

## **Surviving as a Non-Mainstream Economist**

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I have survived reasonably well in the profession, even though I have followed my own path, at least to some degree. That, I suspect, is the reason I was asked to contribute to the volume.

One of the ways in which I differ from most mainstream economists is in the way I believe institutions should be integrated into economic thinking. I see institutions as central to our understanding of the economy. One cannot understand the economy unless one understands the way institutions work. Most mainstream economists tend to see institutions as a type of friction--institutions may slow down the workings of economic forces, but otherwise they play no role. Consistent with that view graduate economics students are taught that markets work, and that one can understand how to operate within markets without understanding real world institutions. Many students actually believe what they are taught.

That belief leads to problems for many students since the economics profession, like any other profession, has its institutional realities, and if one is to succeed in the profession, or even simply stay in the profession, one must understand those institutional realities and learn to operate within them. Given the mainstream view of institutions it isn't surprising that many, otherwise bright, students never learn to cope with those institutional realities. After graduate school, students are thrown out into the real world, and they either learn about the institutional realities of our profession quickly, or they leave the profession.<sup>1</sup>

Let me give some examples. Recently a young assistant professor--five years out of graduate school--was attempting to apply to other higher level universities for a full time position. He believed that since he has a strong publishing record, and was a good teacher, that he would do well in his search. He quickly discovered that in the economics profession internal labor markets are alive and well. A career path moving from a lower to higher level school after five years is institutionally discouraged. Another example came when I was in a late night discussions with some young economists after a conference. A couple of these young economists actually believed that the stated rules of tenure were the actual rules used! Imagine! I quickly dissuaded them from such naive beliefs.

Where one learns about institutional realities is in late night, informal discussions with older economists. In these conversations, the older economists take down their guards and tell younger economists how the economics profession really works. Unfortunately, many graduate students and young assistant professors have not spent enough time in bars. Hence this essay. It is a modified transcript of such a late-night discussion in a bar.

### **A Late Night Conversation**

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<sup>1</sup>Although most non-mainstream programs are taught that institutions are theoretically important, they are taught little about the way the economic institutions work. .

The Setting: A hotel lounge at about 11:00 PM after an economics conference. I'm there with a scotch; a few young assistant professors are sitting there with me.

"OK, Colander," one of them says. "You're the great moralizer; how should economics be done?"

"My first piece of advice is my standard warning whenever giving advice: listen to that advice, but don't necessarily follow it."

Having absolved myself from the guilt that I would feel if someone actually followed my advice, I get down to the real nitty-gritty advice.

"My next piece of advice on how to do economics is to first decide what you think economics should be, and what you see as your role in furthering that view of economics. You must make that decision before you can make a reasonable decision about how to do economics. While that advice may sound trite, I suspect that few young economists have articulated to themselves what they think economics should be, and whether it is what it should be. And fewer still have thought about what their role in furthering their conception of economics is. Yet their answer to those questions makes a fundamental difference as to how they should do economics. Trite advice is not always stupid advice."

"OK, enough qualifying--we're all young professors at liberal arts schools who are sitting with you, so, obviously, we're sympathetic with your view of economics. So for us, how should we do economics?"

"As I said, my advice on how to do economic is dependent on what one believes economics should be. So let me explain my view.

### **How, Ideally, Economics Should Be Done**

In my view, the primary reason society gives money to academic economists (who are not being supported by research grants) is for teaching. And that money is primarily for teaching principles of economics which, in my mind, centers around teaching economic reasoning. Doing economics well therefore means doing well the job we are paid for; it means teaching economic reasoning to society.

In emphasizing teaching as what economists should do, I know I am going against the grain of many economists (non-mainstream as well as mainstream), who often, in conversation, denigrate teaching and exalt research--especially research extending the frontiers of economic knowledge. I find it perverse, and morally wrong, to denigrate teaching, and, as the profession has done, to design institutions to channel money surreptitiously away from teaching and into "research," justifying those actions by some inherent "goodness" of basic research that politicians don't understand. In my view the research that should get most weight in universities and colleges is research that is derivative of teaching, not the other way around. Thus, much of my thinking about economics concerns the teaching of economics—how can we translate the highest level ideas on economic issues into understandable examples for students.

