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ECONOMISTS' VIEWS ABOUT THE ECONOMY. EVIDENCE FROM A SURVEY OF ITALIAN ECONOMISTS

di Luca De Benedictis*, Michele Di Maio**

1. *Introduction: Give me a number*

Laypeople, journalists and politicians usually rely on economists' opinion on how to cope with relevant social problems. They look for clear-cut answers and unanimity in proposals. They often get conditional answers and very heterogeneous points of view. In this sense, the episode referred by Manski (1995) is paradigmatic. To an economist, who was presenting his forecast as a likely range of values for the quantity under discussion, the President of the United States Lyndon B. Johnson is said to have replied: «Ranges are for cattle, give me a number». Had President Johnson asked more than one economist, the joke of the n economists with $n + 1$ opinions would have materialized (even without the direct responsibility of Sir J.M. Keynes)¹. Despite policy makers' desire, economists disagree. If this is the *datum*, two questions immediately follow: what do they disagree about and to what extent? Most importantly, is their disagreement systematically related to differences in their individual characteristics, their views of the functioning of the economy, or their political opinions and individual values?

This paper deals with the measurement and analysis of such disagreement considering a representative sample of Italian economists. Using a new

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¹ The original story has been reported by Paul Samuelson «If parliament were to ask six economists for an opinion, seven answers would come back – two, no doubt, from the volatile Mr. Keynes!» (Samuelson 1966, p. 1628). Ten years after the same story has been told, modifying some characters and halving the number of economists involved: «Winston Churchill is supposed to have complained that whenever he asked Britain's three leading economists for advice about economic policy, he received four different opinions – two from John Maynard Keynes» (Fuchs *et al.* 1998).

survey, we ask economists their opinions on a set of propositions recently emerged in the Italian economic literature on the possible causes of the difficulties of the Italian economy and the policy proposals to foster the recovery. First, we measure how much economists disagree on each of these propositions. Second, for each policy proposal, we regress the respondent's opinion about the specific proposition on a set of variables describing her individual characteristics, her expertise about the Italian economy, her school of thought, research approach and field of research and a set of variables capturing her political view and individual values. Finally, we highlight the link between the level of consensus received by each policy proposal and the statistical significance of this latter set of covariates.

There have been few previous attempts to quantify the worldwide phenomenon of the disagreement among economists. Kearn *et al.* (1979) were the first to measure and compare economists' opinions. Their results showed that the perception of widespread disagreement among US economists on theory and economic policy was wrong. A subset of Kearn *et al.* questionnaire was used by Ricketts and Shoesmith (1992) in a survey of UK economists and by Frey *et al.* (1984) in a survey of economists from four European countries (Austria, France, Germany, and Switzerland). Their results suggested the existence of significant differences in the opinions between European, UK and US economists. The existence of small but significant differences between American and European economists have been confirmed by Mueller (1995) and Aiginger *et al.* (2001). Alston *et al.* (1992) conduct a large-scale survey of US economists in all fields asking a subset of the Kearn *et al.* questions. They conclude that the consensus on questions about positive economics was considerable among the 464 economists in their sample. The Alston *et al.* propositions have been then used in a number of other studies, becoming a sort of benchmark². There are also some surveys directed to economists active in specific research fields: economic historians (Whaples 1995), labor economists (Whaples 1996), European and American industrial organization economists (Aiginger *et al.* 2001) and health economists (Fuchs 1996). Fuchs shows that, among 50 leading health economists, the disagreement regarding positive questions seemed to play no role in explaining differences concerning opinions on policies. Fuchs *et al.* (1998) survey labor and public policy economists active in top US departments. They find that academic econo-

² For instance a subset of Alston *et al.* questionnaire was used by Becker, Walstad, and Watts (1994) to compare the views of economists, economic educators, teachers, and journalists and by Fuller *et al.* (1995) to evaluate the opinions of the delegates at the 1992 American political conventions. Fuller and Geide-Stevenson (2003) updated a subset of Kearn *et al.* questionnaire.

mists belonging to the same field provide divergent estimates of many important economic parameters (e.g., elasticities of labor demand and labor supply), economists hold widely disparate views about specific policy proposals in their research field, and political opinions or individual values turned out to be largely significant in explaining these differences. Caplan (2001), using the results from the Survey of Americans and Economists on the Economy (SAEE), shows that disagreement among economists is not related to their individual characteristics, and that economists and laypeople systematically disagree, but economists and highly educated laypeople disagree less (see also Blendon *et al.* 1997). Finally, Whaples (2006) shows that disagreement among US economists about normative issues is characterized by high variance – much depending on the issue at stake. Summarizing the evidence, we can say that the economists often disagree with the laymen. But economists also disagree among themselves, in US and in Europe, actually more on economic policy rather than on economic theory or on parameter values³.

With this literature as a reference, our questionnaire differs from previous ones in four important aspects. The first one concerns the set of propositions we asked economists to express their opinion on. Indeed we wanted to minimize the possible question-selection bias – induced by our apriori on what should be the relevant questions to be asked – in choosing the propositions on which to measure economists' disagreement. For this reason, the propositions (both concerning the causes of the economic slowdown and the policy proposals to be implemented) are the ones discussed in the recent scientific literature on the performance of the Italian economy⁴.

The second element of difference is the group of economists included in the survey and its representativeness. Most of previous studies interviewed experts or collected the opinions of a loosely defined group of economists. On the contrary, our sample is representative of the Italian academic population of economists.

Third, we collected information on a much larger number of individual characteristics with respect to previous surveys. Actually, this is an unavoidable necessity which follows from the fact that our focus is primarily on nor-

³ Interestingly, Frey, Humbert and Schneider (2010, p. 321) ask to the members of the Association of the German-Speaking Economists what they thought about the following statement: «Economists agree on fundamental issues». 15% of the sample «Generally agree», 42% «Agree with provisions», 42% «Generally disagree», and 1% did not answer. A direct question receives a partially negative answer. Although, the level of agreement increases when the analysis includes only scholars active in Universities or in research institutions. We thank an anonymous referee for this reference.

⁴ See the Appendix on this point.

mative economics. In formal terms, the information-set conditioning subjective probabilities about the realization of expected events (the effect of economic policies, as in our case, or the implications of a theoretical model) is indeed larger for normative economics, with respect to positive economics. In the latter case the issues of feasibility, political viability, budget constraint and pure chance associated to policy implementation are not relevant. On the contrary, the availability of a large number of variables describing the characteristics of the respondents is crucial (even more in case of normative issues) in order to control for individual heterogeneity in the information set guiding the individual responses.

The last element of differentiation concerns the fact that some of the control variables included in our questionnaire are indeed novel in this studies. To begin with, we included a question concerning the school of thought of the respondent. The motivation is the following. The empirical evidence of a relatively minor disagreement on positive economics is at variance with the long-standing well-known disagreements in the history of economic thought, and with the permanent strife between mainstream and heterodox approaches which traditionally characterizes part of the debate, at least in Europe, among economists (Frey and Eichenberger 1993). Yet no previous survey considered the school of thought of the respondents as a potentially important source of difference in economists' opinions on both positive and normative issues. This could indeed induce to a mis-identification of the source of disagreement as well as to a mis-measurement of it. To control for the possible role of the school of thought in shaping the respondent's opinions, we explicitly included a question about the school of thought in our survey. A second difference between our survey and previous ones concerns the way in which we capture the view of the respondent. In particular we use several variables, ranging from an indicator of pro-market orientation to an ordered level of optimism, to capture the complex social and political a priori of the respondent, and to highlight how these different dimensions are related to her opinion on a specific policy proposal. Third, we use respondent's opinion on the causes of the difficulties of the Italian economy as controls for her opinion on the efficacy of the policy proposals. Including all this additional information on the respondent's characteristics in our analysis, we are able to measure in a more precise way the relationship between them and the differences in opinions across economists.

Two are the main objectives of this paper. The first one is to measure the level of agreement among Italian academic economists both on the causes of Italian economic situation and on sets of policy proposals that have been advocated in the literature in the last twenty years. Second, to relate the differences in economic policy judgments to differences among the respondents'

individual characteristics, academic profile, school of thought, as well as political opinions and individual values. Even if the study of economists' disagreement is yet rich of important contributions, this paper makes a step further from measuring their disagreement to relating economists' opinions on economic policies to respondents' characteristics.

We begin our analysis focusing on the causes of the difficulties of the Italian economy. First, we measure the disagreement among economists about a group of 40 proposed causes. Next we measure how much economists' opinions differ on the usefulness and efficacy of each of the 18 policy proposals included in the questionnaire. Our results show that the disagreement among Italian economists is (on average) large on both causes and policy proposals. But we also report that individuals are not expressing radical polar views. Moreover, Italian economists show less disagreement concerning their judgments of the policy proposals than they do about the causes of the difficulties of the Italian economy.

In the second part of the paper, we look for the determinants of this disagreement. We begin describing the set of our covariates. In order to analyze their relation with economists' opinions, we use an ordered probit econometric model. Our multivariate regression specification is able to account for a significant portion of the variance in economic policy judgment across Italian economists, and we identify some systematic relationship between a subset of our control variables and the respondents' opinions about each policy proposal. For instance, while potentially relevant variables such as gender, age, the region of work, and academic position are not systematically related to differences in opinions about policy proposals, individual opinions on the causes of the present economic conditions in Italy show a systematic relationship with policy proposal judgments. Interestingly, it turns out that specific expertise on the issue under scrutiny has no effect. As expected, the school of thought has an overall importance but its significance is not systematic, indicating a high degree of heterogeneity among Italian economists. Political opinions and individual values do matter. But which aspect of the multidimensional social and political view of the respondent matters the most seems to vary according to the specific policy proposal under exam and in particular with the level of consensus expressed on it by Italian economists. When consensus is low, the various constituting elements of the political view and individual values prove to be significantly correlated with the different views of economists. When the level of consensus is high, the unique element of the composite political view of the respondents that emerges as a discriminant in terms of economists' opinions is the individual confidence in the efficiency properties of the Market (compared with the State). In this case, what discriminates among economists' views about the economy is the subjective

evaluation of how the economy should be organized to distribute resources and to promote growth and well-being.

Before proceeding, a clarification on the notation used in the paper is necessary to avoid confusion between the various elements of analysis. We define as Propositions the questions in our survey on which to measure the level of consensus as well as the outcomes predicted in the regressions. Propositions are divided into two subsets: the first includes «the causes of the Italian economic slowdown» (henceforth indicated as Causes), the second including «the policy proposals to be implemented to overcome the current economic difficulties» (indicated as policy proposals). The content of each Proposition will be in *italics*, while all information derived from the questionnaire that will be used as a covariate in the regression will be in CAPITAL LETTERS.

The rest of the paper is structured as follows. Section 2 briefly describes the survey methodology and discusses the representativeness of our sample. Section 3 measures the disagreement among Italian economists concerning both causes and policy proposals, using a traditional entropy index and a novel measure of consensus. Section 4 describes the characteristics of the economists in our sample. In Section 5, we regress respondents' opinions concerning the 18 policy proposals on a large set of variables describing respondent's characteristics. Robustness checks of our results are presented in Section 5.4. Section 6 concludes.

2. *Italian economists in survey*

Italy is definitely a proper test-bed for economists' disagreement. Italian economists have traditionally been characterized by deep and persistent controversies on economic theory and policy⁵. Since the debate among economists has also an intrinsic countercyclical character, the fact that in recent years the image of the Italian economy has been kind of opaque contributed to stimulating the discussion even more. In fact, Italy has faced sluggish eco-

⁵ As far as theory is concerned, heterodox schools of thought have been largely influential in Italian academia, and the discussion on the limits and the shortcomings of mainstream economics has been lively and multi faceted. As far as economic policy, the discussion among economists has often trespassed the university's walls. For instance, in July 2005 more than two hundred economists signed a petition in favor of a program of fiscal discipline to be adopted by the Italian government (*Il Sole 24 ore*, July 15th, 2005). In the July of 2006 seventy economists responded with a proposal of consolidation of the government deficit-GDP ratio, emphasizing the social cost associated with a tight fiscal policy (<http://www.appellodeglicieconomisti.com>). The letter sent by the second group of economist started with the following statement: «... On macroeconomic policy the academic world, far from being unanimous, is divided... ».

conomic growth since the beginning of the new century, growing at a much lower rate than the rest of the European Union. While in 2000 the country was still close to the 3% EU growth rate, in the subsequent years the growth rate never reached 2%. Also per capita income, productivity and export shares followed a negative trend. In 2005, in deep political and institutional turmoil, Italy was labeled as «the real sick man of Europe» in a report by *The Economist*⁶. In the same years – way before the International financial crises of 2008 –, Italian economists' disagreement about how to interpret the economic performance of the Italian economy has been pronounced and clearly visible. Economists were in disarray on the diagnosis – short time recession vs. structural crisis – on how to interpret the evolution of the economy – economic decline vs. transformation – and, obviously, on the causes and on the economic policies and reforms to put forward⁷.

On May 2007⁸, we sent to 1,511 Italian economists an email, inviting to fill in an on-line questionnaire about their opinions concerning the Italian current economic situation. The mailing list included members of the Italian Economic Association (SIE), the International Association of Italian Economists (AIDEI), participants to several economic conferences held in Italy between 2005 and 2006, and was completed with the information contained in the Minister of University and Research (MIUR) web site on Italian academics active in economic fields⁹. In the email message, we clearly stated that no specific knowledge was required to answer the questionnaire, that no individual statement would have been revealed, and that anonymity was guaranteed. The choice of a web questionnaire is not particularly distortive (Hudson *et al.* 2004) and there is no particular reason to believe that the self-selection of respondents is related to the way they respond to the questionnaire.

