

IS THERE A **"GLOBAL"** ECONOMIST? A PESSIMISTIC NOTE

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Abstract

Identity and globalization are two interesting concepts to start the discussion about the way in which a defiant global world may influence on an economist. This essay describes briefly the situation in America and in Europe, with a short outline for the case of Argentina, and concludes with a non-optimistic answer to the question whether a global economist exists.

Key words: globalization, Argentina, economist.

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Identity and Globalization

The critical starting point to realize why the boundaries of the profession¹ may evanesce completely at the beginning of the century consists basically in understanding the changing nature of the world.

Even if it is not true that the world has never changed, nor that it is a new one, there are some powerful elements that make the professional interest to be invaded by other interests belonging to disciplines rather than Economics. In fact, the increase in the economic interdependence of the countries, together with the emergence of big blocs, influenced the way in which professionals individually think. Therefore, those professionals that once required long and intensive academic preparation feel mutually interdependent, and they think depending upon one another. In this way of acting lies the dangerous point for the profession since it has the risk of giving up its individual and ultimate aims: the different cases that once demanded specific points of view and distinctive solutions will tend to be solved in the same way. However, the risky element that could generate this situation does not lie outside the profession.

One could inquire oneself whether or not it exists a constitutive nucleus in the profession with enough immunity to overcome any kind of uniformity that may arise in a world without frontiers. In other words, this exploration clearly conduces to get involved with the meaning of two concepts: identity and globalization.

Some ideas about these terms could be found in the different forums frequently organized. In fact, the attendance to certain events allows the economists to rescue some opinions, not only about their own profession but also about the others.

In the *8th Meeting of the Bank Association of the Republic of Argentina* it was feasible to listen to distinguished lecturers speaking about different themes for which each one was specially convoked. The allocution of one of these speakers, Rocco Butiglione, was well-

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¹ The words "profession" and "Economy" will be used interchangeably.



pondered by the attendants.² He talked about identity and globalization with some personal concepts rescued below.

In general, individuals seem to be convinced about what these two concepts mean. However, it is possible to find two individuals using erroneously the same word with different meanings believing they agree, but, truly speaking, they do not. In other discussions, they believe they do not agree, though it is the opposite. In the case that matters here, globalization has more than one meaning, and the same happens with identity [Butiglione, 1997].

Not by pure casualty one could begin analyzing the meaning of identity. From the etymological point of view, identity has a Latin root. It comes from *idem*, which simply means “the same”. Identity could be defined as the condition of being the same in the different relations one is involved. In this sense, all the economists seem to be identical, they are the same, and they also use a common language. Naturally, the fact that an economist is in a foreign country (Argentina for example) may influence a little upon him, but this fact may not force this economist to lose his identity. When this economist talks, he will speak about some problems, but not about others. If he evokes a poet he will probably mention Borges, but not Leopardi. If he evokes a geographical place, he will mention Salta, but not Sicily.³ Even if this Italian economist is here, in Argentina, his colleagues know that he is the same, although he seems not to be so. This person has strong ideas about his profession that he will never modify here, in Argentina, or in his own country, or in a third one in which he may be someday. There is a perennial nucleus explaining the fact that this person is “the same” worldwide.

However, since one is “one and his circumstances”, the identity is made by oneself, but also by the circumstances through which the professional has developed as such.⁴ These circumstances are a connection for understanding oneself and each other, and the identity is the main con-

dition for recognizing these circumstances. Thus, identity appears to be a precious thing, but it is inexorably linked to the circumstances. This conduces to the fact that although the economists are identical, they are characterized by different phenomena related to the place where they come from.

With respect to the other word, when two persons are speaking about globalization the sensation is that there is a tremendous difficulty for them to understand this concept. This is mainly because globalization is an imprecise word with a lot of meanings. Obviously, one could not list here all the meanings, but some them used by most of the economists.

When thinking about globalization, some individuals believe that there were two kind of models in the world: a capitalist and a socialist model, and now there is only one. In this sense, globalization means that what is global is the cultural capitalism, since the socialist one finished in a complete failure. Fukuyama gives his version to this respect: the history has finished because it is the fight to define a model of society, and since there is one model in the world there is no more history.

Some opinions are rather different stating that this is not true because models are only ways of thinking, schemes to understand reality, but reality is richer than models. The German market economy is not the same as that of Japan. The U.S. economy is different from that of South Korea, and from that of Italy. When someone affirms that the socialism finished in a complete failure, the only thing that is true is that the production and distribution of goods and services is now done entirely by the market. This is very important since the market is the system that allows the transmission and selection of the maximum quantity of information to the producers, and thus they produce exactly what is required. This is a system that sounds complicated, but it is very simple, and it is not a model. When someone buys something he gives nothing to the system but information. Through the price mechanism this information reaches the producers and makes them produce what people want. In a scientific (and somewhat philosophical) language, this is a vinculum. When cons-

² Rocco Butiglione is a member of the Pontifical Academy of Social Sciences.

