

# BLOOD IS THICKER THAN WATER: ECONOMISTS AND THE TINBERGEN LEGACY<sup>1</sup>

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## 1. INTRODUCTION

European economists constitute a distinctive breed. At least so it seems when they are compared with American economists. They make the impression of being less academic than their American counterparts, more empirically and policy oriented, and less communicative and ambitious. Various studies have brought out the contrasts. A survey by Frey and Pommerehne (1984), for example, bears out the ideological differences with European economists much less convinced of the powers of market forces than the Americans. Not surprisingly, therefore, European economists play a much more significant role in public life than their American colleagues. Complaints about the crowding out of academic economists in the political arena - so common in the US (cf. Krugman 1994, Klammer and Meehan, 1994) - are rarely heard in Europe.

The Dutch economists appear to fit the European image. They have produced a remarkable number of prominent Dutch politicians and they take an active part in the numerous advisory councils that characterize Dutch politics. Yet nowhere in Europe do we observe the influence that one single economic research institute is having on policy, as that of the Central Planning Bureau (CPB) in the Netherlands. A brainchild of Jan Tinbergen, the first Nobel prize winner for economics, the CPB is the official oracle of the Dutch government; whatever economic policy topic emerges, will not pass without the stamp of approval of the CPB. Such a stature for a group of serious economists would be inconceivable in the US and is not matched by any other group in Europe. This institution makes the Netherlands a special case, even in the European context.

The following story focuses on the Dutch. It will highlight the imprint of Tinbergen but it will try to answer the question that haunts everyone who is interested in the European quality of European economics: is European economics in the process of being Americanized? In an earlier study Klammer predicted that the observed differences between American and European economists will persist for the reason that they are a consequence of deeply rhetorical differences which, in turn, reflect different ways of thinking (Klammer 1995). Frey and Eichenberger (1993) foresee the Americanization of European economics and are not enthused. Many signs affirm their perspective (and fear). In the Netherlands the Americanisation appears to have become the dominant trend in the world of economists since the early eighties. When a noticeable number of economists who had received parts of their education in the U.S. or the UK, returned to Holland, and graduate schools were set up modeled according to Anglo-Saxon-style. Around the same time rankings of economists and economic programs began to appear and the pressure on publication was on. The rhetoric seemed to be changing from "getting on and doing one's job" to "getting international publications and going to the US for conferences". International reputation is increasingly getting important for Dutch academic economists.

Does this international focusing of academic economics in the Netherlands pay off? Those who bear a warm heart towards the Dutch case will point out that the Dutch econometricians are of world class quality: the University of Amsterdam, the Free University and the Erasmus University are ranked 16, 28 and 44, respectively on a worldwide ranking of research activity in econometrics for the period 1980-1988 (see Hall, 1990). Admittedly, these numbers are not bad, but they are not very good either given the specialized econometrics programs at Dutch universities which allow students to concentrate on econometrics right after high school. Furthermore, the advanced econometric practice does

not appear to have spill-overs to economic theory. At the moment Dutch academia is, putting it bluntly, backward. As the recent research assessment report of the Barten committee (VSNU, 1995) points out there are only a few excellent research groups in the Netherlands, notably CentER (Van Damme and Tijs, game theory), the Free University (Nijkamp, regional economics), Erasmus University (Kloek, econometrics), and the University of Amsterdam (Boot, financial economics, and Van der Ploeg, macroeconomics). The majority of the programs are indistinctive, certainly if placed in an international context.<sup>2</sup> Most research was evaluated as "highly competent, admirably solid, but not truly venturesome." (1995, p. 10)

This measured backwardness intrigues. The obvious question to ask is what prevents the Dutch from reclaiming the international stature that they once had with economists like Jan Tinbergen, Henri Theil and Tjalling Koopmans? Is it a matter of time? At the end we will venture an answer, but, we hasten to add, the answer remains tentative. We are on more secure ground when it comes to characterizing Dutch economists vis-à-vis American economists. The reason is that our characterizations are drawn from a survey and discussions with a wide variety of economists.

The chronological order of the paper reflects our thoughts and prejudices during the process of collecting questionnaires and interviewing economists. First of all, we will start with the simple question which sparked off this research in the first place: Are the Dutch economists different from foreign economists, the American economists in particular? We were especially curious to find out whether the new graduate students were 'Americanized' in their American styled programs. If so, their responses to our questions should match the responses that American students gave in Colander and Klammer (1990). At any rate, our hypothesis was that a generation gap has come about in Dutch economics with the young Dutch economists much more mathematically-minded, less policy oriented, less quantitative, and more academically focused. If so, the Americanisation of Dutch economics would be a fact.

The first results of the survey were disappointing.<sup>3</sup> No clear patterns jumped out, nothing like the startling contrasts among schools that the American questionnaire had exposed. The tables presented a boring picture with a consistent grouping around the middle. What to make of this, we wondered? The numbers were not telling a story, at least not an interesting one.

The questionnaire provided us with an important clue, though, and this was the eminence of Jan Tinbergen in the world of Dutch economists. He is without question the economist that Dutch economists respect most. This clue became our lead in the subsequent series of discussions with Dutch economists. (Klammer and Colander used the same mixture of surveying and interviewing in their study.) The interviews confirmed the eminent stature of Tinbergen in Dutch economics but also showed that his impact is waning among the new generation. They compelled us to reinterpret

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2. A comparable statistic for the U.K. of the University Funding Council (Taylor and Izadi, 1996) shows that 10 out of 60 economics institutions were considered excellent. The Dutch figure is rather bleak: 4 out of 92 economics programs are considered excellent.

3. The survey was held in May 1995. A six-page questionnaire was sent to approximately 1,461 economists, consisting of 264 graduate students, 92 PhDs (new style), 105 professors in economics and 1,000 members of the Royal Dutch Economic Association. A reminder note was sent in July 1995. The overall response rate was 43 percent ( $n = 627$ ) and the response rate of the graduate students was 56 percent ( $n = 149$ ), which are both above average response rates for this type of questionnaire.

some of the findings of the survey. Questions emerged about the consistency between what Dutch economists preach and what they practice. Might it be that Dutch are less policy-oriented than they claim to be, and that their research is less relevant than they want it to be?

## 2. IS THE DUTCH ECONOMIST REALLY DIFFERENT?

Economists, be they European or American, are trained in macroeconomics and microeconomics with similar techniques and similar textbooks. One would not expect, therefore, that they come up with different answers to one and the same question. Still somewhere along the line, Europeans seem to differ from Americans in that they attach different weights to different tools, authorities and institutions. Table 1 gives us a nice impression of how different the Dutch economist is compared to economists elsewhere in the world.

The Dutch are, just like other Europeans, not outspoken. If the Dutch economist would utter his famous last words they would certainly be "Ja, maar..." (Yes, but...). Americans and Canadians are less distracted by the nuances of a complex world: they more readily occupy radical positions supporting floating exchange rates and blaming minimum wages and trade unions without buts and ifs.

