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222 Rosewood Drive, Danvers, MA 01923
Tel. (508) 750-8400 □ Fax (508) 750-4744

Obituary

Werner W. Pommerehne, Political Economist

Two concepts of Political Economy coexist. A narrow one is devoted to the strict analysis of well defined problems; and a broad one is to gain insights into real world problems, which as a consequence is strongly empirically oriented. Werner Pommerehne was an outstanding example of the second type of Political Economist, and he was proud of it. His work is characterized by an extensive range of issues and topics treated going far beyond Public Choice. He wrote papers on public finance (e.g., 1991a, b), the theory of economic policy (e.g., 1984, 1993a), and more generally on non-market economics; thus, he wrote influential contributions on the economics of drugs and of sports (e.g., 1993b), and most importantly on his favourite subject, the economics of art (in particular *Muses and Markets* 1990b).

Werner Pommerehne considered theoretical analysis not as an end in itself but as a necessary prerequisite for a serious empirical analysis, mostly with the help of econometric cross-section methods which he applied in a thoughtful and innovative way. His work stands out by a close integration of theory and empirical test.

Among Werner Pommerehne's many contributions to Modern Political Economy, three major problem areas may be singled out.

The first concerns the *determinants of public expenditure*. For many years, orthodox economists, and even more so political scientists, ran regressions in which various factors were correlated with government outlays without any explicit theoretical model at all. Werner Pommerehne was among the first Political Economists who applied a politico-economic model incorporating important institutional conditions affecting public behaviour. In a series of imaginative and novel papers (summarized in 1978a, 1990a) he skillfully exploited the varying extents of constitutionally regulated participation possibilities between municipalities, communes and cantons in Switzerland. In particular he focused on the effects of having more or less developed institutions of popular initiatives and referenda. He not only succeeded in robust explanations of public expenditure by tax price, income and other factors, but he was able to show that the more directly democratic a political entity is the better are voters' preferences fulfilled. This result is of great importance for

democratic theory which so far had been based more on preconceptions or hunches than on serious econometric analyses. The same holds for a second result, namely that (in the Swiss context) the more direct democratic institutions are, the lower are government expenditures (holding other influences carefully constant). A direct confrontation with the orthodox approaches revealed that the politico-economic models yield indeed superior results (1978d). Other aspects of public expenditures analyzed by Werner Pommerehne deal with the role of bureaucracy (1978b, 1982b); redistribution in a federal democracy (1994b) where it is empirically shown that decentralized fiscal structures do not prohibit effective public transfers; and fiscal illusion (1978c) where he went much beyond purely theoretical speculation.

The second area where Werner Pommerehne enriched Political Economy is the comparison between *private and public production*. Instead of following the crowd by favouring an either/or view, he kept an open mind. In an extensive study of refuse collection (again for Switzerland) he found that private is more efficient than public provision (1976). When he later redid the study (1983) he revised his view by identifying the extent of competition as an equally important determinant. He professed similarly differentiated views based on empirical analysis in other areas. Thus, he refused to reject government subsidies to the arts (as some scholars propagate) but preferred to inquire where they are more or less adequate (1987).

Thirdly, Werner Pommerehne was an early adherent of *economic experiments* but unlike many current studies focusing on laboratory settings, he always tried to connect them as closely to reality as possible. While his experiments of preference reversals (1982a) were rather orthodox, he analyzed free riding behaviour in a natural setting (1981) and revealed that under relevant conditions people behave much more cooperatively than suggested by abstract theory. A real life experiment (1994a) analyzes the potential for compensation and voluntary agreement in the case of an incinerator plant on the border between France and Germany.

Werner Pommerehne was an enthusiastic political economist attracting many new scholars to the field. His influence stretched far beyond the German speaking area. He was, and this is in today's world quite exceptional, a true internationalist who published, and was able to speak and teach, in several different languages. Above all he was one of the few economists who bridged the academic gap between France and Germany. He was a great collaborator; most of his works were written with a large number of different scholars, especially young ones, while he was at the same time a central member of the 'Zurich-group' (in addition to him composed of Friedrich Schneider, Gebhard Kirchgässner, Hannelore Weck-Hannemann and Bruno Frey). Werner's work engagement was most intensive and he was never satisfied with what he produced. Whenever I met him, he was full of new ideas and projects. He com-

pleted a surprising share of what he endeavoured, but at the cost of his health.

Many will also remember a quite different, and seemingly incompatible aspect of Werner's nature: a most hearty and loveable character who was all at ease and not pressured by time. He spread around him a unique atmosphere of joy and conviviality not only with his friends but equally with young people and newcomers.

I had the privilege and good fortune to have worked with Werner over many years, and we have jointly written many dozens of articles and books. But what I cherish most is to have had Werner as a fine, close friend, and I intensely mourn his death.

Werner Pommerehne unexpectedly died of a heart attack on October 8, 1994 at his home in Sarreguemines, France. He had been a full professor of economics at the Free University of Berlin, followed by a full professorship at the University of the Saar. Political Economy has lost one of its most lively and productive characters.

BRUNO S. FREY
University of Zurich

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