



Wharton  
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# Writing

2017 FMA

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Writing

# Motivation

- We write for a living but
  - Rarely taught how to write,
  - Relatively little effort invested in writing
  - Writing well is difficult
- Big challenge in review process is communication
  - Reviewers complain about exposition
  - Authors complain about referees (and editors)
  - Problem often with writing

# Outline & Goals

- Provide some general principles to consider when writing
  - Based on my experiences
- Goals:
  1. Get you to recognize importance of writing
    - Invest in this skill, and devote more time to it in research
  2. Provide different perspective on feedback
    - Problems often rest in authors' inability to clearly communicate

# Five Questions Your Paper Should Answer Clearly and Concisely

# 1. What *Economic* question are you asking?

- Good examples are explicit
  - “How do firms choose debt levels, and why do firms or even whole industries sometimes change how much debt they have?” (Shleifer and Vishny, 1992)
  - “Do Firms Rebalance Their Capital Structures?” (Leary and Roberts, 2005)
- or obvious
  - “Our goal in this analysis is to empirically examine the competing explanations for the subprime mortgage expansion and the subsequent default crisis.” (Mian and Sufi, 2009)
  - “...we study how the government should optimally determine the maturity structure of its debt.” (Greenwood, Hanson, and Stein, 2015)

## 2. Why is the question important?

- Sometimes immediately apparent
  - Price formation process is central understanding financial markets and economic outcomes including (e.g., consumption, investment)
  - Financial policy is an important consideration for all firms and has significant implications for the real economy.
- Sometimes requires explicit motivation
  - “The sharp rise in U.S. mortgage default rates has led to the most severe financial crisis since the Great Depression. A salient feature of the mortgage default crisis is that it is concentrated in subprime ZIP codes throughout the entire country.” (Mian and Sufi, 2009)
  - If you can’t motivate *quickly* and *clearly*, there’s a problem

### 3. What are your primary findings & results?

- Highlight your **key** finding(s)
  - “I find that bank-dependent firms borrow from well capitalized banks, while firms with access to the bond market borrow from banks with less capital.” (Schwert 2016)
  - “After solving for the contract as an optimal mechanism, we demonstrate that it can be implemented by a combination of equity, long- term debt, and a line of credit.” (DeMarzo and Fishman, 2007)
  - “Risky assets represent 40% of firms’ financial portfolios, or 6% of total book assets.” (Duchin et al, 2016)

## 4. What is your answer to the question?

- I.e., What is the economic message of your paper?
  - “Our findings suggest that existing securitization practices did adversely affect the screening incentives of lenders” (Keys et al., 2010)
- Not the same thing as your findings
  - “The portfolio that is more likely to be securitized defaults by around 10-25% more than a similar risk profile group with a lower probability of securitization.” (Keys et al., 2010)
  - *Interpret* your findings.
    - What do they imply for our understanding of economics?
    - Do they confirm (challenge) theory? Previous findings/inferences?

## 5. What is new? (What do we learn?)

- Whatever is new better lead to an improvement in our economic understanding
  - Repeating studies on different datasets
  - Better identification strategies
  - Different results
- Literature review
  - Don't summarize other papers
  - Highlight differences and relative contribution
  - Existing work is for context and motivation
  - Don't hide or underplay references!

# Questions 1. through 5.

- These questions are difficult to answer
  - Struggling to answer is ok
- Introduction should answer these questions clearly and concisely
  - Abstract should come close – definitely 3 & 4
- Some more targeted suggestions...

More Specific Suggestions

# Read and write

- Read papers with an eye on exposition – structure and style
- Read outside of your area
  - Empirical corporate – labor, development
  - Structural – I/O
- Write and rewrite a lot

# Write as you speak (sort of)

- Think how you would explain your point to someone sitting across from you
  - Distill explanation to its essence,
  - Correct grammar and punctuation,
  - Write it
- If you can't explain clearly, you're either wrong or don't understand well enough
  - Understand first, write second

# Do not assume

- We assume too much of our readers
  - Difficult to replicate most papers not because of errors but because of incomplete descriptions
    - Body vs. appendix
- Err on the side of inclusion
  - Avoid repetition
  - Learn from experience

# More scientific, less cavalier

- Aim for precision and unbiasedness in your writing
  - Loose, casual statements and opinion are inappropriate
- Recognize the limitations of your study
  - “We identify the causal effect of X on Y” or “We solve the endogeneity problem”...no you don't
    - “We take a number of steps to mitigate the scope for alternative interpretations of our evidence.”
- Write with confidence, not arrogance

# Get to the point as quickly as possible

- Reign in the intro
  - Hard to justify more than a few pages, 5 at the most.
  - No warm-up
  - No lit reviews
- Get to the model (data, results) asap!
  - Not writing a mystery...

Examples

# Card, 1990, ILR (Mariel)

- Economic question and importance:
  - “One of the chief concerns of immigration policy-makers is the extent to which immigrants depress the labor market opportunities of less-skilled natives”
- Key result:
  - “The Mariel influx appears to have had virtually no effect on the wages or unemployment rates of less-skilled workers, even among Cubans who had immigrated earlier.”
- Economic message:
  - Immigration does not always lead to reduced labor market opportunities for natives when the labor market can rapidly absorb them
- New:
  - “These considerations illustrate the difficulty of using the correlation across cities between wages and immigrant densities to measure the effect of immigration on the labor market opportunities of natives.”

# Card, 1990, ILR (Mariel)

- Limitations:
  - “Despite the clear-cut nature of these findings, some caution is required in their interpretation...”
- Recognizing limitations is not the same as identifying weaknesses

# Aghion and Bolton, 1992, ReStud (Incomplete)

- Question and importance:
  - “This paper develops a theory of capital structure based on control rights.” (page 1, sentence 1)
- Economic message:
  - “It is our contention that the different control rights attached to instruments such as debt or equity may be just as important in determining the financial structure of these firms as the difference in their revenue-streams or tax-treatments.”
- New:
  - Highlight differences from existing work

# Leary and Roberts, 2010, JFE (Pecking Order)

- **Economic question:**
  - Why do so many so many studies come to conflicting conclusions concerning the pecking order
- **Importance:**
  - Capital structure is a pillar of modern finance
- **Key result:**
  - Pecking order correctly classifies less than half of financing decisions
- **Economic message:**
  - Pecking order not primary mechanism behind financial policy
- **New:**
  - Reconciled existing, conflicting research and shed light on capital

# Resources and closing

- Amazon hyperlinks
  - [Strunk and White: The Elements of Style](#)
  - [Zinsser: On Writing Well](#)
- John Cochrane
  - <http://faculty.chicagobooth.edu/john.cochrane/teaching/writing/>
- Good luck and enjoy!