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Eatwell Plan to Restructure Department

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1994

Estwell Plan to
Restructure Dept

ESTWELL RESTRUCT. PLAN

- Substantive & Strategic mistakes
Revision before May 23
- Emphasis on policy x. Add "implications of diverse
memory for policy"

viability < intellectual
financial is dominant

The Department of Economics at the New School.

A Memorandum from John Eatwell.

How to preserve a
viable, non-marginal
space for all of our
younger selves?

The Department of Economics at the New School has a distinctive and distinguished place in the history of the development of academic economics in the United States. The combination of

- (a) a commitment to scholarship,
- (b) a persistent scepticism toward economic orthodoxy,
- (c) a belief in the need to confront the relationship between economics and other social sciences, and
- (d) the bias toward pragmatism which must infect any programme dominated by mature students who are pursuing their studies part-time,

has produced a stream of "unusual" scholars, who, despite their oddity have made a significant impact on the economic mainstream - sometimes as inspiration, sometimes as irritant.

It is vital for the future of the Department that it maintains these distinctive characteristics, and builds on them. To veer into the mainstream would produce not only an anonymous department, but a nondescript department.

Today the Department faces a number of difficulties which demand reappraisal of its structure and "vision". I see these difficulties as (in no particular order):

1. The Department is now too small to provide either the research environment, or the teaching environment, which faculty and students deserve. Some of the "down-sizing" of recent years may be the responsibility of an unsympathetic administration. But the Department itself also bears a considerable responsibility. Appointments procedures have been excessively slow, both because of convoluted (and, I believe, ultimately self-damaging) procedures, and because of a lack of agreement about exactly what direction the Department should be pursuing, and accordingly what "sort" of person who should be sought. Unanimity in appointments procedures is always extremely rare. But there should be a more expeditious method of making decisions.
2. The Department has become increasingly detached from the mainstream of economics in the United States, and, indeed, in the wider world generally. This is *not* because the Department is any more or less "radical" than it has been in the past, but because the way in which that radicalism is expressed is no longer imposing itself on mainstream debates (for a number of reasons on both sides - mainstream economics has, if anything, moved away from New School concerns such as unemployment, rather than the other way around). I should stress that I am

not saying that the work of individual professors is not making an impact within mainstream debates. Rather I am saying that that distinguished work is identified with the individual rather than the Department.

3. The small size of the Department limits the career possibilities of junior faculty. They are overworked, in terms of the number of graduate courses they are expected to teach, and they have little prospect of tenure. Moreover, the "detachment" referred to under (2) means that their career prospects elsewhere are, if anything, damaged by their period at the New School.
4. The combination of small size, limited funding, and the "isolation" referred to in (2) greatly restricts the research experience and development of graduate students.

The proposals which I outline below for attacking these difficulties are designed to build on the strengths of the Department. Those strengths are primarily in the quality of the present faculty. I believe at the moment the whole is a lot less than the sum of the parts, and that a new framework would reveal potential which is as yet hidden.

As a further preface to my "scheme" I should say that I do see the need for some significant changes in the content and structure of the graduate programmes, both MA and PhD. I will not in this note deal with what I believe those consequential programme changes to be, primarily because I have no clear view at the moment, and would want to form a view in close consultation with colleagues. This paper is designed to set out what might be called, in excessively grandiose language, "a vision". Even if this "vision" is broadly accepted by my colleagues, a lot of practical thinking still needs to be done to transform that "vision" into a concrete "plan".

I should also stress before I proceed that I believe that most of the present courses within the Department would be incorporated within the new "vision" - as I will attempt to demonstrate later.

The Proposal.

The basic "theme" running through all the Department's teaching and research should be a concern with economic policy. The training of the students should produce an intellectual bias toward proposing policy solutions to the economic problems of the day, and expressing those proposals in practical, empirical form.

A. The Department can't do everything. I see the broad area of "policy" covering four fields:

- (1) Macroeconomic policy, including macro-modelling.
- (2) Social and labour market policy (including issues of race and gender).
- (3) Development policy (including policy problems in the former communist states).

3

- (4) Finance - finance theory, the behaviour of financial markets and their impact on domestic and international policy.