³ This example is adapted from Butiglione's (1997).

⁴ These circumstances include related topics such as the education received, the problems and the relative development of the different regions and places where he lives, etc.



tructing a national model, some vinculum should be observed, and one of these is the market economy, but one does not have a model. He only has degrees of freedom to construct models. It is stated that is very simple because the market system works without computers. It is stated that it is complicated because it produces and distributes information in such an efficient way that could not be replaced by any kind of central agency in charge of planification. Nevertheless, if someone does not share this concept it is because he has another one, and probably he does.

A different meaning of globalization is tied to this first idea. It is linked to customs tariffs and trade. The states worldwide have been discussing matters related to international trade, and they insisted in diminishing drastically trade barriers among nations. There are some rules that have been transferred to an international market, and they do not belong anymore to individual countries. Here, what is global is not a model but a market. Again, if someone does not share this concept it is because he has another one, and probably he does.

A worldwide accepted concept is that globalization spoils the space of qualities, accidents, peculiarities, distances, and it does the same with time that now lacks its three dimensions: past, present and future. Both, space and time, are not ways to perceive world's diversities anymore, which are now replaced by the sovereignty of the homogeneous kingdom. The consequence of this replacement is that an observer located in the most remote point of the world enjoys a plural and simultaneous ubiquity. This miracle made one *donum* that once belonged exclusively to God possible: the humans could be at the same time all over the world, maintaining with his interlocutors an open dialogue with infinite horizons.

Evidently, some may not agree with this concept attributing to the globalization a certain type of Satanism. The miracle of communications and simultaneous ubiquity is not a synonym of instantaneous existence. Global uniformity and to be occupied in similar themes is not universality.⁵

⁵ For the purpose of this note, universality means unrestricted versatility or power of adaptation.

The instantaneous contacts are not an interplanetarian opening. The abolishment of distance does not mean true vicinity. It is also not true that the abundance of information places the individuals in the *umbrality* of knowledge [Buttiglione, 1997].

It is in this world of infinite directions that the profession will probably be misguided. It is in this world that the profession will be spoiled of its circumstances. Precisely, it is in a world without frontiers that the profession should preserve its identity. But, does it preserve its character in different instances?

Professional Identity around the world

*Europe versus America*⁶

It is interesting to observe if the profession lives the instantaneous existence imposed by the globalization, and if it feels the universality as universionalism. In other words, this means to distinguish if the profession preserves its identity. This clearly conduces to describe how professional life is, and its interests in different places.

Truly speaking, being a science, Economics cannot be but universal. However, it is a social science, and the facts and institutions necessarily influence on it, making true some inquiries that probably will never happen in other disciplines.⁷ In fact, one could mention the *Austrian Economy*, the *Swedish Economy*, or the *Chicago School*, and, while doing so, one combines geographical terms together with special connotations with respect to teoretical conceptions. What happens is that Economics is a science that uses different perspectives to approach to a complex and fuzzy reality [Rothschild, 1995]. These approaches complement each other in some fields, and compete in

⁶ This comparison is merely an outline. For further details see *Kyklos'* special issue (vol. 48, Fac. 2, 1995). For the aims of this section America means the United States. In the case of Europe, the author deliberately avoids citing British writings since they can, perhaps, be taken to come from a home halfway, culturally, between the European and the American continents [Baumol, 1995; 187].

⁷ It is difficult (although probable) to find someone asking himself whether there exists an "European" physics or a "Latin American" chemistry.

others. So, there is some rationality when talking about points of view with different adjectives: *neoclassical*, *keynesian*, etc; plus the aggregation of a geographical connection: Austria, Chicago, Sweden. Through this rationality, one refers to variations of Economics developed in some regions of the world therefore constructing a point of view with certain type of tradition.

If one thinks that after this label was acquired the geographical connection was not a permanent tie, one could discover the ideas in other places where they found new homes, like the *neo-Austrian* theory that found a host in *New York University*, in the *U.C.L.A.*, or in the *George Mason*.⁸ As a consequence, the statement that the economists have an identity seems to be verified in some way: there exists a constitutive and perennial nucleus that makes the individuals to be identical in both continents. Therefore, one could be tempted to think that the economists, in both sides of the planet, act uniformly as an increasing function of globalization. However, their behavior is distant from this way of acting, and the question whether a European economy exists suggests some ambiguity: nobody will respond by an unequivocal yes or no. There is a difference among European economists and American ones, but the difference is more like separating two dialects rather than completely separating two languages. They write on the same topic on both sides of the Atlantic, and they use the same weapons in their analysis, although they are different. But, what makes them different?

