

The Making of a Latin American Global Economist

by

David Colander (Middlebury College)

and

Hugo Nopo (Inter-American Development Bank)

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**Abstract**

This paper provides some background for considering the future of these two traditions by looking at global Latin American graduate economic programs. It reports the findings of a survey of Latin American global economics programs and discusses the debate between global economics and traditional economics, arguing that there is a role for both, with global economics concentrating on the science of economics, and traditional economics concentrating on the applied policy "political economy" branch of economics-which is much broader than the applied policy training that graduate students get in global economics.

Key Words: Latin American economics, global economics, political economy, graduate training, Latin America, applied economics

## The Making of a Latin American Global Economist

David Colander and Hugo Nopo

Graduate economic programs in Latin America fall into two broad groupings. One set of programs teach what might, for want of a better term, be called “global economics;” it is what is taught in mainstream graduate economics programs in the US, Europe, and Australia/New Zealand.<sup>1</sup> Global economics’ lingua franca is English; it sees itself as a science, and it is becoming increasingly technical. The other grouping is more local in nature; it is more likely to teach non-mainstream, or what are often called heterodox, ideas, and reflect local Latin American traditions.<sup>2</sup> It tends to be more historical, more leftist in its ideological leanings, less mathematical, less prestigious, and less well-funded than its global counterpart. While this paper focuses on global economics programs in Latin America, in the end we discuss the relationship of global programs with more traditional programs.<sup>3</sup>

This paper provides some background for considering the future of these two traditions by looking at global Latin American graduate economic programs. It reports the findings of a six-page on-line survey that we did, which is similar to the one that Colander used to study US and European programs (Colander, 2005, 2007a).<sup>4</sup> The survey was accessible on the web between July 2006 and March 2007, allowing for both in-session and vacation time in the programs for both the northern and the southern hemisphere. The survey was in English and took anywhere from 15 minutes to an hour to complete.

We were not especially successful in getting participation, but after a couple of requests, we did manage to get 125 respondents from twenty schools, the three largest

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<sup>1</sup> Japan is the developed country that has most resisted the global movement in economics.

<sup>2</sup> The heterodox aspects of the programs have international connections as well, and these schools often have contacts with other heterodox programs, such as the regulation school in France and programs associated with the International Confederation of Associations for Pluralism in Economics. (ICAPE)

<sup>3</sup> While our plan was initially to focus only on global programs taught in English, (which is why we left the questionnaire in English) we quickly found that in Latin America even the global programs are still taught both in the native language of the country and in English. 25% of our respondents stated that between 70 and 100% of their courses were taught in English; 17% said between 50 and 70% were taught in English, 22% said that 30-50 percent were taught in English, 13% said that 10 to 30% were taught in English and 23% said that between 0 and 10% were taught in English.

<sup>4</sup> The survey was distributed by sending out email requests to 56 program deans, asking them to send the survey out to their students. The 56 programs were selected on the basis of personal consultations with economists from these countries. We crafted a preliminary list of institutions in the region from the programs of the Meetings of the Latin American Economic Association, the Caribbean Economic Association (LACEA) and the Latin American Meetings of the Econometric Society (LAMES). That list of names of institutions that had post graduate programs was then complemented with the contact information of their academic deans with an online search. In addition we added a few other institutions based on our online search as well that although they did not participate at the meetings in the year we looked had a postgraduate program and an online presence. While we presume that the resulting list exhausts the institutions that we are labeling as “global” we can not assure completely it likely does not include some more traditional programs. However, since the questionnaire was in English, we would expect that it captured significantly more global students than it did traditional students.

schools reporting being the University of West Indies, the University of Chile, and Iades/Georgetown University Alberto Hurtado University in Chile. 41% of respondents were second-year students, 29% were first year students, 13% were 3<sup>rd</sup> or 4<sup>th</sup> year students, and 18% were fifth year or beyond students. Because of the low response rate, and the lack of randomness of the responses, the results of the survey should be seen as at most suggestive, providing us a glimpse of Latin American graduate economics, and a reference points to discuss issues relevant to graduate economics education in Latin America.<sup>5</sup>

The paper is organized as follows. First we provide a description of the programs at these schools and a profile of our survey respondents. Second, we compare and contrast Latin American student responses with those from the US and European surveys in terms of their attitudes, interests and views towards the profession. Third, we consider the future of graduate economic education in reference to the survey results. Finally, we focus on the future of graduate economic education in Latin America.

### **Profile of Global Latin American Graduate Economics Students**

The average age of our respondents is about 29 years, which is three years older than the average age of respondents in the US survey.<sup>6</sup> The percentage of women was 41%, which is higher than the 29% of the US survey. All but one of the students were from Latin American countries. A small majority (56%) went to graduate school directly from undergraduate college; most of those who worked before entering graduate school did economics-related work or research prior to starting graduate study. The large majority of students (80%) are native Spanish speakers; (7% were Portuguese and 13% were other.)

