Appendix C

Report of the Economics Super-department Subcommittee
Social Sciences Implementation Committee
January 2020

Subcommittee Membership:
Marco Battaglini, Economics
John Cawley, Policy Analysis and Management
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Michael Lovenheim, Chair of Economics
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Subcommittee Charge: (from the Provost's charge to the Implementation Committee)

"…to answer the following set of questions, keeping in mind that the goal of any disciplinary structure is for Cornell to become truly-world class in the social science disciplines in the next 10-15 years, meaning we need to anticipate changes in these disciplines over time, as well as noting strategic investments our peers have made in the last 10-15 years.

For the major social sciences disciplines of **economics**, psychology, and sociology, what are the specific advantages that could accrue from the creation, or expansion, of super-departments, and under what conditions (e.g., balancing across relevant areas within disciplines, as well as potentially having some shared foci across disciplines) would entering into super-departments make sense?

What are the disadvantages, and how could they be mitigated? What strategic investments should be made to advance these efforts?

Guidance Throughout:

In seeking to achieve these two aspirations, how can we do so while best maintaining important academic connections and successful academic programs, respecting the intellectual contributions of all our faculty, and minimizing unnecessary disruption?"

Sub-committee work:

Our sub-committee met several times over the course of the Fall semester to discuss the questions above. This document summarizes our discussions as they relate to the charge above. After we completed a first draft of this document, that draft was shared with the economists in Economics and Policy Analysis and Management (hereafter "PAM"). We then obtained feedback from those groups, both informally and at meetings of the Department of Economics and the Department of PAM to discuss the possible merger. These meetings were attended by members of this committee, as well as by the Chairs of the Implementation Committee. Where

applicable to our charge, we discuss the advantages and disadvantages of an Expanded Economics Department that were discussed in those meetings and the feedback we received outside of those meetings. However, this report will not summarize the full content of those meetings directly because it is our understanding that information on and summary of those discussions will be provided separately to the administration.

Advantages of an Expansion of the Economics Department

There are significant potential advantages from an expansion of the Economics Department at Cornell. By combining existing resources, talent, and leadership, an Expanded Economics Department provides the opportunity to significantly strengthen Cornell's reputation and visibility in the field of Economics and to create a vibrant and dynamic environment for undergraduates, graduate students, and faculty. The infusion of energy and resources created by this merger will allow us to embark on an aggressive faculty hiring campaign that will attract the most promising young scholars as well as distinguished mid-career academics who will bring their exceptional teaching and research talents to Cornell.

An Expanded Economics Department could have a positive impact on the visibility, ranking, and recruitment of Economics at Cornell. An expansion of the Economics Department beyond its current size would create one of the largest economics departments in the country, which will have direct positive impacts on its reputation and ranking. Economists historically have been scattered across Cornell's schools and colleges, which makes it difficult for the 'outside world', including other economists, to understand and interpret the depth, breadth and inner workings of economics at Cornell. Pulling together a larger group of these economists into an Expanded Economics Department will create a department with expertise in an unusually broad set of fields. This, too, will have benefits in terms of rankings and recruitment, as it will create a department more easily interpretable to those outside of Cornell.

Importantly, an Expanded Economics Department has great potential to increase the quality of research and teaching. By creating closer connections among the many excellent economists on campus, research collaborations may form that otherwise would not have had the chance to germinate. This is particularly likely to occur if the faculty of the Expanded Economics Department are co-located in ways that allow for regular productive interaction. Even if it does not result in direct collaboration, the increased interaction can have other positive spillovers for research, such as disseminating information about new methods and techniques. More generally, co-location is needed to foster the kinds of interactions that are essential to the operation of an academic department. Teaching advantages may arise from a more centralized, coordinated scheduling of courses allowing for different versions of core courses to be offered that are tailored to the interests and needs of specific groups of students and for a more diverse set of course offerings for undergraduate majors.

