

## GRADUATE ECONOMICS EDUCATION AND THE YEAR 2000

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Almost 100 years ago, Alfred Marshall wrote his profoundly influential text, *Principles of Economics*. In its introduction, he commented that few people are drawn to economics without a concern for the social well-being of their fellows. It may be arguable whether that is still true today but there certainly remains a strong social motivation within the profession. Regardless of our political beliefs or our preferred conceptual view of society — and the role of economics in that society — a common strand linking economists is our deep social concern. It is within this set of concerns that we can find the appropriate role of graduate education in economics in the years ahead.

If this is an acceptable premise, then a number of topics warrant comment. Included among them are the qualities that we wish the graduates to possess, the nature of the economic environment in which they are likely to find themselves, and the directions in which the profession of economics is likely to evolve.

Turning to the first of these, what should students possess at the completion of their studies? The list is long. It includes all manner of technical skills because economics has become a highly technical subject. There are tools available to us now that were unavailable just a few years ago. No institution ought to be offering education in our discipline that cannot graduate students who are capable of using the most advanced tools in the field. And no instructor ought to retain his or her self-esteem or the esteem of colleagues who is not at ease in using the most advanced conceptual and statistical tools that relate to the instructor's specialty. Any institution that does not develop mechanisms to assure this does not deserve to consume the real costs associated with education.

However, over the years we have developed more than tools. We have developed a vast range of empirical information — knowledge, if you wish — as a result of both organized research and structured empiri-

cal observation. Those who leave our programs should depart with a distillation of that experience so that they can view the future through the lense of experience. It may well be that history never repeats itself and that no two observers interpret a given event in the same way. That is all the more reason to know what those who have preceded us thought they saw happening and why they thought it happened.

A third quality we should want our graduates to have is the desire to augment the tools and knowledge of the profession. Ours is not a settled subject — in fact, I don't believe there are any settled subjects — so we should be developing students who have the desire, as well as the ability, to improve its social performance. For a profession that devotes itself to the wise use of scarce resources, we do very little to measure the productivity of the resources devoted to our professional activities.

And lastly, we should want our students to have a social conscience but not be imbued with a social dogma. Dogmas get in the way of clear thinking. If graduates of economics programs are to make their full social contribution it will be because they have been sensitized to their own beliefs and taught to think critically about them as well as about the beliefs of others. Only when we are aware of how our policy preferences can be coloring our analyses are we in a position to apply the logic of economics to the social good. Any faculty that presents only one point of view and denigrates alternatives, any faculty that utilizes only those concepts or facts or polemics that serve its policy preferences, any faculty that aligns itself unquestioningly to a political party or policy is doing a disservice to itself, its students and to society.

For all of its advances, our profession has a poor record in describing the future. In spite of this, we know the students we are preparing will have to deal with a world that has some very different aspects from the one we know today. Look back just a few years and ask yourself if you would have anticipated unemployment rates in dominant EEC countries approaching the high levels that now exist. Ask yourself if you would have anticipated the United States in the role of the world's largest debtor. Ask yourself if you would have expected the disgrace in which centralized economic planning now finds itself. Ask yourself if you would have expected the world's problems to include too much food even though it is still horribly distributed. Ask yourself if it would have seemed reasonable to expect the continued availability of oil and gas at relatively moderate prices well into the next century. Ask yourself if the technological changes we have recently experienced were even imaginable. And ask yourself if you would have known that with higher and higher levels

of living, the world is using smaller and smaller proportions of its labor force producing goods.

My point is that there are many things about the world of 2000 that we cannot know. However, some things can be known with a fair degree of certainty. Among the many issues that will need to be faced, two sets of trade-offs may well be paramount. One is the historical equity-efficiency dilemma. The other is the newer consumption-environment dilemma. Both have a common characteristic. Solutions to both are bedevilled by the issue of externalities. In each case, it is the un-priced and privately unanticipated effects which force divergence between private good and social good. As economists, we have done a very poor job of devising socially acceptable and effective means of dealing with these issues. It may be a toss-up whether managed or market oriented economies have done the worse job of dealing with them. Yet those now being educated will have to live in a world in which the seeming necessity for these trade-offs will be more and more troublesome and the we will not have given them very good tools to deal with them. At a minimum, we owe it to those students to carry them to the limit of what we know conceptually and statistically, as well as from our experience with policies.

It may well be that as we explore the reasons behind our inability to make much of a dent on these issues we will find that our own beliefs have been getting in the way of our analysis. After all, as the world has become wealthier and technologically more advanced, what has kept us from treating others and our physical environment with greater fairness and care? Likely, it is our beliefs, not our techniques.

As we hypothesize about the future, we ought to have some concern about how our discipline will change so that students can be prepared for its alterations. It is probably safe to say several things. In all probability, economics will remain politically activist, i.e. concerned with policy, but by 2000 it may well have learned that it is less able to see into the future than it has pretended in the past. Certainly, there should have been a significant change in ability to gather, synthesize and analyze data. Hopefully, in parallel with that will come a deep concern for the quality of the data used and they will be better representatives of the concepts we think are important. By then, there may be some improvement in our conceptual understanding but if the past is any guide, not much of one. Conceptually, we have made little progress in the last fifty years unfortunately. Perhaps by then, there will have been some small but important forward steps, however. Perhaps by then we will

have begun to incorporate into economics a keener understanding of the nature of economic motivations and of the relationship between the individual and society. Should that occur, it may be that the stage will have been set for some significant improvements in our understanding of economic phenomena and in our ability to foretell the future and of the impact of alternative policies on it.

A final and personal word. It is strange to think and talk about a world you do not expect to see. However, the same concern for the quality of life of fellow beings that leads one into economics and into academics must permeate this look into the future too. It is my hope that that same concern will continue to motivate those who are responsible for leading the Graduate Industrial School of Thessaloniki into 2000 and beyond.