



What Role for Economists in Policy-Making?

Les notes du conseil d'analyse économique, no 42, July 2017

Opinion surveys regularly show that the general public has a marked interest in economic questions. However, economists are sometimes considered with certain mistrust that is fuelled by their shortcomings: the inability to foresee the financial crisis of 2008, conflicts of interest that remain sometimes undeclared, the difficulty in agreeing on a position, or, conversely, a tendency to have a single position, and a lack of didactic sense. The dialogue between economists and the public or the world of public decision-making is made even more difficult by the specificities of the discipline, especially uncertainty over its results, and economists' participation in the society that they claim to decipher in an independent and unbiased manner.

The influence of economics researchers on public debates and decision-making varies from country to country. French economic researchers have a fairly limited presence in decision-making bodies and debates on economic policy, but they are relatively active through drafting expert reports and through taking part in working groups that lay the groundwork for public decision-making.

How can interaction be improved between French academic economists and their various audiences: the decision-making world, the press, and the general public? First and foremost, academics in the discipline could boost their credibility by improving their practices. In addi-

tion to improved transparency about possible conflicts of interest, a code of conduct in matters of taking public stances could prove useful. Moreover, nowadays, some economic questions are subject to consensus, whereas others are not. In order to better inform non-specialists of points of convergence and divergence within the profession, a panel of experts could regularly answer questions on specific questions, with their answers then being published on a collective, and possibly individual, basis. Such bodies have been tried successfully in the USA and the United Kingdom.

As regards decision makers, we recommend the systematic use of academic teams to assess the effectiveness of public policies, both upstream and downstream. At the same time, it is important to facilitate mobility between the academic and the decision-making worlds.

Finally, where the media are concerned, there is a need for better promoting specialists in each subject. A repository of expertise of academic economists could be made available using a transparent method that attests to skills as well as to compliance with an ethics charter. In addition, closed reciprocal training sessions for academics and journalists on wide-ranging economic themes could be organised by professional organisations.

This Note is published under the sole responsibility of its authors

^a Paris School of Economics (PSE), Paris 1 University, Member of the CAE ;

^b Massachusetts Institute of Technology (MIT) and Peterson Institute of International Economics ;

^c Toulouse School of Economics (TSE), Toulouse 1 University, IDEI, Member of the CAE.

Economists –experts and practitioners– are generally very present in the public debate. It must be said that economic subjects have a prominent place in daily life, whether one is looking for work, or a mortgage, paying taxes, or managing a budget. Opinion surveys regularly highlight the general public’s interest in economic matters.¹

More than specialists in other social sciences, economists are also involved in public decision-making. They are predisposed to that by their discipline, which, having been built up from the 1930s on using well-defined objects (businesses, consumers, the State) and measurable variables, early on offered them a preferential interaction with decision makers: national accounting, forecasting, simulation, electricity pricing, rationalising budget choices, managing foreign-exchange reserves, etc.² The strong foundations of the discipline has also given them the confidence of engineers, and even a feeling of superiority relative to other social sciences.³

Since the 1980s, economic science has undergone several periods of internal questioning. It has diversified its approaches to take account of phenomena such as bounded rationality, behavioural biases, and individual heterogeneity. It has refined its methods of empirical validation, and it has become less affirmative on some matters, such as the impact of fiscal policy. Economists have also been called into question by the general public, in particular for not having been able to forecast the 2008 crisis, for having succumbed to conflicts of interest,⁴ or for not having been able to agree on key subjects like the fight against unemployment. However, there has been no lessening in the demand for their expertise, whether at national, European, or international level.

However, the true influence of economists on public decision-making is uneven. According to Hirschman and Popp Berman (2014),⁵ it is stronger in very technical areas (such as monetary policy and financial regulation) and in periods of great uncertainty, and it is essentially indirect, gradually modifying the ways of thinking of decision makers and of public opinion.

The question of the place of economists and of the trust that they can be granted is revised in all countries.⁶ The situation in France is particular in two respects: on the one hand, French economists seem strongly divided, both between themselves and with regard to their colleagues from other countries, especially the USA and Germany;⁷ and, on the other hand, France has a body of senior civil servants specialising in economics and statistics who feed into public decision-making, especially through their presence in INSEE (the French National Institute of Statistics and Economic Studies) and at the *Direction générale du Trésor* (Directorate General of the Treasury).⁸ Here, we look at the influence of economists from the academic world in France and at the way of improving their interaction with the world of public decision-making as well as with the media world. We leave aside the matter of teaching, which is a subject in itself.

Who are economists, and what do they do?

Supply and demand

Lawyers, physicians, dentists, architects, notaries, etc., are usually defined by their qualification and by their membership of a professional association. That is not the case for economists; the profession is open to all, hence anyone can present herself/himself as an economist without having any qualification in economics. The “supply” of expertise defined in that way is thus overabundant and of uneven quality.

Conversely, many executives in businesses or in the administration hold a qualification in economics, or they have studied economics in depth during their studies, without considering themselves to be economists. Although they may sometimes, or even often, use an idea or a mechanism acquired during their studies, they consider themselves to be financial managers, strategic managers, administration managers, etc., and not necessarily economists, or at least not “experts”.

The authors would like to warmly thank Jean Beuve, Scientific Adviser at the CAE, Amélie Schurich-Rey, Research Assistant at the CAE, and Thomas Renault, doctoral student at the University of Paris I, for their quantitative research on interactions between the world of research and the world of decision-making and the media. Their results are set out in Beuve J., A. Schurich-Rey and T. Renault (2017): “Les économistes universitaires dans le débat et la décision publics”, *Focus du CAE*, no 017-2017, July. The *Note* also benefited from suggestions made by Yann Algan, Dominique Bureau, and Benoît Cœuré, whom the authors thank without making them liable in any way for the content.

¹ For example, see the Banque de France-Kantar-Sofres survey carried out for the *Journées de l'économie de Lyon* (Lyon Economy Days). In the 2016 survey, 52% of the persons questioned said that they were “fairly” or “very” interested by the economy; however, that percentage is lower than in 2015 (58%) and 2014 (62%). www.citeco.fr/les-français-et-l'économie-2016.

² See Mitchell T. (1998): “Fixing the Economy”, *Cultural Studies*, vol. 21, no 1, pp. 82-101.