An additional benefit of creating an Expanded Economics Department is the ability to coordinate hiring across units. Both PAM and Economics have been successful at hiring outstanding faculty. Coordinating our hires in terms of specific fields of focus will allow us to

more easily use our combined resources to strategically invest in certain areas that can build the international reputation of the department. In the past, senior faculty recruits to PAM (some of whom were already in Economics departments) have said that an affiliation with Economics would make the offer more attractive. For both groups, the increased strength, breadth, and stature of an Expanded Economics Department will allow us to hire more prominent faculty.

Background on the Existing Economics Department

The current Economics Department at Cornell is itself the product of a previous expansion, in 2011, of the original Economics Department in the College of Arts and Sciences (hereafter "CAS") to also include the Labor Economics group in the School of Industrial and Labor Relations (hereafter "ILR"). All members of both of groups are full voting members of the Economics Department. Their lines reside in CAS and ILR, and hiring decisions are made by the Department in consultation with the relevant Dean. Tenure and promotion decisions are made by the entire Department. In addition, some of the other economists at Cornell have "0%" appointments in the Department, which involve full voting rights and include some service responsibilities. (The faculty with 0% appointments have tenure and promotion "homes," teaching, and other responsibilities not directly governed by the Economics Department.)

While the Expanded Economics Department should itself decide on an appropriate governance structure and operating system, we outline our shared views about features of the Expanded Economics Department that we think will promote its success. When the 2011 expansion occurred, the combined Economics Department created an memo of understanding (hereafter "MOU") for the "new" Department that covered governance, policies, and procedures for the Department. We recommend that an Expanded Economics Department follow a similar process whereby the members of the Expanded Economics Department discuss and agree upon a MOU for the Department's operation and governance, in coordination with relevant Deans. This MOU could be similar to the MOU for the existing Economics Department, but it also is an opportunity to revise the MOU to reflect the experience of the merged department over the past 8 years. Consistent with our charge, we now turn to discussion of features of the Expanded Economics Department that we believe are important for its success.

Membership

There are over 100 economists at Cornell. When considering an expansion of the current Economics Department, we considered what groups should be included in the Expanded Department. There are tradeoffs between being expansive and restrictive. Although a broader group would be more inclusive and could include more economies of scale, it might be so diffuse as to limit its ability to act. This is particularly likely since some economists would continue to have commitments to their original departments and colleges in addition to those to the Expanded Economics Department. Indeed, the Economics Graduate Field already includes virtually all economists on campus, and our experience with large Fields has convinced us of the necessity to be more focused. However, too small of an expansion could be a lost opportunity to reap the benefits described above. The ongoing conversation about another expansion of the Economics Department after the previous merger of economists in CAS and ILR suggests that

the previous expansion did not go far enough to reap the full benefit. Our committee discussed the various tradeoffs between different levels of expansion. We decided to focus on merging entire units rather than trying to pick individual faculty, which struck us as divisive and unnecessary.

Ultimately, we decided on a model for the Expanded Economics Department that includes the existing Economics Department (including those with 0% appointments) and the economists in the Department of Policy Analysis and Management in the College of Human Ecology (hereafter "CHE"). We also favor having a process that allows for the inclusion of economists in other units. This would combine the 37 economists in the current Economics Department with the 16 economists in PAM, plus any who join through the ad hoc process described above.

To give one perspective of how this new formation would impact the quality and reputation of Economics at Cornell, in Figures 1 and 2, we present information about Google Scholar citation counts and publications in "top 5" economics journals (American Economic Review (AER), Econometrica, Journal of Political Economy (JPE), Quarterly Journal of Economics (QJE) and Review of Economic Studies (REStud)) for economists at Cornell. To clarify our purpose in providing this information, we are not arguing that these are the "right" metrics to use in evaluating research contributions by individual faculty members; that should surely be done by a careful evaluation of the research and its impact. Instead, we use these two metrics to provide simple, widely used and easily computable measures of the immediate impact of the merger. We classified economists based on their tenure home at Cornell (and we omitted assistant professors from the calculations because they are too early in their careers to have informative citation counts). Citation counts and total publications are positively correlated with years since Ph.D., and there are large differences in the seniority of the members of the groups of economists, so we use the horizontal axis to disaggregate the groups by when they received their doctoral degrees (in 10-year bins). In both panels of each Figure, the solid line represents the current Economics Department (excluding PAM faculty with 0% appointments) and the dashed line represents the Expanded Economics Department proposed above.

