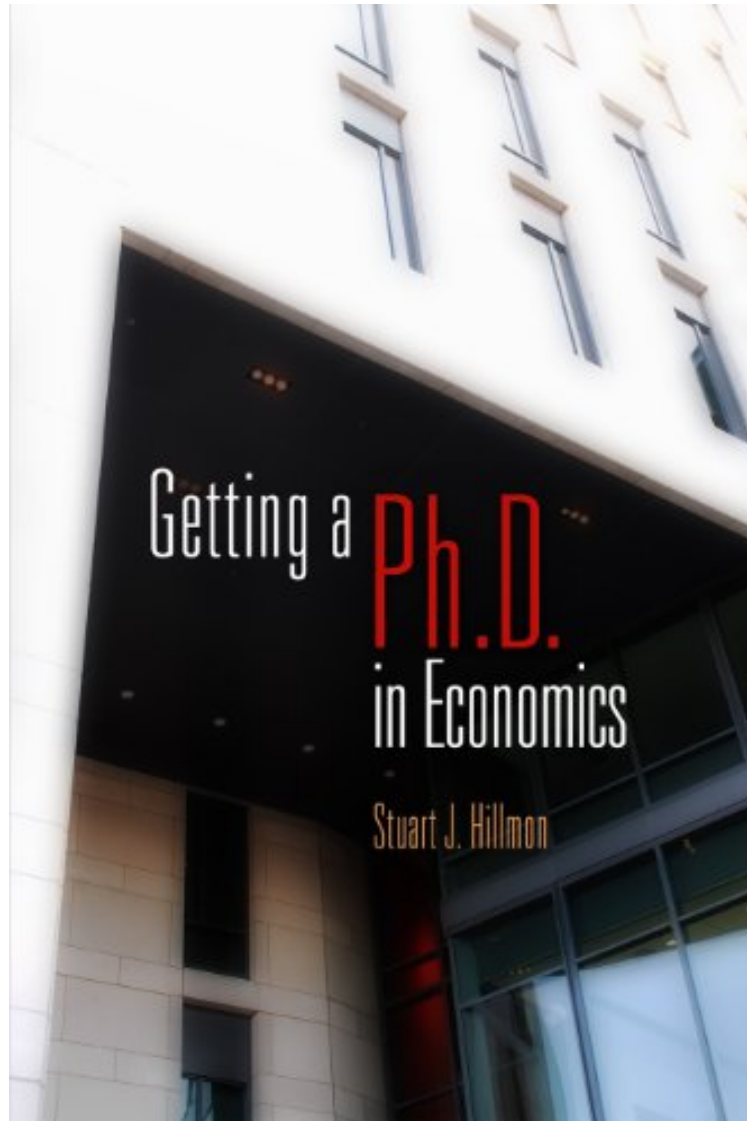


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Getting a PhD in Economics

Stuart J. Hillmon

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Stuart J. Hillmon : Getting a PhD in Economics before purchasing it in order to gauge whether or not it would be worth my time, and all praised Getting a PhD in Economics:

1 of 1 people found the following review helpful. Required reading for future PhD economists
By Health researcher
This is a very useful book for undergraduates thinking of applying to PhD degrees in economics or even students already in graduate programs still trying to figure out how an economics PhD program works. I fault the book only on four dimensions. First, it assumes people should get a PhD in economics ONLY if they are interested in an academic position as a professor, even though many many PhDs do end up going into other careers. Why? Because the pay, challenges, and impact can also be very rewarding in nonacademic positions as a PhD economist. Many foreign

students will never get scholarships to pay for earning an MBA in the US, while they can get full or nearly full funding to earn a PhD, which is valued by the market every much or more than an MBA. Also, graduate training is essential for many government or international agencies: an undergraduate economist cannot argue effectively with well trained PhD from the IMF or World Bank on how to run your economy. A second flaw is that the book does not adequately discuss the value of an MA degree, and is too focused on PhDs from top 20 programs in particular. The market would disagree with Hillmon in that many are earning an MA in economics and go on to be fulfilled, or from a non top 20 program, Non US programs could also use more discussion. Employers do value the extra training, particularly in methodologies like statistics and accounting from MA programs and foreign training. Finally, the book perpetuates the myth that economics is inherently superior to other areas in which one can earn a PhD. Sure economists may earn higher average salaries than many other PhDs, but there is much more to being fulfilled than just salary. Despite these limitations, the book is essential reading for anyone considering getting a PhD. Best book out there in this area.

