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The Changing Sociology of the Australian Academic Economics Profession

By

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Abstract

This paper undertakes a census of how the Australian economics profession changed over the span of eleven years. It shows that the academics economics community has become more professionalised. It also explores which departments are expanding or contracting and whether there is any truth in the claim that the profession is becoming more Americanized.

Introduction

In line with earlier work on trends in Australian economic degree enrolments it is useful to survey the suppliers of economic education, namely, the local university economics profession or what George Stigler once called ‘the economics industry’.

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This industry, he said, ‘produces economists and economic research’.² It is they, of course, that are behind the supply side of the industry (Maxwell, 2003, 86). While there have been numerous studies of the research productivity of the Australian economics profession there have been few quantitative surveys of its size, structure and professionalization since Noel Butlin’s (1987) appraisal. This paper provides an eleven year snapshot of the profession between the years 1998 and 2009; an interval that allows key trends to be captured. Retrieving data upon the staff profile for Australian economic departments before 1998 proved too difficult. This paper focuses on the 24 identifiable Australian university economic departments or schools which offer economic degrees.

It also attempts to quantify the ‘lost tribe of economists’ who dwell in commerce departments, management and business schools, graduate schools and the like. In the past this tribe has been lost to surveys of the profession as have as the economists who work in research institutes including the Research School of the Social Sciences at the Australian National University, the Institute of Applied Economic and Social Research based at the University of Melbourne or Victoria University’s Centre for Strategic Economic Studies.³ There are, of course, economists in university administration and scattered throughout the humanities who are in fact lost to this survey. For example, recently political economists at Sydney University, which had been housed within the Faculty of Economics and Business moved to a new home inside the Arts Faculty.

The paper tracks changes in the size and composition of 24 Australian economic departments and the degree to which they have become professionalised and internationalised as indicated by both the number and the origin of the doctorates held by the staff.⁴ By tracking how the profession has changed over these eleven years it is hoped that some clues on the hiring practices of Australian university economics departments might be revealed. There has been an anecdotal perception in the

² ‘The Economics industry’, mimeo, George Stigler Papers, Box 22, University of Chicago Archives.

³ On January 1, 2010 the ANU announced that economists within the Economics Program in the Research School of Social Sciences would merge with the School of Economics in the College of Economics and Business and the Centre for Applied Macroeconomic Analysis to become the Research School of Economics (RSE). The RSE would be one of the largest groupings of research economists in the country.

⁴ The number is not preset but rather that of identifiable economic departments with accessible information on staffing going back to 1998.

profession of a trend towards hiring economists with an American doctorate because of the rigorous training in American doctoral programs. Some researchers have argued that exposure to American doctoral training leads to more research-active economists and, at a departmental level, more publications in esteemed journals (Fox and Milbourne, 1999). Another anecdotal view of why universities might prefer international credentials to Australian qualifications is because of the importance of meeting accreditation criteria essential for seeking endorsement from benchmarking authorities.

As indicated in this study, one Australian university has replicated the American system of doctoral training and a number of heads of local economic departments attend the annual convention of the American Economics Association (AEA) to lure young trained, recently-minted PhDs to come ‘down under’, for a trial period, at least. What is not explored here in detail is why the American PhDs would come to Australia, although it can be speculated that the reason may be that the climes of Australian academia are less forbidding here for new PhDs than the ‘the barracuda pools’ of academic employment in America where job holders are incessantly-driven ‘to make a splash’, research-wise, in order to survive (Colander, 2001, 3). The phenomenon of importing and employing American-trained economists feeds into a controversy about the future orientation of Australian economics.

The paper is divided into four parts. The centrepiece is the empirical evidence gathered in Tables 1, 2a, 2b and 3 which tracks the trend over eleven years. The second part of the paper discusses what the data reveal and what trends may mean for the profession. The third part briefly examines how many economic departments have been merged into mega-sized business schools and whether this affects their organisational status and research independence. And finally, the paper quantifies economists employed in business schools that do not have separate economic departments – the “lost tribe”.

