

**ACADEMIC COUNCIL
UNIVERSITY OF NOTRE DAME
MEETING OF FEBRUARY 18, 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, Jennifer Younger, Jay Brandenberger, Thomas Merluzzi, Albert Miller, Pit-Mann Wong, James Ryan, Dennis Jacobs, Patricia Maurice, Thomas Noble, Joan Aldous, Patricia Blanchette, 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, J. Douglas Archer, Kenneth DeBoer, Ava Preacher, Anthony Hagale, Bradley Buser, Stephanie Arnett, Sean Thornton

Members Absent: John Robinson

Members Excused: Michael Lykoudis, Dino Marcantonio, Megan McCabe

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

Observers Absent: Dennis K. Moore, Daniel Saracino

Invited Guests: From the Department of Economics – Amitava Dutt, Richard Jensen, Lawrence Marsh, Jaime Ros, Jennifer Warlick; from the Blue Ribbon Committee on the Department of Economics – Maureen Hallinan, Julia Knight, Scott Maxwell, Rev. Richard McBrien.

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

1. Minutes of the meeting of November 26, 2002. The minutes of the meeting of November 26, 2002, were approved without amendment.

2. Discussion of the proposal from the *ad hoc* faculty committee concerning the Department of Economics.

(a) Remarks of Prof. Nathan Hatch, Provost. Prof. Hatch welcomed several members of the Department of Economics and the members of the Blue Ribbon Committee on the Department of Economics to today's meeting. The topic of discussion is a proposal from the Blue Ribbon Committee, an *ad hoc* faculty committee, that the University change the name of the existing department 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.”

Prof. Hatch explained that the format of today’s meeting was discussed extensively in the Executive Committee and agreed upon there. It was decided that after he speaks, there will be two additional speakers: Prof. John Affleck-Graves, who chaired the Blue Ribbon Committee, and Prof. Jennifer Warlick, a member of the Department of Economics who is opposed to the recommendations of the Committee. Then, the floor will be open for discussion.

Prof. Hatch said that the goal of this Academic Council meeting is to clarify issues to assist the University community’s collective thinking as it moves forward to a decision. No votes will be taken today. The sense of the Executive Committee is that after hearing the discussion, the issue should be remanded back to the Executive Committee and, over the course of the next month, its members will seek clarification, engage in further study if necessary, and attempt to arrive at points of compromise and understanding. Then, the Executive Committee will return to the Academic Council with a proposal, or at least some clarification of issues, for a decision at the March 20 meeting.

Prof. Hatch related that he has begun to meet with representatives of the Economics Department, the majority of whose members do not support the Blue Ribbon Committee’s recommendations. One area of discussion is a possible retreat for the department in which he and Prof. Roche, Dean of the College of Arts and Letters, would participate.

Prof. Hatch said that his own role today is to give some context to the discussion by providing a short historical overview of the Economics Department over the last decade. To begin that overview, he set forth the four questions that served as the mandate for the Blue Ribbon Committee. He said that these questions were presented to the Economics Department when he met with them to announce the appointment of that committee in September 2002, and the questions remain important to this day:

- (1) How does Notre Dame continue to make progress in developing a strong national profile in economics and in recruiting outstanding junior and senior scholars?
- (2) The University is concerned about department morale and wants to build an environment in which all faculty, new and experienced, will be valued for their distinctive contributions to teaching, scholarship, and service. How best can it do this?
- (3) What are the key issues that need addressing in the department’s administrative structure, graduate and undergraduate

- (4) programs, leadership, and department morale?
What is necessary for moving the department forward?

Prof. Hatch said that the recent history of the Economics Department can be divided into three segments. The first segment begins with the 1997 external review, which was very positive in many ways but, in others, candid and bracing. That review made three analyses of the department: (a) it was more useful in critiquing modern economic paradigms than in providing undergraduate and graduate students solid grounding in mainstream theory and quantitative methods; (b) a level of tension existed in the department that made attracting good candidates difficult; and (c) it was a less rich scholarly environment than it should be, both in terms of faculty publications and such indicators as poor attendance at workshops and lectures. The external review committee concluded: "We do not think that these changes will come easily. Improving departments can be difficult even when the members agree on the appropriate direction of change, and this is probably not the case here."

Prof. Hatch continued that the senior member of the Notre Dame faculty who was the internal reviewer at that time was somewhat more pessimistic. The internal reviewer concluded that the department was stalemated, characterized by too much ideological rigidity, and needed a healthy measure of outside assistance.

There were two central outcomes of the review. First, the Office of the Provost decided that the department needed certain senior anchor positions – mainstream economists, as the report suggested – who were empirically-oriented, applied microeconomists. Second, a search was conducted and a network of outside advisors was set up to inform the University and the department of who might be available for these positions and to weigh the credentials of various candidates. A set of Notre Dame economics graduates was very helpful in this respect, including John Abowd, a labor economist at Cornell; Joseph Hotz, who taught public policy at the University of Chicago and is now the chair of economics at UCLA; Tom Kane, who was at Harvard University's Kennedy School of Government and is now at UCLA; and Matthew Slaughter, a Notre Dame alumnus who teaches at Dartmouth.

