Economics Bulletin

Volume 32, Issue 1

A Great Recession in economics?

Sergio Da Silva
Federal University of Santa Catarina

Abstract

The number of downloads of economics articles through the repository RePEc showed a sharp drop on the eve of the Great Recession in the economy. This unambiguously occurred with the Blue Ribbon journals, but can possibly be extended to other important journals. If we can perhaps talk of a great recession in economics, in the sense of a general lack of interest in reading economics papers, this may have been part of the overall bearish mood of the time.

I am grateful to the comments by the referee.
Citation: Sergio Da Silva, (2012) "A Great Recession in economics?", *Economics Bulletin*, Vol. 32 No. 1 pp. 1068-1073.
Contact: Sergio Da Silva - professorsergiodasilva@gmail.com.
Submitted: February 17, 2012. **Published:** March 29, 2012.

1. Introduction

Visual inspection of the number of downloads through the repository RePEc (Research Papers in Economics) of the articles appearing in *Economics Bulletin* since its inception in 2001 shows a “recession,” which is coincident with the Great Recession in the economy (Figure 1). After perceiving that, it occurred to me to investigate whether or not the pattern arises for other journals of the profession. I have found that we can possibly talk of a great recession in economics, in the sense that there occurred an episodic general lack of interest in reading economics papers. Remarkably, however, this seems to have occurred on the eve of the Great Recession, between the so-called credit crunch and the Lehman Brothers bankruptcy. This, perhaps, suggests that interest in reading economics papers faded as part of the more general bearish mood of the time.

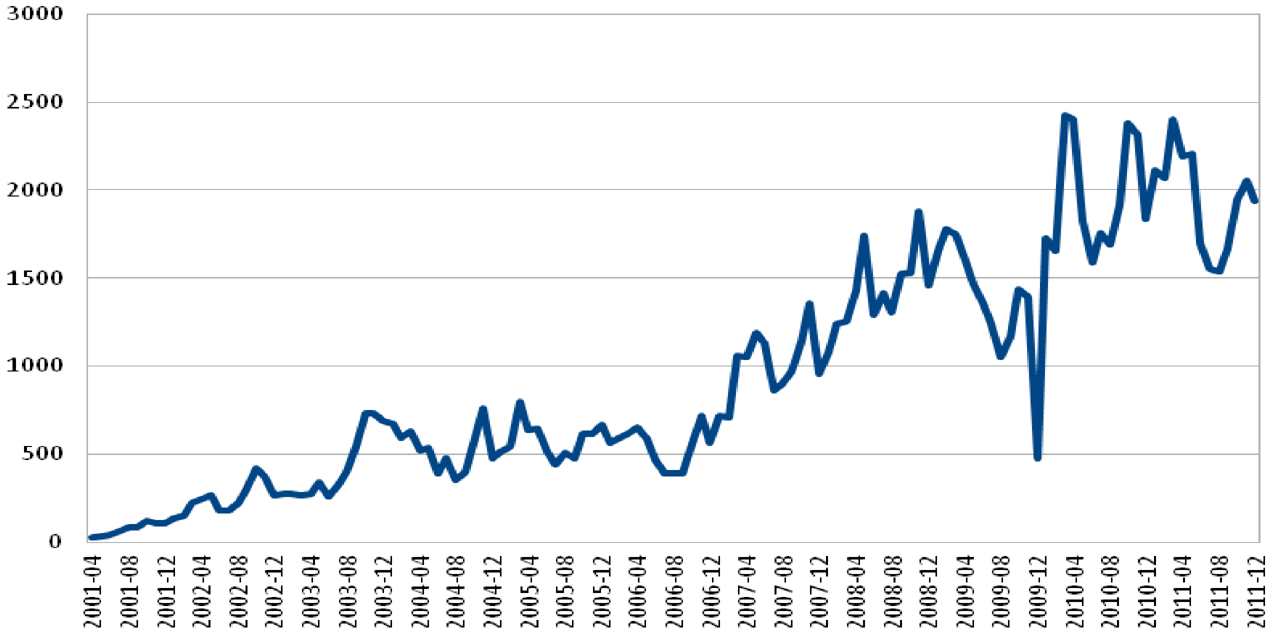

Figure 1. Number of downloads of the articles appearing in *Economics Bulletin* through RePEc. There is marked reduction in downloads by the time of the Great Recession.
Source: http://logec.repec.org/scripts/seriesstat.pf?item=repec:ebl:ecbull

2. Analysis

RePEc is located at http://repec.org/. According to its staff it “is a collaborative effort of hundreds of volunteers in 75 countries to enhance the dissemination of research in economics. The RePEc database holds over 1,135,000 items of interest, over 1,000,000 of which are available online.” Since the beginning of 2005, downloading papers of major economics journals through RePEc seems to have been established as a routine in the profession. This I have concluded after observing the number of downloads of the main economics journals which can be seen in Figure 2, showing the behavior of the Blue Ribbon group (*American Economic Review*, *Quarterly Journal of Economics*, *Econometrica*, *Journal of Political Economy*, and *Review of Economic Studies*). Figure 2 shows marked download reduction over the time period between the dashed lines, which encompass the broader period between the onset of the credit crunch (September 2007) and the Lehman Brothers collapse (September 2008).

