

New York State Education Department  
Bureau of Doctoral Program Review

**SITE VISIT REPORT**

DOCTORAL PROGRAM REGISTRATION -  
INSTITUTIONS OUTSIDE THE U.S.A.

**Institution: CERGE-EI, Prague, Czech Republic**

Program Title: Doctoral Program in Economics

Doctoral Degree: Ph.D. and in-process M.A.

**Evaluators**

**Dr. Joshua Angrist**

Professor of Economics  
MIT Sloan School of Management  
and Hebrew University, Tel Aviv

**Dr. Anne P. Carter (chair)**

Fred C. Hecht Professor of Economics Emerita  
Brandeis University

**Dr. Charles Clotfelter**

Z. Smith Reynolds Professor of Public Policy Studies  
Professor of Economics, and Professor of Law  
Sanford Institute of Public Policy, Duke University

**Dr. Linda N. Edwards**

Associate Provost and Dean for Academic Affairs  
and Professor of Economics  
Ph.D. Program in Economics, CUNY, Graduate Center

**Dr. Hugo Sonnenschein**

President Emeritus, Honorary Trustee and Adam Smith Distinguished Service Professor of  
the Department of Economics and the College.  
University of Chicago

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## Introduction

This document is a report to the New York State Education Department of the site visit and review of the doctoral program in economics at the Center for Economic Research and Graduate Education (CERGE) and the Economics Institute (EI) in the Czech Republic. It is a joint program of Charles University and the Czech Academy of Sciences. CERGE was formed in 1991 as a unit of Charles University, founded in 1348. In 1992 the Academy of Sciences established the Economics Institute (EI). The founding documents of EI stipulate that it will coordinate its activities with those of CERGE, including making joint appointments, operating common support facilities such as library and computer center, and cooperating in teaching. This partnership is known as CERGE-EI.

The site visitors spent March 19 and 20 of 2005 at CERGE-EI. We toured the facilities and met with faculty, students, administrators and support staff. We also reviewed course reading lists, core examinations and completed Ph.D. dissertations. The body of the report follows the template specified by the New York State Education Department Bureau of Faculty Review. It contains detailed findings and recommendations in the broad categories of resources, faculty, curriculum, admissions and administration. Three appendices catalogue the materials that were made available to us and the names of the individuals that we met with.

Our findings are overwhelmingly positive: CERGE-EI is remarkable in several ways. It is young (founded in 1992) and yet it is associated with Charles University, which was founded in 1348. It is a highly competitive graduate institution that is largely funded by the Czech government, and yet it offers a U.S. style, free education, in English, to students from a large number of different countries. The graduates of CERGE-EI are exceptionally able and have little difficulty in finding jobs throughout the world (academic and non-academic), and yet CERGE-EI is not yet well known. CERGE-EI is blessed with a most distinguished governing board of individuals, several of whom are faculty members and have their primary residence in the Czech Republic, and yet the vast majority of the board is at the institution only briefly during the year.

In the space of less than fifteen years CERGE-EI has become one of the important economics graduate programs in all of Europe, and arguably the very best in Eastern Europe. It has built its first group of tenured faculty, and they are of high quality. It has built an extraordinary library and computer services system. Every manner of support service, from admission to the assistance with the provision of visas, to housing, to keeping of records, is managed at a very high level by U.S. standards. The physical plant is palatial – quite literally! Fifteen years ago CERGE-EI was the dream that a modern, outstanding, western style economics research-educational institution could thrive in a country that was emerging from communism and that had purposefully separated research in economics from education in economics. Today that dream is realized. With this report we are pleased to recommend in the strongest terms that CERGE-EI be granted an absolute charter by the New York State Education Department.

The body of the report follows the order suggested by the packet of forms supplied to us by NYSED.

