

## 5.6 The Economists' Panel ("Ökonomenpanel") – A Survey Among German Economists

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### 5.6.1 Introduction

The Economists' Panel of the ifo Institute and the Frankfurter Allgemeine Zeitung (FAZ) surveys tenured economics professors at German universities. The purpose of the Economists' Panel is to portray the views of economics professors on current economic policy issues. The first survey took place in February 2016. By the end of 2022, 41 surveys have been conducted.

The panel was initiated to portray economists' views on economic policies in an encompassing manner. The media usually reports the views of a few prominent economic experts. Often media outlets select one expert supporting an individual policy measure and another expert arguing against it. A prime example is the introduction of the German minimum wage. When the German national government introduced the minimum wage in 2015, journalists quoted some economists supporting and some economists opposing the introduction of the minimum wage. The media concluded that the German economics profession was divided about the minimum wage, but valid information on the opinion of the German economics profession as a whole was missing. Clearly, when only a hand-selected group of experts is asked by the media, the general public has hardly any means to know about the views of the profession as a whole, and will need to draw inferences only based on those experts who are prominently featured by the media.

Establishing a nuanced overview on the views of economic professors in Germany on economic policy issues such as the minimum wage was the main motivation of running the first Economists' Panel in February 2016. The results of this first panel were startling, showing that the claim that the economics profession has divided views on the minimum wage did not adequately capture the actual economists' views. Surveying the economics professors at German universities about the minimum wage, we find that 56% of the participants thought that introducing the minimum wage was a mistake, only 32% of the participants supported the minimum wage (Jäger et al. 2016). Since the first panel in 2016, we react quickly to new economic policy debates and deliver encompassing views of economists at German universities in a short period of time. We contribute to heated economic policy debates and continue to report nuanced views of the profession about economic policy measures.

In this chapter, we describe the sampling, its purposes, implementation of the surveys and results of the Economists' Panel over the last years.

### 5.6.2 Sampling

We survey the tenured economics professors at German universities. The panel includes close to 700 professors. On average, 150 professors participate in our surveys. Participating in surveys is always prone to selection: the individual experts being invited to a survey decide themselves whether they wish to participate in the survey. A major question, therefore, is to what extent the Economists' panel is representative. Based on observable characteristics such as gender, age and location, we have evidence that the group of experts participating in our surveys does not differ from the universe of tenured economics professors in Germany invited to participate in our surveys.

Table 5.8 compares the observable characteristics for the 693 economics professors in our panel to observable characteristics of those professors who participated in the waves 39 to 41 of the Economists' Panel. The waves 39 to 41 of the Economists' Panel were conducted between June and December 2022. We have collected information on their age, gender, geographical location, year of PhD and the number of google scholar citations (for those professors who have google scholar profiles). The results suggest that those economists who decide to participate are – over various characteristics – representative for the group of tenured economists in our panel. For example, 16.1% of tenured economists professors are based in East Germany. The share of participating professors being based in East Germany is only between 0.4 to 1.6 percentage points higher. Overall, we did 15 t-tests on the similarity of the mean for the participating and not participating professors. At the 5% significance level, we did not reject any. We conclude that based on a variety of observable characteristics there is no evidence for selection into the survey.

**Table 5.8: Observable characteristics for invited and participating economics professors**

	Panel	39. EP	40. EP	41. EP
Age	58.4	58.0	56.9	57.7
Females	16.0%	12.0%	12.4%	11.1%
East Germany	16.1%	16.7%	16.5%	17.6%
Year of PhD	1998.9	1998.2	1999.3	1998.5
Google Scholar citations	4011	3740	3442	3674
N	693	158	178	153

### 5.6.3 Purpose: Service and Research

The major purpose of the Economists' Panel is to benefit the public. The results are published on the webpage of the ifo Institute, with free access to the general public. The FAZ reports on the results. Other media do so as well. We describe the results in the *ifo Schnelldienst*. Some of our colleagues use the results of the Economists' Panel in introductory Econ classes.

