

REPORT OF THE EXTERNAL REVIEW COMMITTEE
DEPARTMENT OF ECONOMICS,
UNIVERSITY OF NOTRE DAME

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After receiving the Department of Economics' Self-Study document, the External Review Committee met on the Notre Dame campus April 20-22, 1997 with Internal Reviewer Guillermo A. O'Donnell of the Kellogg Institute. We interviewed members of the Economics faculty (in groups, by rank, and in several cases, one-on-one), graduate students (one meeting with 16 students) and undergraduates (one meeting with three students). We also toured the campus, focusing on departmental facilities. Because of the excellent departmental self-study and the willingness of faculty and students to speak frankly and at length, we emerged with some distinct impressions about the strengths, weaknesses and tensions within the economics department. At the same time, the committee realizes that its exposure to the department is limited. Thus we offer at the outset the caveat that what follows is our best effort to see the situation as it is, and that there will necessarily be limitations in our perspective and knowledge. This report summarizes the Committee's observations, evaluations, and recommendations. After offering an overview, we deal in turn with the graduate program, the undergraduate program, the department's physical facilities, the department's scholarly environment and some suggestions for departmental development. The report concludes with a brief summary.

I. Overview

The department at Notre Dame has a distinctive focus and admirable goals: to provide students with first-rate training in a wide variety of orthodox and heterodox methodologies, and to focus on issues related to socio-economic justice and ethics -- themes consistent with the mission of the university. At the graduate level, this has resulted in a course of study very different from what would be found in most other graduate programs in the U.S. The goal of the graduate program is to provide a solid grounding in orthodox neoclassical theory and quantitative methods, and in addition, to introduce students to a number of alternative approaches to analyzing economic issues. Most graduate programs in America do the former, but not the latter. The Review Committee fears that the economics department at Notre Dame may be doing the latter, but not the former, and therefore is not meeting its own stated goals.

We found a department with many enthusiastic and interesting members, many happy with their teaching and some happy with their research. But we also noted that many faculty

members seem frustrated and unhappy with themselves as a department. There are many tensions within the group, as is the case in many departments, but the net result here has been insufficient direction and progress, perhaps seen most clearly in difficulties agreeing upon and attracting job candidates.

Our overall conclusion, detailed below, is that the economics department should broaden its intellectual portfolio. Without abandoning its traditional interests in heterodox theory and socially-relevant research, the department should strive to add faculty and to restructure its graduate program in order to play a more prominent role in the economics profession and in domestic policy debates.

II. Graduate Program

The doctoral graduate program is organized as follows:

First year, First semester	First year, Second semester	Second year, First semester
Statistics*	Econometrics I	Econometrics II or field course
Math for Economists*	Microeconomics I	Microeconomics II
Political Economy	Macroeconomics I	Macroeconomics II
History of Thought	Elective field course	Elective field course

* This course is required, although students who have done comparable work can opt out of it.

The second semester of the second year is devoted to field courses.

In addition to Statistics and Mathematics for Economists, graduate students must take a seven-course Core sequence (Microeconomics I and II, Macroeconomics I and II, Econometrics I, Political Economy, and History of Economic Thought) and nine courses outside the Core, three of which must be in one of the three field clusters. Given the general orientation of the department, the overall requirements of the graduate program seem reasonable, although we do have serious reservations about the order, breadth, and the level of rigor of the graduate courses.

Currently, the elective courses are organized into three fields: (i) economic theory and methodology, (ii) economic development, and (iii) institutions. The first group includes traditional neoclassical theory, as well as heterodox theory and history of economic thought. The

second is a standard field, though it also includes international trade. The third is a broad grouping that includes labor economics, public and financial institutions, and public policy.

Comprehensive exams are taken in three fields: (i) Microeconomics, (ii) Macroeconomics, and (iii) Political Economy. The comprehensive exams are taken at the end of the first year, prior to Microeconomics II and Macroeconomics II. There are no comprehensive exams required in field courses.

The size of the graduate program is small by conventional standards. The entering class has been running between 8 and 11 students between 1992 and 1996. The attrition rate is between a quarter and a half by the third year. All the entering students are funded for four years with fellowship support.

