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The European Science Foundation (ESF) was established in 1974 to create a common European platform for cross-border cooperation in all aspects of scientific research.

With its emphasis on a multidisciplinary and pan-European approach, the Foundation provides the leadership necessary to open new frontiers in European science.

Its activities include providing science policy advice (Science Strategy); stimulating co-operation between researchers and organisations to explore new directions (Science Synergy); and the administration of externally funded programmes (Science Management). These take place in the following areas: Physical and engineering sciences; Medical sciences; Life, earth and environmental sciences; Humanities; Social sciences; Polar; Marine; Space; Radio astronomy frequencies; Nuclear physics.

Headquartered in Strasbourg with offices in Brussels, the ESF's membership comprises 75 national funding agencies, research performing agencies and academies from 30 European nations.

The Foundation's independence allows the ESF to objectively represent the priorities of all these members.

# Introduction

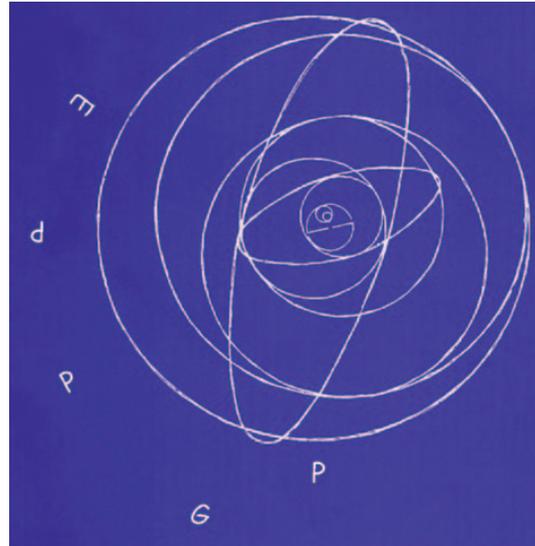
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Some of the major problems facing every nation concern the equitable and efficient provision of a wide variety of public products and services which goes from kid and aged care, different kinds of social protection, health services, schools, roads, sport, cultural and recreational facilities to transport infrastructures, high level education and research expenditures. The extent of their domain, the form that their provision should take are essentially political questions, shared by all countries within the European Union, with their common culture, their similarities but also their huge diversity.

Defining public policies on these questions is, however, a core challenge for the building of a political Europe, especially in the changing political, economic and cultural realities of the European Union. Historically, different national policies pursued by countries within the European Union along with differences in preferences and priorities may make the problem especially acute. Enlargement of the Union, labour mobility, tax competition all bring new needs and new difficulties when constructing appropriate responses.

Rather than a political answer, the ESF Research Networking Programme Public Goods, Public Projects, Externalities invites to advance the part of economic theory that addresses these crucial issues, keeping in mind historical and political considerations.

PGPPE's logo



The outcome of the programme will be the creation and development of a collaborative European research network mixing theorists, specialists in political economy and in the history of economic analysis, and practitioners of public economics.

The most challenging goal of the programme is to further the interaction between diverse applied researchers and theorists, with a view to developing new and fruitful approaches to problems facing policy makers.

Besides this, the programme will facilitate the training of a new generation in the field, and, through cooperation outside Europe, will draw on expertise from other parts of the world.

The running period of the ESF PGPPE Research Networking Programme is for four years from June 2006 to June 2010.

# Aims and Objectives

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As indicated by the title of the programme, the intended object of cooperation is far from covering the whole domain of public economics. The programme is confined to issues of pure public goods and public projects, all kinds of impure public goods, in particular local public goods (with different theoretical implications according to the assumption that location is undergone or chosen), public goods as production inputs and production factors, externalities, especially environmental externalities.

Approaches and tools include general equilibrium and welfare analysis, decision and game theories, public choice theory, asymmetric information, theory of incentives and mechanism design, experimental approaches, and the political economy of public expenditure and public good provision.

Sharing knowledge and advancing collaborative research is the first objective of the programme. The following research areas are proposed:

- General equilibrium with public good
- Lindahlian approaches to equilibrium and optimality
- Historical and political economy approaches
- Regulation of the production of public goods
- Public goods, redistribution, taxation and tax competition
- Public goods as factors of production
- Local public goods and multijurisdictional economies
- Externalities and sub-optimality of equilibrium
- Environment
- Decision making in the EU and its Member States on public goods and environmental questions
- Effects of tradable emissions

These research topics are built on the past and current research of the original proposers of the network<sup>1</sup>. However, the foregoing list is far from limiting the possible theoretical objectives whose formulation should arise from the European research collaboration organised by the programme.

Other specific objectives include:

- Developing new and fruitful approaches to problems facing policy makers
- Training young researchers
- Building collaborative bridges with other groups outside Europe.

To implement collaboration between the members of the network and to achieve the other objectives, the programme will use four key instruments outlined in the next sections.

- Workshops
- Summer schools
- Short visits and Exchange grants
- Final conference

Moreover, contributions in line with the programme will be posted, with the permission of their authors, on the website of the programme ([www.pgppe.cnrs.fr](http://www.pgppe.cnrs.fr)). This will establish an interactive communication between all members.