Yet, Prof. Hatch said, after eighteen months it was his perception that there had not been significant movement forward. Convinced that economics needed to have a central place in the University, he instituted another initiative [segment two] – writing to all members of the Economics Department in the fall of 1999 that the University would make substantial contributions to the department and do anything it could to improve the department. Specifically, he offered the department the possibility of an additional eight to ten faculty positions as well as a third endowed chair. Also, at that time, he set up an internal committee that was chaired by Fr. Ernest Bartell, C.S.C., a long-time member of the department, and included Profs. Roger Skurski, Philip Mirowski, and Jennifer Warlick, as well as Acting Dean of the College of Arts and Letters Christopher Fox.

Prof. Hatch said that the search process that followed was a complicated one. He thinks it fair to say, however, that the strategy developed by the committee was to little avail. There was some disagreement over the kind of candidates to be brought, although agreement existed on others. Ultimately, three senior candidates were brought to campus. In the end, all refused to come to Notre Dame despite, in some cases, a strong affiliation with the University.

Prof. Hatch said that while it is difficult to pinpoint the exact reasons for the candidates' refusal, three things did emerge in his discussions with them. First, the candidates did not want terrain that was too contested – they said they did not want to spend a great deal of time debating what economics is, as valuable as that may be in certain contexts; rather, they sought a solid, supportive environment that would enhance their own work. Second, in some cases, the candidates reported a coolness by departmental faculty towards them or said they felt the department was so contentious that it would not be a good home. Third, the issue of quality was raised – there was not a critical mass of mainstream economists in the department.

Within this group of candidates who declined Notre Dame's offers, Prof. Hatch said, the hardest case for him was a mid-level appointment offered to a candidate named Chris Barrett, who is Catholic and had many reasons to look at Notre Dame. Prof. Barrett's research focus is the moral and social dimensions of microeconomic behavior in low-income communities in Africa. He was the perfect candidate, but he went to Cornell instead – saying that there was not sufficient support at Notre Dame at the midpoint of his career to proceed with his work here.

Prof. Hatch continued that the third segment of the department's recent history began in the Fall of 2001, when Prof. Richard Jensen, a mainstream economist with a strong research record, was named department chair and made efforts to move the department in new directions. The 2001-2002 academic year was quite divisive and contentious. At the end of that year, as Provost, he perceived matters to be worse than ever. Thus, he asked four distinguished colleagues, all endowed chairs with extensive experience at the University, to form a blue ribbon committee to examine the situation and then give advice. There was no predetermined outcome to their deliberations. As Prof. Affleck-Graves will explain, their recommendation was that the existing department's name be changed to the Department of Economic Thought and Policy and a new department be formed in the College of Arts and Letters named the Department of Economics.

Concluding his remarks, Prof. Hatch said that while he is not wedded to the exact prescriptions of the Blue Ribbon Committee, he is convinced that some form of separation is the most helpful way to improve teaching and research in economics and to allow the greatest number of faculty to prosper in their work. There are various ways

that two different units could be constructed. One possibility is the Blue Ribbon Committee's model. Another is to leave the current department as it is and begin a new department of applied economics. A third possibility is to have a faculty of economics, consisting of two departments with different names, and a goal of eventual reunion after a certain number of years. He is willing to look at a variety of points of compromise. To remain together at this time, however, will make it very difficult to recruit economists to the University. There is much hurt and bitterness on both sides. At least for a time, he believes separation is the preferred solution.

(b) Remarks of Prof. John Affleck-Graves, Chair of the Blue Ribbon Committee.

Prof. Affleck-Graves first acknowledged his colleagues on the Blue Ribbon Committee: Prof. Maureen Hallinan (Sociology), Prof. Julia Knight (Mathematics), Prof. Scott Maxwell (Psychology), and Fr. Richard McBrien (Theology). He thanked them for the many hours they spent working through written materials, meeting with members of both the department and the administration, and drafting their report.

Prof. Affleck-Graves said that he wished to assure Council members that Committee members undertook their task with diligence and care and arrived at their recommendations only after very careful and complete deliberation. Because the Committee's recommendation was to the Provost, who then brought the proposal to the Academic Council, Committee members are not present at today's meeting to defend their report. Members of the Committee are present simply to confirm that their recommendations were arrived at independently, without prejudice of any kind from the Provost, and to provide clarifying comments if required.

Prof. Affleck-Graves said that the recommendations of the committee are far-reaching – calling for renaming the existing department and establishing a new department that will concentrate on mainstream or neoclassical economics. To understand why such drastic action is necessary, it is important that Academic Council members have information that enables them to answer three critical questions:

(1) Why does Notre Dame need a mainstream economics department?

(2)

1

2

How does the existing department measure against current mainstream standards?

3

1

~~What is the structure of the department? Why separation rather than other alternatives?~~

Prof. Affleck-Graves said that separation is difficult but sometimes necessary.

On occasion, parties need space so that they can consolidate their strengths and develop independently. The Blue Ribbon Committee believes that this is a case where separation offers the best alternative. It allows each group to build on their strengths; yet, if circumstances change, there is nothing to preclude the joining of the two departments at some future date. On the other hand, history shows that to continue as a single department is to turn the University's back on the mainstream of the economics profession for at least another decade. This would be to the detriment of the University's undergraduate and graduate students, and it would once more exclude a Notre Dame voice and presence in critical debates on such important issues as wages, income distribution, and Third World development.

(c) Remarks of Prof. Jennifer Warlick, Department of Economics. Prof. Warlick thanked the Provost for giving her the opportunity to speak at today's Academic Council meeting. She said that she hoped all Academic Council members have read her remarks to the College Council in the minutes included with their meeting materials. Today, she would briefly review some of those points, comment on the National Research Council (NRC) rankings, and address the future.