1. Methodology and data collection

The centrepiece of this paper is to be found in the data presented in Tables 1, 2a, 2b and 3. Table 1 outlines the professionalization of senior economic staff, that is, Levels C, D and E, at the Group of Eight (Go8) universities for the years 1998 and 2008. The

data was generated from the Commonwealth Universities Yearbook and supplemented by annual research reports where there were gaps in the data. Here 'economics' includes econometrics and economic history, but not finance, which does not have a separate listing in the Yearbook. Tables 2a and 2b provide data on the Australian economics teaching profession (except for two departments) for the years 1998 and 2009 to allow trends to be identified. Economics is defined broadly and includes full-time staff teaching in econometrics, economic history, real estate economics and financial economics. The latter category was particularly difficult to assess as some staff who lecture in this field may not regard themselves as economists, but rather as accountants or financial planners. For this paper, assessments were made as to the main focus of some staff by reviewing their teaching and research experience. It is interesting to note that in 2009 there were seven departments where economics was completely integrated with finance (Curtin, La Trobe, Macquarie, QUT, UTS, University of Western Sydney and Victoria University). There were also some departments where economics and finance was included with Accounting, Business, Marketing or Law (Griffith, RMIT, James Cook, Deakin and ECU).

Generally, university department websites group their staff by discipline making it a little easier to identify the economists. With finance a growing professional area, more economists are likely to be teaching electives in this area. Tables 2a and 2b includes full-time staff, from professor to associate-lecturer level, but also includes full-time research fellows. These tables do not include tutors, visiting and honorary fellows, emeritus professors or part-time staff. The information for 1998 was collected from academic calendars, annual research reports and faculty handbooks from that year. Most faculty handbooks list departmental staff along with their credentials. However, Griffith University had no information on its staff complement for 1998 meaning that it could not have an entry in Tables 2a and 2b. The University of Western Sydney (UWS) also could not be included because the university did not exist as an entity in 1998. However these two Universities are included in the data captured in Table 3 – covering 2009. Gathering the data for Table 3 representing the 24 economic departments in 2009 was a more straightforward matter with most information derived from departmental internet sites. Where the origin of staff doctorates could

not be obtained from departmental authorities or other sources, these were catalogued as ‘not elsewhere classified’.

Tables 2a and 2b also indicate whether staff held a doctorate from the place where they worked. This is shown in the column marked ‘Home’. For instance, the figure for Monash, both in 1998 and 2009, is significant, largely because a good percentage of their econometric staff were trained there. Data on the number of staff who gained their PhDs from their current university employer is used in this paper to provide an indication of universities encouraging their staff to improve their expertise. The last column in Table 2b shows the number of candidates enrolled in economics (broadly defined) PhDs for 22 economics departments across Australia. Table 3 also includes the total number of PhD students studying at Griffith University and UWS. This information gathering exercise indicates that there are nearly 600 economics doctoral candidates studying at Australian universities. Some of the PhD candidates were existing academic staff undertaking a doctorate.

2. Discussion of key issues

‘Where did you get your PhD from?’ is often the first question asked of new starters at an economics department. As Colander (2007, 3) notes, it is not an entirely innocent question as the answer provides the questioner with an indication of the new appointee’s academic potential. This paper identifies the PhD as the currency in which to denote the professionalization of Australian economics. In her study of the economic profession in three countries, Marion Fourcade (2009, 72) notes that the doctorate is ‘an academic credential providing evidence of specialised scholarly competence’ and it is the ‘primary mechanism for certifying expertise in both scientific and practical matters’⁵. She identifies the PhD as the ‘critical device whereby the American academic profession would reproduce itself’. American economists use the credential not just as ‘a licensing instrument for certifying expertise’ but also as ‘a moral guarantee of professional impartiality’ (Fourcade,

⁵ Changes in the membership of the Economic Society of Australia (ESA) also provide an insight into the “professionalization” of economics academics. Currently there are 1300 members of the ESA though not all are university economists.⁵ A decade ago, in 1998 there were 1660 members and the year before, in 1997, there were nearly 2000 members. By 2008 the number had fallen to 1300 and stabilised. Information supplied courtesy of the Economic Society of Australia.

2009, 76), (Siegfried and Stock 1999). It is much the same within the Australian economics profession with a doctorate now generally regarded as the minimum requirement for a lecturing post. Despite its British heritage, Australian academia now more often resembles the open and competitive American academic labour market where there is a strong reliance on impersonal criteria of performance rather than the use of networking and social contacts in securing a university position as was the case for post-war Britain and Australia (Fourcade, 2009, 73).⁶ Fourcade notes that nearly forty years ago 79% of academic members of the American Economics Association had a doctorate.