Two aspects of the Google Scholar citation count figures (Panel A of each figure) are worth highlighting. First, on average, the productivity of members of the Current and Expanded Economics Department, as measured by citations per faculty member in Figure 2, Panel A, is quite similar by cohort. Second, the Expanded Economics Department will have higher overall productivity as measured by total citations (see Figure 1, Panel A). Given the demographic differences across departments (particularly, PAM has fewer very senior faculty), the expansion does not much affect the left-hand-side of the graph in Panel A of Figure 1, but results in a notable increase for the middle and right-hand-sides of the graph.

Two aspects of the "top 5" publication count figures (Panel B of each figure) are also worth highlighting. First, the average number of "top 5" publications per faculty member in the Expanded Economics Department will be significantly lower than that of the current Economics Department (see Figure 2, Panel B). This is not surprising, as PAM faculty typically publish in top field journals rather than in "top 5" general interest economics journals, but should be taken

into account in assessing the effect of the proposed merger. Second, the Expanded Economics Department will have higher overall productivity as measured by total "top 5" publications. The impact of the merger on total publications is by definition non-negative, so this gain also should not be surprising. However, it is worth noting that the *total* number of publications seems to have an impact on the reputation or ranking of economics departments, so it nonetheless is a positive implication of the proposed merger.

One issue is to what extent the expanded Economics Department should offer 0% appointments to those outside of the current Economics and PAM units. This would involve some burden on the "0%" appointments, since these appointments come with service and other expectations. To improve on the existing 0% arrangement, we discussed that an even better option would be to create positive (i.e. non-zero) percent-time appointments with clear obligations related to teaching, service, and other engagement with the Expanded Economics Department. These types of appointments could help overcome some of the coordination problems that otherwise would exist between Economics and the faculty member's tenure home. For example, some faculty could be given fractional appointments with the clear expectation that one of their classes would service the Expanded Economics Department. Functionally, all 0% appointments teach cross-listed Economics courses, so this would not entail large differences in teaching assignments. It also may lead to a clearer sense of inclusion in the Department for these faculty members.

Mission:

The Expanded Economics Department will have a significantly broader mission than the current department. Exactly what that mission encompasses will depend on how the new policy entity is structured, so describing it precisely is difficult. Similarly, it currently is not possible to know what resources will be necessary to meet this new mission without clarity on the policy entity and the range of programs for which the Expanded Economics Department will be responsible. We note here that more faculty resources are likely going to be required to meet this expanded mission, since the current Departments of Economics and PAM are fully occupied in meeting their curricular, service, and research demands. Once the structure of the policy entity is decided upon, it should be possible to provide more detail on how it interacts with the expanded department of economics and the resources that will be required to service the policy programs and students.

The department will have obligations to CAS, ILR, hum/Policy and to the university student population more generally. These duties can be divided into undergraduate and graduate components. At the undergraduate level the new department will be responsible for the CAS Economics major, economics courses in ILR, the PAM majors (PAM and Health Care Policy) or the undergraduate majors proposed as part of the policy entity, and providing introductory education in economics for the non-major undergraduate student population across the university. The new department will be expected to provide teaching for whatever public policy masters programs evolve as part of the policy entity (which may include the existing MHA and MPA, to which PAM faculty now contribute teaching). It further will be responsible for PhD level education in economics for all three units: CAS, ILR and CHE/Policy. Although fields and

departments are, in principle, separate entities, the new group will have to manage both the Field of Economics and significant contributions to public policy related fields that evolve as part of the policy entity.

