

**ACADEMIC COUNCIL
THE UNIVERSITY OF NOTRE DAME
MEETING OF MARCH 20, 2003**

Members Present: Rev. Edward Malloy, C.S.C., Nathan Hatch, Rev. Timothy Scully, C.S.C., John Affleck-Graves, Rev. John Jenkins, C.S.C., Carol Ann Mooney, Jeffrey Kantor, Rev. Mark Poorman, C.S.C., Frank Incropera, Eileen Kolman, Joseph Marino, Patricia O'Hara, Mark Roche, Carolyn Woo, John Robinson, Jay Brandenberger, Albert Miller, Pit-Mann Wong, James Ryan, Dennis Jacobs, Patricia Maurice, Thomas Noble, Joan Aldous, Teresa Ghilarducci, Brian Krostenko, Cornelius Delaney, Vittorio Hosle, John Welle, Mary Rose D'Angelo, Umesh Garg, Mitchell Wayne, Steven Buechler, Panos Antsaklis, Mihir Sen, Robert Bretz, Thomas Frecka, Jay Tidmarsh, Dino Marcantonio, Kenneth DeBoer, Anthony Hagale, Meghan McCabe, Bradley Buser, Sean Thornton

Members Absent: Jennifer Younger, Patricia Blanchette, Ava Preacher

Members Excused: Thomas Merluzzi, J. Douglas Archer, Stephanie Arnett

Observers Present: Mary Hendriksen, Col. David Moskinski, Harold Pace

Observers Absent: Dennis K. Moore, Daniel Saracino

Observers Excused: Thomas Laughner

Guests: Roger Huang, Department of Finance, Mark McCready, Department of Chemical Engineering

Fr. Malloy called the meeting to order at 3:05 p.m. Prof. Hatch offered a prayer.

1. Proposed Name Change for the Department of Finance and Business Economics in the Mendoza College of Business. Prof. Huang, chair of the Department of Finance and Business Economics, presented the proposal to change the current name of the department to, simply, the "Department of Finance." He explained that the new name would better describe the scope of the major. The Mendoza College of Business now offers an undergraduate major in finance but not one in business economics. Thus, "Department of Finance" provides consistency with the College's offering.

Prof. Mooney said that the Executive Committee wishes to make it clear that the proposed name change is entirely separate from the discussion to take place today concerning the Department of Economics in the College of Arts and Letters.

Mr. Buser, a finance major, commented that most students who are finance majors are not even aware that “business economics” is part of the department name. They would support the change.

There being no further discussion, Fr. Malloy called for a vote on the proposal to change the name of the Department of Finance and Business Economics to the Department of Finance. The vote was unanimously in favor of the change.

2. Proposed Name Change for the Department of Chemical Engineering. Prof. McCready, chair of the Department of Chemical Engineering, explained that the proposal his department generated is to change its current name, “Department of Chemical Engineering,” to the “Department of Chemical and Biomolecular Engineering.” He said that the proposal stems from the growing emergence of molecular biology as an important fundamental science for chemical engineering and the embrace of that science by the field of chemical engineering.

For the last six years, Prof. McCready said, department members have been working very hard to integrate molecular biology into their program. They have created an undergraduate option – called a “biomolecular option,” hired faculty, moved other faculty into this area, and received a grant to incorporate principles of molecular biology into the chemical engineering core courses. The trend in names for similar programs emerging at institutions across the country is to include the word “bio” in the department title. Thus, his department has selected the name “Chemical and Biomolecular Engineering.”

Prof. Marino asked what percentage of the department’s faculty study molecular biology.

Prof. McCready answered that of the department’s fourteen faculty members, at least six are involved in some kind of “bio” project. Only two people are fully 100% molecular biology, but the other four have various projects in that area.

Fr. Malloy called for a vote on the proposal to change the name of the Department of Chemical Engineering to the Department of Chemical and Biomolecular Engineering. The vote was unanimously in favor of the change.

3. Proposal from the Executive Committee of the Academic Council Concerning Economics at Notre Dame. Fr. Malloy first provided background on the next agenda item – a proposal from the Executive Committee concerning Economics at Notre Dame. He explained that at its meeting of February 18, 2003, the Council held a full discussion of a proposal by a blue ribbon faculty committee that the University change the name of the existing Department of Economics to the “Department of Economic Thought and Policy” and form a new department in the College of Arts and Letters named the “Department of Economics.” The Executive Committee was entrusted to consider members’ comments during that discussion and to return today with a proposal to be voted on by members.

Prof. Hatch began the discussion by thanking the members of the Executive Committee for their extensive labors in this process. In addition to Prof. Hatch, they are Profs. Antsaklis, Bretz, Delaney, Garg, Ghilarducci, Kolman, Mooney, Robinson, and Roche, and the Commissioner from Student Government, Mr. Ryan. Prof. Hatch said that the committee had absorbed a huge amount of information over the course of the last month. Its members received material from faculty representing a wide range of opinion – both from within the Economics Department and outside of it. Last week, a draft of the current proposal was sent to the Economics faculty and their comments were weighed carefully. In fact, the very names set forth in the Executive Committee’s proposal for two departments within one *faculty* of Economics – the “Department of Economics and Policy Studies” and the “Department of Economics and Econometrics” – were suggested in response to the draft and are part of a compromise crafted at the Executive Committee last week.

Prof. Hatch said that he has spent considerable time over the last month attempting to find points of compromise. On March 3, he and Prof. Roche, Dean of the College of Arts and Letters, held a wide-ranging discussion with the Economics faculty about various options. He, Prof. Roche, and Prof. Ghilarducci, a member of the Economics faculty and of the Executive Committee, reported back to the Executive Committee on the substance of that meeting.

