

effective tools for attacking real problems. The math remains intense, Colander agrees, but because the admission process at top graduate schools is so rigorous, few students can't handle it.

"Economists are still economists. What they do is model, and that hasn't changed," Colander says. "But economics is reasonable and does change, and it's changed more toward what we need, with more empirical work and loosened up theory. That happened on its own, not because of a report."

At least, that's his theory. **RF**

READINGS

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Friday, July 25, 2008

Economic Blogs

Hundreds of economic blogs have sprung up on the Internet, many written by academics. What gives? How did economics become so popular?

Posted by Econblogger at 12:40 PM

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BY BETTY JOYCE NASH

Dani Rodrik launched a blog in 2007 and now he's in too deep to quit. "I still get the thought that maybe I should stop," he says. "It does take time."

But the Harvard economist finds the blog — short for Web log — useful because it serves as a reference catalog for his ideas. "I now constantly Google my own blog for ideas that I knew I had at some point," he says. "Previously, the ideas would have come and gone. The first good thing is that I have them a little more developed, and, secondly, I can actually recover them."

Some 113 million blogs range from engineering to poetry to diapers to sunsets, you name it. Economists' blogs occupy an impressive niche in this new social media universe. The authors of the best-selling *Freakonomics*, for instance, write a blog hosted by the *New York Times* that bobs around in the

top 60 of all blogs, according to the authority of Web log traffic, Technorati. And the top 10 economics blogs appear in that list's top 5,000, according to economist Aaron Schiff, who uses Technorati data to rank economics blogs on his Web site. He chalks the popularity of the econblogs up to the zeitgeist into which books such as *Freakonomics*, Tim Harford's *The Undercover Economist*, and a raft of others have tapped. "The public is increasingly realizing that economics has a lot of useful things to say about their daily personal and business lives," Schiff notes. "And economists are becoming better at communicating in relatively plain language."

Find and Link

Over the past decade, Web logs have evolved from mere collections of links into vehicles of expression that use graphics, audio, and even video. Many bloggers — authors of Web logs — invite readers to post comments, and that creates a forum for worldwide public conversations.

“Now, thanks to the Web and blogs, the public can participate easily,” Schiff says. In the two-way exchange, both sides learn. Comments, however, can be occasionally inappropriate and also take time to monitor. That’s why economist Greg Mankiw disabled the comments feature on his blog in 2007.

Rodrik’s blog attracted immediate attention, most likely because he’s a well-known academic. The blog attracted a post from Harvard colleague Mankiw, an early and widely read blogger and also a high-profile academic. The new blog went from about five hits a day to roughly 6,000.

Blogs can form bridges across disciplines and connect readers from disparate backgrounds. Rodrik records thoughts on his blog at least five days a week, and sometimes links to empirical research, often inspiring swift commentary of high quality.

“I’m also struck by how I get pushback,” he says. “I’m known for a certain kind of views. I hear from certain readers who are critics of those views, which is great — it shows me that I’m not just preaching to the converted.”

As bloggers post comments and link to academic papers, readers can shortcut to the expanding body of economic research. Blogs’ historical antecedents lie in letters, conferences, pamphlets, journals, seminars, informal lunches, and watercooler chats.

But the immediacy and range of this particular channel is unprecedented. “In the past I think it was very hard for specialists in a field to communicate with nonspecialists,” Schiff says. “This has changed dramatically in the past 10 years or so, and I think it’s a great thing.”

Explanatory Economics

Blogs may offer the best way to follow unfolding economic events, says Tyler Cowen. He co-authors the blog *Marginal Revolution* with his George Mason University colleague Alex Tabarrok. *Marginal Revolution* was one of the first of its ilk in 2003 because “we saw there was a scarcity of excellent economics blogs and thought we could make our mark,” Cowen says.

And they have: It often ranks first or second among economics blogs on Schiff’s Web site, along with *Freakonomics*. Economics blogs can penetrate complicated news stories about the economy because economists just “understand it better than most journalists,” Cowen says.

While the prose in economics papers can be obscure and hard to follow, economics bloggers explain difficult concepts and place research in context.

Economics research in particular lends itself to blogging because there’s a bottom line. “With economics, you state the main empirical result in a paragraph, link to the paper, to

some definite claim,” Cowen notes. “It’s a dialogue, people link back and forth, add to each other’s points. So there’s this open window into the world of economics that you don’t get in other fields.” Most of his readers are not economists, he says, yet they offer important insights. And Cowen ranges widely on the blog — from food to country music, for instance — complete with revenue-producing links to Amazon.com.

“I find [the blog] keeps me very sharp especially because you have open comments. If you say something wrong, you get zapped immediately.”

Even a cursory review demonstrates that blog posts can touch nerves, yet remain civil — even friendly. Some veer toward ideology, and that defines a certain readership, from free-market blogs to liberal Paul Krugman’s blog at the *New York Times*.

“Blogs need to distinguish themselves from one another, and one way to do that is by ideology,” Schiff notes. “I would say that *Freakonomics* and *Marginal Revolution* are pretty neutral,” he observes. “On the other hand, Paul Krugman is very political and Greg Mankiw somewhat less so.”