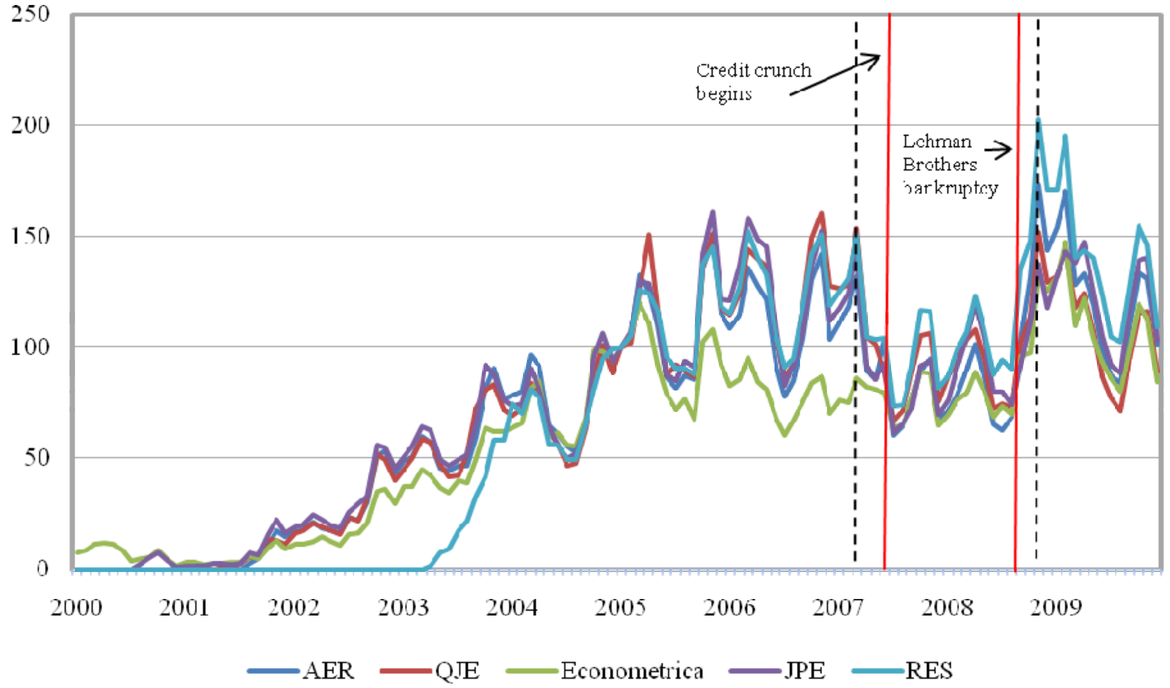

Figure 2. Access to articles of the Blue Ribbon journals through RePEc. By the beginning of 2005, this seems to have stabilized as a routine practice. Also notice the "great recession" in the number of downloads (between the dashed lines) on the eve of the Great Recession in the economy.

Apparently, the reduction in downloads also occurred for other important journals, apart from the Blue Ribbon group. However, because not all journals have experienced downloading stabilization by the beginning of 2005, their download behavior through RePEc could not be assessed. Table 1 shows those journals dismissed from analysis along with other ones considered in addition to the Blue Ribbon group.

Table 1. The journals considered and those dismissed from analysis

Journals considered	*Not considered*
American Economic Review	*Economic Theory*
Quarterly Journal of Economics	*Journal of Human Resources*
Econometrica	*Journal of Public Economics*
Journal of Political Economy	*Economics Letters*
Review of Economic Studies	*Journal of Economic Dynamics and Control*
Review of Economics and Statistics	*Journal of Financial Economics*
Bell Journal of Economics	*Journal of International Economics*
Journal of Economic Literature	*Journal of Economic Theory*
Journal of Economic Perspectives	*Journal of Econometrics*
RAND Journal of Economics	*Journal of Monetary Economics*
Economic Journal	*Econometric Theory*
Journal of Applied Econometrics	*Journal of Business & Economic Statistics*
IMF Staff Papers	*Games and Economic Behavior*
International Economic Review	*European Economic Review*
Journal of Money, Credit and Banking	*Brookings Papers on Economic Activity*

Figure 3 shows the average downloads for the journals listed on the left-hand side column in Table 1, apart from the Blue Ribbons. At first sight, one is tempted to jump to the conclusion that the same pattern seen in Blue Ribbon download behavior can be straightway extended to other major journals. But, this is to be viewed with caution.

