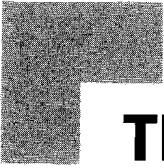




THE STUDENT'S GUIDE TO

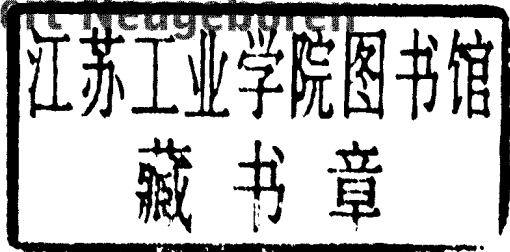
WRITING ECONOMICS

ROBERT NEUGEBOREN



The Student's Guide to Writing Economics

Robert Neugeboren



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Introduction: The economic approach



LIST OF SUB-TOPICS

- Economics and the problem of scarcity
- The assumption of rationality
- The theory of incentives
- Types of writing assignments
- Plan of this guide

Economists study everything from money and prices to child rearing and the environment. They analyze small-scale decision-making and large-scale international policy-making. They compile data about the past and make predictions about the future. Many economic ideas have currency in everyday life, cropping up in newspapers, magazines, and policy debates. The amount you pay every month to finance a car or new home purchase will depend on interest rates. Business people make investment plans based on expectations of future demand, and policy-makers devise budgets to achieve a desired macroeconomic equilibrium.

While the range of topics that interest economists is vast, there is a unique approach to knowledge, something common to the way all economists see the world. Economists share certain assumptions

about how the economy works, and they use standard methods for analyzing data and communicating their ideas. The purpose of this guide is to help you to think and write like an economist.

ECONOMICS AND THE PROBLEM OF SCARCITY

Since its beginnings as “the dismal science,” economics has been preoccupied with the problem of scarcity. The hours in a day, the money in one’s pocket, the food the earth can supply are all limited; spending resources on one activity necessarily comes at the expense of some other, foregone opportunity. Scarcity provides economics with its central problem: how to make choices in the context of constraint.

Accordingly, economists ask questions such as: How does a consumer choose a bundle of commodities, given her income and prices? How does a country choose to meet its objectives, given its national budget? How do decision-makers allocate scarce resources among alternative activities with different uses?

While this central economic problem may be rather narrow, the range of topics that interest economists is vast. Indeed, insofar as it can be characterized as choice under constraint, any kind of behavior falls within the scope of economic analysis. As Lord Lionel Robbins (1984), one of the great economists of the twentieth century, put it:

We do not say that the production of potatoes is economic activity and the production of philosophy is not. We say rather that, in so far as either kind of activity involves the relinquishment of other desired alternatives, it has its economic aspect. There are no limitations on the subject matter of Economic Science save this.

It should come as no surprise that economists are sometimes called “imperialists” by other social scientists for their encroachment

on fields that traditionally belong to other disciplines. For instance, historians studying the migration patterns of eighteenth-century European peasants have explained the movement out of the countryside and into the cities in terms of broad social and cultural factors: the peasants were subjects of changing times, swept along by the force of history. By contrast, economists, such as Samuel L. Popkin (1979), have attributed urban migration patterns to the trade-offs faced and choices made by individual agents; from this perspective, the peasants' behavior was rational.

THE ASSUMPTION OF RATIONALITY

Economists approach a wide range of topics with the assumption that the behavior under investigation is best understood as if it were rational (though we know that not all behavior is, in fact, rational) and that the best explanations, models, and theories we construct take rationality as the norm. Rationality, in the words of Frank Hahn, is the “weak causal proposition” that sets all economic analyses in motion. “Economics can be distinguished from other social sciences by the belief that most (all?) behavior can be explained by assuming that agents have stable, well-defined preferences and make rational choices consistent with those preferences” (Colin Camerer and Richard Thaler, 1995).

Rationality, in the standard sense of the economist, means that agents prefer more of what they want to less. This may seem like a rather strong proposition, insofar as it seems to imply that human behavior is necessarily calculated and self-interested. But the assumption of rationality does not imply anything about the content of agents' wants, or preferences; hence to be rational is not necessarily to be selfish. One can want others to be better off and rationally pursue this objective as well. Economists assume that whatever their preferences, agents will attempt to maximize their satisfaction subject to the constraints they face. And good economics

writing will take the assumption of rational behavior as its starting point.

