

Universiteit Utrecht



Assessment of Research Quality Tjalling C. Koopmans Institute 2003-2005

Faculty of Law, Economics and Governance
Utrecht University

May 23, 2007



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June 2006

Committee

Professor Luc Soete (chairman)

Professor Dieter Sadowski

Professor Ron Martin

Professor Eirik Furubotn

Dr. Harry van Dalen (secretary)

Title:

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Tjalling C. Koopmans Institute, 2003-2005

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Faculty of Law, Economics, Governance and Organisation (REBO)

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Introduction

In September 2003 the University of Utrecht took the unique step by not only establishing a full-fledged economics faculty, it also took the even more daring step by explicitly stating from the start that it wanted to establish a multidisciplinary identity as a research strategy. This report is a midterm review of the process of establishing multidisciplinary economics. The pitfall of mid-term reviews of new establishments is that they may tend to lean towards the complaint that green grass is not in sight even though the seeds have just been sown. Patience is indeed a virtue in making investments. Still, no faculty really starts from scratch as a faculty can appoint experienced and enterprising faculty members who in turn may educate and attract an equally minded set of scholars. It is only the start-up costs – the hassle to organize and write a curriculum, finding a suitable accommodation, hiring faculty and administrative staff – that might initially hinder or depress research productivity. After three years it may be fair to see a glimpse of the profile of what the initiators had in mind. However, in the case of this particular assessment exercise, the Committee was requested to make an assessment at the beginning of 2007 of the research performance over the period 2003–2005, i.e. the very early period of the start of the TKI with the last year 2006 not even being included. It is hence likely that much of the growth in both volume and content of research output will be visible in 2006 and 2007 and the years to come. This fact puts a severe caveat to the way the Committee could use objective, i.e. numbers, citations and impact scores, criteria in assessing the research performance of the new Utrecht School of Economics.

The Dutch universities maintain a system for quality assessment of research. The assessments are governed by the *Standard Evaluation Protocol 2003-2009 for Public Research Organisations*. The latter report outlines a new national evaluation system for publicly funded research in the Netherlands. Within these outlines the three main Dutch organisations responsible for publicly funded research – the universities, the Royal Netherlands Academy of Arts and Sciences (KNAW) and the Netherlands Organisation for Scientific Research (NWO) – defined this protocol for practical use in all coming research evaluations conducted under their auspices. In this evaluation system all publicly funded research is evaluated once every six years. Once every three years research units will produce a self-evaluation, alternating between preparation for the external evaluation and serving as an internal mid-term evaluation. The evaluation system aims at three objectives with regard to research and research management: (1) Improvement of the quality of research through an assessment carried out according to international standards of quality and relevance; (2) Improvement of research management and leadership; and (3) Accountability to higher levels of the research organisations and funding agencies, government, and society at large.

By means of this system, an external evaluation committee of experts assesses research programmes in a six-year cycle. In another three years there will be an official external review which will offer a richer set of research experience, but in the mean time the present external review can offer guidance and function as an early warning system for the Utrecht School of Economics. The formal task of the evaluation committee was stated as follows:

- (1) *To assess against international scientific standards the quality, productivity, innovativeness, relevance and viability of the research work done at the Tjalling C. Koopmans Institute and its new research programs, in the period 2003 up and including 2005, on the basis of the Standard Evaluation Protocol (SEP).*
- (2) *Apart from this, the assignment involved as well:*
 - (a) *an assessment of the relevance and viability of USE's Mphil Multidisciplinary Economics and PhD programmes*
 - (b) *an assessment of the balance between fundamental and applied research.*

To see the merits of multidisciplinary economics the university has sought an external review committee which has some experience in crossing the boundaries of scientific disciplines. The committee consists of four experts, including the chairman, who have expertise in the above-

mentioned areas. However, each member shares responsibility for the committee's assessments as a whole. The following members took part in the committee:

- Prof. Luc Soete, International Economic Relations and UNU-MERIT, University of Maastricht, chairman.
- Prof. Eirik Furubotn, Texas A&M University, and Honorary Professor of Economics, University of Saarland
- Prof. Ron Martin, Economic Geography, University of Cambridge
- Prof. Dieter Sadowski, Business Economics and Public Administration, University of Trier.

The university board appointed dr. Harry van Dalen (of the Netherlands Interdisciplinary Demographic Institute, The Hague and of the Department of Economics of the Erasmus University Rotterdam) as secretary of the committee.

The self-evaluation report was sent to the individual committee members on January 22, 2007, exactly four weeks before the actual site visit. The site visit took place at the premises of the Utrecht School of Economics on February 22-23, 2007 and the exact programme of the site visit is listed in appendix A. The programme offered a wide variety of players within the faculty and to allow for an opportunity of non-invited members of USE to speak to the committee arrangements were made for 'open house meeting opportunity'. None of the faculty members and other staff made use of this opportunity. The committee based its evaluation on the impressions gained from the interviews and of course the self-evaluation and complementary material (which is described in appendix B).

What must be said at the outset is that the meetings conducted by the evaluation committee with faculty members and administrators of the Koopmans Institute were considered particularly useful in providing information about the new multidisciplinary program. Opinions were expressed openly, and one could not fail to obtain a clear sense of the way in which activities have been carried out, and the accomplishments that have been registered, over the past three years.

2. Review of the institute

An overall impression is that in the short time that has elapsed since the USE was formed, very positive and promising progress has been made. It is an exciting, novel – and to some extent risky – venture that has been embarked upon, not least because the very objective, to construct a ‘multidisciplinary economics’, itself begs the question of what, precisely, the latter notion means. Obviously, several challenges lie ahead, and there is much work still to be done, but the project is one that can be applauded. The committee applauded in particular the choice made by USE for multidisciplinary economics and the particular way in which this notion had been filled in. Not by expanding economic analyses to other unexpected fields and applications, highlighting the relevance of economic incentives and individual agents’ decisions, but by bringing insights of other disciplines into the economics field. At the same time the focus on institutions and in particular law, history and space as the three main multidisciplinary research areas (IHS) seemed to built quite naturally on the past research expertise of the different economic “domains” characteristic of the University of Utrecht previous economics teaching programme. The basis from which to start developing a unique multidisciplinary economics research programme seems therefore sound and well thought over. At a time when one department of economics after another has gone ‘mainstream’, and lost real distinctiveness thereby, it is highly innovative – and challenging – to promote a more multidisciplinary and heterodox approach. The TKI should be applauded for being bold in its ambitions. Still, the committee has spotted a number of blind spots which need attention if the Tjalling Koopmans Institute ultimately wants to evolve into a nationally and internationally noted and respected economics department.

2.1 Leadership, strategy and policy of the institute

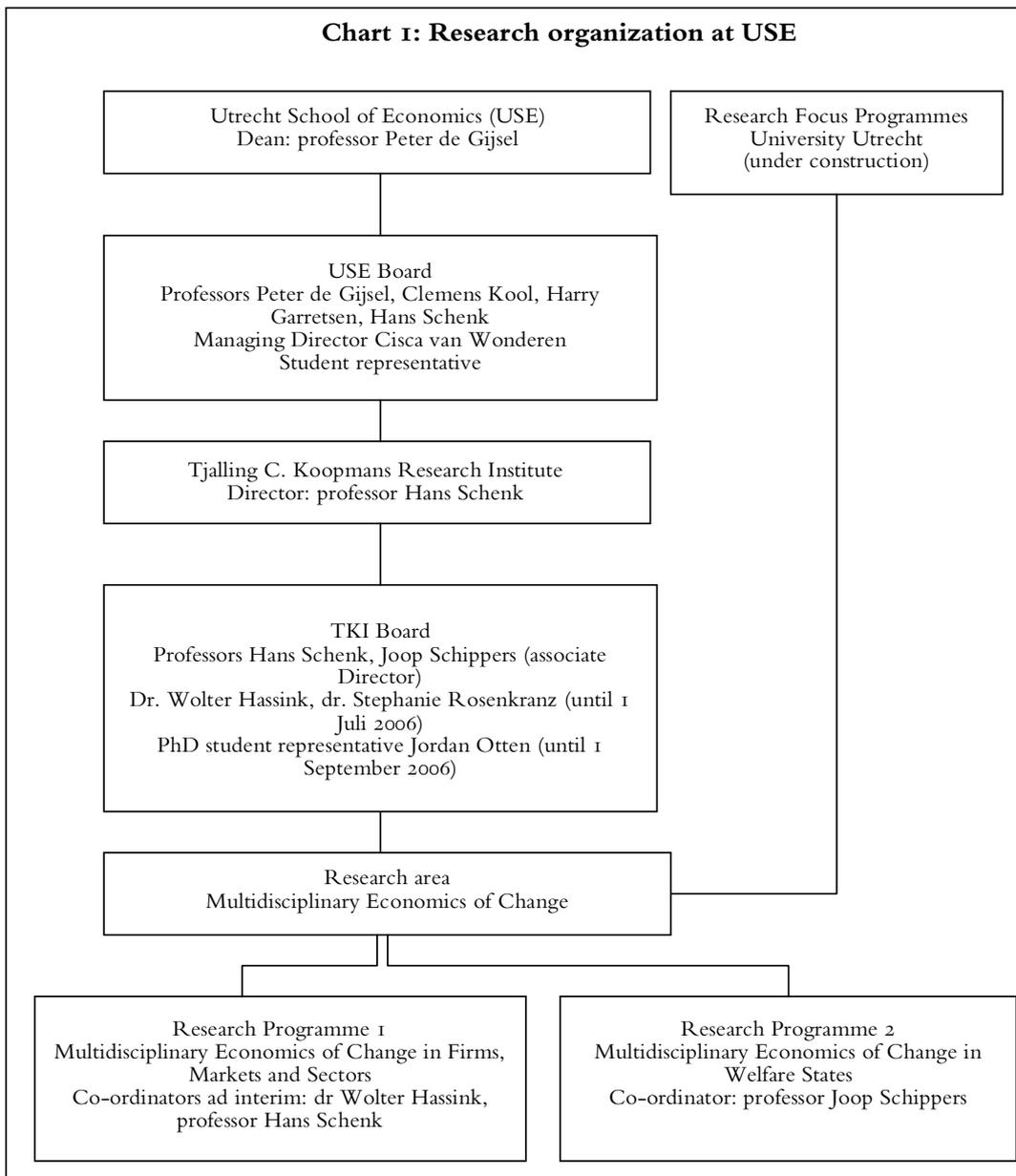
Informal and formal leadership of the Tjalling C. Koopmans Research Institute (TKI) is concentrated in the hands of Prof. Peter de Gijzel and Prof. Hans Schenk. The governance of the TKI is structured along a fine web of responsibilities, and a relatively open and highly motivating participatory vision. The TKI was formally established by the Board of USE. Leadership is however shared with other members in the boards of USE and TKI. The director, who chairs the TKI Board, is appointed by the Dean of USE while other members of the Board are appointed by the USE Board. The TKI Board advises the research Director and supervises the research programme co-ordinators (see Chart 1). Generally speaking, the USE Board is responsible for the determination and implementation of USE’s research strategy and policy. The TKI Board is responsible for tactical and operational policies. The TKI Director is a member of both boards so that the TKI, through him, can influence strategy and policy determination in the USE Board. The members of the TKI Board advise the Director of the TKI. The management of TKI and USE impressed the committee as ambitious, enthusiastic and sufficiently relaxed to deal with the many start-up problems that accompany the venture of establishing a full-fledged economics faculty.