0 of 0 people found the following review helpful. Essential reading for aspiring economists
By Jae Chung
I am a prospective PhD student in Economics. I knew quite a lot about grad school even before reading this book, because I work with PhD economists every day. I also have friends in PhD programs so I had a clear understanding of what to expect. While I had the big picture right, I found this book immensely helpful in providing me the details. Especially the author's advice on how to succeed during the first two years and during the remaining time of the program were spot on. Also his comments on how to prepare for the job market paper, and on the detailed account of the job market process were very helpful. I am going to re-read this book when I enter grad school. Highly recommended.

0 of 0 people found the following review helpful. Brutally Honest in a Good Way
By R. Wolfcastle
'Brutally' honest in the sense that it provides very realistic advice and statistics and typical processes for being admitted into a top PhD program and how to offset your shortcomings as much as possible. For the most part it is about 60-70% applicable to science/engineering PhD programs in general

Considering a graduate degree in economics? Good choice: the twenty-first-century financial crisis and recession have underscored the relevance of experts who know how the economy works, should work, and could work. However, Ph.D. programs in economics are extremely competitive, with a high rate of attrition and a median time of seven years to completion. Also, economic professions come in many shapes and sizes, and while a doctoral degree is crucial training for some, it is less beneficial for others. How do you know whether a Ph.D. in economics is for you? How do you choose the right program; and how do you get the right program to choose you? And once you've survived years of rigorous and specialized training, how do you turn your degree into a lifelong career and meaningful vocation?

Getting a Ph.D. in Economics is the first manual designed to meet the specific needs of aspiring and matriculating graduate students of economics. With the perspective of a veteran, Stuart J. Hillmon walks the reader through the entire experience; from the Ph.D. admissions process to arduous first-year coursework and qualifying exams to armoring up for the volatile job market. Hillmon identifies the pitfalls at each stage and offers no-holds-barred advice on how to navigate them. Honest, hard-hitting, and at times hilarious, this insider insight will equip students and prospective students with the tools to make the most of their graduate experience and to give them an edge in an increasingly competitive field.

"A good guide written with wit and an honesty that reflects an economist's way of viewing reality." —David Colander, Middlebury College
"Clear, direct, and fun to read, this book captures all the major aspects of applying to and succeeding in a Ph.D. program in economics." —Mark C. Foley, Davidson College

About the Author
Stuart J. Hillmon is the pseudonym of an academic economist who graduated from a top-five doctoral program in economics and currently teaches courses in policy and economics.

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Chapter 1 Preliminaries: The Lowdown on Academic Economics and Ph.D. Programs

So you're thinking of going to graduate school in economics. I applaud your good taste and discernment. Now is the right time to study economics. Thanks to Freakonomics and blog- and op-ed-wielding economists, we Ph.D. economists seem almost cool; not only can we analyze the stock market, we know something about sumo wrestling. And more of us economists are wanted and needed. The financial crisis of 2008 and the Great Recession have made it abundantly clear how important it is to have people around who know and understand what's going on in the economy. But there are many misconceptions about economics and about graduate economics training. The purpose of this book is to introduce you to the world of academic economics by way of a guide through a Ph.D. program in economics. My goal is to have you come out with a clear-eyed view of what is required to become an academic (research) economist, and to equip you with the required tools. But before we get started on your graduate school adventure, we need to take a step back: we need to double-check your sanity. By this I mean we need to make sure you are clear on the (real) purpose of a Ph.D. program in economics and on what exactly it is that this program is meant to do. Graduate school is not all rainbows and unicorns, but it has a chance of coming pretty close if you understand why you're there.

The (Real) Purpose of a Ph.D. Program in Economics

To start with the obvious, Ph.D. programs are unlike any other graduate program. In particular, a distinction is always made between Ph.D. programs and "professional" graduate programs

