

INTERNATIONAL SOCIETY FOR NEW INSTITUTIONAL ECONOMICS

Why Economics Will Change

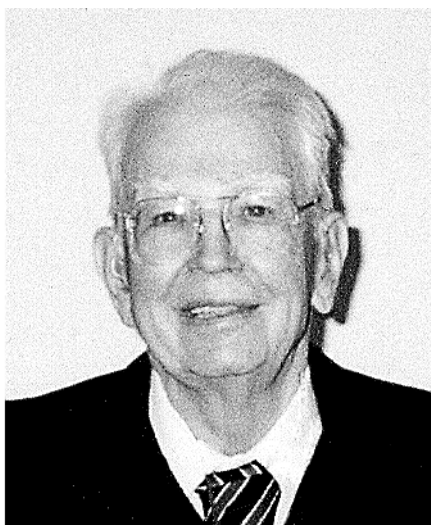
Remarks at the University of Missouri, Columbia, Missouri, April 4, 2002

Ronald Coase

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What I'm going to talk about today is why economics will change. I talk about it because I don't only think it *will* change, I think it *ought* to change. And also I'd like to say something about the part which the University of Missouri will play in bringing it about. It will take a long time. It won't be an easy task, but I'm glad there are people here who are willing to undertake it. What I'm saying today is not in an ordinary sense a lecture, it is just a talk, perhaps one would say a battle cry. It is just intended to give my views on this subject, why I think that economics will change.

It is a striking – and for that matter depressing – feature of economics that it has such a static character. It is still the subject that Adam Smith created. It has the same shape, the same set of problems. Now of course we've made improvements, we've corrected some errors, we've tightened the argument, but one could still give a course based on Adam Smith. In some respects it would be better; in some respects it



Ronald Coase
Founding President of ISNIE

would be worse. But we could base what we say on Adam Smith.

Adam Smith was a great man. He was perhaps the greatest economist who has ever been, but the difference between what has happened in economics and what we find in the natural sciences such as physics, chemistry, or biology is really quite extraordinary. Isaac Newton was a great man. He made a great contribution, but you wouldn't really base a lecture today in physics on Isaac Newton, or in chemistry on Lavoisier, or in biology on Charles Darwin. Charles Darwin was a

great man, but we no longer accept his views on inheritance and therefore on how evolution works. Changes in physics, chemistry, and biology continue to this day.

It so happens that before taking a degree in commerce, for a short

(continued on page 4)

Contents

Why Economics Will Change by Ronald Coase	1
CORI Creates Contracts Research Library	3
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Announcing ISNIE 2003	2
New Hungarian Society	8
Workshops in Spain	8
Korean Society Active	8
Spring School in Corsica	9
ISNIE at Allied Social Science Association 2003	9
Ronald Coase Institute Workshops	9
ISNIE 2002 in Cambridge, MA	10
Join/ Renew Your Membership	11

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Michael Sykuta

ISNIE 2003 Will Be in Prague, September 11-13, 2003

Be sure to mark your calendar for the next annual conference of ISNIE, to be held in Prague, Czech Republic, September 11-13, 2003. ISNIE 2003 will be co-sponsored with CERGE-EI, the graduate program and research center created jointly by Charles University and the Academy of Sciences of the Czech Republic. The conference will be held at historic Charles University and at CERGE-EI, both located in the center of Prague's delightful Old Town. The theme of the conference will be "Institutions and Change." Mary Shirley, Vice-President of ISNIE, is the conference organizer. Registration for the conference will open on January 1, 2003. Paper proposals will be due by March 1, 2003.



Photo by Alexandra Benham

Prague, known as the magic city

Ideas and activities related to the study of institutions

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The Contracting and Organizations Research Institute Creates Research Library of Contracts

The Contracting and Organizations Research Institute (CORI) has been created to facilitate interdisciplinary empirical research on the structure of economic exchange and the role of the institutional environment. CORI, founded in 2000 at the University of Missouri, is assembling a library of contracts and related materials for use in empirical research. Its library already contains more than 8,800 contract documents. Of these, 90 per cent are currently accessible on the Internet.

