

Economic Experts vs. Average Americans

Online Appendix

TABLE 1: EXACT WORDING OF THE QUESTIONS FROM TABLE I IN THE PAPER

Short summary	FTI	EEP
School Vouchers to public school students	If the government money currently being spent on education was used for school vouchers most students would be better off.	If public school students had the option of taking the government money (local, state, federal) currently being spent on their own education and turning that money into vouchers that they could use towards covering the costs of any private school or public school of their choice (e.g. charter schools), most would be better off.
Benefits of automakers bailouts will exceed their costs	Taking into account all of the economic consequences of bailing out GM and Chrysler in 2008 and 2009, the benefits outweighed the costs.	Taking into account all of the economic consequences — including effects on corporate managers' incentives and on creditors' expectations of how their claims will be treated in future bankruptcies — the benefits of bailing out GM and Chrysler will end up exceeding the costs.
Risky student loans	Taxpayers would be better protected from losses on student loans if there were rules linking each college's eligibility for federal student loans to its students' graduation rates and employment outcomes.	Rules that tie each college's eligibility for federal student loans to its students' graduation rates and post-schooling employment outcomes would better protect taxpayers from losses on student loans
2009 Stimulus: benefits will exceed its costs	Taking into account all of the economic consequences of the stimulus package in 2009, its benefits will end up outweighing its costs.	Taking into account all of the ARRA's economic consequences — including the economic costs of raising taxes to pay for the spending, its effects on future spending, and any other likely future effects — the benefits of the stimulus will end up exceeding its costs
Size large banks: efficiency vs government support	Do you think big financial firms are big because...? a) their large size allows them to be more efficient and obtain greater profits; b) there are political benefits of being large.	The 19 financial firms that just completed the Federal Reserve stress tests (i.e. the CCAR) are big primarily because of economies of scale and scope, rather than because of implicit government support.
CEOs are overpaid	The typical chief executive officer of a corporation in the U. S. is paid more than the value they add to the firm.	The typical chief executive officer of a publicly traded corporation in the U.S. is paid more than his or her marginal contribution to the firm's value.
2010 unemployment rate was lower thanks to automakers bailouts	Because the government bailed out GM and Chrysler in 2008 and 2009, the US unemployment rate was lower at the end of 2010 than it would have been otherwise.	Because GM and Chrysler were bailed out in 2008-09, the U.S. unemployment rate was lower at the end of 2010 than it would have been if Congress and the executive branch had not intervened.
2008 banks bailouts: benefits outweighed its costs	Taking into account all of the economic consequences, the benefits of bailing out banks in 2008 outweighed costs.	Taking into account all of the economic consequences — including the incentives of banks to ensure their own liquidity and solvency in the future — the benefits of bailing out U.S. banks in 2008 will end up exceeding the costs.

¹ Corresponding author: Luigi Zingales, University of Chicago, Luigi@chicagobooth.edu . Sapienza is with Northwestern University. Zingales is a director of the Initiative on Global Markets that administers the Economic Expert Panel and one of the participants in the panel. We thank Robert Hall, Arvind Krishnamurthy, David Wessels Justine Wolfers for very thoughtful comments and Alessandra Fenizia for excellent research assistantship.

