



**Stellungnahme zum
ifo Institut für Wirtschaftsforschung an der Universität München
(ifo)**

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Vorbemerkung

Der Senat der Wissenschaftsgemeinschaft Gottfried Wilhelm Leibniz – Leibniz-Gemeinschaft – evaluiert in Abständen von höchstens sieben Jahren die Forschungseinrichtungen und die Einrichtungen mit Servicefunktion für die Forschung, die auf der Grundlage der Ausführungsvereinbarung Forschungseinrichtungen¹ von Bund und Ländern gemeinsam gefördert werden. Diese Einrichtungen haben sich in der Leibniz-Gemeinschaft zusammengeschlossen. Die wissenschaftspolitischen Stellungnahmen des Senats werden vom Senatsausschuss Evaluierung vorbereitet, der für die Begutachtung der Einrichtungen Bewertungsgruppen mit unabhängigen Sachverständigen einsetzt. Die Stellungnahme des Senats sowie eine Stellungnahme der zuständigen Fachressorts des Sitzlandes und des Bundes bilden in der Regel die Grundlage, auf der der Ausschuss Forschungsförderung der Bund-Länder-Kommission für Bildungsplanung und Forschungsförderung (BLK) überprüft, ob die Einrichtung die Fördervoraussetzungen weiterhin erfüllt.

Auf der Grundlage der vom ifo Institut für Wirtschaftsforschung (ifo) eingereichten Unterlagen wurde eine Darstellung der Einrichtung erstellt, die mit dem ifo sowie den zuständigen Ressorts des Sitzlandes und des Bundes abgestimmt wurde (Anlage A). Die vom Senatsausschuss Evaluierung (SAE) eingesetzte Bewertungsgruppe hat das ifo am 11./12. Oktober 2005 besucht und daraufhin einen Bewertungsbericht erstellt (Anlage B). Auf der Grundlage dieses Bewertungsberichts und der vom ifo eingereichten Stellungnahme zum Bewertungsbericht (Anlage C) erarbeitete der Senatsausschuss einen Vorschlag für die Senatsstellungnahme. Der Senat der Leibniz-Gemeinschaft hat die Stellungnahme am 14. Juni 2006 erörtert und verabschiedet. Er dankt den Mitgliedern der Bewertungsgruppe für ihre Arbeit.

1. Beurteilung und Empfehlungen

Der Senat schließt sich der Beurteilung und den Empfehlungen der Bewertungsgruppe an. Das ifo hat sich in den letzten Jahren sehr erfolgreich entwickelt. Es erbringt gute, in Teilbereichen sehr gute bis exzellente Leistungen in der wirtschaftswissenschaftlichen Forschung und in der Politikberatung. Die Serviceleistungen sind in einigen Bereichen sehr gut, andere Bereiche entsprechen hingegen vor allem hinsichtlich der methodologischen Grundlegung nicht dem Stand der Forschung.

Nachdem der Wissenschaftsrat 1998 empfohlen hatte, das ifo als Serviceinstitut für die Forschung weiterzuführen, wurde es nun erstmalig als forschungsbasiertes Serviceinstitut evaluiert. Das ifo ist den Empfehlungen des Wissenschaftsrats größtenteils gefolgt. Insbesondere wurde die Empfehlung, die akademische Ausrichtung zu stärken, konsequent umgesetzt. Der im Jahr 1999 an das ifo berufene Präsident hat das Institut grundlegend reorganisiert und als Zentrum moderner anwendungsorientierter wirtschaftswissenschaftlicher Forschung und wissenschaftlicher Politikberatung profiliert. Heute ist das ifo exzellent in die internationale wirtschaftswissenschaftliche Forschung eingebunden. Ebenso besteht eine sehr enge Kooperation mit der Ludwig-Maximilians-Universität München (LMU). Gemeinsam mit dem *Centre for Economic Studies* der LMU hat das ifo die CESifo GmbH gegründet – eine erfolgreiche Institution, die dem gemeinsamen Wissenstransfer und der wissenschaftlichen Kooperation dient. CESifo trägt wesentlich zur internationalen Sichtbarkeit des ifo bei, und es hat einen erheblichen Anteil daran, dass das ifo ein im Vergleich zu den anderen Wirtschaftsforschungsinstituten distinktes

¹ Ausführungsvereinbarung zur Rahmenvereinbarung Forschungsförderung über die gemeinsame Förderung von Einrichtungen der wissenschaftlichen Forschung (AV-FE)

Profil entwickelt hat. Ebenfalls gemeinsam mit der LMU hat das ifo ein Doktorandenprogramm aufgebaut, das erfolgreich Doktoranden im Bereich der empirischen angewandten Wirtschaftsforschung ausbildet.

Die Umsetzung der Empfehlungen des Wissenschaftsrates zur Verbesserung der Serviceleistungen wurde – aufgrund personeller Restriktionen – mit zeitlicher Verzögerung aufgegriffen. In den drei serviceorientierten Abteilungen werden die Serviceleistungen vorwiegend auf traditionelle Weise erbracht. Bedingt durch Personalwechsel hat das ifo erst kürzlich damit begonnen, einen Teil der Serviceleistungen, so etwa die langjährig durchgeführten Unternehmensbefragungen (Business Surveys), durch methodologische Forschung weiterzuentwickeln. Hinsichtlich der Konjunkturanalysen und der Branchenforschung hat die Bewertungsgruppe festgestellt, dass sich die Qualität der zugrunde liegenden ökonometrischen Modelle, statistischen Ansätze und Umfragemethoden stärker an dem heutigen Stand der Forschung orientieren sollte. Darüber hinaus wird die langjährige und einzigartige Sammlung von ökonomischen Daten hinsichtlich der Zugriffs- und Auswertungsmöglichkeiten nicht vollständig ausgeschöpft. Dem steht ein Servicebereich gegenüber, in dem das ifo wertvolle Pionierleistungen erbringt. Dies gilt insbesondere für den Aufbau einer international vergleichenden Datenbank wirtschaftsrelevanter Regulierungen und Institutionen (DICE). Diese Datenbank und die damit verbundenen Forschungs- und Serviceaktivitäten sind äußerst positiv und stellen ein Musterbeispiel für eine gelungene Verknüpfung von Forschung und Service dar.

Bislang verfügt das ifo über kein Arbeitsprogramm, das die drei Institutsaufgaben – Forschung, Service und Politikberatung – in kohärenter and effizienter Weise aufeinander bezieht. Die in den Abteilungen bearbeiteten Forschungsthemen und Serviceprodukte sind bislang heterogen angelegt. Die vom Präsidenten verfolgte Leitvision einer Reform des europäischen Wohlfahrtsstaates scheint nur bedingt geeignet, eine zielorientierte Verknüpfung der Institutsaufgaben zu leisten. Es tragen nur Teilbereiche der Forschung zur Umsetzung dieser Leitvision substantiell bei, und die Funktion der Serviceleistungen im Rahmen der Leitvision ist unbestimmt. Die Gutachtergruppe empfiehlt dem Institut, ein Arbeitsprogramm zu entwickeln, das aufbauend auf einer Mission kohärente Forschungsfelder definiert. Ebenso sollten die Verbindungen zwischen den Forschungs- und Serviceleistungen sehr viel deutlicher herausgearbeitet werden. Die Entwicklung des Arbeitsprogramms sollte zu einer stärkeren inhaltlichen Vernetzung zwischen den Abteilungen führen. Die Institutsleitung sollte diesen Prozess der Themenfindung und -planung intensiver als bisher steuern.

Die wissenschaftliche Leistungsfähigkeit des ifo hat sich sehr verbessert. In einigen Abteilungen führt das ifo Institut innovative Forschungsarbeiten von hoher Qualität durch, die zu einer Reihe von Publikationen in begutachteten Zeitschriften geführt haben. Gemessen an internationalen Standards ist die Anzahl an begutachteten Publikationen aber noch verbesserungsbedürftig. Ebenso sollten die bei DFG und EU eingeworbenen Forschungsdrittittel weiter gesteigert werden. Darüber hinaus sollte die wissenschaftliche Leistung der Serviceabteilungen verbessert werden, die derzeit teilweise hinter den Anforderungen an ein Leibniz-Institut zurückbleibt.

Nach Auffassung des Senats erfüllt das ifo die Anforderungen, die an eine forschungsbasierte Serviceeinrichtung von überregionaler Bedeutung und gesamtstaatlichem wissenschaftspolitischen Interesse gestellt werden. Auf eine Bitte des ifo hin nimmt der Senat Stellung zu der Frage, ob das Institut auch als Forschungseinrichtung die Bedingungen für eine gemeinschaftliche Förderung durch Bund und Länder erfüllt. Der Senat bewertet die Forschungsleistungen des ifo als größtenteils sehr gut und schließt sich der Auffassung der Bewertungsgruppe an, dass das ifo über ein hinreichend tragfähiges Potenzial verfügt, um zukünftig als Forschungseinrichtung

gefördert zu werden. Der Senat sieht in dieser Hinsicht zwischen dem ifo und den anderen Wirtschaftsforschungsinstituten der Leibniz-Gemeinschaft keine Unterschiede, die einen unterschiedlichen Finanzierungsschlüssel rechtfertigen. Er vermisst jedoch ein kohärentes Arbeitsprogramm, das die Beiträge der einzelnen Abteilungen zur Mission des Instituts deutlich macht und eine Grundlage für eine Neujustierung des Anteils von Forschungs- und Serviceleistungen bietet.

Eine Eingliederung des ifo in eine Universität wird nicht empfohlen. Der Arbeitsauftrag des Instituts kann nur in entsprechend vernetzten und betriebsförmig organisierten Strukturen erfüllt werden. Mit seinem besonderen Aufgabenprofil ist es eine sehr gute Ergänzung zur universitären wirtschaftswissenschaftlichen Forschung.

2. Zur Stellungnahme des ifo

Das ifo hat zum Bewertungsbericht Stellung genommen (Anlage C). Es bedankt sich für die Arbeit der Bewertungsgruppe und sichert zu, die Empfehlungen als Wegweiser für seine weitere Entwicklung zu verwenden. Hinsichtlich der Frage, ob das ifo Institut die Voraussetzungen für eine Förderung als Forschungseinrichtung nach der Ausführungsvereinbarung Forschungseinrichtungen erfüllt, wird über eine Reihe neuer Entwicklungen berichtet, die nach Auffassung des Instituts dessen wissenschaftliche Leistungsfähigkeit belegen.

Der Senat begrüßt die positive Aufnahme des Bewertungsberichts durch das ifo und den konstruktiven Umgang mit den Empfehlungen.

3. Förderempfehlung

Der Senat der Leibniz-Gemeinschaft empfiehlt Bund und Ländern, das ifo als Serviceeinrichtung für die Forschung auf der Grundlage der Ausführungsvereinbarung Forschungseinrichtungen weiter zu fördern. Er empfiehlt Bund und Ländern weiterhin, im Jahre 2009 zu überprüfen, ob die Voraussetzungen für eine Förderung als Forschungseinrichtung gegeben sind. Er bittet das ifo, rechtzeitig ein kohärentes Arbeitsprogramm vorzulegen, auf dessen Grundlage er eine Empfehlung an Bund und Länder zur Weiterförderung als Forschungseinrichtung abgeben wird.

Annex A: Presentation

Ifo Institute for Economic Research at the University of Munich (ifo)¹

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¹ This presentation, compiled by the Evaluation Office, has been approved by the Ifo Institute and the relevant federal and state departments.

1. Development and Funding

The Ifo Institute was originally founded in 1949 by the merger of the “Süddeutsches Institut für Wirtschaftsforschung” and the “Informations- und Forschungsstelle beim Statistischen Landesamt”. In 1993, the Ifo Institute set up a branch in Dresden, funded solely by the Free State of Saxony. In July 2002, the Bavarian State Government officially appointed the Ifo Institute an “Institute at the University of Munich”.

Since 1977, the Ifo Institute has been receiving institutional funding from the German Federal Government and the community of German Länder (states) at a ratio of 50:50. The Bavarian Ministry of Economic Affairs, Infrastructure, Transport and Technology is responsible for funding the Institute. The Federal Ministry of Economics and Labour oversees the work of the Institute as funding representative of the Federal Government.

The previous evaluation of the Ifo Institute by the Wissenschaftsrat (WR - German Science Council) took place in 1996. On the basis of this evaluation, the German Science Council recommended continuing to fund the Institute, not as a “research institute” but as a “research-based service institution”. The reason for this recommendation was criticism of the quality of the research but with a positive assessment of the Institute’s service functions. The Bund-Länder-Kommission für Bildungsplanung und Forschungsförderung (BLK - Bund-Länder Commission for Educational Planning and Research Promotion) dealt with the recommendations of the WR and, in 1999, decided to continue funding the Ifo Institute as a “research-based service institution”, as of 2001.

The BLK decided to reduce institutional funding by about 25%. Moreover, the Institute did not receive regular budget increases for two consecutive years. At the same time, the Institute was forced to lower the extremely high proportion of contract research that had once amounted to 50% of the total budget. The WR recommended that the proportion of contract research amount to one third of Ifo’s budget. Overall, these measures implied a reduction in the regular budget of almost 50% by 2001 in comparison with what the budget volume would have been without the cuts resulting from the evaluation. With approval of the BLK the Ifo Institute implemented the reduction plan a year ahead of schedule in 2001 and used the results of the evaluation as an opportunity for a policy change. According to Ifo, the new course pursued the goal of guiding the Institute, as a “research-based service institution”, to the top of German economic research institutes and establishing an international reputation as a think tank and research institution.

2. Mission, Tasks, Main Work Areas and Scientific Environment

According to its by-laws, the Ifo Institute is an economic research institute that conducts policy-oriented, empirical economic research. The Institute applies existing academic knowledge to practical policy problems and seeks out new facets to enlarge this knowledge. It supplies the general public, policy-makers, business and academia with data, information and research results. Thus it contributes to placing German and European economic policy discussion on a more rational basis.

The Ifo Institute has a clear mission:

- It provides services, particularly data and information on the national and international economic situation and developments that are in demand by business, science, government and the general public.
- It promotes and stimulates economic policy discussion.

- It is an internationally oriented centre of empirical economic research that seeks to build a bridge between academic research and practical applications and also devotes itself to the promotion of junior scientific staff.

The Ifo Institute describes its vision as follows: “The Ifo Institute is located in Munich but its future is in Europe. It sees itself as a European institute that orients its contributions on economic policy towards Europe, supported by internationally recognised research of the highest quality. It has thus achieved a leading position in Europe and ensured that CESifo (see p. A-6) will be a model for successfully linking and mutually stimulating international research, of both a theoretical and empirical nature, for providing consultation on matters of economic policy and providing economic information for industry as well as for the public and private sectors.”

Ifo has set the following six goals (“Leitziele”) to achieve this vision:

- Expansion of cooperation with universities, especially with the Ludwig Maximilian University of Munich (LMU)
- Strengthening international cooperation and orientation
- Expansion of the service functions
- Strengthening the contribution to the discussion on economic science
- Strengthening the contribution to the economic-policy debate
- Securing the financial basis.

In the Ifo Institute, the service and research tasks are organised in eight departments:

Department: *Business Surveys*

Business surveys have always been at the centre of Ifo’s activities. The main polls are the Ifo Business Survey, which is used to determine the well-known Ifo Business Climate Index, and the Ifo Investment Survey. According to an international poll by Reuters, “Ifo” is Europe’s best-known business climate indicator. Also the international economic activity survey (Ifo World Economic Survey) conducted in approximately 90 countries has been gaining increasing importance. The Department of Business Surveys has the expertise and the technical infrastructure to carry out surveys at short intervals with large panels and to develop indicators. The assessments, expectations and plans of those participating in the survey, which are determined with the aid of the survey, meet with great public and scientific interest because official statistics cannot provide such up-to-the-minute data. The methodology developed by the Ifo Institute, in particular for the Business Survey, has been implemented worldwide in approximately 50 countries, and the Ifo Institute often offers start-up advice (e.g. in Argentina, China, Russia, Taiwan, Serbia, Croatia and Kazakhstan).