How can one understand these differences? Are European economists trained differently, are they more impressed by the history and culture of their country than Americans or are the intrinsic incentives different across countries? For a long time, one could earn an agreeable living as an economics professor in Holland by acting or being the policy adviser. Full professors were not pushed to publish and some did not even experience the hardships of writing a dissertation. The academic professional, the dominant character inside American academia, hardly earns a living in Holland, for one thing because the Netherlands, despite the efforts of the Dutch to reclaim land from water, remains a small country.

The roles Dutch economists take on in discussing their work and convincing their audiences is at the focus of our attention. However, the starting point for our discussion is not Dutch but American. Dutch academia is starting to change to an American style of practicing economics and if one wants to understand the Dutch economists of the present day one should start taking a closer look at what is happening across the Atlantic.

**Table 1: Economic opinions across countries<sup>a</sup>**

	North America		Europe					
	U.S.	Canada	Nether-lands	U.K.	France	Swit-zerland	Germany	Austria
Sample ( <i>n</i> )	464	443	627	981	162	199	273	91
<b>1. A minimum wage increases unem- ployment among young and unskilled workers</b>								
agree	57	68	41	20	17	36	44	30
agree with provisions	22	17	34	49	21	25	25	34
disagree	21	15	22	21	60	30	30	35
no clear opinion	1	0	3	10	3	10	1	1
<b>2. Tariffs and import quotas reduce general economic welfare</b>								
agree	71	70	53	25	27	47	70	44
agree with provisions	21	26	36	49	44	40	24	42
disagree	7	4	7	13	27	10	6	13
no clear opinion	1	0	4	12	3	3	1	1
<b>3. Inflation is primarily a monetary phenomenon</b>								
agree	40	43	19	10	11	31	25	13
agree with provisions	30	32	32	32	19	35	31	28
disagree	29	24	39	41	68	33	43	56
no clear opinion	1	0	10	17	3	1	2	3
<b>4. Wage-price controls should be used to control inflation</b>								
agree	8	5	13	5	25	9	2	18
agree with provisions	18	21	40	28	29	30	5	30
disagree	74	73	38	42	43	61	92	52
no clear opinion	0	0	10	14	3	0	1	1
<b>5. The economic power of labour uni- ons should be significantly curtailed</b>								
agree	-	26	9	-	19	19	21	18
agree with provisions	-	33	32	-	22	28	35	29
disagree	-	38	56	-	54	51	44	53
no clear opinion	-	3	3	-	4	2	1	1
<b>6. Antitrust laws should be enforced vigorously to reduce monopoly power</b>								

agree	35	33	46	24	56	37	55	49
agree with provisions	30	38	43	40	37	45	34	36
disagree	29	27	29	15	6	19	10	11
no clear opinion	6	1	3	21	1	0	1	3
<b>7. "Consumer protection" laws generally reduce economic efficiency</b>								
agree	18	14	6	4	5	18	10	7
agree with provisions	24	31	22	14	17	26	24	22
disagree	56	52	67	50	77	56	65	70
no clear opinion	2	3	6	21	1	1	1	1
<b>8. Flexible and floating exchange rates offer an effective international monetary arrangement</b>								
agree	56	58	18	-	11	52	62	34
agree with provisions	34	36	40	-	38	39	30	49
disagree	8	6	30	-	44	8	5	17
no clear opinion	2	1	13	-	6	2	3	0
<b>9. Effluent taxes represent a better approach to pollution control than imposition of pollution ceilings</b>								
agree	56	49	40	19	27	21	34	21
agree with provisions	23	32	30	40	27	34	30	22
disagree	21	17	19	25	41	43	33	55
no clear opinion	1	2	11	16	5	2	3	2
<b>10. The government should restructure the welfare system along the lines of a 'negative income tax'</b>								
agree	44	52	19	23	18	19	21	22
agree with provisions	34	35	27	46	33	25	26	28
disagree	19	11	38	15	43	54	46	43
no clear opinion	3	2	16	16	6	3	7	8

(a) The figures for foreign countries are taken from U.S.: Alston et al. (1992), Canada: Block and Walker (1988); U.K.: Ricketts and Shoemith (1990, 1992); France, Switzerland, Germany and Austria: Frey et al. (1984).

## In touch with the real world

One of the striking findings in Klammer and Colander's book *The Making of An Economist* (1990) which triggered the

awareness of the economics profession that something was wrong with graduate education and the profession in general was the response of U.S. graduates to the question "Which characteristics will place graduate students on the fast track?" Puzzle solving and mathematical skills came on top and empirical skills and knowledge of the economy on the bottom (reproduced in Table 2).

This finding came as a shock to most economists and it provoked a discussion of what's wrong with American graduate training and more or less induced the American Economic Association to establish the Commission on Graduate Education in Economics (COGEE, see Hansen, 1991).

To see how different Dutch economists are from their American counterparts we posed this and many other questions in a survey that we sent between May and September 1995 to approximately 1,500 economists (264 graduates, 102 former graduates, 105 professors of economics and a random selection of 1,000 members of the Royal Dutch Economic Association). The overall response rate was 42%, which is a satisfactory statistic for this type and length of questionnaire. We found that the answers of the Dutch graduates differ substantially from the American survey. Although the majority of the Dutch graduates (so-called 'AIOs') agree that puzzle-solving skills are very important (56 percent versus 65 percent of the Americans), empirical research ranks much higher in their assessment. Like in the American survey "thorough knowledge of the economy" is ranked lowest but contrary to the Americans the Dutch give no reason for journalists to rush to the presses with the message that Dutch economists do not care for economic reality; whereas 68 percent of the Americans considered this knowledge unimportant for success in the economics profession, only 16 percent of the Dutch graduates think so. The great majority of the Dutch considers knowledge of the economy at least somewhat important to make it as an economist. Their answers confirm the Dutch preference for empirical research.

This is not to say that the American students in the Klammer-Colander study disparaged empirical research altogether as the journalist accounts suggested. Especially in conversation the American students revealed their frustrations with the situation. They perceived the low value attached to 'thorough knowledge of the economy' but most of them cared about such knowledge themselves. The few Chicago students who proudly announced that they did not care about reality, were the exceptions. Overall the American graduates turned out to be frustrated with the emphasis on techniques and mathematics in the profession and would like to see it differently. Chicago students made jokes about professors with mainly technical and mathematical interests (1990, p. 148); MIT students complained about the technical nature of the papers that got presented in seminars (p. 82). What emerged from these conversations was appreciation for professors who apply their economics to the real world and policy issues. Accordingly, what they valued in economics conflicted with what they perceived to be the ruling values.

