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Economics: The Study of Quantification

Many online resources attempt to define "economics" in a sentence or two. The difficulty of this task becomes apparent when one compares definitions provided by various institutions. The Online Etymology Dictionary defines economics as "….the social science that analyzes the production, distribution, and consumption of goods and services" (Harper). Investopedia, on the other hand, describes economics as "A social science that studies how individuals, governments, firms and nations make choices on allocating scarce resources to satisfy their unlimited wants" ("Economics"). The former involves analyzing processes, while the latter focuses on human decision-making. Why are these definitions so different? The answer is simple: economics is a broad discipline. Within this breadth exists multiple facets, and therefore, the notion of defining economics with a single sentence represents an unrealistic one. Common writing principles exist across these facets, but economic sub-disciplines differ by organization, cohesion, and creative argumentation.

From international economic reports to theory publications, *all* economic writing involves an emphasis on the quantitative analysis of human decisions. Thus, credible economic arguments *must* include quantifiable evidence. However, no academic standard exists in regards to presentation of this evidence. According to Alan Deardorff, Professor of International Economics at the University of Michigan, "…no paper would ever be

rejected specifically for failing to follow a certain organizational structure." Furthermore, he states that published writing in his field varies in usage of first-person and third-person (Deardorff). Despite a lack of standardized formatting, Professor Deardorff explains a common theme that unites all writing within the discipline: an emphasis on data presentation. This motif derives from the fact that many readers skim economic writing to quickly identify relationships from graphs and tables (Deardorff). However, specific sub-disciplines within economics carry their own unique structure, conventions, and style.

One niche sub-discipline, an economic report, is usually published by governments or large institutions like the International Monetary Fund (IMF). These reports compile economic data for a relatively diverse audience. For example, the IMF's 2013 Country Report for China provides useful information for investors, politicians, *and* economists. With macroeconomic data, an investor can scope out profitable markets, a politician can develop unemployment policy, and an economist can track relationships to advance economic theory. Generally speaking, the purpose of such a report is to provide the current state of an economic situation from an objective perspective.

For this reason, reports emphasize easily quantifiable results such as prices, quantities of goods sold, or yearly inflation. The calculation behind a similar statistic like annual retail sales does not represent a controversial issue—most economists would agree this indicator represents the yearly sum of all recorded retail sales. Therefore, readers of economic reports focus on accuracy as opposed to methodology. To an economist, the value of a report depends entirely upon the accuracy of data, and citation of reliable sources cements this credibility.

In addition to current data, reports often show historical trends that help explain the relative significance of a current situation. The IMF not only reports Chinese food inflation of ~3% for 2012, but it also illustrates graphically that this value exceeded 25% in 2008 (People's Republic… 6). Such presentation of information allows readers to understand evidence *in context* of previous trends, an aspect vital to a successful economic report. In order to facilitate visualization of these trends, reports often utilize graphical charts and figures.

In regards to values, economic reports value conciseness over cohesion. For this reason, sections tend not to seamlessly transition. Page 18 of the IMF report, entitled "The Environment and Planned Reforms," is followed directly by page 19, entitled "China's Looming Demographic Changes" (People's Republic 18-19). The report does not transition between these two relatively unrelated topics, because there is no "main idea" that the topics combine to illustrate. Furthermore, passive voice actually benefits the sub-discipline, because it allows maximum conciseness. Words like "is", "was", and "have been" appear often, as they allow readers to quickly identify a situation without glossing through unnecessary verbiage. Collectively, these words are used over 300 times throughout the 93-page document. Readers, looking for facts and relationships, value the ability to derive these facts from straightforward wording.