Most students came from upper-middle class backgrounds; more than 60% of the parents were college graduates, and 7% of mothers and 16% of fathers had done graduate work. A majority (about 60%) did not consider going abroad to study; 20% considered studying in Europe and 10% considered studying in the US. They didn't go primarily for financial reasons. Of those students surveyed who were planning to do a PhD after completing their Masters, 40% planned to do it in Europe and 60% percent planned to do it in the US. None planned to transfer to another Latin American program. This reflects an important characteristic of global Latin American graduate education; it is to a large degree a feeder system into the US and European PhD programs, rather than a set of self-standing programs. Only about 10% considered another Latin American university than the one they attended. (This is far lower than the European and US percentages.) Most of the students were self-financing their education, although the program tuition is subsidized by the government at most Latin American Universities. 27% reported some government support besides the subsidized tuition, and 22% reported receiving a university fellowship.

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<sup>5</sup> We are reviewing the results with knowledgeable people in Latin American economists to see if they noticed any significant outliers. To date, the survey results are consistent with their views.

<sup>6</sup> The average was raised by some older students in the 50s that were not present in the US study. It was lowered by the fact that there were more first and second year students in the Latin American study than in the US or European study.

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The large majority of the respondents (81%) considered themselves Masters students; 19% considered themselves PhD students. This reflects a difference between Latin American graduate economic education, where, for many students, the Masters degree is a terminal degree at the university they attend, and US graduate economic education, where almost all students are directly admitted to a PhD program. Even first-year graduate US students consider themselves PhD students who get a Masters degree on the way to getting a PhD; most first year Latin American students consider themselves Masters students who may go on to do a PhD degree at another school.

The standard course sequence that these Masters students take is essentially identical to the first two years in the US or European global programs. The first year consists of core material (microeconomics, macroeconomics and econometrics), and sometimes includes an introductory course on mathematics. Students have more choice of courses in their second year and can take a range of courses such as economics of regulation, finance, economic development, project evaluation, as well as special topics in microeconomics, macroeconomics, and econometrics, depending on the specialization of the faculty. Most programs require a Masters Thesis, written under the direct supervision of a faculty member, as a graduation requirement. The typical Masters program takes two years to complete, but often advanced undergrads take masters level courses during their senior year, and can complete the Masters program in one year.

For the most part the students were satisfied with the programs and with the economics they were learning. In response to a question about whether economists were relevant to society, 93% said yes. The reasons they gave for economists' relevance included "economics informs policy-makers of consequences," and "good economics = good policy = well-being for society." The percentages who would do it again were similar to the US, with 81% reporting that they would go to grad school again; 5% said they would not, and 13% were unsure. However, there was less satisfaction with their program—60% said they would go to the same grade school; 19% said they would not, and 21% were unsure.

The student's level of stress was about the same as students at other global economics programs, although, not surprisingly, given that so many of them are self-financed they did report more stress related to financial considerations than did US students who often have fellowships that cover tuition and provide a living stipend. In terms of course work, 20% of the students found course work very stressful, 28% considered it stressful, 34% considered it moderately stressful, and 17% considered it not stressful.

In response to an open-ended question about what they most liked about graduate study, students mentioned the intellectual challenge, the tools they acquired, the real world expertise of faculty and their helpfulness/interest in students, the fact that they were getting a knowledge of the academic field and the economy, and the freedom they had study what they wanted want. Some of the students' dislikes included the low quality of some professors, the lack of job prospects upon graduating, their difficult financial situations, the short, intense structure of the Masters programs, the heavy focus on exams rather than on learning, the large number of mandatory courses, the fact that no economic

intuition was taught, only math and theory, the incompatibility of what they were learning with income producing work, and the lack of time both to study and to have a normal life.

### **Interest and Views of Latin American, U.S. and European Students**

Let us now turn to students' interests and views, and how these differ from other global economics students in Europe and the US. In Table 1 we report the field interests of Latin American, US and European students.<sup>7</sup> It provides the percentages of students who said that the fields were of great interest to them.

**Table 1: Percentage of Students who have Great Interest in Selected Fields**

	Latin American grad students	European grad students	US grad students
econ development	50%	37%	39%
political economy	50%	35%	24%
micro theory	48%	43%	35%
econometrics	46%	40%	22%
macro theory	46%	35%	33%
international trade	43%	20%	19%
money and banking	38%	21%	21%
public finance	36%	20%	24%
history of thought	34%	15%	9%
law and economics	29%	9%	15%
labor	25%	25%	32%
comp ec systems	18%	12%	9%
urban	12%	6%	11%

There are a number of things to note about this table. First, Latin American students seem to be more interested in everything; a possible reason is the greater number of first and second year students in the Latin American survey; these students have not had a chance to specialize yet. Of more relevance are the relative interests. Latin American students are relatively more interested in political economy, money and banking, international trade, and the history of economic thought. Except for history of economic thought, most of these relative differences are explainable because these fields are more relevant to the policy problems facing Latin American than they are to the problems facing Europe and the US, although economic development is of high interest to all students, reflecting its advance as a mainstream field of global economics in the last decade.

