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# **What Kind of Economists Do We Want? From a One-Track to a Two-Track Mind**

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# What Kind of Economists Do We Want? From a One-Track to a Two-Track Mind\*

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*Abstract:* We explore the challenges facing the current academic training of economists in small European countries like Sweden. The monolithic focus on publishing in the top-five journals, which prioritizes methodological rigor over problem-driven research, is often a threat to social relevance and policy applicability. This limits pluralism, excludes many talented economists, and fails to prepare graduates for non-academic positions. We propose a two-track model for PhD training and academic evaluation, emphasizing both traditional research and applied economic policy, tailored to the diverse needs of academia, public administration and business sectors. We also argue for broader evaluation criteria, enhanced interdisciplinary collaboration, and institutional reforms, including trial lectures and specialized research institutes. By diversifying incentives, we recommend a shift towards socially relevant and more inclusive education and practice in the discipline of economics.

*Keywords:* Criteria for hiring and promotion; European economics; Pluralism; Research productivity.

*JEL Codes:* A11; A14; I23; J44; J62.

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## Introduction

Why do we produce PhDs in economics? One possible answer is that they are needed as researchers and teachers in our universities. This answer is, however, both superficial and simplistic. It goes without saying that highly qualified, analytical economists are needed elsewhere in society as well: in government, in the business sector and in civil organizations such as labor unions and employer organizations. The motto of Lund University in Sweden is *Ad utrumque [paratus]*, prepared for both: both for academia and for a life outside the university walls. This motto should apply to economists as well. However, as pointed out by Conley and Önder (2014, p. 205), “Economics PhD programs are primarily designed to produce research economists. There is little or no focus on training students to suit the needs of business or industry.”

Economists have traditionally had a strong position in our home country – Sweden – by being active both inside the universities in the scientific arena and outside the universities in the public arena, as investigators, opinion makers, journalists, experts and officials. This pattern goes back to the introduction of modern economics in Sweden before World War I. Economists like Knut Wicksell, Gustav Cassel, Eli Heckscher, Gunnar Myrdal, and Bertil Ohlin managed to combine these two roles in an extremely successful way.<sup>1</sup> They were social scientists in a broad sense, drawn to economics by a deep commitment to social issues. They gave the subject a strong position among the social sciences and in the public debate. By contributing relevant solutions to current social problems, economists became central to public life in Sweden.

Today, the state of affairs is very different. The twin role previously played by economists is at risk of being taken over by scholars from other disciplines such as political science, sociology and economic history. Economics is losing its social relevance in an attempt to import what is perceived as the standard American model for the training and recruitment of new economists. Unfortunately, our PhD programs are all too often doubly biased. On the one hand, they almost exclusively prepare students for an academic career. Secondly, they preach that there is only one way to salvation, i.e., to the top positions in the economics departments: a narrow path that inevitably – by design – makes too many gifted economists fall by the roadside.

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<sup>1</sup> See, for example, Jonung (1992) on the “Swedish model” in economics and Carlson and Jonung (2006) on the views of great Swedish economists regarding their role in public debate.

Researchers are assessed according to narrow criteria, with the publication of articles in the top-five economics journals completely overshadowing other contributions. The choice of research questions, methods and data is largely governed by perceptions of what is deemed interesting for publication in the top-five journals in the profession: the *American Economic Review*, *Econometrica*, the *Journal of Political Economy*, the *Quarterly Journal of Economics*, and the *Review of Economic Studies*, where all but the last one are published in the United States.

Far too many new PhDs continually rewrite and polish their papers until their tenure-track contract expires, i.e., for five or six years, without managing to publish any of them in one of the gilded journals. As a result, they fail to get tenure. This activity has sharply diminishing returns. The marginal productivity curve has a steep downward slope, and, with few exceptions, it leads nowhere. It seems that our profession is incapable of applying even the most fundamental insights of our discipline to our own activities. Struggling for five years with a single paper in order to reach an unrealistic goal is ill-advised. Unless the paper is deemed to have exceptional potential, it is far better to aim for a lower-ranked, yet good, journal and embark on new projects.