Department: *Business Cycles Analyses and Financial Markets*

This department uses the results of the Business Survey for its regular diagnosis and forecasts of economic developments in Germany, Europe and the world. The department produces two independent forecasts a year and participates in two further annual forecasts: the Joint Economic Forecasts of the leading German economic research institutes commissioned by the Federal Government. At the beginning of the year, the department works together with the European Economic Advisory Group at CESifo (EEAG) and contributes to its annual report with a forecast of economic developments in Europe. Together with the National Institute of Statistics

and Economic Studies (INSEE) in Paris, and the Institute for Studies and Economic Analyses (ISAE) in Rome, the department releases short-term forecasts on the development of GDP, industrial production and inflation in the Euro area (Eurozone Economic Outlook). In addition, it produces research studies and investigates the science of forecasting methods and financial market analysis. The work of this department meets with strong public resonance.

Department: *Industry Branch Research*

This department is a further major internal user of the survey data and works closely together especially with the Business Surveys Department and the Department of Business Cycle Analyses and Financial Markets. Its main task is to provide services and economic policy advice for national – and increasingly also international – institutions. These include the professional interpretation of the monthly results of the Ifo Business Survey and the semi-annual Ifo Investment Survey in addition to the ongoing monitoring of 100 industry branches in manufacturing and trades, construction and fitting trades, and wholesaling and retailing as well as services and agriculture. This is also done in the framework of a major service contract for a bank consortium, for which the department supplies 200 reports a year on 100 industry branches.

Department: *Human Capital and Structural Change*

This department was created in 2004 by dividing up the Industrial Analyses Department (“Structural and Industrial Analyses” until 2003). It concentrates on educational economics in connection with the research areas of innovation, economics and structural change. The task of this department focuses on micro-econometric analyses in the above-mentioned areas of research, ranging from contract research for national and, above all, international institutions to multi-client studies (the construction forecast group, Euroconstruct) and theory-oriented research work sponsored by, for example, the Deutsche Forschungsgemeinschaft (DFG - German Research Foundation). On behalf of the EU, the department organises the European Expert Network on Economics of Education (EENEE). In 2004, this department led the Institute in terms of income from contract research.

Department: *Social Policy and Labour Markets*

This department cooperates internally with the Department of Human Capital and Structural Change. It focuses on consultation with respect to issues of economic policy and related research. The employees in this department analyse socio-political measures and labour market institutions as well as trends and structural developments in employment with special consideration given to the interrelationships between these areas. Thus the idea of “activating social aid”, to which the researchers in the department made a major contribution, dealt with the interrelationships between social policy and labour market trends. The same is true for the DFG Project “Welfare to Work”, which was completed in 2004. A further focus area is the development of population economics, which played a central role in the work of several projects. In cooperation with an American research professor, the department is currently working on the development of a human capital index for Germany.

Department: *Public Finance*

The Ifo states that the Public Finance department is one of the leading centres in Germany and of central importance for the policy-oriented work of the Ifo Institute. The department, which works very closely with Business Cycle Analyses and Financial Markets, Environment, Regions and Transportation, as well as Human Capital and Structural Change, concentrates on the central issues of financial policy. At the centre of its research is the continuous evaluation of the public budgets in Germany in allocative and economic terms (including tax estimates), the analysis of tax and transfer systems in view of growing economic integration, international tax and location competition, as well as studies of fiscal federalism and sustainability within the public sector. Within the framework of these tasks, the department combines policy advising studies for national and international clients with theory-oriented research work, which is supported by the DFG, among other institutions.

Department: *Environment, Regions and Transportation*

So far, the department has focused on environmental economic research and is a sought-after partner for policy advising projects and services in the field. In connection with the joint appointment of a new Head of Department in 2004, the department has expanded its range of tasks. Environmental economics will continue to be important but more weight will be placed on transportation economics and regional research. The latter in particular will be conducted within a European framework as the departmental profile will be expanded in the mid-term to include research on foreign trade. In this department, policy-oriented studies will also be connected with projects contributing to scientific discussions. To this end, there is intensive cooperation with other departments at the Institute (especially Public Finance) and with research professors.

Department: *International Institutional Comparisons*

The department is concerned primarily with service and advisory activities that are flanked by additional research work. Its work focuses on two activities: one is the expansion of the Database for International Comparisons in Europe (DICE), in which the economically relevant institutional regulations are compared at an international level. The quarterly journal *CESifo DICE Report* provides the necessary intellectual forum for the database, in which the latest results are discussed and further stimulation for improvements is provided. Based on DICE and within the framework of a long-term cooperation project with a research professor, the Ifo Institutions Index is being developed. To this end, quantitative data (in the form of indicators) is being added to the qualitative entries in the database. The second focus of the Department of International Institutional Comparisons is the transfer of economic know-how in international consulting projects. Within the framework of this activity, this department coordinates the contributions that are made by other departments at the Ifo Institute.

The comparison of international institutions is not only carried out in DICE; it has become a task for the entire Institute. On principle, all the Institute's reports include an international comparison regardless of the wishes of the client. This is ensured by an independent controlling system (Euro Controlling) maintained by the department. The controlling system scrutinises and influences all Ifo projects from the proposal phase to publication. The corresponding parts of the reports are made available to the department so that they can be integrated into DICE. The Institute's own reports profit from DICE in the same way.

As to the **unique position** of the Ifo Institute the establishment argues that it was once primarily based on its business surveys with large panels and the closely associated industry expertise. Today ifo sees its uniqueness first and foremost in its close institutional contact with the Ludwig Maximilian University (LMU) of Munich, in particular with the research institute of the LMU economics faculty, the *Centre for Economic Studies* (CES), and the CESifo Research Network. The Ifo Institute claims that no other German economic research institute has similar institutional connections. Ifo is an Institute at the LMU and it created the CESifo Research Network together with the university. According to the Ifo Institute, in the areas of economic research, this network is one of the best known in its field along with the National Bureau of Economic Research (NBER) and Centre for Economic Policy Research (CEPR). The CESifo Research Network has more than 500 members and is divided into five areas: Public Sector Economics; Employment and Social Protection; Macro, Money and International Finance; Applied Microeconomics; and Globalisation. Its members comprise the guest researchers at CES and at the Ifo Institute. They are submitted to a stringent selection process both before and after their first visit. Ifo emphasises that no other network has a similar recruiting mechanism because none of them is so closely linked with a university and none has a comparable visitors' programme. The CESifo working paper series is the world leader in terms of downloads via the Social Science Research Network (SSRN) among all economic research institutions. The Ifo Institute has contributed to the success of the network with the CESifo publication series, joint conferences and research projects, the results of which are also published by MIT Press. With its close ties to university research, the Ifo Institute aims to become the top address for applied economic research in Europe.

Cooperation with the LMU and the network is carried out under the heading of **CESifo Group**. The Group consists of three legally independent institutions, the Ifo Institute, the Centre for Economic Studies (CES) and CESifo GmbH. The Group disseminates its international products and activities under the brand name CESifo and maintains a joint website. The cooperation within the CESifo Group influences Ifo's entire work and has become an essential success factor for the Ifo Institute. The three institutions all have different tasks: whereas for CES the typical tasks of a university institute dominate, the tasks of the Ifo Institute in research and service are application and policy-oriented. The collaboration benefits Ifo mainly by improving the theoretical base of its empirical research, and it benefits the network and CES mainly because Ifo provides econometric expertise and a public policy orientation as well as a rich array of service activities, including the production of various publication series issued under the name of CESifo. The cooperation opens up a new dimension for the internationalisation of all areas of activity. The catalyser for the synergy effects is CESifo GmbH, the institution that coordinates the joint activities. CESifo GmbH has no tasks that are separate from those of Ifo or CES, but it has the sole service function. It concentrates on the maintenance of the CESifo Research Network and conferences.

Overall interest with regard to scientific policy in the work carried out by the Ifo Institute lies in the empirical economic research dealing with a great breadth of issues. The Ifo Institute states, that it is able to react quickly to current issues and problems of economic policy. It has a sufficient reservoir of personnel with research experience and a solid theoretical background who are familiar with empirical data. It also has its finger on the pulse of current economic policy issues and the relevant instruments and methods that contribute to the successful work of the institute. This includes the ability to work with large amounts of data, the expert knowledge of markets and industries and contacts with partners in other countries. In

addition, the national interest with regard to scientific policy has increased due to three developments: firstly, the significant increase in the quality and quantity of the services for research as a result of new service products (such as DICE or the Ifo World Economic Survey). Secondly, the Ifo Institute now occupies a leading position in economic policy advice and, thirdly, with its close connection to the university, the Ifo Institute makes an important contribution to strengthening the empirical aspects of teaching economics in Germany.

Regarding **national and international significance**, the Ifo Institute argues that national and international significance can be measured by the following criteria: strength and quality of economic policy advice within a national and international framework, involvement in international scientific networks, the extent of the use of the respective institutes' service functions, and the scientific underpinning of the work. In the light of these criteria, the Ifo Institute states that it has achieved a position that sets it apart from all other institutes in Germany and Europe and which has gained it considerable international importance: Ifo participates intensely in the discussion of economic policy issues with scientifically well-founded, self-initiated contributions and is a sought-after advisor for decision-makers in business and politics, both nationally and internationally. These international activities are imbedded in Ifo's CESifo Research Network. In parallel, the Ifo Institute collaborates with other networks. The internationalisation of all areas of activity is one of the guiding principles of the Ifo Institute. With its Euro Controlling System, the Ifo Institute has even set up a formal internal implementation device that ensures that basically all of Ifo's research projects have an international component. Scientific, business and governmental institutions rely heavily on the Institute's services. This applies particularly to activities in the field of analyses and forecasting backed by business surveys, which are integral to the economy in Germany and Europe. Also with regard to its scientific underpinning, the Ifo Institute has embarked on a path of linking empirical work with a sound theoretical basis, as demonstrated by corresponding scientific contributions to publications and conferences and its participation in top international research.

With regard to the **Institute's future development**, the Ifo Institute states that its goal in the European context is not only to be a supplier of survey data but also to be recognised as a stimulating factor in the economic policy debate. According to the Institute, in the current phase of internal restructuring in Europe a wider debate in society about the correct course is required, for which objective information from an economic research institute is a basic prerequisite. In order to achieve this goal, an applied economic research institute must be in a top position in Europe and must demonstrate this position with corresponding publications in international journals. Close cooperation with universities via the CESifo Research Network is considered by the Institute to be a realistic way to achieve this goal. The re-conversion of the Ifo Institute into a research institute would advance the process of reaching this goal. If the Ifo Institute can further expand its scientific activities, it will also take on a leading international role. The Ifo Institute claims that the opportunities are good: Munich has become a magnet for top economists from Germany and abroad.

The Ifo Institute claims that the reasons for conducting **economic research at non-university establishments** are that the tasks of a service institute for business, politics and science, in particular, require a stable infrastructure that goes far beyond the scope of a university. This applies especially to the economic surveys conducted for Germany and the world, as well as to daily involvement in the public policy debate. It is not a university's duty to take on services that require such a great deal of personnel and continuity.

3. Structural Features und Organisation

The Ifo Institute is a registered society. It has the following legal bodies (see Appendix 1): The **Executive Board** conducts the society's business. It is responsible for the planning, implementation and quality assurance of the research and service tasks. The Executive Board consists of the President, one scientific member and one member responsible for financial/organisational affairs. The duties of the Executive Board members are allocated informally. Decisions are normally made conjointly. All Executive Board members are also Heads of Departments. The Ifo Institute is represented by the President or by two Executive Board members jointly. The **General Meeting** approves the annual accounts and the conduct of the Executive Board; it chooses the members of the Board of Trustees and the Supervisory Council and is led by the chairperson of the Board of Trustees and the Supervisory Council. The **Supervisory Council** has supervising and advisory functions vis-à-vis the Executive Board. It has twelve members. Membership is granted to the Chairman and Vice-Chairman of the Board of Trustees, two representatives of the LMU, one representative of a federal ministry, one representative of the Bavarian Government and the Chairman of the Scientific Advisory Council. The **Board of Trustees** supports the Executive Board in the fulfilment of its tasks. Members are prominent representatives from research, business, the unions and public administration.

The internationally appointed **Scientific Advisory Council** was created to assess scientific output and to advise the Executive Board and the Supervisory Council on basic professional and overall issues relating to the research programme, as well as national and international cooperation. Its current members are twelve economists from six countries. The Scientific Advisory Council is anchored in the statutes of the Institute. The Members of the Scientific Advisory Council are appointed by the Supervisory Board on the basis of proposals made by the Executive Board and the Scientific Advisory Council. The appointment is for four years with one extension possible. The Scientific Advisory Council meets twice a year. Once a year, separately or in small groups, the members of the Scientific Advisory Council visit the departments at the Institute for which they are responsible. Since its re-constitution in 2000, the Scientific Advisory Council has closely followed the restructuring of the Ifo Institute and is intensely involved in the work of the Institute. It has proposed restructuring and personnel decisions. The meetings of the Council have been well attended, also by overseas members. The Scientific Advisory Council has focused on the tasks and performance of the departments. The Council concentrates on the scientific aspects of the Ifo Institute, which also include the methods in the service areas, but not the service products and their associated processes. For this reason, the Scientific Advisory Council agreed to the establishment of a **User Advisory Council** to advise the Institute in regard to the service activities and to evaluate these activities. In order to coordinate the activities of both advisory boards, the chairperson of the User Advisory Board is a member of both. The work of the Scientific Advisory Council is supplemented by the User Advisory Council that has the status of an advisory body but is not anchored in the by-laws. Both the Scientific Advisory Council and the User Advisory Council have presented evaluation reports. While the SAC evaluated the scientific output and potential, the User Advisory Council assessed the services of the Ifo Institute.

The programme planning takes the following form: the Programme Budget, which has been discussed with the Scientific Advisory Council and approved by the Supervisory Council is of central importance. It sets out the short- and medium-term goals of the Ifo Institute as well as the resulting structural goals and the performance goals of the programme areas.

The performance goals for the departments are set by means of binding agreements on objectives. The Programme Budget and the resulting work planning are devised in an iterative process between the Executive Board and the department heads, with the close cooperation of the research staff. This includes the annual work planning talks with the Executive Board at which every researcher reports on his/her work in the past year and presents his/her work programme and goals for the coming year.

Responsibilities and procedures are regulated through the **Ifo's quality management system**. In 1997, the Institute received the certification of its quality management system according to DIN ISO 9001. Since then, the system has been expanded to encompass additional elements of quality assurance in research. The effectiveness of the management system is evaluated by the QM representative and the Executive Board. Every organisational unit is audited internally at least once a year. Identified deviations are documented and rectified. Certification requires annual external audits. The quality management certificate is awarded for a duration of three years. The last major audit was successfully passed in December 2003. During this audit the Institute managed to achieve the new DIN norm of ISO 9001:2000. The auditors assessed Ifo's management system very positively.

As far as contract research is concerned, Ifo's quality management system specifies the pertaining rules and regulations: contract research projects are only accepted if they fit the research profile of the department, and they are checked by the President in terms of meeting the required scientific standards. Since 2003, user surveys have been employed in order to adapt service products to the users' needs.

Further elements of the Institute's quality management system are regulated by procedural guidelines in the quality management manual. These elements include the internal evaluation by the Scientific Advisory Council and the allocation of institutional funding on the basis of a department's scientific performance.