The interest in history of economic thought may be explained in that it provides a connection to earlier Latin American writings, which are now generally only presented in history of economic thought courses, and because the programs surveyed are not fully globalized, they still teach history of economic thought at least at the undergraduate level, whereas most US graduate programs do not. In fact, a measure of how global a program

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<sup>7</sup> The US data in this table and the following ones comes from Colander (2005), and the European data comes from Colander (2007a)

is may well be the degree of interest in the history of economic thought expressed by the students. The more global, the less interest in the history of thought.

Some of the most remarked upon results of the first US study (Colander and Klamer, 1987) were student's responses to the question of what characteristics would most likely put them on the fast track. Table 2 lists the responses of Latin American, European and US global students.

**Table 2: Perceptions of Success**

	Very Important			Moderately Important			Unimportant		
	LA	Eur	US	LA	European	US	LA	European	US
Being smart in the sense that they are good at problem solving	60%	61%	51%	37%	34%	38%	1%	6%	7%
Being interested in, and good at, empirical research	51%	38%	30%	41%	51%	52%	8%	9%	12%
Excellence in mathematics	40%	40%	30%	51%	51%	52%	9%	9%	14%
Being very knowledgeable about one particular field	20%	35%	35%	65%	48%	42%	14%	14%	15%
Ability to make connections with prominent professors	25%	30%	33%	43%	54%	40%	24%	11%	19%
A broad knowledge of the economics literature	25%	16%	11%	55%	53%	44%	16%	28%	35%
A thorough knowledge of the economy	40%	16%	9%	48%	39%	24%	11%	42%	51%

As you can see, Latin American students see empirical work as more important than either US and European students, and they see being knowledgeable in a particular field as being less important, although that is likely explained by the greater percentage of first and second year students in the Latin American students. However, the largest difference here is that Latin American students considered having a broad knowledge of the economics literature and having a thorough knowledge of the economy as much more important than did the US students. This suggests to us that the Latin American students are not as single-mindedly focused on techniques as is the case in US programs, and that the Latin American programs are giving students a broader perspective of economics than they get at top US schools, another reflection of the incomplete globalization of the programs.<sup>8</sup>

<sup>8</sup> We want to make it clear that we are not claiming that that interest is bad. We are simply describing the differences.

A number of the questions in the survey explored student views on what economics was and how student's views changed over time. Table 3 compares the "before" and "after" views of Latin American students with those in the US and European students on a number of propositions.

**Table 3: Current vs. Earlier Perspectives on Economics**

	Latin American students		European students		US Students	
	Strongly Agree: before Grad school	Strong Agree: Current View	Strongly Agree: before Grad school	Strong Agree: Current View	Strongly Agree: before Grad school	Strong Agree: Current View
The study of mainstream economics is relevant for the economic problems of today	46%	61%	37%	34%	37%	44%
Economists agree on the fundamental issues	19%	18%	11%	9%	11%	9%
We can draw a sharp line between positive and normative economics	15%	17%	10%	9%	15%	12%
Learning economics means learning a set of tools	29%	54%	23%	41%	26%	36%
Economics is the most scientific discipline among the social sciences	34%	37%	34%	36%	46%	50%

As you can see, Latin American students saw economics as being more relevant both before and after beginning their graduate studies; they saw more agreement on fundamental issues, while US students saw economists as more scientific both before and after.<sup>9</sup> However, the Latin American students had a lower belief than the US that economics is the most scientific discipline of the social sciences. There was also a fairly substantial increase (from 29% to 54%) in the number of students believing learning economics means learning a set of tools.

Our interpretation of these results is that they are partly a result of the different structures of the program, and partly the result of the greater concentration of Latin American students in the first and second year, during which they get a Master's degree. The master's portion of the Latin American programs, like the first years of the US programs, is more focused on tool-creation than on ideas.

<sup>9</sup> For two of these questions, the phrasing was slightly different, so the results are not completely comparable. In the US study, the question about relevancy and about economic learning focusing on tools referred to neoclassical economics in the US study and mainstream economics in the Latin American study.

Table 4 reports Latin American student views on policy issues and contrasts them with European and US student's views.

**Table 4: Views on Policy Issues**

	Agree			Agree with reservations			Disagree		
	LA	Eur	US	LA	Eur	US	LA	Eur	US
Fiscal policy can be an effective tool in a stabilization policy	37%	21%	21%	59%	59%	58%	3%	9%	12%
Central banks should maintain a constant growth of the money supply	8%	9%	7%	45%	28%	22%	42%	42%	50%
The distribution of income in developed nations should be more equal	45%	35%	32%	36%	43%	41%	15%	18%	18%
A minimum wage increases unemployment among young and unskilled workers	27%	26%	33%	32%	38%	38%	32%	25%	23%
Tariffs and import quotas reduce general economic welfare	47%	42%	51%	30%	43%	39%	16%	9%	7%
Inflation is primarily a monetary phenomenon	30%	20%	34%	20%	38%	33%	23%	27%	20%
The market system tends to discriminate against women	19%	25%	14%	32%	34%	28%	55%	31%	47%

For the most part, the responses are similar to US and European responses. Two results, do, however, stand out. Latin American students saw fiscal policy as more effective in stabilizing the economy than either European or US students, and they more strongly favored equality of income in developed nations.