If one applies the publication criterion just described, most fresh PhDs are virtually worthless. For them, the door to an academic career will be closed. Moreover, what do these publications represent? More often than not, adaptability and opportunism. Similar to the way teenagers are swayed by messages from various influencers, young economists are unduly allured by a desire to rival the achievements of the world's most successful professors. Despite its lack of realism, apart from exceptional cases, this stance is encouraged and even explicitly touted by senior faculty.<sup>2</sup>

American Ivy League universities may be able to afford to adhere to the top-five criterion. They systematically select PhDs who meet this requirement, while those who fall short are forced to leave for positions in a lower ranked university or for non-academic jobs. But small European countries are not the United States. The competition for acceptance in top publications easily

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<sup>2</sup> A striking paradox in this context is pointed out by Heckman and Moktan (2020, p. 462) by noting that “[a]cademics who impose the T5 standard impose a standard that they themselves do not follow. They primarily publish in, read, and cite non-T5 journals, as will the candidates who survive the T5 filter and become tenured faculty.”

degenerates into a rogue market. The easiest way to success in this contest is to collaborate with well-known American economists who regularly publish in the top five. If the strategy is successful, the young European economist will be one of three or perhaps even four co-authors of an article in one of the five highest-ranked publications. But who did what and what does it tell us about the skill of the European scholar? The signal sent by the system easily leads to unintended suboptimal behavior.<sup>3</sup>

Elsewhere, we have dealt with the difference between American universities and those of small European countries and with the role played by the sole focus on publishing in the five leading economics journals (Henrekson et al., 2024, 2025). Here, we will begin with some observations related to this process and will then focus on important requirements that must be met both by economists working outside purely academic circles and by academic economists who want to contribute relevant analyses of real-world problems. Finally, we will discuss how PhD programs in economics in small countries can be strengthened so that they neither turn down nor repel promising researchers whose skills and breadth could provide valuable contributions either in academia or in central positions outside academia.

As economists, we focus on the incentive structure facing decision-makers. We will discuss how to change the peer review system and whether the discipline of economics could benefit from being split into two strands: the current, traditional one, and one that is explicitly focused on economic policy. We then use the state of affairs in our own country, Sweden, to illustrate our reasoning, in the firm belief that this experience is relevant for other small European countries as well.<sup>4</sup>

## **1 How not to do research**

How do you do research? It is not far-fetched to believe that the procedure is as follows. First you find an interesting problem. Then you look for a suitable method to analyze it. In the third step, the analysis is carried out and conclusions are drawn based upon the findings. Thereafter, you begin to think of where to publish your results. Who are the people interested in the problem that has been studied, and which publications do they read – what kind of journals, books or pamphlets?

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<sup>3</sup> Cf. the classic article by William Baumol (1990) about entrepreneurship, showing how differences in the incentives determined by the institutional framework lead to productive, unproductive or destructive outcomes.

<sup>4</sup> See, e.g., Briviba and Frey (2023) for the development in Germany.

Everything has its own proper format (everything cannot be squeezed into a mere 25–30 pages). When you have figured this out, you send the manuscript to the journal or publisher of your choice and hope that it is deemed to be of sufficient quality and relevance for the intended audience to be accepted. This seems like a natural sequence.

But all too often this is not how the process works. Given the prevailing incentive structure, instead the researcher begins by reading one or more of the top-five journals. To a significant extent, the core group of readers of these journals consists of those who hope to publish there, and not necessarily because they are interested in the content *per se*. Potential publishers in these journals attempt to determine what topics and methods are currently in vogue. One trick consists in finding an article that lends itself to suitable permutations that can be cited. Then the probability is high that the paper will be reviewed by the author of the original article. The author is happy to be cited and is presumably favorably disposed towards the new article.

