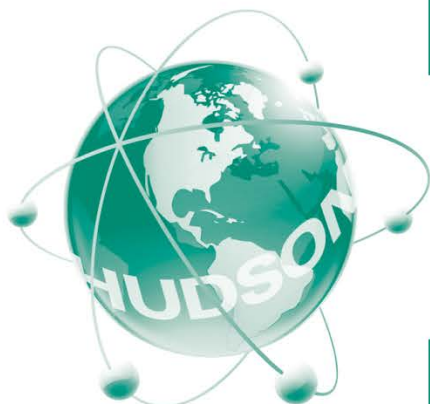


ECONOMIC POLICY / BRIEFING PAPER



Hudson Institute

A Survey of Leading Economics Bloggers

Tim Kane

September 9, 2013

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Hudson Economic Outlook

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Introduction

This paper reports the results of a survey of top economics bloggers. The survey was conducted in late August 2013 by soliciting input from top economics bloggers as ranked by Palgrave's *Econolog.net*.

The results were analyzed by Tim Kane, with help from Genia Nizkorodov. It is important to note that while many of the respondents have participated in previous surveys, the results come from different groups.

Core questions that recur each survey and topical questions submitted by participating bloggers were designed in coordination with a distinguished board of advisors, which includes:

Robert X. Cringely	<i>I, Cringely</i>
Donald Marron	<i>DMarron.com</i>
Mark Perry	<i>Carpe Diem</i>
Alex Tabarrok	<i>Marginal Revolution</i>
Mark Thoma	<i>Economist's View</i>

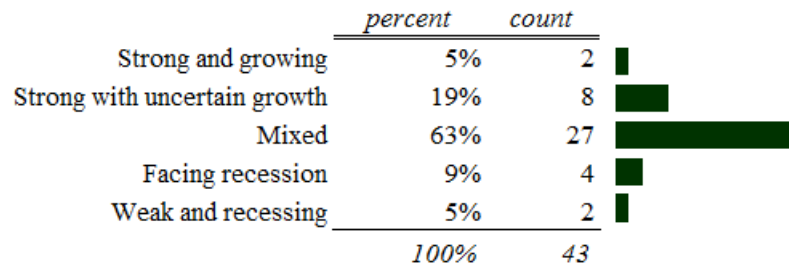
Survey Results

The Hudson Economic Outlook includes core questions that recur every time the survey is conducted and one-time-only topical questions. Core questions focus on two areas: the performance of the U.S. economy and policy assessments and recommendations. The topical questions, which are not categorized, are submitted by economic bloggers themselves. Charts and tables for both question sets are presented below.

How do you assess the overall condition of the U.S. economy right now?

A total of 24 percent of the panel believes the economy is “strong with uncertain growth” and “strong and growing.” This is an improvement from the 2011 Kauffman economic survey. 63 percent say conditions are “mixed.” Only four respondents (9 percent) believe the economy is “facing recession.” Two respondents (5 percent) indicated that the economy is “weak and recessing.”

How do you assess the overall condition of the U.S. economy right now?



Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com

How do you assess the overall condition of the U.S. economy right now? (open text response)

Respondents were asked to describe the U.S. economy using five adjectives. “Uncertain” remains the most commonly used term. But “improving,” “growing,” and “recovering” were frequently used as well. The repeated use of “stagnant,” “weak,” “fragile,” and “precarious” indicates that despite positive indicators, some remain skeptical of the economy’s prospects. This is consistent with the frequent “mixed” assessment prompted by the previous question.



Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com

Is the U.S. economy doing better or worse than official government statistics show?

Most economic bloggers believe that the economy is faring about the same as official government statistics show. One-fourth of the panel, or 10 respondents, thinks that the economy is doing worse than the statistics show. Only two respondents (5 percent) think that the U.S. economy is doing better than official statistics indicate.

Is the U.S. economy doing better or worse than official government statistics show?

	<u>percent</u>	<u>count</u>	
Better	5%	2	
Same	71%	30	
Worse	24%	10	
	<u>100%</u>	<u>42</u>	

Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com

What are the prospects for the following to increase over the next three years?