## 5 Other Ifo Surveys

The mission of the Ifo Institute is, however, to inform the public about economic policies based on excellent research. We have therefore started to use the Economists' Panel for research as well. The first research paper based on data of the Economists' Panel was published in May 2022 as CESifo Working Paper (Dräger et al. 2022). We surveyed the economics professors in Germany about their inflation expectations and monetary policy recommendations from 22 February 2022 to 1 March 2022. We exploit the Russian invasion of Ukraine on 24 February 2022 as a natural experiment to identify the effect of a global political shock on inflation expectations. We find sizable effects on inflation expectations and monetary policy recommendations. For example, experts who were surveyed after the Russian invasion expected the inflation rate for 2022 to be 0.75 percentage points higher than those experts who were surveyed before the Russian invasion. Evaluating expectations one day before and after the invasion allows us to rule out confounding events and selection into treatment. A comparison with a representative sample of households shows that experts' expectations adjust faster and to a larger degree than expectations of the general population. Text analyses on open-ended questions reveal that the effects are caused by supply-side models underlying experts' formation of expectations.

### 5.6.4 Implementation of the Surveys

We distribute the surveys via *Qualtrics*, the most often used software for survey experiments (Fuster and Zafar 2022). We mainly employ questions that participants can answer by simply agreeing or disagreeing. Participants can always elaborate their view in open text fields. Figure 5.19 shows an example of how we present our questions. The survey period is one week and we send one or two reminders to the participants.

**Figure 5.19: Example question in Qualtrics from 40<sup>th</sup> Economists' Panel**

Are you in favor of imposing an excess profits or windfall tax on producers of renewable, nuclear, and coal power?

Yes, because...

No, because...

Don't know

### 5.6.5 Highlights

Highlights of the Economists' Panel include, for example, questions about managing the COVID-19 pandemic and surveys that elicit economists' views on measures to handle Russia's attack on Ukraine, inflation and the energy crisis.

#### 5.6.5.1 The COVID-19 Pandemic

The COVID-19 pandemic drastically increased demand for economic expert advice (Gründler and Potrafke 2020a). Policy makers wanted to know, for example, about the economic costs of lockdowns as well as policy measures to handle the consequences of the pandemic.

We asked the German economics professors about their views on how to handle issues about the pandemic in late March 2020 (Blum et al. 2020). On 27 March 2020, the Bundestag and Bundesrat approved the largest supplementary budget in German history, worth EUR 156 billion. Around EUR 122.5 billion were intended for additional government spending and EUR 33.5 billion would compensate for a fall in tax revenues. 67 percent of participants considered the level of the supplementary budget to be appropriate given the exceptional circumstances of the pandemic (Figure 5.20). Another 14 percent of participants called for more extensive measures, mostly citing the high economic costs of the shutdown as a justification. Only 6 percent of the economists considered the sum too high.

The German federal government implemented many ad hoc measures to mitigate the negative effects on the country's economy. Almost all – 96 percent – of participants advocated for an extension of the short-time allowance as one of the most important economic policy measures (Figure 5.21). Meanwhile, 80 percent supported state guarantees for loans to companies. Nearly half the economists mentioned tax breaks for companies and one-time payments to companies, while over one-third supported the idea of the state holding equity in companies. Only 13 percent opted for one-time payments to all citizens. The economists also mentioned one-time payments to small businesses and citizens that are hit especially hard as well as investments in the health care system.