This library of contracts is available for educational and academic use, and it is continually expanding. The contracts cover a wide range, including corporate organization and reorganization, mergers and acquisitions, financing agreements, employment agreements and incentive plans, joint ventures, purchase and supply agreements, and licenses.

To explore the contracts library, go to CORI's Web site <http://cori.missouri.edu>. You can search online through the 7,900 contracts in the digitized collection by topics of interest and then retrieve the full texts of those that appear relevant, using a full-text search and retrieval system. Access to the contracts is free of charge for academic and educational use. Scholars who use contracts from this library are asked to acknowledge CORI in their papers, and to send CORI notices of publication or copies of any papers which use them.

At present the collection is drawn substantially from disclosure filings with the U.S. Securities and Exchange Commission, specifically from the EDGAR Database of the SEC. Publicly traded companies in the U.S. are required by law to make disclosure filings with the SEC. These filings frequently contain contracts that are of material interest to investors. CORI locates, downloads, extracts, and categorizes these contracts, and places them on its Web site.

The library also contains a separate hard-copy collection of contracts not yet digitized, such as physician/HMO provider agreements, sports stadium leases, container shipping agreements, entertainment contracts, and public school district collective bargaining agreements. Detailed listings of these non-digitized contracts appear on the Web site, and hard copies may be ordered through CORI's administrative assistant.



Michael Sykuta, CORI co-director

CORI is constantly seeking new collections of contracts to add to the research library. Recommendations from ISNIE members concerning organizations, individuals, or projects with potentially acquirable collections of contracts will be enthusiastically received. Please contact co-director Michael Sykuta (sykutam@missouri.edu) with suggestions for sources.

As it expands, CORI intends to create a repository for data from published papers (including both raw data and contracts) that authors are willing to make available to others. Over the next year, it will begin contacting authors of published empirical studies to ask them for detailed information about their data and sources, and to seek their contribution of the data after their own projects are completed.

The co-directors are Michael Sykuta, Robert Lawless, and Stephen Ferris. Ronald Coase is consulting director and chairs the advisory board. The library is funded primarily by tax-deductible donations from its users and by private grants. CORI is currently hiring a new staff member to locate and negotiate access to sources of contracts. Eventually this individual may be available as an expert contract collector to advise other researchers about locating and obtaining access to particular types of contracts.

CORI's address is: 143 Mumford Hall, University of Missouri, Columbia, MO 65211-6200, USA.

Coase: Why Economics Will Change (continued from page 1)

period I started to take a degree in chemistry. What was taught then as chemistry was completely different from what is taught today. Francis Crick has called the old chemistry just a series of recipes. And my recollection of what I was taught suggests that that was accurate.

I don't only think economics *will* change, I think it *ought to* change.

You couldn't give a course today based on what people believed fifty years ago in chemistry. And if you take biology you clearly could not; it has been completely changed by Crick and Watson with DNA.

Now in a modern course on economics you could still use Marshall's *Principles of Economics* published in 1890 (over a hundred years ago), or you could still use Samuelson's *Economics*, first edition, published I think about 1948. The fact of the matter is that in essentials the subject has not changed. That is what I want to speak about. Thomas Kuhn in his *The Structure of Scientific Revolutions* points out that scientists aren't receptive to proposals for a change in their subject unless they are dissatisfied with the old views. You then get what he calls a paradigm shift.

Well, all this suggests that economists are satisfied. Now the fact is that they are satisfied. They are very pleased. To go to a meeting of the American Economic Association is to see thousands of self-satisfied economists. Now there is a reason why this is so. They have found economics useful and are quite happy therefore to go on using it. Now it's true: it is useful. The concepts which have been developed for handling various problems are useful for handling a wide range of problems. Opportunity costs, supply and demand schedules, marginal costs, marginal revenues, maximization of profits – they're all very useful concepts that you can use, and not simply for economic problems but for others as well.

And the empirical work that is done is very useful. I would cite the work of the National Bureau of Economic Research as extremely useful work, but it's

not work which really changes one's vision. One doesn't think of the economic system in a different way. If for example, tax rates go up, what will happen to the tax receipts? Well, they might go up, they might go down, and in an extraordinary case they might even remain the same. What the National Bureau does is to tell one whether, when tax rates go up, the tax receipts go up or down. But one always knew they had to do one or the other, and it doesn't change one's view at all of how the system operates. It gives you useful information, but useful information within the existing scheme.

