Liberal Arts Macro Economists are Becoming an Endangered Species

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Liberal arts macro professors should be placed on an endangered species list.¹ More and more undergraduate economics departments are becoming applied micro/stats departments, rather than economics departments with broad coverage of both macro and micro issues. While all undergraduate programs have professors who teach the introductory and intermediate macro courses, many of those professors teaching macro don't have a primary research area in macro. This leads to fewer upper level courses and seminars in macro areas, and almost no undergraduate honors theses on macro topics. Instead, the typical undergraduate thesis in economics now involves a statistical analysis of a micro topic.

HOW THE PROBLEM DEVELOPED

Liberal arts macro professors have not always been endangered. Thirty or forty years ago, standard macro theory blended pedagogical, methodological, and historical issues into macro theory, making macroeconomics more undergraduate professor research friendly. Then standard macroeconomic theoretical research was based on IS/LM analysis, as was pedagogy. Standard macro econometric research still included activities such as estimating consumption functions and money demand functions — activities that one could have an honors students do. Undergraduate macro professors could be active participants in the standard macroeconomic theoretical and policy debates.

That has changed. Standard macro is now dynamic stochastic general equilibrium (DSGE) analysis. Theoretical and applied macro econometric research has become so technical and specialized that it is beyond what can reasonably teach in an undergraduate liberal arts school. For macroeconomic theory, this is a gain; macro theory is beginning to come to grips with the complexity of the macro economy. But it is not a gain for undergraduate teaching of macro.

The problem is exacerbated by the fact that graduate training in macro is not designed to prepare graduate students to become undergraduate professors of economics who combine both research and undergraduate teaching. Graduate economics training in macro is designed to prepare students for full-time research positions at a graduate university or a Central Bank. The result is a very small pool of highly qualified macro-research-focused candidates from standard programs whose goal is to teach macro at a liberal arts school.

While the pool is small, it is not zero. There are always a few graduate students who want to teach at a liberal arts program where they can integrate undergraduate liberal arts teaching with their research. So they accept jobs at liberal arts schools. Unfortunately few of them survive to tenure.

THE DIFFICULTY OF BLENDING LIBERAL ARTS MACRO TEACHING AND RESEARCH

Macro specialists coming into a liberal arts program quickly find that it is difficult to blend their teaching with their research. Since at liberal arts schools being a good teacher (and getting good student evaluations — not always the same thing) is a must, their initial focus is usually on teaching. Almost inevitably, they find that their students are not prepared to study the type of macro they were trained to teach, which means that they have to spend a significant amount of time learning what is taught in introductory and intermediate macro. This material is often new to them, as many standard intermediate textbooks are still structured around an IS/LM framework that they haven't seen since their undergraduate studies, if at all. They further find that they must dumb down their advanced courses, as too few students have the technical background to do the work that they had hoped to present.

Once the new macro specialists get their teaching down, they turn to research. Here again they are in for a rude shock as they discover that macro techniques and approaches that journals are looking for have changed since they wrote their dissertation. So the dissertation research that they hoped to quickly publish is out of date and unpublishable. They try to keep up with the latest research trends, but it is difficult to do because they are the only professor at the school who is working on their particular area of macro research and they have no one to talk to.² Doing their research pulls them in one direction; teaching their courses pulls them in another.

Similar problem also exists for undergraduate micro professors, but, in micro it is manageable. Undergraduate programs have made their programs more technical, so their students have solid training in cross-sectional statistics. They also often have training in experiments and behavioral economics. The reality is that there are many issues that a liberal arts micro professor can both teach and research and have a reasonable chance at publishing in a good field journal. Undergraduate micro professors can tie in their research with their teaching in upper level courses, or honors work, and can do joint papers with students. At the top liberal arts programs, top seniors are often doing work that is the equivalent to what a Masters or early PhD level applied micro student would be doing.

That isn't the case for undergraduate macro professors. Modern DSGE theory is best understood as an advanced topic in micro theory, and modern macro applied work is best understood as an advanced topic in time series econometrics. Almost no undergraduate student has the time or inclination to get up the speed in these areas.

Of course, in its complexity, macro has always been more complex than micro, but earlier Keynesian and neoclassical macro theory avoided the problem by not doing micro-grounded macro analysis, but rather doing something that might be called applied macro heuristics. Old style macro theory was a blend of astute observation and small heuristic models of the IS/LM variety that could be loosely fitted to the data. It included historical and verbal analysis that required strong written skills and relatively unsophisticated data and statistical analysis. The research had problems, but it was what standard macro-economists did. It was a type of macro theory that could be taught to undergraduates and could be published in good macro field journals.

That changed starting in the 1980s, and now it has almost completely changed in standard graduate programs. Today graduate programs are training students to be scientific macro researchers in a way that does not prepare them to become undergraduate professors. So macro students either don't go into undergraduate teaching, or go into it and flounder because of a mismatch of their training and needs of undergraduate programs.