TABLE I CONTINUED: EXACT WORDING OF THE QUESTIONS FROM TABLE I IN THE PAPER

Short summary	FTI	EEP
Raise in federal tax rate and tax revenues	Permanently raising the federal tax rate by one percentage point for those in the top income tax bracket would increase federal tax revenue over the next 10 years.	All else equal, permanently raising the federal marginal tax rate on ordinary income by 1 percentage point for those in the top (i.e., currently 35%) tax bracket would increase federal tax revenue over the next 10 years.
Large banks: size and implicit government support	The average size of large financial firms would be substantially smaller if they did not have implicit government support.	The average size of the 19 financial firms that just completed the Federal Reserve stress tests (i.e. the CCAR) would be substantially smaller if they did not have implicit government support.
Fannie and Freddie do not rebate subsidies through lower interest rates	Do you think that most of the Government subsidies Fannie Mae and Freddie Mac receive are given back to homebuyers through reduced interest rates? a) Yes; b) No; c) Don't know	Prior to the crisis, the benefits from the funding advantage that Fannie Mae and Freddie Mac had by virtue of perceived government support mostly went to their shareholders, rather than into substantially lower interest rates on residential mortgages.
Changes in gasoline prices mainly due to market factors	Changes in U.S. gasoline prices over the past 10 years have predominantly been due to market factors rather than U.S. federal economic or energy policies.	Changes in U.S. gasoline prices over the past 10 years have predominantly been due to market factors rather than U.S. federal economic or energy policies.
It is hard to predict stock prices	Very few investors, if any, can consistently make accurate predictions about whether the price of an individual stock will rise or fall on a given day.	Unless they have inside information, very few investors, if any, can consistently make accurate predictions about whether the price of an individual stock will rise or fall on a given day.
2009 ARRA lowered unemployment rate	Because of the 2009 (Obama) stimulus bill, the U.S. unemployment rate was lower at the end of 2010 than it would have been without the stimulus bill.	Because of the American Recovery and Reinvestment Act of 2009, the U.S. unemployment rate was lower at the end of 2010 than it would have been without the stimulus bill.
NAFTA increased benefits	On average, citizens of the U.S. have been better off with the North American Free Trade Agreement than they would have been otherwise.	On average, citizens of the U.S. have been better off with the North American Free Trade Agreement than they would have been if the trade rules for the U.S., Canada and Mexico prior to NAFTA had remained in place.
Eliminating tax deductions on mortgages improves efficiency in individual firm financing	Eliminating tax deductions on mortgages would lead to better financing decisions by individuals.	Eliminating tax deductions for non-investment personal interest expenses (e.g., on mortgages), with reductions in personal tax rates that are both budget neutral and keep the burden of taxes by income group the same, would lead to more efficient financing decisions by individuals.
“Buy American” has a positive impact on manufacturing employment	Mandates that Federal government purchases should be “Buy American” have a significant positive impact on U.S. manufacturing employment.	Federal mandates that government purchases should be “buy American” unless there are exceptional circumstances, such as in the American Recovery and Reinvestment Act of 2009, have a significant positive impact on U.S. manufacturing employment.
Healthcare and sustainability	The US economy can be made sustainable without cutting Medicare and Medicaid benefits and without increasing taxes on households with incomes below \$250,000	Long run fiscal sustainability in the U.S. will not require cuts in currently promised Medicare and Medicaid benefits and/or tax increases that include higher taxes on households with incomes below \$250,000. (This question has been recoded to match with the FTI one)
Carbon tax vs car standards	FTI “A tax on gasoline would be a less expensive way to reduce CO2 emissions than mandatory standards for cars.	A tax on the carbon content of fuels would be a less expensive way to reduce carbon-dioxide emissions than would a collection of policies such as “corporate average fuel economy” requirements for automobiles

TABLE 2. SAMPLE STATISTICS – DIFFERENCES BETWEEN THE EEP AND THE FTI SAMPLES

	EEP	FTI							
		Full Sample	Some Economic Training	Master or More	Rep	Dem	Dem and Master	High Trust in Market	High Trust in Market and Dem
Trust in Government	3.028 (0.810)	2.382 (1.222)	2.390 (1.162)	2.636 (1.141)	1.996 (1.086)	2.917 (1.199)	3.249 (0.958)	2.639 (1.217)	3.237 (1.098)
Trust in the Market	3.722 (0.454)	2.590 (1.161)	2.701 (1.102)	2.824 (1.114)	2.827 (1.203)	2.491 (1.105)	2.602 (1.008)	3.481 (0.693)	3.389 (0.626)
Equal opportunities vs equal outcomes	3.389 (0.994)	3.730 (1.429)	3.682 (1.438)	3.516 (1.467)	4.060 (1.400)	3.461 (1.422)	3.053 (1.432)	3.792 (1.392)	3.487 (1.378)
Income diff as incentives	2.917 (1.052)	3.213 (1.563)	3.153 (1.602)	2.788 (1.577)	3.696 (1.457)	2.908 (1.595)	2.254 (1.425)	3.325 (1.499)	3.010 (1.546)
Little role Government	2.833 (1.183)	3.420 (1.485)	3.473 (1.472)	3.424 (1.491)	3.859 (1.467)	3.014 (1.415)	2.921 (1.418)	3.460 (1.426)	3.030 (1.327)

This table reports the average answers of the EEP and FTI sample on five questions. Trust in Government and Trust in Market are the answer to the questions: “On a scale from 1 to 5 where 1 means “I do not trust them at all” and 5 means “I trust them completely”, can you please tell me how much do you trust the government/ the market system?” The next three are answers from 1 (disagree completely) to 5 (agree completely) to the following statements: “The government should focus more on equalizing opportunities available to the American people rather than redistributing resources through taxation.”, “Income differences in America today are necessary in order to motivate people to change their financial situation”; In most situations, government intervention cannot make the market system work better.” “Some econ training” means that the respondents answered yes to the question “Have you ever taken a class in economics – either in high school, college, or through some other formal education program?” Master or more means that the respondent’s highest educational attainment is a graduate school diploma or more. Republican and Democrat mean that the respondent declares himself as Republican or Democrat respectively. High trust in markets means an answer of at least 3 to the trust in market question.