The Institute has introduced regular discussion of research results at weekly Lunchtime Seminars. These seminars have become the internal market place of ideas and a means of communicating research results within the institute. Moreover, the Institute organises two annual conferences, in September and December, where the research papers to be presented at next year's international conferences are discussed internally in advance.

Regarding **equality between men and women** the Institute states that in the scientific departments only 21.4 % are women. This small proportion of women is not a result of failing to take equal opportunity seriously. At the Ifo Institute, female applicants for research positions are given preference and measures exist for combining professional and family responsibilities to enable women to pursue a scientific career. These measures include, for example, respecting female researchers' wishes with regard to working hours per week and the option of flexible telework. An improvement in the percentage of female researchers in scientific departments is still difficult due to the fact that the number of women applying for these positions remains low. The promotion plan for equal opportunity is aimed at surmounting these difficulties. In 2004, an equal opportunity representative was elected and appointed.

4. Resources and Personnel

In 2004, the Institute's annual **budget** amounted to a total of €13.1 million (see Appendix 2). Institutional support in 2004 totalled €7 million. The proportion of third-party funding in rela-

tion to total financial resources reached 54% in 2004. 38% of the sources for third-party funds are research support. The highest proportion of research support comes from the Federal Government and from the EU, followed by the German *Länder*. In 2004, Ifo received €150,000 funding from the German Research Foundation (DFG). The other important third-party source is the provision of services and contract research for private enterprises or public authorities (48% of total third-party funds). Other third-party sources are donations and membership fees.

As far as the premises and workplaces are concerned, the Ifo Institute states that a long-term redevelopment concept began in 1998. Since most of the renovation has been completed, the working places have been modernised according to the relevant industrial safety rules. The reduction of personnel at the Ifo Institute has made it possible to let rooms to CESifo GmbH and to provide an apartment in the attic of an Ifo building for visiting researchers.

The **electronic work environment** has also been completely redesigned in recent years and is considered by the Institute to be excellent and up to date. The efficiency of an institute with the main tasks of compiling and preparing economic data and information is largely dependent on the data-processing equipment available. The Ifo Institute thus endeavours to work with state-of-the-art IT equipment in all fields.

Sun computers were installed as database and application servers and equipped with the necessary software on an Oracle basis. An application for the electronic conducting of Ifo's business surveys using the Internet was developed and implemented. An e-mail-based survey system was also developed for the survey participants with automatic response processing. The Ifo Institute is a pioneer in the area of online surveys. Through the continuous improvement of the electronic survey instruments, it has succeeded in gaining the regular participation of more than half of the WES survey panel members. The significant use of the online procedure now allows for a comparison of survey participants using traditional and online procedures. Papers analysing these results have been presented at international conferences and published. Moreover, there is a high-powered, database-supported website that not only provides information on current developments but is also an instrument for the documentation and archiving of all publications. The previous version of the website, already including the DICE database and a rich array of video lectures, was judged the best of its kind in Germany by an international evaluation committee (Williams de Broë: *Guide to Economic Websites*, 2002).

The publication workflow has been digitalised. The workplaces of the designers and the pre-print stages have been equipped with task-specific hardware and software. The printing of coloured periodicals has been outsourced. The in-house printing shop has been reduced in size and converted into a copy centre that receives copy jobs as files via the internal EDP network.

The library applications have also been changed. Since 2000, the Ifo Library has been a member of the GBV, the Common Library Association of the North German *Länder*. Ifo's partner libraries in Kiel and Hamburg are also GBV members. On-line cataloguing is possible using GBV programmes.

The administration also works with modern programme support: financial management (including cost and performance accounting) has been rebased on "Mach M1" software and travel expenses are settled with "Travelline" linked to "Mach". Other programmes used are "Loga" for personnel and information management and "Zeus" (by Isgus) for electronic time

measurement. These programmes operate on a common database platform. Thus, a homogeneous programme cluster is available to management which makes it possible to provide all internal administrative services with a small staff.

In 2002, the two video work stations were equipped with new digitalisation, cutting, and compressing technology so the CESifo Group can now increasingly use videos in its presentations. As part of the agreement on CESifo activities, the Ifo Institute is responsible for the video recording of selected CES guest lectures and disseminating them worldwide via the Internet. In the meantime, 38 lectures by international economists have been recorded and made accessible on the Internet.

In 2004, almost €8.5 million were provided for **personnel** expenses. The Institute had 153 employees (see Appendix 6). Among these were 67 positions for academic and senior management staff and 18 doctoral candidates. Excluding doctoral candidates, 85% of the academic and senior management staff were paid according to BAT Ib or higher. Around 58% of the total number of academic and senior management staff were financed from institutional resources and 42% from third-party funds. The personnel policy of the Institute is aimed at increasing the proportion of scientists on fixed-term contracts. Since the last evaluation, the Ifo Institute has only employed scientific staff on temporary contracts, and no tenure decisions have been made. The proportion of temporary contracts has increased considerably.

In 2004, approximately 24% of the academic staff (doctoral candidates excluded) were younger than 40, and 55% were 50 and older. Approximately 30% have worked at the establishment for less than 5 years and 42% have worked there for more than 20 years.

For the recruitment of scientific and senior management staff, the following procedures are used. The President and the Executive Board Member responsible for research are selected within the framework of a joint appointment procedure with the LMU. A cooperation contract provides the basis for this procedure. W3 positions are available for four of the heads of department. For the remaining positions, university-like appointment procedures are followed, involving the Scientific Advisory Council and the LMU. All positions for scientific staff are advertised nationally and internationally. The applicants on the short list are usually invited to the Institute to hold a lecture. Openings for doctoral candidates, as junior researchers, are also advertised nationally and internationally. Doctoral students are offered positions at 50% of BAT IIa. The Institute offers approximately 40 work placements per year.

Regarding mid-term personnel development, the Institute plans only to hire experienced researchers as research positions become available. The prerequisites for these positions include a doctorate, publications in internationally recognised journals, excellent English and normally the willingness to complete a post-doctoral degree (*Habilitation*). The goal in the long term is to employ doctorate holders and doctoral candidates only in the research-oriented departments. The present proportion of temporary contracts in the primarily research-oriented departments (about 70%) will be maintained, but will be increased to 33% in the service-oriented departments.

The Ifo Institute introduced the cost accounting system (KLR) as a pilot project within the Leibniz Association. The Programme Budget was implemented in 2005. This system runs without problems. The budget negotiations for the fiscal year 2006 have been conducted on the basis of the Programme Budget 2006. In the development of both the KLR and the Programme Budget, the Ifo Institute actively participated in the conceptual development, pub-

lished articles on this matter in professional journals and made its experience available to other institutions.

During the last seven years, six academic members of the Institute's staff were offered professorships, all of which were accepted.

5. Promotion of Up-and-coming Academics and Cooperation

In the last three years, five **up-and-coming academics** have completed their dissertation theses. At the same time, one *Habilitation* thesis (post-doctoral thesis) was completed. At least 18 doctoral candidates are employed and supervised at the Institute at all times. In addition to the doctoral students, some Ifo researchers are also working on their doctorates. They have the opportunity to attend graduate seminars and to work on their dissertations. The time period needed to complete a thesis is about three and a half years on average.

The Institute has introduced a **Graduate Programme** for its doctoral candidates. It guarantees that they spend a certain proportion of time working on their dissertations. As a rule, the dissertation topics overlap with the research topics of the department in which the doctoral candidates work. Parallel to their academic work, the doctoral candidates are specifically integrated into projects of applied economic research, especially projects dealing with economic policy, and are given the opportunity to gain professional experience. To expand their empirical competence, the strengthening of econometric skills is promoted. In addition, the doctoral candidates participate in the LMU's graduate programme and in the CESifo Lunchtime Seminar at CES, where they can present their research to other doctoral students.

Many Ifo researchers are active in the promotion of junior staff. In 2004, Ifo staff supervised 23 master theses, 12 doctoral theses and 6 post-doctoral theses.

The teaching by members of the Ifo Institute has become a cornerstone of the curriculum offered by the Economics Department of LMU. Ifo's professors and other researchers regularly teach independent courses, and Ifo doctoral students are active as university assistants for introductory courses. In 2004, a total of 39 courses were taught by Ifo staff at universities.

Cooperation with national partners and in international networks is a basic principle of Ifo's work profile. Firstly, the Institute is linked to the **LMU** by the general cooperation agreement of 1997 and particularly by the agreement on the foundation of the CESifo GmbH of 1999, which specifies the areas of cooperation. The Ifo Institute and the LMU jointly developed the CESifo concept and they are partners in their joint subsidiary CESifo GmbH. CESifo GmbH forms the platform for their joint activities, promoting the internationalisation and networking of these activities. To link university research and the empirical work of the Ifo Institute at the personnel level, four C4 (tenured) professorships are available. Two of these positions have been filled by professors appointed jointly. Ifo and the LMU also conduct joint scientific workshops, for example the Munich Workshop on the Economics of Information and Network Industries. The Ifo Lunchtime Seminars are joint events run by Ifo and the LMU. The CESifo Lunchtime Seminars are attended by doctoral students of CES and the Ifo Institute. Ifo and the LMU also cooperate closely on the Ifo Graduate Programme.

Secondly, the Ifo Institute also works together with other **German universities**, e.g. the universities in Augsburg, Constance, Erlangen/ Nürnberg and Dresden. Cooperation with these universities includes activities such as joint projects (e.g., DFG projects), academic events,

the integration of Ifo researchers into teaching activities or the supervision of doctoral students.

Thirdly, many activities of the CESifo Group are initiated jointly by the LMU and Ifo. Thus, the Ifo Institute shares responsibility for all CESifo activities even when it is not directly involved in their realisation. These cooperation activities include conducting a dozen annual conferences and workshops as well as the Summer Institute in Venice, which consists of five individual conferences. It also comprises the editorship of a seminar and book series at MIT Press as well as the CESifo Working Papers. CESifo is responsible for the maintenance of the CESifo Research Network.

Fourthly, Ifo collaborates with **research directors and research professors**. These are long-term relationships with individual researchers. There is particularly close cooperation with research directors. They are incorporated into the Ifo Institute by means of a research contract and are responsible for specific tasks. Research professors monitor the work of a department – sometimes several departments – and conduct joint projects with them. At present, the Ifo Institute has two research directors, and 15 research professors are assigned to departments.

Besides the institutionalised cooperation mentioned above, the individual departments of the Institute maintain numerous connections at national, European and international level.

In the period 2002 to 2004, the Institute welcomed 28 guest researchers. 23 of these **visitors** came from abroad. 17 visited Ifo for less than one month, five stayed for a period of one to three months and six conducted their research at Ifo for more than three months. In the course of 2005, around 20 researchers from abroad are expected, mostly for a short stay.

From 2002 to 2004, only six Ifo researchers had the opportunity to be guests at other institutes. This was because the measures for the strategic new orientation and financial consolidation of the Ifo Institute had priority during this period.

6. Results – Research, Development and Services

The Ifo Institute offers a broad range of **working materials** to the public: firstly, results from the **Business Surveys** are made available in the form of micro data, time series and accompanying analyses and indices. The Ifo Institute produces data from the surveys that are lacking in the official statistics. The monthly Business Survey, the quarterly World Economic Survey and the bi-annual Investment Survey are among the most important surveys.

The development of business cycle indicators and the ongoing scientific research on the methodology and the survey results are also a part of survey activities. The results of this work are disseminated at conferences, in journals and in a handbook of survey-based business cycle research (2004) that will appear shortly in English, published by Edgar Elgar in the *Ifo Economic Policy Series*.

Collaboration with CIRET (Centre for International Research on Economic Tendency Surveys), a worldwide alliance of business research institutes, of which Ifo was one of the founders, also advances the development of business surveys. In addition, the Ifo Institute conducts its own conferences on survey-based business cycle research.

Secondly, the **Database for Institutional Comparisons in Europe (DICE)** is an important basis for policy consulting. With DICE, Ifo meets the need for international comparisons of

institutional regulations, which make it possible to evaluate the position of individual countries in international competition. The database comprises the member states of the EU and a selection of other important industrial states whose institutional peculiarities are of interest. DICE is primarily aimed at users who need international comparisons of institutional regulations for their participation in the economic policy debate, whether in politics, industry or in the media. To evaluate the user response to DICE, a permanent user questionnaire was installed on the website. The results show that DICE is used particularly by researchers in and outside Germany. The Ifo Institute also publishes the *CESifo DICE Report*, a quarterly journal in English that provides analyses and reports on questions of international institutional comparison to practitioners of economic policy in government and industry, as well as to researchers.

Thirdly, from a Web user-interface Ifo's researchers and visiting researchers can access the **Ifo data pool**. This data pool contains micro data surveyed by Ifo (such as the CESifo World Economic Survey and the Ifo Business Survey), economic data estimated by Ifo (e.g. Investors and Asset Calculation), Ifo project-based data, external micro data (e.g., ALLBUS) and macro data (e.g. OECD Current Statistics). In addition, this Web user-interface contains numerous links to interesting external data bases (e.g. Eurostat) and information on how to use the Stata statistical programme (with a collection of the Stata Journal). A visiting researcher room with a specially equipped computer has been set up for external researchers who would like to work with the Ifo data.

The **Ifo library** has a stock of approximately 113,000 books, 580 current journals and 110 statistical reports. Users include employees and visiting researchers as well as students of the Munich universities. After a user survey, the stocks of the library were reduced, arranged according to the classification system of the Journal of Economic Literature (JEL) and made directly accessible to users, who now have access to the stacks. The electronic catalogue WebOpac is available on the Internet, also to external users. Ifo cooperates with other libraries via the GBV.

In addition, both Ifo staff and the public can access the literature data bases **Ifo-/CESifo DocBase** at the Ifo website. All the Ifo Institute's German-language publications and those of its staff in external media are stored in the DocBase and can be quickly accessed electronically. The English-language publications are accessible in the separate CESifo DocBase. The combination of these two literature data bases is in progress.

In the cooperation contracts with the LMU, it was agreed that Ifo would use its technical competence for the **CESifo Internet Lectures**. The video database includes lectures from top international economists such as Rudi Dornbusch, Robert Solow, Richard Musgrave and James Buchanan.

Ifo researchers are encouraged to submit articles to internationally recognised, refereed journals. The publications record of the Institute has significantly improved over the last three years. In 2002, the Ifo Institute had a total of 197 publications, whereas in 2004, there was a total of 371 publications, including 27 in peer-reviewed journals. 9 papers are in SSCI-listed journals. 70% of the publications appeared in non-peer-reviewed journals, mainly in-house journals (Appendix 7). A total of 57 papers were presented at conferences with a refereed system of acceptance in 2003 and 86 in 2004. Experience has shown that these papers are the basis for high-quality articles that are ultimately published in recognised, refereed journals.

The Institute has an integrated **publication concept** that includes all the products of Ifo, CES and CESifo. Depending on the specific target groups – economists, practitioners in business, government, the media, the general public – specific supply channels and public relation instruments are developed. All of the in-house publications are accessible: either they can be downloaded from the CESifo Group's website or they are available via the online services (the Social Science Research Network – SSRN, ProQuest and EBSCO Information Service) for worldwide distribution.

The following products are published by the Ifo Institute:

CESifo DICE Report is a quarterly, English-language journal directed at researchers and those involved in economic policy in government and industry. Gradually, the distribution of this journal will be converted to a subscription basis.

The *ifo Konjunkturperspektiven* is a monthly journal in German aimed at practitioners in business, government and the media. It contains the current results of the Ifo Business Survey in the form of graphs, tables and descriptive analyses. This journal is sold to 760 subscribers.

The English-language journal, *CESifo World Economic Survey*, reports the results of the World Economic Survey and analyses them. The journal appears quarterly and is aimed at practitioners worldwide. Here, too, a transition to a subscription basis is planned.

