THEPROFESSION

Why U.S. Economics Departments Won

BY DAVID A. PRICE

Almost all of the universities in the top tier of economics are in the United States. So says a 2011 ranking of world economics departments by the London newspaper the *Guardian*, which puts U.S. departments in seven of the top 10 spots. So says a 2008 article by Rabah Amir of the University of Iowa and Malgorzata Knauff of the Warsaw School of Economics that ranks economics departments on the basis of Ph.D. placements since 1990; their list has only one non-U.S. department in the top 10. So says a recent ranking by the Tilburg University School of Economics and Management (Netherlands), which includes zero non-U.S. schools in the top 10.

The committee for the Nobel Memorial Prize in Economic Sciences seems to agree. Over the past quarter-century, it has awarded prizes to 49 economists, of whom only six received their doctorates from non-U.S. universities — and one of those, 1988 winner Maurice Allais, received his degree in engineering, not economics.

In sum, according to University of California, Berkeley sociologist Marion Fourcade in her 2009 book *Economists and Societies*, "The primary empirical fact about the international field of economics has been, since World War II at least, the overwhelming dominance of U.S.-based scholars, scholarship, and institutions and their commensurate power over the rules of the game that prevail in it."

What's going on? In a field that was more or less created by foreigners — Adam Smith, Léon Walras, William Stanley Jevons, Vilfredo Pareto, and John Maynard Keynes among them — how did U.S. departments come to be this dominant?

In the last decades of the 19th century, the United States remained a backwater in academic economics. Americans seeking advanced training in economics (or "political economy," as it was then called) usually went to Germany for their Ph.D. degrees. During the same period, however, programs in this country were growing in response to greater interest in the field as a possible source of light on issues such as bank failures and the power of railroads. John Parrish of the University of Illinois, in a 1967 article in the *Southern Economic Journal*, found that although U.S. universities awarded only three doctoral degrees in political economy in the 1870s, that figure increased to 95 in the 1890s.

A further advance in the standing of U.S. programs came in the late 1930s and 1940s as the result of man's inhumanity to man. Prior to World War II, oppression of Jews by fascist governments brought numerous refugee economists to American institutions, such as future Nobel laureates Franco Modigliani and Leonid Hurwicz. Other European economists, such as future Nobel winner Tjalling Koopmans, came to America to stay clear of the war.

The Rockefeller Foundation, endowed by oil magnate John Rockefeller Sr., played a central part in bringing about many of those migrations, according to Roy Weintraub, a professor at Duke University's Center for the History of Political Economy and author of the 2002 book *How Economics Became a Mathematical Science.* "Beginning in the 1920s, the major U.S. outreach to European economists was through the Rockefeller Foundation, through its sponsorship of business cycle research institutes," Weintraub says. "There were centers in Russia, in Vienna, in Italy, in Kiel, in Rotterdam. Many of the people who were known in the U.S. and sponsored to get out of Europe by Rockefeller took a major role in refugee placement and funding."

During the period just after the war, economics in the United States enjoyed still another advantage in the form of rapid growth in American higher education in general. The Servicemen's Readjustment Act of 1944, better known as the G.I. Bill, provided aid to college-bound veterans. Overall college enrollment in the United States grew from 1.3 million in 1939 to more than 2 million in 1946, bringing demand for more faculty — and, thus, more opportunities for prospective doctoral students — at a time when European economies were struggling.

Today, demand for research economists in the United States continues to be high, helping to draw strong students to the field, thanks in part to the growth of American business schools and to demand from the U.S. financial sector and consulting. In this country, Fourcade noted, "economists' work options in the private sector are much more abundant than in other nations."

Another factor today is declining government support for European universities, says Weintraub. "There is not the kind of financial support or the opportunities for advancement. Students will come here to do the Ph.D. and want to stay. The exception probably would be China; there are many opportunities for Chinese to go back and have fast-track careers with American degrees because there are so many universities that have started."

Elite American research universities, both public and private, benefit from diverse sources of funding, especially an engrained tradition of private philanthropy. Together with the institutions' other advantages, their money brings the ability to recruit top talent. Five U.S. institutions in 2013 had endowments larger than $18 billion; Harvard's, at $32 billion, was four times that of Britain's most wealthy, the University of Cambridge.

But the worm already turned once in the early- to mid-20th century. Who's to say it won't turn again? Mighty MIT and hegemonic Harvard, look out. **EF**