Respondents were asked to evaluate whether or not real interest rates, global output, GDP per capita, employment, inflation, the stock market, annual budget deficits, poverty rates, and labor force participation would increase, decrease, or remain the same over the next three years. For the most part, respondents were optimistic regarding economic prospects.

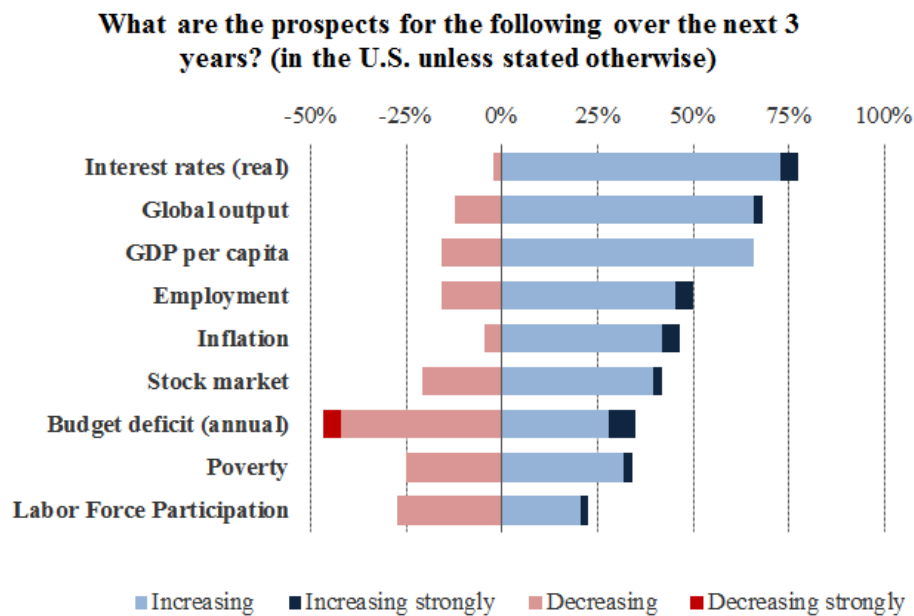
A total of 77 percent of the panel expects interest rates to increase. A majority of respondents (68 and 66 percent, respectively) believe that global output and U.S. GDP per capita will rise as well.

Almost half (47 percent) of respondents believe that the budget deficit will be decreasing within the next three years.

Half of the panel (49 percent) also expects inflation rates to increase; only 5 percent think inflation will go down over the next three years.

50 percent of respondents expect employment to increase. At the same time, 50 percent believe labor force participation will remain the same and 27 percent expect participation will increase.

Prospects regarding poverty, however, remain bleak, with 41 percent expecting poverty rates to remain the same and a total of 34 percent believing that rates will increase over time.






Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com

Is the U.S. federal government too involved in the U.S. economy?

While the panel of surveyed economic bloggers is ideologically balanced and largely non-partisan, it is interesting to note that 53 percent of respondents believe the U.S. government is too involved in the economy. 22 percent believe that federal involvement is “mixed/about right.”

Is the U.S. federal government too involved in the U.S. economy?