Now, what we need if the subject is to proceed is not only that sort of empirical work. We do need empirical work, but we need something additional: empirical work which actually changes the way we look at the problem.

We can see where all this self-satisfaction leads to. If we study what economists have said about their subject, how do they describe it? Well, I'll mention some pretty important economists. Take John Maynard

We need empirical work which actually changes the way we look at the problem.

Keynes. He says of economics that it is a method, it is a way of thinking, not a doctrine. John Hicks says it is a discipline, not a science. Lionel Robbins talks about economics as studying human behavior as a relationship between ends and scarce means which have alternative uses. Gary Becker talks about an economic approach. In effect what they are saying is that economics is a bag of tools, a way of analyzing problems, and it no doubt is. It has resulted in what is termed "economic imperialism," namely, taking those tools and analyzing other subjects. I know about economics and law, and there's no doubt at all that in studying the legal system, the use of these tools can be very helpful – and has been. All this explains, I think, why economists are so happy. They have these tools, they are useful, they go

Coase: Why Economics Will Change (continued)

around not only improving economics but do a lot to improve other subjects

Now it is true that there have been a lot of complaints about formalism in economics – the elegant but sterile reasoning and so on – but also talks about the lack of realism in economic discussion. Of course, this is all true, but it's rather natural if you consider the subject simply, as Keynes did, as a way of thinking. Just

What is wrong is the failure to look at the system as the object of study.

thinking, you're not likely to be so interested in doing empirical work, and the formalistic character of the arguments seems quite natural.

Now what's wrong with this situation? What's wrong with economists acting in this sort of way? I'll tell you a tale about an English economist, Ely Devons. I was at a conference and he said, "Let's consider what an economist would do if he wanted to study horses." He said, "What would he do? He'd go to his study and think, 'What would I do if I were a horse?' And he'd come up with the conclusion that he'd maximize his utility." That wouldn't take us very far if we were interested in horses, but we aren't really interested in horses at all. What Devons said was, I think, part of the problem, but not the whole of it. I think it's not really the most important objection – the lack of realism.

What I think is important is that economists don't study the working of the economic system. That is to say, they don't think they're studying any system with all its interrelationships. It is as if a biologist studied the circulation of the blood without the body. It is a pretty gory thought, but it wouldn't get you anywhere. You wouldn't be able to discuss the circulation of the blood in a sensible way. And that's what happens in economics. In fact the economic system is extremely complicated. You have large firms and small firms, differentiated firms and narrowly specialized firms,

vertically integrated firms and those single-stage firms; you have in addition non-profit organizations and government entities – and all bound together, all operating to form the total system. But how one part impinges on the other, how they are interrelated, how it actually works – that is *not* what people study. What is wrong is the failure to look at the system as the object of study.

Now how does it look? Well, that it's complicated is not a question, nor that it could take a long time if we start, as I hope we will, to study this system. Studying it may take one hundred years. It may take two hundred years. But anyway, we should start.

You won't be surprised after hearing the introduction that I think the key to the development of a sensible analysis is the comparison between the additional production resulting from the rearrangement of activities and the cost of the transactions needed to bring the rearrangement about. If you can get extra production, a higher standard of living by rearranging activities, you will do so if the costs of transactions are less than the value of what is gained. Therefore it follows

We will never, when we're dealing with the economic system, deal with an easy-to-analyze set of problems.

that if you can lower transaction costs, there'll be more rearrangements, and the economic system will become more productive. Transaction costs, in my view, become the factor upon which the productivity of the economic system depends.

However, transaction costs depend, as we learned from the new institutional economics, on the working of the legal system (the system of property rights, the enforcement of property rights, the ability to foresee what the legal decisions will be, and so on). They also depend on the political system, they depend on the educational system, and they are interrelated with other

Coase: Why Economics Will Change (continued)

social systems. And in consequence, economists should enlist the support of lawyers, sociologists, anthropologists, and others in our work in order to understand why transaction costs are what they actually are. It's the opposite of economic imperialism. We should invite these other practitioners in these other fields into our realm to help us in understanding how the economic system actually operates.