Prof. Warlick listed her six main points:

- 1 The majority of the members of the Department of
Economics oppose the Blue Ribbon Committee's recommendation;
- 2 The department is not hopelessly deadlocked over the issue
of moving the department toward a more mainstream neoclassical
department of economics;
- 3 Toward that end, department
members have accepted changes in both its
graduate and undergraduate curriculum;
- 4 The Blue Ribbon Committee's recommendation violates the
spirit of academic freedom;
- 5 Although the department is committed to improving its
position in the NRC rankings, it nevertheless finds fault with it; and
- 6 Department members agree that they cannot accept the
status quo.

As to the first point, Prof. Warlick said, the majority of the members of the Department of Economics opposes the recommendation of the Blue Ribbon Committee for separation. Fifteen of twenty tenured members of the current department and three recently retired faculty signed a letter opposing the recommendation because they believe it is the wrong solution. This group consists in nearly equal numbers of those who consider themselves neoclassical economists and those who consider themselves advocates of heterodox approaches. Members of both groups utilize quantitative

techniques, including mathematical models and number crunching. Those who oppose the renaming of the department do not fit neatly into the Blue Ribbon Committee's sharp dichotomy of the "quantitative" neoclassical versus the heterodox group.

Prof. Warlick said it follows then that the current department is *not* hopelessly deadlocked over the issue of moving the department toward a more mainstream, neoclassical Department of Economics. Through majority support of neoclassical candidates for positions at every rank over the past five years, members of the department have demonstrated that they recognize the need to hire to improve the department's research profile and visibility in the discipline. Thus, the department has tried to use its hiring opportunities to, in the words of the 1997 external review – ". . . move closer to the mainstream of domestic and international policy debates, without abandoning its two traditional strengths: a critical approach to standard economic theory and methods, and an emphasis on issues of social justice." Prof. Warlick said that the disagreements in appointments, in particular, over the past year and a half between the administration and the department have not really been based on the perceived ideological division among the department faculty. Rather, they reflect disagreements in evaluating the candidates and resistance to top-down management that undermines self-governance.

In connection with her third point – department members have accepted changes in both the graduate and undergraduate curriculum – Prof. Warlick said it is helpful to remember that when the department faced its first ultimatum last January threatening the termination of the graduate program, its members voted to modify the graduate curriculum so that it reflects the curriculum offered by traditionally mainstream departments. In fact, the first year of Notre Dame's approved curriculum cannot be distinguished from those conventional curriculums. The sticking point between the administration and the majority of the department was whether two courses presenting alternative approaches should be requirements or electives. The faculty envision a department that equips its graduate students with a solid foundation in neoclassical, mainstream economics but also provides them with good working examples of other heterodox approaches to stimulate a healthy intellectual debate.

As for the undergraduate curriculum, Prof. Warlick said that the core courses the department requires for the undergraduate major – intermediate macro, micro, and statistics – are identical to the economics requirements imposed on all the students in the Mendoza College of Business. And, in the department's version of these courses, economics faculty frequently use the same texts that are used by their colleagues in the College of Business. In this same vein, the fact is that the courses Economics has added to its undergraduate program over the last several years have been mainline – Game Theory, Environmental Economics, International Money, and Applied Econometrics. Two schools in Notre Dame's peer group, Cornell and Boston College,

offer programs that are identical to Notre Dame's in terms of core requirements and an eight-course major.

Prof. Warlick continued with her fourth point. As she argued at the College Council, the Blue Ribbon Committee's recommendation violates the spirit of academic freedom. The administration has responded that academic freedom is not violated by the proposal because all economics faculty have been reassured that their jobs are not in jeopardy. This response, she said, seems to confuse job security, or tenure, with academic freedom. Tenure is a necessary but not sufficient prerequisite for academic freedom. It states unequivocally that faculty cannot be dismissed for exercising academic freedom. Academic freedom, in contrast, is the right to pursue ideas that are not solidly in the safe confines of prevailing wisdom, to voice opinions publicly, and to advocate an understanding of truth to one's students. Although respecting faculty members' tenure, the administration attempts to restrain their academic freedom by separating into an unrecognizable department those who have failed to live up to majority standards of the discipline. But sole adherence to the "standards of the majority" prejudices any challenge to orthodoxy and thereby limits academic freedom.

Prof. Warlick said that her fifth point in opposition to the Committee's recommendation is that the bottom-line rationale for the recommended department restructuring is the perceived low ranking of the Economics Department, in particular, the NRC's ranking. She said that although the Economics faculty is committed to improving its position in the NRC ranking, they nevertheless find fault with it. She then distributed an evaluation of the NRC rankings prepared by Prof. Jaime Ros of the department. Prof. Ros suggests, she said, that the NRC rankings, much like the University's TCE forms, provide more information, much of it favorable, than the single percentile ranking. The statistic that the administration quotes refers to an average of ratings regarding the "scholarly quality of the program's faculty." As Council members have been told, in 1993, this ranking was at the top of the fourth quartile (76 percentile). What was not said, however, is that the NRC also provides ratings on "program effectiveness in educating scholars and scientists." According to this measure, Notre Dame's economics program was in the third quartile. An average of these two ratings puts the program in the third quartile in 1993. And, when compared to departments of similar size (30 faculty or less), the ranking of the department moves towards the top of the third quartile.