I even have some rule of good teaching; they are:

### Rules of Good Teaching

1. Consider teaching important. Spend lots of time preparing, Make your lectures fun. Make them exciting. Don't repeat what's in the book; go beyond it. Excite the student in the ideas.
2. Do not let the medium become the message. Teach economics, not techniques.
3. Spend time with your students. Read broadly and carry the knowledge of that reading into class. Talk the student's language.
4. Teach with passion, or don't teach. Life is too short, and economics too much fun.
5. Use examples that relate to your students. Relate economic reasoning to their life.
6. Distinguish among various types of models. Use technical modeling as a method of exercising students' minds; do not apply the models when they really don't apply.
7. Listen to others' advice on teaching, but don't necessarily follow anyone else's rules of teaching. Each person is unique.

### **The Role of Research in Good Teaching**

Since teaching is primary, one might think that I put little store in research. Such a belief would be wrong for two reasons. The first is that I like abstract research. That's the reason I was initially attracted to economics—I got paid to play all these fun games that had no relevance at all to anything. I still enjoy putting my two cents in when playing with those puzzles. However, after I was playing the game of economics for a while, it lost some of its enjoyment for me, and it seemed to be getting further and further removed from reality. I started to look at the economics profession from society's point of view. That's when I wrote the garbagemen book (Colander 1991).

Essentially, I became convinced that the economics profession was extracting rents from society, and not producing enough of the services society wanted and needs--teaching economic reasoning. All this is not to say that abstract research has no role. But it is not the aspect of economics that, I believe, society most values, nor is it the type of research that I believe should get high rankings in tenure reviews in liberal arts schools, nor for that matter in graduate schools.<sup>2</sup> While playing the economics puzzle game sharpens one's economic intuition, it often becomes an end in itself, drawing one away from teaching in the same way that a passion for bridge draws one away from teaching economics. If one gets grants to do such puzzle research, fine, but if you're paid to be a professor, your academic focus should be on teaching.

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<sup>2</sup>For development of these ideas see Colander and Brenner (1992).

The second reason I place enormous importance on research is that there is another type of research that is extremely relevant to professors at liberal arts schools. It is what I call teaching relevant research. By teaching relevant research I mean research that reflects the type of skills we want our students to have once they graduate--an ability to express insightful, economic ideas well in language that is understandable and persuasive. Teaching relevant research involves clear, concise, writing. Teaching relevant research conveys a deep understanding of economic principles in simple terms. It is research that shows institutional understanding, a knowledge of economic theory, and a sense of judgment. I favor this type of research because it directly complements teaching, rather than pulling one away from teaching, as much puzzle-solving research does.

I even have some rules of good teaching relevant research. They are:

#### Rules of Good, Teaching Relevant Research

1. Ask meaningful questions; someone besides a small number of economists should be interested in the results of your research, and you should be able to explain to a lay person why your research is of interest.
2. Ask manageable questions. By that I mean asking questions that can be dealt with using data you have available for research and choosing a research question that you have sufficient time with which to deal with it.
3. Use a research technique and mode of expression with which you are comfortable. Otherwise the technique overwhelms the analysis and you lose judgment.
4. Know previous research done on the subject--and be able to explain how your research fits in. You should expand, not duplicate, previous work.
5. If you use econometrics, you should be familiar with the methods of collecting data, and with the institutions from which that data is drawn.
6. Do not be falsely scientific.
7. Carefully consider the question of your research from all sides.
8. Do not violate the law of significant digits. Be no more precise than the least precise dimension of the question you are considering.

If professors can't do teaching relevant research, and do it well, then there is a question whether they are comfortable in their writing and in their knowledge of the subject, which would lead me to question whether they will be a good teacher. Being a good teacher is not necessarily being liked by the students—a good teacher conveys understanding and skills to students rather than simply entertaining them. If a professor doesn't have the understanding of economics and the skills to undertake teaching-relevant research, he or she will have a hard time being a good teacher.

Let me give examples what that I consider relevant and irrelevant research for teaching purposes.<sup>3</sup>

### *Non-Teaching Relevant Research*

Designing a formal model to determine whether fixed or flexible exchange rates are preferable. Reason Irrelevant: Generally the data and institutional knowledge needed to have anything relevant to say on this issue is beyond a liberal arts professor, and most graduate professors.