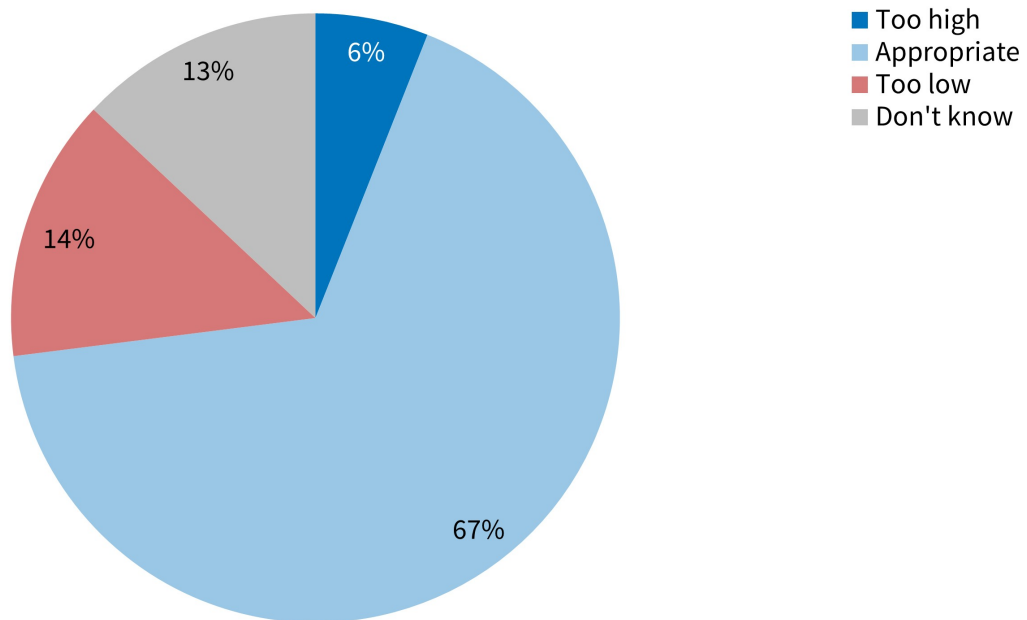
Support for the aid packages of the federal government remained high in May 2020 (Gründler et al. 2020). A total of 77 percent of the panel's participants in May 2020 were in favor of the aid package and had not changed their opinion since the end of March, justifying this on the grounds that the crisis situation was unchanged and still required extensive fiscal policy measures; 3 percent of the panel initially rejected the aid package, but supported it in May 2020; 4 percent had changed their opinion from initial approval to rejection; and 7 percent have rejected the aid package since the end of March on the basis that the measures would bring little benefit.

In October 2020, we asked about zombie companies resulting from the COVID-19 pandemic (Arth et al. 2020). 86 percent of the participants thought that the number of zombie companies

Figure 5.20: Views on supplementary budget in context of COVID-19 pandemic

**Historic Supplementary Budget with EUR 156 Billion of New Debt**

How do you assess this sum, if the aim is to cushion the effects of recession?



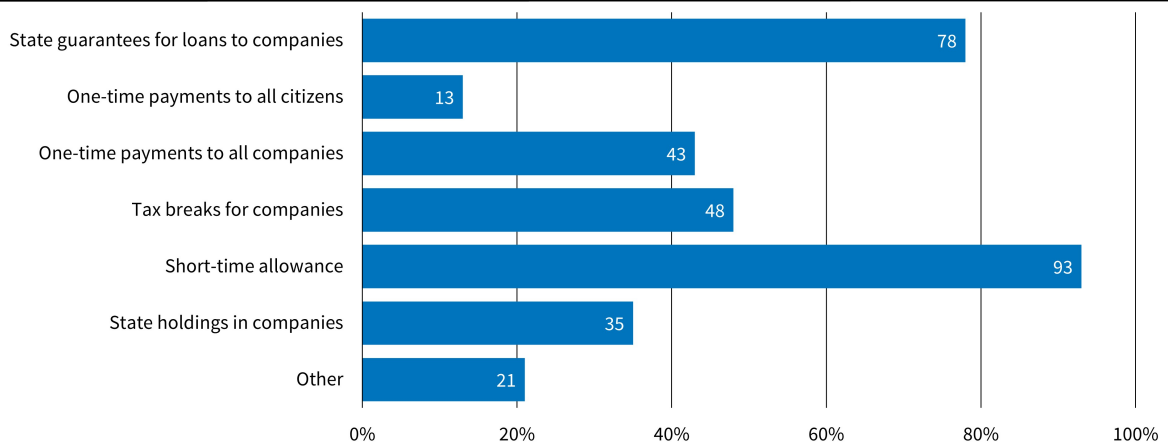
Source: Economists Panel March 2020.

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Figure 5.21: Views on economic policy measures during COVID-19 pandemic

**Economic Policy Measures**

What do you think are the most important economic policy measures at this time to respond to the negative economic consequences of the coronavirus crisis? [Multiple answers and free text possible]



Source: Economists Panel March 2020.