In getting started the direction had to deal with a mixture of new and old faculty members and in a sense these two types present two cultures: the first type has its origins mainly in the Law Faculty with a specialization in labour economics. Their economic type of work is more applied and policy oriented, at either a national or a European level. The other type of researcher constitutes the group of ‘newcomers’ who brings in their own view of multidisciplinary economics, a new and different set of international contacts and many seem to be less applied or policy oriented. Blending these types in one institute is still to be characterized as work in progress, and the direction is to be commended for dealing with a heterogenous faculty composition. However, to the outside world, the TKI and USE does not seem to have as yet a clear image or a ‘unique selling point’. Stated preferences gain credibility if they are matched by actions and for the next three years this would seem to the Committee to be one of the major challenges.

The challenge is also recognized by the board who formulated their intentions in the ambitious mission statement:

“The USE Board’s research strategy and TKI’s management policies aimed at setting up a new research institute that, according to the TKI mission, had to be developed as an internationally oriented scholarly institution that engaged in high-quality multidisciplinary economics research by focusing on the IHS-dimensions of economic problems relevant to society. The implementation of USE’s research strategy and TKI’s management policies was directed at

- developing a clear concept of multidisciplinary economics research;
- developing norms for assessing and appraising research in the field of multidisciplinary economics;
- profiling multidisciplinary economics research in accordance with USE’s mission.”



Source: Self evaluation report, 2007.

According to the Committee three elements appear to be in need of attention over the next few years because they might hinder further development: (1) the content and direction in which multidisciplinary economics has to develop; and (2) the performance of the research incentives as encapsulated by the evaluation system RAAS; and (3) the profile of multidisciplinary economics that emerges in the two research programs. The last element will be discussed at a later point in the report, but the committee wants to stress that this element of the strategy will need serious scrutiny in further attracting and keeping high quality faculty members.

Multidisciplinary economics

During the site visit it became apparent that perhaps the most significant achievement realized in the past few years has been the creation of a favourable research environment at the TKI for young and ambitious researchers with an open attitude towards the input of others: creativity driven research in the real sense of the word. Virtually all personnel interviewed felt that they could pursue heterodox or multidisciplinary research effectively. In particular, individuals stressed their satisfaction in being able to speak freely with colleagues about problems and expect both understanding and helpful advice to be forthcoming.

But what does it mean?

While collaboration by scholars from different disciplines is encouraged, it is apparent that there is considerable diversity in the interpretations made concerning the nature and methods of multidisciplinary research. The administration does not attempt to impose uniform standards, and each researcher tends to follow his or her own understanding of multidisciplinaryity. Freedom of choice in academic work is, of course, essential. One consequence of the present system, however, seems to be that ultimately many of the articles produced do not show any obvious indication of multidisciplinary study. For example, only a few of the ten key article publications 2003-2005 (see appendix C) submitted to the Committee were explicitly multidisciplinary in character; most of the papers would fit readily into the lists of papers generated by mainstream departments. This impression is reconfirmed by reading the contents of the annual reports. There do not seem to be many examples of contributions that from a multidisciplinary perspective had significant “consequences for existing economics methods, theories and solutions” (see Self Evaluation Report, p. 7). This is where perhaps, the TKI needs to work on what range of topics – and what range of approaches – fits the idea of multidisciplinary economics.

The dominant theme that pervades the review of TKI activities therefore concerns the meaning that is to be attached to the term “multidisciplinary economics” (MDE). Taken at face value, the proposed shift to MDE suggests that a truly revolutionary change will be made in the way economic analysis is undertaken. For, arguably, MDE is not to be interpreted simply as a pairing of economics with law, or economics with sociology, or economics with psychology, but as a, more ambitious, *integrated approach* involving all relevant scientific fields simultaneously. While this direction for research may be the beau ideal for the future, and the path scientific development will actually take over time, a *comprehensive* fully integrated program would seem to be very hard to bring off at the moment. Indeed, without some limitations and clarification, the MDE idea can, conceivably, paint USE into a corner – and a risky corner at that.

On the other hand, if the focus on MDE merely means that the USE supports researchers who work in one or another of the “pairing” areas, the distinctiveness of the institution is sharply reduced. After all, in mainstream departments, it is not unusual to find particular individuals writing in such fields as behavioral economics or constitutional economics while others are specializing in game theory or econometrics. Perhaps the best chance for the USE to maintain the credibility of its special interest in advancing MDE is to emphasize, as it has, research efforts on *given topics* (as the Multidisciplinary Economics of Change in Firms and Markets). The study of business organizations appears to be increasingly concerned with insights originating from non-economics sources, and the field lends itself readily to inputs from a variety of disciplines. Moreover, heterodox views are far from rare in this area – as Gibbons of MIT has argued, e.g., “...it is often not useful to think of an organization as a single, unified, rational decision-maker – as economics did for 200 years, and as team theory continued to do.. ...it is not useful to think of an individual as a single, unified, rational decision-maker” (2003). Whether one agrees

with these assertions or not, scope seems to exist for MDE thinking. Of course, what a group of researchers at TKI must do to capitalize on this open situation is to show how the use of ideas drawn from several disciplines outside of economics can blend together and lead to important new understanding. Output must justify the program.

How is multidisciplinary achieved?

The willingness to break down barriers between disciplines and consider the legal, psychological, spatial and other relevant aspects of a problem simultaneously may be a difficult position to reach. But if there is reason to move beyond integrating the three basic elements (IHS), as would seem to be the case, perhaps more attention should be paid to questions of methodology. The administration cannot impose a strict research agenda on the faculty in an effort to shape output. Nevertheless, in pursuing MDE, a substantial fraction of the TKI researchers should agree on how to proceed, and on what is required for success. Moreover, they should have some enthusiasm for the research plan chosen. There is a need for the presence of “true believers.” It is inevitable, of course, that not everyone will agree or adapt. Thus, the program will have to go forward subject to the constraints established by initial conditions. Progress will then be made largely at the margin with the hiring of people sympathetic to the program. What all this points up is the fact that the development of the MDE approach is likely to take considerable time, and demand continuing financial and other support. The objective is worthy but it would seem that everyone concerned should recognize the real difficulties that beset the program, and that building USE as a MDE center is not at all like urging a mainstream economics group to provide more extensive offerings in econometrics or some other standard field.

The preceding discussion revolves, essentially, about one issue – the meaning of MDE as the defining feature of the USE and its research program. The emphasis on this issue seems to be unavoidable, however, since, at the outset, we are told that the basic objective of the new USE approach is novel and significant: “...multidisciplinary economics recognizes the methodological and theoretical difficulties of the economics discipline and considers it as a challenge for economists to make use of the insights of other disciplines that can be linked via the IHS-dimensions to economic analysis” (p. 13, Self Evaluation Report Research 2003–2005). Arguably, though, there are good reasons to believe that an exclusive focus on the IHS dimensions is not adequate. And, indeed, even the originators of the IHS plan recognize that they should consider: “...whether new dimensions of economics problems should be added, implying an extension of the field covered by multidisciplinary economics research at USE/TKI” (p. 13).

In principle, then, the insights from political science, sociology, psychology, et al could all have roles in the MDE scheme. Nevertheless, at the same time, it is said that: “the IHS dimensions allow different types of economics research, ranging from theoretical and applied *monodisciplinary economics research*, which is relevant for the analysis and solution of economics problems, in which the IHS-dimensions play an important role, to *multidisciplinary economics research* in which the contributions of other disciplines are explicitly taken into consideration” (p. 13). This official position is somewhat confusing. It is essential to know how *monodisciplinary economics* is defined. If it is interpreted as referring to theory in the frictionless neoclassical tradition, a problem exists. This is so because such theory is institutionally neutral, and asserts that institutions per se do not affect outcomes. For example, orthodox welfare economics indicates that both a socialist economy and a capitalist economy can, under the right conditions, reach the same Pareto-optimal equilibrium. If, on the other hand, monodisciplinary economics is said to be broad enough to admit, e.g., transaction costs and bounded rationality, things are quite different. The resulting analysis (without involving any of the behavioral peculiarities discussed by psychologists) can lead far afield to heuristics and non-optimizing models. The point here is not to quibble about definitions. What seems to be said by the Self Evaluation Report, however, is that virtually *any* analytic approach goes, and that MDE can be all things to all men. There is nothing wrong with openness and the establishment of a tolerant economics department. What can be questioned here is the label MDE – which, in the worst case, can be misleading to both students and faculty. Moreover, if a broad gauge department is seen as

acceptable, it should be able to make its way to eminence without undue assistance and relaxed standards of performance. The interesting alternative, of course, is the one suggested by a strict interpretation of MDE. Such a program is truly novel and offers real challenges to participants, but, if successful, promises a great payoff to individuals and the USE. Since major risks are involved, this approach does deserve special consideration and support. What seems necessary at the present juncture is an unambiguous decision by authorities on the course that is to be taken, and the costs they are willing to bear to achieve success.

Zooming in on the IHS dimensions

The IHS (Institutional, Historical, Spatial) dimensions that have been selected to guide the multidisciplinary economics research programme at USE seem to have an understandable internal logic. After all, the economy is institutionally embedded, it is an historical system that evolves through time, and it is spatially organised. These dimensions thus embrace some of the fundamental features of real (as opposed to abstract or hypothetical) economies. Of course, these dimensions do not exhaust the range of key dimensions that might be advanced. During the course of the evaluation, for example, it was suggested by several of the Committee members that since economic action is increasingly psychologically based, there should perhaps be a P dimension (which might suggest an acronym of SHIP, rather than IHS!).

But leaving this fourth possible dimension aside, it seemed that thus far progress has been more evident on the S dimension than on either the I or H dimensions. Indeed, the spatial dimensions of research at USE display well some of the key ingredients for how multidisciplinary economics can be developed more generally and might therefore offer some useful pointers for developing the other two dimensions.