³ See Fourcade M., E. Ollion and Y. Algan (2015): “The Superiority of Economists”, *Journal of Economic Perspectives*, vol. 29, no 1, pp. 89-114.

⁴ See, for instance, the documentary film *Inside Job*, Charles H. Ferguson (2010), Sony Pictures Classics.

⁵ Hirschman D. and E. Popp Berman (2014): “Do Economists Make Policies? On the Political Effects of Economics”, *Socio-Economic Review*, no 12, pp. 779-811.

⁶ See, for instance, Zingales L. (2013): “Preventing Economists’ Capture” in *Preventing Regulatory Capture: Special Interest Influence and How to Limit It*, Carpenter et Moss (dir.), Cambridge University Press, pp. 124-151.

⁷ See Boone L. (2010): “Pourquoi les économistes ne sont pas audibles” in *À quoi servent les économistes ?*, Boissieu and Jacquillat (dir.), PUF-Descartes & Cie, pp. 41-47, Fourcade M. (2009): *Economists and Societies: Discipline and Profession in the United States, Britain and France, 1890s to 1990s*, Princeton University Press and Frey B.S., W.W. Pommerhne, F. Schneider and G. Gilbert (1984): “Consensus and Dissension Among Economists: An Empirical Inquiry”, *The American Economic Review*, vol. 74, no 5.

⁸ As of 31 December 2016, of 670 INSEE administrators and general inspectors, 101 were in post at the Ministry of the Economy and Finance (cf. INSEE). The *École nationale d'administration* (ENA) provides a second contingent of high-level civil servants, of whom some specialise in the economic field.

Thus, how can one define economists? We shall define them⁹ as people who make daily use of their skills and knowledge to understand (and to help others understand) economic phenomena. It is most often the case that economists hold PhDs, or at the very least a specialist master's degree (or equivalent).¹⁰ That definition restricts the profession to qualified “producers” of research, analyses, consultancy, and teaching. They are found in the academic environment (teacher-researchers), the private sector (mainly banks, consultancy firms, and private research bodies), and the non-academic public sector (administrations, ministries, central banks, and regulatory agencies, as well as European and multilateral institutions). Within that group, our focus here will be on economic “researchers”, who are, *a priori*, the furthest removed from public and private decision-making.

Who, then, are the “consumers” of economic services? For the largest part, they are decision makers (in the business and public sectors) as well as journalists, who carry out mediation work with the general public. The border between “producers” and “consumers” is sometimes porous, with some journalists themselves being essayists, and sometimes specialists, for example of a country or a sector.¹¹ On a symmetrical basis, the “chief economists” in banks and in public administrations have a “production” mission, but they are very close to the decision-making process. Furthermore, as we shall discuss below, it is possible for a “producer” of economic services to become a “consumer” in turn, for a longer or shorter period, as is shown by the many economists who have become central bankers.

The central question is then one of matching the characteristics of “producers”, and more specifically “researchers”, to the needs of “consumers”.

Three modes of interaction between research and public decision-making

There are mainly three modes of interaction between economic-researchers and the world of public decision-making.¹² The first is direct participation in decision-making, when economists are administration managers, members of a ministerial office, governors of a central bank, ministers, or members of a regulatory authority, or when they work in an administration or an authority that is directly linked to deci-

sion-making. An economist can take part in decision-making on a long-term basis or for a limited period. In France, the relative segregation between the academic world and the world of senior branches of the administration makes the latter possibility less frequent, whereas it is frequent in the English-speaking world (see below).

The second form of interaction is indirect participation, when researchers contribute to a working group that prepares the groundwork for a reform, or to a consultation body (e.g. the group of experts on the minimum wage), or when they draft a report on a theme of economic policy. That mode of interaction has been largely developed in France, especially after the establishment in 1997 of the *Conseil d'Analyse Économique* (French Council of Economic Analysis) under the Prime Minister, and even more so with the development of policy evaluation methods. In that case, the link with public decision-making depends on the reception given to the report, or on the result of the consultation.

Finally, the third mode of intervention consists of carrying out academic research on important economic policy themes, e.g. the impact of the labour cost on employment, the effect of monetary and fiscal policies, the consequences of free-trade agreements, drawing up competition law, and sectoral and financial regulations.¹³ Publication involves a process of peer review, and it takes time (about five years between starting the research and publishing the article). The latter mode of intervention, of the indirect type, can include the researcher being present in various discussion circles, non-governmental organisations, the media, and social networks, in order to make her/his results better known and to influence decision-making without the mediation of “knowledge brokers” (journalists, think tanks, and executives from the economic administration). The researcher can also be given a hearing by the national or the European Parliament, or even use personal links with figures from politics or senior administration.

Difficult interactions

Difficulties in collaboration between “producers” and “consumers” of economic-expertise services arise in part from the general public's mistrust of experts in general, as well as of

⁹ The low number of women in the profession is a subject in itself that we shall not cover in this *Note*.

¹⁰ At “Bac + 5” level (five years of post-secondary-school studies). The generations who completed their studies after 2003 studied under the “LMD” (*licence-master-doctorat* [bachelor's degree –master's degree– doctorate]) regime. That regime has been imposed on all higher-education establishments, including the *Grandes Écoles* in France.

¹¹ Similarly, think tanks and members of the economic administration are both “consumers” of research and “producers” of more operational summaries for the decision-making world. They can be defined as “traffickers”. However, researchers themselves can make an effective contribution to that “trafficker” work, as we shall see below.

¹² Those modes of interaction are the same when considering private decision-making (in businesses). However, we are focusing here on public decision-making.

¹³ Since the 1990s, empirical work has become prominent in leading academic journals, see Hammermesh D.S. (2013): “Six Decades of Top Economics Publishing: Who and How?”, *Journal of Economic Literature*, vol. 51, no 1, pp. 162-172.

economic statistics.¹⁴ However, that mistrust is also due to the discipline itself and to the incentives faced by producers.