Deciding exactly what form these responsibilities will take is beyond the scope of our committee. But it is clear that, although the new department will be significantly larger than the current department, it will also have to manage numerous teaching missions in cooperation with several colleges. To successfully manage its existing missions while adding new ones (e.g. in the new policy unit), an Expanded Economics Department will require substantial new resources. This will provide an opportunity to hire new faculty into the expanded department, which will contribute to the stature and visibility of the Department.

Resources:

The composition of the faculty of the new department, in terms of fields of specialization, will be different from that of other top-tier economics departments. To fulfill its missions, the Expanded Department will have unusually large concentrations of faculty in labor economics and in other fields of applied microeconomics central to public policy (other fields central to public policy include applied econometrics, behavioral economics, economics of education, environmental and energy economics, health economics, industrial organization, political economy, and public finance). Given the obligations of the department to ILR and CHE/Public Policy, those concentrations of faculty are appropriate and likely to continue. Moreover, an expansion of a public policy entity may entail hiring more economists in these areas. With such investments, it is reasonable to expect the department to be a leader within the economics profession in these areas of applied microeconomics.

Top economics departments vary in terms of how much they invest in various fields and in how highly they are ranked in these fields, but most of them have faculty representation in some, if not all, of the areas listed above as being related to public policy. In recent years, there has been overlap in the research areas of faculty in the current Economics Department and PAM in some of the areas listed above (e.g., applied econometrics, behavioral economics, labor economics, public finance). In a super-department, this alignment of interests could be utilized to hire faculty in policy-related areas listed in which the existing Economics Department has set goals to expand (e.g., behavioral economics, industrial organization, public economics).

However, there remain other areas of need, such as macroeconomics, that will not be fixed by a merger. This is problematic, because all top economics departments are strong in all of the core areas (macroeconomics, microeconomics and econometrics). Both policy and economics students need to be trained in these core areas of economics as well. If Cornell's Expanded Economics Department is to become a top-ten department, it will also need to be strong in these core areas and this will require significant investments because, to reiterate, the needs in macroeconomics will not be met through this proposed merger. In other words, given the expanded set of programs for which the Expanded Economics Department would be responsible, it will need to hire more faculty in core areas as well as in the more applied, policy-oriented fields.

Without an influx of resources to fill existing empty "lines" (and additional commitments of faculty lines proportional to any added responsibilities), it will be difficult for the Expanded Economics Department to be successful in its goal of becoming a top 10 economics department, and, more generally, for the Expanded Department to achieve the goals that motivate the merger. The current Economics Department has 22 faculty members in CAS and another 15 in ILR (counting only faculty with positive-time appointments). However, 5 of these faculty are not currently active for various reasons, and so the Department functionally has 32 active faculty. With large undergraduate teaching missions in CAS and ILR combined with a large PhD program, the Department is currently stretched quite thin in attempting to meet its teaching, research, and service obligations.

Tensions around limited resources will exacerbate any frictions that arise during the process of "merging." This could have long-term repercussions on the ability of the department to collaborate and generate research and teaching synergies. It might be tempting for the administration to see the Expanded Economics Department as having sufficient faculty resources to meet its obligations without filling existing faculty lines or allowing the Department to expand in size. However, this would leave the Expanded Economics Department unable to service its suite of responsibilities. Similarly, it might be tempting for the administration to expand the responsibilities and mission of the Expanded Economics Department without proportionally expanding the number of faculty lines, but it will not be possible to staff additional programming without an increase in the size of the faculty. We encourage the administration to be specific about how the mission of the new Department will change and to discuss the resources required to meet these obligations *before* any new programs are rolled out. This will facilitate a much smoother transition and will allow for better long-run strategic planning.