Table 5 considers the Latin American student's views of economic assumptions and contrasts them with those of European and US students.

**Table 5: Importance of Economic Assumptions**

	Very Imp.			Impt. In some cases			Unimportant		
	LA	Eur	US	LA	Eur	US	LA	Eur	US
The assumption of rational behavior	41%	40%	51%	50%	53%	43%	7%	5%	5%
Economic behavior according to conventions	22%	14%	9%	51%	55%	55%	17%	12%	17%
The rational expectations hypothesis	33%	25%	25%	54%	55%	58%	8%	15%	13%
Imperfect competition	66%	49%	37%	30%	44%	58%	1%	2%	3%
Price rigidities	30%	25%	14%	55%	61%	65%	11%	8%	11%
Cost mark-up pricing	21%	16%	5%	56%	50%	47%	10%	9%	18%

Here we see some significant differences, especially in relation to the US. Specifically, Latin American students see imperfect competition, price rigidities and cost mark-up pricing as more important than either European or US students do, whereas the US students see the assumption of rational behavior as more important than do either Latin American or European students. The results are consistent with the other findings in the

survey and suggest that the economics Latin American students are learning is less abstract and more grounded in the real world than is what US students are learning.

We will summarize the remaining results rather than reporting them in tabular form. In response to a question about student's political views and in response to this question, the responses of Latin American students were similar to the US and European students, with slightly more Latin American students than US students seeing themselves in the center of the political spectrum.<sup>10</sup> Nineteen percent of Latin American students saw themselves as conservative; 35% saw themselves as falling in the center; 13% classified themselves as left, and 19% classified themselves as other.<sup>11</sup> While the political views were similar, there was not the movement toward the right that one saw in European and US students. Instead there was a slight leftward shift in the Latin American students. Of the 20% who changed their political views in grad school 56% moved to the left and 44% moved to the right. However, as was the case in the US and Europe, most did not change their views, and since the surveys were done at different times, all we may be capturing is the change in the ideological mood over time.

Another question was an open ended question about which economist, dead or alive, they admired most. While Keynesian economics may have faded from importance in modern macro, Keynes remains the most admired economist in the US and in Latin America. Sixteen students listed Keynes as the most admired economist; the next most listed economists, Adam Smith, Juan Antonio Morales, and Arthur Lewis, were only listed by six students each.

### **The Future of Global Graduate Economics**

The survey has provided a glimpse of global graduate economic education in Latin America. The picture it conveys to us is one of programs that, while they have found their niche as Masters feeder programs for US and European global PhD programs, are also struggling with integrating the more technical side of economics that global economics focuses on with the more real-world policy side of economic, which traditional Latin American economics programs focus on. Put another way, the forces that separate the Latin American economics academic institutions into the traditional and global divisions seem to be also operative within the more global set of schools in our survey.

The struggles between these two traditions are neither new nor unique to Latin America; they can be seen throughout the economics profession's history.<sup>12</sup> What is now

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<sup>10</sup> The question was changed slightly in wording so the results between the US and Latin America are not directly comparable. European students were asked the same question as US students.

<sup>11</sup> Answers differed among schools. For example, of the three schools that had the largest number of respondents, conservatives dominated at the University of West Indies, while at Ilades/Georgetown/Alberto Hurtado, there was a wide diversity of views, and at the University of Chile, most students were center/left.

<sup>12</sup> For example, the fight between the two approaches underlay the famous *methodenstreit*. A sense of the fights can be seen by looking at US textbooks in the 1800s and early 1900s, when the texts reflected an almost total domination of the traditional approach. At that time, the forerunners of the global mathematical approach, such as Manfeio Panteleon's textbook, *Pure Economics*, were hardly used. (Colander, 2006)

considered global economics only became dominant in the US in the 1950s as what might be called traditional US economics, which had strong Institutionalist roots and which placed heavy emphasis on economic literature, history of ideas, and heuristic applied policy, was replaced by a more formal, technical, mathematical, and statistical approach that has evolved into modern global scientific economics.

Europe is also currently experiencing a struggle between global and the more traditional European programs. While currently the traditional European programs are the largest in terms of number of programs and graduates, the global approach in Europe is gaining quickly because of the development of a European common educational policy that relies on measures of output that strongly favor the global economic programs. These measures are based on publication in peer-reviewed global English language journals and give little weight to the output of the traditional programs. As these output measures become built into the European funding systems, the global programs are expanding and the traditional programs are shrinking, both because they cannot recruit top students and because they lack funding.

What previously protected the traditional programs in Europe were the different languages and the diverse institutional cultures of the various European countries. These differences sheltered the programs and allowed local conversations to develop. The result were programs that had distinct national identities, and which tended to focus on more policy-oriented informal analysis that was relevant to local policy makers than do global programs. In these traditional programs one published a journal article only if one felt like it; advancement did not depend on it. Advancement instead depended on one's teaching, one's ability to advise government, and one's ability to impress other economists in one's country.