This dissemination of economic thought and the accompanying controversy seem positive. Economist John Whitehead says he catches heat on the blog *Environmental Economics* that he writes with co-author Tim Haab. While his “geeky” research ideas don’t spike traffic, his posts about global warming economic policies do. Take the debate about whether carbon taxes will reduce greenhouse gas emissions more effectively than cap-and-trade policies. “The party line [in economics] is that carbon taxes are superior for dealing with climate change,” he says, adding that he supports a cap on carbon emissions and the trading of those allowances.

“I get ripped pretty hard from economists about that,” he says. “Every time I mention cap and trade I get a flood of comments.”

Policy economists, of course, find the blog an essential tool. On Mother’s Day, Diane Rogers started the *Economist Mom* blog, “where analytical rigor meets a mother’s intuition.” She wanted to go beyond conventional research papers, conferences, and issue briefs to bring discussions about fiscal responsibility to a wider audience. “It’s such a big and important issue for the future of our economy, the economy our children will inherit.” Rogers works for a nonprofit advocacy group in Washington, D.C.

The popularity of these econblogs can only enhance economic education. Every day, Cowen receives 70-some blog-related e-mails. “This notion that you can wake up every day and read the top minds in the field talking to each other ... I think it’s phenomenal and it’s all free. People still underestimate what a breakthrough this is, for economists and the world of ideas in general.”

The Podium

Blogs enhance economics instruction, professors say, with timely examples that textbooks can’t provide. Try it. Sit down with an economist via blog for cyber conversations

about taxes or global warming or gas prices or strategies in wine gifting or ways to divide housework. Those two latter ideas come via Tim Harford, an economics columnist with the *Financial Times* who also writes a blog.

Readers can enjoy lively debates, sometimes accompanied by YouTube videos. Harford and behavioral economist Dan Ariely of the Massachusetts Institute of Technology conducted such an online exchange last spring about the assumptions of irrationality in economics. A subsequent video post showed Ariely debating a picture of Harford pasted above a sofa.

Blogs replace the office door for economist Craig Newmark of North Carolina State. He used to clip and post, but now does so virtually on his blog, appropriately titled Newmark's Door, started in 2002.

"One thing I've found recently is that I've had more than a few students tell me that they are learning from my blog," he says. (Students are often surprised that he blogs. Go figure.) It's no accident that many economics bloggers also teach. "People who teach feel they have something to communicate," Newmark says.

While Newmark blogs purely for pleasure, he says the blog earns him and his wife about \$10,000 a year. He gets some 400 hits a day, but that was bumped up in January and February to 650 for reasons that are unclear to him, he says.

On the downside, blogs can use up valuable research time. A successful blog takes effort to prepare and maintain because it requires more than an occasional post. Instead, blogs need regular updates. People "visit," if not every day, several times a week. For that reason, comments and responses take on a familiar, informal tone. "If you look at it as a snapshot, you miss a big part of what is going on," Cowen notes.

Blogging and Big Ideas

OK, so maybe this generation of blogging economists won't extract a deep enough insight to win the Nobel Prize in economics in 30 years, but you never know. The effects of blogs on traditional academic research are unquantifiable. But research can circulate via blogs, and the collegial nature of the virtual economics department inspires research.

Since we don't know how great minds detect the germ of an idea, a blog is as good a way as any to generate inspiration, says economist William Trumbull, who heads the economics department at West Virginia University. "Where, for example, did John Nash get his ideas for game theory?" Trumbull asks. "It could have been some chance thing, a snippet of a conversation he overheard. It could have been no more significant than something you'd read on a blog."

Academic currency, however, is measured by the number of publications in traditional refereed journals. Blogs seem unlikely to affect that content, says economist Daniel Hamermesh, "except to the extent that the time people spend writing the stuff reduces the quantity and quality of their research." Hamermesh guest blogs for Freakonomics.

Yet blogs popularize research, explain it, bring it to a

wider audience with a mere plug and a link, and can also broadcast ideas that may interest nonacademic publishers. Marginal Revolution has led Cowen to a book contract and a column in the *New York Times*.

And all this would be impossible without an audience, the readers who participate in this social and quasi-academic enterprise. "People tell you about new stuff," Cowen says, and that sets his mind in motion. Plus, he reads widely to keep Marginal Revolution fresh and lively; while he doesn't spend more than an hour or so actually writing a post, he's up late reading. But he'd be doing that regardless.

Posts and ensuing comments provide value and insights. It's more than just a new channel. It changes the way people think and track ideas, and could ultimately influence and affect scholarship, for better or worse.

"University professors spend a lot of time talking about ideas," Newmark says. "If you go to lunch, 50 percent of the talk is about ideas; now we can widen that conversation." While he doesn't want to exaggerate that impact, "it has more than zero effect."

But publication in academic journals remains the priority. "I think any exposure you might get through blogging is just an additional side benefit," Schiff notes.