Another important area that will need to be addressed is the current imbalance in resource practices across units. Currently, there are different prices for hiring graduate students, faculty course-releases, leave policies, and other resources that may lead to problems in an Expanded Economics Department. We recommend that the administration move to use a standard set of prices that continues to encourage, and even enhances incentives for, external funding. Although this will cost the administration money in the short run, the increase in external funding, and in reputation that comes with it, will provide resources in the long run to make the investment worthwhile.

Colocation:

Our committee concludes that colocation (office space in the same building) is critical for achieving synergies in the expanded department. Direct physical proximity and day-to-day interaction are critical for research collaboration and productivity, coordinated decision making, and creating a professional culture that is productive and harmonious. We see the research collaborations and synergies that come from regular, day-to-day, unplanned, and organic interaction as a main driver of the potential success of this endeavor. Without colocation, this crucial factor of success will be significantly limited. Additionally, the kind of face-to-face interactions facilitated by co-location are necessary for an academic department to operate as a coherent unit. There is a strong desire among the current faculty in both Economics and PAM to

be an actual department that is located together rather than a department in name only that is physically separated. That colocation is so strongly desired underscores the interest of both groups in being a cohesive single unit, but there also is much worry that without colocation it will not be possible to truly merge the units together.

We realize that the University is space constrained, but we think every effort should be made to provide offices for everyone in the Expanded Economics Department in the same location. Perhaps the creation of multiple 'super-departments' in the social sciences at Cornell will facilitate this kind of physical reorganization. Of course, care should be taken to also provide shared space for any new policy entity. Thus, it may be important to allow people to co-locate with each group; that is, have an office with their disciplinary colleagues and another office with their policy colleagues.

Tenure Decisions:

While the entire Expanded Economics Department should decide tenure and promotion decisions for faculty hired after its creation, it is an important priority to treat existing assistant professors fairly and to not dramatically change their tenure process. Therefore, we suggest that existing junior faculty be grandfathered and be reviewed for tenure using the pre-merger rules and standards of the departments into which they were hired. Only the faculty from their original departments would vote on their tenure, although we recommend that the faculty meeting to discuss their tenure file should be open to all tenured faculty in the expanded department and that all of these faculty members be allowed to participate in the discussion.

Governance:

For the purposes of shared governance and effective operation of an expanded department with diverse and physically distant elements, it will be important that there be shared leadership of the Expanded Department. This means that, in addition to a Department Chair, there should also be two Associate Chairs, ideally with the three positions filled by one representative from each group: CAS, ILR, and Policy. Also, whenever possible, these positions should rotate among those originating departments. The benefits of this governance structure include sharing information about the groups that are currently physically separate, representation of all groups in the decision-making process, and creating a culture of collaboration. Having a Chair and two Associate Chairs will help with the large administrative burden that will be involved with running such a large, diverse department, including the need to coordinate potentially with three separate deans and manage a multitude of undergraduate, masters, and graduate programs. It may also be necessary for the Department Chair to receive courtesy appointments in the other colleges incorporated in the Expanded Department so that he or she can attend college-level meetings and participate in chair's meetings with the Deans.

<u>Conditions necessary for success that are related to a new Public Policy Entity:</u>

Our committee spent a large amount of time discussing how the success of an Expanded Economics Department could be affected by the other dimension of the Provost's and President's charge to the Social Sciences Review Implementation Committee, which was to consider the

benefits and possible structures of a policy entity on campus. Uniting each social science discipline may have the consequence of reducing interaction between policy-oriented researchers from different disciplines. It is important to avoid a zero-sum environment, in which strengthening the social science disciplines comes at the expense of weakening our public policy environment. In this section, we highlight some of our concerns and provide suggestions for how to mitigate them.

First, the expanded Economics department's success and identity will be driven by the level of engagement by faculty. A concern is that economists in PAM may be pulled in many directions because of multiple service obligations. We agreed that it would best if, in general, faculty in the expanded department had, at most, one other obligation or institutional commitment outside of the Expanded Economics Department. For example, this means avoiding a situation where PAM economists have commitments to the Expanded Economics Department, the College of Human Ecology, and a new policy entity.