Prof. Warlick continued that comparing the Economics Department's performance on additional indicators to the performance of Notre Dame's other social science departments, Prof. Ros finds that although Economics ranks last according to scholarly quality of the program's faculty, it ranked first according to the percentage of raters who considered the program "distinguished" and second (after Psychology) when raters were asked to consider the attributes of "distinguished" or "strong." In publications per faculty, as well as in the percentage of program faculty publishing,

Notre Dame's department lagged behind Psychology and Sociology but was ahead of Political Science. In addition to this unraveling of the NRC rankings, Prof. Warlick said, in the materials she distributed, Prof. Ros provides new information on the department's rank in surveys other than the NRC rankings. He concludes that this new information indicates clearly that the widespread assessment of the department as belonging to the fourth quartile of United States economics departments gives a very distorted picture of its current standing within the economics profession.

Prof. Warlick concluded her remarks by addressing her sixth point: Members of the department agree that they cannot accept the status quo. She said that the faculty is unified in wanting to end the rancor and discord of the last year-and-a-half and to prevent the current public debate from poisoning the entire community, especially the undergraduate student body. Faculty members are aware that only meaningful dialogue over concrete measures can take the department forward and that many members of the Notre Dame community would like to see the department solve its own problems. Department members are meeting almost daily toward that end. Thus, she said, over the past two weeks there has been progress toward finding a solution. Signers of the letter of opposition have met with a representative of that segment of the department that supports the Blue Ribbon Committee's recommendation and with administrators to discuss a process that they hope will lead to a resolution. Because some of the problems that must be solved have been in the making for many years, the Economics faculty do not expect a quick fix. Rather, they anticipate and are prepared for a strenuous process that will require compromise on all sides. Thus, they ask for the patience and support of Academic Council members and to allow the Economics faculty sufficient time to see this process through to a successful conclusion.

(d) Discussion. Prof. Welle said that while he hears much criticism of the Economics Department for not being sufficiently mainstream and not contributing to the prestige of the institution, he does not feel that he has a full picture of what the department *has* been doing. He would like to have a more complete outline of the contributions of the department over a period of time. His brother – who has a Ph.D. in economics from the University of Wisconsin, works in environmental economics and has a focus on Catholic social teachings – said that his own perception of Notre Dame's economics department is a positive one, particularly for the kind of work its members do on labor and social justice issues. As for his own perceptions, Prof. Welle said, as a resident of South Bend for the past twenty years, he is very much aware of the presence of members of the department in the community.

Prof. Hatch responded that the trajectory of the Economics Department – and it is a very valid one – has been using Catholic social teaching to take on issues of poverty, development, and economic justice in general. Those efforts have been very admirable. At the same time, a number of other departments at Notre Dame have similar focal points with the simultaneous goal of becoming respected in a field. The

disappointment with Economics is that the department has not made the same progress in becoming academically respectable in training undergraduate and graduate students in ways that a first-rate university should do. In some ways, members of the department have been caught in a certain cul-de-sac. The question is: How can the department, given the interests and concerns of many of its members, be transformed into a department that is academically first-rate? The contributions of the department to students have been tremendous, although there are issues about the decline in the number of majors. Also, he has heard from several students who have continued in public policy programs or in doctoral programs that do not feel that they were prepared adequately. While those stories are anecdotal, there certainly are challenges that need to be addressed.

Prof. Dutt, a member of the Economics Department, agreed with Prof. Hatch that the Economics Department has, for a long time, stressed social justice themes in economics, such as poverty, development in poor countries, and labor problems. The problem at one point was that the department was not trying to link up with the mainstream of the profession – with, for instance, economists publishing in major journals.

Over the last ten years or so, Prof. Dutt said, the situation has changed significantly. While maintaining its focus on social justice themes, the department has tried to get much closer to the mainstream. It has done so by changing its undergraduate and graduate courses and curricula, and by emphasizing the importance of mathematical techniques. Most of the hiring has also been done with the aim of having a department that participates more fully with the profession through appropriate publications. The department has accomplished these things while maintaining its distinctiveness by continuing to stress social justice issues.

Prof. Dutt said that the recent crisis in the department is of a different nature. It arises from internal problems in the department related to faculty governance. It does not have much to do with becoming more mainstream. Most people in the department realize the need for connecting with the mainstream of the profession, and the department has been trying to do precisely that over the last ten years or so.

Prof. Ghilarducci, a member of the Economics Department and of the Academic Council's Executive Committee, spoke next. She said that in response to Prof. Welle's question, she would highlight the contributions of some of the members of the economics faculty – specifically, those of Profs. Ros, Dutt, Warlick, and Mirowski. Prof. Ros is a leader in the field of Latin American developing economies and macroeconomic stabilization. No doubt, his work is well known to Prof. Welle's brother. Prof. Dutt is one of the leading post-Keynesian macroeconomists. He engages the mainstream by taking on their assumptions that equilibrium is easily attainable and full employment is a normal state of the economy. Prof. Warlick, whose major research interests include the field of education and poverty, has won a major teaching award in

the College, the O'Malley Award. Prof. Mirowski, the department's endowed chair, is known the world over. Prof. Ghilarducci said that his book, *More Heat than Light*, is a standard history of the discipline of economics.

