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The Policy Views of American Economic Association Members: The Results of a New Survey

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Abstract

This article presents the results of a 2007 policy-views survey of a random sample of members of the American Economic Association. The new survey contains questions about many policy issues not treated by previous surveys. The questions treat issues such as trade restrictions, social insurance for those put out of work by international competition, genetically modified foods, curbside recycling, health insurance (several questions), medical malpractice, barriers to entering the medical profession, organ donations, unhealthy foods, mortgage deductions, taxing internet sales, Wal-Mart, casinos, ethanol subsidies, and inflation targeting. Additional questions treat the relationship between economic growth, happiness, and well-being, whether the typical American consumes too much, works too much, saves too little, and live in a house that is too large.

The results show disagreement on many issues but evidence of considerable agreement on others, including a consensus that the benefits of Wal-Mart stores typically outweigh their costs, that Americans save too little and that economic growth in developed countries increases well being. The survey finds a consensus in favor of eliminating trade barriers, eliminating or cutting ethanol subsidies, allowing payments to organ donors, and against requiring employers to provide health insurance.

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The article opens with some reflections about why we care whether economists reach a conclusion, and methods for determining whether a consensus has been reached.

Why We Care Whether Economists Reach a Conclusion

Unlike this article, most of the articles published in the "Do Economists Reach a Conclusion?" section of this journal pin-point a policy issue, such as drug prohibition, sports subsidies, postal competition, occupational licensing, or Food and Drug Administration policy, and assess the published judgments of professional economists to see whether a policy-reform conclusion has been reached. This approach has been very fruitful, finding considerable consensus on many issues, which may be news to economists as well as non-economists.

The other approach, represented by this article, has been to tap "economists in general" on a range of issues by sending a questionnaire to a representative cross-section of economists, very often a sample of American Economic Association members from the United States.

Neither approach is foolproof in determining whether economists reach a conclusion. The survey of published judgments suffers from possible bias from either the surveyor or the attractiveness to researchers of particular research questions. Also, many research articles don't explicitly state policy conclusions and many findings come with caveats and qualifications, making it difficult to assess consensus. Finally, the approach is hard work, requiring months of reading to assess the research on a particular issue.

The questionnaire technique can be criticized for relying on respondents who are insufficiently versed in a particular topic, tapping the profession's gut feelings rather than the informed conclusions of acknowledged experts. There are also possible biases in sampling methods—Is AEA membership representative of U.S. economists as a whole?—and in response. Particular survey questions may also be criticized for being too simple to capture the nuances of the issue and the policy options available, or for using ambiguous or loaded wording.

Despite possible problems, both approaches have the advantage of cutting through the fog to provide a focused understanding of the bottom line—whether economists reach a conclusion on a particular issue. Identifying the existence or lack of consensus can be immensely important because doing so makes it harder for elected officials, partisans, and media to claim there is strong professional support for a position when there isn't, or that there isn't when there is.

Cultures often look for focal authorities—shamans, priests, prophets, seers, policy wonks, or experts. That is one reason that surveys of economists are eagerly read by the profession, the press and the public—as demonstrated by the fact that my 2006 article in *The Economists' Voice*, "Do Economists Agree on Anything?," became the most downloaded article in the history of that journal, with 3105 downloads as of July 5, 2009.

Surveys of professional opinion have the potential to make democracy work better. They make it harder for politicians to perpetrate policies that the profession has rejected as flawed, and for the media to obfuscate about professional opinion. And economists do seem to be skeptical of the political process. Davis and Figgins (2009) find that economists of all political stripes lean toward disagreeing with the proposition that "the typical bill passed by the U.S. Congress and signed into law generates a positive net social benefit for society." They also find considerable disagreement with the conclusion that "typically, most media outlets in the United States communicate economic issues accurately and truthfully to their viewers and readers."

Whenever an economist expresses a conclusion that flies in the face of popular opinion and political orthodoxy, credibility is enhanced if it can be shown that the conclusion reflects a professional consensus.[2]

The New AEA Survey

The survey was mailed to 325 randomly-selected, Ph.D.-bearing members of the American Economics Association (AEA) in Spring 2007. Because the survey is intended to reflect policies regarding the American economy, respondents all possessed undergraduate and graduate degrees from U.S. institutions. The response rate was 41.8 percent (136 surveys)—somewhat higher than the 40.0 percent response rate in Whaples (2006) and higher than reported in other surveys of general AEA membership.[3]

Among the survey's respondents, 13.2% are female[4]; 68.1% identify their main employer as academic, 8.1% as government, and 21.5% as "other."[5] The

2. Recent broad-range policy-view surveys of U.S. economists include Fuller and Geide-Stevenson (2003), Whaples (1996), Whaples and Heckelman, (2005), Whaples (2006), and Klein and Stern (2007).

