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D.C. HAGUE'S 'THE ECONOMIST IN A BUSINESS SCHOOL': A QUINQUAGENARIAL REFLECTION

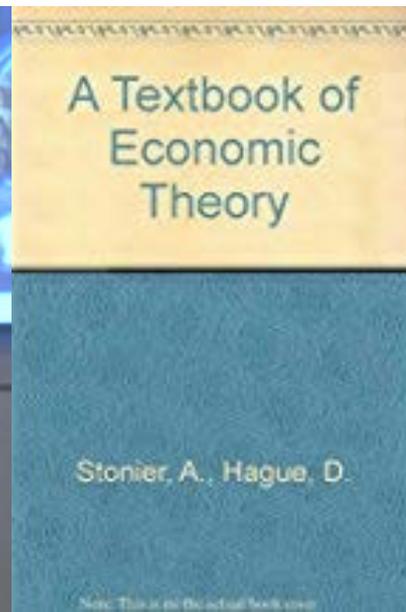
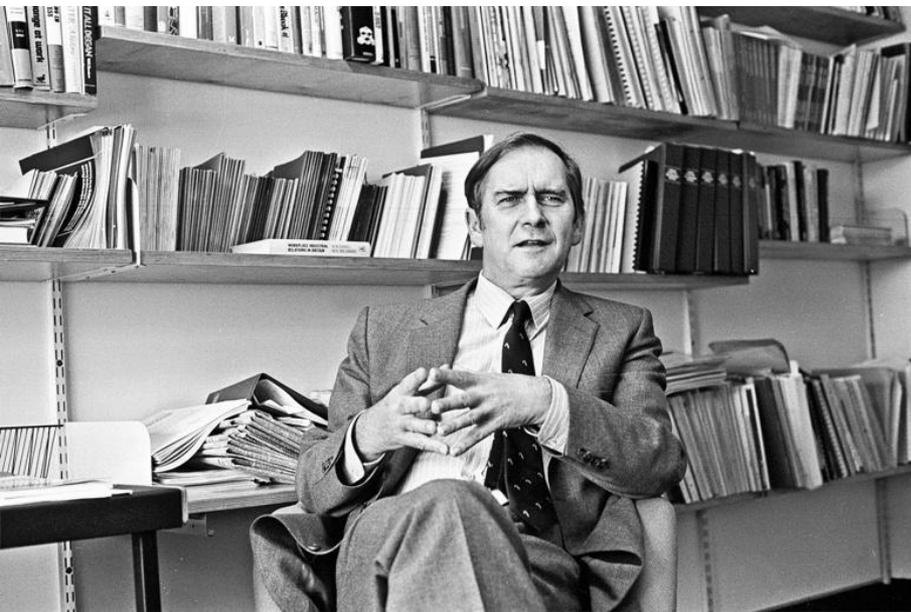
PAUL L. LATREILLE & GRAHAM BROWNLOW

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‘Aristocracies of talent are far harder to reform than aristocracies of birth’ (Hennessy and Hague, 1985, p.5)

‘Business schools, like any social institution, are by-products of their circumstances, and their rationales and strategies can never be entirely disentangled from their time, place, history, society, and culture’ (Khurana and Spender, 2012, p.621)



- Sir Douglas Hague (1926-2015), who styled himself as a “knowledge angel”, aptly described as being ‘interested in how things fit together’ (Milnes, 2015)
- His favourite audience was what he termed the “sophisticated lowbrow” (Hague, 1959, p.1)
- 60 years of overlapping experience in academia, public policy and private sector
- Appointed CBE in 1978, knighted in 1982
- Key contribution was a diffuser of US business school model into the UK (& links with political/commercial patrons)



- Obituaries focused on his political advice; e.g. Thatcher “Douglas [Hague] writes more clearly about economics than anyone else in the world”
- Yet Hague saw his business education (particularly entrepreneurship) contribution as more important than his political advice
- Academic posts at Birmingham, UCL, Sheffield, Manchester & Oxford with visiting/honorary roles at Duke and Imperial
- Wide range of roles in public policy and commerce



- His interest in business arose out of his maternal Uncle Albert (Bertie) Chambers establishment of a clothing business in 1940 (Milnes, 2015)
- In 1943, aged only 16, he went to Birmingham for the B.Com and he later wrote:

“I found that I liked the economics part [of the degree] most, because you were trying to understand the whole of an economic system, how things fit together. In other subjects such as law, you either get it right or you get it wrong; whereas in economics, you could always argue”
(quoted in Milnes, 2015)
- G.C. Allen, the external, secured Hague a job at UCL



- It was the close links between UCL and LSE (e.g. Stonier & *Economica*) that Hague stated 'transformed my understanding' (quoted in Milnes, 2015)
- Consider Hague's *Economics of Man Made Fibres* (1957) or his (1959) inaugural
- Cold War & Ford Foundation particularly important part of the story of US and UK business schools in the 1950s and 1960s (Khurana and Spender, 2012)
- Departmental identities of Economists an issue (Simon, 1967; Khurana and Spender, 2012)



- Hague appointed to Sheffield in 1957, but given a year looking at business schools (e.g. Harvard, MIT, Chicago, UC Berkeley) in order to improve Sheffield's 'middle management programme'
- Keith Joseph in 1957, under Ford Foundation funding, went to US to study management education 'and returned an enthusiastic supporter of management education' (Larson, 2009, p.21); by 1959 Joseph had helped found the Foundation for Management Education (FME) to support management education
- Hague wrote a report advocating a UK business school (created LBS & was appointed at MBS after Oxford declined)



The economist... in a business school?