Prof. Marsh, a member of the Economics Department, said that the problem with the department goes back to 1947, when the foundation of modern economics was established. At that time, most of the economics departments in universities across the country began to make a transition towards economics as an objective science. Even the department at Notre Dame – with Dennis Dugan, a labor economist, as chair – was moving in that direction. In 1975, however, a new department chair, who did not believe in economics as an objective science, took the department in another direction – to a focus on how best to distribute the economic pie. The basic problem is that ever since that time the department has become, essentially, a big freshman seminar, debating and discussing, taking sides and publishing edited works on this debate. Meanwhile, the rest of the profession has been moving on with economics as an objective science and developing the technical skills and technical abilities that accompany that focus.

Prof. Marsh said that if Notre Dame's department did the same, it would develop commonalities with other departments of science, such as political science, psychology, biology, sociology, business, and engineering, for example. The root of this kind of cooperation, however, is accepting the idea of economics as an objective science. The resistance of most members of the department to that philosophy was illustrated last spring, when a candidate from Johns Hopkins University came to Notre Dame. Her work deals with "irrational" economic behavior, such as pursuing fairness instead of money, and he would have thought that her challenge to economics would have delighted the majority of the department's members. That turned out not to be the case. The candidate was rejected, in his view, because she approached economics as an objective science and was actually calculating the degrees to which fairness mattered, rather than starting with her conclusion and working backwards.

Prof. Marsh said that if department members did accept the ideas of economics as an objective science, economics would have a very bright future at Notre Dame. The department is faced with a great opportunity, which he would hate to see it lose. Thus, he is in favor of the split.

Prof. Jensen, chair of the Economics Department, said he had several points to make about the proposal. First, with respect to the graduate program, while he is not a skeptic, the proposal put forward by the faculty does not make the graduate program essentially equivalent to that of any other major university in the country. In support of this, he would point to the evaluation of the department by its external advisory board, composed of four Notre Dame graduates, in their report on proposed changes in the graduate program. They did not view a program with only two full courses and a three-

week summer session as being equivalent to a program with three full-semester courses – in statistics and econometrics.

Prof. Jensen said that, he, too, agrees that one should not depend on any one ranking of the department. In his study of departmental rankings, however, which goes back to 1982, he cannot find a single ranking that ever places the department in the top 60 departments in the country.

Prof. Jensen continued that he agrees that the dissension of last year had to do with the evaluation of candidates, especially those brought to campus. Economists tend to work on two types of problems – what outcomes do markets provide and, if those are not the desired outcomes, how can policies be designed to achieve the outcomes we *do* want? While a Catholic university has a responsibility to work on the second type of problem, Notre Dame can have an economics department that is excellent and distinctive in that it addresses such questions.

Certainly, Prof. Jensen said, the current faculty have made many contributions to the local community. While that is wonderful, the department can make contributions at the national level, or even the global level, as well. But to do that, the department must hire economists whose research has an impact on thought in the profession. There is general agreement throughout the discipline today that to have the greatest impact, academics must publish in the leading journals. This point was made by the external review in 1997, the external review in 1988, and the external review in 1975. Yet, last year the differences in evaluating candidates arose because statements surfaced that grant reports for such entities as the Departments of Human Services and Labor are at least as important as publications in the premier journals of the profession. These standards are not equivalent to the standards used by most mainstream economists. Other statements were made that faculty did not want to hire a person who is too narrow, too focused on publications in the premier journals. These statements indicate quite clearly that the majority of the faculty are not interested in hiring the best mainstream economists available.

Prof. Jensen concluded his remarks by saying that in addition to these problems, all three of the chair candidates who came to Notre Dame last year have now announced that they will not come to Notre Dame without a departmental split. This is not simply a matter of trying to throw their weight around. Everyone knows that there is a major conflict in the department. The troubles in Notre Dame's Economics Department have been on the front page of the *Chronicle of Higher Education*. No candidate wants to walk into an environment where it is quite clear that he or she will not want to stay.

Prof. Hallinan said that she spoke today less as a member of the Blue Ribbon Committee than as a sociologist concerned about the status of Notre Dame's social

sciences, both within and outside the University. First, she said, it is important to stress that the heart of the issue being discussed is not heterodox versus orthodox economics, nor is it theoretical versus empirical research, nor is it quantitative versus qualitative analysis. The heart of the issue is whether faculty are doing strong, theoretically grounded, and analytically sophisticated research that engages the academic community and beyond. Notre Dame needs an economics department whose members publish in the top journals and who can participate in the intellectual debates and controversies that characterize the field today. To this end, it needs to be able to attract strong faculty and talented graduate students and to provide a respectable program for undergraduates. The strength and reputation of a department depend on the quality of the faculty's scholarship, not on their methodology or the particular topics they research.

Prof. Hallinan continued that some members of the present department feel that creating a strong mainstream department would betray the original orientation and history of the department with its emphasis on social justice and equity issues. This is far from the case. Richard Jensen, chair of the Economics Department, showed the College Council several issues of the discipline's flagship journal, *The American Economics Review*. Each issue contained articles that researched just these issues. So to move the debate forward, it is necessary that all involved set aside inaccurate portrayals of the issue and focus directly on the question of how to create a strong and influential economics department at Notre Dame. The Blue Ribbon Committee's report is an effort to do this.