Now, Prof. Hatch said, in place of the Blue Ribbon Committee’s recommendation, the Executive Committee has endorsed the following proposal:

The University should create a Faculty of Economics under which there are two separate and distinct departments. One will be the existing department, which will be renamed ‘Department of Economics and Policy Studies,’ and a new department will be created and known as ‘Department of Economics and Econometrics.’

Each department will have its own chairperson and its own Committee on Appointments and Promotions, and its own standards and procedures for appointment, tenure, and promotion. The tenure of the tenured members of the existing department will be protected.

Prof. Hatch directed members' attention to Attachment One, [also attached to the minutes], entitled "Context." It delineates how the current proposal differs from the proposal of the Blue Ribbon Committee:

- There would be one faculty of Economics with two separate and distinct departments;
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- 1 There would be a unified undergraduate major in Economics;
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- The graduate program would be in the Department of Economics and Econometrics; however, it would draw upon faculty from both departments and be expected to continue current departmental strengths in the history of economic thought and political economy;
- The Dean and the Provost will provide funds of at least \$25,000 annually for five years to the Department of Economics and Policy Studies for research and intellectual enrichment over and above any other funding from the College of Arts and Letters or from the Institute for Scholarship in the Liberal Arts;
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- 1 A concurrent appointment in one of the departments may be extended to a faculty member in the other department;
2
- 1 The first chair of the Department of Economics and Econometrics will be the current chairperson of the Department of Economics;
2
- 1 When, in due course, there is an external review of the Faculty of

Economics, this arrangement of two departments within one faculty will be considered.

Prof. Hatch also referred members to Attachment Two, entitled “Understandings,” [attached to these minutes], which explains the current understandings of the Executive Committee, including the Provost and the Dean of the College of Arts and Letters, on various issues. If the proposal of the Executive Committee is approved, he said, these are the kinds of understandings by which the administration would be bound throughout the proposal’s implementation.

Included in the understandings, Prof. Hatch said, is the statement that teaching assistant support will be allocated to faculty in either department principally on the basis of course enrollment figures. Also, graduate research assistants will be allocated on the basis of quality of research and research trajectory. Finally, because of the delicate nature of the arrangement with the graduate program, Jeffrey Kantor, Vice President for Graduate Studies and Research, will oversee the graduate program and ensure that the restructured program sets high academic standards, permits graduate students to explore broader approaches in economics, and treats fairly all faculty and graduate students. He will, in a sense, act as a court of appeal in the event of any disagreements about the program.

Prof. Hatch then identified the question he said is at the crux of the matter: Why does he support two departments under one faculty of Economics rather than some other arrangement – for example, either an institute within a single department or receivership?

There are two reasons, he said. First, colleagues within the Department of Economics have principled and strongly held views about the nature of economics and the future of the department. This has led to a prolonged contest within the department. His own conviction is that the dissension is not likely to abate – a conviction that was only strengthened in the very process of trying to craft a compromise.

Prof. Hatch said that the second reason he supports creating two separate departments has to do with recruitment. The University needs a fresh organizational structure to attract quality mainstream economists. He has discussed this issue with a number of economists from other institutions, and it is clear that Notre Dame will not be able to keep at least one of its recent hires, nor will it be able to attract other outstanding economists, unless there is some fresh start of this sort. And, in the long run, recruitment will affect whether or not the University can have a viable graduate program in Economics.

Prof. Hatch said that while the proposal might not represent the ideal structure, some kind of separation, at least for the time being, must occur. The *status quo* is not an option. The

graduate program is currently in abeyance. The University must have a plan that will allow it to continue to build strength in mainstream economics as it also supports the faculty's traditional strengths in the history of economic thought and political economy.

Prof. Roche commented on two documents circulated before today's meeting – a letter from David Ruccio, a member of the Economics faculty, included in today's meeting materials and an e-mail sent to Council members by twelve members of the Economics faculty.

Prof. Roche said he has several points to make in response to various statements in Prof. Ruccio's letter. First, Prof. Ruccio writes that Prof. Roche revealed in a meeting with the Economics faculty that he had promised prospective job candidates that a departmental split would occur, even before the possibility of such a split was publicly announced and discussed by the appropriate bodies within the University. In fact, Prof. Roche said what he told the Economics faculty when he met with them was that on two occasions he had been *asked* by job candidates if he would support a split. He specifically told the candidates that he did not support the split – knowing full well his answer would mean that neither would come to the University. Prof. Roche said that as he has explained before, until the report of the Blue Ribbon Committee was released, he was opposed to a departmental split.

Second, Prof. Roche continued, as to Prof. Ruccio's charge that productive discussions about the future of the department have been preempted by a systematic pattern of meetings held in secret, these meetings were, in fact, standard meetings for a follow-up to a three-year review. They were not secret meetings; they were part of a normal University process.

Third, Prof. Roche said, Prof. Ruccio misconstrues the purpose of a meeting he held with the social science faculty. What occurred was that after the College Council meeting in which a proposal to split the department was rejected, Prof. Roche called in several faculty members from the College Council who had not spoken at the meeting and, thus, whose views on the proposal he did not know. The purpose was to brainstorm about possibilities for the next step the College might take in dealing with this complex matter. One of the participants pointed out that during last fall's strategic planning process, meetings by divisions of the College had been especially productive. Thus, this College Council member said, perhaps a meeting of the social sciences faculty would be similarly useful in attempting to solve problems with the Economics Department. Prof. Roche said he thought the idea of a meeting was a good one – particularly because while the College Council has about 50 members, less than a handful are social scientists. Then, at the meeting he subsequently held with the social scientists, he presented seven options for the Economics Department and discussed at length the strengths and

weaknesses of each. He did not, as Prof. Ruccio suggests, assemble the group simply to garner support for the proposal to split the department.

