

The Role of Lower-Ranked Economics Ph.D. Programs

BY KARL RHODES

The top 15 doctoral programs in economics dominate the profession — or so it would seem based on research rankings, career outcomes, and alumni winners of the Nobel Memorial Prize in Economic Sciences.

Before World War II, these elite programs, led by the likes of Harvard University and the University of Chicago, faced little competition. But as American universities grew rapidly following the war, the number of Ph.D. programs in economics soared from 24 in 1946 to more than 120 in 1973. Today, the total stands at 140. Despite all this new competition, the same programs — with only a few additions since the war, most notably MIT — continue to dominate many aspects of the profession. This long-standing supremacy has prompted some observers to question the value of smaller, lower-ranked programs.

“What these smaller programs do — more and more as you go down the pecking order — is produce teachers for the many institutions that have large numbers of undergraduate economics classes but little chance of hiring Ph.D.s from the top 15,” says John Siegfried, an economics professor emeritus at Vanderbilt University (generally ranked in the 30s or 40s) who conducts research on Ph.D. programs in economics.

“Bottom-tier” Ph.D. programs (classified as those below the top 48 in Siegfried’s research) generally have lower completion rates. But nearly all of their graduates eventually secure full-time, permanent employment in the field, according to longitudinal research by Siegfried and Wendy Stock, who chairs the economics department at Montana State University, which has no Ph.D. program. Even in the short run, their 2003 survey of 2001-2002 graduates found that 70 percent of graduates from the lowest-ranked programs secured full-time, permanent employment quickly, compared with 89 percent of graduates from the top 15. The average starting salary was substantially higher for graduates of elite programs, and their indicators of job satisfaction were somewhat higher.

Quite a few graduates of bottom-tier programs find jobs in the lower levels of academe, and some of them eventually publish in prestigious journals, but their upward job mobility is limited. John List is a well-known exception to this rule. He earned his Ph.D. at the University of Wyoming (generally ranked in the 60s or 70s) and worked his way up to department chair at Chicago.

Wyoming’s Ph.D. program is among the smallest in the nation, but it ranks No. 11 on Research Papers in Economics’ international ranking of research organizations in the subspecialty of environmental economics. Among American universities on that list, Wyoming joins Harvard, MIT, and Chicago in the top 15.

Small programs can play important roles, says Robert Godby, who chairs the economics department at Wyoming. “But if their resources are very limited, they have to figure out what they do best and maximize their outcomes in those areas.”

Focusing resources is also a key strategy at Emory University, says Tao Zha, who co-chairs the university’s Ph.D. program in economics (generally ranked in the 50s or 60s). Three years ago, Emory suspended enrollment in the program to reassess its comparative advantages. When the program resumes in 2016, it will focus more sharply on econometrics, macroeconomics (including greater collaboration with the Federal Reserve Bank of Atlanta), and applied microeconomics (including greater collaboration with Emory’s public policy institute and other Atlanta-based health organizations).

At no time during Emory’s reassessment did the economics department consider closing the program, according to Zha. “If the university were just a teaching school, then I could understand not wanting to expend the resources on a Ph.D. program,” Zha says. “But if the mission is not only teaching but also to be a leading research institution, then you need to attract prominent researchers. It’s almost impossible to have a good research department without a Ph.D. program.”

Not necessarily, says Robin Dubin, who chairs the economics department at Case Western Reserve University. The department allowed its Ph.D. program to go dormant more than 30 years ago, and today Case Western is the only member of the Association of American Universities that does not have a doctoral program in economics. The association’s 62 members include nearly all of the leading research universities in the United States.

“Having a Ph.D. program certainly would help in recruiting but we have been able to make very good hires without one,” Dubin says. “The people who know us realize that we are an excellent department, and if they are advising Ph.D. students, they encourage them to at least come and take a look.”

Growing numbers of Ph.D. candidates also are taking a look at nonacademic jobs. Employers in business and government — like their counterparts in academe — are willing to pay more to attract graduates from the top 15, according to Siegfried and Stock’s research. But that salary gap narrows in subsequent years of economists’ careers as “rewards for promise evolve into rewards for productivity.”

Sometimes economists are better at modeling things than doing things, but Siegfried puts Muhammad Yunus in his “just-do-it” hall of fame. Yunus completed his Ph.D. in economics at Vanderbilt in 1971 and won the Nobel Peace Prize in 2006 for promoting micro-lending as a way to combat poverty. “He didn’t win a Nobel Memorial Prize in economics,” Siegfried says with a chuckle. “He got a better one.” **EF**