

February 8, 2009

To: Sherry F. Queener, Ph.D., Director of the Graduate Office, IUPUI, and Associate Dean, Indiana University Graduate School
From: Eleanor Brown, James Irvine Professor of Economics, Pomona College
RE: proposal for IUPUI Ph.D. program in economics

As requested by your office, I have read the proposal for a new Ph.D. program in the economics department at IUPUI, to be centered on the field of health economics and, to a lesser extent, on nonprofit economics. A (six-fingered) handful of details from that proposal make its central case well:

- An external review of the economics department in Fall 2003 concluded that the department has the research capacity to support a Ph.D. program in economics;
- The state's only medical school is in Indianapolis, and IUPUI has a new Ph.D. program in biostatistics, along with programs in public health and epidemiology that could provide fertile cross-disciplinary research opportunities;
- There are almost no health economists in other graduate economics programs in Indiana;
- Surprisingly few major economics departments offer a field of specialization in health economics;
- Health care and related industries are an important employment base for the Indianapolis region;
- Health economics is an area in which a great deal of external research funding is available, and that seems to be important in the context of academic programs at IUPUI.

The economics department is to be commended on its crafting a targeted doctoral program that will give students an exceptional level of competence in health economics. In particular, the combination of two semesters of graduate-level coursework in health economics combined with an exceptional level of applied econometric training should produce professionals capable of very high quality research in health economics. It is difficult for a small department to maintain a broad Ph.D. program with many areas of expertise and, lacking focus, difficult to attract top students; the health economics proposal addresses both potential difficulties in a way that makes great sense for the institution.

Cutting to the chase: Reviewing this proposal, I am convinced it is a good idea for IUPUI to authorize a Ph.D. program in economics, specializing in health economics, with exceptional strength in related subfields of applied econometrics.

That said, I have two notes of caution, meant not as discouragement or criticism. Given the presence of the Center on Philanthropy and the concentration of economists with expertise in that field, it is understandable that nonprofit economics might be an alternative field of specialization. I agree with that, but note for the record that if one

were designing a Ph.D. program in nonprofit economics with the same focus and energy that here is devoted to health economics, one would want institutional commitment to teaching graduate courses not only in applied econometrics but also one course each in industrial organization, public finance, and game theory. Nothing in the proposal (that I noticed, anyway) mentions support of this sort for the nonprofit economics field.

The timeline in the proposal anticipates students' entering in the Fall of 2010. If the current recruiting season does not give the department adequate time to hire the health economics faculty that would undergird the program, I hope the administration will give the department the latitude to defer their first class's entrance as the department deems necessary.