## **A. Resources**

### A1. FINANCIAL RESOURCES

**Findings:** The committee reviewed the annual budgets showing sources and uses of funds for the operation and maintenance of the institution. We interviewed administrators and the president of the CERGE-EI Foundation. At present the Czech Ministry of Education is committed to providing more than half of the total support of the institution, with additional resources contributed by grants from other government and international agencies and by corporate and private donations. The CERGE-EI Foundation in the United States has contributed generously since the institution's inception. It is now seeking to build endowment to secure CERGE-EI's long range future.

CERGE-EI has enviable financial resources and these resources appear to be reasonably assured for the short run and for some years into the future. Salaries are generous by the standards of the region. Student support is extraordinary. Support for infrastructure is most generous. In many areas the financial resources are remarkable by any standard. For example, the library is superb (see below) and there are 4.5 full time, well trained English language experts to serve approximately 120 students. These are very worthwhile investments!

**Recommendations:** The institution realizes that it must plan for the decades ahead when support from the U.S. donors might decrease, hence the concern for building endowment. This planning should be given high priority.

### A2. FACILITIES/ EQUIPMENT RESOURCES

**Findings:** CERGE EI is housed in a beautiful old building that has been renovated and equipped with furniture and art as well as computing, communication and display equipment that is appropriate and more than adequate for a top level graduate program in economics. Classrooms, study space, lecture halls and office space are ample and pleasant. Computers are ubiquitous and networked with access to a rich variety of periodicals and databases. Students with exceptionally demanding computational needs have ready access to mainframes and supercomputers at other locations. Faculty members have private offices where they can (and do) advise and counsel students.

Many advanced students working on their theses spend a few months “on mobility” at another university where they can access other specialized scholars in their areas of specialization. These visits are arranged by CERGE-EI on an individual basis.

Facilities, equipment and resources are more than ample at CERGE-EI. The Deputy Director for Finance, responsible for the maintenance of physical plant, explained that that the building must and will be maintained in accordance with high standards: The building is on a national register of historic places. The Czech government is committed to paying more than half of the cost of maintenance. In addition, CERGE-EI rents some office space to outsiders under condition that the rental income be used to maintain the building. The rental income is sufficient to support the other half of the cost of keeping the facilities in excellent condition.

**Recommendations:** Current facilities are more than adequate for any contemplated future expansion of the program. However, provision must be made to compensate for rental income that may be lost as CERGE-EI requires the use of more of its space.

### A3. LIBRARY/INFORMATION RESOURCES

Findings: CERGE-EI has excellent library facilities managed by a well-trained professional staff. The chief librarian has been recognized with awards from the association of library professionals. In fact, considering the size of the CERGE-EI program, the library is truly exceptional.

The library is ordinarily open from 10am-9pm Monday-Thursday, 10am-7pm Friday, and from 11am-3pm on Saturday, with extended holiday and weekend hours during exam periods. There is an extensive collection of books, routinely augmented by faculty request. There are also 270 printed journals and over 600 E-journals.

Materials required for courses and/or reference materials are routinely made available through a checkout/reserve system or on the web. Students and faculty appeared to be highly satisfied with library services, including electronic resources and facility orientations. The library employs 9 full-time staff, again, an impressive number for an institution of this size. The physical layout is spacious, quiet, and conducive to research and study. The library has a number of inter-library borrowing agreements with other major Czech collections, including the Czech National Library.

The library also maintains a highly-useful statistical portal with links to Czech and major European data collections, specializing in data from transition countries.

Recommendations: The only significant information resource not currently available through the CERGE-EI library is the ICPSR. We recommend ICPSR membership, which should be available at substantially reduced rates for a transition country.

## **B. Faculty**

### B1. COMPETENCE AND CREDENTIALS

Findings: Faculty members at CERGE-EI are all well qualified to teach at the doctoral level and to supervise doctoral research. All of the full-time and visiting faculty have Ph.D. degrees (or the equivalent) in economics, statistics (one person), or mathematics (one person) (CVs are presented in Section B of the Self Study). The more senior faculty have substantial research records, with a large number of publications in a variety of refereed and non-refereed venues. Of the 8 faculty members hired in 2000 and thereafter, the more experienced have a record of published research, while those who are recent recipients of their Ph.D. degrees all have working papers that show progress toward establishing a record of research. In sum, faculty members at CERGE-EI are well qualified to teach in a doctoral program in economics.