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<sup>1</sup>These include current participants to the programme as follows:

Claude d'Aspremont (CORE, U. Cath. Louvain)  
Julio Davila (CES, U. Paris 1)  
Gilbert Faccarelli (ERMES, U. Paris 2)  
Nicolas Gravel (GREQAM, U. Marseille 2)  
Vincent Iehlé (CES, U. Paris 1)  
Oussama Lachiri (CES, U. Paris 1)  
Antoine Mandel (CES, U. Paris 1)  
Frédéric Marty (GREDEG, U. Nice)  
Joël Maurice (PSE, Paris)  
Dominique Schwartz (PSE, Paris)  
Jacques Thisse (CORE, U. Cath. Louvain)  
Sylvie Thoron (GREQAM, Marseille & U. Toulon)  
Shlomo Weber (CORE, U. Cath. Louvain)  
Hans Wiesmeth (U. Tech. Dresden & HHL Leipzig Graduate School of Management)

Moreover the following persons are associates to the programme:

Nizar Allouch (Queen Mary U. London)  
Achille Basile (U. Federico II, Naples)  
Alberto Bannardo (CSEF & U. Salerno)  
Anna De Simone (U. Federico II, Naples)  
Domenicantonio Fausto (U. Federico II, Naples)  
Clive Fraser (U. Leicester)  
Maria Gabriella Graziano (U. Federico II, Naples)  
Vinicio Guidi (U. Florence)  
Carlos Hervas-Beloso (U. Vigo)  
Elena del Mercato (CSEF & U. Salerno)  
Emma Moreno-Garcia (U. Salamanca)  
Gareth D. Myles (U. Exeter)  
Leslie J. Reinhorn (U. Durham)  
Ramon J. Torregrosa-Montaner (U. Salamanca)  
Valery A. Vasil'ev. (Sobolev Institute of Mathematics, Novosibirsk)  
Antonio Villanacci (DIMAD, U. Florence)  
Antonio Villar (U. Alicante & Pablo de Olavide, Seville)  
Nick Vriend (Queen Mary U. London)  
Myrna Wooders (U. Vanderbilt & Warwick)

# Programme Activities

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Four annual workshops are planned. The workshops will provide opportunities for scientists to share their research. They will also enhance the possibilities of joint research proposals as well as the adjustment of new research directions.

Second, the programme aims to facilitate the training of the new generation of scientists in the field. Accordingly, two summer schools will be held during the realisation of the programme.

The programme will also foster reciprocal exchange between participants. Funds will be made available either for Short visits or Exchange grants.

The programme will conclude in 2010 with a final conference. This is the occasion to make an assessment of the obtained results. The conference will bring together the different topic areas and draw new lines of research.

## Workshops

Each year a themed workshop dealing with a specific topic will be held. These workshops will bring together different experts in the field. In order to maximise scientific interactions between researchers there will be no parallel sessions. An appropriate choice of invited speakers and discussants will also facilitate this interaction. Alongside the workshops the annual meeting of the Steering Committee will take place. In its meeting, the Steering Committee, which is in charge of the scientific and financial management of the programme, will elaborate and formally approve follow-up research directions, activities and budget. Workshops are held in participant countries and arranged by a local organising committee. Participation is open to all researchers working in the field of the chosen thematic. The programme of the workshop is fixed by a scientific committee including the Steering Committee.

The first workshop will be held from 2 to 4 April 2007, at the International Centre for Mathematical Meetings (CIRM) in Marseille-Luminy. The theme is: 'Modelling public goods and public policy: Past, present, future prospects'. More information is available on the PGPPE website ([www.pgppe.cnrs.fr](http://www.pgppe.cnrs.fr)). Basic information on the programme can be also found at [www.esf.org/pgppe](http://www.esf.org/pgppe).

## Summer schools

Summer schools provide integrated training for students and opportunities for interaction with senior researchers.

Two summer schools will take place in the second and fourth year of the programme (2007 and 2009). The courses will last for six days and experienced experts in the field will do the teaching. Courses will take the form of intensive morning and afternoon lectures for the four days. The last two days of each school will be dedicated to seminars, discussions and questions. We wish to provide a wide and thorough survey of some minutely chosen research papers dealing with our research programme, as well as to develop some research collaborations with external social scientists and young researchers interested in working on the subject of public goods, public projects and externalities.

Only 15-20 participants will be accepted. Applications are encouraged from any interested researcher, but priority will be given to doctoral students and postdoctoral researchers or the equivalent.

The first summer school will be organised, jointly with CORE (Université catholique de Louvain), at Louvain-la-Neuve, on 4-7 June 2007. The theme is "Economic analysis of heterogeneity in social organisations". More information can be found on the PGPPE website [www.pgppe.cnrs.fr](http://www.pgppe.cnrs.fr).

## Programme Activities

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### Short visits and Exchange grants

Mobility of the participants during the programme will be encouraged in order to develop research networks in the field of public economics.

