

WWWFOREurope Newsletter 4/2013

Kenneth J. Arrow Revisits WWWforEurope: We Form Expectations about Expectations about Expectations...



Kenneth J. Arrow © WIFO

Nobel Prize laureate Kenneth J. Arrow can be seen as a kind of spiritus rector of WWWforEurope, due to a research agenda he proposed ten years ago at a conference at Stanford University organised by Karl Aiginger, coordinator of the WWWforEurope project. On October 22, 2013, Kenneth J. Arrow visited the project and gave an insightful lecture on "[Knowledge, Belief and the Economic System](#)", saying that as we do not have certainty about the future, we have to rely on beliefs. It is therefore most important for policy makers and regulators to be credible and to formulate feasible visions. [Read more and watch the lecture here.](#)

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The Need for Good Governance

The convergence success story of Europe seems to have come to a halt if not even to a reversal. The strong bias on market-based adjustment has imposed downward social pressures. Technocracy prevails and European governments at national and supra-national level are losing the trust of their people.

To reverse this trend, WWWforEurope papers by Karl Aiginger, Olaf Cramme, Stefan Ederer, Renaud Thillaye, Petr Rozmahel, Ludek Kouba, Claudia Busl, Marcus Kappler, Atilim Seymen, Andreas Sachs, Frauke Schleer, and many others show that it is not only macroeconomic reforms that are needed but governance reforms as well. Without good governance it will not be possible to achieve the transition to a smarter and more sustainable and inclusive European model.

[For an in-depth discussion and all relating research papers, visit our website.](#)

Recent WWWforEurope Lectures

Little Red Riding Hood Should Have Taken the Safe High Road

In his [WWWforEurope Lecture "Sustainability and Wealth Accounting"](#) on November 12, 2013, Sjak A. Smulders, Professor at Tilburg University, told his audience what we, who are searching for a sustainable growth path, have in common with Little Red Riding Hood and what information we need to make the right decisions. It may be easier and more attractive to choose a high consumption path, regardless of future consequences. But it would be more sensible to define a more restrictive and therefore more sustainable path. Essential for this: choosing the right indicators to identify the right path. [For a summary of the lecture, go to our website.](#)

In the face of the financial and economic crisis and long-term challenges from globalisation, demographic shifts, climate change, and new technologies, Europe needs to redefine its development strategy. The objective of [WWWforEurope – Welfare, Wealth and Work for Europe](#) is to strengthen the analytical foundation of this strategy. WWWforEurope is a four year research project within the 7th Framework Programme funded by the European Commission, coordinated by the Austrian Institute of Economic Research (WIFO) and brings together researchers from 33 scientific institutions in 12 European countries. For more information see www.foreurope.eu.

Chances and Challenges of Energy Transition: The Example of Germany

Claudia Kemfert of the German Institute of Economic Research (DIW), and Andreas Löschel of the Centre for European Economic Research (ZEW), two renowned energy experts, discussed the German experience with energy transition in a WWWforEurope Lecture titled "[Chances and Challenges of Energy Transition – The Example of Germany](#)" on December 5, 2013.

Both experts emphasised the long term character of the energy transition, which should culminate in reducing CO2 emissions by at least 80% until 2050. The difficulties the project currently encounters could be avoided if there were more measures targeting energy demand and if the true costs of carbon were internalised by the European emissions trading scheme. [For a full summary, visit our website.](#)

Disseminating WWWforEurope's New View on Competitiveness

The new research paper "[Competitiveness under New Perspectives](#)", which Karl Aiginger wrote together with Susanne Bärenthaler-Sieber and Johanna Vogel, has elicited interest both on a national and international scale. The research paper stresses that European economies turn out to be substantially more competitive when using a broad and more comprehensive set of indicators than when per capita income only is used as criterion for judging performance. In the paper, competitiveness is defined as the capability of an economy to generate income, employment, social cohesion and environmental excellence.

"Competitiveness under New Perspectives" has been presented by Karl Aiginger at [a conference at the Chamber of Labour in Vienna](#) and at [a conference at the Minda de Gunzburg Center for European Studies of Harvard University](#), USA. Johanna Vogel presented the paper as one of the many WWWforEurope researchers at the WWWforEurope Special Session of the [14th International Conference on Finance and Banking](#) in Ostrava, Czech Republic.

At these events, Karl Aiginger and Johanna Vogel advocated [a "high-road strategy" for Europe](#), saying that in the short run the economy will have to be kick-started by investments in education and research and by giving the peripheral countries a chance to start growing again. In the long run we need a transition to the broad concept of competitiveness put forth in the research paper, meaning creating and delivering welfare beyond GDP goals for all its citizens, thereby ensuring sustainable growth and more quality of life. [Download the paper.](#)

Eurozone Future: From Crisis to Stabilisation, Reform and Growth

WWWforEurope project partner Mendel University, Brno, Czech Republic, organised the [Research Centre Conference of the Faculty of Business and Economics on "Eurozone Future: From Crisis to Stabilisation, Reform and Growth"](#) on November 28-29, 2013, in Brno.

The main concern of the conference was analysis, evaluation and discussion of the impact of the financial crisis on the European economy and the future of the Eurozone.

A number of WWWforEurope researchers presented papers on such topics as welfare state attitudes, labour market reforms, labour market performance, and industrial policy. Karl Aiginger held the keynote on competitiveness. [For further information, visit our website.](#)



Antonin Rusek (Susquehanna University) and Karl Aiginger (WIFO) in Brno © Mendel University, Brno

WWWforEurope at ECOCITY 2013 in Nantes

Contributing answers to the question “Can citizens self-organise the sustainable city”, Adrien Labaeye of the University of Applied Sciences Jena presented ideas developed in [one of WWWforEurope's research areas](#), which looks at the role of cities in the socio-ecological transition, at the [World Summit of Sustainable Cities – ECOCITY 2013](#) – in Nantes, France.

Referring to the example of the municipality of Leipzig, Germany, Labaeye talked about the concepts of self-organisation and collective action and the way they relate to the emergence of urban commons. [Read more on our website.](#)

Presenting WWWforEurope in Vilnius

Peter Huber of the Austrian Institute of Economic Research was [invited to present the WWWforEurope project at the International Forum for Future Europe](#), which was held at the Lithuanian parliament in Vilnius in order to contribute to the success of the Lithuanian EU presidency.

Huber stressed two points in the discussion following his presentation: The necessity for a vision of a socially and environmentally sustainable Europe and the “decoupling” of energy and materials use from economic growth and new resource use scenarios for Europe explored in the WWWforEurope research paper “[Developing Resource Use Scenarios for Europe](#)” by Marina Fischer-Kowalski et al. [Find out more on our website!](#)

WWWforEurope

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