Another strategy, which is becoming increasingly common (Ek & Henrekson, 2019), is to team up with a U.S.-based economist who regularly publishes in the top five. However, this calls for ascertaining which of the authors did what.<sup>5</sup> Either way, prestige considerations rather than a substantive interest in the chosen topic drive both the research and the review process. Anyone who manages to get his or her name into the increasingly long line of authors<sup>6</sup> of one or two articles in one of the top-five journals has more or less secured a professorship; the attraction of such a prize is enormous.<sup>7</sup>

However, the increasing number of authors per article makes it difficult to identify the contribution of the individual researcher and thus also makes it dubious to count only the number of articles published in highly ranked journals in hiring and promotion decisions. A reasonable minimum requirement is to adjust the applicant's merit score for the number of co-authors. Given that a

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<sup>5</sup> Furthermore, it is more attractive to work with U.S. data than with data from the researcher's own country because it increases the chances of being accepted in the most highly ranked journals (Das et al. 2013). This is yet another factor that makes it less attractive to do research on domestic issues.

<sup>6</sup> In the early 1970s, the average number of authors of a top-five article was 1.2 (Card & DellaVigna, 2013). This number has grown continuously since then and more sharply for articles with co-authors based in Sweden. In the most recent five-year period (2020–24), the average number of authors of all top-five articles was 2.62, while it was 3.12 for the 42 articles with at least one Swedish co-author (Henrekson and Eller, 2025).

<sup>7</sup> The choice of title of Attema et al. (2014) summarizes it eloquently: “Your Right Arm for a Publication in AER?”.

junior researcher's chances of landing a publication in the top five increase dramatically if he or she joins forces with successful senior co-authors, preferably at a top U.S. university, a strict top-five criterion risks rewarding skilled networkers rather than skilled researchers.

Traditionally, the order of authorship has been used to identify each individual's contribution. However, this method works less and less well when there are many authors or when the author team includes people with widely differing credentials and seniority (Sauermann and Haeussler 2017). One solution – already applied by some journals – could be to make it mandatory to specify in more detail each author's specific contribution to the publication (Osterloh and Frey 2020).

Although the probability is incredibly low, research in the economics departments of the leading Swedish universities is nowadays heavily focused on studies that are deemed to have top-five potential.<sup>8</sup> There are clear indications that this “tyranny of the top five” (Heckman & Moktan, 2020) is becoming increasingly dominant in other small European countries as well.

The likelihood of getting an article accepted for publication in one of the five leading journals is so low that the vast majority of PhDs will never succeed in doing so. Conley and Önder (2014, p. 212) found, in a sample of more than 14,000 new PhDs from 154 academic institutions in the U.S. and Canada, by their sixth year after graduation (1986–2000), that even in the top-five departments, the number of *AER*-equivalent papers of the median assistant professor was below 0.1 in all cases, and zero in most. In the ten highest-ranked departments, 60 percent of the students failed to reach the 0.1 figure, and in the top 30, 70 percent failed to do so, and 90 percent failed to reach a level of 0.5 *AER*-equivalent papers.

The conclusion was inevitable: “Most of the graduates of even the highest-ranked departments produce little, if any, published research” (Conley & Önder, 2014, p. 206). In Sweden, since 2010, on average only *one* article per year has been published in the top-five journals in which all authors

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<sup>8</sup> The number of papers published by the five top-ranked journals has decreased over time. Today they amount to around 350 a year. According to Deaton (2023, p. 179), the bar for entry has gradually been raised, particularly for researchers outside North America. It follows that getting published in the top five is impossible for the overwhelming majority of those doing research in Europe in order to qualify for a tenured position.

are Sweden-based and none of them has previously published in the top five (Henrekson & Eller, 2025).<sup>9</sup>

Relying on a large input–insignificant output production function is not an efficient strategy for small countries. Therefore, the academic reward system in the discipline of economics is in need of reform. We do not deny that publications in the top-five journals are meritorious, but the profession should not be guided merely by prestige considerations, either inside or outside academia.