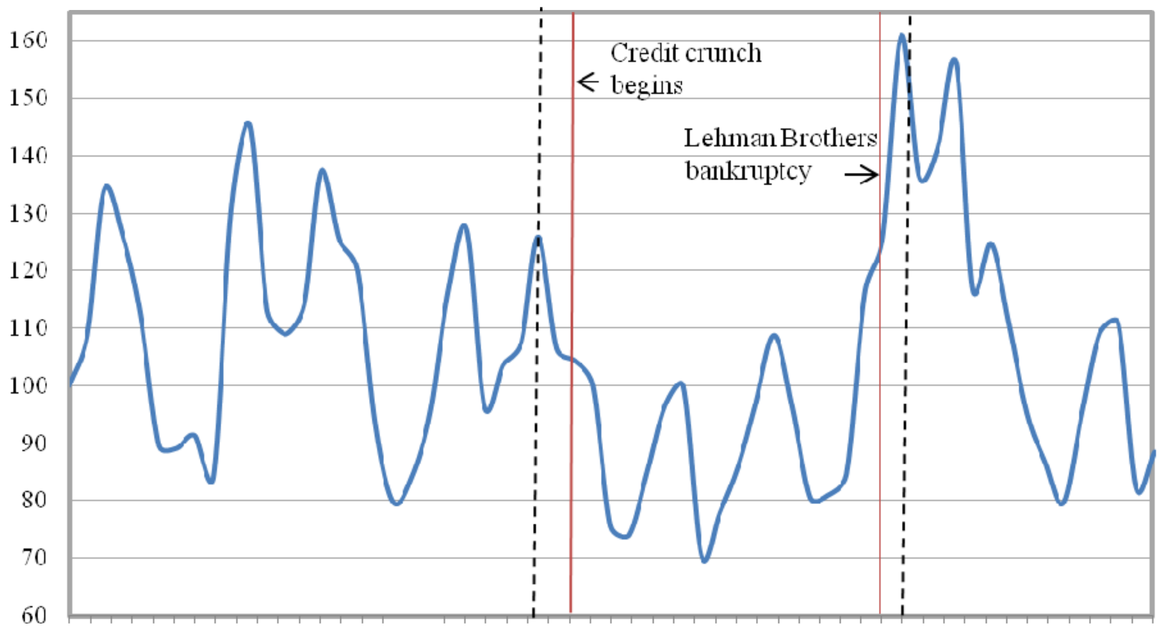

Figure 3. Average number of article downloads through RePEc from *Review of Economics and Statistics*, *Bell Journal of Economics*, *Journal of Economic Literature*, *Journal of Economic Perspectives*, *RAND Journal of Economics*, *Economic Journal*, *Journal of Applied Econometrics*, *IMF Staff Papers*, *International Economic Review*, and *Journal of Money, Credit and Banking*. The assumption of a great recession in downloads following the same pattern of the Blue Ribbon journals (Figure 2) cannot be dismissed at first sight.

Figure 4 shows that drops in downloads from the *IMF Staff Papers* played a major role in plummeting average reduction. The *IMF Staff Papers* shows a clear recession, but talking of a recession for the others is going too quickly to the point. (The *IMF Staff Papers* possibly experienced organizational problems in the period. Indeed, the journal published its last issue in spring 2010. In the summer of 2010 it was succeeded by a new journal, the *IMF Economic Review*.)