Fourth, throughout Prof. Ruccio's letter, there is the sense that the proposal would force the Economics faculty to abandon alternative methodologies and the integration of real-world problems into their work. That is not the case, Prof. Roche said. The administration wants Economics to retain a focus on social justice issues but to integrate the use of the most sophisticated techniques available.

Lastly, Prof. Roche said, Prof. Ruccio suggests that problems within the department can be solved by making a series of junior hires and thereby changing both the generational profile and the research record of the department. Prof. Roche's response to that suggestion is that numerous attempts to hire junior faculty have been tried and failed. He agrees with Prof. Hatch: Until a split occurs, it will not be possible to attract new faculty to Notre Dame.

Prof. Roche then addressed the content of an e-mail message sent to Council members by 12 members of the Economics Department. As to the fear expressed in the message that approving the proposal will cause Notre Dame to lose its distinctive character, again, he said, the goal is to focus on social justice issues in Economics but to do so with some impact on the discipline. That is the major change the split will facilitate. Furthermore, as does Prof. Ruccio's letter, the e-mail refers to "arbitrary" publishing standards; yet, the publishing standards he and others have held up are not arbitrary. They are the commonly accepted standards of the discipline and have been cited in every external review over the last twenty-five years. Also, Prof. Roche said, now that the proposed split has received national publicity, anything short of approving it would send the wrong message to the profession as a whole. Failure to approve the proposal would signal that Notre Dame agrees that mainstream standards in economics are arbitrary and that the University does not want to transform its initiative in economics.

Prof. Roche said there has been concern expressed about the number of Economics faculty who oppose the split. He noticed that some of the signatories of a previous letter from department members are not listed on today's e-mail. While he is not sure of the reason, he assumes that two signatories of the earlier letter who are Marxist are not supportive of the statement in the e-mail that all graduate students should be required to complete a mandated core. That leaves 12 faculty members opposed to the split against 5 who favor it. Yet, of the 12, nearly half – 5 – are faculty members who have not published in the past decade and who are not as active in the field as the 5 who endorse the split. Thus, 7 active faculty members are opposed to the split. When analyzed in this way, Prof. Roche said, the number of faculty who support and oppose the split looks very close: 5 versus 7.

Prof. Frecka, who said he must teach in just a few minutes, asked if his vote could be recorded before he left.

Prof. Mooney answered that it is the Council's practice to take the votes only of the members present at the time the vote is taken. There is no practice of permitting proxy votes.

Prof. Welle said in reading the documents he senses disquietude about the future of one of the two departments in the reconfigured Faculty of Economics. He noted that Point 4 of Attachment One says that the Dean and the Provost will provide funds of at least \$25,000 annually for five years to the Department of Economics and Policy Studies for research and intellectual enrichment. He asked Prof. Roche how he arrived at the \$25,000 figure and why it is limited to a five-year period.

Prof. Roche answered that the five years specified in the Contexts document is an arbitrary number in some ways. The idea for the funding was Prof. Hatch's. He wanted to ensure, during what may be perceived to be a difficult transition period, support for the faculty members in that department. Prof. Roche said that while \$25,000 may seem a modest amount to some, it is actually a huge sum in the College of Arts and Letters. The funding could allow for conferences.

In addition, Prof. Roche said, he believes it was Prof. D'Angelo who asked at the last meeting what opportunities exist for faculty members who have not been active to advance their potential in research. This is, essentially, one answer to that question. Thus, in addition to conferences, the \$25,000 would be an opportunity to fund creative proposals, for example, to take courses at the University of Chicago or attend a special seminar on new techniques in economics – whatever faculty members might want to suggest.

Prof. Hatch commented that the five-year time period set forth in Attachment One is consistent with the University's practice in establishing a time frame for all funding. The special funding for the Economics faculty need not end at that point. He assumes that it would be at about the five-year mark that the whole arrangement proposed today would have some kind of external review. Prof. Hatch added that the \$25,000 figure is symbolic of the University's commitment to having all its faculty flourish.

Prof. Tidmarsh said that while the proposal presented today is stronger and closer to the mark than that of the Blue Ribbon Committee, he is not yet convinced that it is the right action. The one voice he has found most interesting in the debate is that of Robert Solow, the Nobel laureate at the Massachusetts Institute of Technology who wrote Fr. Malloy in January of this year counseling against splitting the department. Prof. Tidmarsh said that the issue of greatest concern to him at this point is the administration's continued support of the Economics faculty. It is no secret that a number of faculty in the current Economics Department are looking for positions elsewhere. Assuming that some of those faculty leave Notre Dame, what is the administration's commitment to maintaining the department at roughly its present size?

Prof. Roche answered that the College's policy is that if a faculty member leaves through retirement or departure – as opposed to a negative tenure decision – the faculty line does not stay in the department. Rather, it goes to the college. The department then has the obligation to make the case – based on the quality of its programs, the vision it has for that line, and enrollment needs – to receive that particular line back. While that is the general policy, because the University must increase the number of mainstream economists on its faculty, a likely scenario will be that if departures occur in the proposed Department of Economics and Policy Studies, those lines would go to the Department of Economics and Econometrics until the two departments are of equal size. When they are of equal size, it will be time to look at other issues and arguments on behalf of the department for keeping its lines. In the immediate future, however, Prof. Roche said, the size of the new department needs reinforcement.