The *ifo Schnelldienst* is the publication most closely followed by the public. It appears twice a month in German and reports on current political topics and Ifo research results. Research results that are also published in scientific journals and monographs can be pre-released in this journal. The target audience includes practitioners in business, government, the media and the general public. It has a total of 2,200 subscribers.

The *CESifo Forum* is an economics journal published quarterly in English by the Ifo Institute aimed at practitioners and the general public. It contains articles by internationally renowned authors on current political topics of worldwide interest. The *CESifo Forum* has helped to make Ifo and CESifo well-known internationally. The gradual transition to a subscription basis has begun.

The *EEAG Report* is an annual report on the economic situation in Europe. It meets with a strong public response, particularly at the European Commission. The EEAG report is made available free of charge.

The *ifo Beiträge zur Wirtschaftsforschung* replace the “*ifo-Studien zu ...*”. They present recent results from contract research. The monographs appearing in this series are chosen by an editorial board based on a formal review procedure. Expert studies published in the series *ifo Beiträge zur Wirtschaftsforschung* that are also of interest to international readers are published in English in the series *Ifo Economic Policy Series*, a continuation of *CESifo Research Reports*. The series is published by Edward Elgar Publishers. Here, too, a formal review process applies. Research results from contract research that are of particular interest for practitioners and that are not included in *ifo Beiträge zur Wirtschaftsforschung* appear in the series *ifo Forschungsberichte*. The review process here is the responsibility of the editor of the series.

The *MIT Book Series* is the result of long-term cooperation projects between Ifo researchers and top international researchers. The tandem projects are presented at two workshops at the Ifo Institute during work on the book. The finished study is presented to an anonymous, international panel of referees. The review process is the responsibility of MIT Press.

The series *Ifo Working Papers* gives Ifo's researchers the opportunity to present their research results. An internal appraisal procedure applies. Acceptance in the series presupposes that the contribution is of high enough quality to be published in an internationally recognized refereed journal.

The *CESifo Economic Studies Journal* replaces the series *ifo Studien*, an established quarterly refereed journal. The journal, which has been included in the SSCI list of refereed publications since 2005, is in English and publishes research articles on politically relevant topics.

"*ifo im* (name of month)" is an information leaflet appearing monthly for a national audience. The most important events of the past month are presented in summary form. "*ifo im ...*" also reports on developments at CESifo.

The following publications are products of CESifo GmbH, but they are closely related to the activity of the Ifo Institute. These publications promote the internationalisation of CES and Ifo. MIT Press publishes the *CESifo Book Series* and the *CESifo Seminar Series*, with papers delivered at CESifo conferences. The *CESifo Working Paper Series*, with more than 250 issues per year, allows members of the CESifo Research Network to present their preliminary work to a broad scientific community. The *CESifo Working Papers* are available via the CESifo website, via RePec and via SSRN (the Social Science Research Network), which distributes them worldwide through its Internet platform. A total of 50,000 researchers worldwide are affiliated to SSRN. In the constantly up-dated Top Ten Downloads of the Economic Research Institutes in SSRN, the CESifo Working Papers regularly have three to five papers, and they hold four places in the all-time top ten downloading list, more than any other economic research institution worldwide. Over 15,000 CESifo Working Papers are downloaded from the Internet each month.

Other publications of CESifo are the monthly *newsletter* by e-mail and the *CESifo Reprint Series*, for reprints of papers that have already been published in an international journal, and the quarterly *CESifo Bulletin* which primarily addresses the academic community and informs recipients about events and developments in the entire CESifo Group.

The Ifo Institute is involved in **knowledge transfer and consultation** in many areas: in the area of *Business-cycle analysis and forecasting*, for example, four times a year Ifo presents a forecast of the development of GDP, the labour market, prices and government revenue and expenditure in Germany and the European Union. In the spring and autumn, it participates in the Joint Economic Forecast of the leading German economic research institutes commissioned by the Federal Ministry of Economics and Labour. Then, Ifo provides *economic policy recommendations and suggestions for reform*. To cite one example, the best seller "Is There Any Hope for Germany?" written by the President of the Ifo Institute, illustrates the self-initiated enrichment of the economic policy debate. The Ifo Institute is in great demand as a *consultant in the area of economic policy*. In the area of contract research, knowledge transfer occurs through the presentation of written reports to the commissioning party or through consultation on implementing recommendations. Other forms of knowledge transfer are participation in expert committees or parliamentary hearings as well as the creation and maintenance of networks.

The **target groups** for Ifo results are social scientists and economists, practitioners in the political sphere, business and the media, as well as the general public. To expand the distribution of its services, the Ifo Institute employs marketing and public relations measures: as far as periodicals are concerned, the entire range of publications was revised and all prod-

ucts received a new design. Advertising of the publications was backed up by marketing campaigns and the website was designed so that information on all publications is available (Ifo DocBase). Furthermore, *marketing* of data was introduced. Now, the Internet is the central distribution instrument for the marketing of time series. Another marketing task is to attract participants to events. The number of registrations for Ifo events has increased even though the fees have been raised. Feedback from the participants is collected and assessed. Regarding *public relations*, results of Ifo research are presented to the media in over 90 press releases per year.

The Ifo Institute keeps track of how its services are used. There are **user statistics** for several products. This is true in particular for the recruitment of members and for publications and data marketing. The DICE database users are analysed on the basis of an integrated questionnaire. The hits on the website are recorded and evaluated in detail. The institute *Medien Tenor* has been given the task of an ongoing analysis of Ifo's media presence.

The Ifo Institute places a strong emphasis on organising **conferences** to present work results to different target groups. It holds its own events as well as participating in the events of other institutions. For example, the following events are held at Ifo or in conjunction with CESifo:

The *Ifo Annual Meeting* informs the public about Ifo's current work. At the *Ifo Industry Colloquium*, issues of economic development are primarily discussed with practitioners from business. In connection with its projects, regular *specialised conferences and workshops* are organised. Topics of both a theoretical and practical nature are discussed at these events.

The *Ifo Lunchtime Seminar*, which takes place at 12.00 noon every Wednesday, is for CESifo Group researchers. Scientific topics associated with the work of the CESifo Group are discussed.

The *CES Lunchtime Seminar*, which takes place at 12.00 noon every Monday during the semesters, is reserved for CESifo doctoral students, i.e. the doctoral students of the Ifo Institute and those of CES and the President's Chair.

The *Munich Seminars*, at which renowned guest speakers comment on economic policy issues, serve to inform the interested public on current economic issues. The Munich Seminars are carried out in cooperation with the *Süddeutsche Zeitung*, which publishes an article on each seminar.

The annual *Munich Economic Summit* is an international event organised by the CESifo Group in cooperation with the BMW Foundation Herbert Quandt and with financial support from corporate sponsors. The event deals with central economic and political issues in Europe and is directed at high-level decision-makers in politics and business as well as renowned international economists.

The *CESifo Spring Conference*, held jointly by Ifo and CESifo in Berlin, targets practitioners from the international business world. Specialists from various countries discuss issues relating to international business trends at this conference.

There are also events carried out under the auspices of CESifo: these comprise the *CESifo Area Conferences* where members of the CESifo Research Network present their papers on specific topics. In addition, CESifo organises scientific conferences in cooperation with international partners. These include, for example, the annual *Norwegian-German Seminar on Public Economics* and also the *Delphi Conferences* in cooperation with Athens University.

The CESifo workshops are used to ensure quality control of research projects and publications. Another event is the *Venice Summer Institute*, which takes place annually in cooperation with Venice International University. Approximately 100 researchers participate in this event, where four to six conferences on various topics are held almost simultaneously. Outstanding papers are published in the CESifo Seminar Series at MIT Press.

The Ifo Institute also promotes the active participation of its scientific staff in internationally recognised conferences with a referee system organised by other institutions. The number of papers presented by Ifo researchers has increased significantly from 15 in 2001 to 86 in 2004.

Ifo members of staff hold various national and international **offices**. They contribute their knowledge to numerous expert committees, such as the *Scientific Advisory Board in the Ministry of Economics*, the *Expert Commission of the Bosch Foundation on Family Policy* or the *Committee on Tax Estimates*.

During his presidency at the Ifo Institute, Prof. Sinn has received many **awards**, such as the Medal of Merit First Class (2005), the Tinbergen Lectures (2004), Corine International Book Prize (2004), the Economic Book Prize of the Financial Times Deutschland (2003), the Yrjö Jahnsson Lectures (1999) and an honorary doctoral degree (1999). Ifo members of staff have received the Young Economist Award of the European Economic Association (2003), *Südwestmetall-Förderpreis für wissenschaftlichen Nachwuchs* for a *Habilitation* thesis (2004) and the *Gebrüder-Deschauer* Prize (2005) and a support prize from the Bayerische Landesbank for doctoral dissertations.

7. Recommendations made by the German Science Council

Research and service

a) *In future the Ifo Institute will be funded by the federal and Länder governments within the framework of the Blue List as a research-based service institute. At the same time, the budget of the Ifo Institute will be reduced.*

The funding of Ifo as a research-based service institute became effective in 2000. The necessary closing of considerable parts of the Institute began that year and the process was largely concluded by 2003.

b) *The Institute must develop a consistent, cross-departmental research programme. Cross-departmental basically financed research topics should be defined.*

The restructuring of the Ifo Institute was carried out according to a concept that defined research and service in the light of the strengths and potential of the Institute. This concept was the basis of the BLK's decision on the funding of the Ifo Institute as a research-based service institute. It describes the profile and the medium- and long-term development path of the research and service areas. Based on this concept, the research and performance programmes were developed for the individual departments. They were taken into account in the Programme Budget.

c) *Ifo should gather and prepare microeconomic data, both qualitative and quantitative, particularly in the fields of surveys and analyses of business cycles, investment and innovation analyses, public finance, and regional and urban economics.*

The service functions, in particular the gathering and preparation of qualitative and quantitative micro and macroeconomic data, were expanded, with a particular focus on the comparison of international institutions. Research capacity was only maintained in areas where there was a direct relationship to service functions.

d) *The data should be available in user-friendly data bases, supplemented by comparable macroeconomic data.*

The Ifo Institute's micro and macro data and information can be accessed in a user-friendly manner. With a wide range of up-to-date publications presented in an attractive way, interesting events and digital media services, the Institute provides information on the economy and in the field of economics in its areas of expertise.

e) *The data should be scientifically evaluated, taking account of internationally comparable data and research work.*

Ifo data and external data are regularly used for business cycle reports and allocative economic analyses. They are taken as a basis for the debate on economic and political reforms in Germany. The DICE data base and *DICE Report*, which analyses this data, provide a comprehensive comparison of international institutions in numerous fields of economic policy.

f) *Service work should be based on modern methods and kept in line with developments in methodology; the Institute itself should contribute to methodological development.*

The Ifo Institute links its service work with research activities in its fields of expertise. This is not only practice-oriented, policy-relevant research but also theoretical and methodological research that expands the present state of theoretical knowledge. The methodological research record includes conferences, a book volume and several papers. The theoretical research includes a substantial number of papers in renowned international journals.

g) *The methods should be documented in a modern, user-friendly form.*

Methods are documented in an appropriate manner. The methods used in surveys are presented in the *Handbuch der ifo Unternehmensbefragungen*, which was completely revised in 2004. Moreover, the intranet (Ifo Datapool) contains detailed descriptions of databases for internal researchers and visitors.

h) *The number of external, reviewed publications must be increased.*

The number of articles published in refereed journals increased tenfold from 1996 to 2004. The increase in the number of papers presented at international conferences with review systems is even greater, namely from one paper presented in 1996 to 86 in 2004.

i) *The number of scientific events run by Ifo should be increased.*

Holding specialised events is one of the important service functions of the whole CESifo Group. The number of events has greatly increased. This is also true for scientific conferences and workshops organised by both CESifo and Ifo. The latter is now probably the number one location for conferences on economic subjects in Continental Europe.

j) *Contract research should be reduced and, concomitantly, the number of employees financed by third-party funding. Contract research should be only accepted if the project fits into the research programme.*

The Ifo Institute has changed the structure of its revenue. In 2004, only 8% of total revenue came from contract research for public principals. By reducing the proportion of revenue from third-party funding, the number of staff financed by third-party funding has been lowered correspondingly. To cope with the problems of selecting contract projects the Institute introduced a quality assurance system. Before taking on contract work, the Quality Management Handbook requires that the project fits the research profile of the research department, that the competence and capacity necessary for the contract research is available and that the project allows for international institutional comparison. The testing for these preconditions is done by the research department itself, by the Euro Controlling group, and also by the Executive Board. On the basis of this examination, the Executive Board decides whether an offer is to be accepted for the contract research.

k) More third-party funding should be raised in competitive research under scientific review.

The proportion of funding awarded to the Institute on the basis of detailed examination by the relevant bodies (DFG, EU and research foundations) in relation to the entire revenue of research funding and contract research increased to 21.2% by 2004. Several projects that were funded on the basis of this are now being worked on. Further applications for such funding have been made.

Organisational structure

l) By combining or dissolving departments the number of departments should be restricted to a maximum of eight. A spin-off solution should be considered for the Dresden Branch and the Academy for Economic Policy.

The Institute was restructured at an early date; now, it has eight departments which concentrate on the Institute's areas of expertise.

A spin-off solution for the Dresden subsidiary was not implemented since the downsizing objectives were reached by a different route. The affiliation with the Ifo Institute is still important in order to be in a position to observe developments intensely in eastern Germany. The Academy for Economic Policy was terminated.

m) The number of internal institutional committees and events should be reduced to a minimum. Events should be held on a regular basis presenting new research results.

The number of committees and internal events has been streamlined. The Research Advisory Committee was terminated. For presenting new research results, the weekly Lunchtime Seminar was introduced.

n) The number of members of the Board of Trustees should be reduced and must fulfil its supervisory function. The Council to the Executive Board should therefore be abolished. The chairperson of the Works Committee (Betriebsrat) is not a member of the Board of Trustees.

The Board of Trustees was retained. The WR evaluation group mistakenly assumed that the Board of Trustees had a supervisory function. That was never the case. The Board of Trustees' task is to link the Institute with enterprises and associations and thus differs considerably from scientific advisory boards of other Blue List institutes.

The former Council to the Executive Board was dissolved and replaced by the Supervisory Council in which, by virtue of office, at least three academics have a seat and vote. The

chairperson of the Works Committee and the speaker of the managerial employees have neither a seat nor vote in this body.

Staffing

- o) The number of temporary employees should be increased. On principle, all positions financed by third-party funding should be filled on a temporary basis.*

The personnel policy is aimed at increasing the proportion of scientists on fixed-term contracts. Since the last evaluation, the Ifo Institute has only employed scientific staff on fixed-term contracts. In the research-oriented departments, the proportion of fixed-term contracts increased from 29.6% in 1996 to 67% in 2004. In the service-oriented departments, this number rose from 11.8% to 19.4%.

There are no researchers financed by third-party funds on a permanent basis.

- p) Ifo should be more active on behalf of early-stage researchers. Positions should be created for early-stage academics.*

There are now more grades in the employee structure and the number of institutionally funded positions for doctoral candidates increased to ten. The percentage of junior researchers was considerably increased.

- q) The number of staff with doctorates should be increased.*

A doctoral degree is a pre-requisite for recruitment of research staff. The proportion of Ifo researchers who have already received their PhDs or are working towards it (doctoral candidates) rose in the service-oriented departments from 1996 to 2004 by 12.5 percentage points (doctoral candidates) to 42% and in the research-oriented departments by 39 percentage points to 79%.

