

WIFO

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 **ÖSTERREICHISCHES INSTITUT FÜR
WIRTSCHAFTSFORSCHUNG**

Research Programme 2004-2005

Short Version

April 2005

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Austrian Institute of Economic Research

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The Austrian Institute of Economic Research

The Austrian Institute of Economic Research (WIFO) is Austria's leading institute in the field of empirical economic research and provides policy advice for government and the business sector in the making of strategic decisions.

WIFO is an important provider of European economic analyses and is a member of some of Europe's foremost research networks. The institute was established in 1926 and is a non-profit organisation with membership open to organisations and individuals. WIFO's staff comprises some 100 highly qualified researchers, research assistants and administrative personnel.

Mission

WIFO is committed to independent and unbiased research and is open to new ideas and a variety of theoretical approaches. Working in the context of internationalised research processes, we strive for high scientific quality. Our strengths are bundled in five distinct areas of research activity.

Principles

The variety of our funding sources, the long-term nature of our contracts, the provisions of our by-laws and not least the ambition – all of these factors act as guarantees for the institute's independence. Approximately one-fifth of our project revenues accrue from international institutions such as the European Commission. WIFO undertakes studies not only of research topics as commissioned by Austrian and international clients, but also – on our own initiative – of other scientifically important research questions applying state of the art methodology.

WIFO focuses on empirical studies that are of relevance for economic policy. We use the most up-to-date scientific methods and base our work on current economic theory, contributing to theoretical development in response to new policy questions and new institutional settings. At the same time we take care to present complex issues and concepts such as those related to problem definitions, methodology and data quality in an understandable manner.

Our scientific board of leading international academic researchers acts to ensure quality assurance from without, as does an internal quality monitoring system from within. Our high standards are further supported by WIFO's research sabbaticals, expert exchange programs, participation in seminars and workshops as well as our intensive cooperation with national and international universities.

In the EU and in the globalising world, WIFO has developed from a specifically Austrian to a European institute. Our internationality manifests itself in many ways: in the nature of our research questions; in the methodologies and data used; in the diversity of our clients, an increasing share of whom are international institutions; in the inclusion of the international perspective in national projects; and in our efforts to establish and participate in international networks on issues such as competitiveness, forecasting, migration and regional development. A growing number of our staff members come to us from outside of Austria and/or have engaged in extensive studies and research abroad. WIFO projects of a larger dimension are generally carried out by international teams.

Services

WIFO provides services to a wide public as a "public good" made possible by the provision of general research funds from its supporting institutes and persons. In addition, WIFO engages in research commissioned by international and Austrian clients. WIFO's services include analyses and forecasts, economic policy consulting, publication of research results, WIFO Economic Data Bases and a specialist library.

Independence

Scientific excellence

Internationality

Scientific Board

The Scientific Board's objective is to strengthen WIFO's integration in the international scientific community and to promote the transfer of research results and methods. The Scientific Board is also important as an instance of external quality control for our activities.

The board's sphere of activity encompasses the evaluation of WIFO's overall programme and the making of suggestions for the institute's annual planning. Additionally, the board supports WIFO in its medium-range planning and in specific core projects.

The board's 15 members are located at universities and international organisations in Europe and the USA.

Prof. Alberto Alesina

Harvard University

Prof. Dr. Jeroen C.J.M. van den Bergh

Vrije Universiteit, Amsterdam

Prof. Tito Boeri

Università Bocconi

Prof. Dr. Peter Bofinger

Universität Würzburg

Prof. Jean-Paul Fitoussi

OFCE Paris (Observatoire Français des Conjonctures Économiques)