The basic components of areas (2) and (3) are present within the Department at the moment. So are the components of (1), though there will need to be some reorientation in non-core courses away from theory and toward applied policy analysis and modelling. Area (4) would be almost entirely new (though it would incorporate some of the current public finance courses), and would certainly need a new Full Professor to lead it.

B. There should be created within the Department a new Centre for Applied Economics (CAE). The basic role of the Centre would be to pursue applied research on a contract basis, for international organisations, for the public sector funding bodies at federal and state level, and for the private sector. The project work within the Centre would be done by Faculty members and, in so far as their Ph.D. topics "fit" with topics covered by the Centre, by graduate students who would be given "research fellowships" within the Centre.

The areas of specialisation I have chosen are not only based on the current skills of the Department, and but also on what I believe to be the areas in which the Department can at the moment make a distinctive contribution which will have some impact both on policy makers and with the mainstream of the profession. They are also areas which will prove very attractive to potential students.

I have included the new area of Finance for the following reasons:

- (a) the economics of finance has been an area of major developments over the past ten years, and is now having a considerable impact on both applied and theoretical economics;
- (b) the changes which have taken place in the organisation of the world economy over the past twenty years have transformed the role and influence of financial institutions at all levels and in all areas of economic activity;
- (c) it seems to me extraordinary that a university which caters for part-time and evening students in the city which is the very centre of the world's financial markets, should not offer courses in finance.

Funding

I believe that the reorientation of the Department I have sketched would prove very attractive to potential students, and so would improve and sustain that aspect of Faculty and Departmental funding.

The main funding role of the Centre of Applied Economics would be to channel contract money to junior faculty and to graduate students. I would hope that the Centre would "buy out" half the time of the typical junior faculty member, reducing his or her teaching load, and allowing the development of an attractive portfolio of research to offer on the job market. The Department should be able to offer junior faculty an attractive package for career development, even if we cannot typically offer them tenure.

There is no reason to suppose that the research done in the Centre would consist only of

no opposed
to policy
research?

the "obvious" areas, such as macro-modelling and finance. For example, a Cambridge colleague has built up a substantial number of research contracts on gender issues, and I see no reason why this cannot be done at the New School.

The Director of the Centre should be a Full Professor, half of whose time is "bought out" by Centre overhead.

Research

An important task in regenerating the Department is raising its research profile. The Centre will contribute to this. In addition I would propose the creation of a new Distinguished Research Professorship within the Centre. This would be awarded on an annual basis. The salary should be attractive to senior economists. It would have limited teaching obligations (one course perhaps). The main obligation would be to pursue research in collaboration with members of the Department and/or with graduate students, leading to joint publication. With any luck this post would not just be financially attractive, but would acquire high prestige within the profession.

People

The rebuilding of the Department to meet these goals will require a number of new senior appointments. Whilst the precise mix is a matter for discussion, my tentative proposal would be something like this:

- a Professor of Applied Macroeconomics
- a Professor of Finance
- a Professor of Applied Economics (any field)
- a Professor of Economic History (including corporate history)
- a new post of Visiting Research Professor.

Two of these posts would derive from present unfilled positions in the Department, two from posts currently dedicated to the Committee on Political Economy, and one from funds dedicated to a Target of Opportunity appointment.

Of course each of these appointments would be expected to contribute to other areas, and in some cases one person may meet two objectives, freeing up a post for strengthening other parts of the programme. One of the new appointments should contribute to the Race and Class sequence, and another should contribute to Class and Gender.

There would in due course be consequential junior appointments.

Impact on teaching

The present structure of core courses in economics, political economy, and econometrics will, of course, be required to provide the basic skills of a professional economist.

As far as the rest of our current courses are concerned I would expect them to take on a more applied, more empirical tone, informing and responding to the work of the CAE. All

students who earn their degrees at the New School will emerge with much stronger empirical skills.

The "policy" orientation of the Department should be represented by a new compulsory paper in the Ph.D. exam entitled "Economic Principles and Problems" which all candidates must sit, and which would consist of a wide range of questions of an applied policy nature.