Cooperation

- r) The Ifo Institute should cooperate closely with the Munich Ludwig Maximilians University (LMU) to ensure scientific breadth and quality. A cooperation agreement should be concluded with the LMU on supervising work leading to qualifications and joint projects as well as joint appointments. Cooperation should also help to strengthen methodological expertise at Ifo.*

The close cooperation of the Ifo Institute and the LMU in research, teaching and junior staff promotion led to the Bavarian State Government pronouncing Ifo an "Institute at the University of Munich" in 2002. The current President of the Ifo Institute was jointly appointed in 1999 by Ifo and the LMU on the basis of the cooperation agreement with the LMU. Also the appointment of a member of the Executive Board in 1997 was jointly carried out by Ifo and the LMU.

Close cooperation between Ifo and the LMU is the core of the new direction taken by the Ifo Institute and was the precondition for founding the CESifo Group. The cooperation agreement between the Institute, the LMU and the Bavarian State Government signed in 1997 was expanded and specified within the framework of the foundation of the CESifo GmbH.

Appendix 1

Organisation Chart

May 1, 2005

Ifo Institute for Economic Research, Poschingerstraße 5
81679 München, Postbox 880460, 81631 München,
Phone +49 (0)89/92 24 - 0, Fax +49 (0)89/98 53 89
Ifo in the Internet: <http://www.ifo.de>, e-mail: ifo@ifo.de

Executive Board				
Hans-Werner Sinn (President) Gebhard Flaig Meinhard Knoche				
Departments	Business Cycle Analyses and Financial Markets Gebhard Flaig	Public Finance Thiess Büttner	Social Policy and Labour Markets Martin Werding	Human Capital and Structural Change Ludger Wößmann
	<ul style="list-style-type: none"> ■ Business cycle research: methods and empirical analysis ■ The German and EU economies: analyses, forecasts and economic policy recommendations ■ The world economy ■ Financial markets 	<ul style="list-style-type: none"> ■ Public finance and tax revenue estimation ■ Tax systems ■ Fiscal federalism ■ EU fiscal system 	<ul style="list-style-type: none"> ■ Social protection systems ■ Structural aspects of the labour market ■ Employment trends 	<ul style="list-style-type: none"> ■ Economics of education and knowledge creation ■ Innovation and technological change ■ Competition and industrial economics
	Research professors: Helge Berger Horst Rottmann Jan-Egbert Sturm Frank Westermann Ulrich Woitek	Christian Keuschnigg Dietmar Wellisch Alfons J. Weichenrieder	Robert Haveman	Theo Eicher Robert Haveman Kai Konrad
	Industry Branch Research Gernot Nerb	Environment, Regions and Transportation Peter Egger	International Institutional Comparisons Siegfried Schönherr	Business Surveys Klaus Abberger
	<ul style="list-style-type: none"> ■ European industry branch analyses and forecasts ■ Operations research ■ <i>Branchen special</i> reports 	<ul style="list-style-type: none"> ■ Sustainable development ■ Environmental economics ■ Regional economics ■ Transportation forecasts 	<ul style="list-style-type: none"> ■ Database for Institutional Comparison in Europe (DICE) ■ International consulting projects 	<ul style="list-style-type: none"> ■ Surveying methods and consulting ■ Business surveys ■ Survey design and analysis of Ifo and international surveys
	Research professors:	Wolfgang Buchholz Michael Rauscher	Theo Eicher Stephan Klasen	
Executive Departments	Support Staff Barbara Hebele Robert Koll Wolfgang Meister	Quality Management André Kunkel	Research Directors Gerhard Illing (Editor <i>CEifo Economic Studies</i>) Stefan Mittnik (Econometric projects)	Dresden Branch Marcel Thum (Director)
		Controlling/ Equal Opportunity Commissioner Dorothea Pohlmann		Research professor: Helmut Seitz
Central Departments	Human Resources Meinhard Knoche	Finances and Information Technology Sabine Dehof	Library Petra Braitacher	Press, Publications, Conferences Hans-Werner Sinn/ Meinhard Knoche

Appendix 2

Financial resources and allocation of resources

(Figures in € 1,000)

	2004	2003	2002
I. Financial resources (income) ¹	13,091	12,686	12,798
1.1 Institutional funding	7,079	6,876	6,819
- Federal States ²	3,540	3,438	3,409
- Federal Government ²	3,540	3,438	3,409
- Other institutional funding ³			
<i>Institutional funding as a proportion of total financial resources (in %)</i>	54	54	53
1.2 Research support	2,284	2,197	2,344
<i>As a proportion of total financial resources (in %)</i>	17	17	18
1.3 Services, contracts, licences, publications	2,877	2,712	2,968
<i>As a proportion of total financial resources (in %)</i>	22	21	23
1.4 Other third-party resources	851	900	667
<i>As a proportion of total financial resources (in %)</i>	6.5	7	5
II. Expenditures	13,091	12,686	12,798
2.1 Personnel	8,481	8,736	7,644
2.2 Materials, supplies and equipment	3,826	3,164	4,281
2.3 Investments (not incl. building investments)	10	314	288
2.4 Building investments ⁵	743	441	455
2.5 Special positions (where applicable)	30	31	129
2.6 For information only: Allocations to reserves ⁶	63	65	161
2.7 For information only: DFG charges	150	63	0

¹ Actual expenditures in each year classified by financial resource; not incl. money in transit.

² Funding according to the BLK's decision

³ Special financing, EU funds

⁴ Member fees, other income, financial results

⁵ Building investments, multi-annual measures for building maintenance, land acquisition incl. demolition

⁶ Annual surplus

Appendix 3

Third-party resources classified by organisational unit¹

(Figures in €1,000)

	2004	2003	2002
I. Total	6,012	5,809	5,979
- DFG (German Research Foundation)	150	63	
- Federal Government	813	1,253	1,109
- Federal States	378	354	369
- EU project funding	722	380	610
- Foundations, other research support	221	147	256
- R&D assignments, cooperation with industry, services, licenses	2,877	2,712	2,968
- Other third-party resources ³	851	900	667
II. By organisational unit			
Business Cycle Analyses and Financial Markets	430	343	347
- DFG (German Research Foundation)			
- Federal Government	315	318	309
- Federal States			9
- EU project funding			
- Foundations, other research support			3
- R&D assignments, cooperation with industry, services, licences	115	25	26
- Other third-party resources ³			
Public Finance	171	182	241
- DFG (German Research Foundation)	68	22	
- Federal Government	70	81	154
- Federal States	33	47	28
- EU project funding			
- Foundations, other research support			
- R&D assignments, cooperation with industry, services, licences		32	59
- Other third-party resources ³			
Social Policy and Labour Markets	314	431	411
- DFG (German Research Foundation)	54	21	
- Federal Government	69	337	364
- Federal States	15	47	6
- EU project funding			
- Foundations, other research support	66	13	
- R&D assignments, cooperation with industry, services, licences	110	13	41
- Other third-party resources ³			

	2004	2003	2002
Structural and Industrial Analyses			1,570
- DFG (German Research Foundation)			
- Federal Government			21
- Federal States			95
- EU project funding			271
- Foundations, other research support			86
- R&D assignments, cooperation with industry, services, licences			1,097
- Other third-party resources ³			
Human Capital and Structural Change	764	217	
- DFG (German Research Foundation)			
- Federal Government	12		
- Federal States	31	36	
- EU project funding	429	59	
- Foundations, other research support	54	32	
- R&D assignments, cooperation with industry, services, licences	238	90	
- Other third-party resources ³			
Industry Branch Research	1,304	1,278	
- DFG (German Research Foundation)			
- Federal Government	79	186	
- Federal States	68	41	
- EU project funding		26	
- Foundations, other research support	44	66	
- R&D assignments, cooperation with industry, services, licences	1,113	959	
- Other third-party resources ³			
Environment, Regions, Transportation	351	512	552
- DFG (German Research Foundation)			
- Federal Government	121	180	125
- Federal States	67	34	66
- EU project funding			
- Foundations, other research support	1	3	35
- R&D assignments, cooperation with industry, services, licences	162	295	326
- Other third-party resources ³			
International Institutional Comparisons	442	466	411
- DFG (German Research Foundation)	28	20	
- Federal Government		12	85
- Federal States			14
- EU project funding			
- Foundations, other research support	50	25	64

	2004	2003	2002
- R&D assignments, cooperation with industry, services, licenses	364	409	248
- Other third-party resources ³			
Business Surveys	923	1,072	1,101
- DFG (German Research Foundation)			
- Federal Government	148	138	52
- Federal States	164	150	152
- EU project funding	293	295	340
- Foundations, other research support	6	8	68
- R&D assignments, cooperation with industry, services, licences	312	481	489
- Other third-party resources ³			
Executive Departments	1,275	1,268	1,301
- DFG (German Research Foundation)			
- Federal Government			
- Federal States			
- EU project funding			
- Foundations, other research support			
- R&D assignments, cooperation with industry, services, licences	424	368	634
- Other third-party resources ³	851	900	667
Library	39	41	46
- DFG (German Research Foundation)			
- Federal Government			
- Federal States			
- EU project funding			
- Foundations, other research support			
- R&D assignments, cooperation with industry, services, licences	39	41	46
- Other third-party resources ³			

¹ Actual expenditure in each year classified by financial resource; not incl. money in transit.

² Preceding complete calendar year

³ Member fees, other income, financial result

Appendix 4

Staffing according to sources of funding and pay scale¹

- Personnel (financed by institutional and third-party resources) in terms of full-time equivalents
[reporting date 31.12.2004] -

	Total number ²	Number financed by	
		Institutional resources ²	Third-party resources ²
Total	131.78	79.57	52.51
1. Academic and senior management staff	60.92	35.62	25.30
- AT	5.00	3.00	2.00
- BAT I	8.00	5.00	3.00
- BAT Ia	18.30	11.50	6.80
- BAT Ib	22.12	14.12	8.00
- BAT IIa	7.00	2.00	5.00
Lump-sum remuneration Research Directors	0.5	0.00	0.5
2. Doctoral candidates	9.00	7.00	2.00
3. Other staff	61.86	36.95	24.91
- BAT III	6.25	2.50	3.75
- BAT IVa	7.50	5.00	2.50
- BAT IVb	20.66	6.00	14.66
- BAT Vb	1.50	1.50	0.00
- BAT Vc	8.81	7.81	1.00
- BAT VIb	6.14	6.14	0.00
- BAT VII, VIII	0.0	0.00	0.00
- Wage brackets, other staff	8.00	5.00	3.00
- Trainees	3.00	3.00	0.00

¹ Employment positions according to BAT or other collective pay agreements financed by institutional or third-party resources (incl. trainees and visiting academics, but excluding diploma students, student assistants and contracts for work and services)

² In full-time equivalent

Appendix 5

Staffing according to organisational unit

- Personnel (financed by institutional and third-party resources) in terms of full-time equivalents [reporting date 31.12.2004] -

	Total	Academic and higher management staff ¹	Doctoral candidates ²	Other staff, trainees
Entire establishment	131.78	60.43	9.00	62.35
Executive Departments	9.43	4.73	0.00	4.70
Business Cycle Analyses and Financial Markets	8.00	5.50	1.00	1.50
Public Finance	7.50	5.00	1.50	1.00
Social Policy and Labour Markets	6.65	4.65	1.00	1.00
Human Capital and Structural Change	6.00	3.00	2.50	0.50
Industry Branch Research	16.24	14.29	0.50	1.45
Environment, Regions, Transportation	6.50	5.00	0.50	1.00
International Institutional Comparisons	6.62	3.00	1.50	2.12
Business Surveys	19.98	8.50	0.50	10.98
Finances and IT	21.80	2.00	0.00	19.80
Human Resources	2.00	0.00	0.00	2.00
Library	2.88	0.00	0.00	2.88
Press, Publications, Conferences	18.18	4.76	0.00	13.42

¹ BAT IIa and above (not incl. doctoral candidates)

² If financed by institutional or third-party resources

Appendix 6

Personnel

- Individuals (financed by institutional and third-party resources) acc. to pay scale [reporting date 31.12.2004] -

	Total number	Financed by third-party resources		Temporary contracts		Women		Women on temporary contracts	
		Number	%	Number	%	Number	%	Number	% ¹
I. Total	153	61	39.9	41	26.8	70	45.8	13	18.6
1. Academic and higher management staff	67	28	41.8	20	29.9	14	20.9	3	21.4
- AT/S	5	2	40.0	3	60.0	0	0.0	0	0.0
- I	8	3	37.5	3	37.5	0	0.0	0	0.0
- Ia	19	7	36.8	2	10.5	3	15.8	0	0.0
- Ib	25	9	36.0	3	12.0	8	32.0	1	12.5
- IIa	8	5	62.5	7	87.5	3	37.5	2	66.7
Lump-sum remuneration Research Directors	2	2	100.0	2	100	0	0.0	0	0.0
2. Doctoral candidates	18	4	22.2	18	100.0	7	38.9	7	100.0
3. Other staff	68	28	41.2	3	4.4	49	72.1	3	6.1
- III	7								
- IV a + b	30								
- V b + c	14								
- VI b	6								
- Wage groups, other staff	8								
- Trainees	3								

¹ Women on temporary contracts / number of women

Appendix 7

Publications

- Total number and classification by organisational unit¹-

	2004	2003	2002
I. Total number of publications	371	309	197
- Monographs (authorship)	13	17	10
- Monographs (editorship) ²	3	3	0
- Contributions to collective works	31	16	16
- Papers in peer-reviewed journals	27	23	19
- Papers in other journals	261	226	135
- Working Papers / Discussion Papers	34	24	16
- Electronic publications ³	2	0	1
II. By organizational unit			
Executive Departments	41	53	39
- Monographs (authorship)	1	3	2
- Monographs (editorship) ²	1	3	0
- Contributions to collective works	2	5	2
- Papers in peer-reviewed journals	3	5	4
- Papers in other journals	32	35	27
- Working Papers / Discussion Papers	2	2	4
- Electronic publications ³	0	0	0
Business Cycle Analysis and Financial Markets	43	40	37
- Monographs (authorship)	3	1	0
- Monographs (editorship) ²	1	0	0
- Contributions to collective works	5	0	0
- Papers in peer-reviewed journals	2	4	4
- Papers in other journals	30	33	31
- Working Papers / Discussion Papers	1	2	2
- Electronic publications ³	1	0	0
Public Finance	26	14	15
- Monographs (authorship)	3	1	3
- Monographs (editorship) ²	0	0	0

¹ Each publication is counted only once and should be assigned to one organisational unit.

² Contributions to a monograph, which is edited by employees of the establishment, are to be listed in "Contributions to collective works".

³ Only electronic publications that have not been published in printed form, e.g. CDs, electronic manuals.

	2004	2003	2002
- Contributions to collective works	2	1	0
- Papers in peer-reviewed journals	5	1	1
- Papers in other journals	8	4	5
- Working Papers / Discussion Papers	8	7	6
- Electronic publications ³	0	0	0
Social Policy and Labour Markets	15	18	20
- Monographs (authorship)	1	4	1
- Monographs (editorship) ²	0	0	0
- Contributions to collective works	1	2	4
- Papers in peer-reviewed journals	3	2	2
- Papers in other journals	5	8	11
- Working Papers / Discussion Papers	5	2	1
- Electronic publications ³	0	0	1
Structural and Industrial Analyses	-	41	24
- Monographs (authorship)	-	1	0
- Monographs (editorship) ²	-	0	0
- Contributions to collective works	-	4	5
- Papers in peer-reviewed journals	-	5	5
- Papers in other journals	-	23	12
- Working Papers / Discussion Papers	-	8	2
- Electronic publications ³	-	0	0
Human Capital and Structural Change	38	-	-
- Monographs (authorship)	1	-	-
- Monographs (editorship) ²	0	-	-
- Contributions to collective works	5	-	-
- Papers in peer-reviewed journals	6	-	-
- Papers in other journals	15	-	-
- Working Papers / Discussion Papers	11	-	-
- Electronic publications ³	0	-	-

¹ Each publication is counted once only and should be assigned to one organisational unit.

² Contributions to a monograph, which is edited by employees of the establishment, are to be listed in "Contributions to collective works".