⁶ May 19th, 2005 (http://www.economist.com/displayStory.cfm?story_id=3987219).

⁷ The Italian literature on the issue is quite vast. For an overview of the debate see Franzini and Giunta (2008).

⁸ The questionnaire – pre-tested with several colleagues – has been accessible between May, 1th and June, 1th. We chose that period with the objective to minimize the influence that the national political debate may have on respondents' answers. That period seemed the most appropriate choice because the Italian economic conditions were neither on the front pages of newspapers nor at the core of the national academic debate. Four remainders have been sent to the economist that did not respond to the questionnaire but did not declared her or his will to be excluded from the survey.

⁹ For informations (in Italian) on the SIE: <http://www.sie.univpm.it/>. For informations (in Italian) on the AIDEI (with a short English summary): <http://www.aidei.it/>. The MIUR classifies academic economists according to their specialization field into seven groups: Economics (Secs-P/01); Economic Policy (Secs-P/02); Public economics (Secs-P/03); History of Economic Thought (Secs-P/04); Econometrics (Secs-P/05); Applied Economics (Secs-P/06); Economic History (Secs-P/012). See the MIUR web page for details: <http://www.miur.it/UserFiles/115.htm>.

2.1. Representativeness of the sample

Four hundred and ninety-six economists responded. A reply rate of 33%¹⁰. Since the focus of the present paper is on Italian domestic academic economists, we excluded from the sample economists working abroad, Post-doc and non academics. The final sample comprises 335 observations. Comparing our sample with the population of Italian economists employed in Italian Universities collected by the MIUR¹¹ we find that as for regional distribution larger regions are slightly over-represented while Southern ones (in particular Sicilia) are marginally under-represented. Concerning the academic position distribution, the percentage of Assistant Professor in our dataset is half the percentage in the MIUR dataset, the one of Full Professor is 15% larger while there is no difference concerning the percentage of Assistant Professor. As for gender, no difference emerges¹².

A set of statistical two tail z -tests on proportions indicated that a post-sample stratification was necessary to re-weight observations belonging to four Italian regions (Piemonte, Marche, Puglia and Sicilia) and to balance assistant and full professors according to the proportions of the population. We calculate weights according to the reciprocal of the probability of inclusion of each individual (Groves *et al.* 2004), characterized by the three strata that we observe in the population: gender, academic position and region of work¹³. In

¹⁰ In comparison, the response rate of AEA members in previous surveys are: 34% in Alston *et al.* (1992), 31% in Fuller and Geide-Stevenson (2003), 36% in Whaples and Heckelman (2005), 27% in Klein and Stern (2006a) and 40% Whaples (2006). Usually surveys of economists within subfields tend to yield higher response rates: for example 41% of AEA labor economists in Whaples (1996).

¹¹ Most of previous surveys are stratified random sample experiments from national economist associations with the results usually interpreted as being representative of the opinion of the whole population of economists. We followed a different methodology: being the population of Italian economists of unknown dimensions, we planned to collect data from an unstratified random sample and to control ex-post for its representativeness and, in case, do some post-stratification according to the needs of the analysis.

¹² See Appendix B for statistical tests and Figures comparing our dataset and the MIUR dataset on respondents' regional distribution, academic position and gender.

¹³ The procedure of post-stratification weighting is the following. Given the identity $n_{ijk} p_{ijk} = N_{ijk}$, where n is the number of individuals in the survey sample, N is the number of individuals in the total population (MIUR), and $i = 1, 2, j = 1, \dots, 4$ and $k = 1, \dots, 19$ stand for gender, academic position, and region of work. The corrective weight p of the generic stratum ijk is simply the reciprocal of the probability of inclusion. In case of empty cells ($N_{ijk} > 0$ and $n_{ijk} = 0$), we imputed them using a nearest neighbor procedure. Since gender seemed to be the less distorted dimension of the sample, when necessary (16 cases out of 335) we imputed $i = 1$ for $i = 2$ and vice versa.

the following, we use the unweighted sample when we compute the descriptive statistics for the variables in the questionnaire, measure the disagreement among economists and carry out a cluster analysis, while in the regression analysis – where inference is at stake – we use the weighted sample.

3. *The disagreement among Italian economists: On what and how much?*

In the survey we asked Italian economists to express their opinion on 58 Propositions, 40 about the causes of the Italian economic slowdown (Causes) and 18 about policy proposals to overcome the current economic difficulties in Italy (policy proposals). In order to minimize the bias in the list of Causes and policy proposals due to our priors, the Propositions we asked respondents to express their opinion on were directly extracted from the literature on the Italian economy¹⁴. Thus Causes and policy proposals were not selected according to our interpretation of the stylized facts but according to what in the literature has been defined as a Cause or as a policy proposal.

3.1. *Causes*

For each of the 40 possible Causes the respondent expressed her agreement on the fact that the content of that Proposition was an important cause of the current difficulties of the Italian economy. We adopted a Likert scale with four ordered options, coded as follows: strongly disagree = 1; partially disagree = 2; partially agree = 3; strongly agree = 4. Respondents had also the option «No opinion». Given the bounds of the Likert scale used, the neutral mark ν in the center of the range is $\nu = 2.5$. For each specific Cause, reported in Table 1, we indicate the number of respondents (#) excluding unit non-responses and «no opinion», the mean response value (μ), the relative entropy index (*rel.Entropy*) and the Consensus measure (*Consensus*).

Table 1 ranks the 40 Causes according to their mean response value μ . The higher the value of μ for Cause the more economists agree on that spe-

¹⁴ We included in our list of Causes and policy proposals each cause and policy proposal named at least once in one of the contributions surveyed in the companion paper Di Maio (2007) (in Italian). The latter is an exhaustive survey of the contributions on the performance of the Italian economy published in the last 15 years. The survey includes 55 contributions, 10 books and 45 papers, by 66 economists. See the Appendix A for the details on the methodology employed to select the contributions from which Causes and policy proposals have been extracted.

TAB. 1. *Causes: Ranked according to the mean response (μ)*

Rank	Cause	#	μ	rel.Entropy	Consensus
1	<i>Low quality of immaterial infrastructure^a</i>	334	3.73	0.45	0.78
2	<i>Inefficiency of the Public Administration</i>	332	3.50	0.66	0.65
3	<i>Inefficiency of the bureaucracy</i>	331	3.47	0.68	0.65
4	<i>Low market competition and high entry barriers</i>	334	3.39	0.70	0.66
5	<i>Quantity and quality of infrastructures</i>	332	3.31	0.70	0.68
6	<i>Ownership structure of Italian firms</i>	328	3.29	0.75	0.64
7	<i>The Mezzogiorno^b problem (high crime)</i>	330	3.24	0.76	0.65
8	<i>The Mezzogiorno^b problem (poor infrastructures)</i>	330	3.22	0.79	0.62
9	<i>Low rate of investment in ICT</i>	326	3.15	0.76	0.67
10	<i>Low attraction of FDI</i>	326	3.15	0.83	0.60
11	<i>Limited demand of human capital</i>	326	3.02	0.86	0.60
12	<i>Limited adoption of new techn. due to small firms' size</i>	330	3.02	0.87	0.60
13	<i>Trade specialization in labor-intensive goods</i>	331	3.02	0.84	0.64
14	<i>Excessive protection of large domestic firms</i>	327	3.01	0.88	0.59
15	<i>Limited internationalization due to small firms' size</i>	329	3.01	0.84	0.65
16	<i>Limited innovation due to small firms' size</i>	330	2.98	0.90	0.56
17	<i>Low firm propensity to internationalization^c</i>	330	2.97	0.82	0.67
18	<i>Role of the family in firm's management</i>	327	2.96	0.89	0.58
19	<i>Low risk propensity of entrepreneurs</i>	325	2.95	0.89	0.57
20	<i>Persistence of the North-South economic divide</i>	329	2.90	0.87	0.61
21	<i>Bureaucratic impediments to private entrepreneurship</i>	332	2.88	0.92	0.55
22	<i>High level of the public debt</i>	334	2.85	0.92	0.54
23	<i>Low quality of exported goods</i>	332	2.77	0.88	0.59
24	<i>Higher international competition</i>	331	2.74	0.90	0.57
25	<i>Limited credit concession due to small firms' size</i>	328	2.68	0.83	0.62
26	<i>Poor functioning of the credit market^e</i>	330	2.65	0.81	0.63
27	<i>Labor union behaviour</i>	328	2.58	0.96	0.49
28	<i>Limited supply of human capital</i>	325	2.48	0.91	0.54
29	<i>Contractionary policies to reduce public debt</i>	323	2.46	0.90	0.55
30	<i>Demographic dynamics</i>	329	2.45	0.97	0.46
31	<i>Drop in productivity due to labor market reforms</i>	319	2.22	0.91	0.56
32	<i>Low labor market flexibility</i>	330	2.13	0.92	0.55
33	<i>Primary commodity price dynamics</i>	323	2.12	0.90	0.57
34	<i>Wage compression effect of «concertazione»^d</i>	321	2.02	0.86	0.63
35	<i>BCE monetary policy</i>	326	2.02	0.91	0.54
36	<i>European Commission economic policy</i>	324	1.94	0.89	0.54
37	<i>Dumping and unfair international competition</i>	329	1.89	0.84	0.61
38	<i>International political conditions</i>	322	1.89	0.85	0.59
39	<i>Adoption of the Euro</i>	331	1.44	0.63	0.63
40	<i>Increasing number of immigrant workers</i>	330	1.33	0.52	0.73
	Mean		2.72	0.82	0.60
	Median		2.89	0.86	0.60
	Standard deviation		$\sigma_{\mu} = 0.57$	$\sigma_{\eta} = 0.11$	$\sigma_{\chi} = 0.06$

^a *Immaterial infrastructure* refers to the formal and informal rules and social norms regulating the interactions between economic agents: e.g. the efficiency of the judicial system (i.e. rule of law, enforcement of contract), the effective functioning of Public Authorities (Antitrust). It is also related to the formation of social capital. ^b *Mezzogiorno* is the term used to refer to Southern Italian regions; on regional economic disparity between the Mezzogiorno and the rest of Italy see Zamagni (1993) for a historical perspective, Bertola and Ichino (1995) for a European comparative perspective and Sinn and Westermann (2001) for a comparison with Eastern Germany. ^c Regardless of firms' size in terms of employment or output. ^d *Concertazione*: The «Policy of Economic Agreement» (Politica della Concertazione Economica), started in 1992, is a wage setting model characterized by the co-decision and cooperative agreement on salary rates between Trade Unions, employers' representative and the Government. This employment strategy shaped the «National Labor Agreement» (Accordo per il Lavoro) signed in September 1996. The main aim of the Agreement was to lower unemployment in Italy acting on its structural causes. See Caroleo and Mazzotta (1999) on the issue.

cific Cause is responsible of the difficulties of the Italian economy. Causes are thus ranked from the one judged (on average) to be the major responsible of the current economic situation to the one considered the less important. To correctly evaluate this ranking, we also considered how, for each Cause, respondent's judgments are dispersed along the ordered Likert scale. For this reason, Table 1 also shows the relative entropy score, *rel.Entropy*¹⁵: it takes a maximum value (*rel.Entropy* = 1) when the economists' responses are equi-distributed along the Likert scale, and reach its minimum value (*rel.Entropy* = 0) when all responses are fully concentrated in one category of the Likert scale. The relative entropy index has been largely used to synthetically describe the level of agreement among respondents (Kearl *et al.* 1979; Frey *et al.* 1984; Fuchs *et al.* 1998). Since our response scale is ordered, not only the percentage of response each category receives but also the shape of the distribution is important. Indeed, both relative frequencies of answers and the distance between different categories convey important information on the degree of agreement among economists. We have, then, calculated a consensus index (*Consensus*), proposed by Wierman and Tastle (2005), which is particularly appropriate when opinions are expressed using an ordinal scale¹⁶. This measure, differently from relative entropy, takes into consideration the ordinal nature of the Likert scale. The index takes a maximum value (*Consensus* = 1) when responses are all concentrated in one cat-

¹⁵ Relative entropy is defined as the ratio between the level of entropy associated to the actual distribution of opinions across the possible answers to a specific question and the maximum theoretical level of entropy for that question (given the number of possible answers), where entropy is defined as

$$Entropy = \sum_{i=1}^n p_i \cdot \log_2(1/p_i)$$

and the maximum entropy occurs when the probability of the events is equi-proportional (i.e. where opinions are equally distributed across the possible answers). Relative entropy (*rel.Entropy*) ranges from 0 to 1. While the index is usually interpreted (Kearl *et al.* 1979; Frey *et al.* 1984; Alston *et al.* 1992; Fuller and Geide-Stevenson 2003) as a direct measure of disagreement, here we more properly use it as a measure of the dispersion of respondents' opinions: the higher the index the more dispersed the opinions.

¹⁶ The Consensus index is defined as:

$$Consensus = 1 + \sum_{i=1}^n p_i \cdot \log_2 \left(1 - \frac{|X_i - \nu|}{d_X} \right)$$

where X is represented as the Likert scale, p is the probability of the frequency associated with each X , d is the width of X , X is the particular Likert attribute ($i = 1, 2, 3, 4$ (and 5) in our case), and ν is the neutral mark of the Likert scale ($\nu = 2.5$ (and 3) in our case). The Consensus index, using the unit interval of 0 to 1 as the set of all possible values of dispersion, conveys an immediate sense of sharing views. The closer to 1 the greater the consensus.

egory of the Likert scale, and reach its minimum value (*Consensus* = 0) when responses are equally distributed at the extreme categories of the Likert scale (i.e. strongly disagree and strongly agree). To know if a specific Proposition received a high level of consensus in positive terms (agreement) or negative terms (disagreement), the value of the index have to be read in conjunction with the mean value. For instance, consider the Cause with the highest rank (*low quality of immaterial infrastructures*) and the one with the lowest rank (*the increasing number of immigrant workers*) reported in Table 1. In both cases the high value of the consensus index indicates that there is a strong consensus among economists: but while for the former the consensus is on the fact that the one included in the Proposition is an important cause of the economic slowdown (the mean response is very high) in the latter the consensus is on its little relevance (the mean is very low).

