



TI Magazine's column highlights a current news topic.

TI: the next challenge

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As one of the directors of Tinbergen Institute in the 1990s, I enjoy seeing the marvelous success that TI has had over time. But a column written in praise of the institute cannot be right. And complacency, in any case, is almost always misplaced. The competitive field in which TI operates is developing rapidly, and we cannot assume, necessarily, that Tinbergen Institute can hold onto its position. After all, not only the Netherlands, but also its neighbors in Europe, are realizing that in the knowledge society of tomorrow they have to be at the top. The Netherlands opened up to the international academic world rather early—and that put us in the lead—but we are hampered now by lagging investments in higher education. Many of the Continental European countries that were lagging behind by being insulated are now making massive investments.

How should TI respond to this challenge? Tinbergen Institute should be a catalyst of change. Having a consortium PhD program between the Amsterdam and Rotterdam universities is an excellent concept and a unique characteristic of Tinbergen Institute: that should not be changed, please. But what we must do is strengthen the universities in both Amsterdam and Rotterdam. Dutch universities optimized in the late 1980s until early 2000 within the boundaries of the Dutch public university system. We did that very well—much better than most countries around us.

The limits of the optimization within those boundaries have been reached, however. For the sake of brevity, I'll focus in this column on Amsterdam, and let others fill in the gaps for Rotterdam. What is needed? Indeed, much more funding and entrepreneurship. A look around at both University of Amsterdam and VU University reveals that it has become increasingly difficult in the last few years to continue the progress and be really competitive in the international market for faculty. The most

appalling example in Amsterdam is the lack of a top business school. Internationally, many of the best economists are linked to business schools. The spin-offs are enormous. Obviously, a field like finance—a field in which Tinbergen Institute recently has invested heavily—ultimately fully depends on having a top business school.

The University of Amsterdam has a top finance group, with representatives from 12 nationalities—it couldn't be any more international. However, expanding on (or even preserving) this position requires massive investments. This is feasible only if there is a top business school and the funding that comes with it. Nobody, however, is taking the initiative to join forces in the Amsterdam arena to get to a top business school. Why are VU University and University of Amsterdam not joining forces to create such a business school? Why is Tinbergen Institute not encouraging this? Why is the Duisenberg Initiative not pressuring the faculties to do this, rather than trying to set up something new, and (further) Balkanizing the Amsterdam scene?

I see a total lack of leadership. There are excuses. Private funding, we need to go after that—but doing this (and giving money) is not (yet) in our culture. And indeed, the Dutch Central Bank instead of spending 45 million on a Mondriaan painting—the *Victory Boogie Woogie*—could have created a real top economics institute in Amsterdam. But let's look forward. Above all, we need to be pragmatic. We do not need leadership that tries to put the whole country behind one joint initiative. That will never work. There's nothing amiss with a little competition between Amsterdam and Rotterdam—and this is also the challenge for Tinbergen Institute. Encourage collaboration between Amsterdam and Rotterdam for the PhD program, but encourage competition (and initiative!) for the rest.