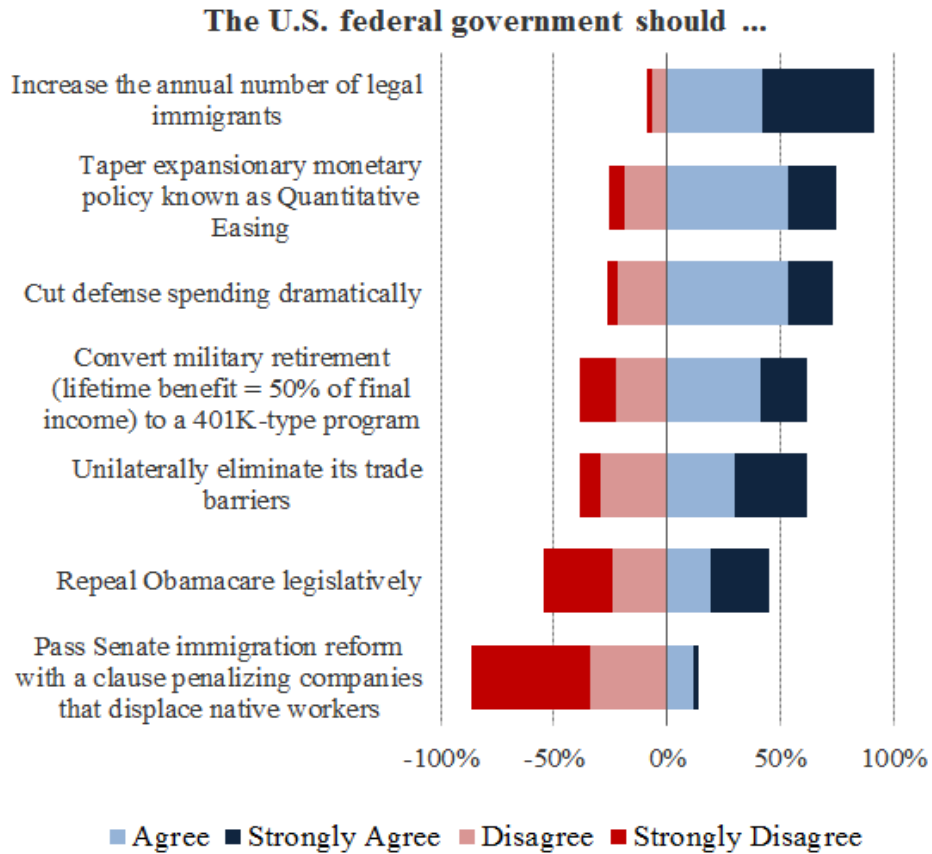
	<i>percent</i>	<i>count</i>	
Yes	53%	24	
Mixed / about right	22%	10	
No	24%	11	
	<i>100%</i>	<i>45</i>	

Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com

The U.S. federal government should ... (select 1 or more)

Each quarter, the panel is asked to evaluate 6-10 federal policy proposals. An overwhelming majority (91 percent of panelists) support increasing the number of legal immigrants (with 49 percent agreeing strongly). Interestingly enough, the least popular policy recommendation, with a total of 86 percent of panelists opposed and 52 percent disagreeing strongly, was a Senate immigration reform proposal to penalize companies that displace native workers which is actually part of the recent Senate-passed bill.

Three-fourths of the panel support tapering Quantitative Easing and cutting defense spending dramatically, surprisingly large majorities. Sixty-one percent of panelists support restructuring the military retirement system as a 401K-type plan. Unilaterally eliminating U.S. trade barriers is supported by the majority of respondents (61 percent), with a notable enthusiasm gap: nearly 5-to-1 strongly agreeing relative to the few strongly disagreeing. Opinion was most neatly divided on Obamacare, with only 45 percent of panelists supporting a legislative repeal of the program.



Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com








Glenn Hubbard and Tim Kane (balanceofeconomics.com): Will the near-term improvement in the CBO's forecast of the budget deficit extend to an improved medium-term outlook?

One of the main concerns across all party lines is the budget deficit. Respondents were asked to check all forecasts that applied; the maximum count of responses was 45.

Seven respondents (16 percent) believe that the budget deficit issue will be resolved. Ten respondents, or 22 percent, consider the issue irrelevant, as “the deficits after 2015 are due to transfers which are not problematic.”

However, the majority of respondents have significant doubts about the medium-term outlook for a balanced budget. Over half of the economics bloggers believe that “the political climate in D.C. is unfavorable for fiscal compromise” and a fourth expect “Obamacare will blow a hole in the deficit and hinder economic growth.” Moreover, 20 percent of respondents believe that the “CBO’s baseline assumptions are wildly unrealistic.”