**Table 2: Perceptions of success**

	Dutch graduates	Dutch PhDs 'new style'	U.S. graduates
<b>Being smart and good at mathematical problem solving</b>			
very important	56	66	65
moderately important	34	30	32
unimportant	8	4	3
don't know	2	0	1
<b>Interested in, and good at, empirical research</b>			
very important	52	36	16
moderately important	38	58	60
unimportant	7	6	23
don't know	3	0	1
<b>Being very knowledgeable about one particular field</b>			
very important	33	48	37
moderately important	53	38	42
unimportant	12	14	19
don't know	3	0	2
<b>Ability to make connections with prominent professors, networking</b>			
very important	40	56	26
moderately important	44	36	50
unimportant	10	6	16
don't know	6	2	9
<b>Having a broad knowledge of the economics literature</b>			
very important	48	8	10
moderately important	35	56	41
unimportant	14	36	43
don't know	3	0	5
<b>Having a thorough knowledge of the economy</b>			
very important	38	12	3
moderately important	40	46	22
unimportant	16	40	68
don't know	7	2	7

The main difference between them and the Dutch students is then that the latter do not sense a conflict. Surely, we got

complaints about the mathematical direction that the discipline is taking but nobody in particular seems as frustrated as the Americans are. The technical nature of the discipline does not overwhelm the Dutch graduates. They share the American appreciation for clever, applied work that gives insight in the real world and we find similar heroes in people like Paul Krugman<sup>4</sup>. If the Dutch were to experience a conflict between what they value in economics and what they perceive to be the reigning values, the conflict is minor.

### On diversity

The Dutch economists, the graduates included, are much less diverse than their American counterparts. They do not go in schools as the Americans do. The existence of distinct schools was one of the major findings of the Klammer-Colander study. Chicago economists are different from MIT economists, and MIT economists are different from Harvard economists (even though they operate at one mile's distance from each other). The differences showed in the responses of their students to questions about economics and to economic propositions. When zero percent of the MIT students disagree with the proposition that fiscal policy can be an effective stabilizer versus 44 percent of the Chicago students, there is a difference. And what to say of a zero versus a 41 percent contrast in their agreement with the constant money growth rule? (You may guess which school produced the zero). Harvard students proved to be much more skeptical of the justice of the market mechanism than any other group of students.

The survey among the Dutch economists produced no such diversity. The sample manifests a significant dose of skepticism towards the ruling paradigms in economics but we were unable to detect distinctive schools of thought, that is, economists who go in groups and are eager to distinguish themselves from other groups. In Chicago students will sneer at ideas of MIT economists, such as the efficiency wage hypothesis and Harvard students will snigger when names of outspoken Chicago economists come up. Lively and intense gossip serves to maintain the sense of distinction and of being part of a school. At Chicago students get to hear from Lucas that they do economics differently, seriously that is, with the implication that elsewhere economics is done too much to please policy makers. Dutch economists do not take such outspoken positions and if they do, they do so as individuals.

The absence of schools of thought in Dutch economics agrees with the pragmatic and anti-ideological approach of Tinbergen. It shows in the resistance of Dutch economists against any labeling. They prefer to be considered eclectic and they see themselves as neutral experts. It is tempting to attribute this aversion to labels and schools to the Dutch partiality towards consensus. A counterinstance would be the existence of schools in sociology, with a dedicated group of followers of Norbert Elias as an especially distinctive school of thought. Puzzling might also be the separation of econometricians in a distinctive group although they distinguish themselves in their scientific interests, not in their economic and ideological opinions. At any rate, these two anomalies do not justify the rejection of the thesis that a pragmatic and anti-ideological stance deters the formation of schools in Dutch economics.

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3. At the time of the American survey the star of Paul Krugman still has to rise but Larry Summers, the name that often came up then, projects a similar image of an empirically and policy oriented economist. Dutch economists also have found their the Dutch equivalent of Krugman, viz. Rick van der Ploeg (described by one of the graduates as "a mini-Krugman").

## The pain of socialization

Where schools exist, socialization processes occur. Students need to be initiated into the ways of thinking that characterize a particular school. To American students the choice of graduate school has strong consequences especially when it is a school like Chicago, University of Massachusetts, George Mason University, or any other school with a distinctive program. In the Netherlands, the choice of graduate school does not matter much, partly because the schools collaborate. And without distinctive schools to join or to keep their distance from, the Dutch students do not perceive themselves getting socialized. Where American students talk about getting brainwashed and about changing their mind on important issues under influence of their schools, teachers, the Dutch students shrug their shoulders. They may be critical and skeptical at times, but they do not feel pressured to change their perspective. In general, they appear to be pleased with their experiences in graduate school, much more so than the American students.

If anything is in doubt it is their commitment to the science of economics. Their frustrations notwithstanding 73 percent of the American graduates would choose to do graduate studies in economics again. The Dutch students are less sure; of them 64 percent would do it again. One reason for the difference may be the bleak prospects that the academic market offers the Dutch students. When asked what they would like to do after graduate school, only 37 percent aspires to be an academic scholar. The next most desired career is that of a researcher (28 percent). A government job, the most likely outcome, scores only 8 percent as the career desired most by the Dutch graduate students. American graduates are definitely more committed to academia.

Another way to detect how 'American' the economics profession has become is to look at who or which institution is influential. When we took our (Dutch) classes in economics there was only one view of what makes the economy tick and that view was the one brought forward by the Central Planning Bureau (CPB). This was the impression one could get some ten years ago if one listened to the Dutch discourse in economics. Debates about economics were usually debates about the opinions and declarations of the CPB.

With the appearance of graduate schools things have become different. These schools lured back Dutch economists who were working abroad (primarily in the US and the UK). They furthermore invited prominent foreign economists, mainly from the US, to give graduate seminars. With the rise of status of academic economics, the reputation of the CPB among economists began to fade. (see Table 3). Whereas older economists still rank CPB as having most influence on their thinking, young economists have little attention for the CPB. Revealing is the choice of heroes. Dutch graduate students of today like especially Paul Krugman ("...is good at everything"), Kenneth Arrow ("Almost everything is in Walras, the rest is in Arrow"), Robert Lucas and Paul Romer. The majority of the respected economists is American.

**Table 3: Authorities in Dutch economics**

	Average economist	Graduates	Young < 40 years	Middle aged 40-60 years	Old ≥ 60 years
<b>1. Academic economist</b>					
very important	33	39	36	28	34
moderately important	53	51	52	57	51
hardly important	12	8	10	14	12
unimportant	1	1	2	1	3
<b>2. Foreign institutions (like IMF and OECD)</b>					
very important	26	18	21	33	32
moderately important	55	56	57	51	55
hardly important	17	24	19	15	11
unimportant	2	2	3	1	2
<b>3. Central Planning Bureau</b>					
very important	24	4	14	32	43
moderately important	51	50	51	52	51
hardly important	20	34	28	13	4
unimportant	5	12	8	3	1
<b>4. Staff departments at ministries</b>					
very important	7	2	5	11	9
moderately important	42	39	41	44	39
hardly important	42	49	45	37	46
unimportant	9	10	9	8	6
<b>5. Business consultancy firms (McKinsey, KPMG)</b>					
very important	8	6	6	9	10
moderately important	33	29	31	34	40
hardly important	43	42	43	43	40
unimportant	17	22	20	14	10
<b>6. Parliamentary spokesman</b>					
very important	2	1	2	2	2
moderately important	17	21	18	14	20
hardly important	58	52	56	61	58
unimportant	24	26	25	24	20

