

# Introduction

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The internationalization of economics is a complex, multifaceted process that has not hitherto been subjected to close scholarly scrutiny. This is hardly surprising, for the subject cannot readily be confined within conventional disciplinary boundaries and is therefore unlikely to appeal to economists specializing in international affairs, or to historians of economics primarily interested in the development of economic ideas and policy. Internationalization is a broad, amorphous theme rather than a well-defined subject, and its scope is so wide that the papers in this volume are necessarily selective rather than representative, and in some instances largely exploratory. In addition to economic ideas and policy as conventionally interpreted, they focus heavily on the role of institutions with educational, governmental, and policy-making functions and responsibilities. The remarkable post-World War II expansion of universities and postgraduate education in economics has been an essential enabling factor determining the supply of trained personnel, and this can be viewed not merely as an aspect of the sociology of a particular profession but also as an integral component of the culture of modernization. The supply-side expansion has been a response to the rising demand for economists and the concomitant growth in the number and variety of their employment opportunities, both within and beyond academia. This

has been a worldwide phenomenon, though its timing and extent has varied markedly from country to country.

Given the United States' predominant influence on the expansion and internationalization of economics during the past half century, the volume begins with William Barber's synoptic survey of changes in the content and scale of postgraduate economic education in that country. A phase of Keynesian hegemony and enthusiastic support for the so-called econometric revolution was followed by a noticeable decline in professional self-confidence and public esteem. Internal disputes between proponents of rival doctrines and a rising groundswell of complaints about the overemphasis on techniques and the narrowing of the curriculum has been accompanied by a marked decline in the proportion of American students studying for the Ph.D. in economics. The significance of this trend has been partly obscured by the striking growth in the number of foreign students, which is both a reflection of increasing internationalization and a significant portent for the future.

As is apparent from the eight studies in part 2, the process of internationalization has by no means obliterated national differences in the character and scale of economic education and in the public role of professional economists. Although not strictly representative, the selected examples constitute a sufficiently wide variety to convey a clear general impression of the international forces in operation. Within the group, Sweden, as depicted by Bo Sandelin and Ann Veiderpass, is the most fully Americanized, notwithstanding that country's distinctive and distinguished achievements in economics from the 1930s through the early 1950s. Since that time, the use of the English language and American ideas, techniques, and research styles in textbooks, economic journals, and academic dissertations has become almost overwhelming, albeit somewhat less so in the discussion of public policy issues. In the British case too, as reported by Roger Backhouse, there is abundant evidence of growing American influence since 1945, for example, in the transatlantic movement of personnel, in the authorship of articles in some leading economic journals (at least up to the 1960s; thereafter the evidence is mixed), and in the structure and content of advanced instruction and research. More recently, however, there have been signs of a somewhat closer relationship with Europe. Backhouse's data on transatlantic airfares and Anglo-American salary differentials is limited but novel and fascinating. There are serious grounds for concern at the increasing role of central government in determining the number of university institu-

tions, in controlling university budgets, assessing research performance, and exerting pressure toward intra- and interuniversity competition. This is in direct conflict with Britain's long and proud tradition of academic freedom.

Both Peter Groenewegen and Pier Luigi Porta emphasize the differences between internationalization and Americanization. After the early postwar decades, when British ideas and practices were predominant in Australia (as in India, in Canada, and, of course, in the United Kingdom itself) there was a steady growth of American influence. Nowadays Australian economists publish more on theoretical topics, often in mathematical form, in a wider range of international economic journals; and they are becoming increasingly involved in, and see themselves as part of, a worldwide economic culture. Indeed, Groenewegen even refers to the "cloning" of Australian economics from its American role model (a term Young Back Choi also applies to economics in Korea). Nevertheless, Groenewegen considers Australian economics to be more European than American in certain respects—for example, in the importance attached to undergraduate teaching, the slower development of postgraduate work, and the tendency to focus on economic problems of special interest to Australians. He makes the significant observation that in the early postwar years—at least through to the late 1950s, the dollar shortage imposed severe restrictions on the import of American textbooks. More recently there has been a shift from Australian to American authors. This was probably true also of many countries, though it is not mentioned in the other papers. The Italian experience has been very different, for although American influence has been limited, international forces have been dominant intellectually both before and since 1945. For example, as Porta observes, there has been a long-standing Italian tradition of pure science in economics, and the important postwar neoclassical synthesis was essentially a reexported version of Keynesianism, with few distinctively American characteristics. Also Marxist ideas have continued to be both strong and distinctive. The rapid university expansion, the sweeping national educational reform of 1969, and the additional government measures of the 1980s have not fundamentally changed university structures or brought dramatic innovations. Economics has been slow to gain recognition as an independent subject, hence specialization has been limited. Teaching has remained weak, whereas research, especially on public policy issues, has flourished with the aid of a number of distinguished private foundations.