Prof. DDr. Wolfgang Franz

ZEW – Zentrum für Europäische Wirtschaftsforschung

Prof. Paul Geroski

London Business School

Chairman UK Competition Commission

Prof. Dr. JÜRgen von Hagen

ZEI – Zentrum für Europäische Integrationsforschung

Prof. Dietmar Harhoff, PhD

Ludwig-Maximilians-Universität München

Prof. Dr. Claudia Kemfert

Deutsches Institut für Wirtschaftsforschung

Humboldt Universität zu Berlin

Prof. Francis Kramarz, PhD

INSEE, Paris (Center for Research in Economics and Statistics)

Prof. Dr. Ruud A. de Mooij

CPB – Netherlands Bureau for Economic Policy Analysis

Prof. Dr. Werner Rothengatter

Universität Karlsruhe

Dr. Gerhard Untiedt

GEFRA Münster (Gesellschaft für Finanz- und Regionalanalysen)

Andrew Wyckoff, PhD

OECD (Economic Analysis and Statistics Division)

Members

1. The Five Research Areas and their Programmes (2004-2005)

WIFO organises its research activities into five areas. This furthers WIFO's international orientation and corresponds to the increasing specialisation of research.

Research Area 1: Macroeconomics and European Economic Policy

Coordinator: Ewald Walterskirchen

Researchers

Josef Baumgartner • Fritz Breuss • Franz R. Hahn • Heinz Handler • Serguei Kaniovski • Markus Marterbauer • Marcus Scheiblecker • Margit Schratzenstaller • Thomas Url • Ewald Walterskirchen • Michael Wüger

Analysis of Austrian and international economic developments • Business cycle and growth, particularly within the scope of the EU • Short and medium-term economic forecast • European and national economic policy • Fiscal, monetary and incomes policy • Private consumption • Development and reform of the public sector • Financial markets and financial services • Economic modelling and policy simulations • National accounts

The research area investigates into Austrian and international economic developments. The analysis is based on theoretical considerations in the area of macro-economics. The research area is integrated into several international networks and serves as a point of contact for international organisations such as the OECD or the IMF. The effects of economic policy measures are simulated using the WIFO macro-economic model, on which basis policy conclusions are drawn. The research activities are at the interface between theory and practical policy application.

The main focus of the research area is on economic forecasts and the analysis of national and European economic policy. Econometric and time series models support the projections and investigations into the effects of economic policy measures. A key objective is the strengthening of economic growth. Macroeconomic policy recommendations are formulated in this research area and underpinned by model calculations.

- **Business cycle and modelling**
- **Perspectives of Austrian public finances**
- **European economic policy**
- **Financial sector and financial markets**
- **Private consumption and modelling of consumption behaviour**
- **Macro-economic aspects of the labour market and price developments**

Issues

Objectives

Current research programme

Research Area 2: Labour Market, Income and Social Policy

Coordinator: Hedwig Lutz

Researchers

Gudrun Biffl • Julia Bock-Schappelwein • Alois Guger • Ulrike Huemer • Hedwig Lutz • Helmut Mahringer • Christine Mayrhuber • Wolfgang Pollan • Andrea Pöschl

Labour market analysis and forecasting • Wage formation and income distribution • Impact of policies on the labour market • Social Security • Migration

The objective of research area 2 is to provide applied empirical research and analyses of high quality for policy-making and to promote a better understanding of socio-economic developments. The expertise of the research team is founded on regular analyses of the major aspects of the labour market, social security system, incomes policy and distribution, industrial relations and migration policy. This enables us to provide answers to ad hoc policy questions and debates — in line with the public mandate of WIFO; it also enables us to undertake in-depth analyses of new questions, e.g. to simulate outcomes of political proposals of regulatory changes, or to evaluate the impact of policies, not least because of an in-house systematic widening and deepening of data bases and analytical tools. As we implement an increasingly complex data base and new theoretical and empirical research concepts — especially in micro-econometrics — we enhance our research capacity and thus we sustain the potential for expert advice.

The research area cooperates in a wide range of topics and on methodological aspects with one or the other of the four other research areas of WIFO, the most prominent being the area of economic forecasting (short-, medium- and long-term), regional and industry analyses.