Several aspects of the ranking reported in Table 1 are worth discussing. First, the mean and median values of μ indicate that there is an average agreement on the Causes and that the distribution of economists' opinions is skewed to the right. Yet the standard deviation of μ ($\sigma_{\mu} = 0.57$) shows a relevant dispersion in the average opinion across Causes. The average value of the relative entropy index indicates a high level of dispersion among respondents' opinions on each specific Cause. Yet the relatively high consensus index suggests that if economists express a different opinion on specific Causes¹⁷ they do it on the level of agreement (strong vs. partial) rather than on polar positions (agree vs. disagree), as it is revealed by the standard deviation of the Consensus index ($\sigma_{\chi} = 0.06$).

Second, there is almost unanimous ~~consensus~~ among Italian economists on the fact that the main causes of the difficulties of the Italian economy are *the low quality of immaterial infrastructure* ($\mu = 3.73$) and an *inefficient Public Administration* ($\mu = 3.50$). Also the *insufficient physical infrastructure* ($\mu = 3.31$), the *low level of domestic market competition* ($\mu = 3.39$), the *economic and social situation in the Mezzogiorno* ($\mu = 3.20$) and the small (average) *size of domestic firms* ($\mu = 3.02$) rank high among the Causes.

Third, it is interesting to examine this ranking with reference to the recent public and academic debate on the Italian economy. In particular, while the *trade specialization in labor-intensive goods* has been often cited in the literature as one of the main causes of the economy slowdown, the profession seems to be less convinced of the validity of this proposition. At the same time, in contrast with some recent analysis put forward by the Bank of Italy (Bank of Italy 2007; OECD 2007) and the evidence on the Italian backward-

¹⁷ In terms of the parameter d_x of the consensus index, opinions are concentrated in contiguous classes on the d_x dimension.

ness in the evaluation of the educational system contained in the PISA (Project for International Students Assessment) Report, Italian economists seem to consider the *low demand of human capital* a much more relevant Cause ($\mu = 3.02$) than the *low supply of human capital* ($\mu = 2.48$). Finally, Italian economists clearly show not to share the somehow popular laymen opinion (often put forward also by the media) that *dumping from LDCs*, the *introduction of the Euro* or *larger immigration flows* are the main Causes of the present difficulties of the Italian economy: their mean response is always below 1.9. This confirms Caplan (2002) findings.

In order to determine which of the 40 different Causes are evaluated in a similar way by Italian economists, we run a clustering procedure (described in Appendix B). The analysis identifies five different CLUSTERS. This allows us to extract some interesting additional information from respondents' answers. In particular it indicates which causes are, according to Italian economists, interrelated and thus which of them plays a similar role in explaining the weakness of the Italian economy. We will explicitly take this into account in the regression analysis we perform below.

3.2. policy proposals

As in the case of Causes, respondents express their opinion using the same four ordered options Likert scale. Table 2 ranks the 18 policy proposals according to the mean response value. For each policy proposals, the number of respondents (#), the mean value (μ), the relative entropy index (*rel. Entropy*) and the consensus measure (*Consensus*) are also shown.

The mean response values indicate that Italian economists largely agree on the need and on the efficacy of: *increasing bureaucracy efficiency* ($\mu = 3.73$); *funding public, private and academic research* (from $\mu = 3.57$ to $\mu = 3.48$); *increasing investments in physical infrastructures* ($\mu = 3.49$). On the contrary, they consider least useful policies: *to reduce labor union power* ($\mu = 2.41$); *to make more flexible the labor market* ($\mu = 2.40$); *to proceed with more privatizations* ($\mu = 2.49$); *to create and strengthen firm-territory link* ($\mu = 2.69$). As far as international trade, Italian economists seem to prefer a change in specialization related to the up-grading in the quality ladder more than an explicit policy of industrial targeting.

The values of the relative entropy index indicates that the dispersion of economists' opinions is larger on topics such the need to *reduce labor union power*; *making the labor market more flexible*; *increase firm-territory link*; *proceed with more privatization*; *increase public investment in strategic sectors*.

TAB. 2. *policy proposals: Ranked according to the mean response score (μ)*

Rank	policy proposals	#	μ	rel.Entropy	Consensus
1	<i>Increase bureaucracy (P.A.) efficiency</i>	331	3.73	0.46	0.77
2	<i>Funding public research</i>	331	3.57	0.62	0.66
3	<i>Increase investments in physical infrastructures</i>	328	3.49	0.66	0.67
4	<i>Funding private research</i>	330	3.48	0.67	0.65
5	<i>Funding academic research</i>	333	3.47	0.68	0.63
6	<i>Increase firms' investment in ICT</i>	323	3.38	0.69	0.66
7	<i>Induce internationalization activity domestic firms</i>	321	3.31	0.72	0.65
8	<i>Induce firms' size growth</i>	323	3.28	0.74	0.65
9	<i>Improve quality of exported goods</i>	321	3.27	0.76	0.63
10	<i>Proceed with more liberalization</i>	330	3.14	0.83	0.60
11	<i>Change trade specialization</i>	321	3.10	0.81	0.65
12	<i>Create small and medium firms consortia</i>	318	3.07	0.81	0.66
13	<i>Increase public investment in strategic sectors</i>	330	2.98	0.93	0.49
14	<i>Reduce precarious jobs</i>	327	2.86	0.90	0.57
15	<i>Create and strengthen firm-territory link</i>	309	2.69	0.93	0.56
16	<i>Proceed with more privatization</i>	331	2.49	0.93	0.52
17	<i>Reduce labor union power</i>	324	2.41	0.97	0.47
18	<i>Increase the flexibility of the labor market</i>	332	2.40	0.96	0.49
	Mean		3.12	0.78	0.61
	Median		3.21	0.79	0.64
	Standard deviation		$\sigma_{\mu} = 0.41$	$\sigma_{\eta} = 0.14$	$\sigma_{\chi} = 0.08$

Furthermore the values of the consensus measure show that economists' view is the least homogeneous when judging the usefulness of: *increasing firm-territory link*, proceeding with *more privatization*, *reducing precarious jobs* and creating *small and medium firm consortia*. All these propositions receiving both a low consensus (below the average) and are low ranked in terms of mean response.

It is worth noticing that policy proposals related to labor market reform (*increase the flexibility of the labor market* and *reduce labor union power*) mark the lowest mean value of the ranking in Table 2, around $\mu = 2.40$. They also receive a very low consensus (around 0.48), and a very high relative entropy score (0.97). The overall economists' disarray on the usefulness and efficacy of the policy proposals belonging to this subset is at its maximum.

Regarding the policy proposals that have to do with the virtues of market forces, *liberalization* receives a good deal of approval ($\mu = 3.14$), an average level of consensus but opinions among economists are quite dispersed (the relative entropy is 0.83). On the contrary, *privatization*, the process of transferring the ownership of business from the public sector to the private sector, receives much less approval ($\mu = 2.49$) and is characterized by more dispersed and less consensual opinions.

The policy proposals directly linked to the views associated to the positive role of Marshallian industrial districts in the evolution of the Italian eco-

conomic system (Pyke *et al.* 1990), proposing *the creation of small and medium firms consortia* and *the creation and strengthening of firms-territory links* receive an approval below average and an average consensus not far from the median, but 7% of the Italian economists did not express any opinion on this last issue.

To summarize, the results in Table 2 show that respondents agree on the usefulness and efficacy of the proposed policy proposals more than they did with the Causes since the mean response is below 2.5 in only three cases. With respect to Causes, policy proposals also show a lower median Entropy index and a higher median Consensus index. Yet, policy proposals opinions are quite dispersed ($\sigma = 0.41$) and the level of agreement is low (the median relative entropy is 0.79) even if the difference in opinions is on near alternatives (the median Consensus is 0.64).

The results about ranking Causes and policy proposals presented so far suggest that there is a great deal of disagreement among economists, confirming some of the previous evidence (Fuchs *et al.* 1998). Yet, the opinions of Italian economists are not polarized at the extremes of the Likert scale. Having this first result in mind, we now move to our second question: are these differences systematically related to a set of covariates including individual characteristics, individual specific information about the Italian economy, individual interpretation of the causes of the Italian economic difficulties, individual research field and school of thought, and political opinions and individual values?

4. *Covariates*

The information on the respondents' personal characteristics obtained from the survey is summarized in Tables 3, 4, 5 and 6.

Table 3 presents summary statistics about GENDER, AGE, REGION OF BIRTH and REGION OF WORK of the respondents. The latter two variables have been included to take into account the Italian high degree of territorial heterogeneity in terms of per-capita income, macroeconomic conditions and institutional, social and cultural environment. In our sample, 3/4 of the respondents are male. As for AGE, more than 60% of the respondents belongs to the two central groups of the distribution, i.e. 41-50 and 51-60 years old. While the younger group (18-30) is very small (only 5 observations) it is interesting to note a significant number of over 70 respondents (10 observations), indicating that the choice of an on-line questionnaire did not exclude the elder generation from the sample. Regions have been grouped into four macro-regions: North West, North East, Center and

Tab. 3. *Individual characteristics of the sample*

GENDER	AGE		REGION OF BIRTH			REGION OF WORK					
	#	%	#	%	#	%	#	%			
Male	255	76	18-30	5	1	North West	106	32	North West	103	31
Female	80	24	31-40	52	16	North East	70	21	North East	62	19
			41-50	107	32	Center	87	26	Center	119	36
			51-60	98	29	South and Islands	68	20	South and Islands	51	14
			61-70	63	19	Abroad	4	1			
			71-	10	3						
<i>Total</i>	335	100		335	100		335	100		335	100

South and Islands¹⁸. Concerning the REGION OF BIRTH, the larger part of respondents was born in the North West and in the Center with the other three macro-regions showing similar numbers. As for the REGION OF WORK, on the contrary, we see that 36% of the respondents are employed in Universities located in the Center of Italy and 31% in the North West, reflecting the effect of large cities and total population on the dimension and number of Universities.

The questionnaire also asked questions concerning the respondents' ACADEMIC POSITION; SCHOOL OF THOUGHT (the school of thought she declares to belong to); research FIELD (according to the Journal of Economic Literature (JEL) classification); and the type of RESEARCH she performs (empirical/theoretical). Table 4 reports the academic profile characteristics of our sample.

As for the ACADEMIC POSITION, more than half of the respondents is a Full Professor while Assistant Professors are less than half the number of Associate Professors.

It is well known that one of the aspects that traditionally has made European and American economists different is the importance the profession has given to the individual belonging to a specific SCHOOL OF THOUGHT (Frey *et al.* 1984; Frey and Eichenberger 1993; Aiginger *et al.* 2001). In particular, in the Italian economic profession heterodox approaches have been historically very influent. Things seem to have changed, at least partially. Almost 1/3 of the economists in our sample defines himself *Eclectic*¹⁹. Other

¹⁸ The grouping of Italian regions in the five macro-regions is the following: North West (Piemonte, Valle d'Aosta, Liguria, Lombardia); North East (Trentino Alto Adige, Veneto, Friuli Venezia Giulia, Emilia Romagna); Center (Toscana, Umbria, Lazio, Marche, Abruzzo, Molise); South and Islands (Campania, Puglia, Basilicata, Calabria, Sardegna, Sicilia).

¹⁹ In addition to self-classification, we have attributed to the *Eclectic* category the respondents (18 observations) that indicated three or more schools of thought.

Tab. 4. *Academic profile of the sample*

Variable	#	%
ACADEMIC POSITION		
Assistant	41	12
Associate	100	30
Full Professor	194	58
<i>Total</i>	335	100
SCHOOL OF THOUGHT		
Eclectic	95	28
Institutionalist/Neo-Institutionalist	23	7
Keynesian/Neo-Keynesian	27	8
Keynesian/Post-Keynesian	36	11
Marxist/Sraffian/Neo-Marxist	13	4
Neoclassical/Mainstream	59	18
Austrian/Neo-Austrian	1	0
Evolutionist	17	5
Regolationist	3	1
Behavioralist	5	1
I do not refer to any specific school of thought	56	17
<i>Total</i>	335	100
FIELD		
JEL1 – Schools of Economic Thought and Methodology	20	5
JEL2 – Mathematical and Quantitative Methods	22	5
JEL3 – Microeconomics	37	9
JEL4 – Macroeconomics and Monetary Economics	71	17
JEL5 – International Economics	44	10
JEL6 – Financial Economics	13	3
JEL7 – Public Economics	37	9
JEL8 – Health, Education, and Welfare	6	1
JEL9 – Labor and Demographic Economics	25	6
JEL10 – Law and Economics	8	2
JEL11 – Industrial Organization	52	12
JEL12 – Business Admin. and Business Econ.; Marketing; Account.	4	1
JEL13 – Economic History	10	2
JEL14 – Economic Development, Tech. Change, and Growth	48	11
JEL15 – Economic Systems	3	1
JEL16 – Agricul. and Natural Resource Econ; Env. and Ecol. Econ.	10	2
JEL17 – Urban, Rural, and Regional Economics	14	3
<i>Total</i>	424 ^a	100
RESEARCH		
Empirical	21	6
	101	30
↓	107	32
	70	21
Theoretical	36	11
<i>Total</i>	335	100

^a Some respondents declared more than one primary field.

two larger groups are *Neoclassical/Mainstream* economists (18%) and *No specific method* (17%), where the latter group includes economists that declared not to refer to any specific school of thought. If we sum this latter group and the *Eclectic* the result is that almost half of the sample is not categorized

Tab. 5. Knowledge of the Italian economic situation

ITALIAN ECONOMY		Is the Italian economy one of your research interests?					
		primary	secondary	no	tot		
freq.		16	48	271	335		
%		5	14	81	100		
EXPERTISE		Have you read/written/taken part in the debate on the current economic situation in Italy?					
		no	marginally	often	constantly	na	tot
freq.		5	95	171	57	7	335
%		1	28	51	18	2	100

in any of the traditional schools of thought. Among these, after *Neoclassical/Mainstream*, the larger are *Post-Keynesian* (11%) and *Neo/Keynesian* (7%). Even if much less relevant in percentage terms, our sample also features *Marxist/Sraffian*, *Evolutionist*, *Institutionalist* and *Behavioralist* economists.