Although the first-year students with whom we met seemed to be excited about the program, those further along expressed some reservations about the training they had received. Some wondered whether they were being adequately prepared for a very competitive job market, with respect to both their teaching skills and the breadth and depth of their economics training.

Recommendations

The Review Committee feels that it is important for the program to maintain a specialization in political economy and heterodox theories. Indeed, more than half the graduate students to whom we spoke mentioned that the availability of this program was a primary reason for applying to the Ph.D. program at Notre Dame.

We do find, however, that the graduate program is problematic for several reasons. First, the microeconomics and macroeconomics sequences begin in the second semester of the program, instead of the first semester, unlike the common sequence in graduate programs at other universities. Second, the comprehensive exams in both microeconomics and macroeconomics occur after only one semester of coursework in each. As a result, these exams are no more than second final exams in the courses. Third, the political economy course, which is to a large extent a critique of neoclassical microeconomics, occurs before the students are even exposed to standard microeconomic theory, which undoubtedly increases the difficulty of teaching this neoclassical material. Fourth, a student can take a field course in the first semester (or the second

semester) of the first year, before completing the microeconomics and macroeconomics sequences. The field courses do not appear to build on the theoretical material as they would in most programs.

The rationale for this sequence is that the students must have the necessary mathematical background before they take microeconomics and macroeconomics. We strongly recommend that, as is done in many graduate programs, an intensive three- or four-week course in the necessary mathematics be offered during the summer before the first semester. This would allow the students to take Microeconomics I and Macroeconomics I in the first semester. Moreover, some of the professors have complained that some students who have opted out of the statistics and mathematics for economists courses do not have the necessary background. We therefore recommend that these courses be made mandatory or at least much more difficult to skip. The political economy course can then be moved to the first semester of the second year. This would allow the students to have more insights into the alternative methodologies in which the department specializes.

A revised program would look as follows:

First year, First semester	First year, Second semester	Second year, First semester
Statistics*	Econometrics I	Econometrics II or field course
Microeconomics I	Microeconomics II	Political Economy
Macroeconomics I	Macroeconomics II	Elective field course
Math for Economists*	History of Thought	Elective field course

* Now required of all or almost all students.

The comprehensive exams in both microeconomics and macroeconomics would then occur either at the end of the first year or the beginning of the second year and would cover both semesters of the two sequences. The political economy comprehensive could be given in the spring of the second year. Moreover, it might be useful to add a second political economy course in the second semester of the second year. The department should also consider requiring two semesters of econometrics.

The field structure and course offerings are also problematic. The graduate students we spoke to complained of too few elective courses offered in the various fields, and the faculty are well aware of this problem. This is a result of the small number of students in the Ph.D. program. Moreover, some of the fields are unwieldy since they combine a large number of sub-disciplines. We recommend that the field structure be revised to resemble a more traditional set of fields, for example: (i) economic theory, (ii) political economy/heterodox economics (including history of economic thought), (iii) labor economics and human resources, (iv) economic development, (v) international trade and finance, (vi) econometric and statistical methods, (vii) public finance, and (viii) public policy. This last area, depending on faculty interests, might include income distribution, health, education, and environment. This new arrangement would provide more cohesion to the program and would still reflect the traditional strength of the department. Moreover, field comprehensive exams should be reinstated for the two major fields each student elects. This is useful for synthesizing the material in the discipline. Course offerings will need to be expanded but this may be possible if the entering class size is increased.

With regard to the entering class size, we feel that it is too small to make the program sustainable. In the third or fourth year, some classes are as small as two or three students. Most Ph.D. programs admit a minimum of 15 students, and the average is probably on the order of 20-25 at the major universities. This allows a reasonable class size in the second or third year even after normal attrition.

The fact that all students are funded with fellowship support is commendable. But the limited fellowship support from the university (six guaranteed, with several others open to competition from Coca-Cola and the Kellogg Institute) is inadequate for a healthy graduate program. If qualified students are available at the margin, we urge the university to consider increasing the number of guaranteed fellowships. Many other graduate programs admit students into the first year without full fellowship support (for example, sometimes with only tuition remission), with the promise of teaching or research assistantships in their second and third year if the students are successful in their first year. This is another avenue to expand the entering class, although it does run the risk of lowering the average quality of the entering class.