The influence of the level of transaction costs of course is also affected by technological factors. And one example which is very much discussed today is the influence on transaction costs, and on the organization of industry, of the development of the Internet. A large component of transaction costs is of course the costs of obtaining information. And since the Internet in fact lowers the cost of getting information, it has an effect of lowering transaction costs. As a result, one would expect there to be major changes as a result of the coming of the Internet, coming about through making it easier to get information and therefore lowering the transaction costs of doing business.

Now this has been described in a recent article which appeared in the New York Times in January of this year.¹ It was by Professor Hal Varian of the

The key to the development of a sensible analysis is the comparison between the additional production resulting from the rearrangement of activities and the cost of the transactions needed to bring the rearrangement about.

University of California at Berkeley. This is what he says. "There was never a new economics to go along with the new economy. Sure, there was a lot of talk about increasing returns, network effects, switching costs and so on. But these are hardly new concepts;

they've been part of the economics literature for decades. Furthermore, although these are important ideas, they aren't Big Ideas. They explain certain phenomena well, but they have limited reach. Those in search of a really big idea had to look further back in the economics literature. They hit gold with 'The Nature of the Firm,' a 1937 paper...." It's interesting to think that a paper in 1937 has now become a part of the literature on the Internet. Of course it is understandable. Transaction costs fall: what are the effects?

I quote again from something he says later on. "New-economy advocates found this [the idea of transaction costs] a compelling idea. One consequence of the Internet has surely been to make it cheaper to

If you can get extra production by rearranging activities, you will do so if the costs of transactions are less than the value of what is gained.

communicate. This should, in turn, lower transaction costs and change company boundaries. Their conclusion was that companies would inevitably downsize and outsource, spin off unnecessary functions, and carry out more and more transactions using the Internet instead of internal memos." However, Professor Varian questions this remark. He says that although the Internet lowers the costs of transactions between firms, it also lowers the cost of communication within firms and makes therefore larger organizations easier to run and organize.

But there are even other factors to take into account. Since you can make transactions more easily, less costly, you can get rid of functions that you have to perform but at which you are inefficient. Getting rid of the operations at which you are inefficient enables you to lower the costs of your core activity. And this may in effect lead to greater activity, greater production, and therefore larger firms. So you really can't say whether firms are going to get larger or smaller. Some firms will

Coase: Why Economics Will Change (concluded)

emerge as small firms, because people can now find them and deal with them, but other firms will find, because they can concentrate more on those activities at which they are efficient, that they get larger. And in fact the whole thing is much more complicated than that, because the costs of different operations are going to change,

The collection of contracts by CORI will greatly help.

but not in the same way, so there will be a switching of demand as between different activities. Another thing: the lower costs of some businesses will result in greater production there, but some of the things that are produced will be inputs for other businesses, and their costs will change. So you've got a whole series of interrelated changes which are going to affect the outcome. We will never, when we're dealing with the economic system, deal with an easy-to-analyze set of problems. This is just an example of the complications with which you have to deal when once you try to deal with the working of the actual economic system.

Unfortunately, we lack the data by and large to carry out the necessary operations. We can specify what seems possible, what could happen. But specifying what will happen depends on the availability of the data. And this is where the University of Missouri comes into this talk. CORI, the Contracting and Organizations Research Institute here at the University of Missouri, is

Contracts are, in effect, the neurons of the economic system.

undertaking the task of obtaining the information which will enable us to put these vague ideas into a concrete form. It's something that needs to be done, and it is going to be done here. The collection of contracts by

CORI will greatly help, because contracts are the major means by which one firm interrelates with another firm, or one organization interrelates with the consumer. They are, in effect, the neurons of the economic system. Of course, studying the contracts has to be supplemented by a study of the actions of the firms in modifying and interpreting the terms of the contracts.

Well, this task has to be done and it's being done here. I envy you. At my age, when the act of living is a burden, I wouldn't have come here if I didn't believe that the work which is being done here is of the utmost importance for the future of economics. Economics will change, and the change will come in part because of the work which is being done here at the University of Missouri in Columbia.