With respect to the Institutional dimension the committee was actually surprised by the lack of integrating elements which are currently at the forefront of economic research and which are also multidisciplinary in nature. The economic analysis of law would in principle be a very good example of “multidisciplinary economics”, it could even be considered a paradigmatic case: it is well developed and has attracted the increasing attention of economists and lawyers for at least a decade. It fulfils, it seems, a precondition of fruitful “normal” (in the Kuhnian sense) and truly *interdisciplinary* research because it need not be based on programmatic wishes, but can be developed from now classical texts (Posner, Coase, de Alessi). This holds for research, but also for research education. Furthermore, with De Geest and the Utrecht tradition (cf. work of Van den Bergh), there are widely recognised scholars at Utrecht University who are young and active and well connected. Finally, both the problems for instance of innovation and market regulation (copyright, tragedy of the anti-commons, e.g.) and the problems of the labour market as part of the problems of the welfare state offer themselves for multidisciplinary research. One may think of the economic analysis of the incentive effects of employment protection or labour regulation in general and the employment and fiscal effects of separating social security provisions from the employment contract.

But, neither in the ten key publications selected by the TKI (see appendix C) nor in the 2005 record of articles nor in the discussions with different research groups could the Committee see an explicit or implicit recognition of the particular potential of the economic analysis of law for the research program or the MPhil program. One even had the impression that under the current circumstances the group could be taken out of USE without causing great losses, even strengthening the coherence of the rest, the law group consisting primarily of researchers interested in introducing more economics in law rather than the opposite: supposedly the hallmark of multidisciplinary economics. By bringing back organisationally the law and economics group into the Law Faculty, they could actually unfold a much stronger and helpful impact on modernising the Utrecht law faculty. For USE it would of course be a pity because a great opportunity would be foregone.

Despite the seemingly equal importance given to institutional, spatial and historical dimensions of USE’s multidisciplinary program, historical analyses till now are of marginal importance at best. To interpret anything on change as economic history seems erroneous if not pretentious. The programmatic positioning of the three IHS domains within USE on an equal footing is from this perspective misleading and causing wrong impressions. There are some signs of

improvement as the Committee was told that at least in one case the department of (Economic) History had approached the group of economic geographers at USE to cooperate with them but this illustrates not so much the opportunities, than a new interest of the historians. Admittedly, the latter seems to be an essential pre-condition for any good multidisciplinary co-operation. Business economics on the other hand is traditionally a field open to alternative methodological approaches combining insights from different disciplines. Furthermore, USE does have already a strong basis with the Director of TKI, Professor Hans Schenk. The Committee believes that in particular a focus on business questions – not only markets in the sense of industrial economics – could naturally bring together organisational and institutional economics as well as organisational sociology. It seems to the Committee that this field has always been particularly prone to multidisciplinary research – but the potential of an institutional theory of the firm has yet to be exploited – there are important beginnings, no doubt: theory of corporate governance, theory of worker participation, to name just two. This whole area is not really exploited yet by current researchers in USE. The Committee recommends to rethink this attitude – considering also the effects on drawing in number of business economics students necessary to fulfil the ambitious master students goals. To be unambiguous about this recommendation: the Committee thinks of a future USE as an enriched economics department, not a business school.

Research incentives

In talking to the faculty about the RAAS-system of evaluation the Committee came across a variety of different responses. Some researchers were dismayed by the fact that their publications were not counted because the RAAS-list did not include their journal outlet. Others who also published in non-included journals were not worried at all, because “if you can make the case before the board that your journal is of sufficient quality, you will find no problems at all”. Some had no complaints because their journals were included. The board pointed out in subsequent discussions that RAAS “is merely a guiding principle”. The RAAS system is a sympathetic measuring rod in stimulating multidisciplinary research as it acknowledges journals outside economics and the faculty can earn points, starting in January 2008, by writing in P(rofile)-journals which are known for being multidisciplinary in outlook.

Still, the system could turn out to generate perverse incentives. First of all, at this moment of time the Committee was told, approximately 50 percent of staff do not satisfy the minimum RAAS criteria as they are to be implemented in 2008. Those staff members will see their teaching load increase, making teaching effectively the fall back activity position for USE academic staff. It would be better (as argued below under section 2.2.) to find alternative research activities for staff not satisfying the academic output criteria. Second, the list of P-journals includes low impact journals with relatively high acceptance rates being put on par with the G-journals – ‘straight’ economics journals with high impact and low acceptance rates. Such a divergence in rates of return within the USE is likely to lead researchers to direct their attention to ‘easy’ journals at the expense of ‘tough’ journals. If one wants to put the TKI on the map in the international community one might be very liberal at the outset in which journal a paper appears, as long though as attention is paid that it is an internationally visible *and* high quality journal. At present the current system of evaluation has a number of pitfalls:

- *RAAS is scientifically internally directed.* If one wants to grab the attention of one’s peers and persuade them that multidisciplinary economics is a good idea one needs to publish in core journals. Debates in science are not won in the rear but at the front. Formally RAAS establishes that work in low impact journals, like *History of Political Economy* or *Long Range Planning*, is considered to be on an equal footing with contributions in a high impact journals such as the *Quarterly Journal of Economics* or *Academy of Management Review*.
- *RAAS has an ‘invisibility bias’.* A large number of refereed articles in the annual report have been published in journals which have a slim chance of catching the eyes of many economists. A minimal standard would be that journals have to appear in the list of the Social Science Citation Index. It was brought to the attention of the Committee that European journals are underrepresented by the SSCI. This seems somehow an unfair judgement of SSCI, as this list is annually updated to include journals which have sufficient

scientific merit. If these European journals do not meet those standards then one may question the inclusion of those journals as a touch stone of quality.¹

- *RAAS is an arbitrary list of journals.* Arbitrariness is not a good guiding principle to focus research activity. In the list of P-journals one wonders how the *New York Review of Books* ended up on the list. And the list of C-journals is also not very consistent: the *NBER Macroeconomics Annual* and the *National Tax Journal* are evaluated on par with contributions made in *Economisch Statistische Berichten* or *Bank- en Effectenbedrijf*. In truth, these journals are miles away in stature or influence. It would also be a misjudgement to say that *NBER Macroeconomics Annual* has a “mainly national [policy] orientation and/or a mainly national importance”. It is the judgement of the Committee that any ordering of journals is likely to be arbitrary if ultimately it is not based on bibliometric properties.

2.2 Quality of the resources, funding policies and facilities

The physical quality of the research facilities is impressive. The USE has just moved into a new building in the centre of Utrecht at walking distance from major train and airport connections in The Netherlands. The attractiveness of the USE as a central research location is an important factor which the TKI should be able to exploit effectively in the coming years.

From this perspective, the assessment comes at the right time. The next three years, the TKI should be in a position to further attract highly motivated researchers and to attract further funding from external parties. To do so a clear long term commitment of first stream funding is essential. The future funding of the Institute is clearly a major question. At the same time, it does appear from the report that significant scope exists for increasing research income into the Institute.

As it stands the TKI appears to make as yet insufficient use of external resources. Particularly in the field of multidisciplinary economics there are plenty of opportunities for attracting research project funding from third parties. Again it is likely to take time to build up a contract research reputation, but a clear strategic policy in this area seems to be missing. The Committee proposes that third stream contract funding would be used much more effectively in a complementary fashion in relation to academic research and academic output performance (RAAS). For staff not satisfying the academic RAAS output criteria a more active role in attracting third stream contract research would seem appropriate even specifying financial targets which should be achieved. At the same time, the incentive for the TKI to attract contract research funding could be further enhanced by guaranteeing some first stream funding commitment, possibly even on a matching basis.

In short, the Committee believes that now that the conditions are in place to make the TKI a major attractor for multidisciplinary research in The Netherlands, research should increasingly cover the full financial spectrum of first and second stream academic research and third stream contract research.

2.3 Academic reputation

Judging the academic reputation is bound to be unfair because the group has only been in operation for a couple of years and a substantial number of researchers have been with TKI for even less than this short period. Hence, it is not surprising that on any world-wide list of economic institutes the Utrecht University would score towards the bottom position. To be clear: this fact would not surprise anyone as Utrecht is in the process of building an academic reputation. Achieving a reputation in academia requires ultimately a critical mass of high quality and productive staff, a steady stream of high quality work; requiring a reputation in economic policy requires the perseverance of a policy advocate and again a steady stream of publications in policy oriented environments. At present TKI is internationally visible in the spatial dimension of its academic mission. The other dimensions History and Institutions are much less visible and the same applies for the more applied work. Of course, this is where the Matthew Effect, as the sociologist Robert K. Merton, described it, is at work: “For unto every one that hath shall be given, and he shall have abundance; but from him that have not shall be taken away even that which he hath”. Becoming visible and gaining attention in whatever creative environment one works is bound to be unfair and does not necessarily reflect on the quality of the work. Economics

¹ This need not be the case of journals that have been recently established. Journals must have a proven track record for some years before they can be included in the SSCI.

is both an art and a science and the ‘artistic’ part of economics is still a weak point among many of the staff. To evaluate the academic reputation the Committee hence limits its judgement on the number of publications and the content of those publications over the years 2003–2005, being aware that these figures need to be used with the utmost care given what was said before about the extremely short period in which such publications could actually be written and published.

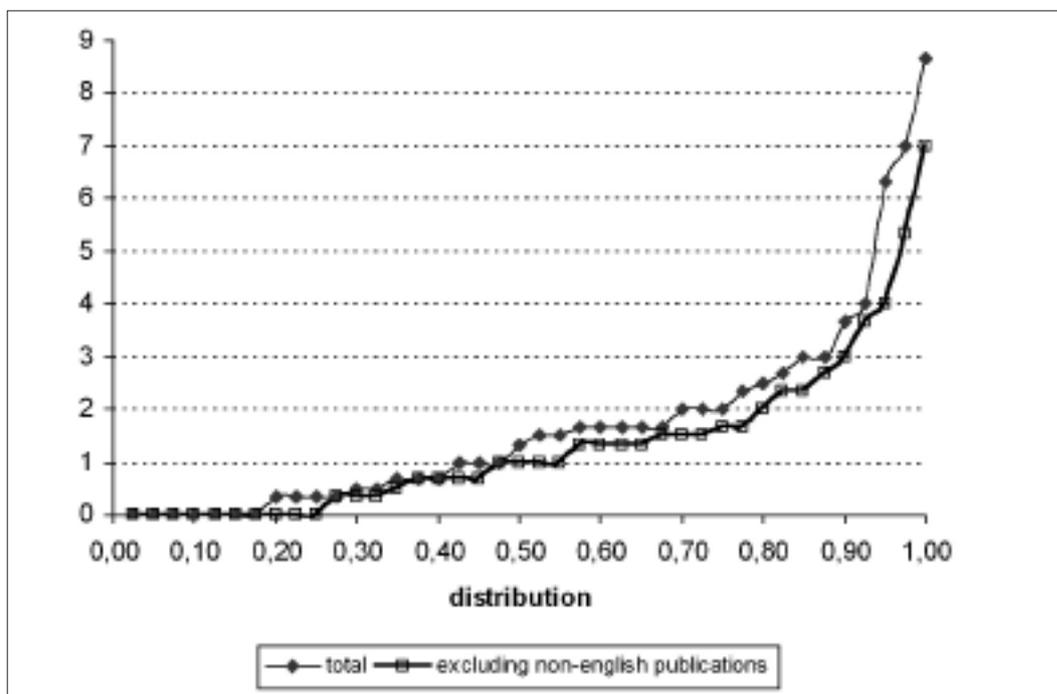
An anatomy of numbers

The self evaluation document reports that USE-researchers produced an average number of 2.83 refereed articles per fulltime equivalent (fte) in 2005. If non-refereed and professional publications and externally sponsored studies are included this number increases to almost 4.6. It is unfortunately hard to compare these numbers to other (Dutch) faculties as the Utrecht guidelines of what constitutes a publication differs markedly from other faculties. To name one distinguishing feature, USE also includes articles, books or book chapters written in Dutch, which is possibly in line with the mission of TKI, but which as a result distorts the comparability with sister faculties.