3. Response rates among AEA member in recent surveys include 34.4% in Alston, Kearl and Vaughan (1992), 30.8% in Fuller and Geide-Stevenson (2003), 36.3% in Whaples and Heckelman (2005), and 26.6% in Klein and Stern (2005). This survey was a bit shorter than most, which may explain the higher reply rate.

4. Based on first names, women made up 16.3% of the sample to whom the surveys were mailed.

5. "Other" includes four who listed themselves as retired.

median year of birth is 1955, with one-quarter born before 1943, and one-quarter after 1967.

Tables 1 through 4 present the survey and the basic results. [6]

Table 1: Agreement and Disagreement among AEA Members on Policy Questions

PLEASE NOTE WHETHER YOU AGREE OR DISAGREE WITH THESE PROPOSTIONS USING THE 5-POINT SCALE BELOW. (If you have no opinion, leave the blank empty.)

	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE	MEAN
	1	2	3	4	5	
1. The U.S. should eliminate remaining tariffs and other barriers to trade. (N = 132)	1.5%	8.3%	6.8%	46.2%	37.1%	4.09
2. The U.S. should increase benefits to workers who lose their jobs due to international competition. (N = 130)	5.4%	22.3%	20.8%	34.6%	16.9%	3.35
3. The U.S. should ban genetically modified crops. (N = 129)	48.8%	33.3%	10.9%	3.9%	3.1%	1.79
4. Laws mandating municipal curbside recycling should be eliminated. (N = 127)	26.8%	31.5%	16.5%	15.0%	10.2%	2.50
5. Employers in the U.S. should be required to provide health insurance to their full-time employees. (N = 129)	20.9%	41.1%	13.2%	17.8%	7.0%	2.49
6. Employers in the U.S. should be required to provide health insurance to ALL their employees. (N = 127)	31.5%	40.2%	7.9%	16.5%	3.9%	2.21
7. Employers in the U.S. should be taxed if their employee health insurance expenditures fall below a certain threshold. (N = 127)	33.9%	29.1%	20.5%	12.6%	3.9%	2.24
8. State governments in the U.S. should eliminate mandates about what health insurance must cover. (N = 125)	11.2%	34.4%	12.0%	27.2%	15.2%	3.01

6. Electoral polls often report the margin of error, because a plus/minus gap of a few percent can swing the likely outcome. Margin of error is less relevant in professional surveys where the issue is consensus versus lack of consensus. If about 80 percent of those surveyed agree with a proposition, the interpretation won't change much if the outcomes is, say, 87%, or 73%. With the sample sizes below of roughly 130, an estimate of 50 percent has a margin of error for a 95 percent confidence interval of plus/minus 8.6%; the margin is plus/minus 6.9% for an estimate of 80%.

	STRONGLY DISAGREE	DISAGREE	NEUTRAL	AGREE	STRONGLY AGREE	MEAN
	1	2	3	4	5	
9. The U.S. should place more stringent caps on medical malpractice awards. (N = 128)	13.3%	18.8%	16.4%	39.1%	12.5%	3.19
10. Barriers to entering the medical profession in the U.S. should be reduced. (N = 124)	3.2%	21.8%	11.3%	38.7%	25.0%	3.60
11. The U.S. should allow payments to organ donors and their families. (N = 128)	4.7%	10.9%	14.1%	45.3%	25.0%	3.75
12. The U.S. should impose taxes on unhealthy foods. (N = 130)	27.7%	33.1%	14.6%	21.5%	3.1%	2.39
13. The U.S. should change the income tax code so that health insurance benefits are taxed the same as income. (N = 126)	15.1%	29.4%	13.5%	30.2%	11.9%	2.94
14. The U.S. should change the income tax code to eliminate the mortgage interest deduction. (N = 129)	12.4%	25.6%	16.3%	34.1%	11.6%	3.07
15. The U.S. should exempt internet sales from taxation. (N = 129)	17.8%	38.8%	18.6%	16.3%	8.5%	2.59
16. The Public Company Accounting Reform and Investor Protection Act of 2002 (Sarbanes-Oxley) should be repealed. (N = 116)	17.2%	30.2%	27.6%	19.8%	5.2%	2.66
17. A Wal-Mart store typically generates more benefits to society than costs. (N = 130)	2.3%	12.3%	13.1%	41.5%	30.8%	3.86
18. A casino typically generates more benefits to society than costs. (N = 129)	17.1%	35.7%	30.2%	13.2%	3.9%	2.51
19. Economic growth in developed countries like the U.S. leads to greater levels of happiness. (N = 126)	3.2%	15.9%	32.5%	38.1%	10.3%	3.37
20. Economic growth in developed countries like the U.S. leads to greater levels of well-being. (N = 132)	0%	2.3%	9.8%	49.2%	38.6%	4.24