Our research is largely centred around projects that are in line with a medium term research strategy and public policy. Three cross-over topics allows us to bundle our research activities as well as to maintain a clear focus of research.

- **Increased flexibility of the employment system**
- **Education and skills**
- **Dynamic distribution analysis and social security**

Issues

Objectives

Current research programme

Research Area 3: Industrial Economics, Innovation and Trade

Coordinator: Michael Peneder

Researchers

Michael Böheim • Martin Falk • Rahel Falk • Werner Hölzl • Hannes Leo • Michael Peneder • Stephan Schulmeister • Susanne Sieber • Yvonne Wolfmayr

Industrial organisation and industry policy • Industry structure, growth and competitiveness • International trade • Enterprise demography • European and Austrian competition policy and regulation • Innovation and technology

The research group on "industrial economics, innovation and international competition" analyses the structure and dynamics of markets, innovation and productivity of firms, industries and countries facing international competition.

The research focus is empirical, starting from a sound theoretical basis. Industrial organisation, innovation theory, trade theory and growth theory provide the background of the analysis. The research group is integrated in several international forums. The research profits from the members' inside knowledge of national and international institutional settings. Aside from theoretically interesting results, the research work ultimately aims to arrive at policy conclusions and evaluations of policy instruments and strategies.

- **Growth, productivity, structural change**
- **Research activity, innovation and diffusion of technologies**
- **Entry dynamics and enterprise demography**
- **Trade, direct investments and multinational firms**
- **Competition policy, market structure and regulation**
- **Financial markets and company strategies**

Issues

Objectives

Current research programme

Research Area 4: Structural Change and Regional Development

Coordinator: Peter Mayerhofer

Researchers

Margarete Czerny • Oliver Fritz • Peter Huber • Peter Mayerhofer • Gerhard Palme • Wilfried Puwein • Egon Smeral

Structural change at regional and sectoral level • Spatial effects of European integration • Location factors, regional strengths and weaknesses • Transport • Construction industry and European construction activities • Housing • Tourism and leisure economics • Transport and infrastructure policy • Regional business cycles and labour markets • Impact analyses

The research area studies regional and structural development in Austria and Europe. It produces studies and expert reports on European integration, on the competitiveness and location quality of Austrian regions and sectors, and on European regional and structural policies.

Our intense collaboration with international research networks (such as Euroconstruct) and major European projects (e.g. PREPARITY, AccessLab), our scientific approach, use of advanced empirical methods and latest databases, together with our inside knowledge of institutional and political structures ensure the high quality of our performance.

A special feature of our work is our two-pronged approach of empirical economic research combined with policy consulting. Our objective is to translate scientific insights and analyses into economic policy practice, to strengthen the theoretical and empirical foundation of activities in national and regional economic policy.

- **Regional development**
- **Tourism and leisure**
- **Construction industry**
- **Transport**

Issues

Objectives

Current research programme

Research Area 5: Environment, Agriculture and Energy

Coordinator: Daniela Kletzan

Researchers

Daniela Kletzan • Angela Köppl • Kurt Kratena • Stefan Schleicher • Franz Sinabell

Sustainable development modelling and indicators • Climate change • Economic instruments in environmental policy • Environmental technologies • Development of the Austrian agricultural sector • Energy economics • Water Economics

The research programme aims to analyse issues relevant to sustainable development, paying particular attention to aspects of economic and ecological sustainability. Emphasis is put on the quantitative, model-based analysis of the effects of transforming existing economic structures in accordance with the goals of sustainable development.

In developing sound policy recommendations, we put special emphasis on the evaluation of (economic) instruments in environmental and economic policy as well as on the evaluation of measures taken by relevant economic players with the aim of achieving sustainable development.

- **Modelling of sustainability**
- **Climate change, Kyoto Process and energy**
- **Agricultural policy and sustainability**
- **Economics of water**

Issues

Objectives

Current research programme