Prof. Blanchette said that she has some serious concerns about the proposal. The idea of splitting the department, then renaming the current department the Department of Economic Thought and Policy, seems to be a recipe for marginalizing those who would be assigned to it. The renamed department will no longer have a graduate program; nor will it have anyone doing neoclassical work. That would make it difficult to recruit any new faculty – all leading to the strong possibility that the Department of Economic Thought and Policy will wither and die, or at least become extremely marginalized in the University and the community. Given that the members of the department represent much of what has been very important to Notre Dame in emphasis and engagement with the economic issues of the day, that seems to be exactly the wrong thing for the University to do.

Prof. Blanchette continued that there seems to be agreement on what needs to be done – in large part, to find a way to hire the right people into the department to get it headed in a direction that is more conducive to good education on both the graduate and undergraduate levels. Rather than splitting the department and watching half of it die, she would suggest some less drastic options – for example, mediation – to help the members of the department work out whatever differences are stopping the department as a whole from taking the actions that would move it up in the rankings.

In conclusion, Prof. Blanchette said, her main concern is that three-fourths of the tenured faculty in the department oppose the Blue Ribbon Committee's recommendation. That is an extremely important piece of data to keep in mind. Unless there are compelling reasons for breaking up a department and every other option has been tried, when a department does not want to be divided, the University should not mandate it.

Prof. Knight, a member of the Blue Ribbon Committee, said that two points mentioned today deserve particular comment – the fact that the majority of the current Economics Department is against the split and the issue of academic freedom. As to the first, as Prof. Warlick has said, three-fourths of department members oppose the split. Yet, the handful who are in favor have been mystified by past decisions of the department, in particular, the lack of response to outside reviews. (For this, Prof. Knight said, members should review the comments of Prof. Lee at the College Council meeting.) Recently, however, since Prof. Jensen became chair, there has been greater pressure for change. In particular, there is fresh pressure to publish in peer-reviewed disciplinary journals, as opposed to books for a broader audience. This has caused resentment among the majority.

As to the second point, Prof. Knight said, it is her belief that the proposed split offers the best chance at academic freedom for both groups. The majority should be free to publish in the way they feel is appropriate for their work. The handful who want the split should also be free. They are people with a great deal of scholarly talent and energy, they interact confidently with economists at other institutions, and they deserve a chance to show what they can do at Notre Dame.

Prof. D'Angelo said that more creative ways to improve the department should be explored before a split is approved. So far, the only advice she has heard is to hire more people. While that hiring appears to be critical, she wonders if other kinds of allocation of resources might not be more helpful or as helpful to achieve the desired goal. For instance, if there is a concern about adequate publications, perhaps more resources could be made available to the existing faculty so that publication goals can be met.

Prof. Noble said that he believes the discussion has become skewed. Academic freedom is not the issue at hand; rather, it is whether the standards of the profession are being upheld. A conversation as to whether the department falls within the bottom of the third quartile or the top of the fourth quartile is not to the point. That is essentially asking the question – how mediocre is mediocre?

Mr. Ryan, the academic commissioner for student government and also a senior economics major, spoke of his concerns about the proposal. In 1997, the external review noted that the Economics Department did not prepare its students adequately for graduate school. Six years later, he said, he is reasonably confident that this belief

still exists among some of the economics majors. Therefore, the department should be changed to rectify this situation, and in doing so, would no doubt see its position in the rankings rise.

However, Mr. Ryan continued, it is both his belief and the belief of student government that splitting the department into two separate entities is not in the best interest of students. The Blue Ribbon Committee has proposed a one year's suspension of graduate courses. This would lower significantly the number of teaching assistants made available for undergraduate courses. Second, the creation of a Department of Economic Social Thought and Policy would force the creation of a new major designed to address the same issues already covered in several Arts and Letters concentrations. The Catholic Social Tradition, the Hesburgh Program of Public Service, the Peace Studies program, and the PPE concentration are all designed around the academic pursuit of social justice issues. Creating a new department of Economic Social Thought and Policy would only add to an already large number of social justice offerings. Thus, it is the belief of student government that students would be best served if economics were a single department with, possibly, two very distinguished divisions. This would give students the necessary training and the possibility of taking courses in alternative approaches. Further, this is not a unique arrangement in the College of Arts and Letters. The language departments all have divisions, as does the classics department. The Economics Department could be structured in this manner as well.

Prof. Hosle said that there are two main conceptions of institutions. The central issue in this discussion is the difference between a more collectivist and a more individualist conception of a department. He sees two principles – the idea that the majority rules and the idea that minorities have the right to do what they prefer. There are strong arguments for the individualist conception. After all, the United States owes its existence to secession. On the other hand, the costs of secession should be high, so that it is not too easily accomplished – for example, the name of the Economics Department should stay with the old institution. This would be a compromise acceptable to many.

Prof. Hosle continued that while he does not have any specific competence in the field, he believes that traditional issues of social justice are addressed by mainstream economists; after all, Amartya Sen received the Nobel Prize for economics. On the other hand, it is true that certain important ideas are neglected by mainstream economists. When Professor Reinhard Selten, a German who won the Nobel Prize in economics in 1994, was asked what he regarded as his main contribution, he answered: Not the game theoretical models for which I was laureated, but the empirical proof that the individual preference order is not transitive for many people.

For these reasons, Prof. Hosle concluded, he would prefer to have both orthodox and non-orthodox economists have a chance to thrive. What we can learn from both is the necessity of competition. From a related science – biology – we have learned, however, that the development of species presupposes isolation as well. And, in this sense, we should foster both sides of the economics profession, allowing them to isolate themselves from each other and then to compete. There may even be the possibility that later, joining forces, they might help each other to have excellent programs in both orthodox and heterodox economics.