There will be a new set of courses in Finance, with an MA in Economics and Finance.

The overall "character" of the Department will be a mixture of analytical, empirical, historical and institutional economics. It will retain its distinctive approach to economic theory and its pragmatic empiricism. The historical and institutional elements of the programme will also differentiate it from most other American departments. Blending this mix into a policy oriented programme should produce something quite unique.

Philip

To: John Eatwell
From: Tom Palley
Re: Draft proposal
Date: 5/28/94

Please find detailed below my comments on your draft plan for the department.

(1) Objective:

The plan should be presented ^{forthrightly} ~~upfront~~ ^{the} as a five year management plan for the department. This planning objective should then guide the documents contents. _{that it is.}

(2) The current state of the department

My comments here relate to your own comments on the bottom of page 1 - points 1 and 2. I disagree strongly with the way you have described the department; and your choice of wording ~~makes us sound like a bunch of failures!~~ _{depict us as far less successful than we've been.}

These comments should be gathered together under a section titled "current state", and it should be worded in our favor and not against us.

a) The department is currently below the size needed to be a force within the profession. This reduction in size has come about because of retirements and departures of both senior and junior faculty. In the current difficult financial environment, the administration has been reluctant to provide the funds for replacement. These problems have been compounded by differences between the department and the administration over the future course of the department's program in race and gender studies.

Also linked to the problem of size is the uncertainty over internal tenure. The attrition of junior faculty has contributed to the patchwork look of the department [Ross Thomson's position in economic history remains unfilled, and is on our wish list; it took five years to find a replacement for Jerry Epstein in Money and Banking; the departure of Gunselli Berik means that there is currently no program in Race and Gender].

b) The last decade has been a very difficult decade for all progressive scholars in the social sciences, and particularly so for economists. This is because of the society-wide drift to conservatism. In the economics profession this drift has been more extreme and more total: it is marked by the uncritical endorsement of "free market" policies for every and any problem, a lack of historical and comparative perspective in the assessment of our nation's recent economic performance, and a monopoly control over the discipline by free market ideologies. This tidal wave of circumstance has made for a very difficult environment for the department. Despite this, the department has continued to be intellectually active, consistently producing academic journal articles

intellectual & ideological

and books, attending professional conferences, and where possible. engaging in the provision of economic policy advice.

There are now some very favorable indications that the tidal wave of conservatism has peaked. There is at last a sense of realism about the inequalities and limited accomplishments of conservative economic policy, and there is now a search for alternative (perhaps even progressive) policies. This change opens a window of opportunity for the department which it is ready to seize. However, to be successful the department needs the full backing of the administration regarding the provision of funding for new appointments. Moreover, this backing cannot be compromised by administration attempts to question the department's intellectual judgements.

(3) Statement of "vision":

My comments here relate to your sections A and B on page 3. I disagree with both the excessive emphasis placed on policy, as well as an underlying premise that the department has not engaged in policy analysis. This last point is plainly untrue: all of us (Gordon, Nell, Palley, Shaikh, Taylor) do macroeconomic policy work, and this is an inevitable product of our theoretical perspective.

very nice
This section should begin with a preamble on the "NEW SCHOOL VIEW" of economics --- economics as a field of contesting ideologies: the existence of alternative economic paradigms which construct different economic categories, emphasize different theoretical mechanisms, and make different policy recommendations; the economy as a socially constructed set of arrangements rather than a natural set of arrangements; economic arrangements as the outcome of historical processes, and economic outcomes as contingent on historically developed institutions; economics as an ultimately "instrumentalist" discipline designed to help us develop means to ~~better~~ influence and control economic outcomes, and thereby direct them towards socially desired goals.

This approach to economics is inevitably policy oriented, and your proposal fits into this tradition. However, as your proposal stands, it makes almost no mention of this tradition (which misses a very positive opportunity), and fails to recognize the intrinsic import of theorizing within this tradition. In fact, it implicitly grounds itself in — and promises therefore to merely perpetuate — the (now finally-challenged) conservative, problem-solving-oriented, understanding of "policy". *mainstream*

(4) Personnel and curriculum inventory:

As part of the planning objective, the document should contain an inventory of the department's personnel and curriculum. This inventory should detail a) who we (the department members) are and what we do, and b) areas that the department offers courses in.

The purpose of the inventory should be to help identify (in conjunction with our intellectual vision statement) weaknesses and needed changes in the program. This will involve identifying:

- a) areas we currently cover, wish to continue with, and are satisfied with our coverage,

- b) areas we currently cover, wish to continue with, but are not satisfied with our coverage,
- c) areas we currently cover and intend to drop, and
- d) areas we would like to cover, but currently lack the personnel to do so.

In some cases, improving the program may involve strengthening an existing field. In other cases it may involve bringing in new personnel to start up the field from scratch.

After completing this inventory, this discussion could be linked to the Political Economy and Historical Studies programs as areas where some complementarities may exist. (However, my strong inclination is to avoid muddying the departmental waters as much as possible by avoiding horse trading over positions in these programs).

(5) Appointments and governance:

The document should request a firm commitment from the administration regarding the number of full-time positions the department is entitled to. In conjunction with this commitment on numbers, the department should come out openly and clearly on the position of junior faculty tenuring.

Over the last decade the department has been in a "perpetual state of crisis" because of constant faculty turn-over. This turn-over is related to the issue of tenure and departure of junior faculty, with the administration using each departure to take away positions. This has placed the department in a constant position of weakness vis-a-vis the administration, and has contributed to a poisoning of relations.

In addition, the issue of tenure is intrinsically related to the question of hirings. If the department is not committed to internal tenure, then I will not support advertising future appointments at the junior level as tenure track (more on this in section 6 below). As you know, my own preference (personal interest aside -- if that's possible) is for having internal tenure as a way of infusing new blood and developing a department life-cycle, as well as for reasons of cost efficiency (2 junior faculty = 1 senior faculty).

In sum, a section on appointments and governance is needed for reasons of ensuring academic freedoms within the department, and for providing the necessary basis for constructing a five year plan.

(6) New appointments

I disagree very much with your identification of the department's needs. My own recommendations in order of importance are:

1. Game theorist -- there is a huge amount of mainstream and critical work going on in game theory, and our students are entirely missing out on this. In addition, a game theorist would strengthen the microeconomics portion

of the program which is currently very weak.

2. Economic history -- this is an area in which the students are very interested; (they pay the bills, we should provide it.) Moreover, it is relevant to our own intellectual tradition. There is also a re-writing of economic history taking place that is being used to support conservative economic theory. This re-writing should be contested; the "stylized facts" of economic history developed by economic historians end up influencing the development of economic theory by determining ~~these~~ ^{which} features warranting theorizing.
3. Race, gender, and, class -- all of us here recognize the importance of considerations of race, gender, and class for our economy. These categories don't fit in well with neo-classical economics, which is *prima facie* evidence of its theoretical inadequacy. Our failure to support a program in this area is tantamount to a theoretical capitulation ^{that} in which we have decided to abandon this area because it is unlikely to be incorporated into a dialogue with mainstream theory.
4. Applied macroeconomist -- the appointee would offer courses in theoretical econometrics, econometric model building, and empirically grounded policy analysis. However, I am relatively unenthusiastic about this appointment and the prospect for finding some one we like. Good econometric analysis is predicated upon a prior theoretical framework (i.e. theory before econometrics) so that we would implicitly be looking for someone who shared our theoretical predispositions.

With regard to the hiring process it is vitally important that the rules of the game be sorted out in advance. We do not want to get into a situation of comparing apples with oranges which has been the case in past searches. This leads to gridlock.

We also don't want disputed jurisdictions. These should be our hires, and any input from the Political Economy Committee should be purely advisory.

Finally, the issue of internal tenure is important. Your memo seems committed to senior level appointments when there seems little *a priori* reason to believe that these would be the best for the department, or, in the case of a game theorist, ^{whether} there is even one available. However, junior appointments are potentially problematical without resolution of this problem. *is - c*

(7) Other issues:

Teaching, ~~acc~~ademic standards, dissertation advising, departmental committee work:

Teaching loads should be pegged at four courses. The issue of accademic standards, etc., is an internal matter, that I don't feel should be aired in an external ^{report} of this nature. However, I would support a strong chairman who ~~sought~~^{sought} to impose higher standards at an earlier stage in the dissertation process, and who also sought to impose greater equity in departmental service.

Minor points:

1. Page 2, points 1, 2, and 3. These should be deleted. They serve no positive purpose.

Minutes

Special Meeting 5/23/94

AS: *want to thank John for his proposal. we have all read it. I would like John to begin by saying a few words about his proposal, then ask others for comments & responses*

JE: First, I'll describe why I wrote this "plan".

In the Fall 1993, both the Department and the Dean asked me about teaching here full-time, which has started to interest me. I was also asked if I would serve as Chair, to which I replied--only if I could hire a few more people and take the Department in a definite direction. This document represents the strategy I would like to follow.

This is very much my proposal--not the Administration's or anyone else's--but my own strategy for focussing the Department's intellectual strengths. I've discussed it with the Dean and the President both in March and this morning. But your reactions are the most important since it is your support that matters the most to the plan. I won't be offended if it's not popular, and will continue my previous arrangement.

AS: Could you comment a bit more specifically on the process of hiring?

JE: A Search Committee would have to be established to find four people. I'm very much interested in hiring Jane Humphries (Cambridge) as an economic historian. Jane would not cover corporate history, however, for which someone else would therefore have to be found.

LT: Could you say a few words about what you mean by "finance"? Do you mean someone like Robert Merton, who does fairly high-tech financial theory?

JE: I was thinking about someone like David Merrill, who works in international financial market theory with definite policy interests. Unfortunately, he's not available.

DG: You speak about four appointments, but when you speak about funding you talk about 2 open slots in Economics and 2 in CPE. However, right now the Department only has 1 open slot (A. Amsden's), and the CPE may greet your proposal quite differently than the Department.

JE: I've made it clear to the Administration that this issue--or some similar version that the Department ratifies--is non-negotiable for us to have a viable Economics Department.

LH: What would the relationship between the Institute and the Department?

JE: I would like them to be very interdependent. First, the Center would provide a framework for the faculty to do

research. Second, I would hope that the projects would provide the basis for graduate students' own projects or dissertations. Third, the Center would provide money for junior faculty to do research instead of bearing the exorbitantly heavy teaching load; I'd like to see it decrease to 2 courses instead of the current 4. This doesn't mean that those who don't work with or in the Center should take over the slack.

AS:

TP: I didn't like what I read, nor what I've just heard. As I understand it, this is sort of a five-year plan for the Department, and one of the least attractive things about my time here has been Departmental governance itself. I was surprised that such a plan for reorganizing the Department was taken to the Administration before being presented to the Department first. I trust that its circulation was meant in a friendlier way than this, but I'm worried that the ball has been put rolling already.

The adjective that came first to my mind was "partial", which reflects your own type of economic thinking and interests. It also seems incomplete in terms of a management plan of where all of us have been, are, and could be doing. I think, for example, that many of us are already very involved in doing policy-oriented work, although we don't always articulate it in those terms. I also don't think a more overt emphasis on policy will necessarily make us more relevant or influential in the field as a whole. With regard to hiring, are we going to be getting ex-pols because of their policy experience? With regard to junior faculty, I resist this plan's alignment with the President's vision of ending the process of internal tenure.

JM: I want to contextualize my comments with the point that many students here are interested in policy, and also believe that policy should be theory-driven. One of the first questions for me is, "What about theory itself, especially theory that doesn't necessarily or at least directly concern themselves with policy?" All theories have policy implications, but don't necessarily suggest positive or proactive policy proposals. This sounds a lot like the City and Regional Planning department at Cornell, but there are plenty of such programs. We do theory well, here, and should continue it.

JE: Re: T. Palley's comments: First, this is not a school in government, but an economics department; there won't be any ex-pols coming to teach here. Second, I don't care if a prospective faculty member is junior or senior, except for the Center's director, as long as they can teach and research well. Third, I think it's obvious that the Department is very

strong in critical theory. My emphasis on policy is only that, an emphasis in a direction toward which I think we should expand. Although the various members do policy-oriented work themselves, I don't think the students are being trained to synthesize the theory they're learning--and should continue to learn--with policy.

Fourth, I think almost all theory lends itself to policy. Any economics that concerns itself with the real world should have consequential conclusions about what to do, even if it is revolutionary.

I don't know the Cornell program, but I want people who can really stand up theoretically to the orthodox tradition, but who can also speak concretely and creatively about policy problems today.

DG: I welcome J. Eatwell's initiative and concern, and if he can use opportunistically his current attractiveness with the Administration to get us four new appointments of any stripe--more power to him. I think our faculty size and our students' financial straits are the two biggest problems we face.

I want to comment on "vision", and hiring. You said you take the Department's strengths in heterodox theory for granted, but there are a few sentences that disturb me: on Page 2, you write, "The basic theme..." and the last one of the document, "...". The overemphasis on policy seems important to clarify. If the first had said, "A revised vision of the department included a synthesis of the current themes with a (re)newed emphasis on policy..." and the last had said, "Blending these themes..." Strengthening a weak leg of the Department toward complementarity is different from doing so to the exclusion or dominance of that weaker area.

The main issue is the hiring process and who would control it. Perhaps with one exception, the hiring process is going to proceed along the lines it has previously. It's fair for you to say that your personnel requirements are non-negotiable, but I just don't share your view of the sources of the Department's recent decline. If you want to change Department procedures, then we need to talk about it.

LT: I thought your response to Jamee, about policy in the broad sense, was good. But I think most of the Department will resist a kind of governmental advisory role for us. I think we really need someone to teach the type of game theory that most of microeconomics is turning.

AS: I think our Department's focus on real economic concerns is very different from that of a focus on real economic policy. For example, analyzing the Great Depression is different from advising the government on how to avoid another one. You came to this Department because of the things we do differently; otherwise, you could have gone to something like Jamee's Cornell program.

I do think we need to focus our economics on "the real", but I suspect the Euro-centric focus of the kinds of policy issues you propose.

I think it's a bit ^{dis}ingenuous to blame our faculty deterioration on our own lack of organization. The President has no qualms admitting that he created the CPE as a way to hire the people he wants.

I also don't think it's quite fair to say that orienting one's research toward policy won't slant it toward contemporary political tides.

W. Milberg also expressed great concern that this proposal doesn't really build on our strengths, such as History of Economic Thought, Marxian economics. It also ignores the developments between the President and ourselves and the rest of the school.

I got the strong sense that you are unhappy with the process of hiring. I strongly oppose the continuation of the President's policies of committee hiring; there's turnover, instability, and alienation throughout the GF because of his policies.

R. Heilbroner also expressed grave concerns about shifting away from the kinds of theoretical focus that Garegnani, Sraffa, and Ricardo.

DS: In general, I think this is a good proposal; we do need more policy orientation, and I don't think it excludes the concerns of Jamee and Anwar. Just because one studies policy doesn't mean that one is necessarily a policy advocate.

I am confused by your statement on the top of the last page. Are you insisting on these particular appointments, because they don't conform with the Department's hiring priorities?

EN: In our discussions with A. Wolfe, the Department and the Administration did come to a consensus, which could be tied in with this document. The Department's focus should be "structural change and development, structural change and growth--transformational, etc. This would form a core running through both theoretical and policy-oriented teaching and research. This discussion disappeared with the new Dean, but it could contextualize this discussion. We have lost three senior appointments recently: A. Amsden in development, T. Vietorisz in urban, regional & planning, and R. Heilbroner in history of economic thought (and Thomson in economic history). Our discussion must reflect a judgement on the replacement of those positions. You do incorporate economic history, but your focus on finance will exclude one of the other three. We did talk a few years ago about bringing in H. Minsky, but most top people in finance would not be comfortable with us or us with them. Given that it took us five years to find a good person (T. Palley) in money and banking, I worry about making it a promise or a public commitment, especially in light of the President's possible impending departure.

In general, I think we can build on and work with this document.

JE: I want to stress again that this will push us away from where we are and toward where the President wants to go. I repeat, that this is my vision, influenced perhaps by D. Gordon and A. Shaikh himself.

You may remember that the reason I came here, and what I would want to continue to do, is to teach and research economic theory.

The theory/policy split: If we start with the position that all economics is policy-oriented, that is too loose a definition to describe this document. Teaching people how to analyze and critique policy is also not nearly so narrow as the governmental-advisor role that has also been proposed. I've been enormously influenced by the work of W. Godley, who started as a macroeconomic modeler but who worked with and transformed the Cambridge empiricists. W. Godley's work, additionally, has always been oriented toward those without power and money. Policy doesn't just mean reacting to whatever a particular government might want; growth, distribution of resources, inequalities, expansion and regulation of markets, and similar concrete problems are very policy-oriented.

The Center will certainly have to sell itself, but for example, the people working on race, gender and development are becoming very influential.

It might well be hard to find a heterodox finance economist, but finance itself has changed and finance has become more integrated with economics; I think we lose out if we ignore these changes. Minsky's approach has been superseded, but I don't have any other suggestions.

With regard to hiring: as a semi-outsider looking in, I think our hiring procedures have been overly cumbersome. I don't have any particular views on the process except that it should be done by the Department, it should be done on a timetable, it could be delegated to a committee (though our Department is quite small), and it should be done on a simpler and time-conscious basis.

Re: game theory: Although I have been incorporating it into my teaching, just so our students can recognize and deal with it, I think game theory is a tulip-mania.

I think, to respond to W. Milberg, that this is a new direction for the department, but I think it only strives to confront changes in the field as a whole.

JM: As someone with a rather apocalyptic view of capitalism but with an interest in policy, what role would a non-capitalist have in analyzing policy in "your" new department.

II: Building on what J. Moudud has said, I would like to say on behalf of the students that most of us are interested in "sociopolitical processes of change". Most of us are working with policy and grass-roots organizations; the

implementation of theory takes place not only on the "high-policy" areas. Especially for those students who don't plan on staying in academia--and for the foreign students who have recently faced the dissolution of the urban & regional planning and development. However, I think the competitive edge of the Department lies with its critical theoretical depth lacking in the policy institutions in which we've worked. The GF is a space that doesn't impose the pressure for quick and easy solutions that policy institutions do with their own problem-driven approaches.

TP: I think we shouldn't pass up the opportunity that J. Eatwell's relationship with the Administration presents. But we must be careful about a document planning the future of the Department that doesn't strengthen the autonomy that has already been eroded. I think the Administration uses such tactics as Committees and Centers to divide and rule; rather, we should be able to say what we want as a cohesive academic Department. I really enjoyed last year's Unemployment Conference, and would appreciate a conference series. We do need to promote the Department with conferences, a journal, and similar institution building.

I also want to repeat my concerns with the picture presented of the Department in the document. Reading a few of the sections, it sounds like we have committed Departmental suicide, that we have intentionally ignored the mainstream of economics, and that we have willingly colluded with the de-institutionalization of the Department.

LT: I definitely support J. Eatwell's time-definite factor with hiring.

AS: Something very important about W. Godley is that he has been very excited about us--and W. Milberg and myself in particular--because of our highly theoretical concerns. W. Godley doesn't have a place in Cambridge with our ideas because Cambridge has moved to the right. As T. Palley has been saying, it's important to us that we keep the balance between theory and policy, and not shift to a policy-oriented or problem-driven Department. Finally, the Center--with the commitment of four or five senior faculty--is bound to shift the Department toward the President's concerns.

JE: As I said, we could just throw this away, but I am still concerned with carrying this forward with some revisions. I don't think we should be so shy about the usefulness of our theory for policy-making.

DG: I would like to pursue this, but it's not entirely clear to me how to do it. I assume the Administration is interested in the outcome of this meeting; is it their understanding that you will produce a document that reflects this

discussion to which the Department could submit *amicus curiae*, or do they expect a Departmental position paper?

JE: I think the correct strategy is to take T. Palley's contribution into serious concern in my revisions. I would send it to the Department for critique, then send it to the Administration from myself on the assumption that the Department is behind me.