Several of the graduate students felt that their teaching opportunities were too limited. It may be possible to institute "instructorships" for advanced students, allowing them to teach courses to undergraduates, after acting as teaching assistants (running discussion sections) and receiving some teaching training. This would give them teaching experience, which is very important on the job market. Moreover, it will also free up the regular faculty to teach more elective undergraduate and graduate field courses.

Graduate students should be encouraged (perhaps required) to attend the outside seminar series, since this is important for their knowledge of the latest research topics and methodologies. Attendance at job candidate seminars can also be very valuable, since the graduate students themselves will eventually be going through that process. One disturbing finding is that graduate students do not appear to work or study together (which is common at other universities, particularly when preparing for the comprehensive exams). This is partly a result of a lack of suitable office or desk space. This problem can be partly overcome with new office space and an integrated departmental facility.

III. Undergraduate Program

The Department of Economics offers a liberal arts major in the College of Arts and Letters. It also offers as service courses the two-semester principles sequence, taken primarily by undergraduate business majors. In general, the Review Committee found much to be happy about, despite the dramatic decline in the number of majors and the paucity of majors going on to do graduate work in economics. The senior economics majors with whom we met praised the faculty's dedication, accessibility, and openness. (A contrary fact that these three reported, however, is that none of them had ever been to a dinner at a professor's house, despite the availability of funds budgeted for this purpose.) In comparison to business majors, they said, their coursework required them to write a great deal, for which they were very grateful. They said that the economics major was viewed by students -- and they thought accurately -- as the liberal arts major most likely to enable them to get a job upon graduation.

In terms of substance, the students we talked to were pleased with the department's emphasis on issues of economic justice. They were not satisfied, however, with what they

perceived to be inadequate preparation in quantitative skills. They wondered whether the courses being offered in the department -- which they generally liked -- were adequately preparing them to compete for jobs and for graduate school admissions with economics majors from other universities majoring in economics and with Notre Dame students majoring in finance and business economics. In contrast to their classmates who majored in business, they reported, they felt underprepared for job interviews calling for analytical reasoning.

The committee noted with concern the "flat" structure of the course offerings, with very few courses in the upper levels building on lower courses. There are only a handful of 400-level courses which list theory or statistics courses as prerequisites, and even these, according to the students, do not use the tools learned in these courses. The students discerned no difference between 300- and 400-level courses. As a consequence, students saw those required courses more as hurdles to the degree than as essential building blocks. This curricular structure is not unique to Notre Dame economics, but it remains a source of concern. A possible drawback to raising the level at which the 400-level courses are taught is that it could discourage some students from majoring in economics. The costs of such an outcome would necessarily need to be weighed against the benefits, which we think would be substantial.

Recommendations

A change that would add to the skills of economics majors would be to encourage them, through the advising system, to take advantage of the econometrics course now being offered. Our understanding is that the course was not offered last year, and this year only six students enrolled in it. This course would be good training for many business and economics jobs, and its more widespread enrollment would allow additional courses employing applied econometrics to be offered at the 400 level.

The economics department does not offer an honors sequence in economics. (Evidently, this is the case in most if not all other Notre Dame departments as well.) Given the current enrollment numbers in economics, this may be understandable. If the number of majors increases, however, the department might consider offering an honors sequence, with advanced sections of micro and macro theory, a required econometrics course, and a required senior thesis.

Currently, only 5 to 7 undergraduates write senior theses per year, numbers that seem low given the quality of the Notre Dame undergraduates.

The teaching of principles raised one issue of concern. The first course for majors (and other Arts and Letters students) is a one-semester combined micro/macro course, and there is also a two-semester sequence for business students. The committee wondered whether the one semester course had the effect of lowering the starting point for the intermediate theory courses, because it would necessarily devote only half the time a conventional two-semester course would to both micro and macro. It also seemed inefficient to teach the principles course in two different ways, thus losing the advantage of economies of scale that might otherwise be obtained from employing a single approach.