Thank you.

Editor's note: Ronald Coase, the founding president of the International Society for New Institutional Economics, is currently Clifton R. Musser Professor Emeritus of Economics at the University of Chicago Law School. He has been affiliated with the University of Chicago since 1964. Earlier he served on the faculty of the Dundee School of Economics and Commerce (1932-1934), the University of Liverpool (1934-1935), the London School of Economics (1935-1951), the University of Buffalo (1951-1958), and the University of Virginia (1958-1964). He was the editor of the Journal of Law and Economics from 1964 to 1982. In 1991 he was awarded the Alfred Nobel Memorial Prize in Economic Sciences.

This talk was delivered at a session organized by the Contracting and Organizations Research Institute at the University of Missouri. The text was transcribed from videotape, and then edited by Ronald Coase and Alexandra Benham.

Footnote

¹ Hal R. Varian, "A New Economy With No New Economics," *The New York Times (on the Web)*, January 17, 2002.

The photo on page 1 was taken April 4, 2002 by Alexandra Benham.

Hungarian Society for New Institutional Economists (HUSNIE) Begins Activities with October Conference

The founding of a Hungarian Society for New Institutional Economists, HUSNIE, is underway. Planning and organizing have been conducted under the leadership of Balázs Hámori, along with Katalin Szabó and Judit Kapás. Charter members include internationally established researchers such as Zoltán Bara, László Csaba, Ádám Török, Attila Havas, and Judit Karsai.

HUSNIE aims to stimulate NIE research in Hungary and to establish closer ties across Hungarian researchers. It will organize conferences, workshops, and seminars and coordinate international research cooperation. One of the most important parts of its mission will be to promote the teaching of NIE as a subject in interested schools and universities in Hungary, and to expand the influence of institutional thinking among economists and business people.

HUSNIE's founding ceremony will be conducted in conjunction with an international conference, "The Evolution of Institutions and the Knowledge Economy," to be held October 4-5, 2002, in Debrecen, Hungary. The conference is hosted by the Faculty of Economics and Business Administration of the University of Debrecen. It will provide a platform for Hungarian researchers and those from other countries to present

their research on the relationship between the evolution of institutions and the knowledge economy, and various approaches to studying these phenomena. Members of ISNIE as well as other scholars focusing on institutional analysis have been invited to participate. Plenary session speakers will include Claude Ménard, Richard Langlois, and Lee Benham.

HUSNIE will sponsor its first workshop, "The Institutions of the Knowledge Economy," during this conference. For more information, see the Web site <http://www.econ.klte.hu/conference>.



Balázs Hámori, HUSNIE organizer

Annual Workshops Held in Spain

The Third International Workshop on Institutional Analysis took place at Universitat Pompeu Fabra, Barcelona, Spain, on June 28-29, 2002. Benito Arruñada was the organizer. The objective of these annual meetings is to provide a forum for research in progress on any area of New Institutional Economics, in an informal and small-size atmosphere. This year, 14 papers were presented and discussed by participants from 13 countries. There were sessions on the information economy, governance, economics of quality, organizations and markets, institutional design, and institutions at work.

The fourth annual workshop is scheduled to take place in Barcelona on June 27-28, 2003. The deadline for submitting paper proposals is March 1, 2003. For more information on the recent workshop and for the Call for Papers for the 2003 workshop, see <http://www.econ.upf.es/~arrunada/workshop.html>.

KOSNIS Promotes Institutional Studies in Korea

KOSNIS, the Korean Society for New Institutional Studies, promotes empirical and theoretical research concerning the institutions that structure Korean society and the Korean economic system. KOSNIS was organized in 1998 with support from the Korea Economic Research Institute (KERI). KOSNIS has approximately 60 members. They come from diverse academic backgrounds, including economics, sociology, political science, law, history, and management science. To encourage an interdisciplinary approach to Korean institutional issues, KOSNIS holds monthly seminar meetings at which one or two papers are presented and discussed. Each year the Society publishes a book which presents a collection of papers showing that institutions matter. For further information (in Korean), see <http://www.keri.org/kosnis>.