S. Ambirajan paints a gloomy picture of economics in India, a country where there is a vast gulf in quality between the best institutions and performers and the general "sea of mediocrity." Many Indian universities have low standards owing to a combination of inadequate resources, poor facilities, periodic interruptions to teaching, a rigid examination system, and political interference. Consequently, leading economics professors discourage their best students from accepting academic appointments. There are numerous able economists in government, think tanks, and the few centers of academic excellence. Many Indian economists have studied in the United States and settled there, or they have returned home to form a professional elite. Yet economics is essentially an alien product. Fashionable mathematical analysis and econometrics is less characteristic than a broader Oxford Philosophy, Politics and Economics (PPE) approach. Nevertheless the American professional model is gaining adherents. During the earlier postwar decades the demand for economists was stimulated by the development of economic planning, a program supported by the American government and private foundations. However in more recent years, as elsewhere, there has been a shift toward a more market-oriented approach.

Since 1945, when the traditional links with Japan were broken, American influence and connections have been dominant in Korea. Choi argues that economists with American Ph.D.s have enjoyed the greatest professional prestige and the greatest employment opportunities in the nation's capital, Seoul. However, participation in President Park's interventionist administration necessitated compromises with their free trade and market-oriented ideology. In Korea, economics has been viewed as a technology of development and has served both as a means of legitimation and a lingua franca. Although competition for credentials in economics is compatible with the tradition of competition in Confucian scholarship, Western analysis and technique is incompatible with the Confucian ideal of general wisdom. Whatever the reasons, few Korean economists have produced significant original work conceptually or in mathematical analysis or econometrics. Discussion has often been merely a rehash of American debates. In recent years there has been a reaction against American influence and a rise in the number and status of Korean-trained Ph.D.s.

In Japan, as in Korea, prewar international links in Asia were severed, and Aiko Ikeo notes that despite American dominance during the occupation period, Marxist economists obtained a secure and continuing hold

in academia, initially enjoying prestige because they had opposed the old regime. They were heterogenous, but they formed and maintained associations and publications separate from those of the non-Marxists. The latter cooperated actively with the Americans during the postwar recovery and expansion, making important contributions to Japanese statistics and econometrics, as well as doing outstanding, internationally recognized work in mathematical economics. There has, however, been great dissatisfaction with many Japanese undergraduate and graduate schools, the latter being accused of sectarianism, inbreeding, and schizophrenia. These defects have enhanced the value of foreign, especially American, training for civil servants as well as academics. Despite major cultural and linguistic barriers, the internationalization process, including the use of English, has continued to grow. International journals were established from the 1930s and are quite distinct from the numerous poor quality, unrefereed, in-house academic departmental periodicals. By international standards, modern economics developed late in Brazil where, as in Italy, there was a dramatic expansion and significant reform of the universities from the late 1960s. Maria Rita Loureiro demonstrates that postgraduate training abroad or at home with the aid of American professors funded by the Ford Foundation or various American government supported agencies created a clearcut polarization between the Americanized and non-Americanized sectors of the profession, as is evident in the course content, reading lists, and publication records of the different species of university departments. Resistance to American cultural imperialism has centered on structuralist doctrine and interventionist policy measures. The first generation of Brazilian economists emerged within government agencies, and economic studies in Brazil have had close connections with political agendas. This was attributable to the authoritarian regime, the fragility of the party system, and the successful institutional work of some groups. In government, there is a distinction between career “economist employees” and “economist policymakers” who come from universities but rarely return there when their official employment ends. There is now a professional elite of “economist scholars,” most of whom have an international reputation and strong connections with foreign economists or official bodies.

Part 3 examines three leading examples among the innumerable organizations that have contributed to the development and international dissemination of economic knowledge. In his account of the International Monetary Fund (IMF), Jacques Polak emphasizes the continuities

between the prewar and postwar eras, arguing that the League of Nations Economic and Financial organization was a direct forerunner of the IMF. The latter's role in the dissemination process was significant but not dominant by comparison with the activities of academic economists, yet Polak attaches greater importance to the Fund's innovations in economic analysis relevant to international economic problems. For a considerable period, its staff enjoyed a comparative advantage over academics, partly because of their superior access to relevant data and to policy makers in a range of countries. Latterly, however, this differential has diminished as the Fund has become increasingly involved in the provision of technical and financial assistance, leaving its staff less time for research, while academics have had increased opportunities to work in the Fund. The IMF has been an important influence on the development of an international community of economists through its highly selective recruitment policy and the training it has provided for officials from member countries. It is an agency of internationalization not Americanization.

Barend de Vries's essay on the World Bank is far too densely packed and wide ranging to be characterized briefly. Since the 1950s, the World Bank's activities have expanded and diversified, and they continue to change (in certain areas, such as environmental conditions, poverty, and human resource issues). The World Bank's influence is enhanced by its production and dissemination of a huge volume of reports and research studies, including general analyses of countries, project and sector studies, analyses of trade orientation and incentives, external debt problems, and cross-country analyses. Although its contribution to the creation of new ideas is limited, the Bank "absorbs ideas from many places, integrates them in its operational practices, tests their practicality and provides a forum for interchange among academics and government officials" (236). Its training and technical assistance programs, policy and projects discussions, and the training provided by its Economic Development Institute all contribute to the internationalization process. The Bank has sometimes been slow in entering new fields and in some areas has lagged behind academic discussion. Its work cannot be viewed merely as a species of Americanization.

