

# Pursuing a PhD in Economics

David Andolfatto

Department of Economics, SFU

## Why an Economics PhD?

- Challenging and rewarding
- Provides a powerful set of tools with which to interpret and understand social phenomena
- Opens employment opportunities in academia (research or teaching), business and government (consulting and research)
- Typical N.A. starting salaries \$75,000-\$95,000 per annum

## What to Expect (NA Model)

- A very difficult first year (do not expect to sleep very much)
  - typically, 6-8 courses in economic theory and econometrics (plus other duties)
  - followed by a set of core examinations in micro and macro (and in some places, econometrics as well)
  - typically allowed two attempts at each exam
  - failure rate varies across programs (might be eligible for MA in some places)
  - no shame in failure (one can often get admitted again elsewhere)

- Following the first year, pressure subsides
  - course load typically reduced and choice set expands (specialized field courses offered)
  - must complete one or two field exams
  - begin to dabble in original research (expect repeated frustration and self-examination)
  - successful students are not necessarily the smartest; perseverance and hard-work will eventually pay off
- Students are normally ready to test the market in their fourth or fifth year (at which point, pressure and anxiety builds)

## What Will You Learn?

- Core theory sequence usually divided into “micro”, “macro” and “trix.”
- Micro: choice theory, general equilibrium, game theory, mechanism design (Mas-Collell, *et. al.*)
- Macro: dynamic general equilibrium theory, dynamic programming, computational methods, calibration techniques (Ljungqvist and Sargent)
- Trix: statistics, time-series and cross-section estimation, nonparametrics
- Field courses (applications): offerings will vary across departments

## Schools of Thought

- Beware of labels; they are frequently outdated and often exaggerate actual differences; e.g., Micro vs. Macro (no longer relevant)
- Freshwater vs. Saltwater (share more similarities than differences)
- Rational vs. Behavioral (modest to large differences)
- Orthodox vs. Heterodox (the latter are frequently nut cases)
- Structural vs. Reduced Form (modest to large differences)

- You will likely find many schools of thought represented in most departments (although Heterodox is rare)
- The only relevant distinction to be made (in my view) is:

### **Good Science vs. Bad Science**

- And you will find plenty of both in any university (although, the proportion will vary)

## Where To Apply?

- General Rule: apply to the best departments for which you have a reasonable chance of being admitted (the longer the list, the better)
- Do not choose a lesser department just because they have one or two people who interest you (your preferences are likely to change, and these people may end up leaving)
- European departments? General guideline: choose among those who have adopted the NA model (e.g., UCL, LSE, Carlos III, Pompeu Fabra, etc.)

## Published Rankings of Departments (A Caveat)

- Outside of the usual top 10 (or so) departments, published rankings of departments can be highly misleading
- Why? Several reasons; e.g.,
  1. Lesser ranked departments may have top rated graduate programs (e.g., Minnesota); and even the “best” departments frequently produce terrible products
  2. Published rankings are typically based on historical publication rates that may not reflect the current quality of the department (there is a lot of inertia built into these rankings, and departments frequently experience rapid growth or decline)

3. Published rankings below the top 20 (or so) frequently contradict what is commonly known about department quality (e.g., according to Econ-phd.net 2004 ranking, Iowa State is 62 and University of Iowa is 72; the reverse is true)

## Best PhD Programs (In My View)

- United States: Minnesota, Chicago, Pennsylvania, Northwestern, New York, Stanford, MIT, Harvard, Princeton
- Canada: Queen's, Western Ontario, Toronto
- Europe: University College (London), European University Institute (Florence), Pompeu Fabra (Barcelona)
- There are many other excellent places as well (and some places to avoid)

## What To Do

- Consult published rankings and trusted professors; construct a short-list of potential departments
- Visit the faculty pages of each department and observe where they publish (top rated journals or obscure outlets?)
- Email graduate students currently enrolled and gather their views
- Research the department's placement record for recent PhD graduates

## Recommendation Letters

- Get at least three from profs who know you best (select among those with the best academic credentials)
- Send them your resume and a transcript of your grades and the schools to which you are applying
- Ask them for their opinion
- Give them every opportunity to decline your request
- Remind them a week before the application deadline

## Your Application Package

- Write a short essay (no more than one page) explaining why you wish to pursue a graduate degree
- To be honest, the content is not likely to matter much; but a thoughtful and well-written essay will give a good impression (have someone read over the essay).
- Make sure that your application package contains everything the department asks for.

## The Assessment of Your Application

- Keep in mind that every department receives hundreds of applications from around the world.
- Typically, applications are reviewed and ranked by a committee
- What committees look for likely varies across departments
- At SFU, letters of recommendation from well-respected academics count a lot
- At SFU, grades do matter, but so does grade trajectory

- GRE scores in quantitative section matter the most
- Minimum TOEFL scores are a university requirement (phone interview is a possibility)