As for the FIELD of research (as categorized by JEL codes), it results that all fields are represented in our sample, even if the variance is very high. The largest group, with 17% of the respondents declaring it to be their primary field, is Macroeconomic and monetary economics. The other large groups are Industrial organization (12%), Economic development and growth (11%), International economics (10%), Public economics (9%) and Microeconomics (9%).

Concerning the type of RESEARCH that respondents perform (more empirically or theoretically oriented), it results that they are almost symmetrically distributed around the «half and half» option with a slightly fatter left tail.

In addition to questions about the academic profile, the questionnaire asked two questions aiming at measuring the expertise of, as well as the interest of the respondents in, the Italian economy as a research topic. These questions are reported, with their answers, in Table 5. While the number of respondents whom would consider the analysis of the ITALIAN ECONOMY one of their research interests is not large (19%), more than 70% of them declare to be informed about the current Italian economic situation and/or having taken actively part in the public debate on the issue (i.e. writing op-eds, participating actively in seminars or conferences or in public discussions). We call this self-declaration EXPERTISE.

Previous contributions have shown that the political view of the respondent is an important source of variation with respect to her judgment about policy prescriptions (Fuchs *et al.* 1998; Klein and Stern 2006a and 2007). Instead of focusing exclusively on political ideology, we asked economists to self-portrait on four dimensions that broadly refer to economic and political

TAB. 6. *Political opinions, individual values and optimism*

MARKET		<i>Which allocative mechanism should be given more importance in organizing economic activity?</i>						
		State		→		Market	na	tot
freq.		5	24	133	110	32	31	335
%		1	7	40	33	10	9	100
$\mu = 3.5$								
SOCIAL MOBILITY		<i>How much should the Government be concerned with favoring social mobility?</i>						
		a little		→		a lot	na	tot
freq.		2	15	53	115	118	32	335
%		1	4	16	34	35	10	100
$\mu = 4.1$								
RIGHT		<i>Considering the current Italian Parliament^a party composition, where would you position yourself?</i>						
		left		→		right	na	tot
freq.		61	163	44	15	5	47	335
%		18	49	13	4	2	14	100
$\mu = 2.1$								
OPTIMISM		<i>Do you consider yourself a</i>						
		pessimist		→		optimist	na	tot
freq.		15	62	129	73	23	33	335
%		4	19	38	22	7	10	100
$\mu = 3.1$								

Note: The Likert scale includes five options: we coded them from 1 to 5, with the neutral mark equal to 3. ^a At the moment of the survey in the Italian Parliament were present a large number of parties with an almost perfect equilibrium between Left and Right.

opinions, individual values and optimism. Since all these questions were sensitive, answering to them was optional. The first question asked the respondent to declare which type of allocative mechanism she would prefer, using a five-points scale having «the State» and «the Market» at the extremes. The higher the value of the variable MARKET the larger the role that should be played by the Market instead of the State in regulating the economic activity. The second question, also measured on a five-points ordered scale, asked how much the government should intervene to favor social mobility. Thus the variable SOCIAL MOBILITY measures the respondents' opinion about whether or not the Market is able to guarantee equality of opportunity across generations: the higher the value of the variable SOCIAL MOBILITY the more the intervention of the government is considered as necessary. The third question asked respondents to self-report political position along a five-

TAB. 7. *Political opinions, individual values and optimism – Spearman correlation*

	MARKET		SOCIAL MOBILITY		RIGHT		OPTIMISM
MARKET	1						
#	304						
SOCIAL MOBILITY	0.108	*	1				
#	295		303				
RIGHT	0.404	**	-0.092		1		
#	282		284		288		
OPTIMISM	0.145	**	-0.033		0.119	**	1
#	295		293		283		302

* Means significant at 10%; ** means significant at 5%. # refers to the number of observations.

points scale having left and right at the extremes. We deliberately avoided giving any definition of the two terms. The higher the value of the variable RIGHT the more right-wing is the respondent's political orientation. Finally, we also asked the respondent's to express her attitude with respect to life declaring her degree of optimism on a five-points scale: the higher the value of OPTIMISM the more the respondent is optimist.

The four questions and the distribution of answers are reported in Table 6. Considering that the neutral mark is equal to $\nu = 3$, Italian economists seem to largely prefer the MARKET (with respect to the State) as allocative mechanism ($\mu = 3.5$) but at the same time they strongly agree on the need of government intervention for favoring SOCIAL MOBILITY ($\mu = 4.1$). Moreover, the values of RIGHT ($\mu = 2.1$ and *Consensus*) indicate that Italian economists are largely center-left oriented²⁰. In terms of OPTIMISM, they are normally distributed around the neutral mark. Yet the relevant dispersion around the mean is a suggestive evidence of how economists themselves are far from the idealtypic of the fully rational decision maker that ignores irrelevant elements in her decision process. Disregarding this aspect of the individual personality would influence the estimate of the role played by political opinions and individual values on policy proposals.

Spearman rank correlations among these variables are shown in Table 7. Not surprisingly the more RIGHT-wing oriented is the respondent, the more she prefers the MARKET, instead of the State, as an allocative mechanism. Note, however, that the coefficient is lower than one may expect²¹. Support-

²⁰ Interestingly, also the large majority of US economists declare to be Democratic (Klein and Stern 2006b).

²¹ The low rank-correlation coefficient is confirmed by the low (0.075) weighted Kappa coefficient between MARKET and RIGHT, indicating that the agreement between the two

ing government intervention to favor SOCIAL MOBILITY is negatively, but not significantly, correlated with being RIGHT-wing oriented and, a bit surprisingly, positively with being pro-MARKET. These results confirm the multifaceted nature of the political opinions and individual values of Italian economists. Interestingly, being OPTIMISTIC is significantly positively (even if weakly) correlated with a preference for the MARKET as an allocative mechanism and with being RIGHT-wing, while it is negatively (even if not significantly) correlated with supporting government intervention to favor SOCIAL MOBILITY.

To conclude, it is worth noticing that the correlation between our more politically-related measure of the political view (RIGHT) and the two more economically related measures (SOCIAL MOBILITY and MARKET) is rather low. This suggests that our three variables are able to capture different aspects of a possibly complex political identity of our respondents. This is the reason for which they will be simultaneously considered, together with OPTIMISM, in the following regressions.

5. *Analyzing differences across economists' policy proposals views*

5.1. *policy proposals regressions*

In this section we relate respondent's opinion on each of the 18 policy proposals to a set of covariates. The outcome in each regression is the respondent's answer – expressed on the four-points ordered Likert scale – to the question «do you agree that this is an useful and effective policy proposal to make the economy to recover?» The set of covariates includes the ones presented in section 4 and some additional ones. Two of them are derived from the analysis of the Causes. The first is the multinomial factor variable CLUSTER. Following the cluster analysis of Causes presented in Section 3.1, we identify for each respondent the cluster which includes the set of Causes she considers more important. We thus end up having five clusters-related groups of respondents. This implies that in our regressions (in which we are explaining differences in opinions concerning policy proposals) we are also

measures is low. Cohen's Kappa coefficient (k) is a statistical measure of inter-rater reliability. It is generally thought to be a more robust measure than simple percent agreement calculation since it takes into account the agreement occurring by chance. Cohen's Kappa measures the agreement between two raters who each classifies N items into C mutually exclusive categories. If the raters are in complete agreement then $k = 1$. If there is no agreement among the raters (other than what would be expected by chance) then $k < 0$.

controlling for the fact that economists may have a similar view on which are the causes of the difficulties of the Italian economy. The second additional covariate is MAIN CAUSE. This variable indicates which is, according to the respondent, the most relevant macro-cause (among the five reported in the questionnaire) of the difficulties of the Italian economy. The macro-causes were: 1) international trade and the European economic policy; 2) firms' characteristics; 3) structural characteristics; 4) labor market; 5) government and public administration. To see why this may be important, consider for example an individual believing that the main cause of the difficulties of the Italian economy is the way the labor market is regulated. We expect that she would be more in favor of an intervention in the labor market instead of being in favor of, for instance, creating and strengthen firm-territory link. On the other hand, policy proposals may not go hand in hand with the analysis of Causes: even if one considers a specific MAIN CAUSE as the most important, she may express a preference toward a different line of policy intervention because she considers it more feasible, easier to implement, or more effective in the short run. The last three additional covariates include a binomial indicator of individual domestic regional migration (MOBILITY), that takes the value 1 when the REGION OF BIRTH and the REGION OF WORK do not coincide, and zero otherwise, and two multinomial indexes of individual anxiety. The variable WORRY reports how much the economist declared to be worried about the actual economic conditions in Italy while Δ WORRY indicates how her worries have changed with respect to the past five years.

To summarize, our empirical specification assumes that the difference in opinion across Italian economists concerning the usefulness and efficacy of a policy proposal depends upon differences in:

1. individual characteristics (GENDER, AGE, REGION OF BIRTH, REGION OF WORK, MOBILITY, ACADEMIC POSITION);
2. individual specific information about the Italian economy (ITALIAN ECONOMY and EXPERTISE)
3. individual opinion on which are the Causes and how much serious are the current economic difficulties (CLUSTER, WORRY and Δ WORRY);
4. the school of thought and type of research (SCHOOL OF THOUGHT, RESEARCH);
5. individual political opinions, values and degree of optimism (MARKET, SOCIAL MOBILITY, RIGHT, OPTIMISM).

Most of previous contributions did not control for all these possible aspects that could influence economists' opinions. Yet the richness of our dataset allows us to simultaneously consider the just described five possible sources of divergence across respondents. Before moving to the regression,

we must devote some attention to the important issue concerning the status of the political/values variables (RIGHT, MARKET, SOCIAL MOBILITY) with respect to the SCHOOL OF THOUGHT. While it may be reasonable to assume that they are not strictly correlated, one may also think that economists may have different political opinions (and even different individual values) just because these reflect differences in judgments about the consequences that flow from them²². Following this line of reasoning, the opinion concerning which is the best allocative mechanism (as measured by MARKET) or how much should government intervene to favor SOCIAL MOBILITY may well be determined by the respondent's personal views on how the economy works, with the latter, in turn, strongly depending on her school of thought²³. Thus, to be confident in the choice of considering separately these two sources of variance in economists' opinions, we verified that political/value variables were not a simple reflection of the SCHOOL OF THOUGHT. While the χ^2 test rejected the null hypothesis that these measures were independent ($p < 0.05$), the Cohen's Kappa test did show that there was no agreement, controlling for randomness, between these measures²⁴. These results suggest that our social and political and individual values variables convoy additional and different information with respect to SCHOOL OF THOUGHT. Finally, we also found that the economists' opinion on policy proposals are more correlated with the respondents' political views rather than with their SCHOOL OF THOUGHT²⁵.

5.2. Regressions results

Our objective is to determine, for each of the 18 policy proposals, whether the respondent's opinion is significantly correlated with the covariates previously described. The multinomial outcome representing the respon-

²² For instance, consider the case in which the respondent's political view is measured through her preferences concerning income redistribution. It is easy to see that the judgments about the effects of a redistributive policy on political harmony, crime, and family stability could easily influence preferences about her opinion on income redistribution.

²³ Note that this is much less a concern in the case of the variable RIGHT. Indeed, the latter encompasses a much ample set of issues, which goes beyond the economic domain.

²⁴ The Kappa coefficient between SCHOOL OF THOUGHT and both MARKET and RIGHT is negative. Between SCHOOL OF THOUGHT and SOCIAL MOBILITY is 0.011.

²⁵ These results follow from the computation of Kappa coefficient between: 1) the three political variables and the respondent's policy proposals opinions; 2) SCHOOL OF THOUGHT and the policy proposals opinions. Interestingly, our results mimic the ones by Fuchs *et al.* (1998).

dent's opinion is ordered and the distance between four categories unspecified. Assuming that errors are normally distributed, we run a weighted ordered probit regression for each policy proposal, using the weights defined in Section 2.1. The results are summarized in Table 7, where we report the value of coefficients and their robust level of significance as well as some additional information on regression statistics. Policy proposals are ordered according to their consensus index (as calculated in Table 2) which is reported in the last line of Table 7. The covariates are instead grouped according to the five blocks of explanations described in Section 5.1. From top to bottom: individual characteristics; individual specific information on the issue; opinion on the Causes and the level of worry; school of thought; and political opinions, individual values and optimism. Finally, the information on the FIELD of research as well as on MAIN CAUSE are used as a set of dummies to control for individual heterogeneity.