Difficulties linked to the discipline

An economist's reasoning is generally based on two key characteristics that distinguish economists from other specialists in social sciences: identifying causal relationships, e.g. between the labour cost and employment, or between the public deficit and GDP growth, and providing "complete" reasonings that incorporate the reaction of the various prices and incomes on markets that are deemed relevant. Those two fundamental characteristics are not always well understood by the "consumer" of economic services. A classic example is the impact of trade openness on employment in advanced countries. Most economists would consider the impact to be positive, at least in the long term (and provided that markets function properly). Of course, some jobs are destroyed in import sectors. However, the rise in purchasing power following low-cost imports simulate demand and employment in other sectors. Causal relationships are also often poorly understood. Thus, economists are often negative on subsidies targeted at businesses, highlighting windfall effects in particular: the observed increase in levels of investment or employment in the business might have happened without the aids. To assess a causal effect, it is necessary to compare the development of businesses that receive aid with the development of businesses that are similar in every way, but that have not received any grants.¹⁵

By comparing the answers of the experts panel of University of Chicago (see below) with the answers of a sample of 10,000 USA households, Sapienza and Zingales (2013)¹⁶ show that the more economists seem to agree amongst themselves, the less they agree with the rest of the population. Those gaps could be explained by differences in interpreting the same question, especially due to differing levels of confidence in the government or in the hypothesis of "all things being otherwise equal".

The difficulty affecting communication between economists and the rest of the population is worsened by the uncertainty that surrounds empirical results, the poor performance of forecasts, and even more fundamentally, the doubt that surrounds the word of economists when they are both analysts and stakeholders in society.

Uncertainty over results

Economists take great care when highlighting causal relationships and their results are only published after a long process of scientific validation. However, that does not make economics an exact science for a number of reasons. Here are a few:

- The econometric method, which is most widely used to test a theory, provides results that often have a large confidence margin. For example, the Keynesian multiplier has a 90% chance of lying between 0.5 and 1.5. Confidence margins are rarely taken into account by decision makers. Furthermore, the econometric method is based on a series of data observed in the past, for a country or a group of countries, which does not always allow to generalize nor reproduce results over time or in other countries;
- Several economic policies are rolled out simultaneously, and it is often difficult to isolate the specific impact of one of them. A classic example is the impact of the reduction in working hours at the beginning of the 2000s in France, the move to the 35-hour working week having gone hand-in-hand with reductions in employers' social-security contributions;¹⁷
- Before reaching a conclusion as to the effect of an economic policy, its impact on public finances and on the planned compensation measures needs to be measured. When no financing is planned, an estimation must be made: what tax will be raised? what expenditure will be reduced? The field is vast, and increases uncertainty as to the results;
- Finally, and perhaps most importantly, empirical results are based on the visible part of phenomena –grasped by means of available data. In certain cases, the hidden part can be significant. For example, the "off-balance-sheet" activities of banks are very difficult to grasp, albeit they constitute a major ingredient of risks of financial instability in the world.

Incorrect forecasts

Economists are known for being bad forecasters, especially during troubled times. That proven fact affects the most trustworthy forecasting bodies. However, economists do not fully understand that reproach, for they consider themselves more as physicians (or dentists, from a famous remark made

¹⁴ For instance, see the Ipsos/Sopra Steria survey (2016): *Les Français et les sciences participatives*, May: only 33% of respondents felt that French scientists were "independent overall"; only 28% trusted them to "tell the truth" in the nuclear field, 34% in the field of global warming, and 16% in relation to GMOs. According to INSEE's 2016 *Baromètre de l'image*, 52% of people questioned in November 2016 felt that the consumer price index was a "very poor" or "fairly poor" reflection of what was truly happening in France; the proportion was 53% for the economy's growth rate, and 62% for the unemployment rate. Cf. www.insee.fr/fr/information/2129071

¹⁵ We should also mention non-specialists' poor understanding of the question of incidence. For an economist, there is little doubt that when the housing supply is rigid, subsidising the demand by means of housing assistance means subsidising not the tenants but the owners, who can raise rents by the amount of the assistance.

¹⁶ Sapienza P. and L. Zingales (2013): "Economic Experts vs Average Americans", *Chicago Booth Research Paper*, no 13-11.

¹⁷ See Zylberberg A. (2009): "Temps de travail et emploi", *Les Cahiers Français*, no 353, pp. 37-42.

by Keynes) than as meteorologists. Overall, forecasting occupies a minor place in their work, which is more focused on risk assessment and on the search for solutions. This is a source of incomprehension for the general public, expecting mainly forecasts, without suspecting the mass of work done in various areas such as labour supply, credit cards, health-care, CEOs' remuneration, local transportation, etc.

As long as individual behaviour is concerned, strategic choices and self-fulfilling phenomena make forecasting very difficult. Certain economic variables are even impossible to forecast, since, unlike climate variables, they are endogenous to the forecast itself. For example, if forecasting models signal a probable rise in the euro one year from now, the markets will invest in euros, and that will make the euro rise immediately, not one year from now. Forecasters cannot then forecast a rise in the euro since the deed is done. They are reduced to forecasting a stable exchange rate, without providing any indication as to its future course. That difference is a major one compared with meteorologists, who do not make rain fall immediately when they predict it for tomorrow. Moreover, forecasting models are estimated over a past period; they incorporate behaviours observed at a time when the exchange-rate regime was perhaps different (before the euro), or when international mobility of capital was less significant, or the population was younger, or the rate of unionisation was higher, etc.. Equations estimated with reference to the past are not necessarily relevant over a period that shows different structural characteristics.¹⁸

A matter of opinions?

As is the case with every social science, economics face an irreducible difficulty: economists who study economics are themselves members, sometimes active and committed ones, of society. Their view of the world is inevitably influenced by their personal history and by the settings in which they live. Kahan (2016) shows that even when they are "experts", individuals tend to discard information that they think is in "competition" with their cultural or political values.¹⁹ Those cognitive biases make it almost impossible for all economists to converge towards a single "scientific truth". Aware of that limitation, economists surround themselves with safeguards. In addition to the process of peer review, they often publish on their websites a declaration of interests that specifies, for example, if they have received grants from private businesses (and if so, which ones), or if they are members of political parties. However, that practice is not a systematic one, and it

cannot cover all the associative, religious, or even just informal commitments of an individual. Moreover, certain economists who are respected in a field of research sometimes take up a position in another field. In that case, their point of view is just that of members of the public, but the non-specialist will not necessarily make a difference. Hence, economists will always have to deal with the suspicion of ideological bias, or of having been captured by special interests – a suspicion that is not always unfounded.²⁰

Single thought or cacophony

Economists find themselves accused in turn for all thinking alike, or for never agreeing. The first case is suspicious, and the second proves their uselessness. In reality, most disagreements between economists have rational explanations; most economists "agree about their disagreements". One way of showing that is to observe that disagreements are directly proportional to the scope of the question. A wide-ranging question like "In favour or against the new employment legislation?"²¹ leads to a different answer depending on the horizon considered (short or long term), and on whether one considers the level of employment, its instability, the level of unemployment, or the distribution of unemployment across various categories of workers. Conversely, a precise question like "Does the labour cost at the level of the minimum wage represent an obstacle to the employment of low-skilled young people in France in 2017?" will attract a greater level of consensus.

