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Building successful research institutions in Europe: Toulouse School of Economics

Paul SEABRIGHT, Toulouse School of Economics
Why have this discussion? What is to be gained from cooperation among research institutions?

- Research institutions compete in many ways (for researchers, for students, for funds)

- But there are also important externalities between institutions that cooperation can help to internalize:
  - Scientific reputational externalities – helping contribute to the standing of the profession with policymakers and the voting and taxpaying public (BUT this has aspects of BOTH rigor AND relevance)
  - Funding externalities – partly as a result of reputation, partly as a result of other influences on budgets
  - Training externalities – the students (undergraduates or Ph.D students) trained in one place may go on to be trained at a higher level or employed in another institution
  - Research externalities via collaboration (visits, co-authorships etc)
Challenges in the French tradition of economic research

- Two-tier system of higher education
  - Elite training schools divorced from research
  - Large, non-selective universities with low per capita funding

- Little history of non-state funding for research
  - Large centralized funding body (CNRS)
  - No tradition of funding by private sector firms
  - Hostility to motives and influence of private sector

- Little tradition of publishing in international journals

- Common habit of “endogamy” (recruitment of own Ph.D. students)
Phases of development of TSE

- GREMAQ 1983 – establishment of research lab in university
- IDEI 1991 – establishment of private-public research projet partnerships
- Fondation J JL 2007 (public-private partnerships extended to endowment funding) and launch of TSE
- Ecole d’Economie de Toulouse 2011 (TSE “grandé école” formula established in university context)
- Institute for Advanced Studies in Toulouse 2011 (interdisciplinary research in social sciences)
The LABEX programme

- In 2010-11 the French government launched a program of “Laboratoires d’Excellence” with several unusual features:
  
  - All bids submitted in English (only!)
  - Evaluation of projects by an international jury
  - Concentration of resources on a relatively small number of projects
  - Emphasis on particular strengths of departments rather than general labeling
What changes have these developments brought to economics at TSE?

- Large increase in size (and range of research interests): from c. 40 university professors in the department in late 1980s to c. 150 researchers in total today, of whom
  - c. 90 university professors, including juniors
  - c. 40 researchers with CNRS, INRA etc
  - c 20 postdocs

- Teaching in English from 3rd year undergraduate level

- International (and non-endogamous!) recruitment

- Much more emphasis on publishing in international journals

- More professionalization of the management
What are the remaining priorities?

- Investment in teaching quality (and better integration of research with teaching, as in the best US departments)

- Responding to the challenge of online education

- Reaching out to other disciplines (psychology, law, political science, biology, sociology, history)

- Persuading the public and policymakers of the relevance of our skills to current challenges

- Giving our Ph.D. students a more rounded skill set than just an excellent job-market paper..
What has been achieved in the last 25 years by cooperation among European research institutions?

- A lot of progress in internalizing externalities in
  - research collaboration (visits, conferences, co-authorships)
  - reputation for scientific rigor (publication in international peer-reviewed journals)

- Some progress (but not enough) in internalizing externalities in
  - Training (standardization of Ph.D. programs, ENTER, ERASMUS)
  - Funding (ERC, Commission programs, national bodies like ANR)
  - Recruitment (decline in endogamy, coordination of job markets)
  - Reputation for scientific relevance (CEPR)

- Almost no collective response to the challenges of the financial crisis
What does the profession in Europe still do badly? A personal view...

• In contrast to the huge advances made in preparing our Ph.D. students for publishing in the best international journals (and recruiting them on the basis of high-quality job market papers), we do very little to train them to become good at
  • Teaching
  • Creating research externalities outside their own topic of doctoral research
  • Contributing to the public debate

• We have done a dismal job at convincing the public of the relevance of the economics profession at a time of dramatic economic crisis

• This EEA Congress is a case in point: fascinating research presented, zero interest from outside the profession!
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