Recommendations: none

### B2. ADEQUACY TO SUPPORT PROGRAMS AND SERVICES

Findings: The faculty includes 17 full-time members and six visiting members. The latter are senior professors from U.S. and West European universities who visit CERGE EI every six to eight weeks to present lectures and/or work with dissertation students. This faculty is of adequate size to service the curriculum and enrollment currently in the CERGE-EI program. Its composition is appropriate to supporting the required teaching, advising, and administration needed to operate this program.

Recommendations: Ideally, however, the faculty might be somewhat larger. This would allow for periodic sabbatical leaves and a greater variety of courses.

### B3. EVALUATION, PROFESSIONAL DEVELOPMENT, AND PROFESSIONAL INVOLVEMENT

Findings: Institutional policies for hiring, evaluation, and promotion of faculty are detailed in the self-study narrative with additional documentation in Appendix B. These policies are congruent with policies at doctoral-granting institutions in the U.S.

Hiring is done in the context of the international market for Ph.D. economists. CERGE-EI interviews job candidates at the annual meetings of the Allied Social Sciences Association, which is the primary marketplace for Ph.D. economists. The most recent hires are graduates of the University of Chicago and the University of Michigan, both of which have very strong programs. CERGE-EI is committed to hiring both male and female faculty as well as faculty of diverse ethnicity and background.

The CERGE-EI model for faculty evaluation and promotion is based largely on career profiles in US research universities, with an initial untenured appointment, non-tenured pro-forma renewal at one year, a more detailed but still untenured review at three years, and an up-or-out tenure decision at year 6. This pattern differs from the US parallel, however, in that a tenure review at year 6 is at the option of the junior faculty member. He or she may be granted a three-year extension in cases where the research record seems promising but does not yet warrant tenure. Given the strong interest in attracting young faculty who must in many cases adapt to a foreign environment, the additional flexibility offered by the opportunity to grant extensions seems desirable. As of this writing all 5 untenured faculty members who have come up for review have in fact been tenured. A number of extensions have also been granted. New tenure cases are on the agenda for the near future.

Evaluation and promotion policies are clearly laid out in the Faculty Handbook (reproduced in Section B. Faculty of the Self-Study report). In addition to the reviews described above, CERGE EI has a careful procedure of annual faculty evaluations. Faculty are asked to update the Director three times a year on their activities and to meet annually with the Director to review their progress over the past year.

Faculty are provided support with regard to their professional development. With a teaching load of just two courses a year, they have ample time to conduct research and the connection with the Economic Institute creates a conducive environment. All faculty members are assigned a research assistant to facilitate their work and provide training to students. Funds are available to attend conferences and a review of CVs indicates that CERGE-EI faculty members are active in attending professional meetings and conferences. Because of the relatively small size of the faculty, there are both need and opportunities for faculty members to participate in the administration of the program.

Recommendations: There is a clear and well-articulated system for evaluating performance and providing feedback to faculty and excellent support for faculty professional development. The practice of granting extensions may warrant review as the institution matures and the size of the tenured full time faculty grows.

## **C. Curriculum**

### **C1. COLLEGE LEVEL AND INTEGRITY OF CREDIT**

**Findings:** The requirement that credit toward graduate degrees be earned only through work designed expressly for graduate students is surely met, as the courses and examinations we reviewed suggest that appropriate material is being covered. The examples provided serve to demonstrate that credit is being granted only for work that is of the appropriate level.

Degree requirements are spelled out in terms of courses that need to be taken and exams passed. Written policies emphasize to students the importance of attendance. Student records sampled indicate that all degree requirements are being met.