Will the near-term improvement in the CBO's forecast of the budget deficit extend to an improved medium-term outlook? Check all responses with which you agree. (Glenn Hubbard and Tim Kane, balanceofeconomics.com)

	<i>percent</i>	<i>count</i>	
YES, GDP growth will be stronger than expected during the next 10 years.	16%	7	
YES, President Obama will offer a long-term debt-reduction plan during his 2nd term.	9%	4	
YES, the fight over the debt limit will lead to more spending restraint.	16%	7	
NO, the political climate in D.C. is unfavorable for fiscal compromise.	58%	26	
NO, Obamacare will blow a hole in the deficit and hinder economic growth.	27%	12	
NO, the CBO's baseline assumptions are wildly unrealistic.	20%	9	
Irrelevant, the deficits after 2015 are due to transfers which are not problematic.	22%	10	
		45 max	

Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com

Donald Marron (DMarron Blog): How should the federal debt limit be structured?

Respondents were asked whether the debt limit should be structured by the current system, prioritization, presidential authority, or by eliminating the limit entirely.

The current system is a fixed debt limit established by legislation. Prioritization would be similar to the current system, but would allow the Treasury to make interest payments before any other payments. Presidential authority would give the president the authority to increase the debt limit as needed. A system of checks-and-balances would be maintained, as Congress can vote to disapprove the limit change; if that is the case, the president is able to veto the disapproval, requiring a super-majority to override and prevent the limit from changing.

Over half of respondents favor eliminating the debt limit, while one fourth prefers the current system. Only 15 percent support prioritization and 7 percent support presidential authority.

	<i>percent</i>	<i>count</i>	
Current system	24%	10	■
Prioritization	15%	6	■
Presidential authority	7%	3	■
Eliminate the debt limit	54%	22	■
	100%	41	

Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com

Current system: A fixed limit established by legislation.

Prioritization: Treasury has explicit authority to make interest payments before any other payments; otherwise identical to current system.

Presidential authority: The president can increase the debt limit as needed. Congress can vote to disapprove. If it does, president can veto, and a congressional super-majority is needed to override.

Eric Falkenstein (Falkenblog): How would US 30yr T-bond yields change if the Fed abandoned QE4 (i.e., stopped buying \$85B in debt every month)?

While there is disagreement about the magnitude of the increase, a majority of the panel expects the yield to go up. Twelve respondents (32 percent) predict the yield increasing by 50 basis points while 13 respondents (35 percent) predict an increase of 100 basis points. 16 percent of the panel expects an increase of 200 basis points. Another 16 percent expect the T-bond yield to continue unchanged.

How would US 30yr T-bond yields change if the Fed abandoned QE4 (i.e., stopped buying \$85B in debt every month)? (Eric Falkenstein - <http://falkenblog.blogspot.com/>)




	<i>percent</i>	<i>count</i>	
0	16%	6	■
Up 50 basis points	32%	12	■
Up 100 basis points	35%	13	■
Up 200 basis points	16%	6	■
	100%	37	

Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com

Steve Roth (Angry Bear): Judging based on post-war economic data, how do prosperous, high-GDP/capita countries compare with one another? Countries with larger government sectors have _____ growth rates *compared to* countries with smaller government sectors.

This question reflects the variety of economic schools of thought represented on the panel. Roughly half of respondents think that growth rates are the same in countries with larger government sectors compared to those with smaller sectors. 27 percent of the panel believes that countries with large government sectors have lower growth rates than those with smaller government sectors, while 24 percent believes that these growth rates tend to be higher.

Judging based on post-war economic data, how do prosperous, high-GDP/capita countries compare with one another? Countries with larger government sectors have _____ growth rates *compared to* countries with smaller government sectors. (Steve Roth - <http://angrybearblog.com/author/steve-roth>)

	<i>percent</i>	<i>count</i>	
Higher	24%	10	
Similar	49%	20	
Lower	27%	11	
	100%	41	

Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com

James Picerno (The Capital Spectator): What's the probability that the economy will slide into a new recession within the next three months?

Most bloggers are optimistic about the economy's prospects, with only 5 percent thinking a new recession is "moderately likely" within the next three months. A total of 63 percent see another recession as an unlikely outcome, while 33 percent believe that there is a balanced probability.

