

Economic Blogs

Economists have long engaged in various forms of journalism. The rise of the Internet has created a range of new opportunities, from the now-standard website with a compilation of articles to new social networks such as Facebook and Twitter. Arguably the most important new outlet for economists is that created by blogs.

In this article, I present a short history of economics blogging. I argue that blogs provide a way for academic economists to re-enter a public debate from which they have largely been excluded, or excluded themselves, in recent years.

1. A Short History of Blogging

The somewhat unfortunate term “blog” emerged as a contraction of “weblog” (originally coined by Jorn Barger in 1997) with the verb form appearing at the same time in the pun “we blog” due to Peter Merholz in 1999 (Riley, 2005 gives a slightly more detailed history).

In its simplest form, a blog is just a web page that is regularly updated, with new material “posts” added to the top of the page, and older material automatically archived after a set number of days or posts. Originally, as the “weblog” name implies, blogs were primarily records of interesting items found on the World Wide Web, and posts consisted primarily of links to such items, with some brief commentary. However, the form proved to be flexible enough to accommodate a wide variety of content, including political and economic commentary.

In the early years of blogging, the technological requirements were fairly steep. Most bloggers were technically sophisticated and largely focused on issues relating to the Internet and World Wide Web, both of which were themselves undergoing rapid change and development.

This changed with the release of Blogger, one of the first blog publishing software tools, which also offered a hosting service. The advent of Blogger (followed by Movable Type and WordPress) made blogging accessible to a much larger class of users.

The growth of blogging was given a sharp stimulus by the terrorist attacks of 11 September 2001. The attacks stimulated a demand for information about the attacks and their aftermath and for political analysis of the issues surrounding the attacks. Initially, the “war bloggers” were broadly united in a demand for a strong military response to the crisis, and in their disdain for the minority of commentators, such as Noam Chomsky, who opposed such a response.

This period of unity was as short lived in the blogosphere, as it was in the US polity more generally. By 2002, debates over the Bush Administration’s demand for a war with Iraq had split bloggers on left-right lines. This split has been maintained ever since and is evident in debate over economic policy issues, which are characterised by a high degree of partisan vigour.

Over the early years of the twenty-first century, the number and scope of blogs grew rapidly. In retrospect, it is possible to discern a golden age, running roughly from 2002 to 2008, during which blogs steadily expanded their reach and influence. During this period, blog technology expanded to facilitate links between blogs and also to allow comments on posts (a mixed blessing at times, but a huge improvement if managed carefully).

This golden age is clearly over. Individual blogs continue, but they have been overshadowed, to a substantial extent, by commercial blogs, some of which are new enterprises (notably The Huffington Post in the United States), but most of which have been established by existing media organisations.

In addition, many of the roles of traditional blogs particularly those relating to individual self-expression, are now met more effectively through social networks such as Facebook. Microblogging services, of which Twitter is by far the most notable, have also become important competitors

for traditional blogs. However, the relationship between social networks and blogging involves complementarity as well as substitution. Short Facebook posts and even shorter tweets can be used to point readers to more fully developed arguments in blogs.

2. Economic Blogs

The first prominent economist to maintain a blog was Brad DeLong, whose “Semi Daily Journal” began around 2000, and has continued ever since. My own eponymous blog, first published in June 2002, was the first by an Australian economist and, as far as I can determine, the first by any Australian academic. Other early entrants to the field included Harry Clarke (focusing mainly on environmental issues) and Joshua Gans (regulation and competition policy).

Since then, the number of economist-bloggers has grown steadily. Prominent US bloggers including Paul Krugman (whose blog is affiliated with *The New York Times*), Gary Becker, Richard Posner and Greg Mankiw. Australians include Paul Frijters, Nicholas Gruen, Andrew Leigh (now a Federal MP) and Stephen King.

A couple of observations may be made here. On the one hand, blogging seems to be positively correlated with professional success. All of the Australian bloggers listed above are leading figures in the profession. Notably, all three winners of the Economic Society Young Economists Award are included on the list.

In some cases, blogging has clearly raised the professional profile of the economists concerned. In my own case, for example, my blog commentary is better known in the United States than my professional work, which focuses on economic theory and Australian policy issues, neither of which are much in vogue in the United States at present. Tyler Cowen of George Mason University is another economist better known for his blogging than for his academic work. Nevertheless, the more common pattern is for economists who are already well known to use blogs to reach new audiences.

While the number of economist-bloggers is impressive in absolute terms, it remains very small, considered as a proportion of the academic economics profession. As with other forms of public engagement, only a small minority of economists appear to see this as part of their role.

3. Blogs and the Policy Debate

The rise of blogs comes at an opportune time. Despite the severity of our economic problems, academic economics has become largely irrelevant to the public policy debate. This decline has taken place in various ways.

In day-to-day commentary on economic affairs, the role once filled by academic economists has been taken over, almost entirely, by representatives of the financial sector, who are regularly available to comment on the economic news of the day, whether or not any substantive comment is justified. So, for example, financial news will typically include a statement by a person described as an economist and employed by a bank, commenting on the fact that the stock market has risen, fallen or remained static on the day in question and offering one of a variety of stock *ex post* explanations.