³ Only electronic publications that have not been published in printed form, e.g. CDs, electronic manuals.

	2004	2003	2002
Industry Branch Research	40	-	-
- Monographs (authorship)	2	-	-
- Monographs (editorship) ²	0	-	-
- Contributions to collective works	1	-	-
- Papers in peer-reviewed journals	1	-	-
- Papers in other journals	36	-	-
- Working Papers / Discussion Papers	0	-	-
- Electronic publications ³	0	-	-
Environment, Regions and Transportation	12	17	11
- Monographs (authorship)	2	5	4
- Monographs (editorship) ²	0	0	0
- Contributions to collective works	1	2	0
- Papers in peer-reviewed journals	4	1	0
- Papers in other journals	3	9	7
- Working Papers / Discussion Papers	1	0	0
- Electronic publications ³	1	0	0
International Institutional Comparisons	39	49	16
- Monographs (authorship)	0	1	0
- Monographs (editorship) ²	0	0	0
- Contributions to collective works	2	2	4
- Papers in peer-reviewed journals	2	3	1
- Papers in other journals	33	41	10
- Working Papers / Discussion Papers	2	2	1
- Electronic publications ³	0	0	0
Business Surveys	117	76	35
- Monographs (authorship)	0	1	0
- Monographs (editorship) ²	1	0	0
- Contributions to collective works	12	0	1
- Papers in peer-reviewed journals	1	2	2

¹ Each publication is counted only once and should be assigned to one organisational unit.

² Contributions to a monograph, which is edited by employees of the establishment, are to be listed in "Contributions to collective works".

³ Only electronic publications that have not been published in printed form, e.g. CDs, electronic manuals.

	2004	2003	2002
- Papers in other journals	99	72	32
- Working Papers / Discussion Papers	4	1	0
- Electronic publications ³	0	0	0
Press, Publications, Conferences	0	1	0
- Monographs (authorship)	0	0	0
- Monographs (editorship) ²	0	0	0
- Contributions to collective works	0	0	0
- Papers in peer-reviewed journals	0	0	0
- Papers in other journals	0	1	0
- Working Papers / Discussion Papers	0	0	0
- Electronic publications ³	0	0	0

Appendix 8

Documents submitted by Ifo

- Evaluation report according to the Evaluation Questionnaire for the Leibniz Association Research and Service Facilities (including tables)
- Report of the Scientific Advisory Council of the Ifo Institute regarding the evaluation of the Ifo Institute (2005)
- Evaluation Report of the User Advisory Board of the Ifo Institute (2005)
- Juxtaposition of the WR recommendations and their implementation at the Ifo Institute
- Concept for the new direction and restructuring of the Ifo Institute as a research-based service institute, 1998
- SSRN download statistics
- Overview: Scientific output since 1996
- Publication activity of the economic research institutes
- Süßmuth/Steininger article (published in *Perspektiven der Wirtschaftspolitik*)
- *Medien Tenor* survey
- Rankings from *Wirtschaftswoche* (2005)
- Organisational Chart
- Programme Budget 2005
- By-laws of the Ifo Institute for Economic Research
- Annual Report 2004
- Minutes of the Meetings of the Scientific Advisory Council and Minutes of the Meetings of the User Advisory Council
- Overview of funds and their use, including funds from third-party funding
- Overview of contract research according to departments
- Overview of current contract research projects and those concluded in the last three years
- Budget 2005 (institutional funding)
- Brief description of IT concept
- Project funding applied for and competitively awarded (DFG, scientific research foundation of the EU)
- Staff positions according to pay grade and remuneration
- Staff positions according to organisational units
- Staffing: overview of third-party funding and female employment

- Academic staff and management: overview of age groups and length of employment in the Institute
- List of employees who have received calls
- Age structure of Ifo staff
- Overview of guest researchers at the Ifo Institute and of Ifo Institute researchers as guests at other institutes
- Projects with research professors
- Joint projects of CESifo and the Ifo Institute
- Joint projects of the LMU and the Ifo Institute
- Teaching activity of Ifo staff in 2004
- Quantitative overview of publications in the last three years
- List of publications from 2002 to 2004 and articles that appeared, or have been accepted for publication, in refereed journals in 2005
- Letter from the Republic Development Bureau of Serbia
- Evaluations of the International Spring Conference
- List of the video recordings of selected visiting lecturers
- Print-runs and number of subscribers of Ifo/CESifo periodicals
- Quantitative overview of active conference participation by Ifo researches in the past five years

Annex B: Evaluation Report

Ifo Institute for Economic Research at the University of Munich (ifo)

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Appendix: Participants in the Evaluation Committee, Representatives of Cooperating Institutions

1. Summarised Evaluation and Relevance of the Facility

Ifo was evaluated as a service institution at the usual evaluation interval. The task of the expert panel was to assess the Institute's performance over the past seven years as well as the Institute's success in implementing the recommendations made by the German Science Council (WR) after the last evaluation. Moreover, the Evaluation Committee was asked to consider whether Ifo had the potential to be reclassified as a Research Institute.

The turnaround mandated by the WR proved quite demanding for the Institute. Nevertheless, to a large extent, Ifo has complied with the recommendations very satisfactorily and has developed considerably since the new President took office in 1999. The experts assess that the transformation process has been treated seriously and a consolidation of the Institute has taken place. They feel that the President should be praised for these achievements. Despite the drastic budget cut and a severe reorganisation process the Institute's output has increased tremendously in terms of publications, organisation of scientific events, and policy advice. Now, Ifo makes a **very strong impression**. The research activities are considered to be very good in most parts, in some cases excellent. Policy consulting is regarded as very good, too. There has been movement of the service areas. At the same time though, this process is not yet completed and there remains room for significant further improvement.

The experts agree that Ifo has been successful in fulfilling the tasks of a research based service Institute. The Institute's main **strengths** lie in its involvement and visibility in the economic policy debate and in the provision of valuable services for research and different groups in society. The most important services are the Business Surveys and the Database for Institutional Comparisons in Europe (DICE). Ifo was also encouraged by the WR to radically strengthen its bridgehead in the academic world. As a result, the new President has established a firm presence in research. A rapidly growing number of high quality publications and research activities bear witness to this decisive academic reorientation. Strong research areas are (i) public finance, (ii) analysis at the industry level, technology related issues, structural change, and (iii) education and human capital – all of which provide a good basis for policy advice. If service and research are evaluated according to the standards to be applied to a service Institute, Ifo is performing very well in most parts.

Ifo has established close ties to Munich University (LMU). This cooperation is impressive and includes, for example, joint appointments of professors, joint activities in doctoral training and running joint seminars. CESifo, a joint subsidiary of Ifo and LMU, is considered to be a great institution for knowledge transfer and international cooperation. The proportion of doctoral candidates has increased and the doctoral programme has taken an excellent course. The general atmosphere at Ifo particularly encourages junior people to conduct high quality applied or policy relevant economic research.

There are also some **shortcomings** identified by the experts: By international academic standards the publication record is not yet good enough. Moreover, a major share of the publications comes from a small number of researchers, some of whom have only recently joined Ifo. There is a remarkable heterogeneity among the individual departments themselves in terms of their scientific output, policy expertise, and their substantial contribution to the Institute's mission. Three out of eight departments are service-oriented and these are considered rather weak in regard to the methodological approaches used, the research on methodological issues, the exploitation of the data asset and the publication record. Research topics are rather diverse within the service-oriented and research-oriented departments. The

Institute does not present a coherent research programme. Research topics can be freely chosen without sufficient consultation of the Management. Although this strategy has proven to be very successful in the beginning of the restructuring process of the Institute, it is now recommended to develop a coherent research programme, including an Institute's mission, a research and service strategy and the relation between them. Furthermore, most of the experts are of the opinion that Ifo has gained the potential to become reclassified as a research Institute. In any case Ifo should continue to strive for highly ranked publications as well as for research grants.

Regarding service and research on business surveys Ifo has not finished the task of complying with the WR's recommendation. There remains room for significant improvement in the application of econometric, statistical, and modelling techniques. Their application has not yet developed sufficiently and is not consistently international state of the art. Methodological research on the improvement of data and survey design as well as activities to facilitate the general availability of data, have only been introduced recently. These recent changes in electronic data availability are to be encouraged, and should be further developed. The experts assess that the data sets produced at Ifo are not exploited sufficiently for research output. Generally, Ifo is, therefore, recommended to conduct more methodological research on the data services.

Having found its niche in empirically based policy-oriented research, Ifo is regarded as complementing the universities well. The international CESifo Research Network and the close cooperation with the university are seen as important comparative advantages distinguishing Ifo from other economic research Institutes. Through its empirical research Ifo contributes to improving the quality of policy advice and is thereby closing the gap on some of the top international Institutes also engaged in the field of policy advice.

2. Mission, Tasks, Main Work Areas

The Institute's profile comprises three tasks: firstly, to provide services for researchers, business, government and the general public – including the traditional service of the business surveys and the collection and processing of macroeconomic data as well as the newly established DICE database –, secondly, applied economic research in various policy-relevant fields and, thirdly, policy advice for the public and private sectors.

In general, Ifo fulfils these tasks well, in some cases very well or even excellently, with the exception of the service-oriented departments. These departments are often not as good as they should be in the provision of services in particular concerning the methodologies used, research on methodologies and the exploitation of the data asset. However, it did not become clear how these three tasks are combined in an effective and coherent way. In particular, the question was raised as to how the traditional services fit in with the vision fostered by the President. This vision of Ifo is far-reaching, focussing on how to reform the European welfare state. The vision sounds very ambitious but lacks sufficient substance within the departments as there is insufficient expertise to follow up the vision. The departments' contributions to the Institute's overall vision vary considerably. Some department members are not quite clear about the relevance of their topics and linkages to the vision. Therefore, some of the experts are sceptical about the President's vision. Before trying to hold a position of a European-oriented research Institute, Ifo should carry out a comprehensive analysis of the existing research environment on European issues and its own strengths and comparative advantages and

disadvantages in this area. In any case, Ifo should further increase its cooperation with other European research institutions in order to build up expertise which is currently missing in some of the core areas of the current President's vision of a European welfare state. Furthermore, the research topics in the departments must be made much more compatible with the vision.

Ifo did not present a coherent research programme, apart from the general vision, neither for the Institute nor the departments. There is no strategy in evidence for implementing the vision across the departments. Some of the departments work on a mix of topics without a unifying theme. The experts acknowledge the strategy chosen by the President to leave researchers maximum freedom to determine their own research topics while setting demanding quality requirements. However, they still recommend setting out a research programme at the levels of both the entire Institute and the departments in order to stimulate coherence, interaction and cooperation within and between departments. Furthermore, they feel the less stringent the Institute's research programme is, the more consistent the programmes of the departments should be.

Department of Business Surveys

The business surveys, such as the business cycle, investment and innovation tests, which have been conducted at Ifo for a long time, should be regarded as one of the Institute's important activities. Both the experienced senior staff members and particularly the new department head, who was hired recently, are competent in both service and research. At present, this service-oriented department consists of 8.5 full-time equivalent scientists and one doctoral candidate. The experts appreciate the new developments within the department initiated by the new department head. These new developments comprise the establishment of a new business survey in service industries as well as methodological research on data and survey design.

This department has only recently started implementing the recommendations of the WR which suggested combining service tasks with the scientific evaluation of the data, research work and continuous work on methodology. Accordingly, regarding the publication record, this department is one of the weakest, producing 0.14 refereed publications per researcher¹ in 2004. The department should concentrate on methodological work centred around business surveys given the uniqueness of this data set. Irrespective of the future status of the Institute, Ifo should commit itself to a specific research agenda devoted to the problems of generating and analysing business survey data.

The experts also recommend exploiting these data more intensively. Ifo has only recently started to make use of the business surveys data as firm level panel data sets and to apply state of the art microeconomic methods to these data. Since these data are one of the Institute's valuable assets, the experts affirm that these data should be available to the scientific public. Ifo should be more active in making these data accessible and usable for researchers inside and outside Ifo. One of the experts proposes that Ifo should think about innovative ways to improve data access for external researchers. Options include (i) having a test data set which is randomly anonymised or completely randomised but which still carries the main structure of the data and which interested researchers can use at home to write programmes (ii) exploring possibilities for anonymising the data and (iii) after a first visit to Ifo, interested researchers being able to send their programmes to Ifo to have them run there. There are several other

¹ Doctoral candidates are calculated as personnel capacity.

developments in this area which the department should follow closely. The department is recommended to work on “activating” these data by studying their quality or merging the data, for example.

An intensive exploitation of business survey data for research also implies investing in statistical and econometric methods for using such data, for instance for short term forecasting, or studying the issue of measurement error and panel attrition. However, on these points the department seems to be lagging behind many developments in other institutions providing data, especially the Research Data Centres initiated by the KVI (Commission set up by the Federal Ministry of Education and Research for the improvement of informational infrastructure). To a large extent, the developments at the Research Data Centres or the SOEP department at DIW can be viewed as a role model for how services should be provided by the Department of Business Surveys. The department should consider establishing a forum for the exploitation of these worldwide unique business survey data.

In view of the fact that the Department of Business Surveys is not easy to integrate in the President’s vision the experts suggest giving the department a special status within the Institute as a service unit similar to the SOEP department at DIW. This status could involve some independence from the rest of Ifo involving a separate allocation of tasks, budgets and employees. Ifo’s User Advisory Council should pay special attention to the services provided by this department for internal and external researchers using the data.

Department of Business Cycle Analyses and Financial Markets

This service-oriented department consists of 5.5 full-time equivalent scientists and two doctoral candidates. It largely carries out traditional macroeconomic forecasting based on standard methods, like small scale and ad hoc models. There is no coherent econometric model in place. The main input is the personal judgement of the scientists involved. Therefore, the methodological approach of the department is not satisfactory.

The quality of econometrics and modelling is not up to the international state of the art. Thus, this department should invest more in methodology. Given the expertise of the staff members currently available as well as the traditional issues worked on, this investment would be a major undertaking. Most of the experts are of the opinion that no further resources should be devoted to improving the underlying models for the forecasts because, in order to become state of the art, the resources that would need to be invested would be substantial and potentially detract from the Institute’s strengths. The development of formal econometric models for forecasting would not contribute to Ifo’s comparative advantage. Therefore, the idea of strengthening the development of models for forecasting or even building models from scratch should be abandoned. Instead, some experts suggest Ifo should focus more on types of forecasting explicitly related to the business surveys. Ifo should invest in methods to improve and assess the forecasts. As yet, Ifo has not made a sufficient attempt to use the micro data from the business surveys as a source for improving forecasts.

The general question is whether these forecasting activities are still really useful, particularly without a formal econometric model, because too much is already being done by other German economic research institutes. Some of the experts even propose that Ifo should give up macroeconomic forecasting activities. Instead, the department could re-orient its activities towards macroeconomic issues connected to public economics and the reform of the welfare state where solid research is still lacking, but urgently needed in Germany.

Research done in this department using Ifo-produced data also suffers from methodological flaws. Moreover, it is doubtful whether there is any research pay-off from macroeconomic forecasting for the Institute at all. Research on “Financial Markets” is presently no major topic for which this department stands. Therefore, this department should drop “financial markets” from its title.

Department of Industry Branch Research

This department is a genuine service department. The staff members possess a lot of institutional and practical rather than theoretical knowledge about 160 industry branches. This expertise is necessary for reporting on branch specific developments. It is however not used as an input in basic research.

The department’s work is mainly paid by contracts. 50% of the personnel capacity is absorbed by a ten year agreement which cannot be discontinued according to the department head. The remaining capacity is absorbed by short-term contract research. The pressure to find new funds will keep the staff members involved in the provision of service in the longer run. Since the department is self-financing, the experts ask whether this service could and should not be privatised as a consulting company.