What's the probability that the economy will slide into a new recession within the next three months? (James Picerno, CapitalSpectator.com)

	<i>percent</i>	<i>count</i>	
Highly likely	0%	0	
Moderately likely	5%	2	■
Neutral/Balanced probability	33%	14	■
Moderately unlikely	37%	16	■
Highly unlikely	26%	11	■
	100%	43	

Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com

Atanu Dey (Blog on India’s Development): The U.S. is steadily and surely sliding towards a socialist economy.

The increasing number of social welfare programs, including Obamacare, has caused concern that the U.S. is slowly becoming a socialist economy. However, two-thirds of respondents disagree (with 30 percent strongly disagreeing) and only 11 percent agree that this is the direction that the U.S. economy is taking.

The US is steadily and surely sliding towards a socialist economy. (Atanu Dey - India's Development, <http://www.deeshaa.org/>)

	<i>percent</i>	<i>count</i>	
Strongly Agree	11%	5	■
Agree	23%	10	■
Disagree	36%	16	■
Strongly Disagree	30%	13	■
	100%	44	

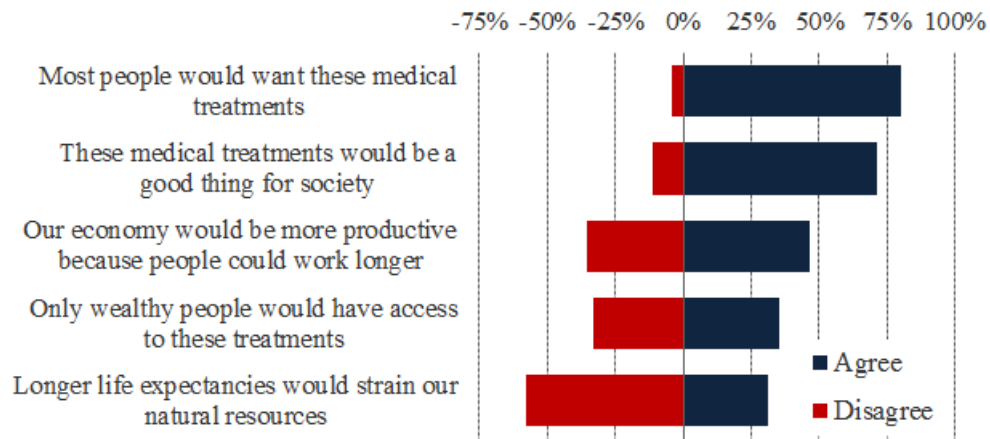
Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com

Bryan Caplan (EconLog): Currently, the average life expectancy in the U.S. is about 80 years old. Some people think new medical treatments will slow the aging process and will, for the first time, allow the average person to live decades longer, to at least 120 years old. Please check each item if you agree or disagree with the following statements about these potential life-extending medical treatments:

This question is based on a recent PEW study: *Living to 120 and Beyond: Americans' Views on Aging, Medical Advances and Radical Life Extension*.¹ According to the PEW study, 51 percent of the public have a negative outlook on such treatments and are skeptical that a long life-expectancy would be beneficial to society.

When economic bloggers were asked the same questions about radical life extension, the response was predominantly positive. Over three-fourths (80 percent) of the panel think that “most people would want these medical treatments.” Only 11 percent disagree that “these medical treatments would be a good thing for society.” Half of respondents believe that “our economy would be more productive” and disagree that “longer life expectancies would strain our natural resources.”

The panel was split on whether or not “only wealthy people would have access to these treatments,” with 36 percent agreeing and 33 percent disagreeing.







Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com

¹ See <http://www.pewforum.org/2013/08/06/living-to-120-and-beyond-americans-views-on-aging-medical-advances-and-radical-life-extension/>

Dean Baker (Beat the Press): To what extent do you agree with the following statement: I would support an international voucher system for Medicare in which beneficiaries would be granted a fixed sum set at 75 percent of average per person cost and then would be able to buy into the health care system of whatever country they like, and pocket the difference?