The programme will enable scholars from participating countries – both established researchers and PhD students – to visit other institutions for research within the project outline. Funds are available for short visits (up to two weeks), as well as for longer stays (up to one month, in exceptional cases up to six months). Applications will be submitted to the chair of the Steering Committee. Please refer to [www.pgppe.cnrs.fr](http://www.pgppe.cnrs.fr) for further application details.

### Final conference

In the last year of the project, a major conference will be organised to disseminate the results of both programme participants and outside experts. Key speakers will be invited to the conference.

This conference will be organised in Istanbul jointly with the Association of Public Economic Theory (APET).

## Opportunities to Participate

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Participation in the network and application to join the activities is open to any scientist currently working in the field in one of the contributing countries (Austria, Belgium, Cyprus, France, Germany, Turkey). However, it is required that the scientist is affiliated with an eligible institution (e.g. university, institution etc.) for funding by national funding agencies (ESF Member Organisations).

Cooperation with the network is also open to any scientist currently working in the field in another country. Based on ESF Guidelines, the Steering Committee developed a set of rules for this kind of cooperation. They can be consulted at [www.pgppe.cnrs.fr](http://www.pgppe.cnrs.fr).

Researchers selected to participate in the workshops/conference/summer schools may be eligible for refunds (travel, accommodation). The relevant information can be found on the PGPPE website or can be requested from the main organiser of the event.

## Funding

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ESF Research Networking Programmes are principally funded by the Foundation's Member Organisations on an à la carte basis. PGPPE is supported by:

- Fonds zur Förderung der wissenschaftlichen Forschung in Österreich (FWF)  
*Austrian Science Research Fund, Austria*
- Fonds National de la Recherche Scientifique (FNRS)  
*National Fund for Scientific Research, Belgium*
- Research Promotion Foundation (RPF), Cyprus
- Centre National de la Recherche Scientifique (CNRS)  
*National Centre for Scientific Research, France*
- Deutsche Forschungsgemeinschaft (DFG)  
*German Research Foundation, Germany*
- Türkiye Bilimsel ve Teknolojik Arastırma Kurumu (TÜBİTAK)  
*The Scientific and Technological Research Council of Turkey, Turkey*

Currently, the ESF Research Networking Programme 'Public goods, public projects, externalities' has six member countries across Europe. However, PGPPE is willing to enlarge to become a pan-European research networking programme.

On the condition that they commit to providing funding for the whole duration of the programme, any national institution is entitled to have its national researchers as participants and to have a representative on the Steering Committee of the programme.

# PGPPE Steering Committee

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**Professor Monique Florenzano  
(Chair)**

Directeur de recherche au CNRS  
Centre d'Economie de la Sorbonne  
CNRS - Université Paris 1 Panthéon-  
Sorbonne  
MSE (Maison des Sciences  
Economiques)  
106-112 boulevard de l'Hôpital  
75647 Paris Cedex 13  
France  
Tel: +33 1 44 07 82 98  
Fax: +33 1 44 07 83 01  
Email: Monique.Florenzano@univ-  
paris1.fr

**Dr. Loukia Evripidou**

Assistant Professor of Banking &  
Finance  
Department of Accounting, Economics  
and Finance  
Business School  
Cyprus College  
6 Diogenes Street  
Engomi  
PO Box 22006  
1516 Nicosia  
Cyprus  
Tel: +357 22 713270  
Fax: +357 22 590539  
Email: evripidou@cycollege.ac.cy

**Professor Martin Hellwig**

Max Planck Institute for Research on  
Collective Goods  
Kurt-Schumacher-Str. 10  
53113 Bonn  
Germany  
Tel: +49 228 91416 22  
Fax: +49 228 91416 21  
Email: hellwig@coll.mpg.de

**Professor Jean Hindriks**

CORE  
Department of Economics  
Université Catholique de Louvain  
Voie du Roman Pays, 34  
1348 Louvain-la-Neuve  
Belgium  
Tel: +32 10 478163  
Fax: +32 10 474301  
Email: hindriks@core.ucl.ac.be

**Professor Richard Sturm**

Institut für Finanzwissenschaft und  
öffentliche Wirtschaft  
Universität Graz  
Universitätsstr. 15  
8010 Graz  
Austria  
Tel: +43 316 380 34 61  
Fax: +43 316 380 95 30  
Email: richard.sturm@uni-graz.at

**Professor Ünal Zenginobuz**

Associate Professor of Economics  
Department of Economics and Center  
for Economic Design  
Bogaziçi University  
34342 Bebek Istanbul  
Turkey  
Tel: +90 212 359 76 44  
Fax: +90 212 287 24 53  
Email: zenginob@boun.edu.tr

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**ESF Liaison**

**Dr. Frank Kuhn**

*Science*

**Ms. Caroline Eckert**

*Administration*

Social Sciences Unit (SCSS)  
European Science Foundation  
1 quai Lezay-Marnésia  
BP 90015  
67080 Strasbourg cedex  
France  
Tel: +33 (0)3 88 76 71 42  
Fax: +33 (0)3 88 37 05 32  
Email: ceckert@esf.org

For the latest information on this  
Research Networking Programme  
consult the PGPPE website:  
[www.esf.org/pgppe](http://www.esf.org/pgppe)