The fading of the CPB is easy to understand. If Dutch economists want to succeed academically, they have to be on the

frontier of economic science and large-scale modelling, the preoccupation of CPB economists, is no longer considered science among economists. Large-scale modelling is necessary and perhaps considered useful by insiders, but it isn't science. Van Wijnbergen aired his grievances about the CPB during our interviews: "They give answers based on models which no one really seems to understand. We only know that these models give the wrong answers to big shocks and for small shocks they are not relevant. [...] The Planning Bureau has a model which is used for all kinds of problems. This is a big mistake. They cannot take into account the behavioral reactions of people in case of fundamental changes or policy shifts. This is where the Lucas critique becomes important." In the meantime the economists of the CPB are working towards an improvement in their academic standing without losing their standing in the policy world. It is not an easy task and the question is whether it can be done. One researcher told us about the difficulties he encountered in using an endogenous growth model: "It cost us a lot of time and trouble to get this model [the Grossman-Helpman-model] going, to calibrate it for OECD-figures, but in the end numbers appeared. To our disappointment this simulation exercise did not contain anything new for academic economists and at the same time we were told by the board of the Planning Bureau: 'Well, it is rather abstract'. The results were not entirely crazy and the only policy advice you can distill from these types of models is that it would be wise to invest in education. Well, there's policy relevancy for you!" Another CPB-researcher takes a more pragmatic view: "I look upon us as users of economic science. If economic science takes a different turn we try to jump on the bandwagon and use it for our purposes, if it fills our needs. Because of this strategy you're not at the frontier of science. You don't want to run along with every new development in economics because sometimes those bubbles burst. We simply are users and that's why we have less to offer to economic science."

Pragmatism also dominates the methodological positioning of Dutch economists. Whereas most American graduates would support the thesis that "Economics is the Queen of the Social Sciences", the majority of Dutch graduates disavow this claim. Their scientific modesty might be at least a partial explanation of the limited visibility of Dutch economists in the international arena. As George Stigler (1955, p. 5) once put it: "New ideas are even harder to sell than new products. One must put on the best face possible, and much is possible. Wares must be shouted - the human mind is not a divining rod that quivers over truth. The techniques of persuasion also in the realm of ideas are generally repetition, inflated claims, and disproportionate emphases, and they have preceded and accompanied the adoption on a large scale of almost every new idea in economic theory." If one looks at these ingredients for academic success one can understand why the Dutch with their pragmatic and modest positioning have a hard time selling their products.

As table 4 shows the majority of Dutch economists skeptical of the possibility for agreement among economists. Here, Chicago graduates are most outspoken in their belief that economists can reach agreement. Harvard and MIT students are more skeptical but still not as much as the Dutch.

**Table 4: Opinions of economics as a science**

	Dutch graduates	Dutch PhDs 'new style'	Dutch economics MAs	Chicago graduates	MIT graduates	Harvard graduates	American graduates
<b>Neoclassical economics is relevant for the economic problems of today</b>							
strongly agree	38	48	55	69	31	20	34
agree somewhat	38	30	37	28	56	56	54
disagree	13	14	5	3	11	22	11
no clear opinion	11	8	4	0	2	2	1
<b>Economists agree on fundamental issues</b>							
strongly agree	8	12	10	3	4	2	4
agree somewhat	12	24	34	47	31	27	40
disagree	73	58	54	44	60	68	52
no clear opinion	7	6	3	6	4	2	4
<b>There is a sharp line between positive and normative economics</b>							
strongly agree	7	8	8	22	7	9	9
agree somewhat	24	26	31	38	16	4	23
disagree	49	44	38	34	73	84	62
no clear opinion	20	22	24	6	4	2	6
<b>Economics is the most scientific social science</b>							
strongly agree	11	12	21	47	27	9	28
agree somewhat	18	14	27	28	36	43	39
disagree	55	54	39	9	24	30	19
no clear opinion	15	20	12	16	13	18	14

### 3. CHARACTERS IN ECONOMICS

The American students appeared to suffer of a case of mistaken identities. In conversation they revealed their desired identity as an economist, or at least what they had been looking for in a life as an economist before they entered graduate school, and told how that identity did not match the character that they learned to become in graduate school. Quite a few American graduates chose to study economics because they wanted to be an Intellectual in the sense that they expressed their desire to talk, explore, and to enter new territory - unbound by tradition and discipline- in pursuit of truth and interesting ideas. These students found to their chagrin that American graduate training stifles the Intellectual with

its emphasis on discipline in reasoning, on technique, and the strong discouragement of reading across disciplinary boundaries. Only at Chicago the Intellectuals among the students felt encouraged. All the other schools failed to foster the intellectual values.

The next most important desired character was that of the Social Activist. The character manifests itself in declarations like "I chose economics because I wanted to change the world", or "I chose it to have influence on policy". Heroes for the Social Activists are economists such as Keynes, Marx and Milton Friedman. They are admired for their social concerns and their involvement as economists in worldly affairs. American graduate schools frustrates these characters as well. "Those who can't do economics, do policy", is one of the slogans cited. People who were involved in policy were made fun of, or were subject to criticisms and doubts. Lester Thurow had the nickname "Less than thorough". The otherwise widely read work of John Kenneth Galbraith, a Social Activist pur sang, is virtually banned from the graduate curriculum. Even Friedman appeared to have lost his scientific stature at Chicago<sup>5</sup>.

Another important character for American students was the Teacher. Several indicated their desire to teach economics, because they found it important that people learn the insights of economics. Unfortunately for them, graduate school taught them that teaching is an activity to be avoided at all expense, for research is what life of an economist is supposed to be all about.

Thus the American students learn to change the character that they expected to become. Instead of the Intellectual, Social Activist, or Teacher, they become in graduate school the Academic Professional, the celebrated character in academic life. Professionals they are supposed to be, because that is how they are socialized. Graduate school screens those who want to be member of the profession and takes each candidate through a series of rigorous texts. In the process students learn what professional behaviour is (e.g., when a colleague asks for comments on a paper, give it to him or her). But unlike doctors and lawyers the economics profession is not set up with the intention to serve the public. The candidates quickly learn that the most important audience are academics themselves. They learn the tools of the trade not necessarily to advise and consult those outside the profession but to impress, entertain, and intimidate fellow academicians with clever refinements and criticisms of the most advanced tools. When they perform to show off their skills, they do so in front of an academic audience without consideration of the lay audiences. The American graduate students indicated to be troubled by this imposed character of the Academic Professional. That's why Klammer and Colander (1990) speak of a case of mistaken identities.

Dutch economists do not share these confusions of desired and actual identities. They do not feel the pressure to conform to a specific character. The reason might be that the Academic Professional still is not the dominant character in Dutch academia. This may change, though. Notably, the program at Tilburg university impresses the importance of operating in the international community; it follows the American approach with many foreign visitors coming through and a large variety of weekly seminars. Several AIOs expressed a desire to participate in the academic game, and consciously pursue the status of Academic Professional. The Dutch students who do not want to jump on the American

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4. The mood may have changed since the American survey was done. Several outstanding young economists have sought the spotlights in the policy arena and thus may have changed the standards for American graduates. Examples are Larry Summers, now assistant secretary of the Treasury, Paul Krugman who has left an indelible imprint on the public discussion of international trade issues, and Joe Stiglitz who is the current chairman of the Council of Economic Advisors.

bandwagon, though, do not as yet experience the pressure of changing their desired character to that of the Academic Professional to the extent the American students do.