ESNIE Holds Inaugural Spring School in Corsica

ESNIE, the European School of New Institutional Economics, held its first NIE spring school in Cargèse, Corsica, France on April 1-6, 2002. Eric Brousseau was the organizer. The 47 participants – doctoral students, post-docs, and colleagues seeking NIE training – came from 17 countries in Europe and elsewhere. Lectures and workshops were given by scholars including Lee Alston, Benito Arruñada, Jacques Crémer, Nicolai Foss, Marteen Jansen, Francine Lafontaine, Claude Ménard, Jean-Philippe Platteau, and Alan Schwartz.

The School was organized around three types of events. Two formal lectures by faculty were given each morning, presenting overviews and current developments in their various fields of expertise. Parallel workshops on methodological tools and research questions were held in the afternoons. In two-hour seminars at the end of the day, participants presented their work in progress, with comments from the workshop organizers and lecturers.

The French Government (Ministry of Higher Education), the CNRS (French NSF) and the INRA (French Research Agency for Agriculture and Agro-food Sciences) provided financial support.

ESNIE 2003 is being planned for the first week of April 2003. For future information, see <http://atom.univ-paris1.fr/esnie>.

ISNIE Will Sponsor Session at ASSA Meetings, January 2003

ISNIE is again organizing a session at the annual Allied Social Science Association (ASSA) meetings in January 2003 in Washington D.C. ISNIE's session, "Economics and Organization Theory: Recent Developments," will be held Friday, January 3 at 2:30 p.m. The program will be chaired by Claude Ménard. The speakers and their topics include Luis Garicano, Knowledge Based Hierarchies: Theory and Evidence; Robert Gibbons, Four Formal (izable) Theories of the Firm; Mark Roe, Political and Legal Foundations for Securities Markets in the West; and Oliver E. Williamson, Intertemporal Economic Organizations. Discussants will be Nicholas Argyres, Gregory Dow, John Drobak, and Claude Ménard.

Ronald Coase Institute Conducts Variety of Workshops On Institutional Analysis

The Ronald Coase Institute has recently organized three workshops for scholars interested in the empirical analysis of institutions.

Rio de Janeiro, Brazil was the venue for the first of these workshops, held December 13-14, 2001, immediately following the 2001 Global Development Network (GDN) conference. It was intended for post-doctoral social scientists early in their careers, particularly those from developing and transitional countries. Participants were selected on the basis of their research abstracts. Some scholarships were provided by the GDN and the Brazilian government.

In small groups and in formal presentations, participants discussed their research and received feedback from established scholars in institutional analysis. Formal lectures were also delivered. The twenty participants, predominantly economists, came from Brazil and seven other countries. Faculty members included Lee Alston, Alexandra Benham, Lee Benham, Juan Camilo Cardenas, Bernardo Mueller, Elinor Ostrom, Michael Ross, and Mary Shirley.

Washington University, St. Louis, USA was the site of a longer workshop on May 19-25, 2002, held jointly with the Center for New Institutional Social Sciences (CNISS) there. The ten participants, who attended by invitation, were scholars more advanced in their careers who are interested in using institutional analysis in their research work. Nineteen faculty members lectured and also commented on participants' presentations. The faculty came from the disciplines of economics, political science, business, social work, and law.

In Cambridge, Massachusetts, USA a third workshop has been organized for September 22-27, 2002, immediately preceding the ISNIE 2002 conference there. Twenty-seven young scholars are expected to attend. Primary financial support has been provided by Earhart Foundation and Coase Foundation. Speakers include Paul Joskow, Douglass North, and Oliver Williamson.

For further information and future workshop announcements, see <http://www.coase.org>.

Institutions and Economic Performance

Annual Conference of the
International Society for New Institutional Economics (ISNIE)
Cambridge, Massachusetts, USA September 27–29, 2002

Paul Joskow, President-Elect, Conference Organizer

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(all inquiries)

You are cordially invited to attend the 2002 ISNIE conference, which will take place at the Massachusetts Institute of Technology (MIT), Cambridge, Massachusetts, USA, under the presidency of Claude Ménard. The conference will begin on Friday, September 27. Sessions will be held at the Tang Center, and conference materials may be picked up there beginning at 4:00 p.m. The opening plenary session will start at 5:30 p.m., with a keynote address by **Andrei Shleifer**, "The Practice of Justice." A reception at the MIT Faculty Club will follow.