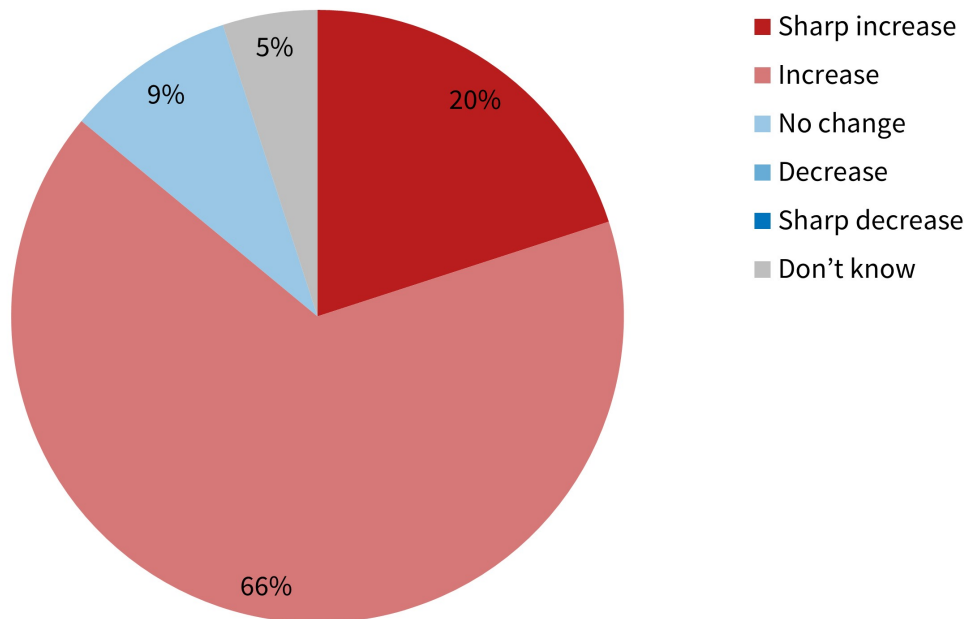
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in Germany had risen since the beginning of the COVID-19 pandemic in March 2020, while 9 percent saw no change from pre-crisis levels (Figure 5.22).

**Figure 5.22: Views on the development of the number of zombie companies in context of COVID-19 pandemic**

### Development of the Number of Zombie Companies in Germany

How do you think the number of zombie companies in Germany has developed so far since the beginning of the coronavirus crisis in March 2020?



Source: Economists Panel October 2020.

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Why did zombie companies emerge? 86 percent of the participants shared the opinion that the waiving of the obligation to file for insolvency was one reason. Meanwhile, 50 percent thought it is due to the recent extension of the short-time work allowance until the end of 2021 (Figure 5.23).

In February 2021, almost half of participating economists were either “fairly dissatisfied” or “very dissatisfied” with the current COVID-19 economic policy in Germany (Gründler et al. 2021). The most frequently mentioned reasons were that the measures were not proportionate, that politics was responding too slowly and too rigidly, and that there were no plans for opening the economy again. Others argued that assistance programs were too bureaucratic and that the vaccination strategy to date had largely failed. Around 30 percent say they were “undecided”, but largely subscribed to the negative views mentioned above (Figure 5.24). Of participating economists, 20 percent were “fairly satisfied” with the current COVID-19 economic policy, while 2 percent were “very satisfied”. These economists thought that government measures were proportionate ex ante and succeeded in preventing a catastrophic collapse in manufacturing