Australian universities were late developers in offering their own doctoral programmes with the University of Melbourne's first economics PhD Kenneth Rivett graduating in 1954 (Isaac, 2009, 71). The University of Sydney had its first doctoral graduate in the early 1970s when Boris Schedvin graduated (Groenewegen, 2009). That said, Richard Mills and Douglas Copland, Deans at the Faculties of Economics and Commerce, Sydney and Melbourne respectively, greatly encouraged their staff to go abroad to earn further qualifications and build up their professional networks before returning home (Harper, 2009, 43). In Australia, it is generally agreed that the mark of academic professionalization of a university department is assessed by the percentage of staff that hold a doctorate. Tables 2a and 2b shows that the percentage of staff at 24 university economic departments with doctorates rose from 56% in 1998 to 80% in 2009. This pattern is corroborated in Table 1 which looks at higher level appointments at the Go8 universities. This increased level of professionalization is to be expected.

A further question for this paper is whether the local academic economics profession has become internationalized by the practice of employing those with an overseas doctorate. A number of commentators have drawn attention to the increased Americanization of Australian economics in the post-war period. In their *History of Australian Economic Thought* (1990) Peter Groenewegen and Bruce McFarlane argue that after the 1960s, the Americanization of the subject increases with a flow of

⁶ To take one historical example Gerald Firth secured the chair at the University of Tasmania because his mentor L.F Giblin backed the move. There was no rigorous referring or screening process. Firth went on to serve the university for 30 years with some distinction including making undergraduate economics education training more professional (Hagger, 2004).

Australian students going to North American graduate schools rather than Britain to do their doctorates. Groenewegen and McFarlane lamented that this made for the 'potentially fatal embrace of...growing Americanization' leaving little room for a continued distinctive Australian contribution to the subject (1990, 232-240). Groenewegen and McFarlane were pessimistic about the prospects of the local economics profession, too, in terms of the focus on uniquely Australian research issues. Australian economics, they famously prophesized, would become transformed into 'a minor sub-branch of the American Economic Association' (1990, 237). This 'internationalisation' of Australian economic profession is tracked in this paper by identifying the staff recruited from abroad and also the Australian scholars earning their doctorates from American universities.

Groenewegen and McFarlane (1990, 225) suggest that American-trained Australian economists were too prone to accept free market solutions in an uncritical way and did not seem to be aware of particular institutional, cultural and historical characteristics of the Australian economy. In contrast, Australian-trained economics were once regarded as being sceptical about free market solutions to economic problems and indeed more supportive of government intervention which is likely to have reflected the mindset of their instructors and supervisors. John Lodewijks (2002) has provided a survey of the comparative worth of an American doctorates *vis-à-vis* the British and Australian variants and raised other matters like the need for intellectual diversity and recognition of the models of larger and specialised graduate schools that exist in the United States. He notes how the postgraduate coursework provided in American-style doctorates is regarded as necessary preparation for research and a useful entree for publication in international journals. Fox and Milbourne (1999, 261) empirically confirmed that 68% of the top researchers in Australian economic departments had completed some coursework within their PhD. Generally, the American PhD programs featured a strong emphasis on mathematical modelling and econometric techniques. In his interviews with American graduate students Colander (2007) shows just how strong this approach is at the premier American economics schools. The British and Australian models, in contrast, incorporate a more specialized first degree involving submission of a thesis that amounts to a substantial (publishable) monograph. In America, a handful of Ivy League universities provide PhD programs in economics with the top twenty

delivering more than half of all American economic doctorates (Fourcade, 2009), Colander (2007). As indicated through this research, in Australia there are twelve universities with significant PhD enrolments, though Tables 2b and 3 show that 24 economic departments in all have doctoral students. Table 2b shows that the Go8 universities score well in the training of economists. This fits with Lodewijks's (2002, 83) observation that just six of the Go8 universities accounted for almost half of all economics PhD enrolments within Australia. Table 2b indicates, though, that Curtin, La Trobe and Victoria University have also garnered strong representation possibly because these three universities offer doctorates in economics and finance which are then translated into employment.