Prof. Tidmarsh expressed many reservations about the proposal of the Blue Ribbon Committee, as well as a feeling of profound sadness that the issue had come to its present form. He questioned whether the proposal and its treatment of the individuals involved accorded with Notre Dame's aspirations to be a Catholic university. In addition, he questioned the legality of the proposal, particularly whether the University had met its implied obligation of good faith and fair dealing toward those who had been granted tenure in the present Economics Department. As a lawyer and academic, Prof. Tidmarsh said, he had never before been asked to vote to approve a proposal that raised such evident questions of possible illegality. He would not do so unless the General Counsel's Office could assure him that the proposal was not illegal.

Prof. Hatch said that legal counsel has examined the issue from a contracts standpoint, at least in a preliminary way. The administration has spoken with University counsel as well about language to assure tenure for those faculty members who would be affected by the split. There has been some fear that creating two departments would be the penultimate step in severing some faculty from the University. It was never the administration's intent to discharge any of the Economics faculty members.

Prof. Roche said that although he was originally opposed to dividing the department, he has become convinced that it is the right step. He is increasingly aware, however, of the value of various compromises that will allow all involved to think about the two departments as part of a larger division of economics. The division could include a committee structure that would ensure continuing curricular collaboration. Hiring and faculty evaluation would be fully separate. Duke University uses this model in the discipline of psychology, for which it has two separate psychology departments.

To address Prof. Blanchette's concerns about the graduate program, Prof. Roche continued, he wants to emphasize that Notre Dame does want to retain its niche in alternative methodology. Still, the graduate program must have a mainstream core so that graduates know the language of the discipline and are competitive. Establishing a Division of Economics would allow both competition and cooperation. The two departments would not necessarily be opposed to one another. Rather, structuring the Economics faculty in this way would be a means of teaching Notre Dame students the

core and ensuring that they have the opportunities to encounter alternative perspectives.

Prof. Roche then addressed Prof. D'Angelo's concerns about other avenues of support for Economics faculty who are interested in increasing their number of publications. There is an endowment administered by the Institute for Scholarship in the Liberal Arts (ISLA), the Seng Endowment, for exploring economic-based issues that resonate well with the Catholic social tradition, with annual competition for funding special projects. Faculty members from both groups would be eligible for those funds. In addition, ISLA has relatively new awards called "Career Enhancement Grants for Tenured Faculty" that were specifically designed to help faculty members who have fallen behind in their research for one reason or another. It would, for example, fund workshops to receive extra training so that they can catch up with advances in the discipline. While few faculty members have applied for those funds, the grant was designed specifically with this kind of idea in mind. Thus, there are resources to support faculty seeking to increase their publications.

Finally, Prof. Roche addressed the issue of "counting" economics majors. He said that there are at least three different ways to count majors – and department chairs always endeavor to make the strongest possible case. Each department tracks rates on its own. There is no way to assess the accuracy of these numbers, especially comparatively, since the ways of counting differ from one department to the next. Thus, he heard from Political Science last week that it has nearly 700 majors; yet, when he checked the *Fact Book*, the number was much smaller.

Dean Roche said that one can determine the number of majors by using two methods recognized by Institutional Research, counting the total number of declared majors in the Fall semester or counting graduating seniors. He noted that the sentence at the top of page 8 in his hand-out (i.e. "The number of majors has dipped from 180 in 1990 to 46 in 2002.") should be revised to read: "The number of majors has dipped from 180 in 1990 to 86 in 2000, and the number of graduating majors has dropped from 117 in 1989 to 46 in 2002." The *Fact Book* lists figures only through the year 2000. Dean Roche said he initially thought that the figure of 46 in 2002, which Professor Affleck-Graves reported at the January College Council meeting, represented the latest information from Institutional Research, which reports to Professor Affleck-Graves. In fact, it represented a different way of counting majors – by year of graduation. The correction does not affect the downward trend, which is recognizable in both tables.

Fr. McBrien, a member of the Blue Ribbon Committee, said that he was troubled by one aspect of the discussion today. He is surprised that people who are scholars would reach conclusions and develop hypotheses without having read the material that the members of the Blue Ribbon Committee read. It is a bit insulting to assume that Committee members never thought of some of the proposals that have surfaced today.

They have. They have spoken to everyone, read all the documents, and studied all the reports.

Furthermore, Fr. McBrien said, if some want to begin putting spins on national standards and say that they do not quite mean what they purport to mean, then there is much that will need to be reconfigured. Harvard, MIT, Yale, Stanford, and Chicago are not in the bottom quartile of the NRC rankings. Harvard is rated first because Harvard is first-rate. If an institution is in the bottom quartile, it means something. It has nothing to do with heterodox and classical personalities. It has to do with academic quality. The Economics Department is dragging down the quality of the college and the quality of the University. It has nothing to do with politics.

Fr. McBrien continued that at the College Council meeting of January 29, 2003, the members of the Blue Ribbon Committee were accused by one faculty member of being in alliance with the administration in a pre-cooked plan to divide the department. That accusation, he said, is absolute nonsense. First, as a former chair of the Faculty Senate, he does not think that many present in the room today would consider him in alliance with the administration. Second, he wants to emphasize that he made a strong argument in Committee meetings that tenure should not in any way be jeopardized by the proposed division of the department. Tenure is not an issue. The ability to teach is not an issue. The ability to conduct research in fields of faculty members' choosing is not an issue. The ability to publish or to make known one's views in the media is not an issue. The notion that the Committee is in alliance with the administration to crush heterodox thought is a red herring. It is professional standards that are at issue.