Selecting academic economists in this way easily becomes very costly. New PhDs spend years working on a paper in the hope that it will be accepted in the right place, but very few will succeed. In the worst case, these younger researchers end up having no publications at all when their first post-doctoral appointment expires. They may then be forced to leave academia. An exclusive or exaggerated focus on being “relevant” in the global academic arena will result in a loss of pluralism.<sup>10</sup>

This is fatal. Economics is a social science. If economists have nothing to say about the world outside their offices, what is their *raison d'être*? The prime issue is what to analyze, not where the research is published. Furthermore, what is published in the leading journals is frequently determined by what kind of methodology is used, but this carries its own intrinsic dangers. The problems and their relevance should determine what we as economists do.<sup>11</sup> It is possible that the methods we are then forced to use are not as “powerful” or elegant as we would like, but in that case, we should do the best we can with the methods at our disposal for the time being while trying

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<sup>9</sup> In fact, a mere *five* people in the entire world active outside the United States who did not have a U.S. PhD and who had completed their degree no more than five years before were (co-)authors of an article in the top-five journals in 2017 (Ek & Henrekson, 2019, p. 234).

<sup>10</sup> Deaton (2023, p. 179) also emphasizes that women are likely to be disadvantaged by the “top-five syndrome” because they tend to be less interested in the hard “macho” core of the subject. They often choose to focus on “softer” issues, which are poorly represented in the most highly-ranked journals.

<sup>11</sup> It is an ominous sign that economists in Sweden have difficulty obtaining funding from the Swedish Research Council. Hammar and Mohlin (2024) show that the field of economics regularly receives less than half as much funding as political science and sociology. In practice, the Swedish Research Council places great emphasis on the social relevance of projects when making allocation decisions. We can also note that the Wallenberg Foundations state that their main purpose is to promote scientific research and teaching “benefiting our nation” (<https://kaw.wallenberg.org/knut-och-alice-wallenbergs-stiftelse>). The Söderberg Foundations have an almost identical formulation (<https://ragnar.soderbergs.se/om-stiftelsen/>).

simultaneously to develop better tools along the way. Starting with a fixed and ready-made method and then looking for a problem – any old problem – to which the method can be applied is not a fruitful way to develop our discipline.<sup>12</sup>

We can exemplify this with one of today’s most used methods: natural experiments, where an independent event occurs that affects a certain population but not another comparable group. What happens to the former group is therefore likely to be caused by the event in question. However, the method has its limitations and drawbacks. In particular, it tends to discourage researchers from studying more complex issues where a number of factors interact and where it is not possible to single out one single factor as the cause of a particular phenomenon or process. It is a bit like refraining from studying a major common disease because the causes are multiple and interact with each other, instead focusing on finding rare diseases where the cause is more likely to be attributable to a single genetic abnormality or a specific but very rare virus.

But the methodological tail must not wag the problem dog. It is unreasonable to deal only with “precise, well-defined questions” that can be studied with “powerful methods”, which can produce “precise answers” after being thoroughly ground in the methodological mill.<sup>13</sup> It should go without saying that it is better to be “approximately right than precisely wrong” (Mayer, 1992). Economics must not fall into a *l’art pour l’art* trap that risks rendering its analyses and results largely uninteresting from a societal perspective.

Fortunately, it seems that the profession is beginning to realize this danger. The stated preferences of economists tend to be at odds with the practice of our discipline. A worldwide survey of 10,000 researchers in economics found that opinions regarding what research should focus on diverged widely (Andre & Falk, 2021). Most respondents were dissatisfied with both the choice of topics and the objectives of the research. On average, they replied that research needs to become more policy-relevant, more multidisciplinary, that researchers should be prepared to take more risks, not be afraid to challenge conventional wisdom, and that the scope of the research should be expanded.

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<sup>12</sup> Berggren (2019, p. 4) expresses the same view in an editorial in *Ekonomisk Debatt*, albeit in slightly more cautious terms: “... some questions deserve to be asked and analyzed, even if it is only possible to perform the analysis with imperfect methods”.

<sup>13</sup> Similar ideas are emphatically put forward by Akerlof (2020) and Ruhm (2019), among others.