Highlighting agreements and disagreements between economists is a difficult but extremely useful task for non-specialists who can refer to it (see box). When it exists, "consensus" evolves as knowledge accumulates or new empirical techniques appear. That evolution is swiftly incorporated into analyses by specialists of the subject, more slowly by specialists of other subjects, a discrepancy that may temporarily make appear differing views. It is important for "knowledge brokers" to have access to the very latest research on a given subject in an adequate format.

Sometimes, non-specialists perceive an evolution in consensus amongst economists, whereas the consensus itself in fact has not changed but economic conditions have evolved.²² A recent example is the debate on the "Keynesian multiplier", i.e. the reaction of economic activity to a fiscal stimulus. Before the 2009 economic crisis, the multiplier was generally considered to be weak. With the crisis, the great

¹⁸ See Lucas R. (1976): "Econometric Policy Evaluation: A Critique", *Carnegie-Rochester Conference Series on Public Policy*, no 1, pp. 19-46.

¹⁹ Kahan D.M. (2016): "The Politically Motivated Reasoning Paradigm, Part 1: What Politically Motivated Reasoning Is and How to Measure It", *Emerging Trends in the Social and Behavioral Sciences: An Interdisciplinary, Searchable, and Linkable Resource*, no 1.

²⁰ Zingales (2013, *op. cit.*) specifies the multiple channels through which an economist can be influenced by special interests. For example, he shows that "scientific" articles on remuneration of CEOs are on average more favourable to high levels of remuneration that unrecated to performance when the authors are employed by business schools (which are very dependent on financing from business) than when they work in other university departments.

²¹ Law no. 2016-1088 of 8 August 2016 on employment, modernising social dialogue, and securing professional pathways, or the "El Khomri Law".

²² See Rodrick D. (2016): *Economics Rules: The Rights and Wrongs of the Dismal Science*, W.W. Norton, New York.

majority of economists suddenly seemed to be “Keynesian”, not because their knowledge had undergone a brutal evolution but because all the conditions for high multipliers were suddenly in place: a brutal fall in demand, powerless monetary policies, borrowing constraints in the private sector, and simultaneous fiscal stimuli being applied around the world.²³

In certain cases, economic research seems to lag behind the debate on economic policy, so that decision makers cannot rely on academic work. Recent examples include the adequate level of banks’ equity, the regulation of clearing houses, and the impact of the single currency on the GDP per inhabitant of the eurozone Member States. In such cir-

Searching for consensus in economics

In 1979, the research done by Kearn *et al.* (1979)^a on the existence of a consensus between economists showed that disagreements were less marked on “positive” economics subjects (the influence of variable x on variable y) than on “normative” subjects (the desirable level of variable x), and that there was more consensus on micro-economic rather than macro-economic questions. Those two characteristics are easily understood. On the one hand, a normative point of view necessarily relies on a positive assertion, and adds to it an objective function that can differ from one economist to another. For example, the answer to the question “Should the minimum wage be increased?” depends on acquired knowledge of the effects of the minimum wage on employment and on inequalities, as well as on a particular objective function (employment, purchasing power, inequalities, etc.). On the other hand, macro-economic questions are necessarily less consensual than micro-economic questions, because the results of “positive” economics are less solid in them and because they involve a larger number of mechanisms.

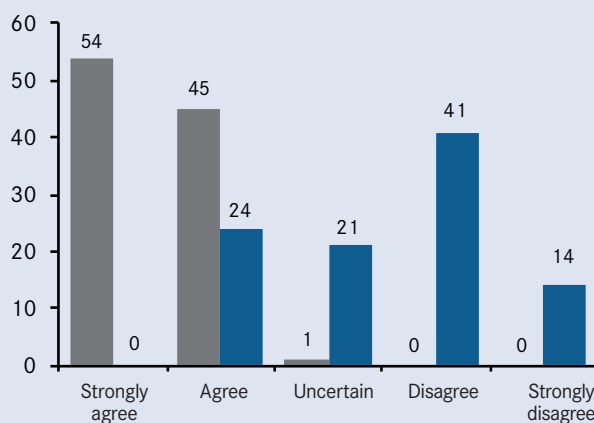
The University of Chicago regularly invites two panels of economists, one from the USA and the other from Europe, to give their opinions on economic questions^b. Faced with more or less general statements, each expert is asked whether he/she “strongly agrees”, “agrees”, is “uncertain”, “disagrees”, “strongly disagrees” or has “no opinion”. Moreover, the expert is asked to indicate her/his level of confidence in her/his own opinion, on a scale from 1 to 10. The answers are then aggregated by weighting them by confidence level.

The example given below shows that levels of consensus can vary greatly within a single topic. The economists questioned seem to agree that the free movement of individuals in Europe has improved the situation of the average citizen of Western Europe since the 1980s, but there is no

Questions asked to the European panel on intra-European migration, answers weighted by confidence level, as a % of answers

Freer movement of people to live and work across borders within Europe has:

- made the average western European citizen better off since the 1980s;
- made many low-skilled western European citizens worse off since the 1980s.



Source: European IGM Economic Experts Panel, December 7, 2016.

consensus if the question is limited to low-skilled workers. We should note here the importance of how questions are phrased: “Western Europe”, “average”, “since the 1980s”, “within Europe”. Those details are essential for the divergences observed not to simply arise due to an ambiguous turn of phrase^c.

The relevance of such an approach obviously relies on selecting experts using transparent rules that guarantee the experts’ competence and offer a minimum level of pluralism.

^a See Kearn J.R., C.L. Pope, G.C. Whiting and L.T. Wimmer (1979): “A Confusion of Economists?”, *The American Economic Review*, vol. 69, no 2, and Frey B.S., W.W. Pommerhne, F. Schneider and G. Gilbert (1984): “Consensus and Dissension Among Economists: An Empirical Inquiry”, *The American Economic Review*, vol. 74, no 5, which highlight national disparities.