Determining whether data series are stationary. Reason irrelevant: too esoteric to teach most undergraduates.

Designing an overlapping-generations model which requires many limiting assumptions in order to solve. Reason irrelevant: these assumptions inevitably overwhelm the model, and make the results meaningless for real world application.

### *Teaching Relevant Research*

Cost benefit analysis of a local recycling program; here one can collect the data and know the empirical results.

Determining whether an electric company's energy conservation program makes any sense; this involves the simple application of economic principles to a manageable question.

"So what you are advising us to do is to focus on teaching and to do teaching oriented research—right?"

## **Institutional Incentives**

"Wrong, wrong wrong." I say, reaching for another scotch. "Remember what I said at the beginning. To decide how to do economics you must first decide what economics should be, but that decision is simply a preliminary decision in deciding how one should actually do economics. To decide how to do economics you must relate what one believe should be done to the institutional incentives for doing what will get you ahead. If doing economics the way you believe it should be done gets you tossed out of the profession, then it is not a good strategy for doing economics. The reality is that if you want to survive, you have to do economics in a way that satisfies institutional constraints. If you don't, you won't survive as an economist. This is why you must understand the nature of the institution and the decision-making process within that institution. Real world rationality is institutionally specific; to think too globally in a world characterized by overlapping institutions is a sure path to failure.

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<sup>3</sup>There are, of course, exceptions. Some polymath economists can do everything. They can write about abstract game theory, and teach institutionally specific Fed policy, drawing from that research, for example. All the better. But most of us must specialize and there is a gross substitution relationship between high level puzzle research and teaching undergraduates rather than a complementarity.

A successful person is one who understands the incentives in the system sufficiently so that he or she can exist within the system, but who simultaneously maintains a broader sense of what he or she believes is important. This melding, in my view, is fundamental to one's psychic, and to one's institutional well being.

Put in economic jargon, life is a constrained, not a global, optimization problem. For economists who believe that existing institutional incentives are for good economics, this presents no problem. But for economists such as I, who believes existing institutions include many perverse incentives, it presents a serious problem. Let me spell out what I believe are some of the existing incentives, and then relate those incentives to the reality of the job market and advancement process that all young economists face.

The real world institutional incentives are not for doing teaching relevant research; they are for writing game-playing articles. Design a model, solve it, and publish it. Don't worry that these formal models have little real relevance to the ongoing policy debates, or to the designers' teaching. For empirical work the incentives are to get some data and run some formal econometric tests on it without really understanding the institutions that generated the data, and to publish it as supposedly meaning something. The incentives are to spend little time really teaching students, and to entertain them in the time you do spend teaching, so you get good evaluations. The incentives are to spend time teaching modeling techniques, not economic reasoning. So for me, there is a difference between what economists do, and what economists should do.

### **Finding an Acceptable Compromise**

If one agrees with me about these differences, the real question is to what degree one should do "good work" and to what degree to do work the institutional structure rewards. As I have gone around and talked to graduate students and young professors, I am continually amazed by the naiveté of many of them; they think of the economics profession as pure academic pursuit in which the search for the truth will be rewarded, quality work will overwhelm non-quality work, and people will be judged on the merits of their teaching and research. To that I say hogwash. While there are certain tendencies for good work to succeed, these tendencies are weak and often are thwarted by other tendencies built into the institutional structure of economics.<sup>4</sup>

My recommendation to a young professor is not "do what you believe economics should be; the world will recognize quality." That just isn't true. Instead, one should recognize that existing economists do what they do because there are institutional incentives to do it. One focuses on one's conception of what one should do (if it is different than the institution's conception) only at a cost, and it is a cost that is larger than many young economists can bear. For most economists it is necessary to compromise, with the degree of compromise determined by their opportunity cost. By that I mean that if one's psyche needs social reinforcement, or if one has responsibility for feeding a family of four and no money stashed in a trust fund, the

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<sup>4</sup>I am, in no way, arguing that economics is not unique among academic subjects and institutions in discouraging good work.

optimal strategy is quite different than if one is an psychologically secure, egotistical heir to a large fortune.