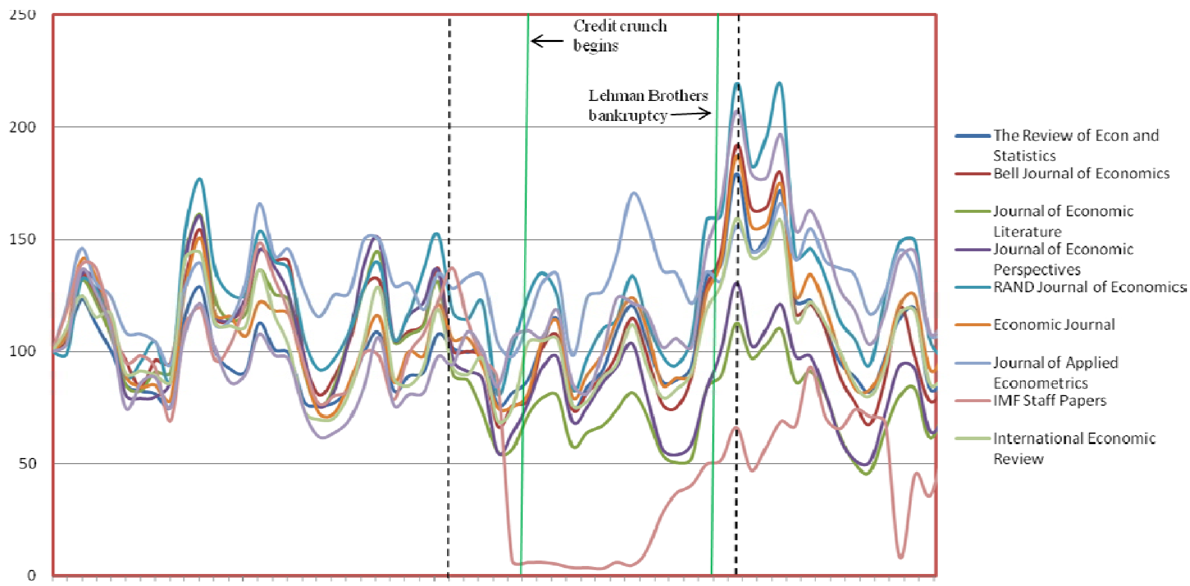

Figure 4. Number of article downloads through RePEc from *Review of Economics and Statistics*, *Bell Journal of Economics*, *Journal of Economic Literature*, *Journal of Economic Perspectives*, *RAND Journal of Economics*, *Economic Journal*, *Journal of Applied Econometrics*, *IMF Staff Papers*, and *International Economic Review*. The *IMF Staff Papers* shows a clear recession, but a recession for the others is ambiguous.

3. Discussion

Perhaps we can still stick to the hypothesis of a great recession for the journals in Figure 4 by noting the sharp rebound around the dashed line after the Lehman Brothers collapse. This is suggestive of a comeback to a growth trend line and, thereby, that a recession occurred for such journals as well.

The previous remark that the presumed economics journals recession began prior to the Great Recession in the economy assumes that the date of beginning of the crisis does not fall earlier than the credit crunch, when money-market liquidity froze in 2007. However, there is controversy about when the crisis began. For a survey, see Lo (2012). Some authors even point to as early as 2006, when the housing market peaked. If we accept that the crisis began in 2006, because the charts in the previous section show the beginning of download free fall by early 2007, then we could not say the drop accompanied the overall bearing mood that eventually led to the crisis. Or could we?

The peak in the housing market may have damaged financial confidence (since toxic assets were involved in the euphoria) and, thus, may have itself triggered the bearish mood. Soon after the Lehman Brothers debacle, Fed ex-chairman Alan Greenspan attributed dates to the change in mood among bankers. He observed (Greenspan 2008):

> “For decades, holders of the liabilities of banks in the United States had felt secure with the protection of a modest equity-capital cushion, allowing banks to lend freely. As recently as the summer of 2006, with average book capital at 10%, a federal agency noted that more than 99% of all insured institutions met or exceeded the requirements of the highest regulatory capital standards.”

And after some arithmetic, he concluded:

> “This arithmetic would imply that investors now require 14% capital rather than the 10% of mid-2006.”

This massive break in financial confidence squares with the view that overconfidence is the engine of capitalism (Kahneman 2011) and may have been the lion’s share part as the trigger of the recent crisis.

Lack of confidence in the economy may have prompted lack in confidence in talks about the economy, that is, in economics itself. However, I will not push too far so as to suggest that this reflects solely a frustration of readers with mainstream economics. After all, Blue Ribbons also display work easily classified as unconventional or unorthodox. Take the *American Economic Review*, for example. There are lots of papers on, say, behavioral economics over there. And other non-mainstream literature as well.

If I am wrong about all this talk of a great recession in economics, we are left to explain the patterns shown in the charts of the previous sections, if we agree that there are any. Merely a major disruption in RePEc postings of download figures could be a cause, one may ask. But, this I failed to track myself. If there were no technical problems in the database, we are back with the recession hypothesis. Perhaps someone else could try to confirm or not the phenomenon using a different database, databases for other subject areas, or even to come up with any sort of ingenuous analytical device not devised by me in this note.

4. Conclusion

Casual inspection of the downloads of economics articles through the repository RePEc suggests the presence of marked reduction on the eve of the Great Recession in the economy. This is mostly certain as for the Blue Ribbon journals, but can possibly be extended to other important journals. The great recession in economics may have preceded the Great Recession in the economy as part of the overall bearish mood of the time. This phenomenon, if for real, certainly may deserve further scrutiny.

References

Greenspan, Alan (2008) Banks need more capital, *The Economist*, Dec 18th 2008.

Kahneman, Daniel (2011) *Thinking, Fast and Slow*, New York: Farrar, Straus and Giroux.

Lo, Andrew W. (2012) Reading about the financial crisis: a 21-book review, *Journal of Economic Literature*, forthcoming.