The department consists of about 14 full-time equivalent scientists and one doctoral candidate. The staff members do not engage in academic research. Accordingly, the publication record of this department is poor. Hardly any papers have been published in refereed journals; the total number of publications is also small (0.1 refereed publications and 2.6 publications in total per researcher in 2004). The quality of service and the competence of the personnel are not regarded as adequate. In general, this department’s potential for research is not promising.

The future of the department seems quite unclear. According to the President, this department will be the last one to be reformed. For the time being, if there is a vacancy in this department, the strategy is to take a senior person from another department and place him or her in the Industry Branch Research Department. This strategy seems to be sensible at this stage. According to the President as well, the branch analyses should be expanded to the European level. When this is done, one of the experts recommends that the department should apply modern case study methodology based on the theory of industrial organisation that is now well developed.

Department of Human Capital and Structural Change

The department consists of three full-time equivalent researchers and five doctoral candidates. It is newly founded and mainly has junior staff members. The experts are impressed by the very dynamic young department head. The department is very productive and one of Ifo’s strengths. The research performed is of high quality and well ahead of what is done in most of the other departments. The department greatly contributes to Ifo’s international visibility. The department’s research results are acknowledged as being valuable to the international academic community. Regarding the publication record this department is one of the two best. In 2004, about one refereed paper was published per researcher. The staff members are competent. A potential problem might be that these staff members could be too dependent on the very successful department head.

The experts regard the issues tackled as very important for the current policy discussion in Germany. The issues fit very well with the Institute's distinct focus on applied and policy oriented research. The application of micro-econometric methods to the research questions is regarded as an appropriate approach. But there are too many heterogeneous topics, such as human capital formation, economics of innovation and technological change, as well as competition and regulatory policy subject to differing methodologies. In other institutions each of these topics is dealt with separately by one entire, even larger department. This department could be even better if it had a targeted research agenda.

Department of Social Policy and Labour Markets

The department consists of 4.65 full-time equivalent researchers and two doctoral candidates. It is rather small, given the President's emphasis on the Institute's vision of "reforming the welfare state" and the relevance of the issues dealt with in the department to this vision.

The research topics can be grouped in three areas: social protection, labour market institutions, and employment. Still, the topics could be better related to each other. This indicates that a comprehensive research strategy is missing in this department, including a statement on the extent to which these research issues play a pivotal role in the reform of the welfare state. The department is recommended to develop a more structured research agenda.

The department's work is considered to be good, revealing distinct competence in research, service, and also, to some extent, in policy advice. However, at present, this department does not seem to have the potential to be a key player in providing a sound empirical basis for policy advice in the area of social policies or labour market policies. For example, the department has not been involved in the empirical evaluation of the *Hartz Reforms* commissioned by the German Government while other German economic Institutes have. There are two kinds of research on labour markets: some researchers do theoretical research involving good basic research which is closely related to the research in the Department of Public Finance. It remains to be seen how that research can be used for empirical work or for policy advice. Other researchers do empirical research on labour markets using econometric techniques. This research could benefit from closer collaboration with the Department of Human Capital and Structural Change. Some of the experts suggest strengthening Ifo's basis for policy advice by close collaboration between the respective parts of the departments concerned. In any case, the Department of Social Policy and Labour Markets should be retained, but Ifo is recommended to think carefully about the strategic role of this department and about ways to improve its contribution to the implementation of the President's vision.

The publication record is good (0.6 refereed papers per researcher in 2004). Several papers have been published in first-ranked journals. However, the majority of the department's output comes from a single staff member. The predominantly junior staff members in the department work effectively. They are highly motivated with a lot of enthusiasm.

Department of Public Finance

This is one of the smaller departments, consisting of five full-time equivalent researchers and three doctoral candidates. About 50% of the work time can be used for research. It is regarded as a good and internationally visible department and is one of Ifo's strong areas. With reference

to papers in refereed journals per head, this department publishes very well (about one refereed paper per researcher in 2004).

Research topics chosen are relevant and interesting. A certain emphasis is placed on empirical and theoretical investigations on issues like tax and system competition, policy decentralization in accordance with the subsidiarity principle, and the functions that should be assigned to Europe as the fourth layer of government. A Leibniz project on this topic has already received a grant by the Leibniz Association's Senate Committee for Competition as part of the *Pact for Research and Innovation*, funded by the Federal Government and the German States. However, the experts assess that the choice of research topics is more or less self-directed, without much guidance from the Ifo Management. They recommend developing a research strategy for this department.

The department seems to be in an excellent position to provide policy advice. The experts stress that the department needs to use its strength in research in order to transfer its knowledge to the policy makers and the public. Knowledge transfer is a particular task to be done by the head of department.

Department of Environment, Regions and Transportation

Regional analyses, water management issues, public subsidies and transport issues are covered by the department. Above that, the new department head has set a separate focus on international trade and site selections. As a result, the topics dealt with by this department are rather heterogeneous with respect to both research and services. There is no clear strategy relating department topics to each other as well as to the general vision. The experts recommend the department to focus research and to develop a comprehensive research strategy. This should include improving the compatibility of the department's research topics with the President's vision which would also produce positive externalities for the whole Institute.

While aspects of international and regional economics are well represented, there are only a few projects still dealing with issues in environmental economics and transport policy – which, however, should be ranked high given the Institute's focus on the welfare state and comparative institutional analyses.

The new department head has an excellent publication record. Not least because of the new head, the department has a good publication record (0.9 refereed papers per researcher in 2004). Currently, five full-time equivalent researchers and one doctoral candidate are employed. These staff members should also be encouraged to publish more in refereed papers. The experts are aware of the fact that the department is currently in transition and may need more time to improve performance.

Department of International Institutional Comparisons

DICE (Database for Institutional Comparisons in Europe) is this department's most important service product. This database and the activities surrounding it are regarded as excellent. DICE stands for a successful combination of service and research and fits perfectly into the President's vision. The international institutional analyses and comparisons contribute significantly to Ifo's international visibility. Thanks to DICE, Ifo has a good overview of institutions within European countries, including, for example, capital markets or tax systems. Several departments at Ifo have contributed to DICE for years, so that a body of comprehensive

knowledge about institutions has been accumulated meanwhile. Asian countries are additionally covered to a lower extent.

The experts acknowledge that services like DICE cannot be expected to be provided by an ordinary university. They require the hierarchical structure of an independent institute. The department in charge plays a unique role within the Institute. Its work is interconnected with all other departments' work. However, the experts suggest some improvements: Firstly, the collaboration of the DICE group with other research groups at Ifo could be further strengthened in order to bring the analytical and the institutional approach together and to gear the database more to the needs of the other departments. Secondly, institutional indicators could be designed and developed in order to study and judge the comparative performance of different institutions. This would be a promising approach helping to promote the research on institutions. And thirdly, DICE has become one of Ifo's core products. So, there is a need for more substantial methodological work in this area. In particular, database work of this kind has a long tradition in quantitative political-science research. Ifo should make efforts to employ the research expertise acquired there to the development of DICE.

Another of the department's tasks is the maintenance of a monitoring system called Euro Controlling. The objective of Euro Controlling is to ensure that all the Institute's reports include an international comparison regardless of the wishes of the client. This function is in the right place but unrelated to the other tasks of the department.

The department employs three full-time equivalent scientists and three doctoral candidates. The experts assess this to be a highly-interesting and positive department with a mixture of junior and senior staff members who cooperate intensively and successfully. The senior staff members are able to do work which is in high demand. By collecting and processing data and information on European institutions the department has found an interesting niche in the German and European economic scene.

Data service and policy advice

Ifo's main objective is to provide service and this has been constantly improved in quality and broadened in scope. The services are mostly provided in the area of data processing and in the area of policy advice. The provision and analysis of **data** is primarily carried out by the three service-oriented Departments "Business Cycle Analyses and Financial Markets", "Industry Branch Research" and "Business Surveys", already discussed above. The more traditional services, such as business cycle analyses, business branch studies, and business surveys are no longer considered as core products by the Ifo Management. Methodologically, these activities are definitely not at the leading edge of service provision. Besides this, it is unclear how these services fit into the President's vision. The general impression, at least, is that these services are little used and combined with the analysis of allocative issues that relate to welfare-state reforms. However, the experts recommend developing the business surveys further and treating them as one of Ifo's valuable assets. In contrast to the more traditional services, the newly established and innovative DICE is an example of successful service innovation fitting perfectly with the President's vision. At the same time it is an example of successfully combining service and research.

In the public Ifo is well known for its expertise in **policy advice**. This reputation is based on Ifo's business surveys, Ifo's reports on the welfare state and the various other reports increasingly

published by the Institute. DICE is an increasingly important key stone on which Ifo's policy advice is grounded.

Ifo has a long tradition in policy advice. Almost all departments contribute to this task. However, the experts are left with the impression that Ifo is mainly interested in policy advice based on microeconomics. Other kinds of policy advice or services such as macro-forecasting seem to be regarded as secondary. There are some doubts about whether all of Ifo's policy advice is sufficiently based on rigorous empirical research. In the Department of Social Policy and Labour Markets, for example, policy advice related to the objective to reform the welfare state seems to be lacking sound empirical research. By contrast, the Department of Public Finance seems to be in an excellent position to provide empirical background for policy advice. In general, the experts agree that the quality of empirical research as the basis for policy advice in Germany needs to be improved continuously. Ifo will be able to contribute to this improvement by concentrating on such policy advice which meets professional standards. One of the experts suggests not only focussing on translating economics for the public or politics but, in addition, analysing the incentives for politicians and policy makers to listen to economic advice and to transfer policy recommendations into policy programmes and real life.

Most of the services Ifo provides are little related to research issues. Some services do not have any research potential at all. The experts feel that research and service should become more balanced and interrelated than they are at present.

Currently, Ifo is classified as a Service Institute. Nevertheless, it is on the way to developing a strong research function with significant progress and success already. Most of the experts conclude that it has the potential for a reclassification as a Research Institute. Still, a coherent research programme is missing. Therefore, Ifo should develop such a research programme including a statement on which departments and research areas should be expanded and which service activities should be reduced.

3. Structural Features and Organisation

Since the President took over office in 1999, a successful **reorganisation** process has been underway despite severe personnel and financial constraints the President has had to cope with. The President has made strong efforts to increase the Institute's flexibility and competitiveness. Above all, he has changed organisational structures: He reduced the number of research units from 15 to eight, three of them are primarily engaged in providing services. The President's strategy, first to reform the departments oriented to research, then to turn to the others and only at the end to restructure the Industry Branch Research Department is clever and convincing. Whenever there is a vacancy in the latter department, people from other departments are relocated there so that new and junior researchers can be hired for the more research-oriented departments.

The experts assess that **guidance** from the Institute's Management is weak with respect to research. The departments are mainly left to themselves when deciding on research topics. Too little consideration is given to a unifying research agenda for the entire Institute. Even though all the projects have to be approved by the President, there are little attempts to link or unify the topics among themselves or even to link these topics to services. Except for the Euro Controlling test it is not clear according to which criteria a new project is accepted or rejected. It seems as if project selection is primarily done at the department level. Ifo however, needs a

more top-down approach in project selection, if it shall succeed in building up a distinct research profile.

In accordance to the rules of the Leibniz Association the **Scientific Advisory Council (SAC)** is composed of 11 internationally renowned scholars. The SAC has done a lot to push Ifo's research towards a more academic orientation and internationalisation. This is done by internal evaluation which has been carried out by the SAC regularly. The experts still feel that the performance indicators applied to internal evaluation by the SAC were not quite clear and recommend the SAC to be more critical in its judgment. The **User Advisory Council (UAC)** consists of eight members representing different user groups of Ifo's services. The current composition still seems to be inadequate for performing its advisory function properly. Thus, it is recommended to appoint some additional members in order to better represent the users of the Institute's databases and service products. Among the new members should be some who are well familiar with other institutions providing data. The UAC should pay special attention to the work of the service-oriented departments.

4. Resources, Expenditures and Personnel

In 2004, 54% of Ifo's budget was financed by **third-party sources**. The share of contract research was successfully reduced, as mandated by the WR, albeit more than one half of the funds were still raised by contract research. In 2004, 48% of the revenues from third party activities came from services or other activities carried out for private clients, 20% from contract research for public clients. The share of research funding from competitive sources has increased but is still quite low (15% in 2004). Ifo should increase the ratio of these research funds.

The Institute has undergone a transition which is still not completed. The experts appreciate the **personnel decisions** the President made after taking office. Some junior researchers who were hired as new department heads have great research potential. In addition, one succeeded in hiring quite some junior people who are very productive and who publish in highly ranked journals. A doctoral degree is now required for joining the research staff. The proportion of Ifo researchers who have already received their doctoral degree or are working on it has risen significantly (42% in the service-oriented departments while 79% in the research-oriented departments).

Currently, roughly 30% of all academic and higher management staff are employed on **temporary contracts**. All the doctoral candidates are also employed on temporary contracts. It is Ifo's personnel policy to further increase the proportion of scientists on temporary contracts. According to the Institute's statement, no researcher has been granted tenure since the last evaluation. There are no researchers financed by third-party funds on a permanent basis.

The **administration** works very well. New, efficient management techniques have been implemented that are certified according to the standard ISO 9000. The techniques and processes are contained in a handbook of quality management. Ifo developed and introduced cost accounting as a pilot project within the Leibniz Association. Cost accounting is fully operative; a programme budget has been presented. The financial budget of Ifo is well separated from the one of CESifo.

What is still lacking is a convincing **quality management scheme**, including performance indicators for research and service output as well as suitable incentives. Such a scheme

should be introduced as soon as possible. The Institute points out that there is some quality monitoring mechanism that helps to select contracted projects: Contract work is only accepted if the project fits to the research profile of the department and if sufficient competence and capacity are available. The examination is done both at the department level and by the Executive Board.

There is a very **positive spirit** in the Institute that is noticeable for outsiders. The employees strongly support the President in his effort to improve the Institute's organisational structure and research performance. They are willing in approaching new tasks and accepting new challenges both in terms of writing for highly ranked journals and providing services or policy advice.

5. Promotion of Junior Academics and Cooperation

At present, 18 **doctoral candidates** work at Ifo. This number has been significantly increased since the last evaluation. They work on their dissertations and are also involved in Ifo research projects. They clearly contribute to Ifo's new academic orientation. The experts appreciate their good spirit and high motivation.

The introduction of the **doctoral programme** is a success. At present, the programme offers four mandatory courses. Although this is well appreciated some experts do not find four courses sufficient. A sound training in advanced economic theory and empirical methods requires a more ambitious programme. A fully-fledged programme comprises 9 to 12 courses at least and lasts about one and a half to two years.

The experts suggest that Ifo should not try to keep its best doctoral candidates from leaving after they have completed their dissertation. Doctoral education should be seen as a professional activity. Ifo may therefore need to invest further in placement activities for doctoral students, as part of the policy to encourage a constant outflow of strong graduates. The placement of good doctoral candidates outside of Ifo may help to generate a network of former Ifo students and to build up reputation. Furthermore, Ifo is recommended to select its doctoral candidates on a competitive and regular basis.

Many Ifo researchers give lectures at Munich University (LMU). The two professors who have been appointed jointly with Ifo have a **teaching** load of four hours per semester. The plan is to have two more joint professorships with only two hours teaching per semester. Some of the department heads spend a lot of time teaching besides administrating their departments. Given that Ifo is a Service Institute one expert is strongly concerned about the heavy teaching obligations. The majority of the experts however considers teaching to be very useful because it keeps people close to academic research and also ensure that people stay abreast of theory developments.

