honorary doctorate was held in the Great Hall of the Carolinum. According to his personal wishes, Bauman's entrance into the ceremony hall was accompanied by the sounds of Ode to Joy, as an expression of his European identity.

On the occasion of being awarded the honorary doctorate by Charles University Bauman made an acceptance speech, in which he contemplated one of the crucial dilemmas of our times. He opened the speech by expressing the special value the honour bestowed upon him by Charles University held for him. He said he admired it not only for biographical reasons, because this University offered him shelter in a time of troubles, but also for its unique role in the cultural and intellectual development in the Central European region. He recalled also the connection between Czech and Polish sociology, comparing it to a long and happy love affair. Furthermore he referred to the common past and future of the Czech and Polish nations and raised the question of their role in a united Europe. He pointed out that at the time of entry into a common European home the need for new ideas and the re-examination of old concepts is particularly urgent and that these two nations should take an active role in the process of rebuilding the European intellectual and ethical space.

According to Bauman, the main question of the human race lies in the dilemma between the interests of self-preservation and the ethical command to 'love thy neighbour'. Throughout all of human history no philosophical system has been able to resolve this question, however hard it tried. What Bauman suggests is that 'we have now entered the times of convergence between the interest in self-preservation and the obedience to the ethical command'. In today's globalised and *stretched* world, where territory no longer guarantees security for its inhabitants and where we all find ourselves in the same boat, self-preservation and morality dictate the same policies and strategies. Bauman assumes that the end of the era of space was already foreseen in the 18th century by the German philosopher Immanuel Kant, and that we have been witnessing the death symptoms of that period for a considerable period of time. Even though evidence of the new situation human kind faces was not revealed until September 11, as Bauman said: 'The events of September 11 made obvious that no one, however resourceful, distant or aloof, can cut oneself off from the rest of the world'. We are all now an integral part of one human community and the act of shutting off against others can no longer be seen as an option for survival in the global *polis*. The only chance to overcome all the barriers and divisions among people and to aim towards the ideal of a common humanity in this pluralistic world is through openness towards others. As Hannah Arendt has already suggested, a truly human dialogue 'is entirely permitted by pleasure in another person and in what he says'. According to Bauman the impulse for such a dialogue and for the defence of tolerance and respect for all differences should come primarily from the universities, the centres of wisdom.

With this closing speech Professor Bauman crowned his visit in Prague. He has proved himself to be one of the great thinkers of our time, an example of a 'dialoguing man', whose main goal is not to provide us with answers, but rather to present us with provocative questions and thus make us think and reflect upon our lives.

Petra Rakušanová, Markéta Sedláčková

Conference of the International Association for Research in Income and Wealth

The economics of income and wealth is based not only on plausible theories but also on gathering good quality data and their empirical treatment. The latter aspect is even more important in transition countries working to match the living standards common in more developed countries and thus in need of comparative statistics on welfare. It is therefore surprising that the researchers from these countries do not take more advantage of sharing their ideas with colleagues from the USA, East Asia, the EU and elsewhere. To illustrate, only eleven participants from Eastern Europe attended the 27th general conference of the International Association for Research in Income and Wealth (IARIW), which took place in August in the Swedish town of Djurönäset. All papers presented at the conference are placed on the IARIW web site (www.iariw.org).

The IARIW was founded in 1947 and its members include statistical offices, central banks, academic institutes, governmental bodies and international agencies, such as the IMF or the Luxembourg Income Study. The IARIW has four major objectives: furthering research on economic and social accounting; the use of the accounting for budgeting and policy analysis; the integration of economic and social statistics; and the development of concepts and definitions for the measurement of welfare. Its aim is to encourage countries to share experiences in this area. The IARIW pursues these objectives by facilitating communication and interchange on these topics and by bringing together academic and government scholars from many countries. This is mainly achieved through the publication of the quarterly journal the *Review of Income and Wealth* and by holding biennial general conferences.

The last conference presented contributions on very topical issues. First, in the plenary session participants discussed certain aspects of the 'New Economy' and pointed out the need for a more universal definition of this phenomenon. The discussion was co-ordinated by Per Ericson, from Statistics Sweden, and attempted to shed some light on two paradoxes: a productivity paradox, pointed out by Solow, which states that 'computers are everywhere visible, except in productivity statistics'; and a second paradox stating that even if all the objective requisites, such as technology, are in place, no shift onto a faster growth path may follow. The participants concluded that in the new environment, with the rapid diffusion of technological knowledge we must re-consider the adequacy of the current statistical indicator, in particular price indices. Moreover, as the ability to take advantage of the new economy depends on the competence of the local receiver not all industrial economies will necessarily participate successfully in its introduction.

The second issue also discussed in a plenary meeting, organised by Barbara Fraumeni from the Bureau of Economic Analysis and Thesia Garner from the Bureau of Labour Statistics, was devoted to measuring savings, assets and liabilities from both a macro- and micro-economic perspective. With regard to the more sociological aspects precautionary saving was discussed. Arthur Kennickell from FED and Annamaria Lusardi from Dartmouth College argued that the precautionary-saving motive affects almost every type of household - elderly households and business owners in particular. They emphasised the need to take the precautionary-saving motive into account when modelling saving behaviour.