Prof. Welle asked whether there are other institutions where a structure of two departments under one faculty umbrella have proven successful.

Prof. Roche answered that while not perfect, the model adopted for the undergraduate program comes from dual departments in the field of psychology at Duke University. Duke has one department that is more focused on developmental and social psychology and another that focuses on brain and neuroscience. They both have the title “Psychology” and, together, the two departments foster one undergraduate major. In terms of the graduate program, even at Notre Dame there are at least three relevant models in the College of Arts and Letters: the Medieval Institute, the graduate program in History and Philosophy of Science, and the Ph.D. in Literature program. Within all three programs, perfect symmetry does not exist between a department and the graduate program.

Prof. Roche continued that the idea of a “Faculty of Economics” is somewhat of a generic title. From his own perspective, it is derived in part from the German university, where the model is not so much a College of Arts and Letters as, say, a faculty of humanities or a faculty of the social sciences. While the words “Department of Economics” in each departmental title may make a Faculty of Economics appear superfluous, the term symbolizes the effort to have both mainstream economics and its alternatives at Notre Dame as well as cooperation across the two departments.

Prof. D'Angelo said she had several points to raise. First, as the member who made the suggestion at the last meeting that the administration provide some allocation of resources to help faculty achieve the desired goal of more publications, she believes that a proposal of \$25,000 annually for five years is very low. It appears to her as nothing more than one conference and some Xeroxing money for each of the fifteen members of the department. Conferences today run, at a minimum, \$10,000 to \$15,000. What she had in mind was assurances of more frequent leave for faculty, in particular, for those who have done massive service to the University – and there are a number of such faculty in the Economics Department. Many faculty in the College of

Arts and Letters are aware that Profs. Warlick and Skurski are well known as extremely intelligent and devoted administrators who gave considerable time to the intellectual life of the College.

Prof. D'Angelo continued that she has very grave concerns about the Executive Committee's proposal. First, while it is changed somewhat from the recommendation of the Blue Ribbon Committee, the overwhelming reaction against that proposal by both the department and the College Council suggests to her that the Executive Committee's proposal should be voted upon by both of those bodies if faculty governance is to be at all considered.

Second, Prof. D'Angelo said, she remains uncomfortable with the shape of what is being named the "Department of Economics and Policy Studies." It does not actually have any particularly coherent underlying intellectual rationale. It is configured not as a refuge for heterodox economists, which was suggested by the Blue Ribbon Committee, but as a means to sequester the productive heterodox faculty and the mainstream members who are deemed unsatisfactory – apparently in order to raise the numbers of the department. As the Dean has just said, the division is not modeled after any other United States department of economics. It is something Notre Dame is inventing. If the issue is the ranking of the department, then such an invention does not seem the best solution.

Third, Prof D'Angelo said, she remains bothered by some of the arguments that were put forward in favor of the split. For instance, the argument that there has been a massive decline in the numbers of economics majors is well refuted by the memorandum included in today's meeting materials on the undergraduate economics major at Notre Dame. That document points out that the actual numbers are that 41 students in Arts and Letters will be awarded degrees with first majors in economics, another 20 will be awarded degrees with "second" majors in economics, and then, there are enough majors from other schools to make a total of 84 graduating seniors who will have completed the requirements for a major in economics this year – not the 40 or 46 majors that has been cited previously.

Fourth, Prof. D'Angelo said, she finds the statement problematic that the current department is unable to contribute to public policy debates. On the contrary, most Notre Dame faculty know that Profs. Betson, Ghilarducci, and Kim have contributed to such debates very substantially. Their contributions are distinguished on both the national and the state level, and she is dismayed that their contributions are dismissed so casually. It occurs to her that one possibility is that the policies these members of the faculty endorse are out of favor with the current national administration.

Finally, Prof. D'Angelo said, another charge with which she is extremely uncomfortable is that it is hostility on the part of the department that makes it impossible to hire. She was glad that Prof. Hatch did not repeat that charge. It is also the case – and the University of

Pennsylvania is a good example – that institutions can have an extremely highly rated college and, for example, an extremely highly-rated business school but a low-ranked department of economics. Targeting hires is not easy in these cases. Penn also has been unable to hire.

Thus, Prof. D'Angelo said, she is not persuaded by the arguments that have been made in favor of the split.

Prof. Welle said that the reprint of the *Chronicle of Education* article included in today's meeting materials gives him pause in that it outlines the kinds of debates that are occurring in the field of economics today. It seems to advise caution not so much about building up the mainstream as it does in creating a sort of "dying vine" of alternative views. Also, two of the books cited in the *Chronicle* article are by members of Notre Dame's faculty: Philip Mirowski's *Machine Dreams: Economics Becomes a Cyborg Science* and an edited volume by David Ruccio: *Post Modernism, Economics and Knowledge*. Furthermore, Prof. Welle said, certain members of the Economics Department actively outreach intellectually to other members of the College, thereby fulfilling an internal function of contributing to the intellectual life of the University. He is not sure that has been taken fully into consideration in the Council's discussions about the Economics Department.

Prof. Roche responded that the proposal to split the department is not an effort to do away with alternative economics at the University. Notre Dame specifically advertises itself as a place where the kinds of questions asked by a historian of economic thought or a political economist can be raised, and it will continue to try to attract students who have that interest. Thus, the focus has not shifted. The shift will give all students a core in the mainstream so they can participate at a high level in the important debates on economics. Notre Dame's students should be enriched by courses that are more of a dialogue between modern economics and Catholic social thought. Whereas those two subjects now seem to be separate, the proposal to split the department is an experiment that he hopes will result in finding some space for common ground.