Ifo has developed a very successful and promising **cooperation** with the LMU. Cooperation takes place in several areas: Firstly, there are the joint appointments of Ifo and the Department of Economics of the LMU. This policy has been seminal in hiring top-quality researchers who become professors at the LMU and department heads at Ifo. The university gets the benefit of increased capacity while Ifo gets the benefit of academically-oriented research staff. Secondly, there are joint research projects and seminars which often result in joint publications. Thirdly, the visitors' programme is outstanding and beneficial for both the university and Ifo. In

consequence, the number of **guest researchers** at Ifo has increased significantly. Every visitor gets involved in both institutions, for instance by contacts, projects, events or lectures.

Cooperation with the LMU also takes place through **CESifo**, the company which is a joint subsidiary of the university and of Ifo. It was founded to link the activities of the Center of Economic Studies (CES) at the LMU and Ifo. This cooperation brings together applied and academic research, thus unifying both strengths. CESifo is a very successful model of fruitful cooperation. In many ways it has contributed enormously to raising the international visibility of Ifo. CESifo is organising internet lectures, conferences and many other activities. Above all, it is the coordinator of a worldwide network of economists. And yet the experts find that the network's potential to initiate cooperative research is not fully used.

Ifo's successful reorientation and improved performance would have hardly been possible without the cooperation with CES and CESifo. These institutions offer excellent connections to the worldwide academic community and substantial funds for inviting leading researchers to visit Munich. Thus, CESifo gives Ifo a **comparative advantage** over other German economic institutes. This should be kept in mind when doing comparisons of relative performance. The creation of this link and the networking externalities it generates provide a positive boost to the overall productivity of Ifo. This is a positive development, and represents a productive combination of available resources. At the same time, the contribution of Ifo to the achievements of CESifo is not fully clear. The experts have gained the impression that there might virtually be no substantive contribution by the Institute beyond administrative support. In terms of financing there is a clear separation between CESifo and Ifo but CESifo enables Ifo to conduct additional events and to issue publications. Therefore, the budget of CESifo should be partly allocated to Ifo.

The experts find it difficult to say to what extent the performance of the CESifo group can and should be attributed to the different group members CES, CESifo and Ifo. The necessary **transparency** in the relationships is not given and a fair account of separate inputs and outputs is difficult. An example is provided by the many joint authorships of Ifo authors and academic guests or CES members which are published under the brand name CESifo. This is not to say, that these joint authorships should be disapproved. Quite to the contrary, they appear to be a useful and successful way of bringing a new style of thinking into Ifo. It is only that this kind of cooperation makes the fair evaluation of performance not an easy job. It would be much appreciated if Ifo tracked the intellectual input of its own researchers in CESifo activities more clearly. In addition, Ifo is asked to develop and publish transparent rules according to which individuals can become a member of the CESifo Research Network and how the members' contributions to the network are evaluated in order to maintain this status.

The bulk of international cooperation takes place through the CESifo Research Network which consists of 500 members from all over the world. There is another closer type of cooperation with selected researchers from outside. This form of cooperation is established by appointing leading experts as **research professors** or research directors at Ifo. This cooperation instrument is regarded by the experts as an excellent way of expanding Ifo's expertise on topics related to the Institute's vision.

6. Results and Scientific Impact

Overall, Ifo has made tremendous progress in **research output**. In some departments Ifo now carries out innovative research of high quality. A number of publications in refereed journals

have resulted from this development. However, compared to international academic standards, research output is still rather low. The number of publications in top journals should be higher. Moreover, a major share of the publication record is owed to a small number of highly productive individuals, some of whom have only recently joined Ifo.

Between 2002 and 2004, each Ifo researcher (excluding doctoral candidates) published 0.4 peer reviewed papers and 5.3 publications on average per year. Performance varies greatly among the departments, the best departments being "Human Capital and Structural Change" (1.1) and "Public Finance" (1.0). The weakest departments are the more service-oriented ones, "Business Cycle Analyses and Financial Markets" (0.35), "Business Surveys" (0.14) and "Industry Branch Research" (0.1).

In Germany, the total number of publications in internationally recognised economics journals is not very high in general; if compared with the broad publication standard, Ifo has achieved quite good results. Furthermore, when making an assessment the following has to be kept in mind: firstly, Ifo's main task is still to provide service and, secondly, the research done at Ifo is supposed to be applied policy research which often focuses on country-specific issues and thus is less apt to find its way into international journals. Accordingly, Ifo targets a whole range of outlets ranging from national journals in applied policy research to such journals that are internationally leading in economics. Nevertheless, increasing the output of high quality publications should continue to be a priority. The staff should be encouraged to publish more in both field and top journals. It is crucial that the pool of researchers who publish in refereed journals is enlarged. If the publication record continues to increase at the same rate for another couple of years, Ifo will soon have a satisfactory publication record.

Ifo's **service products** address various user groups ranging from the business community to the academic world. Ifo serves the scientific community by producing reports and organising conferences. The business community, the German Government and the general public are provided with various products, including events, various outlets, consulting in committees or policy studies and others. User analyses are carried out for every service product, but detailed quantitative information is missing. The data service is appreciated by the scientific public but has to be improved. The survey services as well as policy advice are held in great esteem by the business community and policy makers.

7. Implementation of the German Science Council's Recommendations

Ifo has implemented nearly all of the recommendations of the WR very satisfactorily. Despite the rigorous restructuring and downsizing of the Institute required by the WR, Ifo made a lot of progress since the new President has taken office.

The Institute has restructured and reduced its departments. Some of the old-fashioned departments which lacked scientific quality were closed down and new departments were founded. Thus, the scientific quality of the Institute has improved significantly. The publication record, in particular, has developed positively. The way research is done is state of the art. The topics chosen are interesting and policy relevant. However, a consistent, cross-departmental research programme has not been developed.

Ifo has established a very close and successful relationship with Munich University (LMU) including the joint appointment of professors. In addition, many Ifo researchers give lectures at the LMU. The establishment of CESifo, and especially the CESifo Research Network, has led to

a degree of visibility on the international academic and policy scene which Ifo did not enjoy before. There has been an enormous growth in the organisation of international conferences. The number of doctoral candidates supervised by Ifo researchers and involved in the Institute's work has increased. The proportion of contract research has been scaled down, whereas the share of research grants has grown.

However, it has to be emphasised that a stricter focus on the Institute's traditional services and related methodological research, in particular on the business survey function, which was also mandated by the WR has not yet been fully implemented. Ifo only started to do methodological research and empirical work on improving the quality of its surveys and the database and on promoting the use of these data. This should, however, be a core issue in the work of the Department of Business Surveys. As yet, Ifo has failed to sufficiently exploit the potential of these data for innovative research.

8. Summary of the Evaluation Committee's Recommendations

- Ifo's improvements in research quality and its efforts to increase its ties to the academic and policy community are graded highly. It should continue the transformation process towards greater quality of research and service. However, Ifo's vision of focussing on the European welfare state is regarded with reservation by some experts.
- Ifo should develop a coherent research programme which defines research issues based on an Institute mission and the steps to be taken in order to implement the mission. This programme should also include comments on those services which should be abandoned and the research fields which should be established or enlarged instead. Research and services should be linked more closely.
- The research-oriented departments should be strengthened by developing a clear research agenda. These research agendas should be more compatible with the Institute's mission which would also increase positive research externalities within Ifo. The research topics need to be focussed better. In doing so, the departments need more guidance from the Management of the Institute.
- The output of high quality scientific publications and the amount of competitively raised research funds should continue to be prioritised and, therefore, be strengthened.
- The quality of econometric, statistical and survey methods is not adequate by international standards and should be improved. As already suggested by the WR, Ifo should engage more in methodological research to continue developing the business survey data and using these data more intensively for research output, even for high quality microeconomic studies. The methodological efforts started recently should be encouraged.
- It should be considered whether business surveys could become a special service unit parallel to the SOEP at DIW since they are not especially compatible with Ifo's general mission. Regarding forecasting, Ifo should consider abandoning it and, regarding business branch research, one should examine the option whether this kind of work could become self-financing and institutionally separated.
- The CESifo Research Network should be used more in order to initiate cooperative research between Ifo and network members. At the same time, the intellectual input of Ifo to CESifo activities should become more transparent.

- Ifo should introduce quality management including an appropriate incentive system.
- Both SAC and UAC should carry out their assessments more critically; the UAC should pay more attention to the service-oriented departments and therefore be reconstituted to better represent the broad interests of scientific users.
- Most of the experts are of the opinion that Ifo has the potential for a reclassification as a Research Institute.

Appendix

Participants:

1. Evaluation Team

Chairwoman (Member of the Senate Evaluation Committee)

Prof. Dr. Martina **Brockmeier** Federal Agricultural Research Centre, Institute of Market Analysis and Agricultural Trade Policy, Braunschweig

Vice Chairman (Member of the Senate Evaluation Committee)

Prof. Dr. Wolfram F. **Richter** University of Dortmund, Chair of Economics

External Experts

Prof. Bernd **Fitzenberger**, PhD Johann Wolfgang Goethe-University, Chair of Labor Economics

Prof. Dr. Henk **Folmer** University of Wageningen, Department of General Economics

Prof. Dr. Joseph **Francois** Erasmus University of Rotterdam, Erasmus School of Economics

Reint **Gropp** PhD European Central Bank, Deputy Head of Financial Research Division, Frankfurt/Main

Prof. Dr. Bernd **Hansjürgens** Centre for Environmental Research Leipzig-Halle, Department of Economics

Prof. Martin **Hellwig** PhD Max Planck Institute for Research on Collective Goods, and University of Bonn, Department of Economics

Prof. Dr. Manfred J.M. **Neumann** University of Bonn, Institute for International Economics

Prof. Lars Erik **Öller**, PhD Statistics Sweden, and Stockholm University, Department of Statistics

Prof. Dr. Konrad **Stahl** University of Mannheim, Chair for Economics and Applied Microeconomics

Prof. Dr. Jürgen **von Hagen** University of Bonn, Institute for International Economics, Center for European Integration Studies

Prof. Dr. Manfred **Weber** General Manager of the Association of German Banks, University of Potsdam, Department of Economic and Social Science

Prof. Dr. Hannelore **Weck-Hannemann** University of Innsbruck, Institute of Public Finance

Prof. Barbara **Wolfe**, PhD University of Wisconsin-Madison, Institute for Research on Poverty

Federal Representative

RegDir Dr. Thomas **Roth** Federal Ministry of Education and Research, Bonn

Representative of the Federal States

MinDirig Dr. Heribert **Knorr** Ministry of Science, Research and the Arts of the State of Baden-Württemberg, Stuttgart

2. Guests

Representative of the relevant Federal Department

RegDir Dr. Wolfram **Klamm** Federal Ministry of Economy and Labour,
Bonn

Representative of the relevant State Department

Dr. Gerd-Achim **Gruppe** Bavarian Ministry of Economic Affairs,
Infrastructure, Transport and Technology,
Munich

Representative of the Bund-Länder Commission for Educational Planning and Research Promotion, Bonn

MinDirig Jürgen **Schlegel**

Representative of the Leibniz Association

Petra **Gerstenkorn** ver.di, Berlin, as observer from the Senate of
the Leibniz Association

Representatives of the Advisory Committee

Prof. Assaf **Razin**, PhD (*Chairman*) University of Tel Aviv, School of Economics

Prof. Dr. Karlhans **Sauernheimer** University of Mainz, Department of Law and
Economics

Representatives of Cooperating Institutions

The following representatives of cooperating institutions took part in a one hour interview:

Prof. em. Dr. Hans-Jürgen **Vosgerau** University of Konstanz, Department of
(*Chairman of the User Advisory Board*) Economics

Prof. Paul C. **de Grauwe**, PhD University of Leuven, Department of
(Area coordinator of CESifo Research Economics
Network)

Prof. Dr. Bernd **Huber** Rector of the Ludwig Maximilian University of
Munich

Prof. Dr. Klaus M. **Schmidt** Ludwig Maximilian University of Munich,
Seminar for Economic Theory

Prof. Frederick **van der Ploeg**, PhD European University Institute, San Domenico
(Area coordinator of CESifo Research di Fiesole
Network)

02.05.2006

Annex C: Statement of the Institute on its Evaluation Report

**Ifo Institute for Economic Research at the University of Munich
(ifo)**

The Evaluation Committee acknowledged that the Ifo Institute had been successful in fulfilling the tasks of a research-based service institute. Moreover, it considered the research activities in most parts very good and in some cases even excellent.

The Ifo Institute thanks the Committee for its efforts and will utilise its recommendations as seriously in the future as in the past as guides for its further development.

It will strengthen its transformation process towards further quality improvements and will try to achieve greater coherence in its research planning. It is not easy to subordinate first-rate economists to a common goal. It is also not easy to plan truly innovative research that is mostly like searching in the fog. Nevertheless, the management of the Ifo Institute will make every effort to involve itself still more in the content of the research process beyond mere personnel planning, as recommended by the Evaluation Committee. The focus will remain on the analysis of the economic effects of the European welfare state and to look into ways to keep this welfare state functioning in times of globalisation. The further development of the Department for International Institutional Comparisons (DICE) and the Department of Social Policy and Labour Markets, as recommended by the Commission, are already on the agenda.

In spite of this, the Institute must retain a certain measure of plurality in its research. Business cycle analysis, albeit with greater focussing, will remain a central element of its services. Personnel decisions for a strengthening of methodological work have in part been taken already and are showing results. Two new DFG projects, which were approved this year, deal with methods of cyclical analysis. The possibility of giving business cycle analysis a certain degree of institutional independence will be considered.

The Evaluation Committee arrives at the conclusion that the Ifo Institute has the potential for a reclassification as Research Institute. The Ifo Institute is ready for such a reclassification. As reflected by its traditional name "Ifo Institute for Economic Research" and also the addition "at the University of Munich", the Institute feels an obligation to research.

Whether the Ifo Institute, compared to other institutes, still has scientific deficiencies that argue against its classification as a Research Institute, must be assessed by the bodies of the Leibniz Association. In this context, the Ifo Institute is pointing out several facts that were not yet known at the time of the evaluation.

According to a recent survey done for the *Handelsblatt* (*Handelsblatt* of February 20, 2006, p. 9), which was published following the inspection, the Ifo Institute was clearly ahead of the IfW and the DIW in terms of its market share of quality weighted economic publications in international journals, for the average of the years 2003 to 2005. Its share amounted to 19%, whereas the latter institutes achieved shares of 14% and 11%, respectively. If weighted by the number of staff, the Ifo Institute's research output is not surpassed by any of the two institutes either; the lead over them is even increasing in part.

The Ifo Institute increased the number of publications in refereed economic journals from 27 in 2004 to 48 in 2005. In 2006, the Ifo Institute will once again achieve a substantial increase in its scientific publications. By the end of April, 31 papers by Ifo researchers had already been published or were being printed in refereed international journals, among them numerous top journals. It is foreseeable that this year the Ifo Institute will achieve the target of at least one refereed publication per researcher and year, as expected by the WGL, not only in individual departments but also in the total average.

In addition, the success rate of research reports, commissioned in scientific competition by research institutions like the DFG, has also increased. At present, the Institute is working on eight DFG projects. In 2004 these numbered only two.

The Evaluation Committee recognised the risk that the Institute's research depended to a large degree on its successful department heads and evidently feared the danger of losing those to other institutions. This fear is unfounded. Attractive offers, which Ludger Wößmann received from the universities of Konstanz and Frankfurt or Peter Egger received from the University of Innsbruck, could be warded off.

Today, also owing to its CESifo research network, Ifo is already an important nerve centre of economic research in Europe. Nowhere else in Europe are so many economic conferences held as at the Ifo Institute. Now the Institute needs the institutional basis for the continuation and intensification of its course, especially also for a strengthened interweaving with its international research network. It asks the Senate of the Leibniz Association and the Bund-Länder Commission for Educational Planning and Research Promotion to follow the assessment of the Evaluation Committee and to pass the resolutions necessary for reclassification as a Research Institute.