## The Researcher

Dutch academic training appears to be less restraining, less selective than the American one. It leaves open more room to students to fill in their own character. As a consequence the characters that make up the Dutch world of economists differ from the ones that Klammer and Colander encountered in the US. One of these is that of the Researcher. This is the economist who does economics for the sake of research. He is not an Academic Professional because he lacks the commitment of the latter to the academic game; he most likely prefers to work at a research institute rather than a university. As a researcher he is less interested in advancing (academic) knowledge and techniques than in applying existing knowledge and techniques to real world problems. If compromises are needed to get results, the Researcher is willing to go where the Academic purist would refuse to tread. It is no surprise therefore that the Researcher prefers to share his research with fellow researchers rather than with Academic Professionals. His objective is to do research that is relevant for decision making in policy and, possibly, business but as a Researcher he is reluctant to 'sell' his findings to the possible users. That task he prefers to leave to others.<sup>6</sup>

The economists working for the Central Planning Bureau are the typical Researchers. Insofar as we can speak of the CPB economist, he loves to do research, likes to be a scientist but he does not see himself to be quite up to speed, insists on the applicability of his research, is willing to make concessions when needed, and derives satisfaction from seeing the influence of his work on the policy process. The Academic Professional, in contrast, is foremost interested in the approval and appreciation of fellow academics. Researchers like to publish in academic journals, but an academic publication is no must for them; it is to an Academic Professional.

The character of the Researcher continues to inspire Dutch economists: 28 percent of the Dutch graduates professed their desire to be one.

## The Policy Advisor

Another character that emerges in the Dutch conversations but failed to appear in the Klammer-Colander study is the Policy Advisor. This is the economist who seeks satisfaction and recognition as an economist in the policy arena. According to this character enlightenment of the policy process with the insights of scientific economics is what economics is all about. It is the character of Tinbergen and so many other Dutch economists who have participated, and continue to do so, in political processes in their quality as economics professor. Policy advisors are not the neutral technical experts as they are portrayed by the outside world but they also have their self-serving aims, viz. they want to get their advice accepted, no matter what. They will "fight their corner" inside the government machine, so elegantly described by Hecló and Wildavsky (1974). And if that means that they have to make exaggerated claims or employ the Ricardian Vice, so be it. Policy advisers are in the persuasion business and their value stems primarily from getting their

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5. The absence of the Researcher in the American study may be due to the limited sample of economists for that study. Even so, we found more readiness of Dutch graduate students to become Researcher than Klammer and Colander detected among the American students.

policy advice accepted in the fast lane in the Oval Office, No. 10 or the Dutch equivalent of these offices, ‘het Torentje’. To put this in the civil servants' lingo: they want to set the political agenda.

This character exists in the US too, of course. Just think of the long line of respected and reputable academic economists who worked on the Council of Economic Advisors and research departments of Federal Reserve Banks (especially the Fed in Minneapolis). In contradistinction to the Dutch Political Activist, the American one usually has to be on leave from academia to perform as one, and when he stays academic, risks his academic stature. Krugman characterizes economists who are willing to compromise the science of economics just to get the ear of the policy makers as “policy entrepreneurs” (Krugman, 1994). He does not hide his disdain for such a character. Dutch economists who venture into the policy arena are not free from suspicions on the part of their academic colleagues but it will be relatively easy to maintain their position in academic life.

#### 4. THE TINBERGEN LEGACY

The key to understanding the development of the Dutch characters is the following Table:

**Table 5: Most respected economists (between brackets the number of votes)**

American graduates	Dutch graduates	Dutch economists (PhDs and MAs together)
1. John Maynard Keynes (58)	1. Jan Tinbergen (16)	1. Jan Tinbergen (158)
2. Kenneth J. Arrow (35)	2. John Maynard Keynes (15)	2. John Maynard Keynes (119)
3. Paul A. Samuelson (26)	3. Paul Krugman (12)	3. John Kenneth Galbraith (35)
4. Karl Marx (23)	4. Gary S. Becker (8)	Joseph Schumpeter (35)
5. Adam Smith (18)	Adam Smith (8)	5. Adam Smith (34)

Source: Own survey, and Klamer and Colander (1990, p. 41).

Economists who value the work and attitude of one economist so highly cannot be but moved and affected by the values of that same economist. Jan Tinbergen (1903-1994) is the most respected economist in the Netherlands. This finding together with the motivations that Dutch economists give for their choice helps to unravel the character of the Dutch economist.<sup>7</sup> Dutch economists are generally respected for their ability to link economic theory with practice. This ability

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7. We hasten to add that the dominance of one economist in a European country is not a unique phenomenon. The influence of Nobel Laureate Ragnar Frisch (1895-1973) in Norway is remarkably similar to the influence of Tinbergen in the Netherlands. The situation in Norway was once described as an “intimate cooperation between politicians and economic experts” (See Bergh, 1981, p. 133). Although an entire generation of Norwegian economists were educated in the spirit of the models of Frisch, his policy involvement seems to have been less influential than that of Tinbergen, or as Bergh notes: “Frisch’s contribution seldom went beyond the technical aspects of model building” (p. 150).

characterizes well-liked and well-known (at least among the Dutch) economists such as Jan Pen, Rick van der Ploeg, Lans Bovenberg, Jelle Zijlstra and Eduard Bomhoff. More than anyone else, however, Jan Tinbergen stands model for all these economists with his reputation for combining theoretical and practical skills.

Tinbergen started off as a Researcher in his work for the United Nations, was an academic with positions at universities in Amsterdam and in Rotterdam, and became active in the policy world as director of the Central Planning Bureau, and later in international development organizations. Especially important is his involvement with the Central Planning Bureau which, as we have seen, was instrumental in developing post-war Dutch economic thought. Arguably, the CPB is his most important legacy to the world of Dutch economists. The CPB influence on Dutch academia was for a long time strong due to personal connections: researchers who started their career at the CPB often moved to academia where they essentially taught CPB-economics, that is, large-scale Keynesian macroeconomic modeling. The econometric modeling critique by Robert Lucas (1976) did not have a major effect on the CPB approach, but in hindsight we may see it as a beginning of the fading of the reputation of the CPB in the Dutch academic world.

**Table 6: Voting behaviour of Dutch economists versus Dutch citizens**

Party	Percentage votes Economists (total)	Percentage votes graduates	Percentage votes national election 1994
1. Labour party (PvdA)	32.8%	32.1%	24.0%
2. Conservatives (VVD)	22.7%	14.6%	20.0%
3. Democrats (D66)	19.1%	24.1%	15.5%
4. Christian Democrats (CDA)	13.7%	10.2%	22.2%
5. Green Left (Groen Links)	7.6%	10.9%	3.5%
6. Other parties	4.0%	8.0%	14.8%
Total	100%	100%	100%
Did not vote <sup>a</sup>	2.4%	2.9%	21.1%

(a) Percentage of the total of eligible voters.