^b Initiative on Global Markets, University of Chicago Booth School of Business, www.igmchicago.org/igm-economic-experts-panel

^c The University of Cambridge Centre for Macroeconomic Policy carried out the same exercise with British experts, but using more normative questions (<http://cfmsurvey.org/about>). The questions recently asked by that panel include: “Do you agree that the United Kingdom needs a new industrial policy?”. The CFM also manages a panel of European experts, with questions like: “Do you agree that German current-account surpluses are a threat to the eurozone?”.

²³ And yet they underestimated multipliers at the height of the crisis, see Blanchard O.J. and D Leigh (2013): “Growth Forecast Errors and Fiscal Multipliers”, *American Economic Review: Papers and Proceedings*, vol. 103, no 3, pp. 117-120.

cumstances, academic research fails in its mission to provide reference points and restoring forces for the economic policy debate, which can simulate the sometimes irrational nature of debates as well as the resentment felt by decision makers against researchers, who are then considered to be too remote from the important topics of the moment.

The problems with incentives

It has been said that economic researchers are both observers and stakeholders of society. They work in a “market” of ideas, dealing with “clients” whose objective is not necessarily to advance knowledge. The phenomenon is blatant in the media, which often try to pit two points of view against one another by setting them at the same level, regardless of their scientific solidity. Conversely, decision makers prefer their advisers to give them messages that are clear and unequivocal. In each case, “producer” economists are encouraged, without always being aware of it, to caricature or excessively simplify their message.²⁴ Uncertainty over the results is passed over into silence, whereas it is sometimes the core of the message: on certain subjects, one must be able to say that one does not know. A particularly trenchant example is the impact of so-called “structural” reforms. Whereas academic research tends to qualify the effects of reforms depending on the horizon considered (short or long term) and on the economic situation,²⁵ the debate is often reduced to a confrontation between pro- and anti-reformers. The phenomenon is accentuated by systems of incentives into which economists and the media are entangled.

Supply-side incentives

Economists are part of systems of incentives that are specific to the institutions in which they work. For private-sector economists, it is a matter of being “visible” in the press and in economic policy debates. Conversely, in the academic setting, it is preferable for them to concentrate on their research in order to be published in “good” journals.²⁶ Those differences in systems of incentives can lead the former to occupy a media position that is disproportionate in relation to the latter, who, in addition, are more difficult for the press to reach out because they are more specialised. That division of labour is strengthened by a certain self-censorship on the part of researchers, who, being over-meticulous, sometimes drown their communication in a flood of oratorical precautions. In a media world

that is limited to just a few signs or seconds, that mode of communication will not do. The media then turn to a few “generalist” economists who, at the risk of not always relying on the most recent research, are able to explain things more simply.

Researchers themselves tend to specialise their activity during their careers; some remain focused on their research, whilst others get more involved in consultancy work, drafting administrative reports, teaching, and outreach work. That specialisation is in line with the comparative advantages of individuals as well as managing their time, which is necessarily limited once account is taken of their teaching and administrative-management duties. In such a circumstance, entering the “real” economic world and media visibility can provide a substitute for limited acknowledgement in the strictly academic field, measured using bibliometric indicators. That specialisation does not pose a problem provided that the two communities remain complementary. However, there is the risk of divergence between the discourse promoted by the “visible” community of economists and advances in research.

Demand-side incentives

The poor economic situation of the media is not conducive to in-depth work on the subjects covered. Journalists, who are often generalists with no training in economics, can be tempted to refer to a few prominent economists, “good clients” who will not decline an invitation to answer on a wide range of topics. It is also tempting for the media to highlight divergences between economists. The latter are sometimes involved in the procedure, or they allow themselves to be trapped by labels. One economist, who is selected on the basis of her/his previous statements, will be asked for a “Keynesian” point of view, and she/he will oblige, whilst another will obediently provide the “liberal” version.

On the side of the decision makers, in France, incentives are still greatly marked by the system of the senior branches of the Civil Service, which share positions of responsibility amongst themselves. Though the administrations do open up to academic expertise, it is mainly in modes 2 and 3 defined above, and very little through direct participation in the decision-making process (see below). As an example, amongst the sixteen governors and deputy governors of the Banque de France and the eleven directors of the French Treasury who have held office since 1980, none held a PhD in economics nor in law.²⁷

²⁴ Philipp E. Tetlock notes an inverse relationship between the “quality” of the expert’s reasoning on social issues and the need to express a strong and indisputable opinion in order to be heard in the media, cf. Tetlock P.E. (2005): *Expert Political Judgment: How Good Is It? How Can We Know?*, Princeton University Press.

²⁵ See, for example, Cacciatore M., R. Duval, G. Fiori and F. Ghironi (2016): “Market Reforms in the Time of Imbalance”, *Journal of Economic Dynamics and Control*, no 72(C), pp. 69-93.

²⁶ Between those two extremes, one finds public bodies like INSEE, the OECD, and the IMF, which publish their work but whose members do not always enjoy full freedom to speak. As for economists in the economic administration, they have little incentive to carry out research and to publish, although that activity would enable the latest advances in research to be grasped more easily.

²⁷ By contrast, since 1980, ten chairmen of the Bundesbank out of fourteen have been doctors in economics, and two have been doctors in law. See Beuve et al. (2017, *op. cit.*).

Some elements of international comparison

How can we specifically measure the interaction between the worlds of economic research, of public decision-making, and of the media? Here we rely on several metrics that are all very imperfect, but which, taken together, allow us to draw up a qualified view of the French situation relative to other advanced countries.