Furthermore, Prof. Roche said that with two departments it will be easier to conduct evaluations that are specific to various subfields. The evaluation of faculty members is highly contested now leading, for instance, to arguments that the top journals are selected in an arbitrary way. The split could actually nurture those faculty members who have interdisciplinary interests within the humanities. It also may create what he thinks has been discouraged in the past – outreach to engineering and science on the part of more quantitatively inclined faculty members.

Prof. Affleck-Graves said that he has been very encouraged by the discussion this afternoon. Of course, any compromise suffers from the problem that it does not satisfy either side, and that is clearly true in this case. In addition, he is happy that the point has been made that the intent of the division is not to disparage the current members of the department or their achievements over the past several years or to discuss any faculty members on an individual basis.

Prof. Affleck-Graves said one issue that has not been addressed adequately in all the material that has been brought forward is how the department, in its current form, could suddenly take on a number of good mainstream economists. While everyone says, "Go out and hire some good mainstream people into the department," the record shows that, for some reason or another, this department cannot do that. Thus, the point of the compromise, as well as the original idea of the Blue Ribbon Committee, is exactly that both parties should be allowed to flourish.

Prof. Affleck-Graves continued that when people look at Notre Dame and its current Economics Department, it is not that they are saying it is a "bad" department. Rather, the criticism is that it is very much a one-dimensional department – it does not have many strong people in the mainstream area. It has been very, very difficult to gain those mainstream economists. The only way that many believe it can be accomplished is to have separate departments, at least for some period of time. Again, Prof. Affleck-Graves said, the point of the split is to allow all faculty to prosper. The hope is not that one department will disappear and another will succeed.

Prof. Aldous followed up on Prof. Affleck-Graves' comments on the difficulty of hiring into the current department. She believes it is a point that has not been emphasized in the many discussions, comments, and materials on the proposed division. Prof. Aldous noted that she had taken an economics minor, and when she first came to Notre Dame she was surprised that the department just didn't seem to be doing what she thought was economics. So much conflict exists in the department, and there will be more even after a decision is made. People are loathe to come to a place where there are deeply divisive intra-departmental feelings and conflicts. It is this that makes the split necessary. Whether or not a division of the department was a good idea to begin with, the result of all the talk – which has probably been a good intellectual exercise – is that it is almost impossible to create collegiality in the department as it is presently constituted.

Prof. Noble commented on the e-mail message sent today to Council members – specifically the suggestion that the University retain the Department of Economics with its current membership and create an institute of applied economics whose faculty would have joint membership in the Department of Economics. While the suggestion has a certain air of plausibility about it, Prof. Noble said, it is, in fact, a nonstarter.

According to the *Academic Articles*, no appointments can be made in a University institute. Thus, to create an institute along the lines the e-mail proposes, appointments would need to be made first in a department of economics which, as all members have heard, is not likely to be easy. Thus, it would be necessary to amend the *Academic Articles* to implement the faculty members' suggestion and create a structure by which faculty associated with the proposed institute then run a series of departments. Prof. Noble said, as director of the Medieval Institute, he can attest that departmental chairs do not like him trying to run their departments for them.

Prof. Krostenko asked Prof. Hatch what he meant by the statement that the two-department structure is the best arrangement "for the time being".

Prof. Hatch responded that the Executive Committee discussed the future of the two-department structure quite a bit. The ideal for him would be that a decade from now, only one Department of Economics would exist at Notre Dame. While it is possible to envision two flourishing departments agreeing to join into one unit, that scenario cannot be predicted. If the proposal passes, when the next departmental review comes up, the structure it puts into place should be examined and the reviewers ask whether it is working, whether it can be improved, and whether the two departments should be joined.

Prof. Bretz added that one of the reasons the Executive Committee chose to include the name "Economics" in both departments is to allow for the possibility of a transition back to a single department. That was part of the discussion.

Prof. Sen asked whether the faculty of Economics would have a head or a chair or any financial responsibilities. If not, it would seem to be two separate departments within the College.

Prof. Hatch answered that at least two issues were discussed in this regard. One is periodic meetings to discuss the undergraduate program; the other is meetings to discuss the progress of individual graduate students. There may very well be other occasions for joint meetings.

Prof. Garg said that the two departments under one Faculty of Economics serves as the umbrella organization that provides the framework for a future decision to join the two departments.

Prof. Welle said he remains concerned with the issue of whether faculty from both departments have a sense that they will flourish and find support with the proposed arrangement. Because the impossibility of hiring with the current department structure seems to be a major reason for the proposed split, he asked Prof. Roche for

his response to the suggestion in today's e-mail from some Economics faculty that "[c]learly defined conditions for hiring will check discord."

Prof. Roche responded that he interprets the phrase "clearly defined conditions for hiring" to be receivership. He does not think it would check discord. Neither would receivership be an avenue to bring in the best candidates. Receivership might have been an option had it been the recommendation of the Blue Ribbon Committee, because it would have signaled that it was the avenue chosen by the University to address the problems within the department. He agrees with Prof. Aldous that tensions in the department are so extreme at this point that to *not* split the faculty now would be a disaster. He also agrees, however, with the Blue Ribbon Committee's report that a split better ensures faculty governance, the flourishing of the faculty, and recruiting new faculty. Particularly in the area of recruiting, mainstream economists who might want to come to Notre Dame need to know that seven years down the road the standards of the discipline will apply – not fear that the standards of the discipline might be considered arbitrary publishing standards.