Table 2: Ethanol

Government subsidies on ethanol in the U.S. should be (N = 120)

55.0%	a. eliminated
10.8%	b. reduced a lot
12.5%	c. reduced somewhat
11.7%	d. kept about the same
9.2%	e. increased somewhat
0.8%	f. increased a lot

Table 3: The Fed's Inflation Target

If the Fed were to target the inflation rate, its target rate should be ____________ per year (give a number or a range). (N = 110)

	Lower bound	Upper bound
25th percentile	1%	2%
Median	2%	2%
75th percentile	2%	3%
Average	1.69%	2.45%

Table 4: Work, Consumption, Housing and Saving

The typical American works (N = 125)

36.0%	a. too much
3.2%	b. too little
60.8%	c. neither too much nor too little

The typical American consumes (N = 123)

49.6%	a. too much
0%	b. too little
50.4%	c. neither too much nor too little

The average size of houses in the U.S. is (N = 120)

31.7%	a. too large
0%	b. too small
68.3%	c. neither too large nor too small

The typical American saves (N = 128)

0%	a. too much
69.5%	b. too little
30.5%	c. neither too much nor too little

Some Highlights

Trade. The economics profession continues to show a consensus in favor of unfettered international trade, as 83 percent agree and only 10 percent disagree that the United States should eliminate remaining tariffs and other barriers.[7] This agreement need not imply a completely laissez-faire policy toward trade, however, as a majority (52 percent) favor the idea of increasing benefits to workers who lose their jobs due to international competition.

Environmental Issues. Economists are almost unanimous in agreeing that the U.S. should *not* ban genetically modified crops and are very skeptical of the economic and environmental benefits of the federal subsidy to ethanol (51 cents per gallon at the time of the survey). As Table 2 shows, the majority, 55 percent, favor *eliminating* government subsidies to ethanol production and another 23 percent favor reducing the subsidy, while only 12 percent endorse the current level and 10 percent favor a hike. The majority (58 percent) reject repealing laws mandating municipal curbside recycling, while a quarter favor the idea.

Health Issues. With nearly one-sixth of GDP devoted to health care and concerns that many Americans lack adequate access to health care, reining in the increase in health care costs and making insurance easier to obtain are high on the political agenda.

One oft-discussed proposal is to require employers to provide health insurance to *all* their employees. Economists roundly reject this idea, with 72 percent against and only 16 percent in favor—probably because such a law would add a fixed cost to employment thereby reducing the availability of part-time and low-wage jobs and would put downward pressure on the wages of these groups. Economists also reject the idea of requiring employers to provide health insurance to their *full-time* workers, with 61 percent opposed and 25 percent in favor. Another idea (recently enacted in Maryland, but struck down in court) is taxing employers if their employee health insurance expenditures fall below a certain threshold. Economists reject this idea too—with 63 percent opposed and only 17 percent in favor.

The next three questions concern proposals aimed at reducing health care costs across the board. Some argue that state government mandates about what insurance must cover are driven by special interests and extend the list of required coverage too broadly and thereby drive up costs. However, economists are evenly

7. Whaples (2006) found slightly higher agreement with this proposition, the only question in this survey that is repeated from previous surveys.

split on the idea of having state governments *eliminate* mandates about what health insurance must cover. Economists lean in favor of placing more stringent caps on medical malpractice awards—with 52 percent in favor and 32 percent opposed. They strongly favor a policy that has received scant political or media consideration—reducing barriers to entering the medical profession—by roughly 2.5 to 1.

Previous surveys have demonstrated that economists often favor using market-based solutions to address a range of problems—such as giving parents educational vouchers to spend at competing schools (Whaples 2006). Another market-based idea is to tackle shortages of human body organs by allowing payments to organ donors and their families. As Table 1 reports, this idea is favored by over 70 percent of economists, with only 16 percent opposed. Finally, the majority (61 percent) of economists are skeptical of attacking health problems by imposing taxes on unhealthy foods.

Taxes. Health insurance receives preferential tax treatment. Should the U.S. change the income tax code so that health insurance benefits are taxed the same as income? Economists lean ever so slightly against this idea—44 percent oppose it, while 42 percent favor it. Should the U.S. amend the income tax code to eliminate the mortgage interest deduction? Again, economists are almost evenly split. Should internet sales be exempted from taxation? The majority of economists (57 percent) say "no," while less than a quarter favor special treatment of internet-based sales.

Sarbox: In 2002, in the wake of corporate fraud at companies such as Enron and WorldCom, Congress enacted the Public Company Accounting Reform and Investor Protection Act—better known as the Sarbanes-Oxley Act. Proponents argue that the act adds important investor protections, but critics have called it an expensive, "intrusive, circulatory and duplicative grab-bag of rules" (Macey 2007). After five years of seeing the law in action, about one-quarter of the profession advocated repealing it but almost half rejected this idea, with the remainder sitting on the fence.