## **2 Outside the ivory tower: A wider set of criteria**

There is a great need for economists with PhD degrees in public administration and in the business sector, but trying to fill this need by pushing people away from universities – through exclusion based on American criteria – is not a constructive way forward. In this respect, we have a sound tradition in Sweden.<sup>14</sup> Economists with PhD degrees are found in many places: in academia, in business, in public administration and in special-interest organizations. This has been the case for a long time, and we want it to continue this way, but in that case PhD programs must support this endeavor. We must avoid getting into a state of affairs where those who leave academia to work outside do so in spite of their education, not thanks to it.

Publication in top journals should be complemented by other criteria, both regarding academic appointments and suitability for work outside academia, criteria that qualify economists for both types of work. Such two-pronged criteria are better adapted to the needs of small European countries. These criteria have to be reasonably wide and balanced.<sup>15</sup>

Central to all PhD training is the development of research skills, and the ultimate test of a person's research skill is his or her publications. Because of this, we cannot afford to hide ourselves behind linguistic barriers. There is only one ocean, as it were, and we all must swim in it. Research should be published primarily in an internationally widespread language, in the vast majority of cases, English, and international contacts are important.<sup>16</sup>

The choice of topics is also important. Empirical knowledge, both about the domestic economy and the economies of other countries, is necessary. Theoretical work must take real-world problems as its point of departure. It is also desirable that the subject of economics be broadly defined, in a way that allows interaction with other social sciences. It goes without saying that

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<sup>14</sup> This is also true for many other European countries. Frey and Eichenberger (1993, p. 189) noted that “[i]n a typical European country, the smaller market size and the higher degree of government intervention give quite a different picture. ... Economics professors are induced to invest their human capital in specific knowledge of local economic problems and institutions, which is helpful for a political career and getting various appointments. Graduate students in economics know that they will almost certainly stay in the same country, ... and hence have an incentive to learn about local institutions.”

<sup>15</sup> The following comes mainly from the specification of “scientific skill” made by Ragnar Bentzel when he served on a selection committee for a chair in economics in Uppsala in 1984 (Lundahl, 2015).

<sup>16</sup> Of course, this does not exclude investigations dealing with domestic problems from being published in the national language in order to be more accessible for a wider audience.

specialization is needed when it comes to research, but familiarity with several areas of economics is also necessary. In universities you may have to teach other areas than your own specialization, and breadth is helpful when it comes to finding research topics. (Large economics departments need people with different specializations and interaction between different researchers is facilitated if they have broad interests.) The same is true for economists working outside academia. Breadth makes them more useful for their employers. Finally, the ability to write and publish in newspapers and magazines is important. Research findings should be presented to a wide audience, and economists must take part in the debate on important social issues.

### **3 Public outreach**

Since the late 1990s, Swedish legislation requires that universities collaborate with society at large, disseminate information about their teaching and research activities outside academia, and work towards facilitating the application of their research results (Swedish Law 2009:45). Irrespective of what is encoded in law, economics needs to be socially relevant, which means that we must also communicate our research results outside the narrow circle of academic specialists. Economists must be visible. When one of us (Lundahl, 2015) wrote about the role of economists in the public debate in Sweden a decade ago, he noted that academic economists had been overshadowed by political scientists. The long tradition that began with Knut Wicksell continued to prosper until the generation of our own teachers. However, then it was largely abandoned; only a small group of economists were still writing in newspapers and other media directed towards society at large. Paradoxically, this happened at the same time as legislation obligated academic researchers to communicate with stakeholders outside the university.

Matters have improved somewhat in recent years, but the state of affairs is still far from satisfactory. Alvensson and Sjöholm (2023) measured “involvement in the third objective” (communication of results to society at large) in 2020–22 among full professors of economics and business administration at Swedish universities that have at least three professors in either subject. Involvement was defined as having contributed at least one article in one of the three major Swedish newspapers’ op-ed pages, in the Swedish-language journals published by the Swedish Economic Association (*Ekonomisk Debatt*) and the Swedish Academy of Management (*Organisation & Samhälle*) or in a report for the [Center for Business and Policy Studies](#) (SNS) and the [Expert Group on Public Economics](#) (ESO). The outcome was meager. Only one in three

professors had published at least once in any one of those outlets during this period. Reading the nameplates on the doors in the Swedish economic departments produces few names that can be recognized from the news and op-ed pages of the leading newspapers.