I direct my moralistic preaching about what economics should be, and how I believe economics should be done, at tenured insiders who make the decisions about tenure, and at journal editors who decide what to publish. It is what I believe they should value, not what they do value.

## **Institutional Realities of the Economic Profession**

The compromise that one will be required to make depends on the institution one is at. Economics is not a homogeneous field (although it is more homogeneous than I believe it should be) and thus institutional realities differ. Despite the differences, I will try to list some generic institutional realities that I believe exist. I'll deal with the three issues that are central to surviving as an academic economist: finding a job; keeping a job; and publishing. At that point I will stop since once one has made it that far, one should be aware of the institutional realities, and be at a level to change them, or to pass on the information to others.

### **The Realities of the Economic Job Market**

The economics job market, like any other job market, has its own characteristics. A few of the most relevant one for graduate students are:

1. Hiring is often done on the basis of credentials, not real qualifications. The higher ranked one's graduate school, the more probable one will get an offer from a high-level school.
2. Recommendations from important people are extremely important. Top level university campus interview are almost always based on personal calls from one's advisor saying so-and so is a hot prospect. There are few walk-ons in economics. Also, it is important to recognize that all letters of recommendation are positive; even a slight negative can hurt significantly if you are in the general pool of applicants.
3. Informal contacts—and phone calls by your advisors and friends—are important for getting considered for jobs.
4. After you are considered for a job, the most important determinant of getting a job is the impression you make on the decision makers. It helps enormously to know their research and know their approaches before you go to present a paper.
5. The general state of the job market in particular fields plays a big role in your chances of being hired in the general market.
6. Job markets are internal to schools; there exists much more flexibility for new hires than for lateral moves (changing schools after a few years). Thus, it is important to choose a school with which one is compatible.

7. Temporary appointments who meet the schools' qualifications often have an inside track for tenure-track jobs, should such a job come up. However, temporary jobs focusing on teaching at a research oriented university are inevitably dead end jobs.
8. If you leave a school after a period of time, you will most likely move to a lower-ranked school. If you have moved around significantly early on, it is harder to land a job than if you are just entering the market from graduate school.

Because of the internal nature of the job market the initial choice of school is highly important to your success. It should be chosen with specific knowledge of what the school's actual teaching and research expectations are. If you want to do economics your way, and that differs from the mainstream's way, take the job at a school where people are open to your approach, not the job at the highest ranked school that offers you one.

### The Realities of Keeping a Job

Generally, the rules of tenure at a school are not the stated ones. In your initial discussion with those schools it's important to find out what the actual rules for tenure are. While it is, again, difficult to generalize, I will try.

1. Often teaching receives much lower ranking in the advancement criteria than does research. The stated rules often include an even split among teaching, service, and research; the actual rules are often 75% research, 20% being friendly with the right people, 5% teaching.
2. Research seldom means teaching relevant research. Research means publishing in the "right" journals. "Right" journals differ among schools, but the general rule is the higher the ranking of the journal in some ranking, the "righter" it is likely to be. (That's why there are so many alternative rankings; one can choose the ranking that serves your purpose.)
3. Decisions of acceptable research are often quantitative, not qualitative. While only a few schools will come out and say it, research requirements are often "x number of ranked-weighted articles. Thus my advice to young economists has been always to carefully consider one's research strategy and combine it with a realistic publication strategy that meets the institutional goals of the school one is at. If one's background and interest don't mesh with a school don't take a job there; the odds are too heavily stacked against one.
4. Total immersion in your research early on is almost a necessity. The reason is that from conception of an idea until publication is often a multi-year process. If you do not start early, you'll likely never catch up. Committees has seen much work in progress, and if they like you will give it some weight, but if they don't, they won't. Actual acceptances are much stronger than "work in progress."
5. Don't be too obvious about structuring one's research to fit decision maker's views of what good research is. Seem to have some gumption even if you have none. Understand, but do not blatantly play up to biases of decision makers. Everyone knows the game, but often it isn't really talked about. Subtlety is admired in academia.