One can see the strong micro focus of liberal arts departments in the table in the Appendix.³ It shows the number of professors who teach macro-related courses compared with professors who teach micro-related courses at top liberal arts schools.⁴ As you can see there are more than two micro-focused professors for every one macro-focused professor. Even this 2 to 1 ratio significantly underestimates the applied micro/stats focus of liberal arts departments. Had I classified professors by the research they were doing, not the courses they taught, the applied micro focus would have been significantly more skewed toward micro — more like 4 or 5 to 1, not 2 to 1. The reality is that there are few liberal arts undergraduate professors today who are doing research that would be considered “macro research” by the standards of modern day graduate macro programs.

WHAT TO DO ABOUT THE UNDERGRADUATE MACRO PROBLEM

Let me now turn to the question: What to do about it? One possibility is not to worry about it; applied micro is important, and if applied micro fits better with undergraduate teaching, then why not just specialize in micro? That, to me, is not a good option. Undergraduate students have an enormous interest in macro, and want to know about it. Having professors who are doing macro-focused research teaching macro is far preferable to having macro taught by professors who are only tangentially involved in macro. The macro-economic problems facing the economy are serious; and undergraduate students should have professors specializing in macro teaching them about them.

Another possibility is to change the training of macro at graduate schools to focus more on macro heuristics and less on macro science. In my ideal world, graduate schools would see their role as preparing students to teach undergraduates, rather than undergraduate schools seeing their role as preparing students to go to graduate school. Unfortunately, that is not an option. Macro has gone the direction it has and it will take many decades to change, if it ever does. So the only realistic possibility is for undergraduate programs to deal with the problem. Below are some suggestions for doing so:

1. *Recognize that the “undergraduate macro problem” exists.* The first step in solving a problem is recognizing that it exists. Too few programs recognize the problem. So I encourage untenured undergraduate macro professors to forward this column to your chair, and I encourage chairs to put the “undergraduate macroeconomic problem” on the department discussion agenda.
2. *Build in recognition of the problem into hiring procedures.* Most undergraduate programs try to hire the best candidates available that can cover their teaching requirements. This has led to a replacement of macro-research-focused economists with applied micro economists willing to teach macro. Care should be taken in doing that; maintaining a balanced department in terms of research should be one of the goals of any liberal arts economics department.
3. *Encourage young macro professors from standard programs to combine their interest in macro with an interest in history of thought or pedagogy. Count such research as macro research.* There are numerous possibilities for publishing in macro/pedagogy, macro/history of thought or macro/economic history. (The *Eastern Economic Journal*, with its commitment to “free and open intellectual inquiry from diverse philosophical

perspectives in all areas of theoretical and applied research related to economics,” is a good outlet to consider for these broader perspective macro articles.) What undergraduate programs need are not macro professors doing cutting edge technical macro research, but instead macro professors who understand that research and why it is necessary to use highly technical tools. They need macro researchers who understand the strengths and weaknesses of the macro research that is being done. Macro researchers who are interested in intellectual history, methodology, and pedagogy are ideal candidates, and it is candidates doing that type of intellectual history macro research that liberal arts programs should be searching for, hiring, and promoting.

4. *Consider hiring macro economists from non-standard programs.* Notice that my arguments have all concerned what might be called standard DSGE macro. While this type of macro dominates the standard programs today, it is actually only a relatively narrow part of all macro, and it is a part that has little direct relevance for policy. Macro is much more than scientific DSGE macro, and non-standard programs, such as the New School, George Mason, U Mass Amherst and UMKC, teach macroeconomics in a way that is more compatible with undergraduate needs. They prepare their students to do more methodologically, historical, on applied heuristic macro research — the type of research that undergraduate macro specialists could reasonable do. Trinity and Bard College, which have an almost equal balance between micro and macro, have both followed that path.
5. *Consider hiring macro economists who have followed non-academic career paths.* There are some excellent macro policy economists in government and international institutes who might be interested in teaching. Consider creating macro slots open to them, not just to new graduates. (They are often willing to take pay cuts to come and teach.)
6. *Build in recognition of the problem in your mentoring procedures.* Many new standard macro professors coming to teach at a liberal arts school are unaware of the research problem they will face. Programs should work with them to develop a realistic publishing plan that meets your school’s tenure requirements. Don’t let a new hire go under the illusion that he or she can continue to do only the type of research he or she was trained to do in a standard program, unless you are willing to accept that he or she will likely not have a significant publication record at tenure time.
7. *Build in recognition of “the macroeconomics problem” in your tenure process.* In micro, most programs have developed relatively clear cut criteria — x publication in y ranked field journals — that informally guides young professors. For macro professors to develop a similar publishing record, they will need to broaden their publishing network to include non-traditional publishing outlets such as Fed publications, blogs on macro issues, macro textbook work, research on macro pedagogy, or work that blends macro with history of thought, economic history, and methodology. Programs should encourage such undergraduate-friendly macro research and count it appropriately.
8. *Be creative.* For example, if you are near a Federal Reserve Bank, or have connections to one, develop a joint program with it. Federal Reserve banks are having a hard time finding macro economists who are interested in real-world policy and will willingly work on policy memos. Such work is precisely the type of work that fits best in undergraduate programs. If an undergraduate program could create a joint position in which their undergraduate macro economist had a half time appointment at the liberal arts school, and a half time appointment at one of the regional, or Washington Fed, one would have the best of both worlds.