To see how strong the example of Tinbergen still is, we investigated to which extent the beliefs of Dutch economists reflect the values and scientific principles of Tinbergen. Musing on his professional experiences Tinbergen (1979, p. 357) gave the following guidelines for scientific work:

- (i) we try to minimize dogmatism and subjectivity;
- (ii) we remain as close to empirical data as possible;
- (iii) we work in interdisciplinary teams; and last but not least:
- (iv) we choose areas relevant to the most pressing problems.

In his policy involvements Tinbergen displayed a clear preference for *pragmatic and rational consensus solutions*, a preference that suited the role of the Central Planning Bureau and informs the proceedings of the numerous advisory boards that direct the policy process in the Netherlands (see Klamer, 1990).

Similar values and preferences showed up in conversations with CPB-researchers. They project themselves as the unbiased applied scientists in search of the truth; the same stance we found in discussions with the economists of the ministries and the Central Bank. As one CPB-researcher formulated it "I think we use models as a medium to process information from numerous sources and to make that information consistent. The ambition is not to produce an optimal forecast. One of our goals is to be useful for the political debate, which means that we have to use the assumptions used by policy makers, even though we sometimes think that they're not tenable." The desire to solve problems based on a consensus is reflected in the survey by the answers which capture part of the Dutch corporatist setting. Dutch economists still value the use of wage-price controls and, contrary to what one would expect, do not think that the economic power of unions should be curtailed (see Table 1). Furthermore, when asked about the cause of unemployment most economists pointed to the "wedge" between gross and net wages and the unemployment trap (i.e. small difference between net minimum wages and unemployment benefits). They do not consider one of the "achievements" of consensus-economics, the uniformity of wage contracts across sectors of industry, responsible for the high Dutch unemployment rate.

Consistent with Tinbergen's beliefs, have Dutch economist a strong *appreciation of empirical research*. Among the total population of Dutch economist this skill ranked highest, to be followed by mathematical skills (see Table 2). US graduates do not value empirical research as high as the Dutch. The preference for empirical work is instilled on every Dutch economics student by their teachers, who refer to the work by the Central Planning Bureau and the scientific achievements made by Dutch econometricians like Theil, Cramer and Magnus (see Van Dalen, 1997).

The desire to work in interdisciplinary teams sheds light on the puzzling statistic mentioned earlier: the Dutch do not think that economics is the Queen of the Social Sciences. In discussions with graduate students the desire to work in other scientific disciplines came up; the generally respected economists like Rick van der Ploeg and Jan Pen expressed the same desire.

Tinbergen's dedication to the socially most pressing problems like war and inequality is well known among the Dutch. He himself once motivated his interest as follows:

"I was interested in the problem of unemployment, the problem of poverty generally, and being a socialist and a member of the Socialist Party, I felt that I could be more useful as an economist than as a physicist. [...] My interest in economics was not primarily scientific, it was typically social." (in Magnus and Morgan, 1987)

This social concern is endorsed by Dutch economists as reflected in their praise for Tinbergen: *his social concern and the ability to link theory with practice*. The older generation, however, is most outspoken in their endorsement.

Dutch economists carry on the leftist leanings of Tinbergen, who always has been a member of the Dutch socialist party (the PvdA). Where one would expect strong support for free-market parties, 33 percent of the Dutch

economists voted for that same socialist party (see Table 7), whereas on a national scale only 24% voted for the socialist party. If we add to the number of votes allocated to more or less left wing parties such as the Green Left and the Democrats D66 the median Dutch economist can be typified as *left wing*.

## 5. CHARACTERS CAUSING TROUBLE IN PARADISE

Jan Tinbergen and Ragnar Frisch were the first economists to receive the Nobel Prize in economics in 1969. With this landmark in the history of economics the Dutch were perhaps lured into believing that they were at the frontier of economic science and that policy-oriented work could easily be combined with fundamental economic research. Dutch economists have done plenty of important policy work but they have failed to live up to the international role that they had imputed to themselves. Wondering what has gone wrong we have to distinguish between the research investments of the past and the present. It might well be that things have been changed for the better but the effect of those investments have not shown up in the appreciation of the international scientific community.

Still we would like to venture a number of stories that can explain the present status of Dutch economics. To stay with the characters we identify the key factors causing the backwardness with archetypes: (1) the social engineer; (2) the 'one-trick pony'; and (3) the economist who goes by the name of Stevenson's famous character: Dr. Jekyll and Mr. Hyde.

### The social engineer

The character who lies at the heart of the backwardness of Dutch economics has a preference for "useful" economics; a preference which is revealed by economists inside and outside academia. The Dutch economist likes to engineer economic solutions for society. Of course, anyone who values his own work will never claim that he or she is doing useless work. However, we would like to point out that usefulness in the present context refers to "being of use to the policy maker." Policy makers in The Hague are keen in knowing the economy-wide effects of every policy measure taken and the "useful" economists are willing to be of service to the Mandarins by crunching numbers and mining data. The CPB has performed this role for decades and in their wake Dutch economists adopted its methodology and approach. In their "scientific" endeavor they will use eclectic models; models in which economists blend theories of different persuasion in order to get a high  $R^2$ . Once this model has been constructed it is used again and again for every possible policy issue.

Of course, the term eclectic is an ambiguous term. Eminent economists like Robert Solow and Paul Samuelson would also call themselves "eclectic" but they hardly fit the description of the useful economist. Eclectic in their vocabulary means approaching every problem with a different model. No model we know of can provide all the answers. It therefore stands to reason to be eclectic in the academic sense of the term. However, Dutch economics has for a long time been influenced by the way in which Tinbergen practised economic policy. The origins of the social engineer go back a long time in the history of Dutch economic thought. Throughout this history Dutch professors have been giving policy advice. They often held besides their academic job positions in government advisory committees (such as the

Social and Cultural Planning Bureau (SCP), the Scientific Council for Government Policy (WRR) and the Social Economic Council (SER), or the economically oriented ministerial departments. This is incidentally not just a post-war phenomenon, as is often believed in the Netherlands, but has been the case ever since the liberal days of Vissering (1822-1888), Mees (1813-1884) and Pierson (1839-1909) (see Hasenberg Butter, 1969). Accordingly, the professors formulated the demand for research in their role as economic policy advisor while at the same time in their role as a professor they could satisfy their earlier stated demands by supplying the necessary knowledge. Listen for instance to the Tilburg economist Dick Schouten, once a member of the Social Economic Council (SER) where academicians act as impartial third parties along with the unions and the employer organizations: "If you don't have any contact with the Social Economic Council and if you only read the international literature, you don't come across this question [business cycles induced by a 'wage-push']. Because we were always talking about wage policies I wanted to know what happened if wages do not comply with the ideal norm. The theory is inspired by the SER." (see Klamer, 1990, p. 82).