While we fully agree that Latin American programs can, and should, further integrate themselves into global economics (we will elaborate on that in the next section), we also recognize the problems of global economic training. While in terms of preparing economic scientists, global economics training has much to be said for it, it has less to be said for it in terms of preparing more applied political economists--hands-on, policy oriented economists whose training is in transferring economic knowledge into workable policies and in arguing for those policies to the broader community outside of economics. Arguing for policy is not part of good science; good science is searching for understanding; it should have nothing to say about policy, because policy involves value judgments. That was the essence of Lionel Robbins' argument in his famous book on the scope and method of economics.<sup>13</sup>

To the degree that economic research concerns economic policy, it involves value judgments. These are often implicit in the model being used; they are embedded in such

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<sup>13</sup> In his famous book (Robbins, 1932) he provided the current definition of economics used in most texts. Robbins also argued that economists should speak out on policy, but they should not do it in their role as an economic scientist, but instead in their role as a political economist, where they explicitly make clear that their policy advocacy is based on value judgments as well as on economic knowledge. (Colander, 2007b) That separation between the science of economics and political economy, which was a central tenet of classical methodology, has been lost.

assumptions as consumer sovereignty is desirable, more is preferred to less regardless of the distributional effects, or that a market allocation mechanism is not inherently objectionable. What allows them to be accepted is that many of these value judgments are shared by a large part of society. However, as Amartya Sen (1970) has pointed out, they are value judgments nonetheless, and any policy recommendation following from a model depends upon their acceptance. One cannot violate Hume's Dictum that a "should" cannot follow from an "is" and since science is interested in what "is" it has nothing to say about "shoulds." Since policy advocacy involves "shoulds", science does not mix with policy. That was Robbins' point.

There are many subtle points in moral philosophy relevant to translating the insights of science to policy, and someone trained as a political economist would have training in those subtleties. Current global economic training provides no training in such areas and thus is deficient in training students to bring economic insights to policy. Either the students learn it on their own, or they don't learn it, and become ideologues, arguing for views that are dependent on value judgments without admitting that that is what they are doing. The tendency for economists to do precisely that is one of the reasons non-economists, and economists who do not agree with those value judgments, find economists so frustrating.

Globally trained economists have fit the two together by concentrating their analysis on what might be called "hands-off" policy analysis. Such analysis is written for other economists or advisors to policy makers more so than it is written for policy makers. To the degree the analysis actually comes to policy conclusions, those conclusions are contingent on the implicit value judgments and goals in the models. If the policy maker accepts these value judgments and goals, and if the world works like the model, then he or she should follow this policy, but knowing when to do so and when not is a specialty that scientists are not trained in—such issues are generally considered outside of science. Scientific economists must leave it to the intermediary between the economic scientist and the policy maker to do the translation. In Robbins' view, that is the role of the political economist, and thus the appropriate training for political economists would differ from the appropriate training for an economic scientist. It requires training in moral philosophy that is currently not part of economist's core training.

What global economists have most shied away from is "hands-on" policy analysis. This hands-on policy is different than the policy done by applied micro economists, which is more econometrically sophisticated, and is meant to be a contribution to the scientific debate. Hands-on policy analysis is designed to contribute directly to the policy debates in a country. Whereas hands-off policy analysis concentrates on the scientific aspect of policy, hands-on policy applies scientific knowledge to policy by integrating economic knowledge and economic models into a broader framework. It deals explicitly with the value judgments rather than leaving them implicit. It makes the argument why consumer sovereignty is desirable, and better than the alternatives; it considers when individual freedom and market mechanisms are compatible and when they are not.

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The reality is that global programs provide students with little training in the moral philosophy aspect of policy, or in any “hand-on” policy training. The problem is that they are both skills that applied economists, and hence professors teaching students who will become hands-on applied economists, need to have. It is not training they currently receive in the core. The central focus of core training in global programs is to teach students to become academic researchers, not to become teachers or practicing economists working in a ministry or an NGO.

The difference between the two can be seen in the measures of their output. Hands-on research is generally measured in terms of useful advice to decision makers on a topic of immediate importance to them, or in an economist’s influence in the society. John K. Galbraith had enormous influence as a political economist, but not as a scientific economist. A political economist’s ability to articulate often simple economic precepts and translate them into advice for the problem at hand in a short time is what is most highly valued. He or she must understand the economic model, but must also know its limitations and be willing to weave in other ideas and sensibilities. This is a skill that is not taught or highly valued by global economics.

Output of global economists is measured not in terms of useful advice offered to decision makers, nor in any measure of how effectively students are taught, but rather in terms of academic journal article output. An article in *Econometrica* and the *Journal of Economic Theory* gets high weights in these global rankings. A book, (even an enormously influential one such as Hernando de Soto’s *The Mystery of Capital*), policy advice given to government on designing a working program, or a pamphlet or newspaper article that introduces a new economic idea into the political debate in a country gets zero weight in global output measures, but would get high weight in a measure of a political economist’s output. Global economics students aren’t taught how to do such work, or how to teach it.