Due to this fact-based nature, reports usually lack extensive argumentation. In this way, authors avoid personal judgments or opinions that warrant the use of words like "should," unless statements can be supported heavily with evidence. For example, within the IMF report, the claim that, "…the pace of the economy *should* pick up…" is followed by, "…as the lagged impact of recent strong growth in total social financing…takes hold

and in line with a projected mild recovery" (People's Republic 4). This projection, although slightly subjective, is supported by quantifiable evidence. Such a lack of argumentation also means that conclusions are not vital to reports, because their individual parts may not have a greater meaning to be evaluated. The cited IMF report does not make any conclusions; instead, readers are left to interpret and utilize the data subjectively on their own.

In opposition to economic reports, some sub-disciplines of economics thrive on creative argumentation. One such sub-discipline includes persuasive writing for economic academic journals. While reports tend to focus on data associated with straightforward methodology, these journals tackle more abstract problems that require creative quantification. Persuasive writing generally includes sections for addressing prior research, building a model, applying the model empirically, and summarizing results (Deardorff); however, it is the use of subjective argumentation that differentiates these papers. Therefore, effective persuasive writing employs quantitative analysis to convey a strong qualitative argument.

When an economic issue involves thousands of variables, the utilization and application of these variables may differ among economists. When writing a persuasive article, the author attempts to convince the reader that his methodology evaluates these variables more comprehensively or accurately than others with dissenting viewpoints. One prominent discussion that inspires many dissenting viewpoints is the topic of free trade. There exists debate among economists whether free trade, the free flow of goods and services between countries, benefits society as a whole economically. The free trade problem involves analyzing imports and exports to determine net economic effects they

have on the U.S. as a whole. Although the nature of this problem may seem subjective, the solution is entirely finite. The answer is either yes: free trade increases the average income of United States citizens, or no: free trade decreases the average income of United States citizens. However, economists still debate this issue, because new methodology arises every year to develop the problem's many attempted solutions. These approaches to problem solving emphasize collaboration, methodology, and cohesion.

Unless the problem at hand represents a revolutionary, newfound issue, authors of persuasive pieces *must* address previously published work on the topic. To convince a reader that his conclusion is more correct than previous conclusions, an author must analyze *where* other publications have room for improvement. For example, economist Paul Krugman wrote an article in the *Journal of Economic Perspectives*, titled "Is Free Trade Passe?" On page two, Krugman states:

> The traditional Ricardian model emphasizes technological differences as the cause of trade; the Heckscher-Ohlin-Samuelson model emphasizes differences in factor endowments. Additional models can be generated by varying assumptions about the number of goods and factors, by placing restrictions on the technology, and so on (Krugman 2).

In this case, Krugman acknowledges both the core aspects of previous models and what these models fail to take into consideration. Through applying new assumptions regarding technology restrictions, Krugman utilizes these old models to create new theoretical outcomes as to how free trade benefits our society. This new perspective required creative thinking, a trait not utilized in some other sub-disciplines like reports.

Also, unlike reports, cohesion between ideas becomes extremely important within the realm of creative yet quantitative argumentation. Instead of presenting numerous datasets, the author attempts to present one main idea that the reader will take away. An author's success in persuading this reader depends heavily on how the author transitions his arguments together in a logical manner. Professor Alan Deardorff illustrates this point with a hypothetical anecdote. He explains that if two academics discover the same revolutionary finding, fame is often solely attributed to the author who presents the finding most clearly (Deardorff). This relates to the lack of required formatting within this style of writing, which allows academics to command significant organizational control. Therefore, Deardorff's point highlights that success within this sub-discipline depends heavily upon the cohesion of an author's chosen organizational structure.

Although different in nature, the sub-disciplines of economic reports and persuasive journals reflect a common value within the economics community: quantifiable evidence. Whether evidence is easy to quantify—such as inflation percentages within a report—or difficult to quantify—such as determining the overall effect that free trade has on the economy—this process unites economic sub-disciplines. Respected economists do not garner fame through correct usage of first person and active voice; instead, respect is earned through effective data analysis and data presentation. This quantification of human decision-making, whether objective, subjective, analytical, or creative, remains a core value of economics and its writing process.

Works Cited

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