While the panel was roughly split, a slight majority (54 percent, with 21 percent strongly agreeing) favored an international voucher system. Only six respondents (14 percent) strongly disagreed with such a system.

To what extent do you agree with the following statement: I would support an international voucher system for Medicare in which beneficiaries would be granted a fixed sum set at 75 percent of average per person cost and then would be able to buy into the health care system of whatever country they like, and pocket the difference? (Dean Baker - Beat the Press, http://www.prospect.org/csnc/blogs/beat_the_press)





	<i>percent</i>	<i>count</i>	
Strongly Agree	21%	9	
Agree	35%	15	
Disagree	30%	13	
Strongly Disagree	14%	6	
	100%	43	

Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com

Robert Litan (Bloomberg.gov): The upcoming battle over the lifting of the debt ceiling will result in:

With the looming budget deficit, many have debated how Congress will address the debt limit, which is authorized and extended only by legislative action. The responses to this question indicate that most economic bloggers are, at best, skeptical of a solution being reached by the current Congress. One respondent foresees “an impasse-driven financial crisis.” However, over three-fourths of the panel expects “another short-term extension of the debt ceiling.” Only three respondents (7 percent) are optimistic regarding “a clean debt ceiling deal through the mid-term elections” and only six respondents (14 percent) expect “a deal with cuts in spending equal to the debt increase.”

The upcoming battle over the lifting of the debt ceiling will result in: (Robert Litan - bloomberg.gov)




	<i>percent</i>	<i>count</i>	
An impasse-driven financial crisis.	2%	1	
A deal with cuts in spending equal to debt increase.	14%	6	
A clean debt ceiling deal through the mid-term elections.	7%	3	
Another short-term extension of the debt ceiling.	76%	32	
	100%	42	

Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com

David Zetland (Aguanomics): Do you think that academic economists should spend more time on non-academic policy discussions?

32 bloggers (80 percent) feel that it is important to spend more time on non-academic policy discussions, but 38 percent feel that such discussions are only appropriate when otherwise related to their research.

Do you think that academic economists should spend more time on non-academic policy discussions? (David Zetland, <http://www.aguanomics.com/>)

	<i>percent</i>	<i>count</i>	
NO	20%	8	
YES, but their outside work should be related to their research.	38%	15	
YES, and they should engage in a wide range of discussions.	43%	17	
	100%	40	

Econ Blog Survey, Sep 2013 at www.balanceofeconomics.com

Craig Eyermann (Political Calculations): What physical science or work of science fiction has most affected your understanding of economics?

"The General Theory" - John Cochrane
2001: A Space Odyssey - James Picerno
A Brief History of Time - Dean Baker
Astronomy - Peter Nielsen
Biology - Daniel Sokol
Biology - Geoffrey Manne
Biology (Evolutionary) - Arthur Diamond
Biology (Evolutionary) - Richard Langlois
Biology / Ecology - Donald Marron
Chemistry - Eric Falkenstein
Computer science / software development - Steven Waldman
Diamond Age - Alex Tabarrok
Dungeons and Dragons when I was young. Good lessons on tradeoffs (characteristics) and teamwork (specialization) - David Zetland
Environmental, integrated health - Daniel Becker
Geomorphology - Ryan Avent
Government data ... most of which falls into the category of "science fiction" - Doug Short
Iain Banks' *Culture* series - Steve Roth
Mathematics - Jia Liu
Mathematics and History - Claus Vistesén
The Merchants of Venus by Frederick Pohl - Menzie Chinn
The Moon Is a Harsh Mistress by Robert Heinlein - Peter Klein
Physics - Jeff Miller
Physics - Tom Ealey
Physics - Bill Polley
Physics - Stormy
Physics - John Chilton
Physics - James Hamilton
Physics - Robin Hanson
Physics (Mathematical) - John Lounsbury
Physics and Asimov's *Foundation* - Pedro Albuquerque
Snowcrash by Neal Stephenson - Michael Munger
The Foundation Trilogy by Asimov - Ken Houghton
The Foundation Trilogy by Asimov - Tim Kane
The Foundation Trilogy by Asimov - Robert Litan
Thermodynamics - Atanu Dey
Thermodynamics - Stephen Karlson

Tim Kane (Balance of Economics): Write a haiku about the Affordable Care Act.