Wal-Mart and Casinos: With Wal-Mart's annual revenue topping $350 billion and sales exceeding those of the next five largest retailers combined, many grassroots critics and policy makers have become concerned about its labor market policies and overall economic impact. Fans point to its price reductions, which force competitors to respond in kind—yielding significant gains to consumers, especially those from lower income groups, and even to consumers who decline to shop there. Does a Wal-Mart store typically generate more benefits to society than costs? The vast majority of economists, it appears, are fans of Wal-Mart. Fully 72 percent conclude that the benefits of Wal-Mart stores generally outweigh the costs. Fewer than 15 percent disagree. The same cannot be said of casinos, whose impacts on crime have recently been debated in the pages of this journal (see Walker 2008 and ensuing discussion). Only 17 percent of economists conclude that a casino typically generates more benefits to society than costs, while the majority (53 percent) disagrees.

The Fed: In recent decades, several central banks around the world have adopted explicit inflation targets. If the U.S. central bank, the Federal Reserve, were to target the inflation rate what range should it pick? As Table 3 reports, most economists would select a narrow range around 2 percent.[8]

Individual Decisions and the Pursuit of Happiness: Do Americans make wise choices? Economists are often slower than others to judge others' choices, realizing that tastes and aspirations vary considerably from person to person and that it is difficult for an outsider to assess the tradeoffs that someone else faces. Yet, individual shortcomings, cultural pressures, institutional arrangements, and governmental policies may conspire to yield sub-optimal outcomes for the most basic of economic choices. Table 4 reports economists' responses to a series of questions asking whether the typical American consumes, works and saves too much, too little or neither—and about the size of the typical American house.

Most economists (61 percent) conclude that Americans (who now work noticeably more than Europeans) work about the right amount, although more than a third believe that they work too much. By a razor-thin edge, the majority conclude that the typical American consumes about the right amount—but almost as many argue that consumption is too high. Housing ranks high on the list of consumption items and most economists (69 percent) find the average size of houses in the U.S. to be about right, with the rest contending that house sizes are too large (perhaps because of tax breaks, such as the mortgage interest deduction which 46 percent believe should be eliminated). If Americans' decisions *are* off the mark, many economists believe that the problem lies in saving behavior. Fully 70 percent conclude that the typical American saves too little, a conclusion that may be driven by the recent drop in the personal savings rate into single digits (and temporarily into negative territory) —a phenomenon which has been partially attributed to an array of problematic public policies.

Official statistics, such as average income per capita, suggest that from year to year and decade to decade the American economy has been delivering more and more to the typical American. But is more better? The survey closes with this

8. The survey included a few questions that I have chosen to omit from this paper because of low response rates. One of these questions asked how accurately the Consumer Price Index measures inflation. The median and modal response is that the CPI overstates the true inflation rate by about 1 percentage point per year (N = 89).

fundamental question. Does economic growth in developed countries like the U.S. actually lead to greater levels of happiness? Broad social surveys show a roughly constant level of self-reported happiness among Americans from 1972 to 2005 (Pew Research Center 2006, 2) —a period in which average real per capita incomes roughly doubled. Despite this finding, almost half the economists surveyed conclude that economic growth in rich countries *does* lead to greater levels of happiness, with about a third neutral and almost one in six rejecting the idea. However, "happiness" does not seem to mean the same thing as "well being"—and the vast majority of economists (88 percent) are optimistic that continued economic growth in economies like the U.S. does yield ever greater levels of well being.

A Glass Half Full

From a classical liberal viewpoint, one may regard the views of economists as a glass half full or half empty. The half-full attitude may be associated with Bryan Caplan (2006, 2008), David Henderson (2008), and others, who stress the fact that, relative to scholars in other disciplines and to the public at large, economists show greater support for liberalization. The half-empty attitude may be associated with Daniel Klein, who emphasizes that economists aren't much different than others, that survey results often show a lack of single-peakedness in the distribution of economists' policy positions, possibly reflecting ideological cleavages (Klein and Dompe 2007, 131f), and that economists show substantially less policy-view consensus than do sociologists, anthropologists, historians, political scientists, or philosophers (Klein and Stern 2005, 283f).

The respondents seem to reflect the broader viewpoint of modern Americans that more is better. And this is probably why so many in the public pay attention when economists offer their opinions. Much of the public believes that following the advice of the economics profession can continue to improve our collective well-being—so they'll be interested to know that economists recommend achieving this goal by eliminating trade barriers, allowing Wal-Marts to open, rejecting mandates that employers provide health insurance to all their workers, allowing payments to organ donors, and slashing ethanol subsidies, for example.

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