As the European Community is unfamiliar to many economists, Ivo Maes sketches its historical development and institutional structures. The central economic objective is integration, and this presents considerable difficulties given the member states' varied policy outlooks and priorities. The commission's economists are more diverse in back-

ground and views than their counterparts in national governments or in the IMF and World Bank—though this is less true of the commission's central research department concerned with economic and financial affairs. These economists are somewhat more European than American in their approach to the discipline, though this is less true of the younger generation, and there have been continuing disagreements over economic policy strategies between the so-called monetarists and the economists in the commission. However they require essentially the same skills (for example, communication, persuasion, teamwork) as economists in other large organizations. The member states' differing policy aims create difficulties for the process of integration, and the commission's economists are often called on to provide justification for political decisions. Maes provides an outline of the main stages toward European Monetary Union and the obstacles it has encountered. Part 4 contains four interconnected essays on various aspects of the internationalization process. Verónica Montecinos's title is self-explanatory, and her paper adds a sociological dimension to Arnold Harberger's upbeat account of policy changes in Latin America. It also has links with William Ascher's synoptic analysis of development doctrines and A. W. Coats's review of recent economic policy reform literature. Although disproportionate attention is devoted to Latin American experience and problems, a wider geographical spread would have entailed some sacrifice in depth.

Montecinos interprets the developments in Latin America since the 1930s as a political process involving a strategy of professionalization that, after decades of intra-professional struggle, has led to a convergence of viewpoints and approaches within an internationalized profession. Up to the 1970s, the predominant outlook was statist, nationalistic, and protectionist, centering on the Economic Commission for Latin America (ECLA) structuralist school with its international staff, publications, training center, educational programs, and policy initiatives. From the mid-1950s, however, a rival orthodox North American-based countermovement emerged with a similar aim of utilizing economic ideas to modernize economic practices and institutions. Denying the validity of a Latin American economics, it employed a universal, purportedly ideology-free science to legitimize liberalization and the promotion of free enterprise and foreign capital, and to purge economics of leftist ideological bias. More recently a more pragmatic, less doctrinaire approach has developed among the neo-liberals, while the heterodox economists too have made efforts to incorporate themselves into

the international community, for example by acquiring North American educational credentials.

According to Harberger, good economics in Latin America dates from 1955 when he and a group of colleagues inaugurated the famous “Chicago Boys” project in Chile. At that time, the region was experiencing severe economic problems resulting from the prevailing influence of interventionism, paternalism, nationalism, and socialism (see Montecinos, this volume). Successive phases of economic reform in the 1960s, 1970s, and 1980s brought major improvements in economic policies and conditions, although Harberger concedes that further progress is needed in the control of inflation, effective banking regulations, and capital controls. Reform was based on twin revolutions in economic training and economic policy. The structuralist approach lacked clear definition and rigorous analysis, and involved philosophical thinking and left-wing ideological bias rather than the technical Chicago-style analysis emphasizing the virtues of markets, trade liberalization, and privatization. There has been a gradual spread of North American-type economics training and the emergence of competent university departments in the region, so that Latin American economists are increasingly recognized as part of a world profession. Many examples of key thinkers and policy makers are cited; and the editor was especially interested in Harberger’s brief reference to the role of economic teams (see Coats, this volume).

Ascher’s review of postwar development doctrines argues that the structuralist and neoclassical approaches are not antithetical, as is often claimed. Indeed, over time they have been converging toward the neoclassical mainstream, and many economists could be classified under either label. As applied to developing countries, neoclassical economics has absorbed theoretical elements alien to its core principles, and the connections between economic theories, analytical approaches, and policy prescriptions are often very loose. Development economics has shifted from bold theories to an emphasis on techniques, as is evident in the dissertations produced by young recruits to the field. But calculations of rates of return can easily be manipulated, and decisions on project and policy selection are often governed by organizational and political judgments rather than technical considerations, and the same is true of the new antipoverty strategy. The direct association of neoclassical economics with income regressivity is an oversimplification. Some of the earlier failures of statist policies were due to political factors rather than to economists’ ideas. However, neoclassical economists

are methodological optimists but political and administrative pessimists. Development economists' policy advice is often split between doctrinaire exhortations that governments ought to eliminate policy distortions and practical work that takes these distortions as given. Economic policy reform is, or should be, the economics profession's *raison d'être*. Coats's review of the recent literature shows how the accumulated experience of economic policy experiments during the past two decades has inspired efforts to synthesize the results and generalize about the reasons for success or failure. John Williamson's concept of the Washington consensus (see Coats, appendix A) is a conspicuous example, one that has stimulated much discussion and critical examination. Recent research has been more particularistic, context dependent, empirically grounded, and historically sensitive than earlier work. Substantial efforts have been made to understand the respective roles of ideas, interests, and institutions as well as the interactions between economic and political factors. The part played by economic teams is of special interest to historians of economics. Simplistic public choice and other economic interpretations have been discredited, and the multiple uses of the term political economy has been a source of confusion (see Coats, appendix B).