To see how things can differ the committee has made its own calculations based on the annual reports of TKI for the years 2003–2005. If attention is solely paid to the publications in refereed journals, refereed books and the publication of books, monographs or edited volumes, the average productivity of the current staff² is 1.8 publications per year per staff member who is allotted some research time. If, as the Committee suggests above (section 2.1, p.10), one would only include refereed articles published in, e.g. SSCI journals the average productivity per researcher would only be 0.5 article per year. This is compared to international standards relatively low.

Of course, averages can be deceiving when one does not know what goes into the construction of numbers and how the productivity is distributed across the staff. It is well known that the ‘writing itch’ is not equally distributed across researchers, but the least one can do is require minimum standards of ‘itchiness’. Two publications per year, or one refereed article in a SSCI journal are perhaps the minimum one can require of staff who are allotted time to do research.

Figure 1a: Distribution of average annual productivity of (current) research staff USE in refereed journals/books, 2003-2005

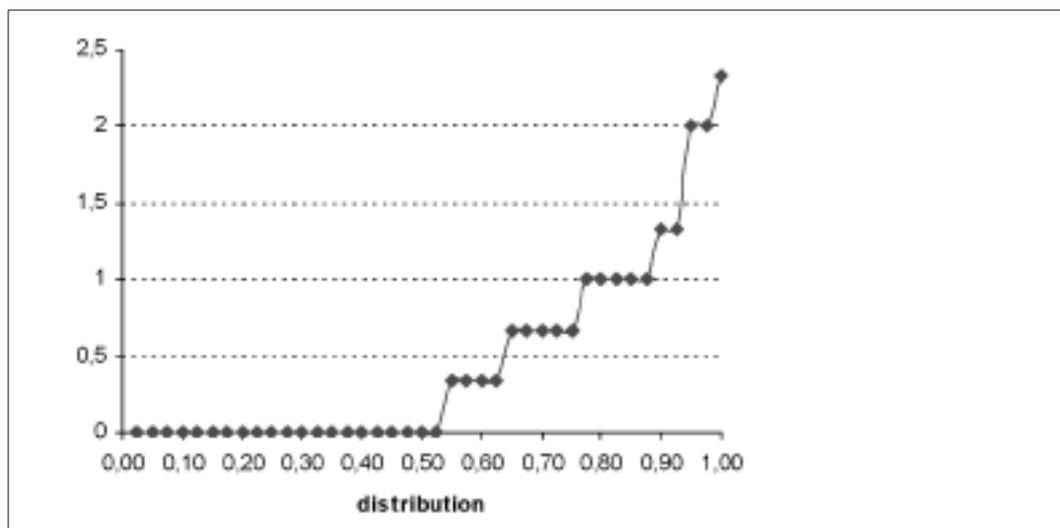


(a) Only research staff was included which was already present in the years 2003–2005. Average productivity measures are adjusted to the year of entry of research staff.

² This excludes lecturers (who have no research time) and trainee research assistants/PhD students. The committee used Annex I of the Self Evaluation Report to determine who is currently a staff member with research time and who was present during the years 2003–2005.

To see how the distribution across faculty is Figure 1a covering all publications (journal as well as book articles) is presented, which suggests that the median researcher writes approximately 1 publication per year. Twenty percent produces nothing and 10 percent is very productive with 3 or more publications per year. If one would only include refereed SSCI articles (Figure 1b) the average productivity drops to 0.5 article per year, with approximately 50 percent not publishing any articles in SSCI journals. This is more in line with the observation that half of the staff would currently not fulfil the RAAS criteria. It highlights the need, which the management of the TKI is well aware off that the international visibility of a large part of TKI's researchers is weak and will have to be enhanced across the board for the coming years.

Figure 1b: Distribution of average annual productivity of (current) research staff USE in terms of articles published in SSCI journals, 2003-2005



(a) The number of refereed journal articles per staff member are counted only if they appear in SSCI journals.

The report is right to stress the need for high quality publications in top international journals. There are, of course, no journals dedicated specifically to 'multi-disciplinary' economics as such, with only a couple of exceptions such as the *Journal of Economic Geography*. The Committee agrees with the report that that ultimately does not matter. The key aim is to encourage and support staff to publish their work in the best journals relevant to their particular fields of research and expertise. There are, of course, simpler and more effective alternatives to the RAAS list of journals: just use all journals registered by the SSCI³ as valuable in being worthwhile outlets of multidisciplinary economics research. The idea that multidisciplinary work is not published in top economics journals is a claim which in the Committee's vision will need to be reconsidered as most of the current top economists and top journals publish also work on 'law and economics', governance questions and the soft and hard elements of organization theory (see appendix D for an overview, in particular Tables D5 and D2, where multidisciplinary economists like Fehr, Glaeser and Loewenstein rank high). The Committee would like to see more spirit and more daring steps in publishing research output. However, the committee warns for a publication culture in which all that matters are just *number* of publications. If one takes a look at the publication records of top economists (see appendix Table D2) their productivity seems to vary between 2 and 5 SSCI publications per year. This could give a naive observer the false impression that all that matters in economics is to be prolific. Publication is a necessary condition but it is far from sufficient. In the end it matters *what* is being said.

An anatomy of content

First, it is clear that the research work along the spatial dimension has benefited from the presence of clear intellectual leadership, in that the chair of the Geography and Economics

³ Or any other comparable bibliometric database, e.g. SCOPUS.

(Garretsen) has explicitly focused on his research field, from the very start of his appointment (indeed even before). His work seeks to deliberately span the two disciplines of Geography and Economics, to bring space (geography) into the theories of economics, and to apply economic theories to the geography of the economy. He is an acknowledged international leader in the growing field of ‘geographical economics’ (also known as the ‘new economic geography’). Second, a small but relatively coherent group of like-minded researchers has begun to develop around the chair. Further, the chair has established very useful reciprocal links with certain members of the Geography Department, who whilst not officially affiliated with USE, can be regarded as playing a part in the development of the S dimension of its research programme (Boschma and Frenken, especially). There are important synergies and interactions between the two disciplines as a result of these links (e.g. in the teaching of the Masters courses, and in research collaboration).

These interactions with the Geography Department have been undoubtedly helped by the fact that the geographers involved are themselves either trained as economists, or have significant economics backgrounds. There was, in other words, a receptive audience on both sides – in USE and in Geography – for exploring aspects of the S dimensions of multidisciplinary economics. Third, a further very positive aspect of the development of the S dimension is that the chair himself has been proactive in becoming involved with key journals that span the geography and economics disciplines. Thus Garretsen has an editorial role on the new journal *Spatial Economic Analysis*; he is a co-founding co-editor on the just-launched new Cambridge Journal of *Regions, Economy and Society* (an expressly multidisciplinary journal); and he has published in *Regional Studies* and the prestigious *Journal of Economic Geography* (which is the top geography journal and the third highest economics journal in citation impact terms).

Fourth, whilst thus far the S dimension has been mostly confined to regional development and agglomeration type issues, there seems to be considerable scope for broadening the S dimension to other research being conducted in the USE – for example the work on networks, ageing, economic regulation and governance, and the welfare state. All of these are areas where economic geographers are working, and thus where there is ample opportunity for the cross fertilisation of ideas with economists.

All of these features strike us as providing fortuitous conditions for the progress that has been made on S-type work in the USE, and promising foundations for further development of the S dimension in other research streams of the USE. It is of course invidious to single out individuals, and by doing so we do not mean to ignore the excellent and innovative research being carried out amongst other groups in the USE. It is just that this aspect of the multidisciplinary research at USE seems to have had a head start, and as such might be an example to emulate in developing the I and H dimensions.

2.4 Relevance

The work done at TKI has relevance for society, although the various chairs within TKI take a very different position in applying economics to questions that might concern policy makers or society at large. The group interested in the dynamics of the welfare state participates in (mainly Dutch) policy debates, other groups are less involved or do not even seem to care about what goes on in matters of economic policy. This is to be expected from groups that grapple with testing or designing fundamental economic theory. However, besides the societal relevance the protocol also asks the Committee to assess the academic relevance, which is described “assessing whether work at the TKI has, or is constructively developing connections with work in sister institutions that are considered non-esoteric and worthwhile.” The TKI distinguishes between an external and an internal variant at this point.

- *External academic relevance* – “whether work and programmes connect to ongoing monodisciplinary as well as multidisciplinary work at sister institutions”. At the current point in time this is hard to judge. The most prominent researchers at USE seem to be well connected and in that respect are relevant to their international network. During the interviews the relevance of the work of USE was connected to the work done at NETSPAR in Tilburg; a so-called ‘centre of excellence’ which focuses on retirement and pension issues. NETSPAR encourages researchers to work across disciplinary borders, but so far the only well-developed

multidisciplinary dimension which NETSPAR scholars have examined – the social-psychological element of retirement finance – is sadly missing in the mission of TKI. This is unfortunate because faculty members like Alessie and Kool, are very much involved in such work. This underscores the remarks made in the previous section about the IHS dimensions.

- *Internal academic relevance* – whether collaboration with key faculty of the various departments of Utrecht University (following its new, so-called ‘Focus & Mass’ policy) contributes meaningfully to these areas. Based on the interviews the Committee did not get the impression researchers identify with the two research programmes which were designed to fit within the REBO program ‘Regulatory Governance: The European Experience’, which covers nine subprograms. The work done by Garretsen and to a lesser extent Rosenkranz, however, represent excellent examples of internal academic relevance. And in that respect the question of internal academic relevance seems to be an element of research, which should not be impressed on people with force. Spontaneous order and collaboration seems to be more productive and leave a lasting impression on the character of a research institution than administratively created focus and mass.