A final point concerns the variety and number of course offerings. Currently the department offers courses in eleven fields, which contain as few as one course (international economics) and as many as nine (policy) or ten (labor economics). Due in large part to the high number of elective courses on the books, a sizable proportion of courses simply are not offered in any given semester. Of those that are offered, nearly all are in the fields of labor, development, ethics/political economy or quantitative methods. Moreover, of the large number of courses that are listed, surprising omissions remain. For example, the department offers little to no coursework in environmental economics, the economics of education, law and economics, public finance, urban economics, and the economics of the family. (The Committee did note with interest courses on environmental economics and on health care policy in the Spring 1997 semester.) These areas are examples of important, topical, and interesting areas that could attract considerable undergraduate interest.

IV. Facilities

Currently, the economics department is spread over five different locations. Most faculty in the department have offices in Decio Hall. However, the chair's office is in O'Shaughnessy Hall, along with the departmental offices. The chairs of other departments are also located in this building. Five faculty members are affiliated with the Kellogg Institute and are housed in the Hesburgh Center for International Studies. The graduate students have individual carrels in the

Hesburgh Library and no common space. The emeriti professors have their offices in the basement of the Hesburgh Library.

The quality of the faculty offices is good. The environment in Hesburgh is outstanding. The offices are large and inviting, and support facilities (including a computer assistant) seem excellent. The Decio offices are small, probably too small for an active teacher/researcher, but they are sunny and attractive. Most of the economics offices in Decio are clustered near each other, which is good. The chair's office and the departmental offices are rather dowdy and uninviting, and the departmental "seminar" room is only large enough for small meetings (8 people or fewer). The real problem with the faculty office space is not quality per se but its distribution.

Graduate students have no common space (lounges or shared offices) at all. The library carrels provide good study space, but do nothing to promote a sense of community, either among the graduate students themselves or in the department as a whole.

Recommendations

We feel that such geographical dispersion of faculty and graduate students harms the cohesion of the department. Communication is difficult among the faculty members, despite the recent introduction of e-mail messages for meetings and seminars. The graduate students, in particular, feel isolated from the rest of the department.

We feel that it would be a tremendous improvement to house the entire department in the same building -- ideally, on the same floor or adjacent floors. This should include common space (lounge and seminar room), as well as offices. It is particularly important not to separate the chair and the departmental office and the graduate students from the rest of the faculty. A single location would allow freer and more frequent communication among the faculty members. It would also aid in organizing and improving attendance at seminars.

This move would be beneficial for graduate students, who have complained about their isolation from the department. It would be particularly useful to provide office space for graduate students, in addition to their study carrels, since this would allow them to interact more with each other and with the faculty on an informal basis. When students reach the dissertation

stage, it is very important for them to have spatial proximity to their faculty advisers. Teaching fellows should also have space for office hours. Moreover, competing institutions now provide office space for advanced graduate students. This would make the graduate program more attractive to potential Ph.D. students.

The separation of the economics faculty between Decio Hall and the Hesburgh Center is also problematic. The faculty members housed in the Hesburgh Center have joint appointments with the Kellogg Institute, so that it is important for them to maintain their offices there. One solution that other universities have employed in the case of joint appointments is to provide office space in the two locations -- perhaps shared at one site. This is, of course, feasible only if sufficient office space is available, and useful only if faculty actually spend time in the departmental office.

The provision of personal computers seems adequate for faculty. Students, on the other hand, have complained of long waits at university computer clusters. A departmental network is now in place which links together all the members of the economics department. This is very useful for communication and the provision of announcements about meetings and seminars. The network can be expanded to also provide on-line databases and software programs for word processing, statistical analysis, and spreadsheet work. There is a direct link between the departmental computers and the mainframe computer, and a few departmental faculty use the mainframe computer. The addition of some personal computers for graduate students would be useful, especially if located in a new integrated location for the department.

Some faculty expressed concern about the adequacy of library facilities, but this was not an issue we were able to pursue. We were pleased to learn that communication between the department chair and the library staff has been initiated, and are confident that library issues can be resolved by some combination of acquisition, inter-library loans and the Internet.