During the next two days, there will be parallel sessions at which 96 papers selected by the Program Committee will be presented and discussed. Four parallel sessions will run simultaneously. On Saturday at 5:00 p.m., **Jean Tirole** will deliver his keynote address, "Rethinking Incentives," in the second plenary session. A reception and gala dinner at the Cambridge Center Marriott will follow on Saturday evening, 7:00 - 10:00 p.m.

On Sunday, after the morning parallel sessions, the final plenary session will take place at 1:30 p.m. **Claude Ménard** will deliver his presidential address, "The Economics of Hybrid Organizations." This will be followed by an ISNIE business meeting, then an informal reception starting at 3:30 p.m. The conference will end Sunday, September 29 at 4:30 p.m.

Conference registration is still open. The registration fee is **\$275 US**. The fee includes breakfasts, lunches, coffee breaks, a wine and hors d'oeuvres reception, and a gala dinner. Space is limited, so the earlier you register, the better. There will be **no** on-site registration: all registration fees must be prepaid in advance of the conference. (For cancellation of registration, **no** refund can be given.) For conference registration forms, go to <http://isnie.org/ISNIE2002.htm> to see conference and membership information. You can download and print the forms from the site. To register, you **must** be a member of the Society, with your dues paid for the year 2002.

MIT is situated in Cambridge, Massachusetts, just across the Charles River from the city of Boston and in the center of the beautiful New England region. The American Revolution began in the Boston metropolitan area, and many historical sites are available to visit. Boston is also the home of several distinguished universities and colleges, has fine museums, and is an international center for financial services, biotechnology, and other high-tech industries. Boston and the New England region are major tourist destinations. The area is especially beautiful to visit in late September and early October. Boston has excellent public transportation. For more information about Boston and Cambridge, see <http://boston.citysearch.com>.

Conference participants must make their own travel and hotel arrangements. If you are coming from abroad, please **check whether you need a visa** to enter the USA, and if so, whether you can obtain one in time to attend the conference. Demand for hotel space in the Boston area is intense in the fall, and hotel rooms are expensive, so **book your rooms as soon as possible**. Detailed information on selected hotels in the surrounding area is posted on the ISNIE Web site at <http://isnie.org/ISNIE2002.htm>.

To reach Cambridge, the closest airport is Logan International Airport, only a 15-minute taxi ride from MIT and also accessible by public transportation. The conference location at MIT is a short walk from the Kendall Square station on the Red Line subway. Logan Airport has non-stop flights to/from most major U.S. cities and European hub airports. Logan can be reached from Latin American countries via Miami, Dallas, and New York, and from Asian countries via Los Angeles, San Francisco, and Chicago. The conference will end in time to meet late afternoon flights leaving for most U.S. and international destinations. For more details see <http://www.massport.com/logan>.

We hope to see you in Cambridge!

2002 Membership Application/ Renewal for the Current Year

International Society for New Institutional Economics

Membership in the Society is open to everyone interested in the New Institutional Economics, regardless of academic discipline or professional employment. Membership is for the calendar year January 1 to December 31. Only current members may submit proposals and attend the annual conference. Members receive a subscription to the ISNIE Newsletter and will be included in the NIE Network, a Web-based directory and information service.

The annual membership fee is **\$40 US** for individuals in Andorra, Australia, Austria, Bahamas, Belgium, Bermuda, Brunei, Canada, Cayman Islands, Denmark, Finland, France, French Polynesia, Germany, Hong Kong, Iceland, Iran, Ireland, Israel, Italy, Japan, Liechtenstein, Luxembourg, Monaco, Netherlands, New Caledonia, New Zealand, Norway, Qatar, San Marino, Singapore, Spain, Sweden, Switzerland, United Arab Emirates, United Kingdom, and the United States. For individuals in all other countries, the annual membership fee is **\$20 US**. For students submitting a letter from their department verifying student status, the annual fee is **\$20 US**.

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