#### **4 An increasingly skewed system**

The number of PhD theses in economics in Sweden has decreased from around 55 to 45 per year, i.e., by almost 20 percent since the peak years around 2010.<sup>17</sup> But not only that, Sweden displays another trend which tends to create problems for this small country. As shown in Figure 1, the proportion of Swedish PhD students has also shrunk sharply (from 84 percent in 2000 to 40 percent in 2023).

Around 37 percent of the 1,120 people who got their PhD in economics in Sweden during the 2000–22 period did so within the framework of the largely joint PhD program of the Stockholm School of Economics and Stockholm University. Over time, however, the proportion of PhD students with a Swedish background in this program has been sharply reduced. In the spring of 2024, only eight of the 27 PhD students at the Stockholm School of Economics had a Swedish background; the corresponding figure at the Swedish House of Finance (SHOF) was only one out of 26.<sup>18</sup> At Stockholm University, 27 out of 80 PhD students had a Swedish background. Overall, only 27 percent of the PhD students in Sweden’s leading PhD programs had a Swedish background. In 2000, the proportion with a Swedish background was 81 percent (110 out of 136 PhD students). Possibly, this has something to do with the fact that, in 2007, the Swedish universities joined the Bologna process, which introduced master’s degrees, making a number of prospective PhD students opt for this degree and going into the non-academic labor market instead.<sup>19</sup>

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<sup>17</sup> *Source:* The Swedish Higher Education Authority (UKÄ).

<sup>18</sup> According to SHOF’s main funder, the government innovation agency Vinnova, the basic idea behind SHOF is to: “1) strengthen financial research in Sweden, 2) gather strength and obtain economies of scale, 3) share positive externalities with the private, public and academic sectors in Sweden”. This is said to have been achieved, among other things, through “a PhD program available to all PhD students in Sweden” (<https://www.vinnova.se/p/the-swedish-house-of-finance>).

<sup>19</sup> The shrinkage in the number of PhD students in the subject has largely occurred in the smaller universities while the number has been upheld in the larger universities. Master’s programs are significantly more costly on a per-student basis than bachelor’s programs; this is particularly true if the number of students is small, which is often the case outside the largest universities (Henrekson & Hultkrantz, 2024). PhDs from the smaller universities have also been more likely to be recruited ad hoc and to have a Swedish background.