THE THEORY OF INCENTIVES

The theory of incentives posits that individual agents, firms, or people, make decisions by comparing costs and benefits. When costs or benefits – the constraints on choices – change, behavior may also change. In other words, agents respond to incentives.

Many recent developments in economics and public policy are based on the theory of incentives. For example, recent welfare reforms recognize that traditional welfare, which guarantees a basic level of income but is taken away once that level is surpassed, provides incentives for those below the earnings threshold to stay out of the formal workforce. This and other criticisms have led to the adoption and expansion of programs such as the Earned Income Tax Credit (EITC). The EITC seeks to rectify this particular incentive problem by making transfers only to working individuals. Such policy changes suggest that incentives matter for behavior. Thus, a thorough analysis of any behavior, and a well-written account of it, must account for incentive effects.

TYPES OF WRITING ASSIGNMENTS

Depending on the course, the instructor, and the degree to which writing has been integrated into the curriculum, there are several types of writing assignments you might see. Some courses will sequence their assignments, working on basic skills in short assignments and building to a longer term paper. No matter what the format, length, etc., it is important to understand the assignment's goal or purpose.

Response paper (1–2pp)

Response papers might involve summarizing an assigned reading or answering a specific set of questions about the text. Instructors use these to focus your attention on important topics and to stimulate class discussion. Response papers can also help develop the themes and vocabulary needed for writing successful longer papers.

Short essay (3–4pp)

Short essays may require you to analyze two articles and compare their policy implications, explain a model, criticize an argument, present a case study, evaluate an intellectual debate, and so on. A short essay differs from a response paper in that it will usually ask you to have a thesis, or central argument, and then present some kind of analysis to make your case.

Empirical exercise (5–6pp)

Often courses will assign an empirical exercise in which you are asked to analyze economic data using a standard statistical software package (e.g., Stata, Minitab, SAS, SPSS, etc.). An empirical exercise will give you experience in answering an economic question with data and drawing conclusions from evidence.

Term paper (10–15pp)

The term paper addresses a topic in depth and combines skills developed throughout the semester. It typically includes a literature review, an empirical component, a discussion of results, and perhaps a discussion of policy implications. It may build on earlier short assignments, including a prospectus, in which you will propose a thesis or question and detail how the issue will be addressed. The term paper may require research beyond what has been assigned to the class.

Make sure you clear up any confusion about the assignment by asking your instructor specific questions about what he or she is looking for. The earlier you get clarification, the better able you will be to complete the assignment (and get a good grade). For longer papers, you may want to hand in rough drafts. Getting feedback may improve your writing considerably and generally makes for more interesting papers.

PLAN OF THIS GUIDE

Understanding the way economists see the world is a necessary step on the way to good economics writing. Chapter 1 describes the keys you need to succeed as a writer of economics and offers an overview of the writing process from beginning to end. Chapter 2 describes the basic methods economists use to analyze data and communicate their ideas. Chapter 3 offers suggestions for finding and focusing your topic, including standard economic sources and techniques for doing economic research. Chapter 4 tells you how to write a term paper. Finally, Chapter 5 provides a guide to citing sources and creating a bibliography. Three appendices provide useful information for developing your term papers. Appendix A provides a roadmap of fields in economics and can help define very broad areas of interest. Appendix B presents an overview of economics resources on the Internet, with a brief directory of useful websites and links to statistical sources that you may wish to use for your own research. Appendix C lists the relevant electronic indices to periodical literature, invaluable resources for the initial stages of any paper.



Writing economically



LIST OF SUB-TOPICS

- Overview of the writing process
- Getting started
- The keys to good economics writing
- Achieving clarity
- Managing your time

Pick up any publication of the American Economics Association and you will discover a few things about writing economics. First, the discourse is often mathematical, with lots of formulas, lemmas, and proofs. Second, writing styles vary widely. Some authors are very dry and technical; a few are rather eloquent.