2.5 Reflection on the strengths and weaknesses the institute has formulated

The committee appreciates the frank self-assessment set out in the latter part of the report. The problems (weaknesses and threats) identified are well stated and realistically answered. Three key issues seem to stand out: the nature of ‘multidisciplinary economics’ (the issue of ‘identity’ of the Institute); the task of ensuring quality of research outputs and the role of RAAS (the issue of ‘international reputation’ of the Institute); and securing funding streams in the context of declining University support (the issue of the future ‘financial foundations’ of the Institute). Each of these issues are interrelated. A distinctive identity can attract students and funding organisations of research and by means of that mechanism one can profit from the resulting increasing returns to scale.

The creation of a clear identity should therefore come first and at this point the outside world still has to become acquainted with the Utrecht School of Economics; what makes Utrecht so different, where has the Utrecht approach sharpened one’s insights or where are the typical Utrecht innovations? So far, multidisciplinary seems to have proven to mean first and foremost ‘*multi-inspirational*’ to the USE and TKI researchers within the four walls of Janskerkhof. But how does the outside world perceive this? Whether as potential students, other research faculty, the firms and government organizations who want to procure research and needless to say, the university board who allocates funds to the economics faculty. The outside perception remains at least to the Committee something of a mixed bag: in our interviews some newcomers described their affiliation with the TKI and their position at USE as “just a job”, whereas another newcomer was clearly attracted by the mission of Utrecht to be different and more tolerant to heterodox approaches. Still, being tolerant to other approaches can also be a recipe for anarchy or muddled views on economics. The stress on the IHS dimensions offers some structure but leaves, as was argued above much to be desired on the Institutional and Historical side of the Utrecht program. The RAAS system offers some hints at what the TKI finds important but the potential perverse effects of this arbitrary list shed some doubts on the incentive structure for research which management has in mind.

2.6 Evaluation of the prospects of the research programs

The Self-Evaluation Report gives a good overview of what has been achieved over the period 2003–2005, but it doesn’t always explain whether the structure is the result of an “intelligent design” from the University Board, or rather the result of opportunities, personal choices, historical accidents, etc. Originally, the Institute’s research was organised into four groups. But recent decisions have been directed at amalgamating the work of the Institute into two main programmes: (1) Multidisciplinary Economics of Change in Firms, Markets and Sectors; and (2) Multidisciplinary Economics of Change in Welfare States. This is justified in term of securing critical mass amongst researchers – the original groupings being too small for this purpose. The Committee can appreciate the logic behind this strategy, and can see that it might also give the Institute’s ambitions and identity more coherence. But a possible downside is that the

multidisciplinarity that is argued to be the distinctive feature of the Institute is much less obvious to an outside observer. This issue is a fundamental point of concern: how to secure critical mass of research groups and streams, whilst also retaining the multi-disciplinary identity of those groups and streams. The committee is not convinced that the research programs as they are grouped together are appealing for both students or new faculty. The description of the two programs suggests to the committee that these programs could have been designed at any other economics department. Making the descriptions all encompassing tends to disguise and conceal their distinctiveness. One should be aware that size does not matter equally across all disciplines. Whereas this is likely to dominate in 'hard' sciences, where laboratory staff and capital is extremely important, in social sciences the size of research groups need not be necessarily so large, as international networks will help to compensate for lack of local feedback or specific knowledge. In short, the two research programs do not solve the identity problem which TKI is still likely to face. In view of the Committee more coherent and smaller research programs should be preferred instead of trying to think of catch-all phrases which triggers weak identification or enthusiasm of researchers and which gives a wrong impression of the research activity going on within TKI.

2.7 Overall evaluation of the institute

Given the particularly short period over which it is asked to assess the research performance of USE, and the diversity of research activities being carried out there, the Committee is rather reluctant in grading the entire institute. Some parts of the institute, notably the group around Harry Garretsen can be deemed excellent in light of the mission of TKI, whereas other groups are still in transition, and thus more difficult to assess. Some would be very good if they were to be evaluated in a mainstream department elsewhere, yet some groups seem still to struggle and have as yet made little impression on the national or international community of social scientists. With this 'caveat emptor'-clause enclosed, the committee feels that the entire institute can be summed up in the following grades (see SEP 2003-2009 and the protocol in appendix A for a full description of the criteria).

Quality. There is a large variety in the quality of the research output, with publications in top journals. However, given the mission of the TKI to aim at quality in the form of multidisciplinary economics the Committee concludes that at an average grade of 3.2 also on the basis of the articles submitted. Particularly with respect to the multidisciplinary content, there is hence considerable scope for further quality improvement.

Productivity. At this early stage it is particularly difficult to give an overall assessment with respect to the productivity. As argued above, over the period 2003-2005, academic productivity measured as SSCI articles per (research) faculty member is low, with a very skewed distribution. The overall assessment of the Committee is hence also relatively low with an average final grade of 2.9, although again there is a lot of scope for further improvement. The development of an adjusted (RAAS) output measurement system is likely to assist the institute in improving this specific factor for the near future.

Relevance. Relevance of the TKI is high given the applied nature and the IHS Utrecht tradition. However, here too the Committee believes there is scope for improvement in particular areas (business research, psychology and history in particular). The overall assessment is very good though with a grade of 4.3.

Vitality and feasibility. In a relatively short time span the TKI has built up an institute that offers an inspirational surrounding for both conventional and unconventional researchers. Its feasibility looks particularly promising. The measures taken to get the TKI running (establishing a curriculum, a new building and facilities, attracting new faculty) are hopeful for the further development and growth of the institute. However, the Committee has noted the financial uncertainties and the organisational structure of the two research programmes as weaknesses. The overall assessment is 4.0.

In short the following scores sum up the research quality of TKI:

Quality	3.2
Productivity	2.9
Relevance	4.3
Vitality & feasibility	4.0

This evaluation is based on the following five-point scale:

- Excellent = 5: Work that is at the forefront internationally, and which most likely will have an important and substantial impact in the field. Institute is considered an international leader.
- Very good = 4: Work that is internationally competitive and is expected to make a significant contribution; nationally speaking at the forefront in the field. Institute is considered international player, national leader.
- Good = 3: Work that is competitive at the national level and will probably make a valuable contribution in the international field. Institute is considered internationally visible and a national player.
- Satisfactory = 2: Work that is solid but not exciting, will add to our understanding and is in principle worthy of support. It is considered of less priority than work in the above categories. Institute is nationally visible.
- Unsatisfactory = 1: Work that is neither solid nor exciting, flawed in the scientific and or technical approach, repetitions of other work, etc. Work not worthy of pursuing.

3. Quality of master of philosophy and phd programmes

The research master and PhD programs are in line with the mission sketched by the TKI. The curricula are challenging and seem to fit well with what one would expect from a multidisciplinary institute. However, the numbers of (new) students is far too small to give a reliable picture of the experience of students or what's in store for Utrecht. Discussions with leading faculty figures within the design of the masters and PhD program give the impression that having an 'own' teaching program is crucial for picking potential PhD students or faculty members and in a way there was no choice of not developing a separate research masters program. Here and as opposed to the research assessment, the point the Committee would like to make is that *size does matter*; a critical mass of postgraduate students is vital to create a stimulating and productive research environment and culture. In the recent past Dutch universities had some good experience with setting up nation-wide PhD programs (e.g. the Netherlands Networks of Economics, NAKE, www.nake.nl) but with the introduction of a new university teaching structure these initiatives have floundered. According to the Committee this is a regretful development and the university and Economics Departments should revitalize networks or collaborations that existed before in providing MPhil and PhD courses. In short, the Committee is convinced that the MPhil and PhD programs are relevant but not viable in the long run based on considerations of scale.

There are two methods of solving the scale problem: (1) collaboration with sister institutions in the production of a public good (cf. NAKE). In this case a similar General Network of Multidisciplinary Economics (GNOME) might well be the appropriate response. Given the central location of Utrecht and the research focus of TKI, USE is probably the best school to take initiatives to set up a MPhil teaching network. Contrary to NAKE this network might not be limited to the Netherlands but exploit European opportunities; or (2) attracting enough students which allow USE to internalize the scale problem. Although the second option is not within reach in the short run, it may be a viable option for the long run. The Committee thinks that insofar as a business program can be attractive to students at the BA and/or MA level, some thought might be given to the expansion of the multidisciplinary schema in this direction. It is not without complications and entering the turf of business economics has to be well founded and supported. Key consideration would be: (i) whether such expansion could be accomplished without generating conflict within the overall university community, and (ii) whether a business curriculum could be established that would be interesting to a significant number of students and still maintain in close touch with the scientific and multidisciplinary goals of the TKI.

4. Summary and conclusions

In summary, what is extremely encouraging is the progress that the TKI has achieved in its short history. Despite the difficulties inherent in launching and sustaining an unconventional economics program, there is evidence of good organization, good management, and promising groups of researchers. If the institute can maintain its confidence in the worth of its new approach to economic understanding and adapt to the inevitable challenges it will face, its future should be bright. However, to use a bland cliché, the proof of the pudding is in the eating. The ambitions stated in the mission have to be followed up by action. The key words for the near future are: focus, clarity, simplicity and visibility.

The goal of multidisciplinary

Focus and clarity refer mainly to the goal of becoming a multidisciplinary institute, whereas the concept does not seem to be clear to insiders and outsiders. The choice of filling in the notion of multi-disciplinary economics in terms of the three so-called IHS dimensions seems to be based first and foremost on pragmatic reasons. While this has, as argued above, a defensible and logical rational, this approach has as yet not been fully attempted by TKI. If TKI did so, it might help sharpen focus and give clarity and identity to the institute's mission. Furthermore, while the choice of subjects of filling in multi-disciplinary economics hinges undoubtedly to a large extent on past expertise, the question remains to what extent the current IHS choice is also fully shared by everyone, and in particular newcomers. The Institutional and Historical dimensions were approached with relative indifference by most faculty members and possibly rightly so. For a large multidisciplinary university such as Utrecht University, there seem to be also other opportunities for broader approaches to multidisciplinary economics involving psychology, biology, ethics, environmental studies and many more.

As the authors of the self evaluation report discuss, the use of the notion of 'multi-disciplinary' economics to distinguish the work and contribution of the Institute is not unproblematic. Whilst it serves to give the Institute a distinctive identity, it begs the question of what this approach to economics actually means. The Committee agrees that mainstream economists may often have difficulty in accepting the intellectual case for a 'multi-disciplinary' approach to the subject. However, as the authors of the Self Evaluation Report also recognize, the fact of the matter is that over the past decade or so several significant trends towards increasing the interaction between economics and other social sciences have emerged; and in many cases some of the most exciting research ideas and advances are taking place precisely at these multidisciplinary intersections (one thinks here, for example of the 'new economic geography').

Incentives – Create an encompassing and non-arbitrary incentive structure.