We begin considering the individual characteristics of the respondents included in the first block of explanations. AGE turns out to be significantly related to policy proposals in five cases. The significance of GENDER is also sparse. Women are significantly more in favor of an active role of the State at the regional and national level. In fact they support the *creation and strengthening of firm-territory link*, *SME consortia* and the *public investment in strategic sectors*. Furthermore, women are considerably more likely to consider the increase in *Public Administration efficiency* as a useful measure to make the economy to recover: the value of the coefficient reveals that, for women, the increase in the odds of being in a higher category of the multinomial outcome (e.g. moving from «partially agree» to «strongly agree») increases substantially (1.001). This is a signal of the asymmetric GENDER cost of the inefficiency of the public sector, at large. The poor functioning of the public administration, in terms of time delay in the provision of services or in the quality of public schooling and health care are often paid by women in terms of working time reduction or limiting their ability to seize individual goals. Completely on the opposite side, men are more supportive of market solutions such as *increasing liberalization* and *reducing union-labor power*. The geographical dimension of individual characteristics, the REGION OF BIRTH, the REGION OF WORK, and MOBILITY has no widespread significant effect in the regressions²⁶. As for ACADEMIC PO-

²⁶ There are three exceptions, which are worth discussing. Economists born in the North-East of Italy are more favorable to policy proposals associated to the Marshallian districts literature, which are the ones more regionally characterized (42 out of 146 of the Italian industrial districts identified by the Italian National Statistical Institute (ISTAT) are in regions in North-East of Italy). Differently, respondents born in the South of Italy are more likely

SITION, in twelve out of eighteen policy proposals the coefficient is not significantly different from zero. A general conclusion comes out from the analysis of the role played by individual characteristics: heterogeneity prevails and income does not matter. While the first is self-evident, the second issue deserves some further clarification. All individual characteristics – AGE, REGION OF WORK, MOBILITY (if this imply commuting or the cost of displacement), ACADEMIC POSITION – are somehow related to income and individual expenditure capacity, in absolute and relative terms²⁷. We would have expected that personal income conditions would have been reflected on how individuals interpret the general state of the economy: in a broad sense individual living conditions are the lenses through which one sees the overall conditions of the economy. But, while this sounds reasonable, our evidence suggests that personal income has a minimal effect on economists' policy proposals judgments. This is in accordance with the findings of Caplan (2001).

The second block of explanations regards the role of specific information. ITALIAN ECONOMY, as a primary research FIELD or as a secondary one, as well as EXPERTISE are seldom significant. As far as economists' individual opinions on usefulness and efficacy of specific policy proposals, being an expert or not makes little difference.

The third block considers the respondent's view on the Causes of the difficulties of the Italian economy and how much she is worried about the economic situation. Only for three policy proposals – *more liberalization*, *improve the quality of exports*, and *create firm territory link* – the variable CLUSTER is not significant. In all other cases, the respondent's opinion on the policy proposal is significantly related to her interpretation of the Causes of the Italian economic slowdown. Furthermore, it results that economists that are more worried about the current situation (WORRY) are more likely to agree on the efficacy of four policy proposals: the need of proceeding with *more liberalization*, of *changing the pattern of specialization*, *funding private research* and of *increasing bureaucracy (PA) efficiency*. Interestingly, these are actually the proposals on which the debate has insisted more in the last decade.

to agree that increasing the investment in physical infrastructures may solve the problems of the Italian economy. This is not surprising at all, given the historical infrastructural deficit of the Mezzogiorno. Economists that did not move from their REGION OF BIRTH (MOBILITY = 0) call for higher *Public Administration efficiency*. Obstacles to «voting with their feet» imply the need for better local public goods and better local government.

²⁷ Note that in Italy, all scholars working in public Universities receive the same salary that depends on AGE and ACADEMIC POSITION regardless the geographical location of the University. Since Italy is characterized by strong regional disparities in the cost of living, it follows that ACADEMIC POSITION is capturing the effect of differences in real income.

The school of thought and the type of research are considered in the fourth block of explanations. The role of the SCHOOL OF THOUGHT turns out to be quite pervasive. Having *Eclectic* as the reference category²⁸, this covariate results to be statistically significant in all but two cases, yet in a very heterogeneous manner across policy proposals. Institutionalists tend to favor specific public interventions and they are more likely to agree on increasing *investments in physical infrastructures, supporting public research, change trade specialization, create and strengthen firm-territory link* and *increase public investment in strategic sectors*. Post-Keynesians share with Institutionalists a positive view on increasing *investments in physical infrastructures* and *supporting public research* and they also agree on *creating SME consortia* and *reducing precarious jobs*. The probability of *supporting public research* is also increased in case of Neo-Keynesian economists, completing the group of SCHOOL OF THOUGHTs backing that policy proposal. Neo-Keynesians are, at the same time, sympathetic toward the *support the internationalization activity of domestic firms* and, not very surprisingly, they also agree to *proceeding with more privatization*, a position shared with Neo-classical and Mainstream economists. The point of view of Marxists and Sraffians is substantially different from the rest of the sample. They have strong preferences about eight out of the eighteen policy proposals: they are more likely to disagree with the need and usefulness of *increasing the flexibility of the labor market*²⁹, *proceeding with more liberalization* (in opposition with Mainstream economists), and *funding academic research* (populated by Mainstream economists). Marxists are also less supportive of *firms' investment in ICT*, possibly assuming that technology is labor-saving and, in perfect consonance with duality theory, of a *change in trade specialization*, probably having in mind a Stolper-Samuelson type of effect, since Italy is largely specialized in labor-intensive goods. On the other hand, Marxists are positive on *creating SME consortia* and *reducing precarious jobs*. The Neo-classical and Mainstream paradigm is based on the classical triad Internationalization-Privatization-Liberalization, to which it has to be added a significant approval of the reduction of *labor union power* and a favorable attitude toward *increasing the flexibility of the labor market*. Evolutionary economists are quite similar to Eclec-

²⁸ We grouped Behavioralist with Eclectic, Austrian with Mainstream and Regulationist with Post/Keynesian due to the small number of observations for each of these schools of thought.

²⁹ At the same time the coefficient of *reducing labor union power* is not significantly different from zero, indicating a neutral stance on the issue. This implicitly indicates that Marxists considers the behavior of trade unions as irrelevant to change of the working conditions in the labor market.

tics. They only differ for a more favorable attitude toward the promotion of cooperative solutions among firms (*creating SME consortia*) and technology adoption (*firms' investment in ICT*). Finally, economists that do not refer to any specific school of thought (the «no method» in Table 7) are also quite different from the rest of the sample. They have strong preferences about eight out of the eighteen policy proposals but, since by definition they did not indicate any specific theoretical reference we will not make any attempt to interpret their preferences. What came as a bit of surprise is the finding that doing empirical or theoretical RESEARCH does not seem to be relevant in accounting for differences in economists' opinions, but for two policy proposals: theorists back the increase in the *flexibility of the labor market* (which in theory is a good thing), while empiricists dislike the proposal of *proceeding with more privatization* (the effects of which are hard to measure).

We want to determine if these variables play a role in explaining the differences in the Italian economists' opinions on the usefulness and efficacy of each of the 18 policy proposals when we control for all the other personal characteristics. The first result is that SOCIAL MOBILITY plays a secondary role. It is significant (and positive) only in three cases. The reason is the low variance of individual opinion on this question (see Table 6): almost 95% of the respondents are neutral or in favor of it.

Ex-ante the expectations on the sign of OPTIMISM are ambiguous. Indeed, according to the basic principles of psychology and behavioral economics, an optimistic individual may assume two opposite attitudes toward economic policy proposals at large. On one side, if the economist is optimistic she may be less in favor of intervening in the economy: *ceteris paribus*, an optimist would be more likely to believe that the economic problems are going to resolve themselves. On the other, a high OPTIMISM may lead to overestimate the probability of success of the policy to be implemented, favoring a positive stance over any policy proposal. In our empirical analysis we found no evidence of an overall positive nor negative effect. In fact, OPTIMISM is positively correlated with individual approval of some (not all) policy proposals: *proceeding with more privatization*, inducing the *growth of firms' size* and supporting their *internationalization* activity. On the contrary, OPTIMISM make economists less in agreement with *increasing the flexibility of the labor market* and *reducing the power of the labor unions* as policies useful to make the economy to recover. This result is interesting if read in conjunction with the results reported in Table 7. Indeed, while the unconditional correlation coefficient between OPTIMISM and RIGHT is positive, it turns out that in the multivariate regressions the two variables have opposite sign. This indicates that controlling for OPTIMISM is important to have a correct measure of the role of the policy variables in economists' views.

Tab. 8 *policy proposals – Weighted Ordered Probit Regressions – Ranked on Consensus*

policy proposals	PA efficiency	infrastructures	public research	ICT investments	firms' consortia	private research	internationalization	firms' size growth	trade specialization
AGE	0.205	0.362***	0.125	0.127	0.264**	-0.155	0.299***	0.095	0.239**
GENDER ^e	-1.001***	0.067	-0.291	-0.294	-0.778***	-0.069	-0.345	0.251	-0.011
REGION OF BIRTH ^b									
North East	0.213	-0.285	0.455	0.222	0.584**	0.026	0.157	-0.015	0.446
Center	0.028	-0.260	0.218	0.600*	0.110	-0.390	0.128	0.303	0.369
South/Islands	0.130	-0.589*	-0.007	0.292	0.397	-0.135	-0.050	0.394	0.572
REGION OF WORK ^c									
North East	0.137	0.008	-0.028	-0.021	-0.038	0.430*	0.093	0.160	-0.606**
Center	0.090	0.145	0.300	-0.289	-0.230	0.638**	-0.341	-0.401	-0.409
South/Islands	0.592	0.320	0.157	0.124	0.058	0.317	0.382	-0.614 *	-0.151
MOBILITY	-0.447**	0.156	-0.077	-0.046	0.175	-0.189	-0.144	-0.240	-0.465**
ACADEMIC POSITION	-0.175	-0.202**	-0.394***	-0.250**	-0.163	-0.135	-0.100	-0.010	-0.155*
ITALIAN ECONOMY ^d									
secondary research field	-0.165	-0.292	-0.319	-0.380	-0.339	-0.183	0.750***	0.390	0.078
primary research field	-0.233	0.021	-1.006**	0.281	0.309	0.046	-0.188	0.312	-0.478
EXPERTISE	0.034	0.152	-0.040	0.227*	-0.028	0.215*	0.072	0.335 **	0.059
CLUSTER ^e	0.208	-0.794***	-0.674**	-0.715**	-0.348	-0.482	-0.379	0.069	0.177
CLUSTER3	-0.217	-0.788**	-0.863**	-1.065***	-0.596**	-0.687**	-0.925***	-0.459	0.256
CLUSTER4	1.025**	-0.535	-0.497	-1.187***	-0.246	-0.347	-0.772**	-1.363***	-0.550
CLUSTER5	-0.130	-0.792**	0.402	-0.940***	-0.431	-0.334	-0.813***	-0.251	1.076***
WORRY	0.169**	-0.013	0.051	-0.034	-0.001	0.105*	-0.014	0.088	0.159***
ΔWORRY	0.004	0.010	-0.086	-0.076	-0.067	-0.100	0.007	-0.021	-0.015
RESEARCH	0.062	0.082	0.095	0.091	-0.039	0.093	-0.117	0.065	0.042
SCHOOL OF THOUGHT ^f									
Inst./Neo Institutional	0.029	0.706*	1.029**	0.308	0.535	-0.122	0.334	0.027	0.719**
Neo-Keynesian	-0.145	0.011	0.847*	0.409	0.417	0.374	0.804**	0.104	-0.222
Post-Keyn./Regulationist	-0.416	1.376***	0.694**	0.122	0.730**	0.368	0.459	0.112	-0.039
Marxist/Sraffian	0.245	0.017	0.296	-1.345**	0.987**	-1.134***	-0.092	-0.609	-0.987*
Neoclas./Mainstream	0.319	0.111	0.414	0.066	0.118	-0.070	0.503*	-0.089	-0.031
Evolutionary	-0.526	-0.340	0.089	0.752*	0.697**	0.740	0.422	0.385	-0.630
No specific school	-0.122	-0.114	0.110	0.108	0.781***	0.118	0.768***	0.327	0.390
MARKET	0.544***	-0.281 **	-0.289*	-0.545***	-0.117	0.015	-0.014	-0.191	0.009
SOCIAL MOBILITY	0.029	0.016	-0.002	0.145	-0.024	0.020	0.160*	0.096	0.207*
RIGHT	0.192	0.009	-0.491***	0.033	-0.121	0.123	-0.037	-0.157	-0.071

OPTIMISM	-0.110	-0.012	-0.118	0.143	0.066	-0.049	0.276***	0.362***	-0.137
MAIN CAUSE dummies	yes	yes	yes	yes	yes	yes	yes	yes	yes
FIELD (JEL) dummies	yes	yes	yes	yes	yes	yes	yes	yes	yes
Prob > F	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Pseudo R ²	0.244	0.196	0.321	0.215	0.166	0.171	0.219	0.226	0.245
#	262	263	263	258	253	263	259	259	254
Consensus	0.770	0.670	0.660	0.660	0.660	0.650	0.650	0.650	0.650

Notes: ***, **, * mean significant at the 1%, 5%, 10% respectively with robust standard errors. The average percentage of corrected predicted probabilities over the 18 policy proposals is 68%. Adopting, as a rule of thumb, that a *tolerance* of 0.1 or less is a cause of concern, it turns out that in our case there is no indication of multicollinearity. The link specification test is largely passed at the 10% level, indicating that relevant variable(s) have not been omitted and that the link function is correctly specified, by all policy proposals but *increase public investment in strategic sectors*. Notes on variables: ^a *Gender* = 1 if respondent is male and 0 otherwise. ^b The reference category is *North West*. ^c The reference category is *North West*. ^d The reference category is *not one of my research interests*. ^e The reference category is *CLUSTER1*. ^f The reference category is *Eclectic*.