Second, the Expanded Economics Department's success will depend on it being sufficiently resourced to allow it to fulfill and excel at all of its missions. If a public policy entity is created that involves an expanded teaching mission for Economics, additional resources should be allotted to the Expanded Economics Department in order to fulfill the new teaching mission.

Possible Disadvantages of an Expansion of the Economics Department

The first section of this report focused on the advantages of expanding the economics department. A balanced discussion requires consideration of the possible disadvantages as well. For the sake of completeness, this list includes points raised earlier in this report.

One possible disadvantage is that a combined department may be less well suited than the current arrangement to achieving two distinction missions: achieving excellence as an economics department and achieving excellence as a public policy unit. Excellence as a public policy unit may lead economists to publish in a wider variety of journals than is typical in an economics department. As a result, in a merged department, policy-oriented economists may feel that their research contributions are not properly valued for tenure, promotion, or raises, while the other economists may feel that the addition of policy-oriented economists dilutes the strength of the faculty by adding colleagues who are less focused on publishing in highly-ranked mainstream economics journals. If this occurs, it might negatively affect the operation of the Expanded Economics Departments, including its tenure and promotion efforts and its efforts at hiring top economists in all fields.

As mentioned earlier, the merged super-department would have an unusually large proportion of applied micro-economists, but that is necessary given the unique mission of training not just economics students in the CAS but also labor economists in ILR and public policy students in PAM or the new policy entity. There may be confusion after a super-department is formed (both internally and externally to the super-department) about the need to maintain and build on that strength in applied microeconomics. Relatedly, the merger may be mistakenly seen as solving the current Economics Department's needs in core areas of economics, such as microeconomic

theory, macroeconomics, and econometrics, which in fact are not addressed by the merger. Indeed, the merger would likely put more strain on these currently-understaffed areas because of the expansion in programs and the need to teach new students core economics principles.

Our charge was to consider the pros and cons of an Expanded Department of Economics, but we are mindful that it also has implications for the success of the other social science initiative, of creating a new public policy entity. For example, the arguments for co-location of all economists (e.g. research synergies) apply to policy scholars as well. Thus, policy-oriented economists may need space both with their economist colleagues and their non-economist policy colleagues. Dissolving one successful policy unit (PAM) to create super-departments may make it harder to simultaneously build in public policy.

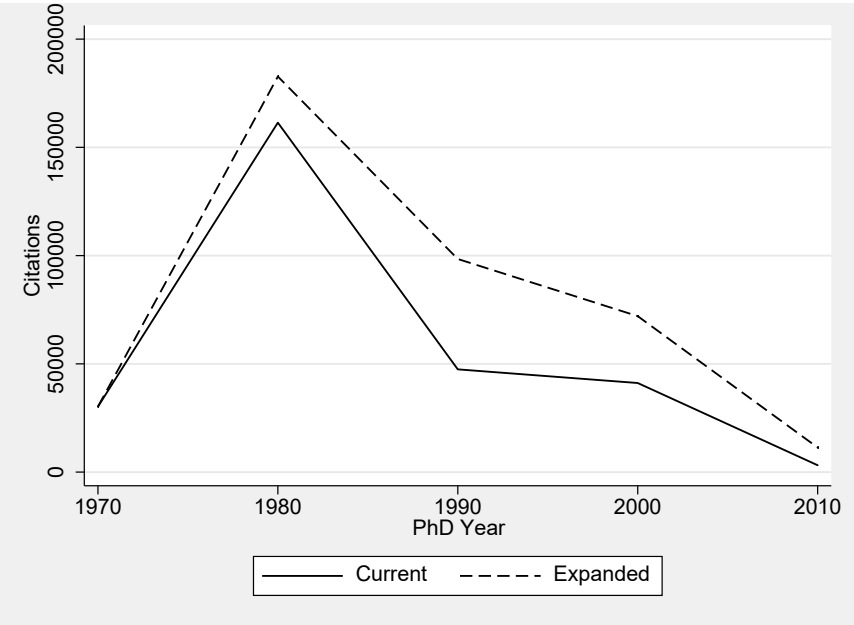
Throughout this report, we have suggested ways of minimizing these potential disadvantages, but these are complex issues and will undoubtedly need to be creatively and pro-actively addressed throughout any process of creating super-departments.