The RAAS list has too many weak points to promote a truly multidisciplinary, high quality research. At this point simplicity (and clarity) can help. There is a basis for believing that it is more difficult to publish heterodox MDE papers in major old-line journals. The greater the departure of MDE work from the conventions adopted in the mainstream literature, or in the literature of well-established sub-areas such as law and economics or public choice, the lower the likelihood of acceptance. Obviously, content is important and no absolute barriers exist. Moreover, on the bright side, it can be noted that numbers of new journals are appearing that are more receptive to unconventional material. Further, as Table D-4 (in the appendix) indicates, many of the significant journals now lie in the areas of business and organizational theory (which offer good opportunities for serious MDE work). One conclusion to be drawn from this general situation is that, again, time may be needed for TKI researchers to experiment and get on track. Another is that greater effort, and perhaps more resources, may have to be expended on research since the total productivity over the past three years was not particularly high. What has to be avoided at all costs, of course, is the use of MDE as an excuse for failing to maintain the rigor and quality of traditional economic analysis. And to make a practical suggestion, if the institute sees the entire social science community as its audience, then why not include all recognized and influential social science journals as potential outlets. The list of SSCI (or a competing database) journals offers this opportunity. Contrary to other sister faculties,

which have a narrow list of economics journals (cf. Tinbergen Institute or CentER) as valuable outlets, USE can offer a more open and tolerant research environment by using this list and end the bickering over which journals should be included and excluded. According to the Committee the TKI is well advised to display more spirit and self-confidence in carrying out its mission. For any scholar it is pivotal to publish in core journals and there is no reason why this should be different for TKI-scholars.

Productivity

Although the future of the Koopmans Institute will be strongly influenced by the research productivity of its faculty, a question exists concerning how much pressure should be placed on individuals to produce papers quickly. Tight control over people, with research time allocated on the basis of performance, can have the effect of causing researchers to focus on easier, doable projects at the expense of harder, more significant ones. Moreover, the assignment of more teaching hours to individuals whose productivity lags can degrade teaching activity by making it appear as something of secondary importance. There are no easy solutions to these problems, but, ideally, recruitment of faculty should be carried out with such care that TKI should secure individuals who are both good researchers and capable teachers. It would certainly help if (international) research leaders in historical and institutional economics were appointed.

Size does not always matter in research

Do not try to fit every program in an encompassing research program which at best satisfies administrative goals but which does not give USE and its faculty a clear identity. Simplicity is key in designing research groups. Most of the well-performing researchers can rely on their networks, nationally and internationally, and trying to generate scale without coherence is bound to produce disillusion. The two research programs which the TKI has recently come up with do not seem to solve the identity problem which TKI faces. The Committee would recommend more coherent, smaller research programs.

...but size does matter in research education

According to the Committee the design and exploitation of a full-fledged research masters and PhD education is tied to economies of scale. The fractionalization of research education in the Netherlands is a regretful development and the university and Economics Departments should revitalize networks or collaborations that existed before in providing MPhil and PhD courses. The Committee is convinced that the MPhil and PhD programs are relevant but not viable in the long run based on considerations of scale.

Appendix A

Programme On-site Visit, External Research Assessment Commission

Wednesday, 21 February 2007

Faculty Club

17:30 – 21:30 hrs Dinner with UU Rector Magnificus Gispen, REBO-dean Dorresteyn, USE-dean De Gijssel, TKI-director Schenk

Thursday, 22 February 2007

Janskerkhof 12

09:00 – 09:15 hrs Inauguration by UU Rector Magnificus Gispen
09:15 – 10:30 hrs USE Executive Board (Damstra; De Gijssel; Garretsen; Kool; Schenk; Van Wonderen): general introduction, mission; Self-study
10:30 – 10:45 hrs break
10:45 – 11:45 hrs TKI Executive Board and Programme Leaders (Bosker; De Swart; Hassink; Rosenkranz; Schenk; Schippers): organisation; facilities and research programmes
11:45 – 13:15 hrs Commission's lunch
13:15 – 14:00 hrs Lifecourse, Social Security, and (Transitional) Labour Market: Schippers (USE), Plantenga (USE), Pennings (**Law**), Van der Schors (PhD student, USE), Van Doorne-Huiskes (**Sociology**)
14:00 – 14:45 hrs NETSPAR research: Alessie (USE), Kool (USE), De Ree (PhD student, USE), Van Groezen (USE)
14:45 – 15:15 hrs Break
15:15 – 16:00 hrs Special session: (Siegers, Bos, Economidou, Groot, Kamphorst, Knaap, Schramm, all USE)
16:00 – 16:45 hrs Law and Economics: De Geest (USE), Den Hertog (USE)
16:45 – 17:30 hrs Institutional Maleficence, Economic and Corporate Governance: Unger (USE), Engelen (USE)
17:30 – 18:45 hrs Extra consultation of UU Rector (Gispen) and Dean USE (De Gijssel)
18:45 – 21:30 hrs Commission's dinner

Friday, 23 February 2007

Janskerkhof 12

9:00 – 9:45 hrs Industrial Dynamics and Innovation: Schenk (USE), Cefis (USE/Bergamo), Dolfsma (USE/UN-Merit), Frenken (**Geography**)
9:45 – 10:30 Research Master: Garretsen (USE), Amman (USE), Gnutzmann (MPhil Student), McCarthy (MPhil Student)
10:30 – 10:45 hrs Break
10:45 – 11:30 hrs Geographical economics/economic geography: Garretsen (USE), Bosker (PhD student, USE), Boschma (**Geography**)
11:30 – 12:15 hrs Dynamics of Cooperation, Networks and Institutions and Trust: Rosenkranz (USE), Buskens (**Sociology**), Dirkmaat (PhD student, USE), Lindner (Postdoc, USE)
12:15 – 13:15 hrs Commission's lunch
13:15 – 14:15 hrs USE Board/TKI Board: final discussion
14:15 – 16:15 hrs External Research Assessment Commission: Conclusions

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16:30 – 17:00 hrs Presentation of first impressions by Commission
17:00 – 18:30 hrs Drinks and end of on-site visit

Appendix B

Evaluation protocol

1. Introduction

This evaluation protocol is an elaboration and further specification of the Standard Evaluation Protocol (SEP) 2003–2009 for public research organisations in The Netherlands. SEP stipulates the requirements for assessments of research institutes of Dutch universities, the Netherlands Organisation for Scientific Research (NWO) and the Royal Netherlands Academy of Arts and Sciences (KNAW), as agreed by the governing boards of the Association of Dutch Universities (VSNU), NWO and KNAW. For items not covered in this protocol, the provisions of SEP apply.

2. Delineation of the domain and the required expertise of committee members

The applicable domain is economics, in particular multidisciplinary economics. The latter should be interpreted as

- (a) Economics that crosses disciplinary boundaries with other fields of scientific endeavour, in particular law, history and sociology, demography and geography (see further below);
- (b) Economics that transcends the traditional barriers between economics and business economics.

An independent external evaluation committee will perform the assessment. This Committee consists of four members, including the chair, and a secretary chairperson.

The committee members are well-established researchers with an international reputation, and a majority of them has a background in or affinity to multidisciplinary economics research. At least one member of the Committee should have a background in both economics and business economics. The committee members are fully independent of the research institute under review. Together, based on past performance and ongoing work, they must be able to give a well-considered judgement and advice on the future development of the Institute and the potential of its recently proposed research programmes.

3. Units of assessment

- This research assessment concerns the *Tjalling C. Koopmans Research Institute (TKI)* as the collective title under which research at USE has been done during its first three full years of existence 2003–2005.
- It should be noticed right from the start, that the TKI has no regularly appointed researchers: all regularly appointed researchers are in fact faculty members of the Utrecht School of Economics (USE) and are virtually seconded to the TKI for their contractually agreed research time. Only post-doc researchers and PhD students, as well as specially appointed project researchers are formally affiliated with the TKI.
- During the period mentioned, USE – itself part of the Faculty of Law, Economics and Governance (in daily parlance: the REBO Faculty, from its Dutch name, *Faculteit der Rechtsgeleerdheid, Economie en Bestuurs- en Organisationswetenschappen*) – set out to hire faculty members with either a proven record in, or the potential to contribute to multidisciplinary economics. At the same time, it started a process that would ultimately lead to research programmes that would be consistent with this. The logical conclusions of this process were bundled into the following two research programmes in late 2005:
 - (a) The multidisciplinary economics of change within firms, markets and sectors;
 - (b) The multidisciplinary economics of change in the welfare state.

Since the two programmes mentioned are still under construction, it is not yet possible to assess them in terms of past performance. *The Committee is therefore asked to assess the potentialities of these programmes.*

4. Assignment

The assessment involves four indicators that according to standard protocol must be used for the evaluation of research work at the Koopmans Institute:

- Quality of the research work done, including innovativeness
- Productivity of the researchers
- Relevance of the research work done as well as of the programmes just started
- Vitality & feasibility of the research work done as well as the programmes just started.

Apart from this, the assignment involves an assessment of the *relevance* and *viability* of USE's MPhil and PhD programmes. The PhD programme has run once, i.e. when the Koopmans Institute welcomed its first group of candidates in 2004. The MPhil programme (or research master's programme), meant to partially substitute for the PhD programme, has received accreditation in early 2006. Obviously, both programmes have a small scale yet. In fact, the first MPhil programme that started September 2006 has only a few students and is therefore mainly taught in a tutorial fashion. The main question with respect to these programmes would be *whether the contents and design are likely to attract interesting students and could contribute to USE's wish to become an international centre for multidisciplinary economics*. A secondary question would involve an assessment of the *organisational embeddedness and viability of the programmes*.

The following is meant as elucidation of the four indicators mentioned above. The recent establishment of the Utrecht School of Economics and its research organisation, the Tjalling C. Koopmans Institute (TKI), has in large part been inspired by the desire to create a place where researchers could work in multidisciplinary economics.

Multidisciplinary economics in general is seen as economics that crosses boundaries with other sciences, social sciences like law, history, sociology, geography, psychology, demography, and political science in particular. This recognises that economics can beneficially build on the insights of other disciplines while at the same time acknowledging that it itself has evolved as a scientific discipline with its own research perspective, methods and theories.

More in particular, the Utrecht School of Economics chose to catch this multidisciplinary agenda in the so-called *IHS perspective*, where the I stands for the institutional, the H for the historical and the S for the spatial dimension of economics. These dimensions form the bridges that allow economics to integrate and adopt both knowledge and methods from other disciplines. Besides, USE chose to stress that strengthening the potentially fruitful connections between economics and business economics would be a desirable way to conduct economics research.

The Committee is asked to put its assessment against this background. In other words, it is asked to judge whether work at the Institute contributes in a meaningful and fruitful manner to the principles mentioned.

Quality. By implication, assessing the *quality* of research at the Koopmans Institute cannot just be done by applying standards that would be suitable for judging monodisciplinary research only. For example, although the number of papers in so-called 'top economics journals' (measured by impact factors or acknowledged as such in the field) would remain an important indicator of quality, such an assessment would have to extend towards important non-economics journals and/or journals that align with the IHS perspective.