Just to underscore the widespread influence of the Planning Bureau methodology we only have to mention that up to 1995 thirty-eight (!) of the body of economics professors has been an employee of the Central Planning Bureau, and most of them have been quite outspoken after they left the CPB. Generations of Planning Bureau economists and indeed also the "old" Tinbergen (after 1945) tackled Dutch policy questions with just one method: large-scale macroeconomic models. Hypothesis testing which seemed to be the idea behind Tinbergen's earlier work on business cycles was no longer his leading motive, giving a plausible picture of the economy was his leitmotiv or as Morgan (1988) puts it "finding a satisfactory empirical model". The eclectic large-scale models themselves seemed to follow an evolutionary growth pattern where econometric and theoretic novelties were introduced with a sufficient time lag so as to minimize errors of being fashionable.

There are a number of reasons why economists living in the 'twilight zone' between Economic Science and Economic Policy do not make for good economics. The main reason is, of course, the claim by McCloskey (1996) that social engineering is impossible and illiberal. Social engineering simply does not work on those who think it does are fooling themselves. There are, however, still other reasons why social engineering has a bad influence on economics science. One of the major reasons was given years ago by the late Harry G. Johnson:

"People who go into government on a career basis become....stale in their ideas, looking for ideas which really serve the Administration or what they think the Administration wants...It is very difficult to resist the temptation to try to take credit for policy, and the pressures on the economist then are to try to shape his thinking so that he comes up with a policy which is saleable. [In addition,] they lose touch with the subject....The people in government typically aren't all that good economists by the time they get somewhere. And what they're trying to persuade you is that bad economics is good politics and they are better at the politics, therefore, you should accept the bad economics." (cited in Allen, 1977, p. 61)

Of course, the danger of social engineers becoming a threat to economic science are smaller if academic economists are only temporarily involved in government policy making, as is the case with the Council of Economic Advisers in the US. The academic ties with influential government organisations in the Netherlands are generally on a permanent basis, thereby giving rise to the steady depreciation of academic human and social capital.

## The one-trick pony

The second story can - in short - be described as 'choosing the wrong specialization' or 'running a lost race'. The economists populating the Dutch universities used to be academics who had mastered only one trick and this trick was exploited for the rest of their tenured lives. Sometimes this trick was handed down to the next generation of graduates. Minuscule schools of thought were formed that lived their lives in splendid isolation from developments in international science. The most outstanding example of this type of research can be found in the work of Dick Schouten, who built large-scale theoretical macroeconomic models with no behavioral underpinnings whatsoever, the large-scale macroeconometric model building by the CPB and its many epigones, or the Central Bank economist Kessler who told monetary stories with all kinds of elasticities. Dutch academia was dominated by academics huddled in the clothes of policy makers who furthermore were trained to master only one trick. It is therefore not surprising that foreign-trained economists do so well in the Netherlands. Being trained by Richard Stone and other Cambridge economists like James Meade, Rick van der Ploeg gives an explanation of why, for instance, the English are in his opinion better economists:

"In Holland you are stuck with a research program and step by step you follow the plan stated in the program. You take a paper by a famous economist, you get six graduates to work on it, and that's it. I find that uninteresting, but the Dutch are quite good at it. The English, and I am in fact also one, are eclectic amateurs. This is, in my opinion, the most charming style around. [...] Their motto is 'with a good pair of brains you can solve any problem'" (in Van Dalen and Klamer, 1996a, p. 123).

The real specialization within the Netherlands is still 'econometrics'. The specialization 'econometrics' was introduced into the Dutch economics education system in 1954 by Hans Theil at the Erasmus University (at that time: the Netherlands School of Economics). However opportune such a specialization may have been at the time, with so many outstanding econometricians around, but it has locked Dutch economics into a 'bad' equilibrium. The ideal of Tinbergen, to combine statistics with economic theory, has been lost.<sup>8</sup> Morgan (1990) concludes in her account of the history of econometrics that this applies in general to economic science, the most important consequence being the development of economics and econometrics as separate disciplines. Thanks to Theil the separation has been institutionalised in the Dutch educational system. Sweder van Wijnbergen expressed his grievances most clearly: "Tinbergen used tools and methods to solve economic problems. This is hampered by today's structure of the Dutch economic education. We have established an educational system in which people who have mastered the tools don't see the problems society is dealing with, and those who do see the problems have no

### Table 7: Does econometrics breed indifference?

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Graduates with an:

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6. One should add however that Tinbergen viewed abstract economic theory which had no direct relationship with economic policy as useless. An aversion to pure economic theory has always been present in the Netherlands.

	Economics background	Econometrics background	Dutch Economists (total)
<b>Inflation is primarily a monetary phenomenon</b>			
agree	24	16	19
agree with provisions	29	25	32
disagree	35	29	39
no clear opinion	11	31	10
<b>Wage-price controls should be used to control inflation</b>			
agree	15	10	13
agree with provisions	40	41	40
disagree	35	18	38
no clear opinion	10	31	10
<b>Flexible and floating exchange rates offer an effective international monetary arrangement</b>			
agree	10	20	18
agree with provisions	34	18	40
disagree	35	25	30
no clear opinion	20	37	13
<b>A rapid and total reform of a centrally planned economy toward a market economy would give better results than a slow transition</b>			
agree	24	10	19
agree with provisions	18	12	20
disagree	51	49	49
no clear opinion	8	29	11
<b>The government should restructure the welfare system along the lines of a 'negative income tax'</b>			
agree	17	8	19
agree with provisions	29	19	27
disagree	28	29	38
no clear opinion	27	44	16

command over the tools."

In the new graduate programs the division between economics and econometrics ceases to exist. Graduates are trained in macroeconomics, microeconomics and econometrics. But, and this is where things go wrong, the undergraduate structure of the economics education is still a myriad of small departments where everybody seems to be doing his own type of economics. As shown in Van Dalen (1997) about 80 percent of Dutch economists produce their most important work on their own, whereas most American economists are more inclined to collaborate. A study by Smart and Waldfogel (1996) reports that 55 percent of economists publishing in top journals produced their work on their own.

We found that the Dutch econometricians have less explicit views than the Dutch economists. Some do not

see themselves as economists and when asked which economist they respected most they could not think of one and some even apologized: "I am sorry. I am an econometrician, I don't know any economists." Econometricians seem to be looking for yet another fine data-set which can fill the needs of their newly designed test-statistic and they are not looking for some problem to solve with their sophisticated box of tools. The ignorance or indifference we came across might best be illustrated by Table 7: econometricians are more inclined to have no opinion on current economic problems or phenomena than economists.

The current developments in Dutch academia present us with an interesting experiment because a second historical event is in the making, viz. the reverse brain drain of talent from abroad; economists who do not have any firm intellectual roots in the Netherlands. Whether the so-called 'reverse brain-drain' is a chance event is still a matter of debate.<sup>9</sup> Some ascribe the reversal to the appearance of 'centers of excellence' and formal graduate schools, others are down-to-earth and point out that 'American' Dutchmen are homesick, while still others (Tabellini, 1995) claim that Europe is an interesting place to be with the construction of one European central bank and the integration of economies. In other European countries the reversal of the brain drain is also becoming visible (e.g. economists like Laffont, Tirole and Tabellini have returned home).