Significant “indirect” participation

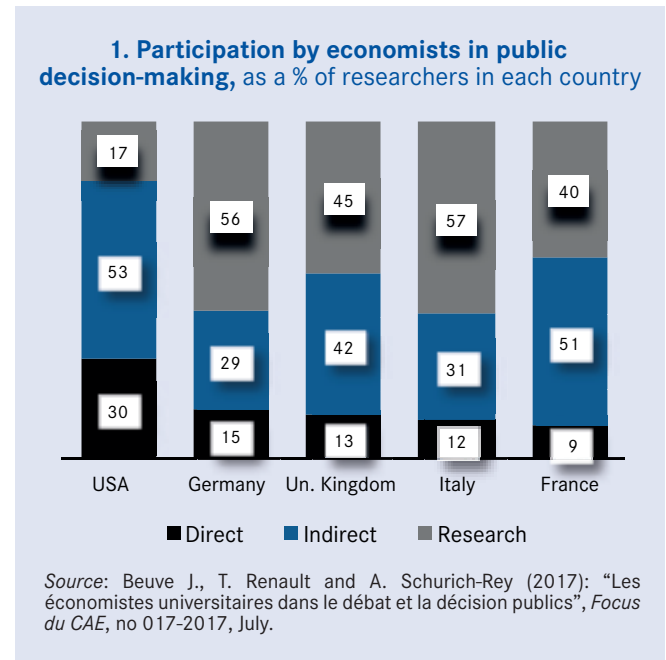
As already mentioned, there are three ways in which researchers can take part in public decision-making: direct participation, by temporarily holding positions of responsibility; indirect participation, through working groups and by drafting reports; and external participation, by making research results available. Graph 1 compares the three ways in France and in four other advanced countries, based on the first 100 researchers listed in the RePEc directory for each country.²⁸ Of the five countries considered, France is the one with the lowest level of direct participation in decision-making by researchers: just 9 economists out of the first 100 listed, compared with 12 in Italy, 13 in the United Kingdom, 16 in Germany, and, in particular, 30 in the USA. However, “indirect” participation by French researchers (51) is almost at the level of the USA and far above that of Germany (30).

Finding 1. In France, “indirect” participation by researchers in public decision-making is relatively well developed, contrary to “direct” participation.

However, it should be noted that within research itself (thus, not necessarily with direct or indirect participation), the field of public policy evaluation is a field that is undergoing significant expansion. Hence, it is possible that economists’ influence may be increased by that “external” channel. Policy evaluations are reiterated in administrative reports, discussed in working groups, and used to justify plans for reform. However, although significant progress has been noted over the last few years (especially relating to access to data), policy evaluation is still currently limited, most of the time, to controls and audits.²⁹

Still modest participation in debates on economic policy

Researchers’ influence on public decision-making is also exercised through the media channel in the broad sense (including blogs and social networks). That influence is extremely



difficult to measure. We rely here on the results of Beuve *et al.* (2017, *op. cit.*) from the presence of economists on the European platform VoxEU, Twitter, and from the analysis of the press coverage of some emblematic economics debates in four European countries.

French researchers have a relatively small presence in European debates

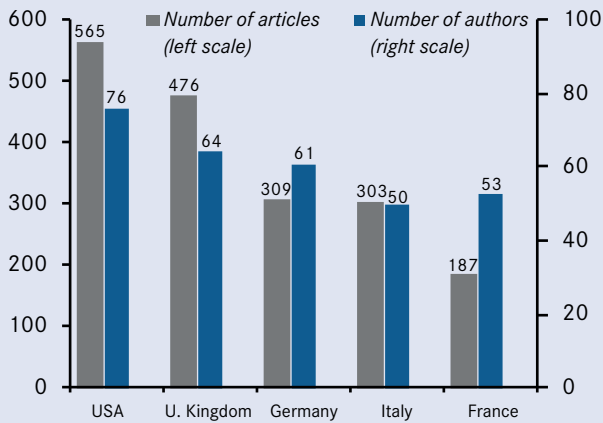
One way of measuring the place of French researchers in the European debate on economic policy is to rely on the VoxEU platform, which was set up in June 2007 to “research-based policy analysis and commentary by leading economists”.³⁰ Of the 5,399 contributors listed on the site in February 2017, 39% work in the USA, about 5% France, 5% in Italy, 7% in Germany, and 11% in the United Kingdom. Of course, those gaps are partly linked to the unequal sizes of the five countries.

²⁸ RePEc (*Research Papers in Economics*) ranks articles, authors, and institutions according to their reputation assessed in bibliometric terms. Here, we do not consider individual rankings. Instead, we indiscriminately select the first 100 leading researchers working in each country, in order to obtain samples that are both representative and not too large. Excluded from the sample are researchers who have spent their careers entirely in international organisations (e.g. the OECD or the IMF), and/or who have spent less than five years in post in a university. Reading *curricula vitæ* available online in February 2017 enabled each person’s participation in public decision-making along the whole of her/his career to be encoded: 0 if participation was only by making research available; 1 if the researcher had taken part in councils or in working groups, or drafted reports (indirect participation); 2 if the researcher had held a position of responsibility in the field of public decision-making (direct participation). The finding is qualitatively similar if we examine the elected members of the Econometric Society. See Beuve, Renault, and Schurich-Rey (2017, *op. cit.*).

²⁹ See Bozio A. et L. Romanello (2017): “Évaluation des politiques publiques: le bilan contrasté du quinquennat”, *Les Notes de l’IPP*, no 25, mars. Delays in implementing policy evaluations often conflict with the needs of decision makers. The authors recommend allocating budgets dedicated to policy evaluations within the *Agence nationale de la recherche* (French National Research Agency), so as to release that research from the constraints of short-term decision makers.

³⁰ <http://voxeu.org/pages/about-vox>, translation by the authors.

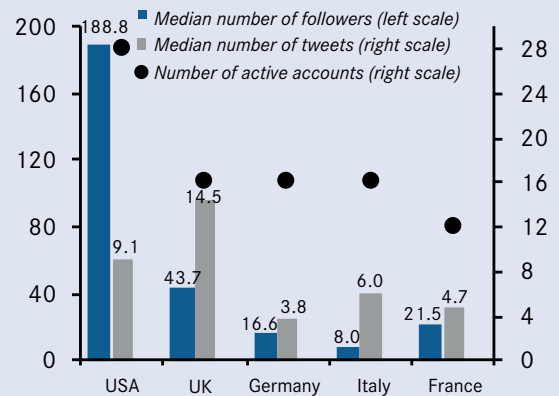
2. Number of authors and articles on VoxEU by country, within the sample of 100 economists from each country



Reading: Of the first 100 French economists in the RePEc index, 53 have written at least one article on VoxEU out of a total of 187 articles.

Source: Beuve J., T. Renault and A. Schurich-Rey (2017): “Les économistes universitaires dans le débat et la décision publics”, *Focus du CAE*, no 017-2017, July.

3. Twitter account activity by country within the sample of 100 economists from each country



Reading: Of the first 100 economists working in France and quoted by RePEc, 12 have an active Twitter account; of those active accounts, the median is 4.7 tweets per month and 21.5 new followers per month (on average, during the period of the account’s activity).

