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The invisible hand on the keyboard

Why do economists spend valuable time blogging?

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“CLEARLY there is here a problem of the division of knowledge, which is quite analogous to, and at least as important as, the problem of the division of labour,” Friedrich Hayek told the London Economic Club in 1936. What Mr Hayek could not have known about knowledge was that 70 years later weblogs, or blogs, would be pooling it into a vast, virtual conversation. That economists are typing as prolifically as anyone speaks both to the value of the medium and to the worth they put on their time.

Like millions of others, economists from circles of academia and public policy spend hours each day writing for nothing. The concept seems at odds with the notion of economists as intellectual instruments trained in the maximisation of utility or profit. Yet the demand is there: some of their blogs get thousands of visitors daily, often from people at influential institutions like the IMF and the Federal Reserve. One of the most active “econobloggers” is Brad DeLong, of the University of California, Berkeley, whose site, delong.typepad.com, features a morning-coffee videocast and an afternoon-tea audiocast in which he holds forth on a spread of topics from the Treasury to Trotsky.

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So why do it? “It’s a place in the intellectual influence game,” Mr DeLong replies (by e-mail, naturally). For prominent economists, that place can come with a price. Time spent on the internet could otherwise be spent on traditional publishing or collecting consulting fees. Mr DeLong caps his blogging at 90 minutes a day. His only blog revenue comes from selling advertising links to help cover the cost of his servers, which handle more than 20,000 visitors daily.

Gary Becker, a Nobel-prize winning economist, and Richard Posner, a federal circuit judge and law professor, began a joint blog in 2004. The pair, colleagues at the University of Chicago, believed that their site, becker-posner-blog.com, would permit “instantaneous pooling (and hence correction, refinement, and amplification) of the ideas and opinions, facts and images, reportage and scholarship, generated by bloggers.” The practice began as an educational tool for Greg Mankiw, a professor of economics at Harvard and a former chairman of George Bush’s Council of Economic Advisers. His site, gregmankiw.blogspot.com, started as a group e-mail sent to students, with commentary on articles and new ideas. But the market for his musings grew beyond the classroom, and a blog was the solution. “It’s a natural extension of my day job—to engage in intellectual discourse about economics,” Mr Mankiw says.

With professors spending so much time blogging for no payment, universities might wonder whether this detracts from their value. Although there is no evidence of a direct link between blogging and publishing productivity, a new study* by E. Han Kim and Adair Morse, of the University of Michigan, and Luigi Zingales, of the University of Chicago, shows that the internet’s ability to spread knowledge beyond university classrooms has diminished the competitive edge that elite schools once held.

Top universities once benefited from having clusters of star professors. The study showed that during the 1970s, an economics professor from a random university, outside the top 25 programmes, would double his research productivity by moving to Harvard. The strong relationship between individual output and that of one's colleagues weakened in the 1980s, and vanished by the end of the 1990s.

The faster flow of information and the waning importance of location—which blogs exemplify—have made it easier for economists from any university to have access to the best brains in their field. That anyone with an internet connection can sit in on a virtual lecture from Mr DeLong means that his ideas move freely beyond the boundaries of Berkeley, creating a welfare gain for professors and the public.

Universities can also benefit in this part of the equation. Although communications technology may have made a dent in the productivity edge of elite schools, productivity is hardly the only measure of success for a university. Prominent professors with popular blogs are good publicity, and distance in academia is not dead: the best students will still seek proximity to the best minds. When a top university hires academics, it enhances the reputations of the professors, too. That is likely to make their blogs more popular.

Self-interest lives on, as well. Not all economics bloggers toil entirely for nothing. Mr Mankiw frequently plugs his textbook. Brad Setser, of Roubini Global Economics, an economic-analysis website, is paid to spend two to three hours or so each day blogging as a part of his job. His blog, rgemonitor.com/blog/setser, often concentrates on macroeconomic topics, notably China. Each week, 3,000 people read it—more than bought his last book. “I certainly have not found a comparable way to get my ideas out. It allows me to have a voice I would not otherwise get,” Mr Setser says. Blogs have enabled economists to turn their microphones into megaphones. In this model, the value of influence is priceless.

* “Are Elite Universities Losing Their Competitive Edge?” by E. Han Kim, Adair Morse and Luigi Zingales. NBER working paper 12245, May 2006.

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Finance & economics

August 5th 2006

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→ Bank on it

→ Joining the establishment

→ What goes up must come down

→ Playing at home

→ Shares and shovels

→ **The invisible hand on the keyboard**

→ Least favoured nation



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