DG: I think it would help you most to have each of us write revisions or suggestions--and even better, to have a small committee of us collate those critiques--for you to incorporate into your next draft.

SC: I don't think this can just be dropped without the Administration being displeased. The students are pleased with your openness to us and would be even more pleased to be included in editing the document.

EN: Spell out the broader sense of the concept of policy.

This could then be related to the practical nature of critical theory, which better informs policy. The Department's detachment can be linked to the field's detachment from real world problems.

The Board of Trustees has approved a Center for Structural Change in the Economics Department, to which your Center could be connected.

Note the possibly problematical nature of an appointment in Finance, with a fallback position in development to replace A. Amsden and complement L. Taylor and W. Milberg.

Relate the possible CPE appointments, especially economic history and applied macroeconomics.

Consider the impact of making senior-faculty appointments on the prospects for our two very strong junior faculty tenure candidates.

LH: We do need change in this Department, and are open to any kind of consensual movement among the faculty; I don't think we should ignore J. Eatwell's momentum with the Administration. We have great problems with publication and dissertation advising for the students, and a research institute like the proposed Center might address that.

JE: I will look forward to receiving comments from the faculty and students, which I will try to incorporate without compromising the integrity of the original ideas; I will then submit it to the Administration. Beginning in the Fall, we should start a search procedure--around which the substantive discussions themselves should

be time-limited--in order to find two people next year and two the following.

AS: I would like to suggest that this is a good opportunity to use avenues other than T00 money to bring non-white faculty into the Department.

TP: Point of clarification. Are we submitting the revisions to J. Eatwell directly or to a committee?

AS: The latter.

TP: If J. Eatwell does make substantial revisions to the document, will the committee have a chance to see it before it goes to the Administration?

II: What is the confidentiality status of this document, now?

AS: J. Friedlander believes it has to be an open discussion, whereas J. Fanton would rather it be closed.

JE: I think it should be out on the street.

Notes on the Eatwell Proposal for Departmental Restructuring

section 5. Substitute "The combination of a diminished size, limited funding and the conservatism of the mainstream greatly increases the burdens of those students ^{interested} ~~courageous~~ enough to go against the current. In such a climate, good students need and deserve a greater level of support." The rest, beginning with "The current burden of tuition costs..." stands as is.

The proposal

Substitute "The Department has moved in recent times to streamline its offerings and to restructure them around certain basic themes. Of these, the interaction between economic theories and economic policies has emerged as ^{one} a central focus. Virtually all members of the department are involved in such concerns. While it is neither practical nor desirable for us to focus exclusively on policy, it would nonetheless be useful to strengthen the policy side of the department's offerings. It should be emphasized that this will fully require the Department's distinctive intellectual strength ^{critical analysis, historical perspective, and an understanding} of the vital role of institutional structures in economic performance. Both teaching and research in such areas must be sustained and, as part of departmental restructuring, actually strengthened. Creative applied policy analysis cannot exist in a theoretical vacuum. = still too policy oriented

In this way, the training of students would more effectively confront various alternate theoretical traditions with concrete economic problems, policy issues, and potential solutions to existing policy dilemmas."

A. Begin with "I see a policy focus as particularly relevant to four broad areas:

"(1) Macroeconomic analysis, ..." (rest as is)

(2) Social and labour analysis, including unemployment, inequality, and issue^s of race and gender.

^{Spec} (3) Development and trade analysis, including problems in ~~advanced industrial economies~~, in various developing countries, and the former socialist countries, ^{in the context of the global economy}

^u (4) Monetary and financial analysis -- monetary policy and theory, finance theory....." (rest as is, to the end of the sentence)

~~Change last para to "The basic components of all (1), (3) and (4) areas are present within the Department at the moment, but the applied and policy sides need to be strengthened, both in terms of research and teaching (including core courses). Area (2), on the other hand, has been severely understaffed for many years and would need immediate attention on both theory and~~ ^{Race and Gender studies have not currently been staffed properly}

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Notes on the Eatwell Proposal for Departmental Restructuring

~~applied sides.~~

B. There should be created within the Department a new Center for

→ what is purpose of such a Center