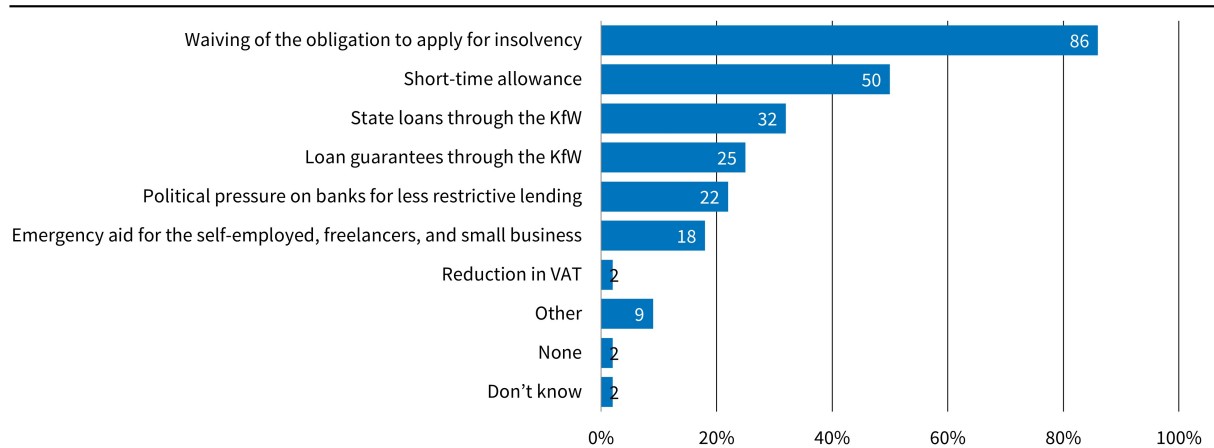
## 5 Other ifo Surveys

and an attendant wave of insolvencies.

**Figure 5.23: Views on the reasons for the emergence of zombie companies in context of COVID-19 pandemic**

### Reasons for the Emergence of Zombie Companies

Of the following economic policy measures taken since the beginning of the coronavirus crisis, which do you think risk leading to the emergence of zombie companies? [Multiple responses permitted]



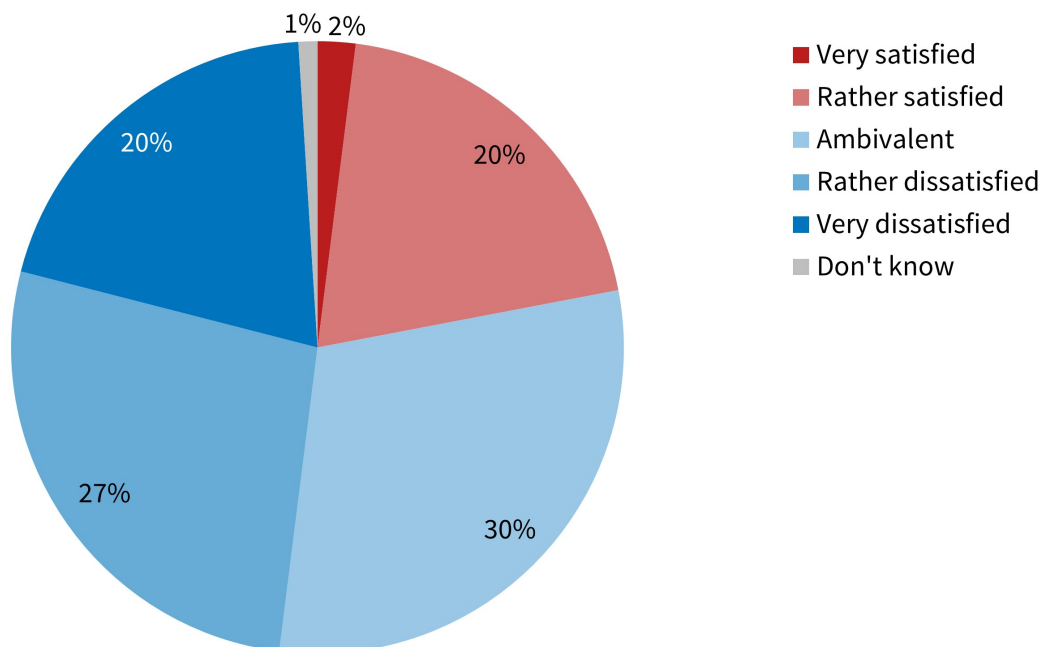
Source: Economists Panel October 2020.

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**Figure 5.24: Views on economic policy in second year of Covid-19 pandemic**

### Coronavirus Economic Policy

How satisfied are you with the current coronavirus economic policy in Germany?



Source: Economists Panel February 2021.