In order to reckon with the varieties of both monodisciplinary and multidisciplinary economics research, the TKI has developed an internal quality assessment system, RAAS, that adds multidisciplinary channels for the diffusion of research results to those that are most common to monodisciplinary work. Following suggestions from SEP, RAAS also takes into account that publications in the form of monographs and articles in edited volumes may reach quality levels that are quite comparable to those in journals. By implication, RAAS measurements, though still imperfect, should be a useful tool for estimating research quality. Since innovation, by definition, cannot find its way through established channels, or only very rarely so, the Committee is also asked to pay attention to any other output that may be evidence of challenging and non-conformist but still serious and advanced work.

Productivity. The above has *ipso facto* relevance for the second indicator, *productivity*. As the SEP details, this is sometimes measured as the ratio of certain bibliometric results over input in terms of human resources. The SEP, however, goes on to warn that the only database that can be used for such approaches (available through ISI) has a limited selection of entries only. Moreover, given that publication traditions in the social sciences are different from those in the physical and life sciences, the SEP also warns against using them in evaluation exercises in the former, especially when dealing with emerging areas.

As a consequence, the TKI has made detailed productivity calculations that take these factors into account, based on the categories that have been defined in METIS (the Netherlands's university research category system) rather than the categories that are based on ISI and/or the categories that have been constructed within other – basically monodisciplinary – economics research institutions. The Committee is asked to assess our approach and to evaluate its outcome, keeping an open eye for output that may hold a promise of innovativeness

Relevance. In accordance with SEP, this indicator applies both to the academic and socio-economic relevance of our work and programmes. Academic relevance refers to assessing whether work at the TKI has, or is constructively developing connections with work in sister institutions that are considered non-esoteric and worthwhile. We distinguish between an external and an internal variant. In terms of external academic relevance, the Committee is asked to assess whether our work and programmes connect to ongoing monodisciplinary as well as multidisciplinary work at sister institutions and/or whether they deserve to be maintained. There are no simple proxies here, although the number and intensity of the various collaborations that have been set up with colleagues from other economics as well as non-economics departments would be a valuable indicator.

Apart from this external fit, research and research programmes at USE are expected to contribute in future to a number of research areas that have recently (early Summer of 2006) been worked out by the College van Bestuur (the university's Executive Board) in collaboration with key faculty of the various departments of Utrecht University following its new, so-called Focus & Massa policy. This is a matter of internal fit. The Committee is asked to evaluate whether work at USE, in the way it has proceeded or will most likely develop, can contribute meaningfully to these research areas.

An assessment of the socio-economic relevance of our work and programmes will similarly have to rely on the informed opinions of the Committee's members. Since our mission includes the generation of research findings that are likely to be useful to economic policy and firms' decision making, or even includes discussing these policies and decisions themselves, assessing work at the TKI in this respect would look at the attention our research receives from outside the academic community. Socio-economic relevance would also be indicated by the number and quality of professional publications, i.e. publications that are not primarily directed at an academic audience but rather an audience consisting of socio-economic decision makers. Consequently, this might imply that publications in Dutch would not be excluded from the assessment exercise. In this sense, it would be instructive to refer to a recent memorandum of the KNAW⁴ and to the report of the 2002-assessment of economics in the Netherlands in which it was concluded that generating 'a steady stream of Dutch-language, practice-oriented publications, should (...) continue'.⁵ Relevance in the eyes of non-academic parties would also be indicated by their willingness to support our research and by invitations to sit in advisory boards and committees.

Thus, the *Committee is asked to assess whether our work, in principle, would be likely to generate relevance in both the academic and socio-economic sense meant above and whether it has done so as a matter*

⁴ KNAW, Koninklijke Nederlandse Akademie van Wetenschappen/Royal Netherlands Academy of Arts and Sciences (2003), *Nederlands, tenzij... Tweektaligheid in de geestes- en de gedrags- en maatschappijwetenschappen*, Amsterdam.

⁵ VSNU (2002), *Economics. Assessment of Research Quality*. Utrecht, p. 31.

of fact and in a balanced way. With respect to our recently started programmes, the question would be whether these will be likely to contribute to this.

Vitality and feasibility. Although vitality might be a bit difficult to assess for an organisation as recently founded as the Koopmans Institute – as one indicator would be the dynamics of projects started, finished and abandoned – the *Committee is asked to judge the dynamism of the Institute in terms of hiring new faculty, get research projects off the ground, enthusing its environment and facilitating the research work of its faculty in general.*

In terms of feasibility, *the Committee is asked to estimate whether the recently established research programmes are likely to lead to results, whether they are sufficiently coherent and in line with USE's mission (multidisciplinarity and socio-economic relevance), and whether the overhead organisation is suited and commensurate to the goals of the Institute.*

5. Procedures

The procedures to be followed are similar to those that are laid down in the SEP. Part of the assessment is a two-day site visit to the Institute in early 2007. The programme for the visit will be agreed between the chair and the director of the Institute and will include interviews with key faculty, among whom the Dean of USE, the Institute's Director, the (two) Research Programme Coordinators and the Director of USE's Graduate School. The Evaluation Committee will receive all relevant information (see below), this Protocol and the programme of the site-visit at least four weeks in advance of their visit.

6. Information

In order to support the Committee's work, it will receive:

- (a) The self-study report made up by the Institute
- (b) The applicable Annual Reports of the Institute, 2003–2005
- (c) Documentation concerning the internal research output assessment system, RAAS (both the Main Text, including the lists of journals/publishers used, and the documents used during the internal elaborations leading up to it)
- (d) Documentation concerning the development of the Institute's two research programmes
- (e) Documentation concerning the research areas of Utrecht University and the programmes of the Faculty of Law, Economics and Governance that have been set up to fit within these research areas
- (f) A copy of the Standard Evaluation Protocol (SEP) 2003–2009 for Public Research Organisations.
- (g) A set of key publications.

Appendix C

List of 10 key article publications 2003–2005

Selection criterion: only articles that have been published in journals of which impact factor records are collected by ISI/Thomson and which had an impact factor in 2005 of higher than 1.00. Impact factors are in bold.

The articles have been classified as if the two research programmes that have been started during the Fall of 2005, were already operational during the full period of assessment.

Programme I (virtual):

The Multidisciplinary Economics of Change within Firms, Markets and Sectors

1. Brakman S., Garretsen H. (2003), Rethinking the 'New' Geographical Economics, *Regional Studies* 37 (6/7): 637–648. [**1,53**]
2. Cassimon D., Engelen P.J., Thomassen L., Van Wouwe M. (2004), Valuing new drug applications using n-fold compound options, *Research Policy* 33: 41–51. [**1,84**]
3. Cefis E., Marsili O. (2005), A Matter of Life and Death: Innovation and Firm Survival, *Industrial and Corporate Change* 14 (6): 1167–1192. [**1,17**]
4. Heugens P.P.M.A.R., Van Riel C., Van den Bosch F. (2004), Reputation management capabilities as decision rules, *Journal of Management Studies* 41 (8): 1349–1377. [**1,33**]
5. Heugens P.P.M.A.R. (2005), A neo-Weberian theory of the firm, *Organization Studies* 26 (4): 547–567. [**1,28**]

Programme II (virtual):

The Multidisciplinary Economics of Change in the Welfare State

1. Alessie R., Hochguertel S., Van Soest A. (2004), Ownership of stocks and mutual funds: a panel data analysis, *Review of Economics and Statistics* 86 (3): 783–796. [**1,52**]
2. Brakman S., Garretsen H., Schramm M. (2004), The Strategic Bombing of German Cities during WWII and its Impact on City Growth, *Journal of Economic Geography*, 1468–2702, 4 (Spring): 201–218. [**3,22**]
3. Kalwij A., Gregory M. (2005), A panel data analysis of the effects of wages, standard hours and unionisation on paid overtime work in Britain, *Journal of the Royal Statistical Society Series A* 168 (1): 207–231. [**1,08**]
4. Plantenga J., Bettio F. (2004), Comparing Care Regimes in Europe, *Feminist Economics* 10 (1): 85–113. [**1,60**]
5. Van Groezen B., Leers T., Meijdam L. (2003), Social security and endogenous fertility: pensions and child allowances as Siamese twins, *Journal of Public Economics* 87: 223–251. [**1,10**]

Appendix D

Rankings in economics

To reflect on the productivity and visibility of USE researchers the committee has taken the liberty to put together a number of bibliometric statistics which can give some perspective on the market for economic ideas.

Table D1: Top countries in Economics and Business ranked by citations, 1996-2006

	Country/Territory	Papers	Citations	Citations Per Paper
1	USA	64,658	452,154	6.99
2	England	16,061	79,741	4.96
3	Canada	7,623	36,601	4.80
4	The Netherlands	4,644	21,035	4.53
5	France	4,557	19,236	4.22
6	Germany	5,417	16,643	3.07
7	Australia	4,884	16,018	3.28
8	Sweden	2,154	10,981	5.10
9	Spain	3,185	10,073	3.16
10	Israel	1,785	9,834	5.51
11	Italy	2,833	9,823	3.47
12	Belgium	1,881	8,719	4.64
13	China	2,295	7,450	3.25
14	Scotland	1,731	7,162	4.14
15	Switzerland	1,516	7,109	4.69
16	Japan	2,249	5,687	2.53
17	Denmark	1,338	5,185	3.88
18	South Korea	1,368	5,126	3.75
19	Norway	1,182	4,445	3.76
20	New Zealand	1,069	3,760	3.52

Source: ISI Essential Science Indicators (2007), the rankings are based on publications published and citations received between January 1, 1996 and December 31, 2006.

Table D2: Top authors in Economics and Business ranked by total citations, 1996-2006

	Authors	Papers	Total citations	Citations Per Paper
1	Shleifer, A.	55	3,827	69.58
2	LaPorta, R.	22	2,348	106.73
3	Lopez de Silanes, F.	24	2,292	95.50
4	Vishny, R.W.	11	1,617	147.00
5	Levine, R.	31	1,412	45.55
6	Tirole, J.	57	1,389	24.37
7	Acemoglu, D.	49	1,285	26.22
8	Teece, D.J.	17	1,272	74.82
9	Fehr, E.	33	1,241	37.61
10	Stock, J.H.	29	1,193	41.14
11	Gulati, R.	17	1,186	69.76
12	Eisenhardt, K.M.	19	1,183	62.26
13	Glaeser, E.L.	41	1,148	28.00
14	Gali, J.	24	1,129	47.04
15	Gertler, M.	16	1,114	69.62
16	Fama, E.F.	20	1,065	53.25
17	Dyer, J.H.	16	1,046	65.38
18	Loewenstein, G.	26	907	34.88
19	Ghoshal, S.	21	888	42.29
20	Zingales, L.	20	888	44.40

Source: ISI Essential Science Indicators (2007), the rankings are based on publications published and citations received between January 1, 1996 and December 31, 2006. This ranking is to our opinion less reliable than institutional, journal or country specific rankings as the names and initials can differ across author and thereby the registration of top authors.