Tab. 9 *policy proposals – Weighted Ordered Probit Regressions – Ranked on Consensus*

policy proposals	academic research	quality of exports	liberalization	precarious firm-territory link	privatization	strategic sectors	flexibility	labor union
AGE	0.102	0.447***	-0.121	0.037	0.117	-0.032	-0.022	-0.108
GENDER ^e	-0.157	-0.149	0.699***	-0.148	-0.630***	0.001	-0.717***	0.542**
REGION OF BIRTH ^b								
North East	0.523*	0.206	-0.268	-0.108	0.720***	0.063	0.437*	0.096
Center	0.519	0.500	-0.459	0.264	0.549*	-0.016	0.058	0.448
South/Islands	0.280	-0.104	0.240	0.444*	0.428	0.051	0.653**	-0.074
REGION OF WORK ^c								
North East	0.381	-0.079	0.923***	-0.080	-0.064	0.571**	-0.030	-0.145
Center	0.119	-0.454	0.164	-0.735***	-0.199	0.110	0.078	0.007
South/Islands	0.160	0.138	0.426	-0.571*	-0.466	0.002	-0.489	0.242
MOBILITY	-0.024	-0.036	-0.373*	-0.230	0.227	-0.194	-0.260	-0.238
ACADEMIC POSITION	-0.379***	-0.341***	-0.062	-0.113	-0.077	-0.032	0.011	0.024
ITALIAN ECONOMY ^d								
secondary research field	-0.456*	0.221	-0.326	-0.090	0.007	-0.234	0.205	-0.262
primary research field	-0.796*	0.059	0.351	0.859**	-0.042	0.061	-0.365	-0.130
EXPERTISE	0.129	0.012	0.267**	0.211	0.055	0.036	-0.032	-0.082
CLUSTER ^e	-0.505*	0.009	0.422	0.689**	0.062	0.731**	-0.431	-0.056
CLUSTER3	-0.894***	-0.073	-0.214	0.099	-0.082	-0.155	-0.756***	-1.002***
CLUSTER4	-0.337	-0.281	-0.245	1.175***	0.190	-0.149	-0.128	-0.475
CLUSTERS	-0.133	0.177	-0.382	1.086***	0.168	-0.224	-0.128	-1.285***
WORRY	0.084	-0.062	0.193***	0.069	-0.051	0.098	-0.021	-0.105*
ΔWORRY	-0.160**	0.083	-0.263***	-0.098*	-0.167***	-0.027	0.085	0.107*
RESEARCH	-0.135	-0.126	0.036	0.046	-0.057	-0.166*	-0.010	0.038
SCHOOL OF THOUGHT ^f								
Inst./Neo Institutional	0.010	0.017	0.132	0.151	0.914***	0.439	0.603*	-0.242
Neo-Keynesian	0.763*	0.468	-0.277	-0.525	0.448	0.774**	0.321	-0.371
Post-Keyn./Regulationist	0.219	0.459	-0.048	0.503*	0.385	0.532	0.022	-0.285
Marxist/Sraffian	-1.389**	0.373	-0.781*	0.821*	-0.023	-0.493	0.489	-0.354
Neoclas./Mainstream	0.055	0.388	1.177***	-0.281	-0.153	0.657**	-0.452	0.557**
Evolutionary	0.230	-0.432	-0.398	0.815	0.004	-0.451	0.256	-0.576
No specific school	0.009	0.813***	0.467*	0.624**	0.613**	0.411*	0.324	-0.564**
MARKET	-0.281**	-0.127	0.531***	-0.341**	-0.581***	0.828***	-0.529***	0.269**
SOCIAL MOBILITY	0.130	0.212**	0.076	0.016	-0.143	-0.037	-0.050	-0.024
RIGHT	-0.272**	-0.100	0.145	-0.111	0.372***	0.116	-0.334***	0.614***

OPTIMISM	0.094	0.086	0.091	0.039	0.042	0.316***	0.023	-0.213**	-0.271***
MAIN CAUSE dummies	yes	yes	yes	yes	yes	yes	yes	yes	yes
FIELD (JEL) dummies	yes	yes	yes	yes	yes	yes	yes	yes	yes
Prob > F	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Pseudo R ²	0.242	0.168	0.330	0.244	0.181	0.282	0.246	0.313	0.272
#	264	255	262	260	246	262	262	264	261
Consensus	0.630	0.630	0.600	0.570	0.560	0.520	0.490	0.490	0.470

Notes: ***, **, * mean significant at the 1%, 5%, 10% respectively with robust standard errors. The average percentage of corrected predicted probabilities over the 18 policy proposals is 68%. Adopting, as a rule of thumb, that a *tolerance* of 0.1 or less is a cause of concern, it turns out that in our case there is no indication of multicollinearity. The link specification test is largely passed at the 10% level, indicating that relevant variable(s) have not been omitted and that the link function is correctly specified, by all policy proposals but number 10. Notes on variables: ^a Gender = 1 if respondent is male and 0 otherwise. ^b The reference category is *North West*. ^c The reference category is *North West*. ^d The reference category is: *Italian economy is not one of my research interests*. ^e The reference category is CLUSTER1. ^f The reference category is *Eclectic*.

Finally, let's focus on the role of the respondents' political opinions as measured by RIGHT and MARKET. The regression results show that RIGHT is significant only in some of the policy proposals. It is positively correlated with agreeing more on the need of *increasing labor market flexibility, reducing union labor power and strengthening the firm-territory link* while it is negatively correlated with being more in favor of *increasing public investment in strategic sectors, funding public and academic research*. Instead being pro-market as measured by MARKET has a significant effect in many policy proposals. MARKET is positively associated with *proceeding with more privatization and liberalization*, as well as increasing the *flexibility in the labor market*, all market-based policy proposals. MARKET is also positively correlated with increasing the *efficiency of the (Public Administration) bureaucracy*, which clearly is a fundamental condition for the market to operate smoothly. It is also negatively correlated with *strengthen the firm-territory link, support firms' investment in ICT, increase investment in physical infrastructures, public investments strategic sectors, reducing the number of precarious jobs and funding academic research*. It is important to note that the simultaneous use of RIGHT and MARKET is actually appropriate to capture the complexity of the respondents' political view. As an example, while being pro-market induces an economist to oppose both the use of *public investment in strategic sectors* and need of *strengthening of the firm-territory link*, being right-wing makes her to oppose the former but not the latter policy proposal, as a strategy to help the economy to recover.

5.3. Consensus index and regressions results

Results from the regressions suggest a relation between the significance of covariates related to political opinions, individual values as well as optimism and the consensus expressed by economists on the same policy proposals. A clear pattern appears: when consensus is low MARKET, RIGHT, and OPTIMISM show a significant conditional correlation with the different views of economists; at intermediate levels of consensus, the relation becomes less systematic and some other elements (the shared view of the Causes of the phenomenon under scrutiny, e.g. CLUSTER) are thoroughly more important in differentiating economists' views on policy proposals; finally, when the level of consensus is high only MARKET remains significant and what discriminates among economists' views about the economy is the subjective evaluation of how the economy should work.

To check if this suggestive evidence extends to Causes, we collect the significance level of the covariates MARKET, SOCIAL MOBILITY, RIGHT, OPTIMISM after running an ordered logit regression of the respondents' opi-

nion on the same set of control variables used in Table 7. Next, for each of these four covariate, we compare the absolute value of the significance level, $|z_j^M|$ – where M stands for MARKET, or SOCIAL MOBILITY, or RIGHT, or OPTIMISM – with the level of consensus obtained by each of the $j = 1, \dots, 58$ Propositions, using a non-parametric procedure that do not pre-impose any specific functional relation between $|z_j^M|$ and the level of consensus.

The four baseline equations (each one for each covariate of interest, M : MARKET, SOCIAL MOBILITY, RIGHT, OPTIMISM) take the form:

$$(1) \quad |z_j^M| = f(\text{consensus}_j) + \varepsilon_j,$$

where ε_j are zero mean random variables with variance σ_ε^2 and $f(\text{consensus}) = E(|z_j^M| | \text{consensus})$ is a smooth function. In particular, we use a cubic thin plate penalized spline with a smoothing parameter estimated by restricted maximum likelihood (REML), as in Ruppert, Wand and Carroll (2003).

To control for the possible confounding effect on the relation between $|z_j^M|$ and consensus of: (1) the level of μ associated to each Proposition (to take into account the possible influence on z_j^M played by the approval obtained by the Proposition); (2) the sign of the estimated coefficient of the relevant variable M in the 58 ordered probit regressions (to control for a difference between a positive effect and a negative one on the level of significance of the coefficient); (3) and the possible clustering effect on j due to the fact that some Propositions pertain to the same MAIN CAUSE, we augmented the baseline equations in the following way:

$$(2) \quad |z_j^M| = f(\text{consensus}_j) + \mu + \text{signof}M_j + \text{MAINCAUSE}_j + \varepsilon_j,$$

where $\mu \in [0, 4]$ is a continuous variable, $\text{signof}M_j \in [0, 1]$ is a dummy variable, and MAINCAUSE_j is an multinomial variable that takes values between 1 and 6 (five MAIN CAUSE plus a residual group including policy proposals). All confounders enter the regressions linearly³⁰.

Figure 1 contains the four semiparametric fitted lines visualizing the estimated marginal effect of consensus on $|z_j^M|$, controlling for the linear effect of the other variables included in equation 2. The spikes along the horizontal axis refer to the position of the observations in term of consensus. They are concentrated at intermediate levels. The gray area in each panel refers to the corresponding standard errors bands.

³⁰ We also saturated the model including all possible interactions, but the Anova test indicated that the more parsimonious model has to be preferred.

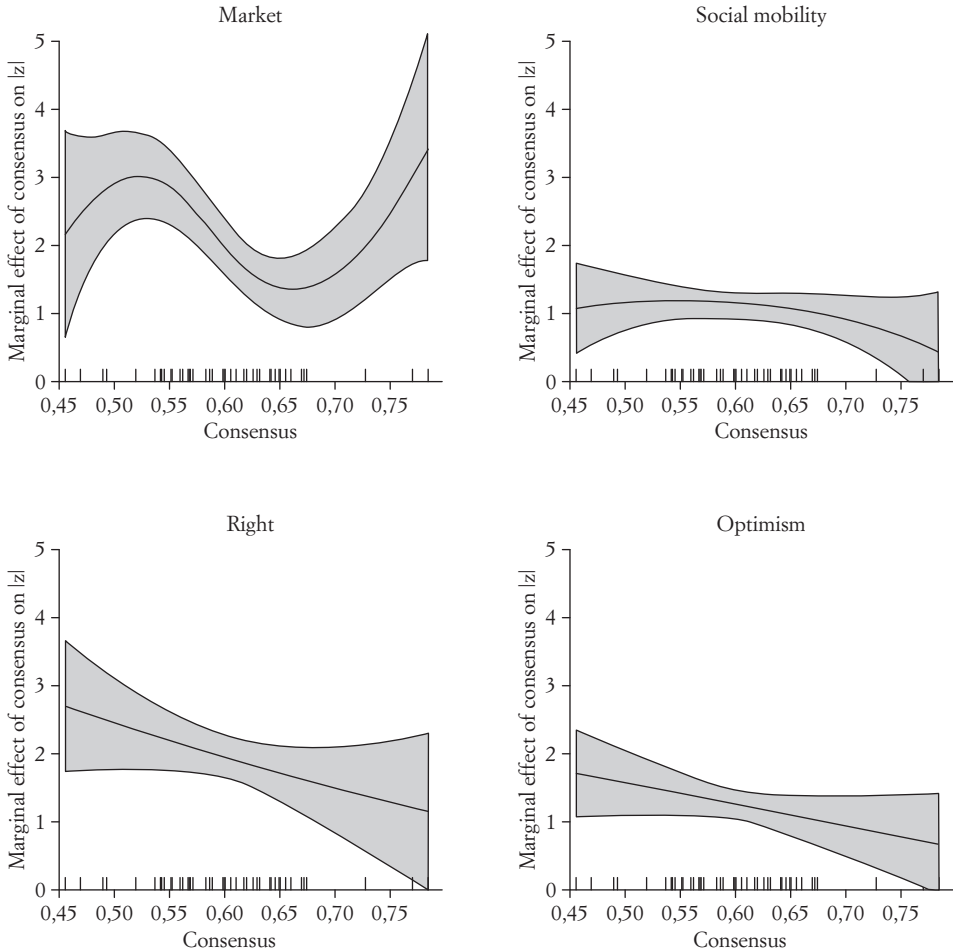


FIG. 1. Marginal effect of consensus.

The panel in Figure 1 indicates that MARKET is significantly related to economists' views on the Propositions all over the entire spectrum of consensus, and that the relation is sort of S-shaped, indicating an increasing role of MARKET at low levels of consensus, followed by a sudden drop and a subsequent rise at high levels of consensus. Such nonlinear relation would have been obscured imposing linearity. The panel in Figure 1 confirms the absence of evidence of a clear pattern between SOCIAL MOBILITY and the level of consensus (the estimated value of $|z_j^M|$ indicates that SOCIAL MOBILITY is not significantly different from zero). The third panel, Figure 1, shows a sharp pattern. RIGHT appears to be significant in correspondence of the left

edge of consensus space. Observations characterized by a significant value of $|z_j^M|$ are concentrated on the left side of the panel and the linear fit indicates a more pronounced negative correlation between the significance of RIGHT and the level of consensus. Similarly, the fourth panel, Figure 1, indicates that OPTIMISM is significant only at low levels of consensus and that a less pronounced linear pattern exists between the two variables.

