VESTED INTERESTS, ORGANIZATIONAL INERTIA, AND MARKET SHARES:

A Commentary On Academic Obsolescence

by Daniel W. Bromley

The academic departments in which many *CHOICES* readers and contributors received their ultimate educational experience—if not their current employment—stand as anomalies in a changing world. As American universities struggle with declining nominal and real budgets, as potential students and their parents carefully assess the benefits and costs of higher education, and as federal programs come—once again—under scrutiny, business as usual is bound to be bad for one's future.

> **➢ Departments of agricultural economics as we know them will be practically extinct in another 20 years. Departments of applied economics, however, can create an important market niche in academia. The transition will raise many questions familiar to those who study intergenerational economics and incentive (agency) problems in teams.**

Departments of agricultural economics as we know them are poised to move from the category of interesting remnants of a long-forgotten era, to another category best described as "dispensable superfluity." Agricultural economics faculty may find private pleasure in the demise of other departments; be it poultry science, swine science, or rural sociology. If we are smart, we will reflect on the aphorism—attributed to Winston Churchill—that to a soldier, the most delicious sound in all creation is that of a bullet whistling by one's ear.

Whereas most university departments exist because of the compelling nature of the subject matter, departments of agricultural economics exist *only* because colleges of agriculture exist. When the nature and role of the traditional college of agriculture are questioned, can we be far behind?

Leaders of colleges of agriculture work hard to cultivate clientele who can relate to their mission. Most often this will mean that the range of courses offered is proscribed, and research questions are framed in a way that feasible avenues of inquiry—not to mention outcomes—are somewhat given. Most importantly, those with other career interests or research issues will not come to such places. They have different agendas.

Students

At my own University of Wisconsin, 17,000 undergraduates search for interesting and relevant courses in a College of Letters and Science with approximately 1,300 professors. At the same time, our College of Agricultural and Life Sciences, with 400 faculty spread over 23 departments and countless centers and institutes, feels relieved to have appealed to approximately 1,800 undergraduates. Some departments actually have more faculty than students. Someone is bound to notice. Still, change will not be easy.

Any organization, even an academic department, finds itself boxed in by others in the same market. In higher education, economics departments will resist with considerable vigor the creation of any course that appears to invade their turf. Business school deans, no less astute in matters of market share, will likewise resist. Departments of agricultural economics find themselves held hostage by their own college dean and by others competing for students. The bureaucratic solution is to require us to append the word "agricultural" or "farm" as a modifier to courses that would otherwise appeal to a far wider audience. But, of course, these very modifiers that satisfy the university policies are precisely the same terms that turn too many students away.

On the other hand, many athletes find us a congenial home because we care for our students, our math requirements are usually less formidable than those in economics departments or business schools, and we teach well. But then, as the team is introduced, the world learns that a surprisingly large number of urban students are majoring in, you guessed it, agricultural economics! The anomaly is now public knowledge and public mirth.

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Survival requires that we become "applied economics departments" in both name and in fact. We must structure our curricula to appeal to the masses of students with interests in world food problems, environmental and natural resource issues, the global political economy, state and local public finance, international

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trade, the food system and food safety, and managerial economics. Many departments have begun this metamorphosis, and others are considering it.

The Market

Many economics departments have become less applied. In doing so, they annoy not only their deans, but their undergraduates as well. In short, the other guy's customers are ripe for plucking.

Again, change is never easy. Our deans will regard it as a sell-out. Some of our colleagues may not be pleased with the abandonment of our explicit agricultural focus and department name. Some will say, "Lighten up. What's in a name?" The answer, quite simply, is that our future is in a name. If it were not so, corporations would not spend millions to remove restrictive modifiers from their names and to remake their image in a more general way. This trend is even more pronounced in agriculturally oriented corporations who seek a broader group of customers for their goods and services. The same could be said of a number of academic departments—both in colleges of agriculture and elsewhere on our campuses—who, though not economists, understand quite well the struggle for market share.

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In a recent editorial in the Association's newsletter, Bruce Beattie, our President, denounced interdisciplinary programs as a threat to allegedly "disciplinary" departments, such as agricultural economics. However, agricultural economics is not a discipline, nor is it sufficiently compelling to warrant survival in the land grant universities of the future. There is, as President Beattie warns, ample reason to be worried about the future of departments of agricultural economics as we know them. Departments of agricultural economics will die not because of interdisciplinary programs, but for lack of a sufficient reason to continue. Clever market positioning is called for. We can understand a failure to act by poultry or swine experts, or even rural sociologists. But how do we explain economists failing to pay attention to the market?

The answer, I fear, is that while we urge market discipline on others—alleging that it is good for all manner of sloth—we are rather terrified of such discipline when it strikes too close to home. In reality, we operate in a protected economic climate that would be the envy of any ex-Soviet plant manager. Our total revenue (our salary base and hence our faculty size) is largely guaranteed each year regardless of our student numbers. Given guaranteed total revenue, there is no collective incentive to increase work effort since—to do so—will drive up private costs.

Each professor is, in effect, a private firm, and a department can be thought of as a federation or holding company. Each of us has powerful economic incentives to maximize the asset value of our private firm (papers, books, newly minted graduate students in our own image, etc.). However, the private incentives to contribute to the collective good (the department) are minimal. Individually, changing one's behavior so as to appeal to larger numbers of undergraduates carries clear private costs, and unclear—and distant—private benefits.

While we often seem eager to tell others how to get "prices right," we seem recklessly immune to our own advice. Time is running out. C