Table D3: Top institutes/universities in Economics and Business ranked by citations per paper, 1996-2006

	Institution	Papers	Citations	Citations Per Paper
1	University of Chicago	1,262	20,434	16.19
2	NBER	2,745	38,113	13.88
3	Harvard University	2,426	33,642	13.87
4	MIT	1,447	19,556	13.51
5	Carnegie Mellon	637	8,278	13.00
6	University of Pennsylvania	1,737	22,311	12.84
7	Institute of Fiscal Studies	119	1,468	12.34
8	Stanford University	1,470	17,969	12.22
9	Federal Reserve Bank of Minneapolis	196	2,388	12.18
10	CEPR	296	3,408	11.51
11	Northwestern University	1,200	13,799	11.50
12	Princeton	709	8,141	11.48
13	University of California Berkeley	1,460	16,148	11.06
14	Columbia University	1,313	14,383	10.95
15	University of California San Diego	385	4,156	10.79
16	University of Southern California	820	8,758	10.68
17	University of California Los Angeles	1,005	10,556	10.50
18	Dartmouth College	430	4,498	10.46
19	University of Rochester	406	4,239	10.44
20	University of Maryland	1,075	11,203	10.42
107	University of Wageningen	255	1,447	5.67
117	University of Tilburg	916	4,972	5.43
132	Erasmus University Rotterdam	887	4,362	4.92
133	University of Amsterdam	598	2,939	4.91
139	University of Groningen	410	1,915	4.67
142	Free University of Amsterdam	350	1,561	4.46
147	University of Maastricht	545	2,309	4.24

Source: ISI Essential Science Indicators (2007), the rankings are based on publications published and citations received between January 1, 1996 and December 31, 2006.

Table D4: Top journals in Economics and Business ranked by citations per paper, 1996-2006

	Journal	Papers	Citations	Citations Per Paper
1	Journal of Economic Literature	193	8,023	41.57
2	Administrative Science Quarterly	233	9,069	38.92
3	Academy of Management Review	395	12,398	31.39
4	Quarterly Journal of Economics	427	12,772	29.91
5	Academy of Management Journal	640	16,013	25.02
6	Journal of Marketing	369	8,536	23.13
7	Strategic Management Journal	727	16,081	22.12
8	Journal of Finance	901	18,986	21.07
9	MIS Quarterly	263	5,179	19.69
10	Journal of Political Economy	502	9,877	19.68
11	Sloan Management Review	149	2,669	17.91
12	Organization Science	491	8,714	17.75
13	Econometrica	638	10,571	16.57
14	Journal of Economic Perspectives	507	8,356	16.48
15	Journal of Financial Economics	670	10,875	16.23
16	Journal of Market Research	437	6,055	13.86
17	Journal of Consumer Research	457	6,311	13.81
18	Journal of Management	413	5,459	13.22
19	Marketing Science	308	4,071	13.22
20	American Economic Review	1,831	23,281	12.71

Source: ISI Essential Science Indicators (2007), the rankings are based on publications published and citations received between January 1, 1996 and December 31, 2006.

Table D5: Highest impact articles in Economics and Business, 1996-2006

Number of citations	Article title
846	Teece, D.J., Pisano, G., and Shuen, A., 1997, Dynamic Capabilities and Strategic Management, <i>Strategic Management Journal</i> , 18: 509-533,
567	La Porta, R., Lopez de Silanes, F., Shleifer, A., and Vishny, R.W., 1998, Law and Finance, <i>Journal of Political Economy</i> , 106: 1113-1155.
464	Powell, W.W., Koput, K.W., and Smithdoerr, L., 1996, Interorganizational Colloboration and the Locus of Innovation: Networks of Learning in Biotechnology, <i>Administrative Science Quarterly</i> , 41: 116-145.
443	Grant, R.M., 1996, Toward a Knowledge-Based Theory of the Firm, <i>Strategic Management Journal</i> , 17: 109-122.
423	Shleifer, A., and Vishny, R.W., 1997, A Survey of Corporate Governance, <i>Journal of Finance</i> , 52: 737-783.
423	LaPorta, R., Lopez de Silanes, F., Shleifer, A. and Vishny, R.M., 1997, Legal Determinants of External Finance, <i>Journal of Finance</i> , 52: 1131-1150.
405	Nahapiet, J., and Ghoshal, S., 1998, Social Capital, Intellectual Capital and the Organizational Advantage, <i>Academy Management Review</i> , 23: 242-266.
395	Uzzi, B., 1997, Social Structure and Competition in Interfirm Networks: The Paradox of Embeddedness, <i>Administrative Science Quarterly</i> , 42: 35-67.
383	Dyer, J.H., and Singh, H., 1998, The Relational View: Cooperative Strategy and Sources of Interorganizational Competitive Advantage, <i>Academic Management Review</i> , 23: 660-679.
362	Szulanski, G., 1996, Exploring Internal Stickiness: Impediments to the Transfer of Best Practice within the Firm, <i>Strategic Management Journal</i> , 17: 27-43,
344	Kelly, F.P., Maulloo, A.K., Tan, D.K.H., 1998, Rate Control for Communication Networks: Shadow Prices, Proportional Fairness and Stability, <i>Journal of Operations Research Society</i> , 49: 237-252.
332	Fehr, E., and Schmidt, K.M., 1999, A Theory of Fairness, Competition and Cooperation, <i>Quarterly Journal of Economics</i> , 114: 817-868.
325	LaPorta, R., Lopeze De Silanes, F., and Shleifer, A., 1999, Corporate Ownership Around the World, <i>Journal of Finance</i> , 54: 471-517.
323	Grant, R.M., 1996, Prospering in Dynamically-Competitive Environments: Organizational Capability as Knowledge Integration, <i>Organization Science</i> , 7: 375-387.
320	Staiger, D., and Stock, J.H., 1997, Instrumental Variables Regression with Weak Instruments, <i>Econometrica</i> , 65: 557-586.
311	Hoffman, D.L., and Novak, T.P., 1996, Marketing in Hypermedia Computer-Mediated Environments: Conceptual Foundations, <i>Journal of Marketing</i> , 60: 50-68.
297	Clarida, R., Gali, J. and Gertler, M., 1999, The Science of Monetary Policy: A New Keynesian Perspective, <i>Journal of Economic Literature</i> , 37: 1661-1707.
297	Deininger, K. and Squire, L., 1996, A New Data Set Measuring Income Inequality, <i>World Bank Economic Review</i> , 10: 565-591.
295	Elliott, G., Rothenberg, T.J., and Stock, J.H., 1996, Efficient Tests for an Autoregressive Unit Root, <i>Econometrica</i> , 64: 813-836.
294	Rogoff, K., 1996, The Purchasing Power Parity Puzzle, <i>Journal of Economic Literature</i> , 34: 647-668.

Source: ISI Essential Science Indicators (2007), the rankings are based on publications published and citations received between January 1, 1996 and December 31, 2006.

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Subject

Reaction Research assessment Tjalling C. Koopmans
Institute

Page

Page 1 of 2

Dear professor Gispen,

I welcome the opportunity offered by the University Board to briefly react to the conclusions reached by the external review committee that recently has assessed the Tjalling C. Koopmans research institute of the Department of Economics (USE) of the Faculty of Law, Economics and Governance (REBO). I was impressed by the thorough preparation of the committee and its extensive and in-depth discussions with researchers and supporting staff. Also, I am pleased and satisfied with their general assessment. In summary, they state:

"An overall impression is that in the short time that has elapsed since the USE was formed, very positive and promising progress has been made. It is an exciting, novel - and to some extent risky - venture that has been embarked upon, not least because the very objective, to construct a 'multidisciplinary economics', itself begs the question of what, precisely, the latter notion means. Obviously, several challenges lie ahead, and there is much work still to be done, but the project is one that can be applauded."

I feel this overall judgment by the committee is fair, sharp and realistic. Since the TKI research programs are still in the development stage, we explicitly asked the committee for its views on the general direction and profile of the institute. Overall, the committee's suggestions offer clear scope and direction for future development and will definitely benefit our future internal discussions and research policy adjustments. Let me briefly elaborate on three main issues pointed out by the committee:

First and foremost, the committee urges TKI to work towards a clearer and more focused definition of the concept of multidisciplinary economics (MDE) that is at the heart of the chosen research profile. Discussions have already started in the research institute and we are confident that we will be able to formulate a clear and encompassing definition of our research profile in the year to come.

Second, the committee concludes that there is room for improvement of both research quality and productivity in relation to the TKI mission statement, despite the progress that has been made in this field since the start of USE and the TKI. We share the committee's conclusion. New initiatives

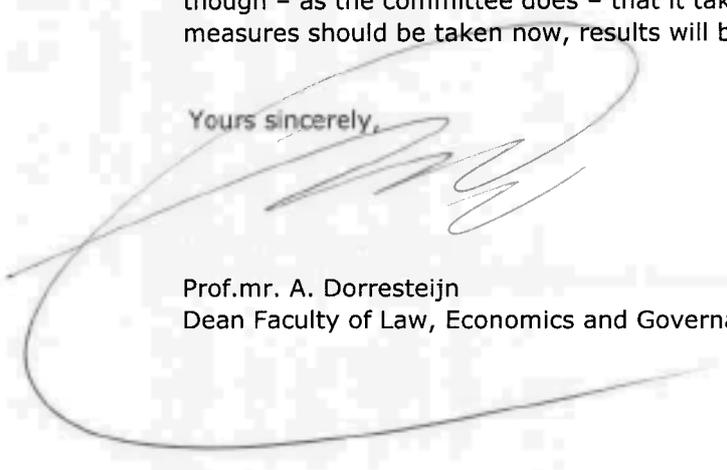
will be taken shortly to promote higher performance in these dimensions. This includes a strengthening of the position of the TKI in the UU "Focus and Mass" programs, extra investments in Business Economics and more focus on second and third stream research projects. Keeping the above ambitions and plans in mind, I strongly support the following statement by the committee:

"...the assessment comes at the right time. The next three years, the TKI should be in a position to further attract highly motivated researchers and to attract further funding from external parties. To do so a clear long term commitment of first stream funding is essential. The future funding of the Institute is clearly a major question." (p.11).

Third, the committee recommends a more externally and internationally oriented research assessment system, leading to more international visibility of research output and a less arbitrary choice of publication outlets. I – as well as the USE and TKI Boards – support the direction in which the committee is pointing. Action will be taken shortly.

In summary, I agree with the main points of improvement stated by the review committee. USE and TKI are committed to work on the realization of the formulated ambitions. We should recognize though – as the committee does – that it takes time to reach the goals outlined. While adequate measures should be taken now, results will be visible only in the longer run.

Yours sincerely,



Prof. mr. A. Dorresteyn
Dean Faculty of Law, Economics and Governance.