Because the journal ranking is so important, and is school specific, it is important to find out what journal ranking decision makers use, and to concentrate ones publishing on that school's highly ranked journals. You should check with the decision-makers—preferably informally—about what are right journals and choose a school where their right journals most closely match yours. Frank discussion about such issues early on is necessary for you to structure your research agenda accordingly. I'm at a liberal arts school since most of my right journals have a different philosophy about what economics should be than do journals that most universities think are right. Whatever the case, be prepared to structure your research to fit your school's "right journals," at least until after tenure; you are not going to change the system if you don't get tenure.

### The Realities of Publishing

How does one publish in these "right" journals, you ask? You don't do it by reading an article, getting an idea from that article, and working two years on your article. The reason is that what's published is generally last year's interest; it will likely not be next year's interest when you are ready to send your paper in. Publication of a journal article is in many ways a tombstone to an economic debate, not an opening of it.

In thinking about publishing in a journal it is important to recognize that journals have their own institutional and sociological structures. The debates that show up in the journals are often ones that have been carried on at academic meetings, or in workshops, or at bars, three or four years earlier. Unless you are part of those early meetings, or you, in some way, understand the type of issues the editors believe important, it is difficult, if not almost impossible, to get published in that journal, regardless of the quality of your work. The obvious, interesting, questions flowing from published research will already have been mined by insiders. Occasionally one will find an untapped vein, but such a find will be an exception, not the rule.

The above arguments do not mean that publishing in these journals is impossible—it only means that it helps to be tied in to have a good chance of succeeding. That means talking to people who are publishing there, and using the same methodology and approach as they use. A journal is a conversation and has a certain approach. Any submission to it should be made with an understanding of that approach, and if your paper deviates from it, the paper should carefully explain why it deviates. If you don't read a journal regularly, it's unlikely you'll be published in it.

How does one become part of a journal's conversation? If there's a graduate school nearby, attend workshops and seminars; often papers given at these are designed for journals. Attend conferences, especially specialized ones, and sit in on sessions, or, better yet, organize sessions of those economists who are working on the same area as you at regional meetings, where it is relatively easy to organize a session, or in non-AEA organized sessions of the national meetings, where you have a good chance of being allowed to do so. Doing a joint paper with someone tied into the conversation is another way of joining a conversation.

## Conclusion

The ideas in this short "how to" guide to a young economist can be briefly summarized in four points:

1. Decide what good economics is: take that as your ultimate goal, but make the search for that goal constrained by the institutional environment. Initially, work on what the current institutional environment tells you to work on, at least enough to succeed in that institutional environment. Work on ideas that the current institutional environment does not value to the degree you have time, but treat that work as a luxury, not as your primary research.
2. Decide what the determinants of success are in the current institutional structure. Become successful, doing what you are supposed to do, while following up in your spare time on what you believe is important.
3. After having become successful in the current institutional environment, you will have rents to spend. At that point remember your earlier idealistic beliefs about what good economics is, and spend some portion of your rents on achieving it. This will probably cost you institutionally, at least in the short run, but it will also offer the chance to connect with one's youthful idealism, which is infinitely rewarding.
4. Work toward changing institutional incentives to making it possible for other younger economists to follow what you regard as good economics. Use your energy, resources, and efforts to help such individuals advance. A well-timed positive comment can make an enormous difference to a young economist. The effect that any one individual can have on a system is small. The effect through students will dwarf the effect you can have through your writing.

Advances in a field are made by individuals who understand the system and are successful within the system, but who also do not get so sucked up into the system that they give up the broader questioning of the system. It is easy to get caught up in the existing institution. Many of my graduate school colleagues started from a far more non-mainstream position than did I, but they ended up much more mainstream. The system either trivializes or transforms non-mainstream economists who do not understand and accept the system, or, if it can't do either, it eliminates them from the profession.

Most of us forget the passage of time—that life needs will differ, and life styles that are quite acceptable as graduate students and independent individuals are no longer acceptable once various real or illusionary responsibilities are placed upon us as we grow older. Real-world contingencies force one to accept the current institutional structure.

I'm in favor a changing the nature of the profession but I recognize that change is seldom brought about from outside; it is brought about from inside—by individuals who understand the absolute need of an imperfect institutional structure, but who also believe that it is worth working toward institutional reform even if there are few explicit rewards in working for that, and may even have significant costs. Only individuals willing to spend their rents on change can bring that change about, and only individuals who are successful in the current institutional structure will have rents to spend on change.

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