like law school, medical school, or business school. These professional programs are intended to train you in a profession—namely, law, medicine, and business. Ph.D. programs, in contrast, are all about the life of the mind and scholarship and thinking heavy thoughts, and indeed, a good Ph.D. program includes all of these things. But Ph.D. programs, even if they aren't so-named, are also professional programs. You should never forget that the purpose of a Ph.D. program in economics is to train you in the profession of economic research. Put differently, a Ph.D. program in economics is meant to train you to become a research professor in economics. It is not meant to train you to be a quant jock on Wall Street or a policy maker in Washington. That's right, the purpose of Ph.D. programs in economics is to produce research professors in economics; there is no other purpose. Of course, many students who graduate with Ph.D.s in economics go on to do other interesting and important things like working on Wall Street or making public policy, but few programs and even fewer faculty would say that these other things are what economics programs are designed to train students to do. Many students who enter Ph.D. programs are largely unaware of this primary purpose. Yet, if you come into these programs without having adopted this very purpose for yourself, you may well be surprised if not downright miserable. Here's an example that is more concrete. Suppose you decided to go to law school, not because you wanted to be a lawyer, but because you thought that law school might be useful for, say, starting your own car repair shop. Repair shop owners occasionally get sued, so it would be useful for a car repair shop owner to know something about law. What would your experience of law school be like? You would be unhappy with professors who were teaching you constitutional law and criminal procedure, which have nothing to do with your interests. You would be unhappy with fellow students who talked about case this and precedent that all the time. You would be crying over the boring cases you were forced to study. By and large, you would be miserable and would find the curriculum, faculty, and students intolerably narrow. While you might find a course or two useful for the car repair business, law school is primarily meant to train lawyers, not entrepreneurial auto mechanics. Likewise, if you go into a Ph.D. program in economics to do something other than to become a research professor in economics, you will be deeply unhappy. If you are, however, clear from the start about what the real purpose of this program is, there is some chance that you will benefit a great deal from the program and even enjoy it.

What Academic Economists Do Let's make a distinction between what Ph.D. economists do and what academic or research Ph.D. economists—i.e., economists with Ph.D.s sitting in universities or research institutes—do. You may see economists with Ph.D. degrees doing lots of interesting things. They advise presidents; they consult for firms, banks, and investment companies; they study economic trends; they analyze public policy and make policy recommendations; they teach undergraduate and graduate students. Academic economists do fewer interesting things. They can act as advisors and consultants, but that is not their primary job. They may be expected to teach and advise students but in many places that is not their main job either. The main job of an academic economist is to write research articles and publish them. Writing and publishing articles is not easy. It requires understanding the existing academic economics literature, contributing in original ways to it, and convincing other academic economists that you've just done something interesting. This summary is a highly abbreviated version of academic economics but it is pretty accurate. A crucial missing piece of information, though, is this mysterious thing called "the academic economics literature" that economists are supposed to know and contribute to. These days, this literature is highly mathematical and can be very abstract. Much of the literature has relevance to the real world, but the applications may not be obvious to those unfamiliar with the current jargon and methods of academic economics. This is where the Ph.D. program comes in. The first two years of a Ph.D. program in economics are designed to teach you what the profession considers to be the most important aspects of the current economics literature. The rest of the program is designed to train you to be able to contribute to this literature.

Bad and Good Reasons for Doing a Ph.D. in Economics There are perhaps two good reasons to study for a Ph.D. in economics and about 3,007 bad reasons. Here are the top four bad yet unnervingly common reasons that students enter Ph.D. programs in economics: You're generally smart and did well in school but you don't know what to do next with your life. You can't find a job, and it's a good holding pattern until you can get one (plus, you can get a master's degree in economics, which is as good as an M.B.A.). You want to make lots of money. You want to work in public policy and save the world. Let's unpack each of these and see why they won't work so well.

1. You're generally smart and did well in school but you don't know what to do next with your life. While professors in the academy are all for having smart graduate students who did well in school, Ph.D. programs are a terrible place to be if you aren't quite sure what to do next. The main reason for this is because Ph.D. programs are narrower in their focus than almost any other graduate program that you might consider. You will surely get an immersion baptism in graduate economics, but this turns out to be much, much narrower than you might think based on your undergraduate economics classes. If you are unsure of what you want to do next, a brutal first year (and all economics programs are brutal in their first year) in a specialized field will surely not help you explore or find things you want to do. In fact, a bad first year can jeopardize your chances of ever doing economics again, should you want to pick it up later, because fewer programs will take a chance on you. So if you don't know what to do, going to a Ph.D. program in economics will definitely not help you know where to go and it might even close off future prospects.
2. You can't find a job, and it's a good holding pattern until you can get one (plus, you can get a master's degree in economics, which is as good as an M.B.A.). Unless you have very screwy preferences, it is not clear that

being forced to study a difficult, technical, narrow subject is better than being unemployed. You will get paid beans during grad school (if you're lucky), and you will certainly not have time to sleep, much less go job-hunting, while you're in grad school. And we should dispense here and now with this fallacy that a master's degree in economics is as good as an M.B.A. While there is practical utility to be gained from M.B.A. coursework, much of the benefit of an M.B.A. program is in getting to know your classmates—working professionals who may be helpful in your business career—and in the career services offered to M.B.A. students. So, if you get a master's in economics, not only will you be forced to take courses that are much more technically demanding, time consuming, and less relevant for the business world, you will also extract none of the most important benefits of an M.B.A. program. And the average business employer is much more interested in hiring an M.B.A. graduate—a quantity she knows—than a master's in economics graduate.