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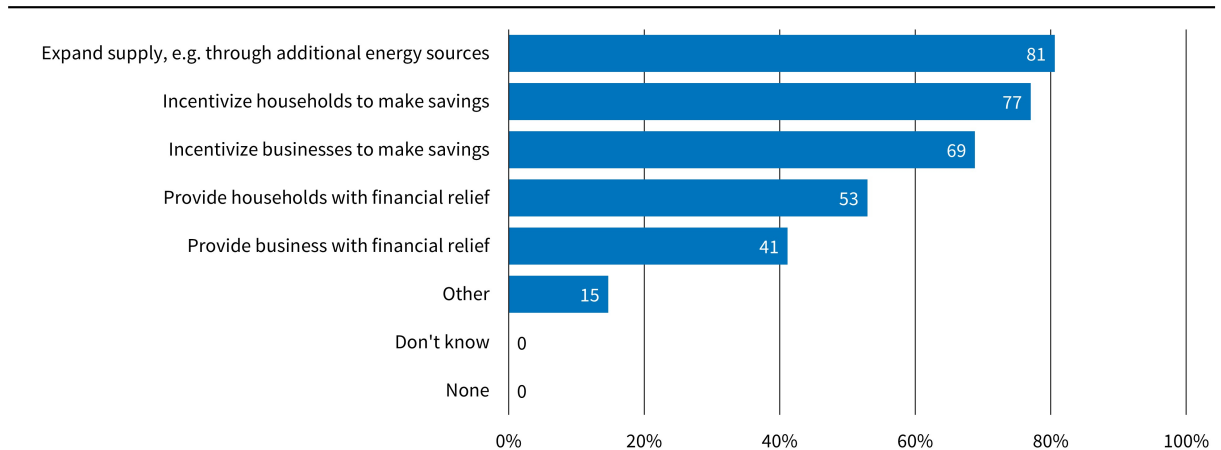
### 5.6.5.2 Energy Crisis

In fall 2022, a major public concern were shortages in energy supply and increases in energy prices. We asked the German economists about how to handle the energy crisis (Gründler et al. 2022). A total of 81 percent of the participating economists stated that in dealing with the drastic increase in electricity and gas prices, the German government should focus on expanding supply, e.g., through new energy sources (Figure 5.25). They expressed similarly strong approval for economic policy measures that provide incentives for households (77 percent) and businesses (69 percent) to save. The share of economists who thought the German government should focus on providing households (53 percent) or businesses (41 percent) with relief was significantly lower.

**Figure 5.25: Views on economic policy measures to deal with increasing energy prices**

#### Economic Policy Measures

In your opinion, what economic policy measures should the German government focus on in dealing with the drastic increases in electricity and gas prices? [Multiple responses permitted]



Source: Economists Panel October 2022.

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To expand the supply of electricity and gas in Germany, 81 percent of respondents supported the continued operation of the remaining nuclear power plants beyond 2022 (Figure 5.26). Other popular measures included pruning regulations that impede the expansion of renewables (74 percent), building more LNG terminals (71 percent), and expanding electricity transmission networks (70 percent). 61 percent of participating economists favored purchasing LNG “even from autocratic states” such as Qatar and the United Arab Emirates. Less than half of the economists support restarting retired coal-fired power plants (47 percent), financially supporting renewables (44 percent), and lifting the ban on fracking in Germany (42 percent).

### 5.6.5.3 The Tax Proposal of the German Council of Economic Experts

In November 2022, the German Council of Economic Experts proposed a temporary increase in the top tax rate, the introduction of an energy solidarity surcharge for top earners, and a postponement of the reduction of bracket creep. This proposal was remarkable because