V. Scholarly Environment

Whereas most economics departments in the country with graduate programs adhere to the "neoclassical" approach to the study of economic phenomena, the Notre Dame department has historically been associated with an "alternative" orientation. The neoclassical approach,

which makes widespread use of models in which the behavior of economic agents is assumed to be best explained by optimizing behavior, is thought by many in the department to be unrealistic, in that it often ignores varieties of motivation thought to be important and tends to abstract from details of actual institutions that would complicate formalistic models. Three of the most prominent challenges to the neoclassical paradigm are represented in the department: "post-Keynesian" theory, Marxist/radical theory and "institutionalist" approaches. Other economics departments in the country that share this heterodox attitude with Notre Dame include the New School, the University of Massachusetts at Amherst, the University of Utah, the University of Denver, and the University of California at Riverside. Of these, the first two departments are considered the best.

At Notre Dame, department members describe its approach alternatively as "methodological openness," "heterodoxy," and "anti-formalistic." It can be characterized as skeptical of the neoclassical approach, with its heavy emphasis on formal modelling and mathematics. Some of those we interviewed would go farther, and say that the department's attitude is actually one of rejection, not only of formal theory but also of quantitative work as done by applied econometricians.

The department divides its faculty and research into three fields: theory and economic methodology (including non-orthodox, post-Keynesian macroeconomics, neoclassical microeconomics and game theory, and history of economic thought), development and international economics, and institutional analysis. This configuration evolved from the previous three-field division consisting of theory, development/international, and "public policy," a catch-all category that included financial markets, labor economics, and the analysis of public welfare programs. It appears that an attempt around 1989 to build in the area of public policy was unsuccessful, with three of the five faculty members hired in the area eventually leaving Notre Dame. The recruiting strategy that was then adopted, and supported by the administration, was to pursue the "best available vitae," an approach by no means unique to Notre Dame. The result, according to faculty involved at that time, was a loss of coherence and, it is safe to conclude, a diminution in importance in applied areas where microeconomics and econometrics are applied to policy questions. Today, the department has little to no research effort in several fields

commonly found in conventional departments, including public finance, modern labor economics, industrial organization, environmental economics, health economics, technological change, and productivity growth. Further, the committee has the impression that there is little to no social science faculty strength at Notre Dame in fields related to the environment or health, which, if correct, would be remarkable given the importance of these subjects in policy discussions today.

One view expressed to the committee is that the faculty's distance from mainstream theoretical and econometric approaches has removed the faculty from conventional measures of quality, such as publication in top economics journals. Because the conventional approaches are questioned, the standards by which conventional research is judged have also become suspect. As a result, there is no consensus within the department, as there would be in most departments, about which are the best journals, or, indeed, whether there are acceptable indicators of quality as judged by the discipline at large.

Based on our reading of the department's report and our interviews, we found the atmosphere for scholarly work in the department to be problematic. One troubling indicator mentioned in the Self-Study is the poor attendance at faculty workshops. Although this did not seem to characterize all seminars, there was evidence that presentations by visitors as well as Notre Dame faculty were often not well attended. During the spring of 1997, at least 11 visitors made presentations at Notre Dame. One of these, Ian Steedman of Manchester University, delivered a series of six lectures, a format that the committee thought holds great promise for stimulating intellectual exchange. For whatever reasons, however, attendance at the lecture series was disappointing. It appears that presentations such as these do not serve as a springboard for stimulating interaction over scholarly issues. If this observation is correct, it may be partly explained by the dispersion of the faculty and graduate students in various separate buildings on campus. On the other hand, a more cohesive faculty could overcome this geographical impediment.

One aspect of the department that deserves note is the highly democratic character of the decisionmaking in important departmental decisions. We noted that faculty salary increases are recommended by the chair to the dean, but only after a departmental committee reviews faculty

performance and makes recommendations. A more striking example of departmental democracy is the faculty search undertaken in 1996-97, which netted some 600 applicants. To reduce this list to a workable size, a committee of about ten faculty members combed through dossiers, produced a list of possibilities, and negotiated a final list. The department then interviewed a large number of candidates at the association meetings, arranged for campus visits, and ultimately made an offer. That the search did not net a hire is no indictment, but the degree of debate the search engendered seems to be an indicator of the lack of consensus about the direction the department ought to be heading. The democratic practices followed by the department serve to highlight the lack of consensus and in this case may have been an impediment to action.