Blogs could affect research choices and that's not necessarily negative. "Ultimately academics will care about getting published in journals and the opinion of other economists matters more than blogging," Schiff adds. To Cowen, blogs enhance research. "So many academics and economists work on little things that nobody cares about," he says. "If this brings a shift from that, then that's for the better." If a paper is unsound, experts instantly weigh in. That's an immediate and public check that differs from the mysterious referee process.

"It definitely gets people to work on more popular topics. For me that's a good thing," he continues. "It gets people to write more clearly, [for] more people than your 20 specialists."

Blogging also hones research instincts. Whitehead, now that he's blogging, reads more, including other blogs. "It used to be I'd have a geeky research paper and be at a loss at the end about how to sell it in terms of policy and practical applications," he says. "Now, I always seem to have a handle on what makes the paper halfway important or what policy it can be applied to."

Blog technology could also speed publishing. Professional organizations could sponsor blogs enabling real-time discussions on papers rather than formal comments years after publication. "Research could be a whole lot more efficient," Whitehead says. Already, journals publish online as soon as they're ready. But the Internet could speed the discussion and research part of it.

There is a trend toward open publishing, such as the online journal, *The Economists' Voice*, edited by Nobel Prize winner Joseph Stiglitz, along with co-editors Brad DeLong and Aaron Edlin. The journal's editors publish articles, often by prominent intellectuals, that are often

picked up by major newspapers.

Bloggers see their Web sites as complements to scholarship rather than substitutes. “I can’t really see any negative effects from that,” Schiff says. “And the obvious positive effect is that it exposes people to things that otherwise might only get published in academic journals.”

Still, it’s not clear that blogging can enhance a career. Most, if not all, economics bloggers write from the lofty position of tenure. But not all bloggers in every academic discipline do. Rodrik probably wouldn’t blog if he were seeking tenure at a top academic institution. “I guess I’m sufficiently established that I don’t give a damn,” he says.

The blogging wave may have crested but there’s always

room for another voice, however difficult to discern among the cacophony. “For someone like me who is less well known [than Krugman or Rodrik],” Schiff says, “it takes a much longer time to build up a readership.”

As technology evolves, so will the blog, its authors, and dynamic audience. The whole enterprise may embody the ideal of the influential economist Friedrich Hayek, who believed in the power of decentralized, unplanned activity — “spontaneous order.” While there’s no coordination per se, it’s kind of a market where rules emerge, Craig Newmark says.

Perhaps it’s not surprising that some of the Austrian thinker’s devotees have a blog called Café Hayek. **RF**

Is Rational Man Extinct?

Searching for *Homo Economicus*

BY STEPHEN SLIVINSKI

The audience that gathered in the ornate concert hall for that night’s ceremony probably noticed the similarities of the two guests of honor standing next to each other on stage. Both wore tuxedos accented by white bowties and vests as was appropriate for the occasion. Both wore glasses and were about the same height.

But the audience probably noticed a difference too. The guest of honor standing on the right sported a ponytail that reached almost halfway down the back of his tuxedo jacket — a rare sight at a ceremony like this.

Delving into each man’s biography, the spectators might have noticed more differences. The man on the left was born in Tel Aviv and studied psychology as an undergraduate because it struck him as more practical than philosophy. The ponytailed man was an economist born in Wichita, Kan., who, before pursuing the study of economics, started out his academic life in electrical engineering because he wanted to avoid the harder math classes required of physics students.

Yet there was an overriding similarity that evening, and it was the reason for the tuxedos. Both men were about to be awarded the Nobel Prize in Economics.

The date was Dec. 10, 2002. The man on the left was Daniel Kahneman; the man on the right was Vernon Smith. Both are regarded as academic pioneers for their use of laboratory experiments as a way to test the basic premises of modern economics. Yet the conclusions that each came to over decades of their own research appear at odds with each other. At issue is a fundamental question that cuts to the root of economic methodology: Do people act rationally in a market setting and what does that mean for the study of economics?

Or, to put it another way: Did *Homo economicus* ever walk the earth and, if so, is he now extinct?

Homo economicus is a metaphorical species of human who is able to, as economists say, optimize. He exhibits rationality in the economic sense by making decisions, even in uncertain situations, based mainly on self-interest and a strong grasp of the alternatives at hand. The mathematic and analytical models that are the stock in trade of modern economics rely on the prevalence of this form of human for markets to reach equilibrium.

The group of researchers who call themselves “behavioral economists,” like Kahneman, believe people don’t often act that way in reality and have run multiple experiments to try to prove it. On the other side of the debate are Smith and his colleagues — the “experimental economists” — who have been able to show that markets can reach equilibrium when subjected to the right sort of tests in a laboratory. Yet, if people are indeed fundamentally irrational in the economic sense, would they really be able to make the kinds of decisions which help bring the market to equilibrium?

The debate about whether there ever was such a creature as *Homo economicus* has recently broken into the mainstream media discussion about how economists view the world. It’s a discussion that has been at least 50 years in the making and probably won’t end soon.

Efficient Markets and Irrational Men

Vernon Smith notes that his brand of experimental economics began with a bout of insomnia. He was teaching at Purdue in 1955, and in the middle of one particular night he began to think about an experience he had at Harvard as a graduate student.