3. You want to make lots of money. Snort. Not sure this deserves comment. Obviously, if you want to make lots of money, you should get an M.B.A. instead of a Ph.D. in economics; this fact has been empirically confirmed many times over.

4. You want to work in public policy and save the world. While this is more feasible than reason number 3, getting a Ph.D. in economics is an awful lot of work to prepare for a job in public policy. Much policy work that has any real-world relevance requires very little of the abstruse mathematical juggling that is the bread and butter of economics programs. Further, economics programs won't teach you anything about saving the world, and you probably won't save the world either. Although many economists do act as policy advisors, getting a Ph.D. in economics is a more difficult path than alternative paths that can also lead to working in policy and saving the world. Those are four bad reasons for wanting to do a Ph.D. in economics. Now here are two good reasons: You want to do economic research, you have questions you're interested in answering, and you have ideas about how to answer them. You want to teach economics at the university level. Some people might even argue that reason number 1 is the only good reason for doing a Ph.D. in economics. I include teaching as reason number 2 because: (1) it is an empirical reality that many colleges and universities will only hire Ph.D. graduates for their teaching positions; and (2) almost all academic economics positions require you to both teach and do research, even if the pay and promotion incentives are based on your research. To the extent that you think you might enjoy teaching economics at the university level as well as conducting economic research, these are the two best reasons to get a Ph.D. in economics.

Going to Grad School Now Suppose this all sounds good to you, but you're not quite sure if now is the right time. Perhaps you did blindingly well in college, but you're feeling a little burnt out and need a break. Or you are tired of being poor and you would like to spend a couple of years making some serious money. In general, if you have other things that you want to do with your life right now (make money, travel the world, play in a band), you should go and do them. Grad school will still be here. Once you start on the econ grad school track, it will be all-consuming and you should be intellectually and personally prepared for the challenge. It's not easy to take a break during grad school and get back on track. If you're not 100 percent sure that you're ready right now, the time away from school will scratch that (non-economic) itch and might make you even more keen to come back. Indeed, many students who jump into grad school without giving much thought to other things they might want to do regret not having pursued these other options before grad school. Now, you may be concerned that if you don't go to grad school right now, your skills will deteriorate. It is true if you spend time away from doing economics and math, you will be a little creaky when you come back. As long as your time away is not more than two or three years, though, it will not take too long for you to recall the things you learned and get up to speed, so this should not be a particular worry. The most important thing is that you have taken the time to fulfill any other ambitions you might have. Grad school is like marriage, a long-term relationship requiring a serious commitment; it's probably a good idea to date around a little before you get married.

Economics Versus Friends of Economics Students often wonder if they really want to be in a Ph.D. program in economics, as opposed to a program in a closely related field. These days, you can get a Ph.D. in public policy, finance, business economics, political economy, or health economics. Why not one of those? A Ph.D. program in economics is not the right choice for everyone, but before deciding whether to devote yourself to economics or to a field friendly to economics (hereafter referred to as FOE, friend of economics), you should know that economics and FOE degrees are not easily substitutable. There are obvious differences in curriculum, and related to that and perhaps more important, there are differences in job opportunities. While economics Ph.D. graduates can and do find employment in economics departments, business schools, political science departments, and health policy departments in medical schools, Ph.D. graduates of these FOE programs are typically employable only in FOE departments even if they are working on exactly the same topic that an economics graduate is. Unfair but true. What's more, in certain FOE departments, economics graduates may still have an advantage over FOE graduates; that is, an economics graduate may have a better chance of being employed at some public policy schools than a public policy graduate. Thus, economics graduates generally have a wider range of employment opportunities than FOE graduates. If you are unsure of your area of interest within economics or if you are keen to have the broader training afforded by economics, an econ program would be a better option for you. If you are very sure of your research interests and don't want to waste your time taking courses not related to them, a FOE program is a better choice. In some programs, the courses and qualifying exams you take are identical to those required of economics students, but you take fewer of them. For example, business economics students may be required to take

the same microeconomics and econometrics courses as the economics students, but are excused from macroeconomics courses. You should also know that, not only do FOE programs have a narrower focus, they also tend to have a more applied focus, and this is reflected in the content of the courses and in faculty research interests. Having noted the differences between the two types of programs, I should of course mention that despite these differences, the advice in this book is helpful for Ph.D. FOE students as well as econ students. Notwithstanding the curricular and labor market differences, the structure of FOE programs is very similar to that of economics programs, and FOE students and economics students face many of the same academic and professional issues.