The skills necessary for hands-on and hands-off policy economists are quite different. For example, to contribute to hand-on policy in Latin America, Spanish is a much more appropriate language than English. The ability to quickly study data and pull out the central elements is much more important than formal statistical analysis of heteroscedacity. The ability to write up a two-page analysis that summarizes what economics has to contribute to a policy issues is much more important than the ability to write a journal article. The ability to communicate with non-economists is much more important than the ability to communicate with other economists. The list can be extended substantially.

By design global economics programs do not do a good job preparing students for hands-on policy; they aren’t meant to do so. Some global economics students nonetheless have a natural ability at hand-on policy, and thus make good hands-on policy advisors, but their expertise is from their natural ability or from separate training, not from their training within the global economics program, although some of the skills cross over. While a global economist is interested in policy, his or her input into policy is generally as a technical expert—interpreting data, and creating long run understanding. A hands-on policy economist is interested in using economic understanding, not creating it.

In short, political economy training would concentrate not on preparing students to become economic scientists, with ability to do the latest technical, statistical and analytic techniques, but instead, would prepare them to become hands-on economic engineers, with the ability to bring the insights of economic science to policy, and professors of economics who will train students in hands-on policy. The focus of such branch would then be policy design and implementation. The political economy branch would be more similar to engineering than to science, and would be applied economics not in the sense of being sophisticated statistical analysis, but in the sense of relating economic ideas to real world policy. It would consume, not produce, information in economic science. Nonetheless, as it develops, it would post new questions to its “scientific” counterpart.

The need for two types of training is not unique to economics. Natural science, for example, has a pure science branch and an engineering branch, and each has a separate training. On the light of this comparison, it is evident that the body of knowledge in the natural sciences shows more maturity than the one in the economic science nowadays. Hence, a distinction between “hands-off” and “hands-on” economics would then require a higher level of maturity of the former. Along the same lines of the parallelism, the proposed “hands-on” economist would be required to be not only an “engineer” in the sense that she/he would also have training in designing and implementing the “economic engines.” There are various levels of implementation—the more hands on, the more it is governed by non economic considerations. At some point, the training will go beyond economics and be part of public policy, not economics, but it seems that significantly more training on implementation for future applied economists within graduate economic programs is warranted.

### **Positioning Latin American Economics in the Future**

In Latin America, many of the issues that would become central to the struggle between the global and traditional approaches were discussed almost 50 years ago, when, in a well known article, Pinto and Sunkel (1966) argued that Latin American economics should be separate from US economics, because Latin American institutions and policy problems differ. Many Latin American economists shared their view, and a distinct Latin American economics developed. This forms the basis of traditional economics in Latin America today. That history meant that large portions of the Latin American economics profession were slow to adopt global economics. Instead, Latin American trained economists trained other Latin American economists, allowing traditional Latin American programs to differ from US programs.

This view that Latin American economics should be different than US economics remains strong among students today even among the globally oriented schools that we surveyed. In answer to a question “Should the research agendas of Latin American and US economists differ?” students overwhelmingly answered yes. The reasons they gave included “different problems and the need to build a new economic system”, “different institutions”, “different policy problems”, and a general belief that “research should be specific to each country’s needs.” One negative comment noted, however, that some Latin American countries have no research agendas because they don’t do research at all.

In answer to a question “Should the graduate Latin American economic educational system be structured similar to the graduate US economic educational system?” there was less agreement. A significant majority of the students answered no, since they felt that the educational structure should be designed to fit the specific problems and institutions of a country. However, the minority view was that a unified educational system makes sense, and since the US education system is the best, Latin America should follow it. These answers differ from those in Europe, where the strong majority views were that there was only a global research agenda and their educational systems should not differ among countries.

While we agree that there is only one scientific economic theory, we believe that the type of economists developed and developing countries need may differ, and that the Latin American students’ views may be reflecting that difference. Specifically, developing countries may need economists with training in how to apply economic insights than in how to develop new scientific insights. As opposed to being trained in pure research, which will benefit the entire world, Latin American and other developing countries need training in the “development” part of “research and development”, that is in how to translate economic insights into workable policies in a real world institutional setting.

Despite this influx of Latin American faculty trained in the US, Latin American programs are changing slower than continental European programs both because Latin America has no common educational policy, and because it has less of a need to rely on English since most Latin American countries speak Spanish, allowing Spanish to serve as a common language. Thus, whereas all the courses in the global European schools were taught in English, as we stated above, in the Latin American schools we surveyed only 25% of the students had between 70% and 100% of their courses in English, and 25% had none. Only 32% of the Latin American students were going to write their dissertation in English whereas almost all of the European students were going to write in English.

Considering the pressures for, and resistance to, change in Latin America, we would expect that the Latin American experience to slowly follow the US and European experience. Thus, it is likely that Latin American economics programs in the future will be more technical and more global in orientation than they currently are. More and more courses will be taught in English; history of thought and non-technical political economy will decrease in importance, and global Latin American graduate MA training will become even less distinguishable from MA training elsewhere than it is now.