**Recommendations:** None

### **C2. COHERENCE**

**Findings:** The CERGE-EI curriculum reflects a carefully planned strategy to replicate the sort of economics coursework requirements and intellectual structure of top U.S. Ph.D. programs in economics. For example, as in the Ph.D. programs at Harvard, MIT, and Princeton, the program includes two years of coursework, followed by supervised independent dissertation research. Also, as in these programs, at the end of the first year, students take comprehensive exams in microeconomics, macroeconomics and econometrics, while at the end of the second year students take general examinations in two fields (which they choose).

The curriculum is accurately described in the program catalog and the faculty meets regularly to discuss course content and program structure. The students and faculty appear to be satisfied with the current structure and content of the program.

**Recommendations:** The program appears to be working well and is pedagogically coherent as currently structured. It may be of interest, however, to increase the representation of course offerings in applied fields such as Public Finance and Development Economics beyond the current emphasis on Transition Economics. Of course, this recommendation is subject to market constraints and hiring possibilities in these fields.

### **C3. LENGTH TO COMPLETION**

**Findings:** For the most part, courses are offered with sufficient frequency to allow students to complete the required course work in a reasonable time. First year courses are taught with perfect regularity. As far as we could tell, a few of the field courses are not offered every year. The following fields that are advertised in CERGE-EI printed material did not have corresponding courses taught in at least one year in the period 2001/02 to 2003/04: international trade, public economics, labor economics, and urban and regional economics. However, students we interviewed had no complaint about the frequency of course offerings for these elective fields. They pointed out that the reason that labor economics was not offered in one recent semester was insufficient enrollment.

Generous levels of financial support make it possible for students to give full attention to completing the requirements for the degree without delay. Tuition is waived for most students and stipend levels are relatively high.

For those completing the Ph.D., the median time-to-degree has tended to be a little more than six years. For those from the entering classes of 1991 to 1996, the median number of years from entrance to completion were: 5.5, 6, 7, 6.5, 6, and 6.5.

These time-to-degree rates need to be examined along with dropout rates, as the former apply only to students who finish the program. The program's dropout rate, calculated as those who do not finish as a percentage of those accepted into an entering class following the trial summer program, is two-thirds, the share cited in the minutes of the 2004 joint meeting. Those minutes noted that this rate is similar to those of many U.S. economics programs. For the entering classes from 1993 to 1996, the dropout rates (those not receiving the Ph.D. as a percentage of the entering first year class) were, respectively: 61, 69, 74, and 62 percent. Bear in mind, however, that both the length of time to degree and the dropout rate reflect the fact that students in the program have very attractive job opportunities that tempt them to delay or truncate their studies.

Recommendations: Time-to-degree and dropout rates seem reasonable as compared with demanding programs in the U.S. The timing of course offerings does not appear to be a significance source of delay.

#### **D. Admissions**

Findings: Two criteria for acceptance receive primary emphasis by the program's admissions committee: academic preparation and motivation. The former is assessed by reviewing transcripts and reading letters of recommendation. The latter is based on the recommendation letters and the applicants' personal statements, which must be submitted in English. The admissions committee is especially interested in determining whether the applicant is interested in an academic degree, as opposed to an MBA.

An admissions committee, consisting of several faculty members and administrators, divides up responsibility for reviewing applications from different regions. The committee takes advantage of its knowledge of various institutions and letter-writers in order to assess current application materials. All evidence reviewed suggests that admissions decisions are based on an orderly process using published criteria that are uniformly applied. The committee seeks to recruit a diverse class, with broad geographical coverage and with a significant proportion of women.

The substantial requirements for mathematics training are spelled out clearly in the brochure for prospective students, as is the importance of English in the program. Promising candidates are admitted, first, to a summer evaluation/training program. This program serves to screen the applicants and also to supplement their initial preparation for doctoral study. The summer training plus the extensive course offering in English writing skills represent generous and effective support for these students.

Based on the available information, admissions standards appear not to have changed significantly over the last few years. The ratio of eventual enrollees to total applicants, one measure of selectivity, shows no strong secular trend. Expressed as a percentage, this ratio from 1993 to 2004 is: 20, 23, 16, 19, 12, 27, 17, 25, 21, 16, 14, and 23. The proportion of those accepting the offered (conditional) admission to the summer program has remained fairly steady, at just below 80%, again indicating that this program is very attractive to applicants.