Master's Degrees

If you are interested in a Ph.D. program in economics, should you get a master's degree first? Perhaps you're unsure of whether you really would like to commit to a Ph.D. program and just want to dip your toes in the water. Or your undergraduate degree was not in economics and you're thinking about doing a Ph.D. in economics. In the United States, the master's degree is usually conferred as doctoral students progress through the program; there are few terminal master's programs in economics. This is changing somewhat as more mid-level departments are offering the master's degree option; in addition, a few respected economics departments have in recent years begun offering terminal master's degrees (for example, Boston University, Duke, and New York University). There are also good master's degree programs overseas. Many top universities in Europe (e.g., Cambridge, London School of Economics, Oxford, and Universitat Pompeu Fabra in Spain) offer terminal master's programs and confer degrees that are well-respected in the United States. Bear in mind that these programs will be demanding and technical. They consist of the first year of coursework in a Ph.D. program and cover perhaps the least fun part of any graduate program. If you want to dip your toes in the graduate economics water, a master's program is not a bad idea. It will help you get your skill set together, help you find out if you enjoy graduate study in economics, and show others that you are serious about economics. If you do go on for your Ph.D., your experience during the first year of your Ph.D. will be much more pleasant because you will have seen a lot of the same material in your master's program. There are some downsides, however. In many master's programs, and especially the overseas master's programs, there is very little funding so you will have to fund yourself. Second, in many European programs, exams take place only once a year. American students have difficulty knowing how to study for these kinds of exams and good students can do poorly on them; a whole year's worth of work and tuition, and your Ph.D. admission prospects, may go down the tubes if you have a bad day or two so it's a bit of a risk. By the way, you should also know that a master's degree in economics has little professional value beyond getting you into a better Ph.D. economics program than you would have otherwise gotten into (although of course it has intellectual value). As I mentioned above, it is a poor substitute for an M.B.A. or, say, a master's in public policy. So if you decide to go for your master's degree, do it with the understanding that its only value will be to help you prepare for your Ph.D.

A Few Factoids About Economics Ph.D. Programs

So much for the highly opinionated part of this chapter. Now for a few facts. You may be curious to know some general statistics about economics Ph.D. programs. I should note that, here and throughout the book, I will focus primarily on economics training in the United States. Although the economics profession has become much more globalized in recent decades and there are many excellent economists and doctoral economics programs overseas, most advanced economics training still occurs in U.S. programs. (There is also more heterogeneity in the structure of non-U.S. training programs compared to U.S. programs.) My U.S. focus should be interpreted simply as reflecting the system I know best and as an attempt at addressing the needs of the majority of economics students, rather than as a dismissal of non-U.S. alternatives.

According to the American Economic Association (AEA), there are 136 Ph.D. programs in economics in the United States. There are no official estimates of the total number of students in these programs, but several back-of-the-envelope calculations suggest the number is around 10,000. The top fifteen programs tend to have more students than the lower-ranked programs; an estimate from the 1980s suggests that program enrollment in the top fifteen programs averages around 130 students, whereas enrollment in lower-ranked program averages around 50-70 students (Hansen 1991). Since the 1970s, there have been steady increases in the percentage of doctorates in economics awarded to women. In 1977, about 9 percent of economics doctorates were awarded to women; in 1987, this proportion was 19 percent; and in 2001, it was 28 percent (Siegfried and Stock 2004). There have also been increases in the percentage of economics doctorates awarded to non-U.S. citizens. In 1977, about 33 percent of economics doctorates were awarded to non-U.S. citizens; by 2001, this percentage had increased to 62 percent (Siegfried and Stock 2004). And finally one last statistic: how long will take you to finish? Had you had the foresight and fetal know-how to graduate in 1977, the median time to completion would have been 5.7 years. Time to completion has been steadily increasing, and in 2001, the median time to Ph.D. was 7 years (Siegfried and Stock 2004). If these and other fun cocktail-party facts interest you, you can find more in the papers listed in the American Economic Association's extensive bibliography of studies on graduate economics education (URL below). For now, I'm presenting you with a few facts about economics Ph.D. programs because it's always good to know about the institution to which you are committing yourself. But overall statistics can only say so much. Mostly my job is to inform you about the experience of being a graduate student. Still here? Consider yourself briefed on economics Ph.D. programs and their real purpose (to produce professors). If after reading this chapter, you are still keen and are ready to make a serious commitment to

such a program, read on.