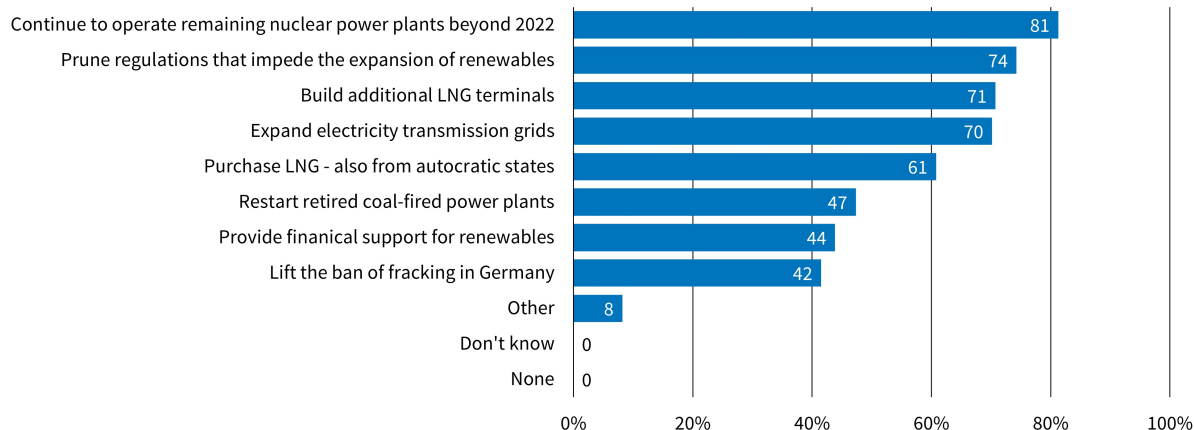


**Figure 5.26: Views on the expansion of electricity and gas supply**

**Expansion of Electricity and Gas Supply**

Which of the following measures do you support to achieve an expansion of electricity and gas supply in Germany?

[Multiple responses permitted]



Source: Economists Panel October 2022.

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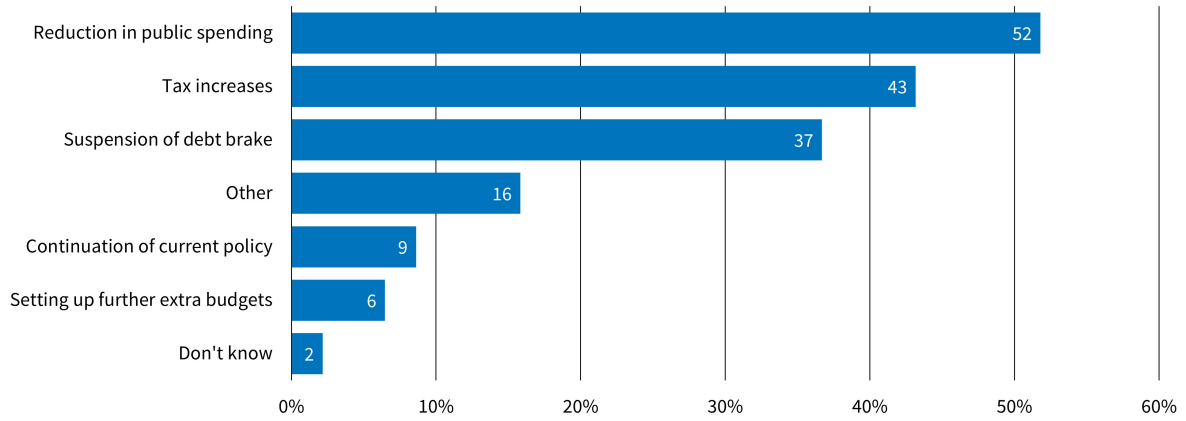
all the five members of the council agreed. Many of the previous proposals of the German Council of Economic Experts were contested (Potrafke 2013).

The Council of Economic Experts’ proposal to temporarily increase the top tax rate divided economists into two roughly equal groups: 52 percent reject the proposal; 46 percent support it (Fuest et al. 2022). Only 2 percent were undecided. In 2022, the top tax rate has been applied to annual taxable incomes of around EUR 59,000 and above, and had stood at 42 percent.

In view of the increased burden on public budgets as a result of the COVID-19 pandemic and Russia’s war of aggression, 52 percent of economists favored a reduction in public spending (Figure 5.27). In contrast, 43 percent of the participants were in favor of tax increases. At 37 percent, a similarly high level of support was found for suspending the debt brake. Only 6 percent were in favor of setting up further extra budgets; 9 percent were in favor of continuing the current policy; 16 percent of the participants supported “other” measures to ease the burden on public budgets, such as reallocations within the budget or the systematic expansion of energy supply to overcome the crisis.

**Figure 5.27: Views on measures to reduce burden on public budgets****Relief for Public Budgets**

What measures do you advocate to deal with the increased burden on public budgets in the wake of the Covid-19 pandemic and Russia's war of aggression? [Multiple responses permitted]



Source: Economists Panel November 2022.

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