According to the chairman, the department receives an annual budget for travel to professional conferences, averaging about \$700-800 per faculty member per year. Other sources are also available for additional travel support. Some faculty members have questioned whether these funds are adequate. As the research output of the department improves, we recommend that the department and the administration discuss the total size and the allocation of these important funds.

A comment on teaching loads is appropriate. The standard load for the department has become four courses per year, a load which is typical for many research-oriented departments of economics elsewhere. Reductions in this standard load are given for administrative duties, appointments in research institutes, and teaching one of the large principles courses. Those who teach a large principles course are given double credit, thereby reducing their obligated number of courses by one. The committee believes this is an excessive reward for this teaching. While there may be justification in giving double credit for a professor's first offering of such a course, it seems excessive to award this much credit for subsequent offerings. Other than this release time feature and the appointments owing to affiliation with research institutes, there is no differentiation between those faculty members who are active researchers and those who are not. Equal teaching loads does not necessarily translate into equal work loads.

In summary, we found the scholarly environment to be less rich than it should be, in light of the resources available, the national ranking of the university, and the aspirations of virtually

all concerned. As one visible manifestation of the existing scholarly environment, the department's research output is, on the whole, modest. With a few exceptions, faculty are not producing enough research of publishable quality, a fact that many faculty readily admit. What is published rarely appears in prominent refereed journals. The low overall quality of research appears to result from a combination of factors, including distance from (and in some cases, antipathy toward) the world of grant-supported, conference-attending, and article-writing economists at major research universities, most of whom either use or are very familiar with neoclassical models and/or statistical methods for analyzing economic data. To be sure, not all of the economists in this world subscribe fully to all of the assumptions of the neoclassical model, but they are at least ready and willing to engage other economists on these terms, and that means publishing in the leading journals.

Recommendations

A significant increase in the stature of the department will require some change in the focus, structure and content of the graduate program, and the infusion of some new personnel. The addition of the right new members will have an invigorating effect on the intellectual life of the department. We do not think that these changes will come easily. Improving departments can be difficult even when the members agree on the appropriate direction of change, and this is probably not the case here. Success will require the very active cooperation of the administration and the department, and may require some outside guidance as well.

Although the task will be difficult, there exist adequate resources that can be brought to bear on it. The improvements that we envision can be done without abandoning the interests and market niche of the present department -- the openness to alternative views and the emphasis on social justice issues. The goal should not be to replace strengths, but rather to augment them. The department currently has several junior and senior slots open (including two endowed chairs), and can anticipate several other openings over the next decade due to expected retirements. Given the multiple demands on faculty members' time, one might also envision an increase in the number of full-time equivalents in the department. This is a golden opportunity for change and improvement.

The first step towards growth should be the appointment of one or two prominent senior chair-holders. Although such appointments would help the department no matter what the scholars' areas of interest, we think that the selection of empirically-oriented, applied microeconomists would be the most helpful. This is the arena in which much of the domestic policy debate takes place. These individuals should be dedicated teachers and mentors, well known for their research skills, who publish in top field and general journals and who are active in domestic policy debate. They should be scholars who want to play a prominent role in the development of the department, and who might soon serve as departmental chair.

Given the department's traditional strengths, there are many areas of application in which these individuals might work. Perhaps the most logical is labor economics, where the department already has a contingent. The goal would be to augment the qualitative and industrial relations strengths of the labor group with more quantitative types, perhaps one working with one or more of the large panel data sets on which so much current policy research is based. Other logical areas would be public finance (tax and transfer policy), income distribution, development, international trade and finance, or health or environmental economics. (To suggest the kind of applied microeconomic analysis that we believe is underrepresented in the department and that might be fertile fields in which to search for new hires, we list in the appendix a sample of articles from recent issues of several leading general and field journals in economics.) Whatever the specific area, it will be essential to find people with outstanding research skills, with an appropriate attitude toward the traditional interests of the department, and with a willingness to remain very active on several fronts -- research, policy debate, teaching, mentoring, and building the stature of the Notre Dame department over the long run. Individual members of the department have different views about how several endowed chairs should be allocated. In particular, they probably have very different views about the first appointment. A key question that the department must face is whether they can agree on some candidates who might not be everyone's first choice, but who are high on the lists of a majority of members of the department.