Conclusion

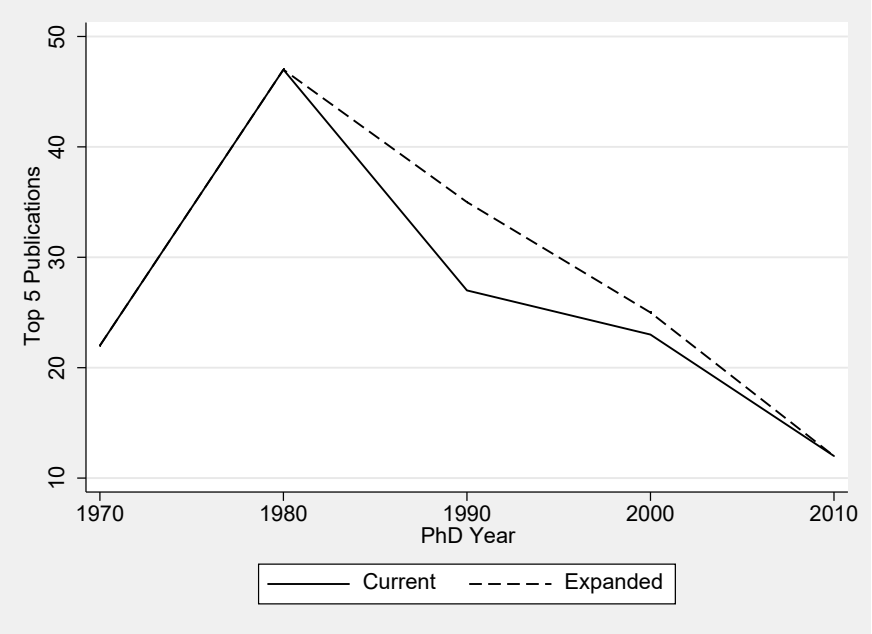
After considering the advantages and disadvantages, the committee concludes that an Expanded Economics Department that unites the economists in PAM with those in ILR and CAS can enhance the strength of economics at Cornell, as well as our external visibility and ability to attract top new faculty and graduate students. Success of an expanded department will depend in part on the participants' understanding how the new department will differ from their current unit and embracing an altered distribution of fields, greater variance in the publication strategies of their colleagues, and an expanded mission. Other factors we see as important to success include: ensuring that the expanded department receives resources to continue to meet current obligations and to accommodate its expanded mission, grandfathering current assistant professors with their current tenure procedures, colocation of all economists in the same building, and ensuring that all economists have no more than one other administrative unit to which they report.

Figure 1. Total Citations and Publications in Top 5 Journals in Current and Expanded Economics Departments, by 5-year PhD Graduation Cohorts