In spite of the fact that the economists share a common language, they preserve some tight vinculum with the circumstances of each continent, and this is, precisely, what makes them different.

America appears to be a homogeneous and competitive professional market, while Europe does not have these characteristics and seems to be a set of countries each one forming a close market with restricted access. Even it is in this way because of numerous reasons, it is mainly because of the different languages that could be found in Europe. This does not happen in America.

⁸ This is merely an example.

The academic market in America is an enormous one, with a lot of universities disseminated throughout the country. The market is big enough to successfully define its own criteria, which obeys its internal dynamism. Due to the size of the market, this is necessarily impersonal, and the articles and the number of times an author is referenced is the quality indicator that prevails.⁹

What is mentioned in paragraph above is not true in Europe. The European market of Economists is small, fragmented and scarcely competitive. In a European country the government induces the professionals to invest in human capital with a different approach. The government incentives professionals to be involved with local problems, and to be concentrated in consultant activities. The professional market, in the European case, forces the economists to be open minded in their formation covering different themes, and being talkative about local matters. This gives to the American economists few benefits, since they distinguish themselves from their European colleagues for the overemphasis on techniques and the highly abstract analysis.^{10,11}

The mobility of American economists induces them to invest in learning economic theory, which is readily portable, rather than investing in learning about local institutions since such knowledge may not be useful if they move to another region.

⁹ There are two conflictive aspects related with publishing the paper and its merit. One of these aspects is the intrinsic quality of the manuscript itself, which determines whether the economist is literate in his field. The other, the idea that there exists a certain type of prestige associated to the journal (due to its editorial policy, for example). This second point of view is very important for the Americans. In fact, it is possible to observe that the more theoretical the journal is, the more prestigious.

¹⁰ The graduates are not interested in learning local matters since this subject will be not useful when they leave the place. What is important for the graduates are the techniques. To be more precise, the enormous technicism and the abstract analysis are both the great differences between American and European Economists [Frey and Eichenberger, 1992].

¹¹ In the report of the Commission on Graduate Economics, it could be observed the lack of emphasis between the tools (theory and Econometrics), and problems of the real world. This is a weakness of the undergraduate education in Economics [Krueger, 1991].



Even if the characteristics in each side of the Atlantic are different, one must affirm that the Economic science has not stopped. Thus, the development is positive in both sides of the ocean. Not only Economics is alive in Europe, but also it seems to be flourishing. There is an abundance of European publications and a profusion of lively professional European associations. In fact, *vis-à-vis* what is happening in America, an increasing number of meetings, books and journals are being produced and published in Europe, adopting English as a common language. In the old continent there is an *Economic Association* whose meetings are in English. Its *review* is also published in English, and something similar occurs with the *European Public Choice Society* and other minor associations.

Finally, when thinking about European Economy, it is probable that one believes that there are certain characteristics similar to the American one. This belief tends to be so because a lot of graduates follow their studies in America. However, the one who thinks in this way should keep in mind that a lot of professionals, some distinguished professionals, some of them very brilliant, left Europe together with other scientists migrating to the United States and England during the twenties, thirties, and forties. It was during this time when the economic science seemed to adopt the Anglo-American character, with continental Europe in the periphery; the first being a wrong character of universality, and the second one out of any discussion.¹²

So, even if one could be tempted to think as a common discipline, in a common identity, the circumstances contributed to the fact that the professionals are different in both continents preserving their own identity. It is remarkably the way in which they do so, in spite of the fact of simultaneous ubiquity. It is in this sense that they know how to use the modern ways of contact to be occupied with same topics in one and in the other side of the world,

¹² Europe has never been in the periphery. The subjective theory of value, marginalism and general equilibrium theory, the public goods theory of value, bargaining and monopolistic and oligopolistic behavior, the theory of business cycles, the theory of capital and interests, etc., are some examples that Europe has never been the "child under tutorship" as some individuals state.

to improve their models, but the most notable thing is that they know how to preserve their identities.