In thinking about this future, it is important to note that these developments do not mean that Latin America is succumbing to US economics, which was a primary concern of Pinto and Sunkel. We say this because global economics has transcended US economics. Although the geographic center of the economics profession remains the US, the *nationality* center of the global economics profession is no longer Americentric.<sup>14</sup> In

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<sup>14</sup> Put into a broader historical perspective, the globalization of the economics profession is not such a novel change. In the late 1800s the economics profession was global and multi-lingual; training in languages was part of graduate training, and there were centers of economics spread throughout Europe, and less so in other parts of the world. In the 1930s and 1940s, the geographic center of economics shifted to the US, as

fact, a large majority of PhD economists today (over 60%) graduating from top US school are now non-US citizens.<sup>15</sup> These non-US students compete favorably with US students on the US job market.<sup>16</sup> As Sebastian Edwards (2003) points out, Latin American economists are no exception, and have a strong presence at all levels of the global economics profession. Modern, global economics is multi-cultural, not tied to any particular nationality.

Modern global economics is, however, tied to English, and one area in which Latin American students find themselves at a competitive disadvantage with US students involves language. Since their native language is not English, and the language of global economics is English, Latin American economists have a harder time than those native English speaking students, or other students who have had extensive training in English. In our survey we asked students about these costs. In one question we asked students how much English reduces their productivity. 47% said that it did not reduce it at all; 16% said it reduced it by 5%; 16% said it reduced it by 16%; 12% said it reduced it between 10 and 20%, while 10% said it reduced it by more than 20%. To try and put a better figure on the cost of English to students, we also asked them how much of their income they would be willing to give up if they could change the use of English in Economics to their native language. 33% were willing to give up nothing; 16% were willing to give up 0-10%; 14% said they would be willing to give up 10 to 20%; 22% said they were willing to give up 20-50% of their income, and 16% were willing to give up more than 50%. Combining these two answers, and recognizing that these are the students who have self-selected into a global program that they know is English oriented, and who responded to an on-line survey in English, the costs of using English are substantial to the students, and will likely be considerably higher for students in more traditional programs.

The forces affecting change in Latin American economics are global in nature, and are only likely to get stronger. The question we now turn to is how Latin America can best position itself within this changing environment. We would like to highlight two institutional changes that are currently taking place, and which we believe should be fostered.

### **The Consortia Approach to Global Education**

The first is the creation of Latin American consortia, both within Latin America and between Latin American programs and US and European programs. We see the US/European/Latin American consortia as formalizing the informal feeder networks that have developed. The goals of these consortia is to make it so that Latin American

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there was an exodus of scholars from continental Europe. These scholars were central in the US economics profession, so while the geographic center of the global economics was in the US, its nationality center has always been more global. Other areas, such as India or Latin American had less of a role, although there were important individual cases of influence.

<sup>15</sup> US students actually make up a larger percentage of students at less prestigious schools.

<sup>16</sup> Non US students are seen by most students in the US programs, and by most professors, as better trained, and more capable of doing the technical work than are US students coming out of US undergraduate programs. (In fact, there seems to be a slight affirmative action program for US students at US PhD programs.)

students will not have to repeat their Masters level courses in US and European PhD programs, but instead will find the courses transferable to the PhD studies among consortium schools.

We believe that this can happen because much of what Latin American students learn in their Masters programs is the equivalent to what they learn in the first year of a global program. For students to retake that training, as most of them are now generally required to do, is a waste of resources and time for students. Its sole advantage is that it allows the students who transfer to global US or European programs to become more fluent in English and more comfortable in the US or European culture in their first year in the global PhD program. As Latin American programs move more toward English, this adjustment year will be less necessary. At a minimum we believe that Latin American programs work with US programs to allow more transferring of course credit in the future. A joint program with Georgetown that was included in our survey is only one example of such cooperation, and we believe that there should be six or seven competing programs in Latin America that increase ties between global Latin American programs and US and European programs.<sup>17</sup>

The second type of consortia that we believe should be developed are inter Latin American consortia, which offer a globally competitive PhD totally based in Latin America. Latin American programs need to develop so that they see themselves as more than just feeder programs, but instead see themselves as full PhD programs that can compete favorably on the global level. On an individual level, in the near future that is unlikely, but Latin American economists are sufficiently talented so that they can do it as part of a consortium of Latin American schools. Given the number of top Latin American economists in global economics, we believe, that with sufficient resources and focus on institutional development, such a Latin American consortium of programs could establish a global presence rather quickly.

Steps are already being taken along these lines, as is demonstrated by postgraduate consortia in the Latin American region formed by the University of Chile, the Instituto Tecnológico Autónomo de México (ITAM) and the Universidad Torcuato di Tella in Argentina, which grants a Latin American Doctorate (Doctorado Latinoamericano). They offer a joint doctorate in which the students, after completing their Masters at any of the three institutions, can complete their PhD courses at other member programs, and write their thesis (three journal-quality papers) under the supervision of a faculty member of any of the three universities. The program started during the 1990's and as of 2007 had 12 students, with two of them already having defended their thesis.