Institutions where Economics taught (Economics Network list^a)	101
Recognisable Economics department/school or division/subject group/team ^b	83
'Independent' Economics department/school ^c	27
Embedded Economics division/subject group in business/management school	56
No Economics group but in business/management school ('service' subject)	18

Notes: ^a Excludes Scottish Rural College (specialist institution); ^b London Metropolitan has a 'team' but no separate listing; it has been treated as a recognisable group since there is a 'team leader'; ^c some of these are based within wider 'colleges' (e.g. Social Science).



What's in a name?

Unit title	Overall	Independent units
Economics ^a	46	22
Economics & Finance	6	3
Economics, Accounting & Finance ^b	18	1
Other	13	1
Total	83	27

Notes: ^a Includes Dundee (Economic Studies), York (Economics & Related Studies) and Hull (Economics and Business Economics); ^b Includes variants in ordering or wording (e.g. Accountancy of Accounting; and Salford's International Finance, Accounting & Economics).



Degrees of choice?

- UCAS lists c.95 institutions offering some variant of Economics programme
 - Economics (79)
 - Business Economics (31)
 - Financial Economics (17)
 - Economics & Management (or variants*) (30)



In pursuit of service (teaching)

- Hague's focus was on teaching of Economics to Business students
- 1965 paper considered mostly:
 - motivation for doing so in context of new business schools (why)
 - issues of content (what/how much) and also
 - pedagogy (how)



The why?

- Economics biggest contribution to be “in providing managers with an understanding of the environment in which business decisions are taken” (p.303)
- To give the manager “a sure understanding of the relationships between parameters and variables with which he (sic) is continually and closely concerned” (p.304)
- But part of *team* drawing on expertise of & working with other disciplines in fulfilling “the aim of business schools... to help to produce better managers” (p.303)
- Ultimately “[t]he economist in a business school must foster the intelligent application of commonsense logic to business problems” (p.318)



The what? [1]

- Macro: money; employment; economic growth; I; structure, location & organisation of industry & international trade
 - Need to provide a “broad understanding... of events” (p.304)
 - “... applied economics in the truest sense” (p.304)



The what? [2]

- Micro: economic theory of the firm – relationships between P , Q , design, A , size & activities of sales force; π maximisation s.t. constraints; alt. business aims; marginal and full cost theory of price; E_d ; FC, VC & quasi-variable costs & notions of SR/LR; market structures; nature of sunkness; discounted PV; anti-monopoly legislation; “operation of ‘toothless’ planning” (p.304)
 - Need to recognise operating within multiple, intersecting systems
 - Simplification and linear approximation sufficient
 - Notion of equilibrium but also disequilibrium important (‘at rest’)



The how?

- Less well-elaborated but...
 - “... by exercises and case studies” (p.310)
 - “Visiting lecturers from industry cannot, and should not, be expected to do more than illustrate and elaborate the general principles already driven home in lectures, exercises and case studies” (p.309)
 - “...joint seminars...” with teachers of government & law



Diamonds or water?

- “The business schools must certainly be research-based; but they must not allow themselves to become research-dominated” (p.309)
- “The managerial economist[‘s]... lack of mathematical expertise often makes him little more than a ‘poor man’s’ operational researcher”(p.316)
- “[B]usiness schools should... neither worry nor apologize when, especially in the economist’s field, they are teaching what is little more than applied common sense” (p.318)



Hague on scope and method

- Hague didn't view economics as 'first among equals' instead he saw it as cooperating with other disciplines
 - “... economists in every business school should regard themselves primarily as part of a team” (p.303)
- He viewed economics as particularly insightful in terms of providing advice on decision making rather than implementation
- Not simply HBS style case studies: best practice needed to be taught (e.g. his discussion on sunk costs, pp.310-11)
 - “Even if practice differs from precept, there is no point in teaching... anything but the best precepts” (p.309)



50 years on...

- Two very different approaches?
 - Traditional (e.g. Sloman; Begg, etc)
 - Largely covers same broad areas as Hague's recommendations
 - Economics-oriented with applications (Mankiw's 10 principles?)
 - Include case studies as illustration
 - More strategy-oriented (e.g. Besanko et al.)
 - Economic concepts & case studies more embedded
 - Draws on broader developments (e.g. TCE)
 - More inter-disciplinary



Conclusions [1]

1. Sir Douglas Hague - drawing on academic, commercial and policy experience over 60 years - emphasis was always concerned with how economic systems fitted together
2. Hague's (1965) analysis of economics within business schools (and its discussion of the why, what and how) can be placed within his more general systemic approach
3. The paper also draws on Hague's wider experience of the need to bring "best practice" to the UK private sector. This connects Hague's academic economics ideas regarding policy and business to wider contemporary issues



Conclusions [2]

5. However, Hague (1965) wasn't a manifesto for 'economic imperialism' in either teaching or research: instead he advocated a multidisciplinary teaching team trying to produce better managers in the UK
6. Hague's comments regarding systems and economic pedagogy covers a wide range of topics (e.g. macro, micro, theory, application, positive, normative and quantitative methods)
7. Since 1965, and reflecting many changes within UK HE and beyond, the pedagogy of economics teaching units has changed: in short, within the UK more economics is now taught within embedded groups rather than 'independent' departments/schools



Conclusions [3]

8. Nevertheless, despite the change in pedagogy, 'Economics' remains the most common name of the teaching units
9. 'Economics' is the most common UCAS listing; a substantial number of universities also list 'Business Economics'
10. Teaching Economics to Business: much of the basic tenets to be covered remain the same as 50 years ago, yet a more 'strategy' based approach has developed reflecting theoretical developments since, some of them anticipated by Hague





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