In synthesis, our previous evidence is confirmed and reinforced: the political view, the degree of optimism and pro-market orientation are relevant in the case of Propositions characterized by a low consensus. On the contrary, only the level of pro-market orientation is relevant in the case of Propositions characterized by a high consensus. This suggests that the differences on how the economy should be organized (Market vs State) is the most profound source of differentiation among economists. While politics or optimism lose significance along the consensus space, what remains relevant in distinguishing between economists' views is the back-bone issue of economic theory: how much the allocation of resources in the economy should be left to the forces of free Market or to the regulation of the State.

5.4. *Robustness checks*

5.4.1. *Additional policy proposals*

As described in Section 2, the list of the 18 policy proposals in the questionnaire includes the policies that scholars writing on the Italian economy have been proposing during the last 15 years. But, obviously, the literature may do not match perfectly economists' views or exhaust the large variety of policies economists may think about. Thus, we allowed the respondent to add up to three policy proposals to the list provided in the questionnaire. Sixty-six economists included at least one additional policy proposal. The full list of additional policy proposals is reported in Table 9 in Appendix A. There are two things to note. First, the list contains a large variety of policy proposals which range from extremely narrow and specific to exotic and vague. Second, it (indirectly) tells us something on Italian economists' opinions about two important issues: the taxation level and public debt management. As for the first, it results that very few respondents consider a reduction of the current level of taxation a strategy for making the economy to recover. This is quite interesting since the reduction in the taxation rate has been one of the main topic in the political discourse in the last decade. Similarly, very few economists indicate reducing the current high public debt as

an effective and useful policy to increase the economy's growth rate. These two facts confirm that economists' views may diverge in a relevant way with respect to both the laymen and the media (on the positive effect of lower taxation) and the economic/political national and supra-national institutions (on high public debt as one of the main obstacles to growth). An opposite interpretation is as well possible: economists are not mentioning fiscal policy and debt management because they consider them so obviously necessary that is even not worth mentioning them.

There are some interesting systematic differences between respondents that added at least one additional proposals and the ones who did not³¹. Results (not reported) show that Mainstream economists and economists working in the North East and in the Center seem to be particularly satisfied with the set of policy proposals provided in the questionnaire and that respondents having the Italian economy main field of research are significantly less likely to add a policy proposals to the list. On the contrary Leftists are significantly more likely to add a policy proposals to the 18 already listed.

5.4.2. *Time dedicated to answering*

As a robustness check, we considered the time dedicated to answering. We performed two experiments. In the first we run the 18 regressions restricting the sample to respondents that completed the questionnaire in less than 40 minute and dedicated to it at least 10 minutes³². In this case, we are excluding respondents who dedicated too little time to fill the questionnaire or an excessively long time. No significant differences are found with respect to the full sample results. In the second experiment, we investigated whether there are systematic differences across respondents that are related to the time they dedicate to answering the questionnaire. This may be an important issue, because the latter may be related to the quality of the answers respondents give. Thus we have considered both the whole sample and the restricted one and we have regressed the usual set of control variables on the time dedicated to answering the questionnaire. In both cases, we cannot reject the null hypothesis (10% level) that the whole regression is not significant, meaning that difference in time dedicated to answering is not related to some specific characteristic of the respondent.

³¹ We run a probit regression of the usual set of control variables on the variable ADDITIONAL PROPOSALS taking value 1 if the responder added at least one policy proposal and 0 otherwise.

³² These boundaries were selected being respectively half and the double of our estimated time needed to complete the questionnaire.

6. *Conclusions and further research*

In this paper, using responses from a novel survey, we have documented how much Italian economists' opinions differ on the causes of the difficulties of the Italian economy and on which are the most useful policy proposals to make the economy to recover. In addition we have described how differences in opinions are related to differences in individual characteristics, the academic profile or the political and personal values of the respondent.

Our analysis provides several results. Here we summarize the most important ones. The disagreement among Italian economists is on average large, but economists do not express polar views. Moreover, Italian economists show a lower level of disagreement on policy proposals than on the causes of the actual economic conditions in Italy. Furthermore, in regressing the respondents' opinions on a large set of covariates, we found that each policy proposal is characterized by quite a degree of specificity. Yet it is possible to identify a systematic relation between some of the control variables and the overall respondents' opinions. In particular we find that the latter is strongly correlated with the economist's political view and her individual values even after controlling for a number of possible confounders, among which most importantly the respondent's school of thought and her field of research.

Two are the main contributions of our paper. First, to the best of our knowledge, this is the first detailed analysis of non-US economists' opinions on economic policies and of the sources of their disagreement. Second, while our analysis is based on a specific country sample, we illustrate a novel methodological result which may be relevant for other surveys on economists' opinions. Indeed, we contribute to the literature on the sources of disagreement among economists showing that the aspect of the complex social, political and individual view of the respondent which matters most in explaining differences across economists' opinions is related to the degree of consensus among economists on the policy itself. When the disagreement is high, differences in economists' opinions are related to the individual's political view, individual values and degree of optimism. On the contrary, when the disagreement is low, the political view and the degree of optimism loose significance. What remains relevant in distinguishing between economists' views is how much the allocation of resources in the economy should be left to the forces of the free market or to the regulation of the State. Difference in opinions on how the economic system should be organized emerges as the most profound source of differentiation among economists.

Appendix A

Criteria employed to select the bibliography from which Causes and policy proposals have been identified

The bibliography contains contributions (papers, books, working papers in institutional collections) published in the last 20 years (i.e. starting from 1988). We did not discriminate nor for the language used nor for the nationality of the author(s).

For the bibliographic search of papers, books and working papers the following sources were used: *ECONLIT*, *JSTOR*, *ELSEVIER*, *BLACKWELL*, *IDEAS*, *SSRN*, *ESSPER (LIUC)*. For the Web search, the following search engines were used: *GOOGLE* and *GOOGLE SCHOLAR*.

In both cases we considered all the contributions (items) resulting from the selection of the following keywords (keywords were searched both in Italian and English):

- *economia italiana* (Italian economy)
- *declino italiano* (Italian decline/slowdown)
- *declino economico italiano* (Italian economic decline/slowdown)
- *anomalia italiana* (Italian anomaly)
- *specializzazione internazionale Italia* (international specialization Italy)
- *anomalia specializzazione Italia* (anomaly specialization Italy)
- *dinamica produttività Italia* (dynamic productivity Italy)
- *rallentamento produttività Italia* (slowdown productivity Italy)
- *dinamica crescita Italia* (growth dynamics Italy)
- *rallentamento crescita Italia* (growth slowdown Italy)
- *questione dimensionale Italia* (dimensional issue Italy)
- *politica sviluppo Italia* (growth policy Italy)
- *politica economica Italia* (economic policy Italy)
- *politica industriale Italia* (industrial policy Italy)

For each author included in the bibliography, and for all the authors cited in the reference list of any of the contributions in the bibliography, we considered the whole scientific production of the last 20 years. The objective was to check for the presence of other contributions analyzing the performance of the Italian economy or the Italian economic slowdown, which could have been not included in the main search.

Appendix B

The questionnaire can be downloaded from the web page <http://sites.google.com/site/micdimaio/surveyofitalianeconomists>.

Cluster Analysis of the Causes

In this section we show the dendrogram resulting from the use of an agglomerative hierarchical clustering procedure with the «complete» linkage method³³. The dendrogram, presented in Figure 2, visualizes the five different groups of Causes identified by the cluster analysis.

From top to bottom of the dendrogram, CLUSTER1 is comprised by four Causes: the *BCE monetary policy*, the *economic policy choices of the European Commission*, together with the negative effects (reduced productivity) of the *labor market reform*, and the *wage compression effects* of the «Policy of Economic Agreement» (Politica della Concertazione Economica)³⁴. The Propositions that define the cluster receive an average mean response score of $\mu = 2.1$, quite below the neutral mark of 2.5, and an average consensus index of 1.8 which does indicate a limited consensus. CLUSTER2 is composed of six Causes: the *adoption of the Euro*; the *increase in the number of immigrants*; the *low flexibility of the labor market*, in terms of downward wage rigidity and firing costs; the *dumping strategy of foreign competitors*; the *increase in commodity prices*, including energy; and the *international political instability*. The common element of all the causes included in CLUSTER2 is that of having been often indicated by the media as a responsible of the difficulties of the Italian economy. It is a mix of structural and short run

³³ Given a set of N items to be clustered a $N \times N$ distance (or similarity) matrix has to be computed. To do this, the basic process of hierarchical clustering starts by assigning each item to a cluster. Then the closest (most similar) pair of clusters is merged into a single cluster. In the next step, distances (similarities) between the new cluster and each of the old clusters are computed. This procedure is repeated until all items are clustered into a single cluster of size N . In complete-linkage clustering, the distance between one cluster and another cluster is equal to the greatest distance from any member of one cluster to any member of the other cluster. This kind of hierarchical clustering is called agglomerative because it merges clusters iteratively.

³⁴ The «Concertazione» is a wage setting model characterized by the co-decision and cooperative agreement on salary rates between Trade Unions, employers' representative and the Government, with the aim of jointly establishing the future level of wages and employment (Caroleo and Mazzotta 1999). Started in 1992, «Concertazione» shaped the July Agreement of 1993 and the «National Labor Agreement» (Accordo per il Lavoro) signed in September 1996.

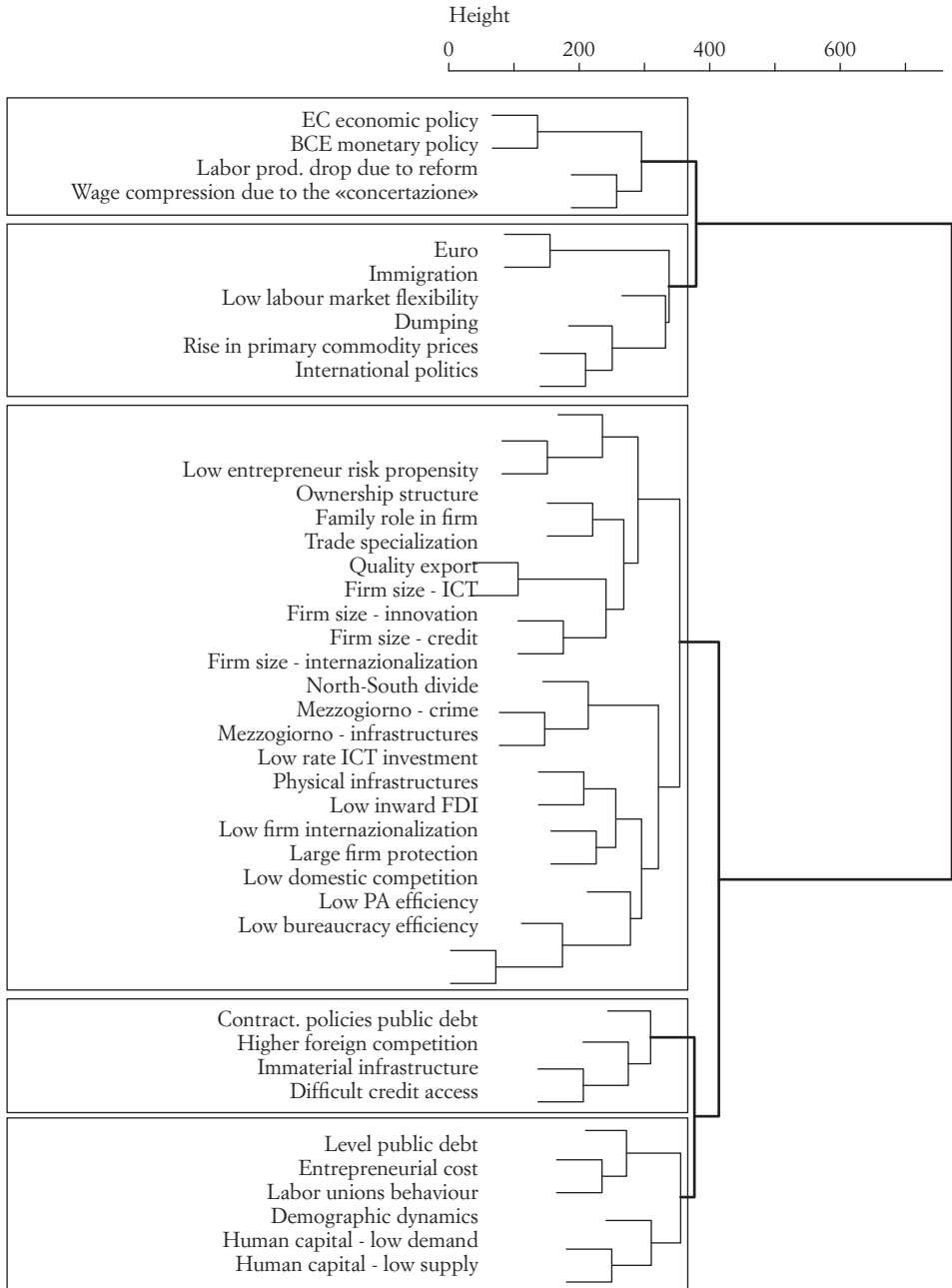


FIG. 2. Dendrogram of Causes.