Through examining the data captured in Tables 1, 2a 2b and 3, this paper tests the Groenewegen and McFarlane proposition of the Americanization of Australian economics by looking first at the credentials of the staffing economic departments of the Go8 universities and then, more broadly, at the larger teaching economics community in Australia. One might expect, *a priori*, that the Go8 universities would have a higher percentage of staff with American training because of the attraction of their standing to potential employees. Table 1 details the senior staff (levels C, D and E) at the Go8 universities for the years 1998 and 2008. The data indicates that the majority of senior staff of these universities had a doctorate. The main source of doctorates for both 1998 and 2008 was Australia followed by America, Britain and Canada. The number of senior economists with Australian credentials rose from 35% to 40% between 1998 and 2008. Interestingly, the number of economists with American credentials as shown by the possession of a doctorate increased slightly over the decade to 29%. Only two universities, the ANU and Melbourne show a higher percentage of American-trained economists at senior levels. Also there was a marked fall in the number of economists holding British PhDs. This might suggest the decline of the inter-war and immediate post-war tradition where many Australian economists had PhDs from Britain. The percentages from Canada and all other countries (NEC) held steady over the decade. The growing weight of Australian-based doctorates reflects the rise in graduate training opportunities at Australian universities.

However an analysis of one university, the Department of Economics at the University of Adelaide, does confirm the Groenewegen McFarlane view. A

departmental history, by Anderson and O'Neil (2009), provides details of staff profiles from the 1930s onwards. In the 1930s the university had only 4 economists, none of whom had a doctorate. In the 1950s the department had 14 staff, three of whom had a doctorate, all from abroad.⁷ In the 1960s, 7 out of a staff complement of 36 held doctorates all of which, bar one, were from overseas. In the 1970s these numbers did not change significantly. However by the 1980s half of the department held doctorates with the majority being from America. By 2000 nearly 70 per cent of staff held a doctorate. During the latter period 45% of the staff at the Adelaide economics department held doctorates from America. The proportion of those who held Australian-based doctorates actually fell from the 1980s. This is, of course, just one university and there may be unique factors at play at Adelaide.

Looking at the broader Australian academic economics community shown in Tables 2a and 2b, the number of American PhDs has fallen slightly in the decade since 1998. There has also been a more marked fall in the number of British PhDs held by Australian economics teaching staff. Meanwhile the proportion of Australian economists undertaking a doctorate has risen from 45% to 47%. A closer look reveals that at the top economics schools like the ANU, Melbourne, Adelaide, Sydney, UNSW and Deakin, American-trained economists outnumber their Australian-trained counterparts. These six universities alone employ 62% of all American-trained economists within Australia. If we add in the contributions of the other Go8 universities, that is, Monash (12), UQ (4) and UWA (4) the share rises to 76%. It was interesting to note that at the time of writing six out of the eight economics department heads for the Go8 universities held an American doctorate. The other fifteen university economics departments shown in Table 2b and Table 3 largely employ staff with an Australian-PhD. Canberra, Victoria, RMIT, Murdoch and Monash generally hire or sponsor their own doctoral candidates, especially in econometrics and business statistics. The University of Queensland and the University of Western Australia also tend to hire their own doctoral students. These findings do not entirely invalidate the Groenewegen McFarlane prophecy that the American influence is strong. It may, for instance, be the case that their Australian-based supervisor holds an American doctorate. Moreover Peter Groenewegen (1996) has documented in other research that the Americanization of Australian economics has

also been supported by: the preponderance of American texts, the increase in American authors publishing in the *Economic Record* and the sharp increase in theoretical articles relative to Australian applied topics.

3. The lost tribes

Another department not listed in Table 2 is Flinders University.⁸ Even though there are two professors, one associate professor and five lecturers teaching economics there it does not rate an entry because it has been incorporated into the Flinders Business School. Nor does this small enclave there offer economics degrees. It once did. It even hosted the Annual Conference of Economists in 1982. There was a time, too, long before the rise of business economists when the Flinders School was one of the most authoritative economic forecasting groups in this country. It was known as *Indecs* and the team comprised five economists including Owen Covick, Kevin Davis, Barry Hughes, Matt Polasek and Graham Scott.⁹ They published eight editions of the book *State of Play* which was extensively used in first-year economics. The book was a spin off of articles they periodically wrote for the *Australian Financial Review* on the state of the economy. The School of Economics, once headed by Richard Blandy, and then Owen Covick, had fallen foul of demographics and changing student tastes and keen competition from the University of Adelaide.