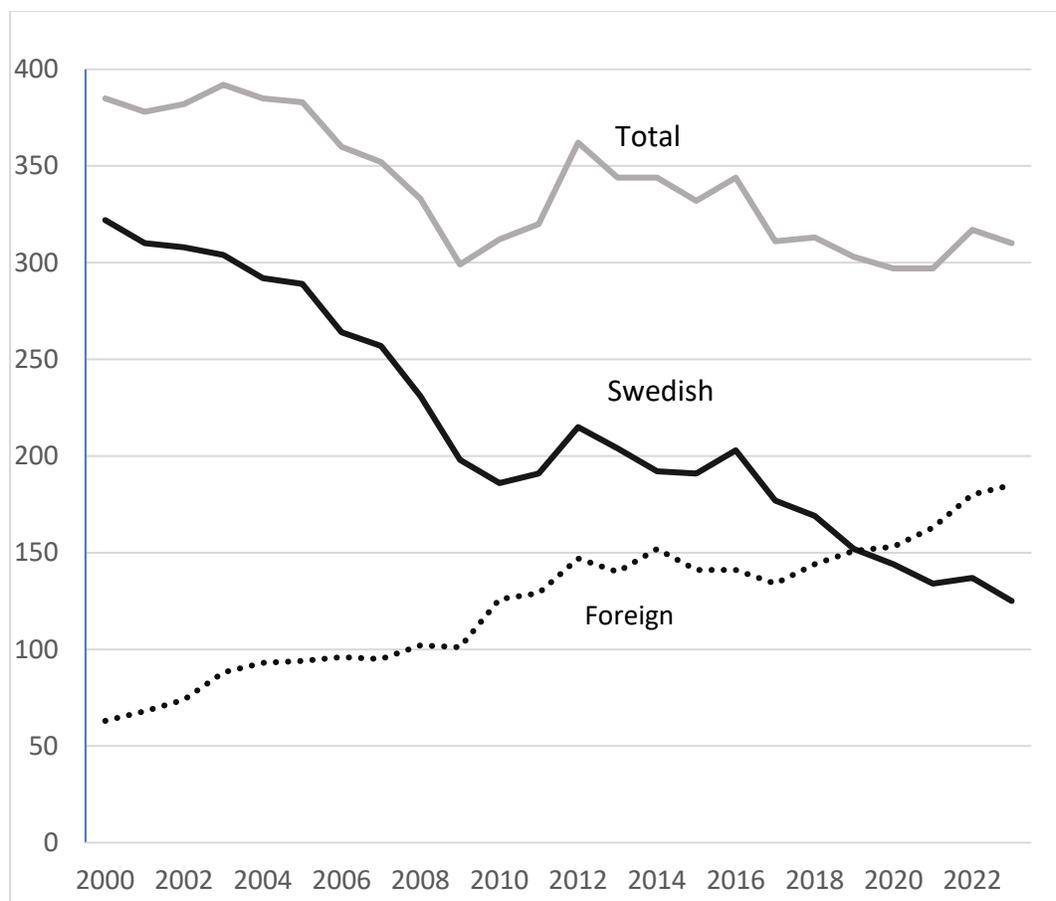


Figure 1. Number of Swedish and foreign PhD students in economics and financial economics in Sweden, 2000–2023. Source: The Swedish Higher Education Authority.

Moreover, the new Swedish PhDs appear to have problems competing for positions in the Swedish academic system. Paradoxically, if you compare the business schools in Oslo and Bergen with the Department of Economics and the Institute for International Economic Studies at Stockholm University, the Stockholm School of Economics and the Department of Economics at Uppsala University, you find that there are seven junior Swedes (graduating in the last ten years) on tenure track or with tenure in the Norwegian institutions compared to a mere three in Uppsala and none in Stockholm (Harmenberg, 2025). The most recently recruited Swede to either Uppsala or one of the Stockholm departments graduated in 2017.

This leaves Sweden with an increasing share of foreign-born faculty, and this creates a problem. It is not reasonable to expect foreign PhD students to remain in Sweden, or any other small European country, other than in exceptional cases – and then only for an academic career. The vast

majority do not learn Swedish and lack the knowledge of Swedish institutional conditions required to analyze domestic conditions as a researcher or to work effectively either as a business economist or in government ministries and agencies.<sup>20</sup> The opportunities for public agencies, business firms and interest organizations to recruit economists trained as researchers have thus shrunk significantly compared to the situation 15 years ago.

How can we get more economists, especially those with a PhD, who are useful not only in academia but also outside of it? The PhD training and subsequent academic career path in Sweden hardly contribute to the pluralism we are asking for. The main reason is to be found in the changed academic reward system. In the past, when appointments were made, experts had to read *all* the applicants' works and write detailed evaluations.<sup>21</sup> Nowadays, applicants are advised to submit only a small sample of their work, often a maximum of ten publications – preferably at least one article in the top five. Reviewers can then get away with briefly noting *where* the works were published and then ranking the applicants accordingly. This policy actively encourages a focus on a small number of publications. This procedure is not waterproof. It is far from uncommon that important research is published in the “wrong” fora. What must count is *what*, not *where*. There is considerable risk that the correlation between “what” and “where” is low.