It is, perhaps, no loss to academic economists to be displaced from such a role. However, the result is that the financial sector and its representatives have come to be seen, to a great extent, as the repositories of economic knowledge. Credence is therefore given, with no real justification, to the views on policy issues which largely reflect the interests and ideological beliefs of the financial sector.

The official structures of academic economics are based on the presumption that the contribution of economists will be made primarily through the publication of articles in academic journals. However, journals are increasingly ill fitted to provide any useful contribution on questions of economic policy.

Whereas the general pace of communications has increased dramatically over recent decades, the publication processes of journals have, if anything slowed down. Long delays at every stage of the process, along with high rejection rates at most journals, mean that a journal article can easily

take five years between initial submission and publication. Obviously such a time scale precludes any real involvement with policy issues.

More importantly perhaps, the reward structures of leading academic journals favour work which addresses the internal theoretical concerns of the economics profession at the expense of policy relevance.

4. The Macroeconomic Policy Debate

The problem is sharpest in relation to macroeconomics. The main theoretical framework in academic macroeconomics that of dynamic stochastic general equilibrium was developed in response to theoretical concerns about the need for rigorous microeconomic foundations for macroeconomics. Substantial progress has been made, but this progress has been achieved at the expense of relevance to the actual macroeconomic problems faced by modern economies.

As Gregory Clark acerbically observed when the crisis was at its worst:

The debate about the bank bailout, and the stimulus package, has all revolved around issues that are entirely at the level of Econ 1. What is the multiplier from government spending? Does government spending crowd out private spending? How quickly can you increase government spending? If you got an A in college in Econ 1 you are an expert in this debate: fully an equal of Summers and Geithner.

The bailout debate has also been conducted in terms that would be quite familiar to economists in the 1920s and 1930s. There has essentially been no advance in our knowledge in 80 years (Clark, 2009).

The situation has not improved. Rather, as soon as the immediate crisis was over, academic economics returned to its previous preoccupations.

In this context, I am reminded of an article I read many years ago (the details are unfortunately lost to memory) examining the content of economics journals published in the 1930s. The author found that only a small proportion was concerned in any obvious way with the Great Depression and the mass unemployment it brought about. The picture would be even worse today.

Blogs have provided an alternative forum in which economists can actually debate policy issues such as those arising from the crisis. A notable feature of the debate, consistent with Clark's observation cited above is that most of the debate is not being undertaken by specialists in macroeconomics. Rather the Keynesian side has been led by economists with a historical perspective on the issues, most notably Paul Krugman and Brad DeLong.

Arguments against fiscal stimulus have been put most forcefully by finance theorists such as John Cochrane and Eugene Fama, whose analysis is based on the efficient financial markets hypothesis. As I argued in *Zombie Economics* (Quiggin, 2010), the crisis poses a fundamental challenge to the empirical and theoretical validity of the efficient markets hypothesis. If the efficient markets hypothesis is correct, then the crisis must reflect a necessary correction, and policies such as fiscal stimulus must be unnecessary.

Needless to say, I find the arguments of Krugman and DeLong convincing, and the responses of Cochrane and Fama very much the opposite. For present purposes, though, the main point is that such a debate can take place at all, on a time scale relevant to the policy debate. The traditional institutions of academic economics are simply too slow moving for this to be possible.

5. Climate Change

Unlike the case of macroeconomic policy, climate change is an issue where economists largely agree. There are a few exceptions, almost exclusively on the political right, where a small minority of economists embrace the anti-science position often called "scepticism." Since key arguments of the "sceptics," such as claims of the form "global warming ended in 1988" involve basic errors in time series statistics, economists willing to embrace this position have thereby forfeited any claim to professional credibility. Fortunately, their numbers are small.

While there is vigorous debate over issues of detail, virtually all serious economists support some form of price-based policy, such as a carbon tax, emissions trading scheme or some form of hybrid. This unusual unanimity was pointed up when Opposition leader Tony Abbott was unable to name a single prominent economist who would defend his (purported) policy of direct action. A survey undertaken at the Australian Conference of Economists showed similarly overwhelming rejection of command-and-control policies and a substantial majority in favour of the government's carbon tax policy.

In this context, blogs can serve a valuable educational function, showing how the price mechanism works in general and explaining the differences between alternative price-based policies. Economists can also explain and refute common fallacies, such as the belief that the incentive properties of a carbon price would be destroyed if households are compensated, even through effectively lump sum measures such as reductions in income tax or increases in pensions.

6. Concluding Comments

Among a wide range of alternatives, blogs have a variety of features that make them ideal as a communications medium for economists. These advantages include the capacity for immediate publication, unhindered by media gatekeepers and cumbersome refereeing processes, the ability to link directly to sources and the absence of (minimum or maximum) word limits.

To some extent, blogs are in competition both with traditional publication media (mass media and academic journals) and with newer social media. Managed properly, however, these multiple outlets can be complements rather than substitutes.

Blogging provides an opportunity for economists to participate in the public policy debate on a more extensive scale than ever before. Hopefully, many more economists will take advantage of this opportunity.

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