The turning point for the Flinders School of Economics came in 1995. An external reviewer of Flinders economics degree, cognizant of how student preferences were changing towards business studies, recommended that there be an alternative offered to students at the end of their first year. Students could, if they wished, do a business economics course. After a few years most students followed this pathway meaning that the days of the traditional economics degree were numbered while the B. Bus. Ec. remained. At around the same time the university administration had decided that regardless of the new economic degree that the economics department was marked for down-sizing. It was this decision by the university executive that sounded the death-knell of Flinders economics. With the School of Economics earmarked for relegation talented staff left and were not replaced. Eventually, in 2006, the newly entitled School of Business Economics was amalgamated with the School of Commerce to become the Flinders Business School. Meanwhile the business economics degree, after falling in popularity was suspended and is now been replaced by a Bachelor of

⁸ I am indebted to Associate Professor Owen Covick for this information.

⁹ Kevin Davis was teaching at the University of Adelaide at the time.

Business degree which offered the prospect of undertaking a major in economics. At the time of writing that option was under review.

Flinders might be a drastic special case. However, as one can see from comparing tables 2a with 2b a number of other economic departments have markedly shrunk over the last decade. The Universities of Canberra and Newcastle have both seen the size of their economics departments contract significantly. In 1998 Canberra had a complement of sixteen economists, a decade later it had seven, and like Flinders, this change was driven by a shift in administrative focus. Similarly Newcastle had been reduced to eight economists on staff in 2009. Murdoch, too, has almost halved in number with only six economists on the staff in 2009. Other departments that have contracted over the last decade are Edith Cowan, James Cook and, even with its specialization in resource economics and economic history, the University of New England.

Given this reduction in size of seven universities' economics faculties, perhaps the question that should be considered by the academic economics profession is not about an increasing American influence, but perhaps is about the sometimes fatal embrace of business schools and how this will shape the research agendas of those working in smaller-sized departments. Of course a few economics departments have prospered and grown larger under the umbrella of a business school model. The economics department at UNSW, now embedded within the grandly-titled Australian School of Business, appears not to have suffered in terms of numbers.

4. A lost tribe?

Table 2b along with Table 3 suggests that there are probably around 750 Australian academic economists working in 26 university departments. This figure is inflated somewhat by adding to departmental staff complements, finance specialists, along with econometricians, economic historians and real estate economists. There would be many more if the honorary research, adjunct and visiting fellows, tutors along with the *emeriti* of retired professors were included. What, though, of the economists doing realms of service teaching in business and management schools around the country? For instance, the School of Commerce at the University of South Australia has

thirteen economists on staff with eight holding doctorates which is the largest grouping of economists without a distinctive economics departmental identity. Charles Sturt University has eleven economists in its School of Business with most having doctorates. Other numbers for economists working in university business schools were: Bond (8), Ballarat (4), Charles Darwin (2), Central Queensland (2), Southern Queensland (4), Southern Cross (1), Swinburne (10), Australian Catholic (2) and Notre Dame (3). There are also economists employed at graduate schools.

Usually the economists within economic departments also teach in graduate schools. However there are some economists employed solely to teach in graduate schools. In Melbourne there is the Deakin Business School with five economists on station. Melbourne Business School has 8 economists, all employed at professorial level, seven of whom possess overseas doctorates. In Sydney the equally prestigious Australian Graduate School of Management (UNSW) and the Macquarie Graduate School of Management (Macquarie) source their economics expertise from their respective university departments. In sum, the amount of economists working outside proper university economic departments would probably be no more than seventy. One might add to that number then the political economists at the University of Sydney. A small tribe, perhaps, but we have little knowledge of their research productivity, in respect of in journal output or in terms of the number of PhD students they supervise.

Conclusion

This paper attempted to survey the size and composition of the Australian economic profession over the decade beginning in 1998. We found that there were 26 departments that offer economics degrees. This is not much different from the situation in the 1990s. Some departments have shrunk while others risk losing their autonomy encased within business schools. The paper also attempts to quantify a small tribe of economists usually forgotten when taking a census of academic economists. More interestingly was the composition of these departments in terms of the qualifications and staff profile. The paper found that the profession carries more strength in terms of its professionalism. The statistics on the size of the profession

were blurred somewhat by the rise of finance as an academic discipline and the tendency to classify it with economics at departmental level.

A simple test of the Groenewegen - McFarlane argument that the local economics profession would over time become ‘Americanized’ was found to be true only for six of the higher-ranking universities. On that same basis the Groenewegen- McFarlane prediction did not apply to the broader Australian economics community where the paper found that almost half of the PhDs achieved were obtained from Australian universities.

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