Our conversations with students confirmed the attractiveness of the program compared, for example, to Russian language Ph.D. programs. CERGE-EI's perceived advantage over these programs has

several roots: the perception that English will be a more useful language in which to do economic research, the perceived expertise of CERGE-EI in tackling problems of economic transition and the comparatively high level of student stipend. Currently the monthly stipend for CERGE-EI students is about 40 percent higher than that received by other students at Charles University. For some non-Czech students, the stipend is particularly attractive as compared with their other options.

Among the most distinctive forms of academic assistance provided to these graduate students is intensive instruction in English. Graduates of the program attest to the importance of English facility in their professional effectiveness.

To assist in the evaluation and preparation of students from the newer transition economies, such as Tajikistan, Afghanistan, and Iraq, CERGE EI has developed a distance learning program for potential applicants. Partnering with faculty members in each country for outreach and to provide textbooks, CERGE-EI encourages potential candidates for the PhD program to participate in the distance learning program before they apply. The program has three goals: to better acquaint potential students with the subject matter of economics; to identify students with adequate skills and sufficient motivation to be successful in the program; to prepare students academically for the doctoral program. The distance learning program covers intermediate micro and macroeconomics, with appropriate tests and feedback from teaching assistants who are advanced CERGE-EI students. The distance learning program is now in its third year.

Recommendations: CERGE-EI's recruiting and admissions strategy is very well thought out and successful in attracting students of high intelligence and motivation. The summer preparatory session is an effective device for screening applicants and for enriching their preparation. Other institutions might benefit by imitating this system. It should certainly be continued.

The distance learning program was initiated as part of outreach to students from less developed regions and initially supported by a grant from the World Bank. Distance learning is labor-intensive. While the outreach to the "target" regions is certainly a worthy goal it should not be allowed to sap the resources required for the core mission of CERGE-EI. Fortunately a Czech government grant is now available to fill the void created by the expiration of World Bank support. We recommend that this outreach program be continued as long as special funding is available to support it.

## **E, Administration**

### **E1. RESPONSIBILITY**

Findings: The responsibility for the administration of institutional policies and programs is clearly spelled out. Faculty responsibilities are similar to what they are in the best U.S. institutions (and there was similar grumbling about administrative work load!) There is a clear organizational chart. Responsibility for hiring and tenuring of faculty is clearly specified. There is a professional and highly competent non-academic administration.

Recommendations: CERGE-EI is structured in ways that accommodate the laws and practices of Eastern Europe and particularly of the Czech Republic but with the goal of supporting a U.S. style educational program. The rules and structures are likely to evolve so as to give the long-term stakeholders in the institution a greater share of the authority and responsibility. Monitoring this gradual change should be regarded as a long-term project but first steps might profitably be considered now.

## E2. POLICIES

Findings: Academic freedom and the rights and privileges of the faculty appear to be well guarded. The obligations and privileges of students are specified clearly. We inquired about and did not find any examples of substantial problems with respect to disciplinary actions or grievances.

Recommendations: None.

## E3. STUDENT ADVISEMENT AND RECORDS

Findings: Upon acceptance to the program, each student is assigned a faculty advisor. The advisor follows the student's progress over the first two years and the bonds formed are such that the mentor relationship may continue beyond the first two years on an informal basis. Students report that advising relationships are generally important and helpful. They also point out that the faculty is generally accessible and helpful to students.

Student records are maintained systematically. Students have ready access to their transcripts and a reasonable number of transcripts is furnished to them and to other authorized agencies on request without charge.

Recommendations: We recommend that the sound current practices with regard to student advisement and records be continued.

## **Conclusion**

With energetic and dedicated support, CERGE-EI has matured into a widely respected center for research and graduate education in economics and a leader in the field of transition economics. Our study of the program and its organization and management led to very positive conclusions. To repeat, we recommend strongly that CERGE-EI be granted an absolute charter by the New York State Education Department.