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<sup>17</sup> The faculty members of the Economics programs in the US that have roots in the region constitute a natural link for such process. A quick look at the faculty rosters at the top ten Economics programs in the US reveals that at least one faculty member studied (either at the undergrad or at the Masters level) in Latin America in nine out of ten of them. The seeds for the required collaboration are already planted.

### **Emphasizing the Need of a Global Political Economy Branch in the Region**

As noted before, global economics trains scientific researchers, and scientific researchers are not necessarily the best at applying economic insights into policy. Thus, a strong argument can be made that what Latin American and other developing countries need are political economists—economic engineers. Global economics does not provide such training; it focuses on training pure scientists, and as long as that is the case, to the degree that Latin American programs become globalized, Latin American students are going to be pulled away from hands-on applying economics and toward the creation of scientific economic knowledge. It is that tension that we believe was being captured in the student concerns in the survey.

We should point out that, in our view, this is not a unique Latin American issue, but a flaw in current global training of economists. That training funnels all economists through a single training designed for the creation of economic scientists. Ironically, economics, one on whose central insights is the need for specialization, does not take advantage of it in its training. In our view there should be two types of global economics—one a global scientific economics very similar to what currently exists, and the other a global political economy, which is more hands-on and applied. This global political economy would grant PhDs in political economy rather than economic science, and such political economy PhDs would be the required credential for hands-on applied policy positions for economists, and for undergraduate professors of economics.

The separation between scientific and hands-on economics within the Latin Americans Economics PhD trained is something that de-facto has been happening. Among those trained in the global tradition, those who succeed in their program and have no financial/fellowship obligation to go back to their countries generally stay in the U.S. (or Europe) and focus their research on scientific economics. Even those who return generally have a strong desire to remain in scientific economics; that's where they have training. Those who end up in applied policy positions manage, but they do so without explicit training.

Because of Latin America's need for economists with hands-on applied economics skills, we believe that Latin American programs should consider designing their graduate programs *with two separate tracks in economic training*—a scientific track, which is essentially the track now being offered in global economic programs, and a political economics track, which is designed to prepare students for hands-on research and for teaching students. This political economy track would be more like the traditional training; it would involve training in a broader range of economics literature, and better knowledge of institutions, and of moral philosophy than is now taught in economics programs. Its requirements would be different. It would also likely involve different requirements. For example, as opposed to writing a Masters Thesis, students in political economy would be better served by writing, say, five short papers on policy issues, some with a time limit. Such programs may well be graded by practicing economists in the agencies and ministries where they will be working in conjunction with the professors in the courses. The agency economists can present the professors with a problem, which becomes the exercise. The students will have to survey the literature, compile available

data, and do a ten-page report in a specified time period of from two days to two weeks. Another of the Masters Degree requirements could be writing an op-ed piece for a newspaper taking a position on a certain policy.

To some degree, this political economy program would serve a different student body than does the global economics program, but to some degree, it would simply provide more appropriate training to existing students. To get some idea of how many existing students would fit the political economy program, we asked students two questions about where the student will be in the future. In response to the first, 61% said they planned to pursue an academic career, 9% did not and 30% were uncertain. Another similar question asked where they hoped to be 15 years from now? In response, 32% said at a university, 32% said at a policy institute, 22% said in the private sector, and 13% said other, which included the public sector or international organizations. Finally, in response to a question of where they would like to work, 70% chose Latin America. Since it is likely that a global economic scientist would most likely want to be at a US graduate university, our view is that about a third of the existing students in the programs we surveyed would be better served by a program in political economy rather than a program in global economics.

Judged as a purely scientific discipline, the current weighting of economists' output may well be appropriate, but judged in terms of contributions economists make to a country's development, the output weighting scheme seems questionable. Translating economic insights into policy, not scientific research, is what is most relevant to undergraduate teaching, and most needed by Latin American societies. Latin America needs more direct policy input from appropriately trained political economists. Thus, from a selfish standpoint, it is unclear whether all, or even a major portion, of Latin American graduate education in economics should focus on producing scientists, and should instead focus on training political economists with expertise in hands-on policy oriented economics.

We view these issues that belong in political economy as much more in line with what the traditional programs attempt to do than what the global programs attempt to do. But our sense is that the traditional programs do not do a good job training political economists because of institutional problems within the universities, lack of funding, and because the programs have a definite ideological bias on the right or on the left, and are not dedicated to providing as objective advice as possible. The students' overwhelming view that Latin American economics should have a different research agenda from US economics is consistent with the need for two different tracks. The Latin American track is more policy oriented, and is the hands-on applied track. We believe efforts should be made to strengthen these traditional programs without losing their current applied-policy focus.

In our survey students certainly believed that something along that line was worth exploring. As we stated above, when we asked students the question "Should the research agendas of Latin American and US economists differ? If so, how and why?" most responded that yes, it should be different because the issues and economies of developing countries are different, but they urged collaboration with US economists due to their

better training and funding. We agree. We also agree that creating these programs in a politically charged atmosphere will likely be difficult. Nonetheless, creating these programs offers a significant opportunity for Latin American to lead the way in blending the global scientific programs with the more traditional applied programs, making the training more appropriate for applied economists.

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