You do not have to be a great “writer” to produce good economics writing. This is because economics writing is different from many other types of writing. It is essentially technical writing, where the goal is not to turn a clever phrase, hold the reader in suspense, or create multi-layered nuance, but rather to achieve clarity. Elegant prose is nice, but clarity is the only style that is relevant for our purposes. A clear presentation will allow the strength of your underlying analysis and the quality of your research to shine through.

OVERVIEW OF THE WRITING PROCESS

If you have ever pulled an all-nighter and done reasonably well on the assignment, you may be tempted to rely on your ability to churn out pages of prose late at night. This is not a sensible strategy. Good economics papers just do not “happen” without time spent on preparation; you cannot hide a lack of research, planning, and revising behind cleverly constructed prose. More time will produce better results, though returns to effort will be diminishing at some point. Here, too, the principles of economy apply.

GETTING STARTED

Getting started is often the hardest part of writing. The blank page or screen can bring on writer’s block, and sustaining an argument through many pages can seem daunting, particularly when you know your work will be graded. Do not let these concerns paralyze you; break the paper down into smaller parts, and get started on the simpler tasks. Economics writing usually requires a review of the relevant literature (more on this later). Especially if you are stuck, this can be a great way to begin.

THE KEYS TO GOOD ECONOMICS WRITING

Writing in economics, as in any academic discipline, is never simply a matter of asserting your opinions. While your ideas are important, your job includes establishing your credentials as a writer of economics, by demonstrating your knowledge of economic facts and theories, identifying and interpreting the underlying economic models, understanding what others have said about the relevant issues, evaluating the available evidence, and presenting a persuasive



argument. Even if you do not write particularly well, you can produce good economics papers by attending to three basic tasks:

Research

Economic research generally entails three stages. First, you may need to gain a broad overview of your topic: start from a text book on the subject, or discover what resources are available in that field over the internet (see Appendix B1). Second, you may need to review the literature on the topic: simple or exhaustive searches can be made through online academic search portals which will find perhaps hundreds of articles based on your narrow search criteria (see Appendix C). Sometimes the entire article is available online; usually at least an abstract is given, and you have to manually locate the article in your library, or get it via inter-library loan. Third, even if you are referring to only a single paper, you may need to update some of the relevant statistics, or collect and analyze substantial data on your own, which you can get from any of a number of standard statistical sources (see Appendix B2). In general, your writing will reflect the quality of your research, and good writing will demonstrate that you understand the findings that are relevant to your topic.

Organization

Once you have found your sources, you will need to organize your ideas and outline your paper. Economists usually organize their writing by using simplified models (such as supply and demand, cost/benefit analysis, and comparative advantage). Therefore, a literature review is often followed by the presentation of a model, usually one of the standard models or, for the theoretically inclined, one of your own devising. Models are used to organize data and generate hypotheses about how some aspect of the economy works.

Analysis

Reducing something complex into simpler parts is an integral part of economic rigor. Statistical analysis (or econometrics) takes vast piles of data and returns useful numerical summaries that can be used to test various economic models and make predictions about the future. Mathematics is very helpful here because it is a precise language that can articulate the way basic economic relations are conceptualized, measured, and defined. Nonetheless, even before you have mastered sophisticated statistical and mathematical techniques, your goals should be writing clearly, following a line of deductive reasoning to its conclusion, and applying the rules of inference correctly. These are the marks of good economics writing.



AN EXAMPLE FROM THE LITERATURE

Generally, in the first few paragraphs of a paper, economists set up their research question as well as the model and data they use to think about it. This style can be useful to both writer and reader as it establishes the structure of the work that follows. Unfortunately, it sometimes means a stilted or dry presentation. An excerpt from a piece by two of the field's most eloquent authors, Claudia Goldin and Lawrence F. Katz (1996), illustrates a skilful approach to setting up a research question, placing it in the literature, and outlining how the work to follow extends existing research. Notice, in particular, that these steps need not be completely independent.

The piece, taken from the authors' work on the historical relationship among technology, human capital, and the wage structure, starts by presenting the facts motivating the question: