilitates discussion between academics and practitioners. Here Internet users can participate interactively in live discussions on current economic policy issues. In 2004 live debates were held on “Ideology and Antitrust” and “Tuition Fees”.

World-class working papers

In 2004 the “**European Economic Advisory Group at CESifo**” (EEAG) published its fourth annual report on the European economy. The EEAG is a council of European economic experts charged with providing policy-makers and the general public with unbiased and well-founded orientation on current issues. The council is made up of outstanding economists from various European countries, such as Lars Calmfors (Stockholm, deputy Chairman), Giancarlo Corsetti (Florence), Seppo Honkapohja (Helsinki and Cambridge, Chairman), John Kay (Oxford), Willi Leibfritz (OECD, Paris), Gilles Saint-Paul (Toulouse), Xavier Vives (INSEAD, Fontainebleau) and Hans-Werner Sinn (Ifo). The current report, as in previous years, was presented to the public at press conferences in several European capitals. Detailed articles in leading newspapers and coverage by major television newscasts demonstrate the great interest of the European media in well-substantiated economic analyses. Various Ifo departments contribute to the report with background research, as well as handling the technical process. In particular, the European economic forecast is done almost in its entirety by Ifo.

The main themes in 2004 were “Outsourcing” and “Longer working hours”. Europe is being affected by competition from its eastern neighbours and by the integration of China and other developing economies into the global economy. The report analyses this development extensively and debates possible policy reactions. The European economic forecast is, as in previous years, an important part of this. The EEAG report was released in March 2004 and distributed to political decision-makers and experts in academic and political institutions, associations and enterprises throughout Europe. This report is one of the **CESifo Group’s** international flagship publications, together with Ifo’s **CESifo Forum** and **CESifo Economic Studies**.



The first book in the **CESifo Book Series**, issued by MIT Press in 2004, was “The Political Economy of Education”. New publications are slated for 2005, covering such topics as the decline of the welfare state, current pension system problems, European monetary policy, the challenges posed by international financial crises and new approaches in transportation policy. All these books are subjected to an extensive, multi-stage referee process which includes several workshops at which the results are presented to Ifo and CES researchers to be discussed in detail.

The EEAG also draws on the **Database for Institutional Comparisons in Europe (DICE)** compiled by the Ifo Institute. The database and the “**CESifo DICE Report**”, the latter a publication issued quarterly by the Ifo Institute, serve the purpose of making available institutional comparisons on important economic questions in Europe to journalists, economists and decision-makers, providing a wealth of data for well-founded economic policy discussion.

The CESifo Book Series

Since 2000 CESifo has supported the so-called “Tandem Projects”, in which an Ifo or CES researcher works on a joint book project with an internationally renowned external researcher.

[Projects with MIT Press](#)

The **CESifo Seminar Series at MIT Press** publishes selected contributions from CESifo conferences. Following the first publications in 2003, six further books were published in 2004, dealing with the design of the European Constitution, capital taxation and Eastern enlargement. Eight further CESifo Seminar Series books will be published in 2005.

The **CESifo Research Report** journal series was continued in 2004. This series publishes selected English-language research studies that are aimed at stimulating economic policy discussion on the international level, complementing thus the work of the European Economic Advisory Group at CESifo.

Events

As in past years, a major focus of the activities of the CESifo GmbH was in the organisation and administration of academic **conferences**. With the goal of strengthening Munich's standing as a scientific centre and to support empirical and theoretical research in economics, CESifo organised 14 conferences, in close co-operation with the Ifo Institute, in 2004.

CESifo hosts essentially two categories of conferences. As well as the firmly established area conferences pertaining to the individual areas of the CESifo Research Network that are held each year, CESifo also hosts conferences that are initiated and supported by some of the Network members and deal with varied topical current issues.

The **Venice Summer Institute** has established itself as a strong tradition in the CESifo event calendar and has also earned its reputation among international economists. Held in 2004 for the fifth time, the Summer Institute comprised six workshops at which over 90 participants from 17 countries took part, availing of the productive atmosphere on the island of San Servolo to present and intensively discuss the results of their research.

Just as the "Venice Summer Institute" has become an annual event for scientific researchers, the **Munich Economic Summit (MES)** has become an important event in the agenda of politicians, company leaders, press representatives and economists. Jointly organised by CESifo and the BMW Foundation Herbert Quandt, the Munich Economic Summit is a European forum for politicians, business leaders, academics and members of the press at which the challenges and problems facing Europe are discussed. The 2004 Summit tackled the issue of "Social Union, Migration and the EU Constitution". Over 120 participants from 18 different countries engaged in a lively discussion on how the expected migration flows taking place in an expanded Europe would affect the richer western European welfare states. Discussion centred on the European constitution to be ratified by the member states. Speakers at the 2004 Summit included Ivan Miklos, Deputy Prime Minister of Slovakia, Aart-Jan de Geus,

Social and Labour Minister for the Netherlands, Georg Milbradt, Prime Minister of Sachsen, and Jürgen Strube, Chairman of the Supervisory Board of BASF AG. For the organisers of the event it was particularly pleasing to see the amount of chief editors from the largest European media. Their interest in the event proved that information is still required on the topic of migration. Along with the BMW Foundation Herbert Quandt as co-organiser of the Summit, the event was supported by companies such as Siemens AG, the HVB Group, HVB Real Estate AG, Swiss Re Germany AG, E.ON Bayern AG and Knorr-Bremse AG, as well as by the city of Munich.

In addition, ten other conferences were held which dealt with a large spectrum of topics such as fiscal federalism, schooling and human capital and the design of the European Union. Throughout the year, a total of 442 participants attended the CESifo conferences. A similar number of conferences is planned for 2005.

Below is a listing of all conferences held in 2004:

- CESifo-Area Network "Global Economy"
- CESifo-Area Network "Money, Macro and International Finance"
- CESifo-Area Network "Employment & Social Protection"
- CESifo-Area Network "Industrial Organisation"
- CESifo-Area Network "Public Sector Economics"
- CESifo Venice Summer Institute dealing with the following themes:
 - *"The Revival of Aggregate Demand Management Policies: Back to Keynes?"*
 - *"Behavioral Public Economics"*
 - *"Recent Developments in Antitrust Analysis"*
 - *"Dissecting Globalization"*
 - *"Growth and Institutions"*
 - *"Policy Analysis With Numerical Models"*
- *CESifo International Spring Conference*
- *Trans-Atlantic Public Economics Seminar (TAPES) – jointly organised with the (NBER)*

- “Designing the new EU” – Part 2 (jointly organised with the Athens University of Economics and Business)
- Conference on “Understanding the Digital Economy”
- Conference on “Schooling and Human Capital Formation” – jointly organised with the Programme on Education Policy and Governance (PEPG) of Harvard University
- Conference on the “Sustainability of Public Debt” (jointly organised with the Ludwig Boltzman Institute, Klagenfurt)
- Conference on “Pension Reform” – jointly organised with the Département et Laboratoire d’Economie Théorique et Appliquée (DELTA)

For the full conference programme, see pp. 105–119 of the German version of this Annual Report.

The **Munich Seminars**, jointly sponsored by CESifo and the *Süddeutsche Zeitung*, are also firmly established in the event calendar. The high turnout of invited guests from business, the public administration, academia and the press at these seminars demonstrates the great demand for understandably presented economic problems and solutions. Full reports on all the lectures are printed in the *Süddeutsche Zeitung*, making their findings accessible to a wide readership. This in turn enhances the standing the Munich Seminars have already attained and attracts well-known personalities for future presentations.

In short, 2004 proved a very successful year for the co-operation on research between the Ifo Institute, the University of Munich and the international scientific community. The CESifo Group has in the meantime secured an enviable international standing that extends well beyond the European frontiers.