Source : Beuve J., T. Renault and A. Schurich-Rey (2017): “Les économistes universitaires dans le débat et la décision publics”, *Focus du CAE*, no 017-2017, July.

Graph 2 compares participation in VoxEU of the same 100 economists of each country already selected above. The 100 RePEc economists working in France have a lower level of presence on VoxEU, but the difference is small when compared with other European countries. However, they contribute much less frequently than their colleagues from other countries (187 contributions in total, i.e. almost 40% less than the Italians, and 75% less than economists from the USA).

French researchers have a relatively low presence on social networks

Economists increasingly use social networks, which offer them a means of communicating about their work and/or commenting on economic and political current affairs. As an example, Graph 3 shows that French economists of the RePEc list have a relatively small presence on Twitter in terms of active accounts. The comparison with the United Kingdom and the USA is biased by language and (in the latter case) by size. However, fewer researchers have an active account in France than in Italy or Germany, the levels of activity of those accounts being comparable.

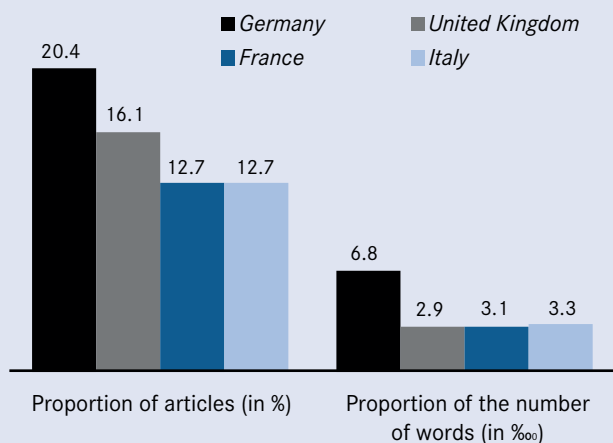
Research is less present in the French press than in the German press

Another way of approaching the presence of researchers in the media is to examine references to research in newspaper articles. In that spirit, Beuve *et al.* (2017, *op. cit.*) compare the treatment of the same economic topics in four European countries by their reference daily newspapers.³¹ The analysis covers five European economic subjects between January 2015 and December 2016. The presence of references to research is identified by the occurrence of the stems “pro-fess”, “research”, “universit”, and “academ” (and their equivalents in other languages) in the articles. The results show a much higher number of references to research in the German press than in the British press, with the latter doing slightly “better” than France or Italy (Graph 4). However, it is easier to make reference to research in an article of considerable size than in a short paragraph. Once the size of articles has been taken into account (by relating the number of words referring to research to the total number of words in the articles), Germany continues to stand out, but the other three countries are neck and neck.

³¹ The analysis is based on articles published by two reference daily newspapers per country, taking care to respect political balance in each country: France (*Le Monde*, *Le Figaro*), Germany (*Die Tageszeitung*, *Frankfurter Allgemeine Zeitung*), Italy (*La Stampa*, *La Repubblica*) and United Kingdom (*The Guardian*, *The Telegraph*). The five topics selected cover economic challenges that are common to the European Union:

- the level of interest rates;
- Greece’s exit from the eurozone;
- the free-trade agreement between the European Union and Canada (CETA);
- revitalising investment in Europe (the Juncker Plan);
- European budget rules.

4. Proportion of press articles that refer to academic work, as a % of articles in each country



Source: Beuve J., T. Renault and A. Schurich-Rey (2017): "Les économistes universitaires dans le débat et la décision publics", *Focus du CAE*, no 017-2017, July.

Finding 2. In France, academic economists have a relatively low presence in social networks. As in Italy, the press makes much less reference to economic research than the German press.

Paths for progress

How can we improve interaction between economists, the world of public decision-making, and the media sphere? Here, we outline a few paths, focusing in turn on the responsibility of each of the three groups of stakeholders.

The responsibility of researchers

Researcher in economics must deal with two critics that are repeatedly levelled at them: their ideological biases and their level of disagreement.

Personal ethics

The question of individual bias goes further than the well-understood problem of possible conflicts of interest. To

improve their credibility in public debates, researchers in economics should abide by at least three rules of good conduct:³²

- debate ideas, never people (no arguments *ad hominem*);
- never say or write (whether in advising policy or in taking part in public debate in the media) anything that they would not be willing to defend before their peers;
- never express themselves on subjects of which their knowledge is too vague.

Those three commitments could appear in an ethics charter that each researcher would publish on her/his website, in addition to her/his conflicts of interest, also published systematically.³³ Professional associations (especially the *Association française de science économique*, AFSE, French Association of Economic Science) could propose models of ethics charter and declaration of interests that each teacher-researcher would be invited to endorse.³⁴

Recommendation 1. Disseminate best practices within the academic profession. The *Association française de science économique* (AFSE) could put forward an adaptable model for an ethics charter and a declaration of interests. Journalists would be invited to refer to it.

This first recommendation has the objective, above all else, of making economists aware of their own practices and of pointing out collective awareness. On its own, it will not lead to significant improvements in interactions between the profession and the world of decision-making and of the media.

Building consensus

Disagreements between economists are not necessarily sterile, and they often have a rational explanation. Nonetheless, it is important to delineate them in order to bring out, by contrast, the areas where consensus exists.

One way of showing non-specialists the degree of convergence on a given subject would be to set up, in France, a panel of experts who regularly speak on specific questions (see box). Transparent criteria must be used to select the panel members; in that respect, an international steering committee could be useful. The experts would be appointed for a specific and non-renewable period, so that the greatest

³² See Tirole J. (2016): *Économie du bien commun*, Presses Universitaires de France.

³³ That recommendation goes beyond the Hautcœur Report, which focused on conflicts of interest. See Hautcœur P.C. (2014): *L'avenir des sciences économiques à l'Université en France*, Rapport pour le ministre de l'Éducation nationale, de l'Enseignement supérieur et de la Recherche et la secrétaire d'État à l'Enseignement supérieur et à la Recherche, 5 June.

³⁴ The AFSE has already published recommendations aimed at academics. It would be a matter of going further by encouraging researchers to individually adopt a charter of best practices. The association has no way of retaliating against deviant practices, but it can act positively by means of incentives.

possible number of economists could be associated to the exercise over time. Contrary to existing European panels, a French panel would allow specific themes to be dealt with, such as the 35-hour week or the *Livret A* tax-free savings product. Individual opinions could be made public or withheld from the public domain.³⁵

Recommendation 2. Establish a panel of economic experts who are questioned each month on a practical question involving economics or economic policy. Answers shall be weighted by the degree of confidence that each one has in her/his answer. The aggregated results (and, possibly, the individual responses) shall be published.