Obamacare passed
All its promises were false
It will cost a lot
- Dale Franks, QandO

You say we will see
Death camps and the IRB
Opposite effects.
- Ken Houghton, Angry Bear

Affordable care?
Many seasons in the fire,
Comes costly and cold
- Tim Kane, Balance of Economics

Many promises
Improvement behind the scenes
Better than nothing
- Bill Polley, William J. Polley

Republican plan
Adopted by a black Dem
So now they hate it
- Ron Toth, Angry Bear

Game the WTO
Ignore Labour Rights
Incomes Unequal! Gotcha!
- Stormy, Angry Bear

We feel very screwed
By the health care status quo
Better soon? Don't know.
- Steven Waldman, Interfluidity

ACA rejiggles the rights
And thus changes starts of fights
Rents at risk, not health
- David Zetland, Aguanomics

Methodology & Panel Selection

Invitations were sent to nearly 200 top economic bloggers, most of whom were on the Palgrave's Econolog.net August 2013 rankings. Along with other factors such as accessibility and activity level, these rankings were primarily based on the number of incoming links from other indexed economic blogs (Palgrave's methodology is described at <http://econolog.net/stats.php>). Some blogs with multiple authors have more than one respondent on the panel. For example, six contributors to the Angry Bear Blog have participated in this survey, as did Richard Langlois and Peter Klein, co-bloggers of Organizations and Markets. The panel includes a total of 45 respondents.

It is important to note that the panels from Kauffman quarterly economic surveys are not directly comparable to this panel. Roughly half of all bloggers participated in both the Hudson and Kauffman surveys, so comparisons between the results have a large margin of error.

Appendix

List of Respondents

Individual responses will not be released, but names and/or blogs of the participants in the Hudson Economic Outlook include:

Last name	First name	Blog's Name
Miller	Jeff	A Dash of Insight
Zetland	David	aguanomics
Vistesen	Claus	Alpha Sources
Steve	Roth	Angry Bear
Ron	Toth	Angry Bear
Stormy	--	Angry Bear
Houghton	Ken	Angry Bear
Ealey	Tom	Angry Bear
Becker	Daniel	Angry Bear
Sokol	Daniel	Antitrust and Competition Policy Blog
Diamond	Arthur	artdiamondblog.com
Dey	Atanu	Atanu Dey on India's Development
Hubbard	Glenn	Balance of Economics
Kane	Tim	Balance of Economics
Baker	Dean	Beat the Press
Litan	Robert	Bloomberg Government home page (BGov)
Picerno	James	The Capital Spectator
Perry	Mark	Carpe Diem at AEIdeas
Nielsen	Peter	Central Bank News
Karlson	Stephen	Cold Spring Shops
Liu	Jia	Daily Economics
Short	Doug	dshort.com
Chinn	Menzie	econbrowser
Hamilton	James	Econbrowser
John	Chilton	Emirates Economist
Cornwall	Jeff	Entrepreneurial Mind
Falkenstein	Eric	Falkenblog
Avent	Ryan	Free exchange
Lounsbury	John	Global Economic Intersection
DeLong	Bradford	Grasping Reality

Cochrane	John	The Grumpy Economist
Albuquerque	Pedro	Incentives Matter
Mandel	Michael	Innovation and Growth
Waldman	Steven	interfluidity
Michael	Munger	Kids Prefer Cheese
Tabarrok	Alex	Marginal Revolution
Marron	Donald	Musings on Economics, Finance, and Life
Langlois	Richard	Organizations and Markets
Klein	Peter	Organizations and Markets
Hanson	Robin	Overcomingbias.com
Franks	Dale	QandO
Manne	Geoffrey	Truth on the Market
Polley	Bill	William J. Polley

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that promote
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prosperity,
and freedom*

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