Finally, the third plenary session by Bart van Ark from the University of Cronigen in Canada was more technical and focused on the comparability of price indices of various countries across time and space, reflecting the differences in consumption baskets. It also looked at the consistency between the purchasing power parity benchmark and national price and volume indices.

Alongside the plenary sessions the conference offered smaller parallel meetings on more specific problems, such as the quarterly national account and the role and measurement of government. Most topics were attractive from the sociological viewpoint as they discussed the analysis of micro-data on households and individuals in areas such as poverty, the size distribution of wealth; income mobility and poverty dynamics or more methodological problems such as microsimulation. The participants raised several challenges to some of the main conclusions in these parallel debates.

First, the effort to find a better measure of poverty continues, even after Amartya Sen has been awarded the Nobel Prize. Andrew S. Harvey, A. Mukhopdhyay and Jordan Hunt from Saint Mary's University in Canada suggest families need both time and money to meet their everyday needs. While they may have sufficient income to reach the poverty line, they can be short on the time needed to do the everyday tasks required to maintain a household. Thus they can be money-poor, time-poor, or both. To construct a new measure they employ time-use data that is not available in every country and whose comparability given the different cultural and institutional background in different countries is questionable.

Thesia I. Garner and Kathleen S. Short attempted to re-specify the poverty threshold for the USA. They tried to add the value of certain in-kind benefits and subtract certain 'necessary expenditures', especially the expenditures for necessary health care, and also to recommend paying particular attention to the treatment of owner-occupied housing.

Rather than specifying the poverty threshold directly, Conchita D'Abrosio together with her colleagues from Universita Bocconi argued that the poverty line is endogenous and cannot be determined without information on the underlying income distribution. They proposed a new method of setting the poverty line based on the change-point problem. They assume that the underlying mechanism generating the distribution differs for different income classes. If the income is distributed according to Pareto, then whenever there is an abrupt change in the generating mechanism the parameters of the Pareto distribution vary. Therefore, researchers should estimate the income thresholds where the changes happen. The thresholds indicate the degree of heterogeneity in the total income distribution and generate the income classes endogenously. The lowest threshold can be considered a poverty line.

Second, many contributions were devoted to the income mobility and poverty dynamics that are important for studying the changes in welfare over the life cycle and for identifying the poverty traps and their determinants. Asghar Zaidi from the London School of Economics and Klaas de Vos from Tilburg University emphasised the importance of measuring the income dynamics of the elderly given increasing human longevity, resulting in more time spent in retirement. Moreover they called for studies analysing panel rather than cross-sectional data, whose use for year-to-year comparisons has a distorting effect because it is based on different populations of pensioners every year. Zaidi and De Vos followed the absolute concept of mobility as they focused on the changes in individuals' own incomes. This needs to be distinguished from the relative mobility concept that tracks changes in the relative ranking of individuals or households within a population.

Third, the research on the availability, reliability, and coverage of data sets is the first step in the investigation of welfare and inequality. For this purpose, we need micro-data that is usually collected in surveys. Unfortunately, respondents often refuse to disclose the information about their earning activities and wealth and underestimate their real income. Kavonius and Tormälethö from Statistics Finland attempted to compare data on wages, salaries, entrepreneurial income and property income obtained from the Finnish Income Distribution Survey 2000 (IDS), which includes registered data on wages and salaries, to data on primary income in National Accounts (NA). In particular, they investigated the differences stemming from different definitions, different population coverage and measurement errors. The NAs in other countries may be different than Finnish ones, but the exploration of the comparability of macro and micro statistics deserves our attention, as the former provides the information used for correcting the less reliable micro-data set in many statistical offices.

Fourth, the conference assembled scientists that use specific methods like microsimulation, a technique used in tax-benefit models that employ data on individuals or households to simulate the effect of changes in social and tax policy and in the economic environment. However, the conference has shown that microsimulation models may be used by policy makers in broader areas. The National Centre for Social and Economic Modelling at the University of Canberra is developing a model to improve the effectiveness of the state agency delivering state social benefits to the recipients. The agency is looking for the best ways to improve its services, expecting changes in regional unemployment and other factors. The microsimulation model aims at tuning its infrastructure under alternative scenarios of customer numbers, customer characteristics, and access preferences (the Internet, phone, regional office).

For the flourishing of science, discourse on the existing achievements and ongoing research is essential. The research that is being done in isolation will not generate the critical and necessary feedback that would lead to making arguments more plausible. Therefore, we must welcome any meeting that assembles open-minded researchers, and the conferences organised by the IARIW rank among the best. This report has shown only a few examples from the rich bouquet of economic and sociological topics encountered there and proves that scientists in the field of income and wealth have recently risen to many challenges. However, there is a challenge left for researchers from transition countries. Should we not stay in touch with the world of science rather than focusing on local problems? Contact with the international community brings about a certain synergy effect in helping to spread both methodological and scientific knowledge.

Petra Štěpánková