## Dr. Jekyll and mr. Hyde

The concern for dogmas in economic policy debates and economics in general resounded in almost every conversation we had with economists inside and outside academia. Economists inside the Treasury and the Ministry of Economic Affairs were worried about the scientific level of economic discussions in the Netherlands. Academics were considered too 'academic' and academic economists and Central Planning Bureau economists were abhorred by the crudeness of arguments and the dogmatism inside the government machine. The Dutch economist's stated preferences come close to the scientific guidelines Tinbergen (1979) once gave and which we summarized earlier. However, the writings and behaviour reveal different preferences. In short, the Dutch economist does not practice what he preaches. For instance, given the moderate answers to most economic propositions one would not expect dogmas or political ideology to play a role. Still, thirteen of the fifteen propositions (normative and positive) which we asked Dutch economists concerning economics are affected significantly (in a statistical sense) by the political ideology of the individual economist (Van Dalen and Klamer, 1996b). Party ideology becomes especially significant in the everyday meaning of the phrase when economists have to state their opinion about 'hot' policy topics like the causes or cures of the Dutch unemployment problem and the ambiguous effects of the minimum wage.

So here we are with a picture of an ambiguous and uncertain economist: he wants to combine economic theory with practice or empirical research but he sticks to his specialization or research program; he thinks that ideology should not matter in economics and still it does matter; he appreciates in the true spirit of Tinbergen the contributions other disciplines make to economics, still he remains within the walls of his subject. And judging from the many research

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7. See for this terminology Arthur (1989).

assessments the Dutch economists want to conquer the world and according to the Dutch minister of Education and Science we should aim at winning the Nobel Memorial Prize, but the Dutch economist does not take the pains to sell his product. Tinbergen never made exaggerated claims about his models and findings so why should he advertise for his ideas. One can hear the economist think, "The numbers tell the whole story and the policy makers can do as they choose with my findings. I am off to my next case." However, times are changing and the style of research is becoming more American and less Dutch and as in all periods of transition the Dutch economist is in search of an identity, especially one which he or she can live up to.

## CONCLUSIONS

The Dutch economists might make a special case. The dominance of one father figure, i.e. Jan Tinbergen is remarkable indeed. And so is the pivotal role that Dutch economists play in Dutch policy through one institution, the Central Planning Bureau. Unsurprisingly, that the latter institution also happens to be the brainchild of Tinbergen. Yet, with their policy orientation, their pragmatic approach to economics as a science, and their reservations about markets Dutch economists fit the image of the European economist as characterised by Frey and Eichenberger (1993).

So what can the Dutch story tell us about European economists? As we had thought before when we conducted our survey and conversations, Dutch economists are getting eager to run along with the developments in economic science across the Atlantic. The interests of the upcoming generation is turning away from policy and towards the academic game of publishing in the good journals and attending the right conferences. However, important differences remain, giving Klammer reasons to hold on to his thesis that rhetorical and cultural differences continue to differentiate American and European economists (Klammer 1995). For one, the Academic Professional does not dominate the world of Dutch (European) economists as he does in the US. Whereas ambitious American graduates aspire the academic life, many Dutch hold out for policy and research-oriented work, guaranteeing the continuance of the Policy Advisor and the Reseracher as the dominant characters in their world. (A reminder: the typical Reseracher works for a research institute and is not so much interested in academic recognition but cares most about getting practical results even if that means sacrificing academic standards of rigor and theoretical sophistication.) A good reason for this, apart from tradition, is the small size of the Dutch academic market.

An important motivation for the Americanisation of Dutch (European) economics is the ambition to get American attention to the work of European economists. Ever since the Second World War everything significant that happens in economics as a science, appears to happen at the American side of the Atlantic Ocean. So just as European politicians set up the European Community to break the American hegemony, European economists are organising themselves to break the hegemony of American economics. Their strategy is Japanese: imitate the Americans and beat them at their own game in the international markets. The strategy is somewhat successful - European economists, and with them the Dutch economists, appear to do better in the international academic game and are getting more attention from the American economists - but certainly for the Dutch the succes is less than overwhelming. No single contemporary Dutch economist comes even close to the reputation that "oldies" like Jan Tinbergen, Koos Polak, Tjalling

Koopmans, Hendrik Houthakker, and Hans Theil had and still have.

The Dutch story reveals a few major ambiguities in the current ambitions of Dutch economists. They may help to account for the continuing modest position of Dutch academic economics, the efforts of, for example, CentER in Tilburg notwithstanding. One ambiguity is that the Dutch economists want to hold on to the example of Jan Tinbergen, in particular his insistence on policy relevance and pragmatism. They want to be useful as economists. As a consequence, Dutch economists do a lot of empirical work that is attuned to the current interests of Dutch politicians and that is not the type of work that plays well internationally. Policy Advisors and Researchers generally do not make outstanding Scientists. Economists who are able to hold on to academic recognition while doing policy work, are rare, yet they seem to stand model for young Dutch economists. It makes for a juggling act which the Dutch economists seem to mess up.

Characteristic is further the eclecticism to which Dutch economists are prone. Whereas the Americanisation implies the disciplining of scientific practice according to the norms and strategies of the dominant neoclassical paradigm, many Dutch economists continue to embrace eclectic strategies and beat on drums that are out of tune with the American ones. Post-Keynesian economics, which is all but dead in American academia, is still alive and well in Dutch academia; economists at the Central Planning Bureau and the Dutch Central Bank still work on large scale macroeconomic models even though such models are academically dead since the Lucas critique.

Connected with this characteristic of eclecticism is the continuance of the Dutch focus on econometrics. Dutch economists appear to want to hold on to the reputation that Tinbergen, Theil, Koopmans and Houthakker built up in econometrics; it is the reason for the institutionalisation of econometrics as a separate discipline. Outstanding econometricians they are not anymore, though, and now the econometric specialisation appears to stand in the way of the development of the scientific economics, at least so many think including the many Dutch economists who returned after a stay abroad.

In our book on Dutch economists (1996a) we advised that Dutch economists apply a sound economic principle: comparative advantage. Instead of competing with American economists on their terms, Dutch economists might do better developing the type of economics in which they have by chance or by tradition a comparative advantage. Once that advantage was in econometrics. Now it may be in geographical and spatial economics, possibly in labor economics; the Dutch also have by chance a few excellent game theorists in their midst. Yet, given their rich tradition in policy work Dutch economists may do better pouring energy in this work even if that does not bring them immediate academic recognition. Likewise, they are positioned to be a major force in the history of economic thought and economic history. Admittedly, these are minor fields with dubious reputations at the present, but the Dutch happen to have not only a rich tradition in this respect but also a few prominent economic philosophers in their midst. By gambling on the participation in the American mainstream, they risk not only having third rate American programs (as many American universities have become after they tried to emulate the example of M.I.T. and Chicago) but also losing the comparative advantage that they still have. The other comparative advantage for Dutch economists may be the particular characteristics of the Dutch economy, including its history. The Dutch Golden Age has proved to be a gold mine for

interesting economic research as the historian Simon Schama and the Berkeley economic historian Jan de Vries have shown. The corporatist setting of post-World War II Dutch economy might prove to be just as interesting a case. If only Dutch economists had the vision to see the possibilities for distinction right under their eyes, Dutch economics might not only remain a special case but also become an exemplary one.

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