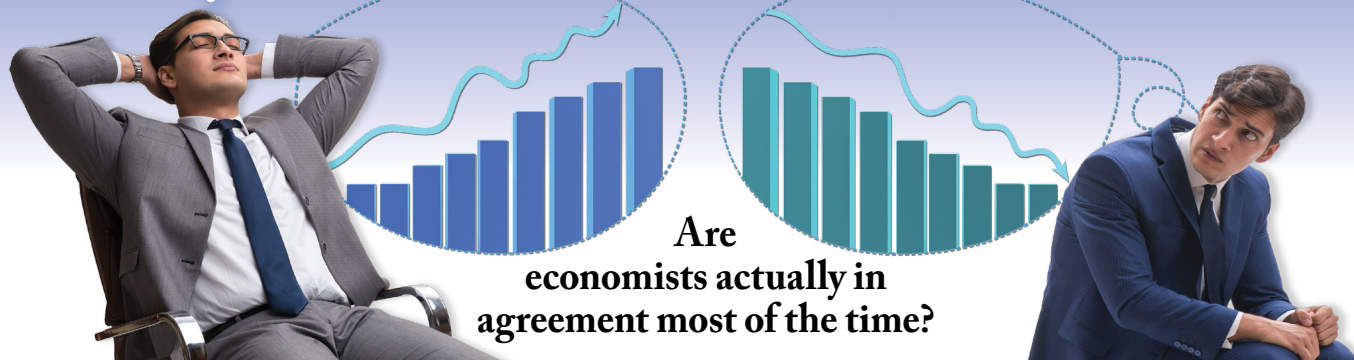


If you laid all economists end to end



Are
economists actually in
agreement most of the time?

While the general public seems to think that economists frequently disagree about some theoretical point or contemporary issue, and President Truman was known to have remarked that he only wanted to hire one-armed economists because he was tired of hearing them say “on the one hand . . . but on the other,” there is far more consensus in this profession than one might guess.

Several years ago, the Initiative on Global Markets (IGM) was launched to bring together policy makers and scholars to exchange ideas, examine key contemporary global financial and economic issues, and thereby attempt to improve public policies and practices. One of those activities, organized by Chicago Booth, is the Economic Experts Panel.

IGM regularly elicits responses to questions, posed as statements, to which panel participants, a diverse, broadly representative sample of about 50 leading economists at U.S. universities, weigh in. Individually they can agree, agree strongly, disagree, disagree strongly, or indicate they are uncertain.

BY ALLEN R. SANDERSON

The latest poll—September 16—presented the following: “The Fed’s revised strategy to focus on employment shortfalls and a more flexible interpretation of the inflation target will make little practical difference to monetary policy outcomes over the next decade.” (Announcements from our central bank in recent months suggest less emphasis on inflation and more attention to be paid to output and employment.) How did our Economic Experts view this decision? None agree strongly, and only 23% agree with it all; 37% were uncertain; 21% disagreed; and 14% had no opinion. Thus on this one, all over the map.

How about restrictions on visas proposed by the Trump administration? “Even if it is temporary, the ban on visas for skilled workers, including researchers, will weaken US leadership in STEM and R&D.” 51% agreed strongly and 47% agreed.

On political economics. “The US has a smaller social welfare system than other rich countries in part because it is more heterogeneous by race and ethnicity.” Strongly agree, only 12%, but 65% agreed.

Four statements related to the pandemic. “Given the positive externalities from vaccination, an effective Covid-19 vaccine should be mandatory for every US resident (except those with health exceptions, such as infants and people with compromised immunity) with the cost covered by the federal government.” Agreed or agreed strongly: 77%. The next two addressed equity: “Economic damage from the virus and lockdowns will ultimately

fall disproportionately hard on low- and middle-income countries.” Only 9% agreed strongly but 43% agreed; however, a third said they were uncertain. “With the economy in lockdown, existing gaps in access to quality education between high- and low-income households will be exacerbated.” 91% agreed or agreed strongly. And 95% agreed or agreed strongly that: “The mortality impact of Covid-19 is likely to fall disproportionately on disadvantaged socio-economic groups.”

An earlier poll, conducted in March ’20, just as the virus captured most of our attention, asked panelists about health care, specifically whether replacing the current U.S. health insurance system with universal Medicare for All, funded by federal taxes, would improve health outcomes for the majority of Americans. Only 2% agreed strongly, 30% agreed, but 44% were uncertain.

During 2019, the group faced a wider variety of policies to assess. “Taking into account the revenues, consumer surplus, purchasing patterns by income, and possible consumer biases, state-run lotteries (such as Powerball and scratch-off games) increase social welfare.” Only one economist agreed strongly, and only 23% agreed at all; 40% were uncertain, and 30% disagreed or disagreed strongly.

“Fining companies above a certain size that fail to provide the same remuneration to men and women employees performing comparable roles would be an effective way of closing the gender pay gap.” No one strongly backed the statement but 28% agreed with it; half (49%) were uncertain.

Does “Mexico’s persistent bilateral trade surplus with the United States imply that Mexico is following policies that keep the peso artificially weak against the US dollar?” Not according to these experts: 95% either disagreed or disagreed strongly.

Cities and states often attempt to attract businesses, sports franchises or Hollywood productions with subsidies. How does that usually work out for them? “When local governments compete by offering subsidies to a firm that is willing to relocate, and shopping across multiple alternative areas, the firm typically captures most of value that is created via the relocation.” 47% gave the statement a thumbs-up; 31% were uncertain.

The first opinion solicited from the panel in early 2019 involved taxes and tax rates. “Raising the top federal marginal tax on earned personal income to 70% (and holding the rest of the current tax code, including the top bracket definition, fixed) would raise substantially more revenue (federal and state, combined) without lowering economic activity.” One lonely economist agreed strongly; 16% joined in agreement; 19% were uncertain, and half disagreed.

Do economists disagree because their field is more of an art than a science, laden with personal preferences and value judgments about fairness? Or are they serving in some paid capacity as a policy adviser? Your turn to vote! □