Fr. McBrien said that there is no one more committed to promoting Catholic social teaching than he. He must admit, however, that one of the most powerful moments in last month's College Council meeting was when Prof. Jensen named title after title from the leading economics journals in the country dealing with topics that would be of interest to anyone in a Catholic university who is concerned about Catholic social issues. It is, again, a red herring to say that to be on one side is to be committed to Catholic social teaching and on the other is to be indifferent. Catholic social teaching is at the heart of Notre Dame's reality as a Catholic university. The issue is quality, and the rankings are objective.

In conclusion, Fr. McBrien said, the Committee has read all the comments. Its members have interviewed all the people with a direct interest in the matter. The Committee members have thought of all the options that have been mentioned here – every one of them. But, how does one explain the fact that the majority of tenured faculty – seven – have not published anything in the last ten years? Their failure to publish is an objective fact. In a university that is not dedicated so greatly to family as is Notre Dame, the department would be shut down summarily and tenure would be out the window. The solution devised by the Committee is an attempt to save people's jobs and their academic freedom – all the while trying to do something on behalf of the

academic reputation of the college and the University. While Academic Council members may disagree with the recommendations that the Committee has made, he said, please do not insult its members by suggesting either that they are tools of the administration or that they have not thought of alternative solutions. He studied all the evidence, he signed the report, and he stands behind it.

Fr. Jenkins commented that the interests of the students should be paramount in the discussion. While, obviously, Academic Council members must be concerned with the standards of the college and the University, he would underline the words of Prof. Affleck-Graves that Notre Dame students are very capable students, and the University needs to give them the skills and the depth of knowledge necessary to compete in the best graduate programs and in their chosen professions. He has heard doubts as to whether or not the Economics Department has done that. Personally, he is aware of a student who felt he needed to withdraw from a graduate program in economics at an Ivy League university because he was unprepared. That is a concern to him.

Prof. Hatch said that he commends the entire department for leaving students out of the current controversy.

Prof. D'Angelo said that an observation Fr. McBrien made has clarified an issue for her. The Department of Economic Thought and Policy would not be a theoretically consistent department, but a department consisting of five "heterodox" economists and ten "mainline" economists whose publications the administration regards as inadequate. Thus, these faculty are not grouped together because of what they teach or the perspective on the material their work takes, but because their work is deemed in some way unsatisfactory. She has questions about creating a department on those terms.

Prof. Krostenko said that, like many, when he first learned of the proposal to divide the Economics Department he was saddened and worried; however, the preponderance of the evidence, including the views of outside people, makes it appear that something radical needs to be done. On the other hand, Prof. Warlick has asked for the University community's patience and said that members of department are meeting daily to attempt to resolve their differences. Thus, before a vote, he would like to offer those in the department opposed to the split the opportunity to discuss what mechanisms they think will repair the breaches in the department. This discussion must happen very soon, for there has been much time and energy expended and the evidence is not encouraging. There does seem to be unprofessional behavior on the part of some – not attending seminars, insulting candidates, and so forth. Thus, Council members need to know what kind of practical measures will be taken very soon in order for a vote to be taken.

Prof. Hatch responded that he and members of the Economics Department are discussing the possibility of an extensive retreat where the full range of issues on this

topic can be discussed. He could bring back information from those discussions to the Executive Committee, which will also be examining various alternatives, to help shape the proposal to the Academic Council next month.

Fr. Malloy observed that many views were expressed at today's meeting. He said that the Executive Committee will consider members' comments as it formulates its proposal. In addition, he thanked the members of the Blue Ribbon Committee for their work.

3. Committee Reports.

(a) Graduate Studies Committee. Prof. Antsaklis reported that members continue to work on health insurance for graduate students – a topic on which the Academic Council approved a resolution last year. In addition, it continues to discuss the role of the subcommittee in relation to the University's Graduate Council.

(b) Undergraduate Studies Committee. Prof. Kolman reported that the committee expects to receive the final report of Fr. Jenkins' Curriculum Committee very soon. Undergraduate Studies Committee members will review the report, make their recommendations, and bring the topic of curriculum revisions to the full Council for a vote. The other topic under consideration is class scheduling, for which Prof. Preacher is chair.

Prof. Preacher reported that subcommittee members have met twice with the University's Registrar, Dr. Pace, and will have a proposal on the table soon.

(c) Faculty Affairs Committee. Prof. Ghilarducci reported that committee members have continued their work on an audit of faculty salaries. Their proposal will most likely advocate something between the status quo and full transparency in salaries. In addition, a proposal to establish certain national holidays – Labor Day, Martin Luther King Day, and Presidents' Day – as University holidays is in the final stages of committee approval. The Committee's third topic is faculty grievance procedures. She expects all three topics to be brought forward for a vote in April.

Fr. Malloy said that at the next meeting of the Academic Council, scheduled for March 20, the Executive Committee will come forward with its proposal on the Economics Department. Given the number of proposals from the various committees and subcommittees of the Council that still need to be considered by the full Council, the Executive Committee will most likely schedule another meeting in early April.

There being no further business, Fr. Malloy adjourned the meeting at 5:00 p.m.

Respectfully submitted,

Carol Ann Mooney
Secretary