### **5 Away from standardization: Towards a two-pronged system**

One problem with today's PhD education in economics is that it is too standardized. In theory, it is possible to obtain a PhD in economics at more than 20 institutions in Sweden; in practice, however, far fewer institutions regularly produce PhDs. Around 85 percent of the PhDs awarded since 2000 originate from only six universities – the Stockholm School of Economics and the universities of Stockholm, Lund, Gothenburg, Uppsala, and Umeå – while several universities have only a few or no PhDs.

An important reason for this pattern is the uniform requirements for course programs and what is perceived as quality, requirements that are slavishly copied from leading U.S. universities. It is

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<sup>20</sup> Hultkrantz' (2024) description of problems with contemporary economics has significant similarities to our discussion of the internationalization of our subject.

<sup>21</sup> Claes-Fredrik Claeson, professor of economic geography at the Stockholm School of Economics, told how on one such occasion he had a photo taken of himself next to the stack of all the applicants' academic papers. The pile was as tall as Claeson himself.

unreasonable to expect all Swedish universities to have all the competencies needed to provide the streamlined course program that is currently required. The result is the expected one. Many universities have no PhD students at all. Instead, they should be allowed to offer PhD programs with their own profiles, reflecting the competencies and research orientations of their own faculty. The smaller universities tend to have a specific profile (regional economics, transport economics, energy economics etc.) and a small senior faculty (Andersson, 2002). If they are to have PhD programs, they cannot be evaluated against an ideal in the form of the standard economics PhD programs of the large Swedish universities which are modeled on the programs at leading U.S. universities.

In the current system, PhD students are trained to write streamlined articles using the recommended methods, on issues deemed to be of interest to the editors and reviewers of the most prestigious journals (Ruhm, 2019). This counteracts the kind of pluralism among economists necessary to address pressing social issues (Novarese & Pozzali, 2010) and to produce the knowledge that can improve the functioning of national/regional/local economic systems.

Part of the solution for small European countries would be the introduction of PhD programs in public policy alongside a PhD program in “pure” economics. There are several examples that can function as role models, such as the University of Chicago’s Harris School of Public Policy, Harvard’s John F. Kennedy School of Government, the University of Michigan’s Gerald R. Ford School of Public Policy, and Oxford’s Blavatnik School of Government. It also follows that, in order to broaden our discipline, two types of professorships should be introduced, one in economics and one in economic policy. This would reduce the risk of an overly narrow focus and would create stronger incentives for researchers to work on relevant national problems.

There is also an urgent need to establish more specialized research institutes. Stockholm University has two such institutes that are important workplaces for economists: the Institute of International Economic Studies (IIES) and the Swedish Institute for Social Research (SOFI). In Uppsala, there are the Institute for Evaluation of Labor Market and Education Policy (IFAU) and the Institute for

Housing and Urban Research, which are closely tied to the university.<sup>22</sup> It would be valuable for economics departments in other parts of Sweden to be able to establish similar institutes in order to create a broader local labor market for PhDs. Finally, the reintroduction of trial lectures should be considered. A professor must meet students. Previously there were requirements for trial lectures. Perhaps they should be reintroduced, not only for professorial appointments, but also at junior levels.

## 6 Conclusions

Our conclusions are straightforward. In Sweden, and presumably also in most other small European countries, the approach to PhD training in economics is biased. The system strongly encourages new generations of researchers to focus wholeheartedly on attempting to publish in the top-five economics journals – despite the fact that the probability of being accepted in those journals is slim. PhD training has become exclusively geared towards producing future academic economists. The fact that highly skilled economists are needed outside the university walls as well is largely disregarded.

We recommend a diversification of the incentive structure. Economics is a social science and must have something to say about the world we live in, but this is becoming increasingly rare. Instead of being problem-driven, our subject has fallen prey to the tyranny of prestige, where methods tend to be more important than problems. A nuanced, diversified and balanced view of what constitutes a first-rate economist is called for. The educational system must support this rather than forcing students and more advanced researchers to suboptimize by concentrating on research they believe is favored by the editors of the leading journals.

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<sup>22</sup> Over time, the IIES has become less concentrated on international economics and grown more into a general economics institute, where the main objective is to publish in journals that are as highly ranked as possible.

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