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Editorial Note

It is with true feeling of humility that we take over the stewardship of the Review of Economics and Institutions.

The Review of Economics and Institutions is the New Series of Economia, Società e Istituzioni, a review founded by Giovanni Palmerio and Carlo Scognamiglio (LUISS University, Italy) in 1989, edited by Luiss University Press up to 2005. The Review was conceived as an arena for the debate on all economic and policy issues; as stressed by the title, the journal was targeted to remind that political economy scholars should aim at understanding social and economic issues in their concreteness and completeness, in their historical perspective and within their institutional framework.

The New Series is published by the University of Perugia maintaining the main goals originally assigned by the founders. At the same time, it is now aimed at attaining a much broader international scope and audience; we decided to publish it in English only, and to structure it as an open access journal with a fully authomatized electronic editorial process in order to meet the highest scientific quality standards.

The nature and scope of the Review remains general. Although submissions of high-quality theoretical articles (not confined to deductive model-building) will be considered, a privileged attention will be paid to applied contributions, which are expected to be endowed with a solid and up-to-date theoretical background, and to use advanced statistical or econometric procedures. A comparative perspective of analysis, as well as a specific focus on institutional factors underlying the differentials in economic performance across countries, industries, regions or firms, will be particularly appreciated as a contribution to better understand successful economic performance in the globalised economy.

A distinctive feature of the New Series of the Review is that it offers authors the possibility to have their papers accepted in less than three months; specifically, it is conceived for attracting high quality works of young economists at their earlier phase of research activity. At this initial stage our strategy is to behave like a new Art Gallery, which of course welcomes artworks of already well-known artists to enhance its reputation

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and fame, but also invests in new talents, betting that they may become famous in the future (as in Baumol's classic work on the Economics of Arts). As times goes by, the reputation of those names grows and so shall do the impact factor of our Review.

The undertaking by the Editorial board to provide a decision within ten weeks from the submission date is motivated by the awareness that, in any field, research activity is characterized by an increasingly rapid circulation of ideas and scientific outcomes. It entails research findings to be published before becoming out-of-date, and hence of minor interest for policy guidance. Clearly, this cannot occur at the cost of a low-quality process of reviewing; for this reason, a direct assessment of the content of the papers, as well as a tight control on the overall peer-review process, is guaranteed by the Editorial board.

This First Issue of the New Series, our very first exhibition metaphorically speaking, is a collection of works by international leading scholars who kindly accepted to contribute with their papers to the Review. The articles of the First Issue provide clear examples of the fields of research and the quality standards the Review aims at attaining.

Wendy Carlin's opening article deals with the importance of property rights and contracting institutions for long-run development, providing comparative evidence about large-scale reform patterns implemented in Western Germany in 1948 and in the formerly planned economies in the 1990s. Her main conclusion is that transition in the former Soviet bloc countries has proved much slower and much more costly than policy-makers or economists anticipated, and this can be related to the neglect of the role of the existing institutions in the initial analysis and design of the reforms.

Persistence in the effects of past institutional settings is also one aspect dealt with in the paper by Ruta Aidis, Saul Estrin and Tomasz Mickiewicz, who analyze the role played by the institutional environment on entrepreneurship development. A set of hypotheses spelled out in the first part of the article is tested empirically by using microdata on individual entrepreneurship decisions for a large set of countries. The study, among various other conclusions, supports the views that property rights and access to finance have a dominant impact on entrepreneurship; that institutional obstacles have a relatively stronger detrimental effects on entrepreneurship if the entry decision is driven by 'opportunity' rather than 'necessity'; and confirms that institutional settings may produce effects strongly persistent over time.

The role of financing of innovative firms in a broader economic environment is specifically addressed by Bronwyn Hall, discussing in particular the financing-innovation link from many perspectives. Surveyed evidence indicates that debt is a relatively disadvantageous form of R&D financing. On the other hand, highly efficient and transparent stock markets show greater responsiveness to this type of investment. Furthermore, small and young firms suffer more severe financial constraints than large established firms, probably due to the less information that they are able to provide to investors about their true or potential value. Finally, both the nature and the effectiveness of policy instruments such as tax credit (and subsidy) and programs targeted to pre-commercial R&D are discussed.

In order to understand the sources of long-run competitiveness, Mary O'Mahony, Ana Rincón-Aznar and Catherine Robinson study in a comparative perspective productivity trends of the US and the EU. A sector breakdown of aggregate performance shows that he EU has had a faster labor productivity growth in a number of traditional manufacturing sectors (food, wood, etc.). On the other hand, traditional low technology manufacturing sectors, such as mining and agriculture, are declining. Albeit the EU has seen strong growth in higher technology sectors (chemicals and electrical and optical equipment), its performance is much poorer than in the US. However, the main source of EU-US labor productivity growth gap is confirmed to be the market services industries due to faster labor productivity growth rates and a larger size of the sectors in the United States.

Lastly, the paper written by Kenneth Harttgen, Stephan Klasen and Mark Misselhorn investigates the distribution of progress in educational access over the last 15 years along the welfare distribution for a large sample of developing countries. Empirical analysis shows that there is drastic inequality in educational attendance across welfare distribution: richer population subgroups have better access to education and higher educational outcomes than poorer population subgroups. The Authors also highlight, among many other findings, that pro-poor progress in education is very heterogeneous across countries, with some of them showing pro-poor progress in all educational indicators, and others in which progress was clearly anti-poor. As a general evidence, educational growth was higher and more pro-poor in Asia and Latin America than in Africa.

We hope that the Review will provide both a forum for exchange of ideas of how to deal with old and new economic challenges, as well as a vehicle for finding new solutions.

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