Prof. Delaney said that he was initially opposed to the split, mainly because some of the people he most respects at the University are on the heterodox side of the divide. Thus, he does not perceive the split as disparaging anyone who is critical of mainstream economics. His perception of what has happened in the department is simply that it has become out of balance. In any given discipline at any given time, quite independent of the viability of it, there is a core of the discipline and there are peripheries to it. By definition, critics are part of the periphery. What has happened in the Economics Department at Notre Dame is that over time, the periphery has come to dominate the core. Thus, what needs to be done is to increase the core in quality and quantity so that a department exists that represents more truly what the field of economics is at any given time.

Prof. Delaney continued that in the process of restoring balance, he hopes that what is distinctive to Notre Dame's department – very good faculty who call into question the underlying structure of their field – will remain. Given that the task is to restore balance, what is necessary now is identifying the most efficient way to increase the core in quantity and quality. While that goal could be achieved either with one department or two departments, history has shown that it seems to be impossible for the necessary hiring to occur with the existing departmental structure. The other option is splitting the department – a course of action which he now favors.

Prof. Maurice asked assuming that the split occurs, does the current documentation on how that would be handled reflect the opinions of the two groups on what they most need to be successful?

Prof. Hatch answered that the current documentation does that to the best of the Executive Committee's abilities, but there is still much work to be done. All involved in the discussions have pledged to make both departments flourish. Clearly, the hard work is still ahead, and all must commit themselves to it. Thus, while the Executive Committee has attempted to provide a framework for the future, it is impossible to think through all the ramifications of the two-department structure at this time.

Prof. Ghilarducci, a member of the Economics faculty and of the Executive Committee, said that she is well aware that Academic Council members face a difficult vote today. The vote will represent what each member believes will help the department at the current time. It will set a precedent at the University for how academic issues are handled.

Prof. Ghilarducci said that at the February meeting, members listened to the case against the Economics faculty. It was very difficult for her to hear the criticisms of the Dean and the Blue Ribbon Committee. It was an indictment of the department's low productivity, which she has always been embarrassed by, and a description of less-than-decorous behavior. The proposal of the Blue Ribbon Committee presented at that meeting called for a chosen few to build a new department of economics while allowing, as Prof. Delaney pointed out, that some of the faculty who would be excluded from the new department are among the existing department's best teachers and scholars. These faculty would be excluded because they critique the mainstream of economics.

Prof. Ghilarducci said one of the main arguments in favor of the split is that without it there will continue to be infighting, immature behavior, and ideological positioning. In short, without an enforced division, Economics would be a "monster" department. A further argument is that because of past behavior, the external world needs a strong signal of regime change. Yet, perhaps the most critical argument for the split is that without it, valuable recruits for two endowed chair positions – one from the University of Kentucky and one from Ohio State University – will not come to Notre Dame. All these arguments, Prof. Ghilarducci said, stem from a long-standing frustration by the administration with the department's low publishing productivity.

Prof. Ghilarducci continued that when one considers the case made against the Economics faculty, a vote "for" the proposal makes sense. It has been impossible for the department's members to function normally in the last few years, particularly during the last year. Something must be done – something dramatic.

Prof. Ghilarducci said that she was fully involved in the negotiations that led to the Executive Committee's proposal and is proud of her role in helping to construct it. The proposal presented to members today is very different from that of the Blue Ribbon Committee. First, under the new proposal all current faculty will be part of a "Faculty of Economics." All faculty will be able to call themselves economists, function as equal

partners in the undergraduate program, and remain involved in the graduate program. That was not true of the Blue Ribbon Committee's proposal, in which one group was certain to be subordinate to the other. Second, there has been considerable hurt and degradation on both sides of the debate, making healing a part of this proposal's intent. Third, the Executive Committee's proposal signals, as well, a hope that the divide is temporary. The faculty could certainly use a cooling-off period. The proposed division could be a salubrious separation and not a divorce.

On the other hand, Prof. Ghilarducci said, the criteria for selecting the faculty in the departments – unlike that used, for example, in Chemical Engineering or Finance – has absolutely no intellectual basis. Instead, it relates to publications in journals chosen by the administration – specifically, publications in the top-20 journals in the last decade, not books published by the best presses in the last five years or some similar standard. There is a functional criterion – a faith-based test of commitment to neoclassical economics – as well.

Prof. Ghilarducci said that the story of dysfunction in the Economics Department has two sides. New documents in today's meeting packet give some balance to the picture previously provided of the department over the last five years. The fact is, since 1998, the department has been in unofficial receivership. The administration has appointed search committees and has overturned the faculty's votes on hires.

Prof. Ghilarducci noted that over a year ago, during his campus visit, an endowed chair candidate told the faculty at individual meetings – and the Dean and the Provost as well – that half of the Economics faculty should be fired. Because the candidate was a labor economist, Prof. Ghilarducci related, she asked him how he would deal with the particular problem of tenure. He responded with a scenario in which tenure would be side-stepped by isolating a department, starving it, and freezing salaries. While, Prof. Ghilarducci said she does not believe that the Blue Ribbon Committee actually intended to isolate some members of the faculty, there are certain elements common to both strategies. It seems that the Blue Ribbon Committee's proposal was designed to punish those with heterodox orientations and low productivity. And, while it is not her major concern, there is still a feeling that there is a punitive aspect to the split.