Argentina

In Argentina, the profession has its own identity. It could be argued, without being mistaken, that the economists preserve an identity that is next to that of Europe rather than that of America. This is probably a consequence of the incentives from Argentine universities that are very similar to that of Europe. Tabellini [1995] affirms that the European universities give very few incentives of any kind. These incentives are provided by consultant opportunities outside the academic circle. This is enough for the economists' income to be negatively correlated with their scientific achievements [Tabellini, 1995]. Something very similar occurs in Argentina.¹³

So, Argentine universities seem to be close to professional ones. Because of this, all who come from these universities are capable to be confronted with practical problems. Only a small part of the university activity is oriented to pure research [Arnaudo, 1996]. The mission of the professional university consists, consequently, in preparing the graduate students to solve concrete social problems. This is a circumstance of the profession, and it should be accepted.

Like other economists in the world, when the Argentine ones finish their careers they tend to continue their studies in the United States. In this sense, these economists seem

¹³ The lack of incentives should not be seen as a synonym of frustration among young scholars. In fact, the provision of secretaries, financial aid, etc., is not abundant, although the university wants to maximize the number of publications and papers. In spite of the scarcity, the resources are concentrated among those individuals who have published a lot. The payment depends upon the stage of the career, age, number of publications, etc., and, following this rule, a young scholar aged 28 preparing his third paper anticipates great incomes in the future in comparison to a professional that is in his fifties contemplating his article number fifteen. Under this perspective, universities should not focus on the young scholars, because their own incentives should be such that (assuming they have enough talent to produce) they themselves would type their papers, or contract a secretary to do so. The senior professional has a rather different perspective: if he should be motivated to produce, he should be provided with facilities that diminish his production cost function [Tullock, 1973].

to adhere to what is happening in America. If it is like this, one should expect these economists to be tempted to follow their American tutors, therefore adopting the impersonalism that is provided by the abstract publishing in *journals* and *reviews*.

Nevertheless, the Argentine economists, with the exception of those who stay outside the country, seem to understand the significance of making applied research rather than abstract and theoretical studies. This does not mean they decide not to do the latter ones, but they devote the rest of their lives to consultant activities to public and to private sectors.¹⁴ They are interested in matters related to their states and local governments, thus making their instrumental analysis an applied one.

What is mentioned above contributes to the identity of the Argentine economists. Even if they do not have the language barrier as the European ones, they have been able, as the economists from Europe and America, to share their common interests. The *Asociación Argentina de Economía Política* is a clear example of this. Something similar occurs with the *Consejo Profesionales*. So, they have their own institutions that shape and preserve their identity.

Like some European countries, Argentina adapted itself to problems that were diverse in nature, and this notably influenced the profession. In fact, from the last fifties to the beginning of the nineties there was a period of enormous turbulence [de Pablo, 1994]. In nearly 40 years, GDP grew 146%, and prices multiplied 1,9 millions of times, there were 18 presidents, 39 ministers of Economy, and a similar number of central bank presidents. This situation conduced to the fact that most of the professionals confronted the reality starting at a common diagnosis, and the research was a box of resonance of what was happening on the streets.

If one observes the extent to which the professionals were interested in some themes, one could see the lack of studies

related to development (probably due to the frustrations of the theory in these areas). Besides, there is a notably disinterest in stabilization plans, while there exists an increasing tendency to study topics related to the market, to the allocation of resources, and to regulation matters. Finally, one should notice the disinterest in sectorial studies, something that should be interpreted as a consequence of the absorption of economists from the enterprises or related sectors. If it is like this, probably the problems should not have enough merit to be presented in some meetings, or those interested in these problems do not want to do so.¹⁵

According to what is stated above, one should recognized that the economists from Argentina have their own identity, and this identity goes with most of the circumstances the country has experimented.

Concluding comments

The main point of this essay was to explore the behavior of the economists in a global defiant world. If a danger exists in this world, it is related to the fact that it spoils the space of qualities, accidents, and peculiarities, therefore transmitting an instantaneous existence and universalism that are not such. Against these dangers, the immediate reaction from the economists could be to have a loss of their immunity, and to be transformed in a mass that gives up its circumstances prior to their true identity.

However, as it could be inferred, nothing like this seems to happen. Contrary to what one could expect, globalization serves to abolish distances, and to endow to the profession a simultaneous ubiquity, but it could not deteriorate identities. These identities are intact, and accompanied each other by the circumstances that contributed with the fact that, although the economists use a common language, they are different in one and in another place.

In the future, and with preservation purposes, it is imperious to keep in mind that the professional that goes ahead is the one who he himself opens to the world, but

¹⁴ The abstract and theoretical contributions are found in the small quantity of researchers advocated to pure research.

¹⁵ See Arnaudo [1991].



not the one who necessarily gets lost in it. Between the economist and globalization, the question about identity should always be present. To be more precise, the true defiance that is imposed nowadays is to know how to become global, but without giving up one's identity. As a consequence, the answer to the question whether a global economist exists seems to be, fortunately, a pessimistic one.

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