Notes: The Dendrogram of Causes is obtained using an agglomerative hierarchical clustering procedure with the «complete» linkage method. The Height metrics represents the level of dissimilarity at which the agglomeration occurs: the higher Height the more dissimilar are the clusters. To save space the specific Causes in the Dendrogram are contractions of the ones included in Table 1.

causes, and all but one concern international events impacting the domestic economy, suggesting the idea that external factors should be blamed for the actual situation. It is the cluster that receives the lowest approval, with an average mean response score of $\mu = 1.94$ and an average consensus index of 0.62. All the Causes included in the cluster rank at the bottom level of Table 1, and the large majority of Italian economists agree on stating that these cannot be numbered among the main causes of the poor economic performance of the Italian economy and that they represent political scapegoats in government propaganda. CLUSTER3 is the most numerous cluster; it groups half of the possible Causes included in the questionnaire. Each one marks a relatively high mean score, with the average μ being around 3. All Causes in the cluster receive a high consensus, with an average index of 0.63. This cluster can be fairly said to be the portrayal of the conventional wisdom on the causes of the weaknesses of the Italian economy. CLUSTER4 is made of four Causes: the *quality of immaterial infrastructure* and the *low level of competition and the existence of entry barriers*, the *difficulties of credit market access associated to the small firms' size* and the *policies adopted to reduce public debt*. It is a very mixed cluster. The first two Causes received a very high μ score: 3.73 and 3.39, while the other two Causes scored 2.68 and 2.46, respectively, somehow about the neutral mark. The *quality of immaterial infrastructure* shows a very low relative entropy (0.45), and the highest consensus among the forty causes examined, whereas the inefficiency associated to the *low level of competition* obtains a quite high $\mu = 3.39$, and a good consensus, but a very high entropy index (0.70) showing a remarkable level of dispersion in the economists' opinions. The characteristics of the other two Causes are very different. Both are low ranked by Italian economists and the relative entropy score is high, showing again the absence of a uniform judgment by the respondents. In addition, in the case of *policies adopted to reduce public debt*, the proposition receives a large amount of missing answers, and the consensus index is almost one standard deviation, σ_x , below the mean. In the case of *the difficulties of credit market access associated to the small firms' size*, facts are less pronounced but point in the same direction. Thus similarity between these two Causes and the previous two is not in positive terms but in negative ones: individuals that partially or strongly agreed with the two latter Causes, at least partially disagreed with the former ones. Finally, CLUSTER5 includes all the labor market issues plus the effect of the Italian public debt. All Causes receive a μ score above the neutral mark but below 3, and a consensus a little below average. Each economist is allocated to the CLUSTER more similar to her own opinion. This classification is used in the regression presented in section 5.2.

TAB. 10. *Additional policy proposals*

policy proposal	number of proponents
reform the education and University system	12
favoring meritocracy	10
enforcing rules of law	9
reduce the cost of the political system	6
enlarge the Welfare State	6
support the demographic growth	6
improve the quality of the political system	5
support <i>start-up</i> /young entrepreneurship	5
provide incentives to increase human capital investments	5
implement selective industrial policies	4
reform the legal system	4
reduce inequality	3
increase firm-University cooperation	3
reduce the taxation level	3
support tourism and environment	3
reduce labor union power in the public sector	2
incentives for increasing firms' human capital demand	2
increase investment in the Mezzogiorno	2
improve (private) firms governance	2
improve policy coordination at the European level	2
monitor and reduce the cost of administrative decentralization	2
introduce fiscal federalism	1
increase public spending	1
sustain domestic demand	1
reduce public spending (government expenditure)	1
reform the pension system	1
increase the fight against tax evasion	1
BCE implementing an expansive monetary policy	1
adopt support policies for SME	1
privatize water supply	1
increase immigration	1
reduce immigration	1
ease firms credit access	1
improve transparency of credit and capital markets	1
provide fiscal incentives for firms in depressed areas	1
ease firing	1
intensify economic relations with LDCs countries	1
reduce trade protection	1

Note: Number of respondents that have added (at least) one proposal: 66.

Appendix B (continue)

Additional policy proposals

Table 10 enumerates the additional policy proposals expressed by the respondents. Each economist interviewed was allowed to add three personal policy proposals at most.

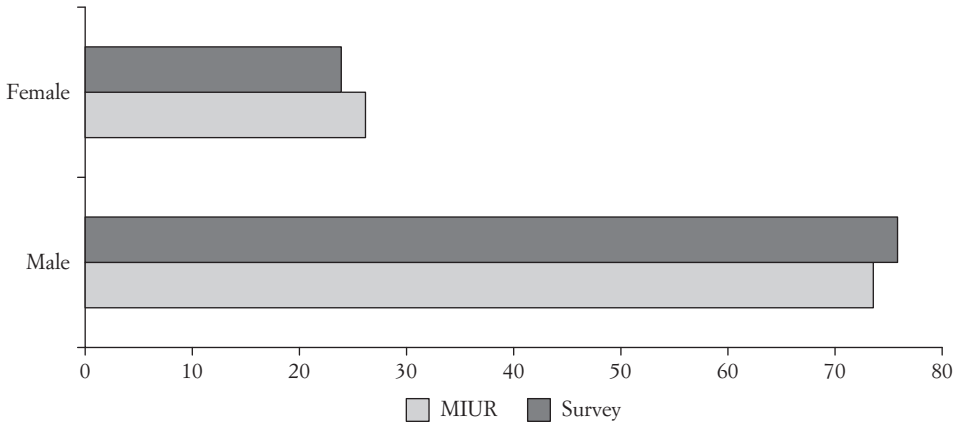


FIG. 3. GENDER – Comparison between our sample and the MIUR population.

Appendix B (continue)

Comparison between our sample and the MIUR population by gender, region of work and academic position

The result of the χ^2 -test on gender indicates that, at the 99% confidence level, the proportions between males and females in the survey sample was equal to the proportion in the MIUR population, with a z -value of 0.828. As far as academic position, the proportion of Assistant and Full Professors in the sample was not equal to the one of the population, respectively with a z -value of 6.38 and 5.25. The regional distribution of academics is not equal to the one of the population in only four cases out of nineteen. These are: Marche (z -value of 2.24), Piemonte (z -value of 1.69, for the one tail test), Puglia (z -value of 1.67, for the one tail test), and Sicilia (z -value of 2.06).

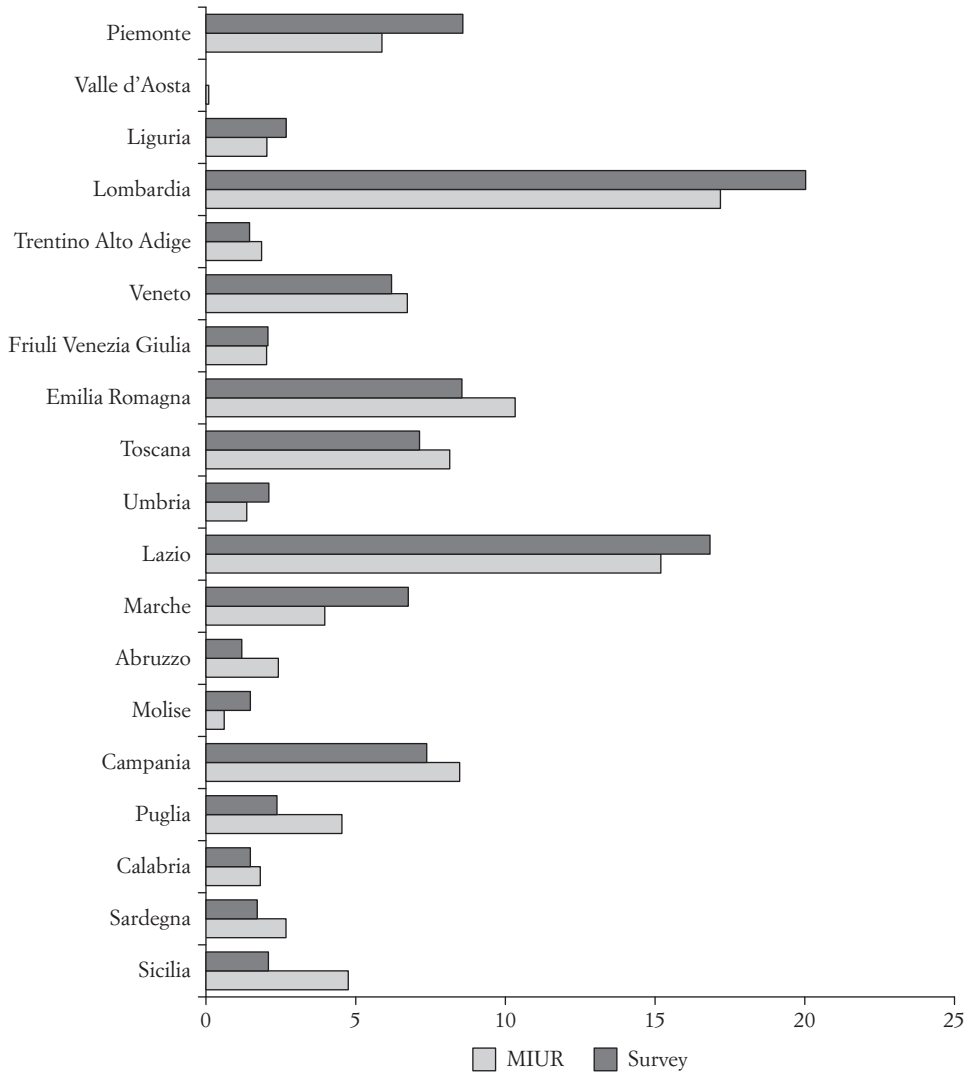


FIG. 4. REGION OF WORK – Comparison between our sample and the MIUR population. Italian regions are twenty: Piemonte, Valle d'Aosta, Liguria, Lombardia, Trentino Alto Adige, Veneto, Friuli Venezia Giulia, Emilia Romagna, Toscana, Umbria, Lazio, Marche, Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria, Sardegna, Sicilia. There is no data associated to Basilicata.

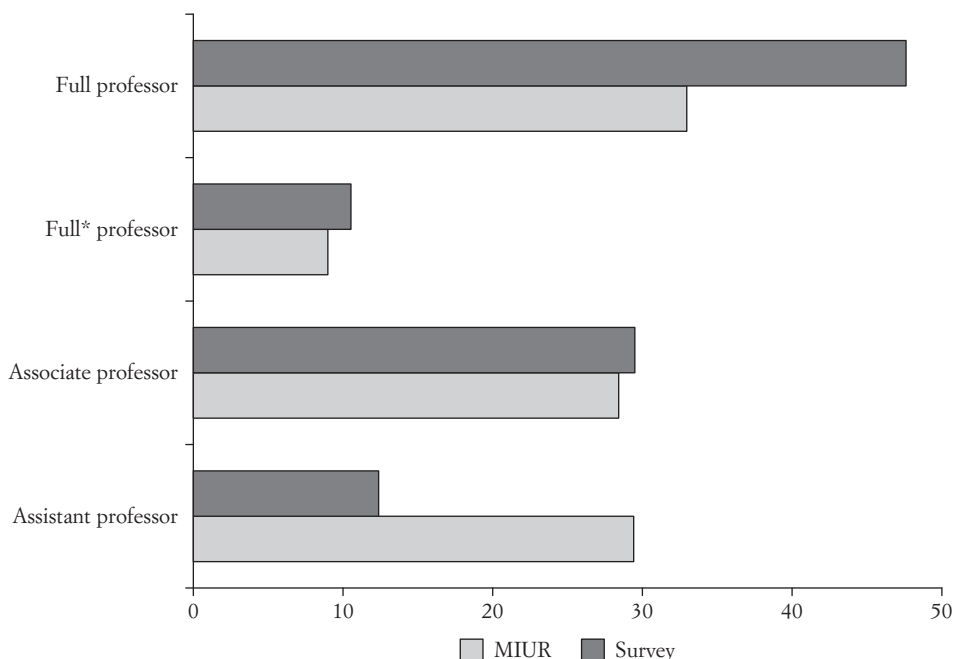


FIG. 5. ACADEMIC POSITION – Comparison between our sample and the MIUR population.

Note: In Italy, academic positions are: Assistant Professor (in Italian, Ricercatore), Associate Professor (Professore Associato), and Full Professor. Full Professor includes Professore Straordinario (indicated with an asterisk in Figure 5) and Professore Ordinario, where the latter are the professors with a tenure position since at least three years.

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Abstract: JEL Classification: A11, A13, C42.

This paper is about economists and their opinions on economic policies. Using a representative sample of Italian economists as a case study, we show that disagreement is large on both the causes of the economic difficulties in Italy and the economic policies to be implemented for a recovery. Searching for the sources of this disagreement, we regress individual opinions concerning economic policy proposals on a large set of covariates: (1) the respondent's socio-demographic characteristics; (2) her level of expertise and research interest in the Italian economy; (3) her judgment on which are the causes of the economic difficulties of Italy; (4) the research field and school of thought of the respondent; and (5) her political opinions, pro-market orientation and degree of optimism. While the first two groups of covariates are not systematically correlated with individual opinions on economic policy proposals, the last three are indeed. In particular, the political view, the degree of pro-market orientation and the level of optimism are all relevant in explaining differences in economists' opinions on economic policy proposals characterized by low consensus among economists. On the contrary, for policy proposals showing high consensus, the political view and the degree of optimism lose significance and the ultimate variable associated to the disagreement among economists is their level of pro-market orientation. The different opinion on which mechanism (Market vs State) should organize the economic system turns out to be the most profound source of differentiation among economists.

Keywords: Italian economists, Italian economy, economic decline, consensus analysis, survey analysis.