Prof. Ghilarducci then referred to the letter MIT Nobel Prize Laureate Robert Solow sent on January 30, 2003, to Fr. Malloy. While Prof. Solow has always been a critic of Notre Dame's Economics Department, she said, he wrote to oppose the split. His letter states, in part: "I think it is a bad idea for Notre Dame to present itself as a Department of Heterodox Economics. That merely exhibits the same closed-mindedness that its members accuse the mainstream profession of exercising. I also think that the idea of building up a separate Department of Economics is a born loser."

Prof. Ghilarducci said that Prof. Solow presents her greatest reservation – one that began when she first read the report of the Blue Ribbon Committee and that has remained with her until today – any proposal to divide the department has a risk, a very high risk, of taking a weak department and making two weaker ones.

As the proposal moves forward to a vote, Prof. Ghilarducci said she cannot emphasize enough her belief that creative leadership and goodwill on both sides would have prevented a good deal of the deplorable behavior of the last few months, perhaps even the last eighteen months. As members decide how to cast their vote, they may find a great deal of merit in voting in favor of the proposal. A vote “for” is in the interests of forgetting, forgiving, and moving on. On the other hand, she can certainly see the Academic Council voting to send the problem back to the Dean, back to the Provost, and back to the department – even sending a strong signal that the Council favors receivership, which, in fact, is the course of action she favors. Prof. Ghilarducci noted that whatever action is taken she endorses giving the neoclassical economists dominance over hiring because she, too, wants a balanced department, a more respectable department.

In conclusion, Prof. Ghilarducci said, particularly on a day when the Academic Council is presented with a very difficult proposal, she has come to realize that the Council exists for just such situations. At times, she said, decisions made by those who are closely affected by a certain outcome need to be second-guessed. She thanked members for their consideration of this complex matter and expressed her confidence in the group’s collective wisdom to decide what is good for the University and good for academic freedom.

Prof. Welle asked what receivership entails, how it works, and how a department comes out of receivership.

Prof. Roche explained that receivership is very much an *ad hoc* arrangement. In fact, the American Association of University Professors has no official guidelines on receivership. The organization has some general suggestions – for example, the obvious one that it not be done without discussing it with members of the department – but the suggestions it gives are very bare-bones.

Normally, Prof. Roche continued, receivership involves a chairperson from outside the department. It also involves taking away faculty governance, so that, for example, the departmental CAP members would be appointed. In many cases, the arrangement means no hires for a certain number of years, or even that hires might be recommended by external people. As one might imagine, Prof. Roche observed, it is an environment into which faculty members tend not to want to be recruited, and it is an environment out of which faculty members tend to flee. Thus, Notre Dame is hiring into

its Department of Political Science this fall a faculty member in a department in receivership at Vanderbilt University. Prof. Roche concluded that, for these reasons, he does not consider receivership a viable option. Furthermore, the delay it represents would be a very visible signal of the will of the University to economists who are potential recruits and watching Notre Dame very closely.

Prof. Hosle said that while he believes it is appropriate to have some sort of punitive measures leveled when certain academic standards are not met, this is true only if the standards used as a measure relate to productivity – not because the faculty members espouse ideas not accepted by the mainstream. What has been disturbing to him throughout the whole discussion is that he has the impression there are two subgroups in the opposition to both the current proposal and that of the Blue Ribbon Committee. One group contains faculty members whose academic record is not too splendid, and the other is composed of those who have published seriously but in the heterodox field. He would like to understand the relation between these two subgroups.

Prof. Hatch responded that Prof. Hosle is accurate in his description of the two groups within the department. The net effect has been a tremendous inertia. There has been some opposition to hiring good neoclassical faculty, but there is also an issue of quality – whether good people would want to come into the department.

Prof. Roche responded that the answer to Prof. Hosle's question is very complex. A partial answer is: If one has a mainstream economist who has not been publishing, that lack of publishing may be because the techniques that person learned are now obsolete. He or she might be threatened by the change that mainstream economics represents. For other reasons, a heterodox faculty member could also be opposed to the kind of training mainstream economists might favor – for example, a second econometrics course – but because of his or her criticism of mainstream economics. The net result might be a collusive resistance to advance in mainstream economics.

Prof. Roche continued that while at the undergraduate level there are courses that complement one another quite well, the combination of less-active mainstream faculty and heterodox faculty members has led to the criticism in the last external review that intermediate undergraduate theory courses do not presuppose calculus unlike, for example, similar courses in the Mendoza College of Business and that the advanced 300- and 400-level courses do not presuppose the intermediate theory courses. This leads to a kind of flatness and a lack of building on technique and sophistication.

Prof. Krostenko asked for clarification on the parliamentary status of the “Understandings.” That is, if the Council votes in favor of the proposal, are the understandings binding?

Prof. Mooney answered that the Executive Committee discussed that issue at length. While the understandings are not legislated and are not binding, they are presented today and will be appended to the minutes in order to present publicly the current understandings – at least on the part of the Provost and the Dean – of the proposed two-department structure. For instance, one of the understandings is that the chair of the current department will become the chair of the new Department of Economics and Econometrics. Yet, while that is the current thought, it may be that the chair may make a different choice and no one would want to be in the position of having legislated the identity of the next chair. Nevertheless, the public nature of the understandings makes them statements as to which people could be held accountable for noncompliance. While some of the items in the “Understandings” are not things the administration would want to cement, at this point, they are agreed to by the Provost and the Dean. Thus, members should vote on the proposal with the belief that matters will be worked out as presented. While each and every one of the details may not come to pass, they represent the administration’s current thoughts.

Prof. Woo asked: Because one of the causes for the proposed split is the desire for a higher position in the national rankings, what measures will be used to hold accountable members of both departments? Prof. Ghilarducci has said her fear is that the split will cause an already weak department to become two weak departments. This might occur despite the University’s investment of major resources in economics.

