Special issue: 100th anniversary of the Austrian Economic Association and the Future of Health Care Systems

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The 2018 annual meeting of the Austrian Economic Association took place from 11th to 12th of May 2018 at TU Wien and was organized by the Research Group on Economics at the Institute of Statistics and Mathematical Methods in Economics, TU Wien in collaboration with the Vienna Institute of Demography, ÖAW and the Research Group on Health and Health Policy at the Institute for Advanced Studies. Overall the conference comprised 27 parallel and plenary sessions with a total of 88 presented papers as well as a panel discussion.

On the occasion of its 2018 Annual Meeting the Austrian Economic Association celebrated the 100th anniversary of its foundation in 1918.

In 1918 a group of promising young economists, among them such future luminaries like Joseph Schumpeter and Ludwig Mises, had committed themselves to the goal of establishing the *Nationalökonomische Gesellschaft* (NOeG) as a forum for theoretical discussion, in contrast to the existing more policy-oriented *Gesellschaft österreichischer Volkswirte*. In this endeavour the association in its first hundred years experienced highs and lows, sometimes successful in fulfilling its founders' intentions, yet sometimes also failing gravely.

The anniversary provided a welcome opportunity to invite two papers on the history of the NOeG and in addition to arrange a session on this topic. This gave rise to the four papers printed in this special issue of *Empirica*. The papers by Hansjörg Klausinger, “The Nationalökonomische Gesellschaft From its Foundation to the Postwar Period: Prosperity and Depression”, and Ewald Nowotny, “Economics in Austria: From 1945 to Today”, are short portraits of the NOeG and its accomplishments in the interwar and the postwar period, respectively. The first period, after some time of inactivity followed by “years of high theory”, with presentations at

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the cutting edge of theoretical progress, eventually petered out in paralysis under the regime of the corporate state and in disgrace brought upon the NOeG by its reaction, foremost by its president Hans Mayer, to the *Anschluss* and the NS regime. After the war the NOeG mirrored the general decline of economics in Austria, characterized with only few exceptions by parochialism and mediocrity. It took almost three decades until the NOeG (and economics in Austria generally) accomplished a revival of sorts. Already in the 1950s the NOeG had ceased being an almost exclusively Viennese affair and had extended its outreach to the other parts of Austria as well. Yet, crucially, from the 1970s onwards Austrian economics reconnected to the (Anglosaxon) mainstream and the NOeG opened up, most notably in its annual meetings, to contributions from all over the globe. This year's meeting provided utter proof of this development.

The two contributions from the session focus on specific aspects of the NOeG's history. Christian Gehrke, in "Three Outstanding NOeG Presentations: Morgenstern, Viner, and Menger on the Laws of Costs and Returns", highlights three papers presented at the NOeG in the 1930s. All three presentations addressed the controversy on costs and the laws of returns commonly remembered as a debate among Cambridge economists taking place in the pages of the *Economic Journal*. Yet, as Gehrke shows, the three papers merit our attention, too. While Viner gave the graphic representation of cost curves almost as they are now still taught in introductory courses, Morgenstern's succinct criticism and Karl Menger's axiomatic foundation of production theory questioned the traditional approach. Finally, the paper by Reinhard Neck, "Perpetrators and Victims: Austrian Economists under the Nazis", investigates the fate of Austrian economics after the *Anschluss*. He uses three exemplary biographies, those of Friedrich Gottl-Ottlilienfeld, Friedrich Otto Hertz and Karl Schlesinger, in order to depict how they fared under the Nazis: While Gottl's early adherence to National Socialism was rewarded with the directorship of a newly founded institute, Hertz was forced to emigrate and Schlesinger committed suicide at the day of the *Anschluss*.

The main theme of the conference was on the future of health care systems.

Progress in medical treatment and improvements in preventive health care have contributed to a significant increase in life expectancy in most industrialized countries during the last decades. At the same time, health care systems have come under increasing funding pressure due to the extended application of cost-intensive medical technologies on the one hand, and population ageing on the other. In the light of these facts, a debate on policy reforms has to address the structure of the health sector as well as its organizational efficiency. A second set of concerns relates to the fact that health outcomes, health behaviour and the access to health care differ across individuals. With income and wealth inequality being on the rise in many Western countries, this raises policy issues about the role of health care systems in generating, or mitigating, health-related inequality.

Two keynote speakers presented their recent research on "The elusive link between health care spending and health outcomes" (Jonathan S. Skinner, Dartmouth College, USA) and "Equity, opportunity and health" (Andrew Jones, University of York, UK). The keynote by Andrew Jones is included in the special issue. A panel discussion on the study about the efficiency of the social security system in Austria by Elias

Mossialos (LSE, UK) was organized in collaboration with the Austrian Health Economics Association (ATHEA) and hosted by the Diplomatische Akademie.

In a contribution based on his keynote, Andrew Jones reflects on how the concept of equality of opportunity can be applied to the context of health and health care. He sets out how, conceptually, differences in health outcomes can be decomposed into a legitimate part due to behavioural differences for which the individual is responsible and an illegitimate part due to circumstances, including behaviours that are induced by circumstances. Showing how this normative framework can be implemented in empirical studies and surveying a number of recent findings, Jones argues how the inclusion of biomarkers into household surveys can be usefully brought to bear in the empirical analysis of inequality of opportunity in health.

The relation between mental health in childhood and cognitive development is studied in the contribution by Hendrik Juerges based on evidence from the West Bank. The main challenge is to disentangle the simultaneity of health, educational attainment and cognitive ability. Newly collected data of school-aged children from the West Bank that were affected by violent political conflict and hence under post-traumatic stress disorder (PTSD) are applied. The results show that compared to European countries mental health is poorer in the West Bank, cognitive test scores are related to mental health and traumatic events are related to mental health. Overall, the study identifies a strong relationship between poor mental health and low cognitive ability. Given its importance, mental health needs to be addressed more prominently especially in developing economies.

Whether and to which extent health conditions may impact on earnings is discussed in the contribution by Florian Endel. In a first step a Health Care Interaction Index (HCI-Index) is defined to represent the state of health. The index is based on the frequency and intensity at which an individual interacts with the health care system. Data are based on health and employment records of individuals who were residents of Lower Austria over a time period of 10 years (2006–2016). In a second step an earnings function is estimated that includes the HCI-Index to identify the correlation between earnings and health status. Overall, the results indicate that though a considerable share of the population is affected by health problems, earnings are only depressed if the HCI Index surpasses a specific threshold.

In her article, Sabine Vogler presents evidence on regulators' and payers' preferences towards pharmaceutical pricing policies in a European context, thereby contributing a somewhat less explored angle to the extant literature. Building on a systematic assessment of survey responses and focus group discussions, she concludes that differential pricing but also the reference pricing policies that are well established in many countries are considerably less preferred in comparison to policies such as evidence-based pricing, value-based pricing, generic substitution and tendering. An in-depth analysis of the responses and discussions explores reasons for the stickiness of policies that are perceived to be suboptimal and directions of policy development.