TABLE 3: COMPARISON BETWEEN EEP AND FTI DEMOCRATS WITH A HIGH TRUST IN MARKETS

Short Summary	FTI		EEP		Δ
	Agreement	Uncertainty	Agreement	Uncertainty	
School vouchers to public school students	40.11	7.91	51.43	42.86	0.11
Benefits of automakers bailouts will exceed their cost	80.58	7.77	57.58	30.30	0.23
Risky students loans	63.53	16.47	69.70	27.27	0.06
2009 Stimulus: benefits will exceed its costs	71.88	11.88	52.78	33.33	0.19
Size large banks: efficiency vs government support	34.88	-	17.95	76.92	0.17
CEOs are overpaid	71.43	7.74	39.39	51.52	0.32
2010 unemployment rate was lower thanks to automakers bailouts	70.73	13.66	84.85	12.12	0.14
2008 bank bailouts: benefits outweighed costs	61.01	12.58	69.70	15.15	0.09
Raise in federal tax rate and tax revenues	84.94	5.42	97.44	2.56	0.13
Large banks: size and implicit government support	67.27	11.52	33.33	56.41	0.34
Fannie and Freddie do not rebate subsidies through lower interest rates	58.07	-	31.43	60.00	0.27
Changes in US gasoline prices mainly due to market factors	62.71	7.91	92.31	7.69	0.30
It is hard to predict stock prices	59.15	12.81	100.00	0.00	0.41
2009 ARRA lowered unemployment rate	74.07	6.17	91.67	2.78	0.18
NAFTA increased welfare	61.54	12.18	94.59	5.41	0.33
Eliminating tax deductions on mortgages improves efficiency in individual financial decisions	42.04	12.10	89.47	5.26	0.47
"Buy American" has a positive impact on manufacturing employment	76.22	9.15	11.43	31.43	0.65
Healthcare sustainability	71.82	5.53	0.00	15.15	0.72
Carbon tax vs car standards	30.68	14.11	92.50	5.00	0.62

Respondents are express they agreement or disagreement with the statements above on a scale from 1 (strongly disagree) to 5 (strongly agree). The exact wording of the statements is the same as in Table 1. We collapse "agree" and "strongly agree" into one single category and so for "disagree" and "strongly disagree"

TABLE 4: OPINION GAP AND UNCERTAINTY ON THE TOPIC

	(1)	(2)	(3)	(4)	(5)	(6)
	Difference between EEP and FTI sample				Difference with FTI subsample of high trust democrats	
Uncertainty	-0.396*		-0.598***		-0.385**	
	(0.190)		(0.146)		(0.149)	
Uncertainty Gordon		-10.569*		-9.701*		-4.843
		(4.982)		(4.857)		(4.667)
Highly Partisan			-26.975***	-13.633	-29.667***	-21.878**
			(6.601)	(9.714)	(6.778)	(9.333)
Constant	45.275***	65.435***	61.753***	67.418***	52.291***	52.386***
	(6.418)	(13.868)	(6.138)	(13.485)	(6.302)	(12.957)
Observations	19	16	19	16	19	16
R-squared	0.204	0.243	0.610	0.343	0.562	0.360

In this table we regress the distance between the percentages of respondents that agree with each statement in the two surveys on the level of uncertainty among economists on that question. The dependent variable in the first four columns is the difference of opinion between the IGM expert economist panel and the FTI sample, while the dependent variable in the last two columns is the difference between the IGM expert economist panel and the FTI sub-sample or respondents who declare themselves as democrats and have high trust in markets (respond to the question on trust with at least “3”). The IGM-measure of uncertainty is the percentage of economists that answered either “Uncertain” or “No opinion” in each question. The Gordon measure of uncertainty is from Gordon and Dahl (2013). The higher the value of this variable the smaller the size of the literature on a certain topic. Highly partisan question is a dummy variable equal to one if the question is classified as highly partisan, according to Table A1 in the Appendix. Standard errors in parentheses *** p<0.01, ** p<0.05, * p<0.10

TABLE 5: EFFECT OF PRIMING

Short Summary		FTI		EEP
		No Priming	Priming	
Carbon tax vs car standards	% Agree and Strongly Agree	22.51	25.72	92.50
	% Uncertain/Do not know	13.81	7.92	5.00
NAFTA increased welfare	% Agree and Strongly Agree	46.17	51.43	94.59
	% Uncertain/Do not know	15.39	18.47	5.41
It is hard to predict stock prices	% Agree and Strongly Agree	55.22	42.71	100
	% Uncertain/Do not know	15.70	7.81	0.00

The primed sample is a different wave of the FTI survey. The respondents were primed with the statement “Nearly all economic experts agree that ... (statement asked)”. Then they are asked whether they agree with the same statement. Carbon tax vs car standards question is: “Do you believe that a tax on gasoline would be a less expensive way for society to reduce carbon dioxide emissions than mandatory fuel economy standards for cars?” NAFTA increased welfare question is: “Do you believe that US citizens are better off with the North American Free Trade Agreement than they would have been without it?” It is hard to predict stock prices question is: “Do you believe very few investors, if any, consistently make accurate predictions about whether the prices of a stock will rise or fall on a given day?”