In addition, it may be useful to disseminate non-technical summaries in French of recent research on targeted subjects. It is doubtlessly unrealistic to set up a journal for that purpose, along the lines of the *Journal of Economic Perspectives*. The number of French-language authors is not large enough, if one takes account of the low value attached to that type of article in research files. However, such a plan could be designed based on an existing journal, in agreement with its editorial committee, by setting up a specific section within it or by providing readers with a complementary internet platform. Synopses prepared by specialist researchers on each domain could be used to feed into the thinking and the analysis carried out by economic administrations. In that regard, they could play a role as a driving force by financing some of this work.

The responsibility of decision makers

On the side of public decision makers, two complementary paths could be followed:

- more systematic co-operation with researchers in policy evaluation;
- facilitated back and forth mobility between the academic world and the world of decision-making.

Closer co-operation on assessing public policies

First of all, it is important to encourage co-operation between the administration and researchers when assessing public policies. In order to function properly, that co-operation must

guarantee the independence of researchers and enable a dialogue with the departments in charge of economic policy, which alone know the details of their implementation, and foster interdisciplinarity.³⁶ That collaboration will also enable to highlight for decision makers research subjects that are insufficiently studied by the scientific community (lacking extensive research).

Recommendation 3. Make systematic use of academic teams for public policy evaluation. Foster interdisciplinarity and comparisons of points of view during those assessments.

Facilitated mobility between the academic world and the world of public decision-making

Of the five countries analysed above (Germany, the USA, France, Italy, and the United Kingdom), France is the one with the lowest level of direct participation by academics in public decision-making. Barriers to that mobility are sometimes related to the system of Civil Servant bodies (which limits outside recruitments) and the academic assessment grids (which do not include that type of experience). To make progress in this field, it is necessary to act simultaneously on those two aspects. On the first point, one must naturally take account of the fact that a researcher in economics does not have the legal, administrative, and (often) managerial skills to hold a certain number of positions of responsibility. However, it is incomprehensible that the positions of chief economist or those in areas such as monetary policy and regulation should not be open to skills from the academic world. On the second point (assessing academic careers), it may be useful to put in place temporary reductions in teaching loads (financed at national level) when the researcher returns to university after a period in the decision-making world, in order to help her/him plunge back into the research setting and, thus, not be penalised in her/his academic career.

Recommendation 4. In the economic administration, make expertise-based and positions of responsibility more open to teacher-researchers. Take account of that experience in managing individual careers on the basis of transparent criteria.

³⁵ The experiment carried out by Thierry Mayer and Étienne Wasmer in October 2009 with AFSE members suggests that an open survey can be the subject of polemics that end up limiting its representativeness, and that it is preferable, at least initially, to stay with “positive” (not “normative”) economic questions. See Mayer T. and É. Wasmer (2010): “Y a-t-il un consensus entre les économistes en France?”, *Revue d’Economie Financière*, no 98-99, pp. 201-220.

³⁶ For a more detailed analysis of the importance of policy evaluation and of the ideal conditions for its implementation, see Members of the Conseil d’analyse économique (2013): “Public Policy Evaluation”, *Note du CAE*, no 1, February.

The responsibility of journalists

We have seen that the media world lacks resources to carry out documentary research and identify true specialists in the subject of the moment. For their part, economists from the academic world do not always manage to communicate on their research in a sufficiently didactic manner. To make progress on that latter dimension, two complementary means could be envisaged: better information on the resources available in the academic setting, and training programmes.

Better information on existing resources

To boost the visibility of experts from the academic world, the AFSE or any other representative institution, could publish, on a voluntary basis and subject to the rules of ethics mentioned above, an index of skills in specific areas of economic policy, with each person's skill being attested by at least one academic publication on the subject. That index would be made available to the economic administration as well as to the media world. The panel of experts mentioned above would naturally appear in that list.

Recommendation 5. Publish and regularly update an index of skills based on a transparent method that attests to skills as well as to compliance with an ethics charter.

It is not about pre-empting public debate. Of course, the latter must give a voice to practitioners, whether they work in businesses, in trade unions, or in the public sector. The idea is rather to offer the press and the decision-making world a resource "bank" to enrich their thinking on each specific topic.

Cross-training

Most journalists have little or no training in economics. Symmetrically, researchers have not generally received any training in that specific mode of communication. That dual problem could be dealt with at low cost through cross-training sessions, during which each group would communicate its knowledge (and its know-how) to the other, under the leadership of a professional trainer and by using the entitlement to ongoing training. Organised around major questions of economic policy, those "closed" sessions would also be the opportunity to bring together the two worlds and to iron out mutual lack of understanding.

Recommendation 6. Organise closed cross-training sessions for researchers and journalists on major economic themes.

France has the means to improve the quality of the debate and of decisions in matters of economic policy. The academic world can contribute to that, subject to the dual condition of disciplining itself internally and being supported externally. ●



**conseil d'analyse
économique**

The French Conseil d'analyse économique (Council of Economic Analysis) is an independent, non partisan advisory body reporting to the French Prime Minister. This Council is meant to shed light upon economic policy issues, especially at an early stage, before government policy is defined.

Chairperson Agnès Bénassy-Quéré

Secretary General Hélène Paris

Scientific Advisors

Kevin Beaubrun-Diant,
Jean Beuve, Clément Carbonnier,
Manon Domingues Dos Santos

Research Assistant

Amélie Schurich-Rey

Members Yann Algan, Maya Bacache-Beauvallet,
Olivier Bargain, Agnès Bénassy-Quéré,
Stéphane Carcillo, Anne-Laure Delatte, Élise Huillery,
Étienne Lehmann, Yannick L'Horty, Philippe Martin,
Corinne Prost, Xavier Ragot, Jean Tirole, Farid Toubal,
Natacha Valla, Reinhilde Veugelers

Associated Members

Dominique Bureau, Anne Perrot

Publisher Agnès Bénassy-Quéré

Editor Hélène Paris

Electronic Publishing Christine Carl

Contact Press Christine Carl

Ph: +33(0)1 42 75 77 47
christine.carl@cae-eco.fr