Panel A. Total Google Scholar Citations



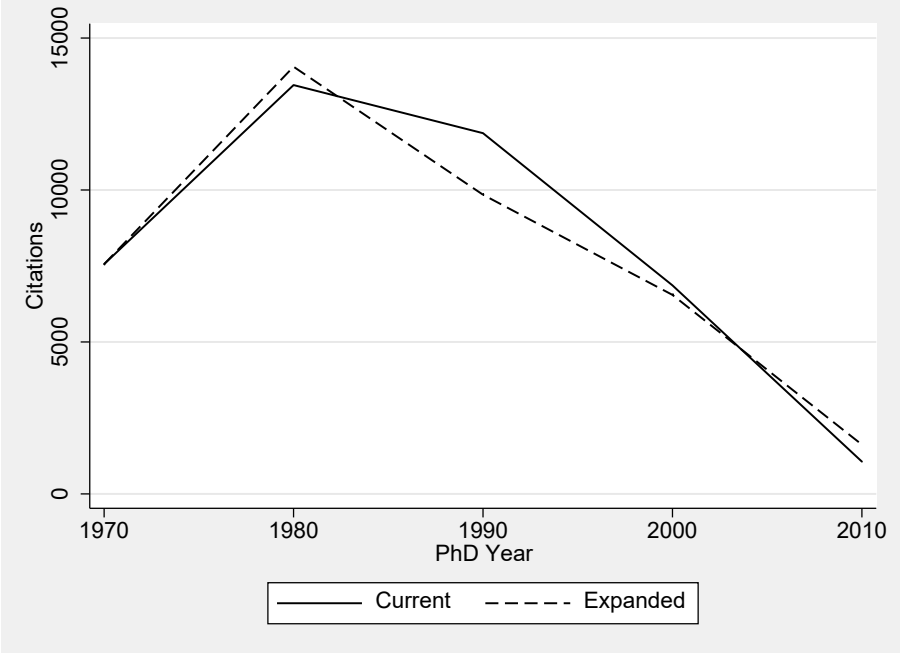
Panel B. Total Top 5 Journal Publications



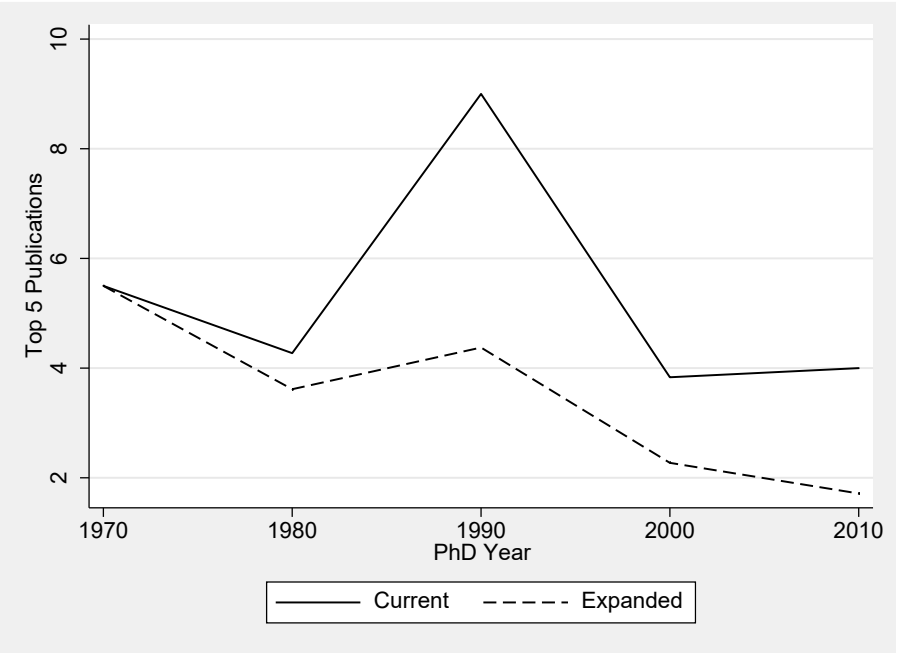
Note: Based on the authors' calculations using data from Google Scholar. Each PhD year group contains faculty whose PhDs were granted within 10 years of the year indicated (e.g., 1990 includes 1985 to 1994).

Figure 2. Per Capita Citations and Publications in Top 5 Journals in Current and Expanded Economics Departments, by 5-year PhD Graduation Cohorts

Panel A. Per Capita Google Scholar Citations



Panel B. Per Capita Publications in Top 5 Journals



Note: Based on the authors' calculations using data from faculty CVs. Each PhD year group contains faculty whose PhDs were granted within 10 years of the year indicated (e.g., 1990 includes 1985 to 1994).