Prof. Roche answered that he does not think those measures would differ radically from measures applied to other departments. The question would be whether the particular structure adopted has advanced the University in those measures. One measure would be the NRC ranking. Others might include a number of other rankings that exist for economics departments and are based partly on journal publications. Other considerations include the quality of the graduate students who apply to the program, the number of graduate students who apply vis-a-vis the percentage who are accepted, the yield and placement of graduate students, and the placement of undergraduate students. All these factors need to be watched very carefully. In some cases, primarily one department will be evaluated; in other cases, the measure will be for the collaborative enterprise.

Prof. Affleck-Graves commented that an issue about which the members of the Blue Ribbon Committee felt strongly is that the University should *not* take the proposed action because of concerns about national rankings. That is absolutely the wrong reason for it. Likewise, the reason for urging publications in the top-20 economics

journals is not just to publish in those journals. The true reason for the proposed split is that economics is an important discipline, and Notre Dame needs a voice at the table when economic issues are discussed at a very high level. To some extent, and in some of those debates, members of the existing department can participate. It contains strong people in certain areas and they *are* at those debates. The University, however, is *not* at the table of the mainstream debate, and it needs to be there. By building a strong economics department, the University can attract people here who discuss economic issues at a very high level in a way that the mainstream is attuned to. That, in turn, attracts students and affects how people think about economic issues in a way that melds with the University's Catholic tradition and its emphasis on social justice issues.

Prof. Woo said that she would be the last one to advocate operating solely on the basis of the rankings. She does not want to hear rhetoric, however, if there is a lack of willingness to measure the new department given that the University has applied strict standards to the way it measures the old department.

Prof. Marino said he has seen receivership in a department at another university, as well as the elimination of a department and a departmental split. As a faculty member and not as a dean, he can say that all are drastic moves; yet, at times such actions are necessary. The receivership situation he observed at the University of Michigan was a true interim process in which the existing department was dissolved and a plan made to found a new department. An interim chair was brought in to facilitate the dissolution and the new hiring.

Prof. Marino said that the departmental split he witnessed involved the division of a biology department into an ecology half and a molecular biology half. Both areas of study had fairly equal numbers of faculty, with the result that the department could never accomplish anything because half voted one way and half another. The point of that split was to enable the members of each department to do their best work at the highest level possible. That is the way he looks at this proposal as well. Splitting the department should be tried as an experiment. It will be shown whether the new department can be built up to earn recognition and visibility. He expects the productive faculty in the so-called heterodox side to rise to the occasion and then become a stronger entity so that the two groups can join back together.

Fr. Malloy said that at both today's and last month's meetings many deeply felt views on the proposal to split the Department of Economics have been expressed. In the absence of any other comments, he expressed readiness to move the Council forward to a vote.

Prof. Mooney said that the Executive Committee discussed manner of voting and its members recommended a written ballot.

When the written ballots were collected and counted, the vote was 39 in favor of the proposal to rename the existing Department of Economics the “Department of Economics and Policy Studies” and to create a new department to be known as the “Department of Economics and Econometrics.” There were 3 votes against the proposal.

Fr. Malloy said that while he has refrained from giving his views on the matter, he is deeply committed to the goal of trying to find a balance in the department and allowing both units to flourish. He regrets that in the discussions of this matter statements were made that were negative about certain colleagues. In the normal course of evaluation for promotion, for instance, negative comments are kept private. Thus, he apologizes to those who were, in a general way, criticized.

On the other hand, Fr. Malloy said, the only way possible to straightforwardly and honestly come to grips with what was an unfortunate impasse was to be as frank as possible. His hope now is that all can move forward from this point and leave behind whatever hurtful things have been said. He knows that both the Provost and the Dean are committed to moving forward. Notre Dame aspires to be outstanding in every department. The University must empower its existing faculty to do the best work possible and endeavor to attract the very best people to join them.

In conclusion, Fr. Malloy thanked all who were involved in the discussion: the members of the Economics Department, the Blue Ribbon Committee, and the Executive Committee.

Prof. Mooney suggested that in the spirit of Fr. Malloy’s call for moving forward in a positive way, the proposal, along with the attachments labeled “Context” and “Understandings,” be the only documentation attached to the minutes from the meetings of February 18 and March 20, 2003. Background material provided to members for both meetings will not be published. There was no objection to that suggestion.

4. Committee Reports.

(a) Undergraduate Studies Committee. Prof. Kolman, chair, reported that the committee has two issues before it – undergraduate curriculum changes and refinements to course scheduling. It is her hope that the curriculum changes will be brought to the full Academic Council at its next meeting.

Prof. Bretz, speaking on behalf of the course scheduling subcommittee, said that members presented their recommendations to the full Committee. After a lengthy discussion, subcommittee members are in the process of making refinements and will bring their proposal back to the Committee once more.

(b) Graduate Studies Committee. Prof. Antsaklis, chair, said that many committee members were busy with the Economics Department issue. He has met with the president of the Graduate Student Union to find out more details of what are important issues for graduate students. In addition, committee members are working with the Provost's Office regarding the restructuring of the Academic Council's committees.

(c) Faculty Affairs Committee. Prof. Ghilarducci, chair, reported that work has proceeded on a proposal for a University salary equity committee, a faculty grievance procedure, and new University holidays.

There being no further business, Fr. Malloy adjourned the meeting at 4:40 p.m.

Respectfully submitted,

Carol Ann Mooney
Secretary