CONCLUSION

There is no magic bullet for the undergraduate macro problem. But it is a problem. Economic programs without a blend of both macro- and micro-research-focused economists are not well rounded departments and do not provide a well-rounded education to their students. It is time to start working on removing undergraduate macro professors from the endangered species list.

APPENDIX

Table A1 Economics departments at top liberal arts schools

<i>School</i>	<i>Macro</i>	<i>Micro</i>	<i>Finance/Accounting</i>	<i>Micro/Macro ratio</i>
Williams College	6	15	1	2.5
Amherst College	4	9	0	2.25
Swarthmore College	3	8	0	2.67
Middlebury College	3	14	0	4.67
Pomona College	2	8	3	4
Bowdoin College	3	7	1	2.33
Wellesley College	4	14	0	3.5
Carleton College	3	8	0	2.67
Haverford College	3	5	0	1.67
Vassar College	6	9	0	1.5
Davidson College	3	5	1	1.67
Hamilton College	4	8	0	2
Wesleyan University	5	9	1	1.8
Colby College	4	9	0	2.25
Colgate University	7	10	0	1.42
Smith College	3	10	1	3.33
Bates College	2	7	0	3.5
Grinnell College	3	6	1	2
Macalester College	3	4	3	1.33
Scripps College	1	3	0	3
Bryn Mawr College	1	2	0	2
Oberlin College	2	4	0	2
Barnard College	4	5	0	1.25
Colorado College	3	6	2	2
Bucknell University	4	10	0	2.5
Kenyon College	3	5	0	1.67
Mount Holyoke College	4	6	1	1.5
Bard College	3	3	0	1
Sewanee	1	4	1	4
Trinity College	6	7	1	1.167
Lafayette College	4	9	2	2.25
Occidental College	2	8	0	4
Connecticut College	4	8	0	2
Union College	3	9	2	3
Pitzer College	2	4	0	2
Skidmore College	3	5	0	1.67
Whitman College	2	3	1	1.5
Dickinson College	2	4	0	2
Franklin and Marshall College	3	6	0	2
Gettysburg College	4	6	0	1.5
Denison University	4	7	0	1.75

Table A1 *continued*

<i>School</i>	<i>Macro</i>	<i>Micro</i>	<i>Finance/Accounting</i>	<i>Micro/Macro ratio</i>
Furman University	3	7	0	2.33
Total	139	296	22	2.13

Notes

1. Although my focus is on liberal arts school, much of the argument carries over to undergraduate teaching at all programs.
2. The problem has been recognized by the NSF, which has funded a summer Workshop on Macroeconomic Research at Liberal Arts Colleges to help support macro-focused liberal arts professors.
3. The data were collected by my research assistant Samantha Gluck, in the summer of 2013. It was based on the top 50 schools in the *US News & World Report* National Liberal Arts College Rankings. Schools with departments of "Economics and Finance" or "Business and Economics," such as Claremont McKenna College and College of the Holy Cross, were removed, leaving 42 schools. In determining the number of professors at a school, only full Professors, Assistant Professors, and Associate Professors were identified and included in the sample; Faculty Emeriti, Adjunct Professors, Visiting Professors, Lecturers, Researchers, and Postdoctoral Fellows were left out. "Macro" was interpreted to include Monetary Economics, International Finance, and Comparative Economics. "Micro" was interpreted to include Public Economics, Tax Policy, Industrial Organization, Experimental and Behavioral Economics, Environmental Economics, Urban Economics, Health Economics, Labor Economics, International Trade, and Applied Econometrics. Professors with an Economic History or Development Economics focus were categorized as either "Macro" or "Micro" depending on the other teaching and their research output. For professors of "Finance," the majority of their instruction is in Financial History/Regulation/Analysis, Accounting, or Corporate Finance.
4. Faculty were classified as "Macro" or "Micro," based on a combination of their stated focus, classes taught, and research interests, with the first two elements receiving more weight. Since constructing the table involved subjective judgments, the estimates should be seen as back-of-the-envelope estimates.