

# Hanns Abele Memorial Lecture, WU Vienna, 10.11.2017

## Memories of Hanns Abele and Hanns Abele Prize

*Ulrich Berger*

It is almost 20 years ago that I first met Hanns Abele. It was the summer of 1998. I was a mathematician specializing in game theory with only a vague idea what economics is all about. I had just finished my dissertation at the University of Vienna and was looking for an academic job.

Four years earlier, in 1994, Selten, Nash and Harsanyi had just won a Nobel prize in economics for their contributions to game theory. But at the WU this field was almost nonexistent. Hanns Abele, however, thought that game theory was important for microeconomics and for industrial organization. And, of course, he knew Oskar Morgenstern personally. Hanns wanted to hire a game theorist who could teach these methods to students, even if this person knew next to nothing about economics. So I applied, and was invited for an interview.

I noticed that Hanns was Head of the Institute for “Analytical Economics”. I didn’t know what that is, so I looked up this term - and found nothing. I later learned that he more or less invented this term, “analytical economics”. That was Hanns. He did things differently. He did things *his* way.

Hanns led me into his office and sat down at his desk in his large leather chair. I couldn’t see him anymore. He was a tall man, but at his desk he seemed to drown in dozens of gigantic piles of papers, books, and computers. For me it seemed like pure chaos, like a total mess. But there was some ingenious system behind it. Whenever he mentioned some specific article, he dived into these piles and triumphally returned with it within only a few seconds. I was very impressed.

The interview went well, I guess, since a few days later Hanns called me and said he would hire me. That’s how I became an economist.

I owe Hanns a lot. He hired me three times in total, and he accompanied and guided me through my economics doctorate, my habilitation, and finally my professorship. He invited me and my wife not only for dinner, but even for a dancing course he had organised for us and the rest of the institute. I guess I failed...

So Hanns was the first one to integrate a course on game theory into his teaching program. Of course this was *his* own teaching program, the so-called “Abele-track”, almost completely separated from the standard economics diploma program at that time.

Hanns always liked to do things *his* way. That’s what characterized him, I think. If he had an idea he considered important and worthwhile, he fought for it. Even against all odds. And even against many – or most – of the other professors at the department.

Years later game theory became a compulsory course in our economics program, and even in the MSc program Quantitative Finance. So once again Hanns was ahead of his time, it turned out.

Hanns had established the weekly institute’s coffee, where we all gathered in our secretary’s office for a coffee and talked about whatever came up: economics, music, tennis, God and the world. It was mostly Hanns, who would talk. His anecdotes were famous, and it was always fun. We were a small institute, and we were something like a family, with Hanns in the role of the father, guiding his children through the ups and downs of an academic career.

One day, I think it was in 2005, we discussed the US housing bubble. “When this bubble bursts”, Hanns said, “everything will go down the drain.”

So did Hanns predict the crisis? Well, I’m not sure, but that may just be a matter of semantics...

Twice a year Hanns would invite all our Abele-track students for a semester-closing Heurigen. It was always crowded, and Hanns traditionally opened the party with an entertaining and amusing speech. The students really admired him.

And Hanns taught them, what he also taught us: Economic theory *is* important. But not theory for the sake of theory alone. Not economic theory which ends up as an abstract collection of propositions about some operators in a Hilbert space. When he saw such a thing, he always cited Frank Hahn: “*They devote the blossom of their youth to totally meaningless questions.*”

For Hanns, theory was important as a necessary foundation of applied economics models, of empirical studies, and of economic policy. So I think he would have wholeheartedly embraced the idea of his wife, Barbara Abele, to donate a prize in his memory. A prize for young researchers who devoted their PhD thesis to strengthening the theoretical foundations of economic policy.

This is what has become the *Hanns Abele Prize*. It is awarded for the first time today, and the jury, consisting of Hanns’ former assistants, has unanimously selected a recipient who I think has done a really fine job: Martin Obradovits.

His thesis, “Essays on Oligopolistic Prizing”, was defended in 2014 at the University of Vienna. In its first chapter Martin shows that the specific Austrian way of gasoline price regulation most likely has a detrimental effect on consumer surplus. This has since been published in the International Journal of Industrial Organization.

Martin received his PhD *sub auspiciis praesidentis*, and after two years in Frankfurt he returned to Austria and is now a PostDoc researcher at the University of Innsbruck. I am happy that they let him come to Vienna today. The Hanns Abele Prize 2017 will be awarded by Barbara Abele herself.

Ladies and Gentlemen, please congratulate Martin Obradovits!