Since the faculty has had trouble in recent years agreeing on a hiring strategy, the department might consider enlisting the assistance of an external advisory board, to help identify and evaluate potential senior candidates. Presumably, any senior hires would then be influential

in helping to fill junior slots, and any other senior slots that might be found. Once candidates are identified, we would expect a full-court press by the administration and the department to lure them aboard.

VI. Summary

As noted in the Self-Study, the availability of open slots and the age distribution of the current faculty place the Notre Dame Department of Economics at an important juncture in its history, and provide an opportunity for the department to reshape itself over the next several years. How the department and the administration decide to respond to this opportunity will determine the focus and stature of the department for years to come.

The External Review Committee recommends that the department use the hiring opportunities on the horizon to move closer to the mainstream of domestic and international policy debate, without abandoning its two traditional strengths -- a critical approach to standard economic theory and methods, and an emphasis on issues of social justice. Current faculty strengths and interests guarantee continuation of the former, and many public policy debates in the economics profession fall within the latter.

We think that the best strategy to strengthen and round out the department is to hire some empirically-oriented senior scholars who are playing prominent roles in current research and public policy debates. Such senior appointments, and the junior appointments to follow, could invigorate the intellectual life of the department, improve its stature, and move the department towards its own stated goal, "to participate fully in the intellectual life of the economics profession by publishing... work in leading general and field journals and major book publishers" (Self-Study, p.11).

We have suggested significant changes in the order, breadth, level of rigor and size of the doctoral program, and an expansion and strengthening of the undergraduate offerings. New faculty can be very instrumental in bringing these improvements about. We have also urged that the university find a physical home for the department that would unite the faculty, staff and graduate students in one locale.

The Committee was extremely impressed with the degree of candor among the economics

faculty concerning the strengths and weaknesses of the current programs, and the frustrations and difficulties that the department is facing in trying to move forward. Very divergent opinions exist, and compromise will be needed for the department to progress. We think that some continuing external advice may be helpful in this process. We are confident that, with the active assistance of the Administration, the energy and dedication of the current faculty, and the financial resources at its disposal, Notre Dame will capitalize on this opportunity, and emerge with an economics department that is stronger and more prominent, and still focused on the important social policy issues of the day.

Appendix

To illustrate the kind of applied microeconomic analysis we believe a) tends to be underrepresented in the department, and b) might be a broad and fertile field to search for new hires, we list a sample of articles from recent editions of several leading general and field journals in economics. These are listed purely for the purpose of illustration, and by so doing we do not necessarily endorse the papers, the authors, or the specific topics.

Journal of Political Economy 105 (April 1997)

Roth and Xing, "Turnaround Time and bottlenecks in Market Clearing: Decentralized Matching in the Market for Clinical Psychologists"

Nechyba, "Local Property and State Income Taxes: The Role of Interjurisdictional Competition and Collusion"

American Economic Review 86 (December 1996)

Hines, "Altered States: Taxes and the Location of Foreign Direct Investment in America"

Bernard and Jones, "Comparing Apples to Oranges: Productivity Convergence and Measurement Across Industries and Countries"

Review of Economics and Statistics 79 (February 1997)

Ashenfelter and Zimmerman, "Estimates of the Returns to Schooling from Sibling Data: Fathers, Sons, and Brothers"

Burkhauser and Poupore, "A Cross-National Comparison of Permanent Inequality in the United States and Germany"

Averett, Peters, and Waldman, "Tax Credits, Labor Supply, and Child Care"

National Tax Journal 50 (March 1997)

Boarnet, "Infrastructure Services and the Productivity of Public Capital: The Case of Streets and Highways"

Murray, "Would Tax Evasion and Tax Avoidance Undermine a National Retail Sales Tax?"

Journal of Economic Perspectives 11 (Winter 1997)

Blanchard and Katz, "What We Know and Do Not Know About the Natural Rate of Unemployment"

Corrado and Matthey, "Capacity Utilization"