



Czech Economists on Economic Policy: A Survey

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ABSTRACT

In December 2008 and January 2009, in cooperation with the Czech Economic Association, I conducted a survey of economists in my native country of the Czech Republic.² It was officially administered by Peter Bolcha, a junior member of the Department of Economics, University of Economics, Prague. The identity of the chief investigator (me) remained anonymous until afterward. The survey was administered through a web-based system that allowed participation only by invited respondents.³

The list of invited economists included all members, past and present, of the Czech Economic Association whose email addresses were available from the CEA, and all economics instructors at Czech colleges and universities whose email

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2. The survey was motivated by—and is an extension of—what is by now a fairly long research tradition. The credit for pioneering this area goes presumably to Samuel Brittan (Brittan 1973) and to a group of authors around James Kearl (Kearl et al. 1979). Subsequent surveys cover Austria, France, Germany, and Switzerland, summarized Frey et al. (1984). A survey in the UK was undertaken by Ricketts and Shoesmith (1990), in Canada by Block and Walker (1988), and in South Africa by Geach and Reekie (1991). The original survey was replicated for the US: again by Alston, Kearl, and Vaughan (1992) and by Fuller and Geide-Stevenson (2003). Several other surveys have since been conducted.

3. The responses remained anonymous even to us: I generated the login codes, and representatives of the Czech Economic Association compiled and provided access to the email list. The respective parties kept the lists separate at all times. When sending out invitations, the system matched an economist on the list with a login code. No one had access to both the email list and the login-code list.

addresses were posted on their institutions' web sites (compiled by Peter Bolcha and his assistants). A total of 708 economists were sent the invitation, of which 182 participated, making a response rate of 25.7 percent. Table 1 provides breakdowns by age, gender, employment sector, income, and political party. Regarding age, note that the median age was 35, much younger than in American surveys (Klein and Stern 2006; Whaples 2006, 2009), probably for two reasons: my survey was web-based, and standard economics classes in the Czech Republic got started only after 1990.

Table 1: The respondents by age, gender, employment sector, income, and political party

<i>Age</i>	<i>Gender</i>		<i>What sort of economist do you consider yourself?</i>			<i>Gross income per year (in thousands, CZK)</i>		<i>Which political party's program is closest to your vision of economic policy?</i>	
25 or below	2.20% (4)	male	75.82% (138)	academic	56.04% (102)	250 or less	9.89% (18)	ČSSD (social democratic)	12.64% (23)
26 to 35	48.35% (88)	female	22.53% (41)	private	20.33% (37)	250 to 500	24.18% (44)	KDU-ČSL (Christian conservative)	3.85% (7)
36 to 45	18.13% (33)	declined to answer	1.65% (3)	government	8.79% (16)	500 to 750	20.88% (18)	KSČM (communist)	2.20% (4)
46 to 55	9.89% (18)	-	-	avocation	3.85% (7)	over 750	26.37% (48)	ODS (civic conservative)	43.96% (80)
56 to 65	15.93% (29)	-	-	other	3.85% (7)	declined to answer	18.13% (33)	SZ (environmental)	2.75% (5)
66 or more	4.40% (8)	-	-	declined to answer	6.59% (12)	-	-	other	4.40% (8)
declined to answer	1.10% (2)	-	-	-	-	-	-	declined to answer	27.47% (50)
blank response	0.00% (0)	blank response	0.00% (0)	blank response	0.55% (1)	blank response	0.55% (1)	blank response	2.75% (5)

21 Policy Judgment Questions

The survey consisted of a total of 27 questions: 5 background questions, one general question relating to economic policy, and 21 policy-issue questions formulated in terms of reform *direction*, as in: The level of the minimum wage rate should be: increased, kept unchanged, or reduced? The directional dimension works from the idea of liberalization. Thus the formulation anchors things in the status quo and solicits judgments about whether policy should be liberalized, kept the same, or made more restrictive—although the liberalization interpretation is not always as clear as with the minimum-wage question.^{4,5} The set of issues covered by the question overlaps with other policy surveys, perhaps with one exception being the proposition #21 on university education cost sharing by students, which is peculiar to the Czech Republic.⁶

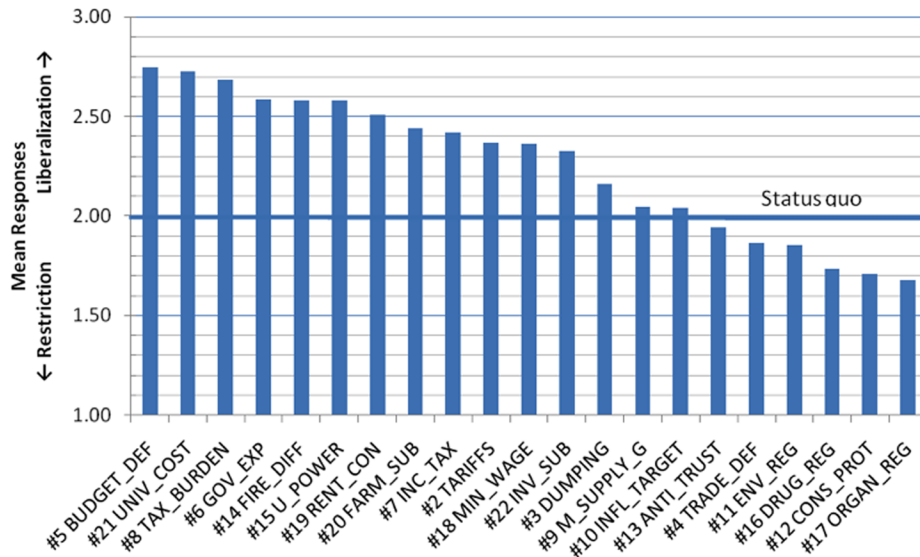
The responses to the 21 policy issues were coded with 1 representing favoring tighter restriction, 2 favoring the status quo, and 3 favoring liberalization.⁷ In Figure 1, the horizontal line at 2 represents the benchmark of the status-quo. The numbers are in Table 2.

4. Three propositions appear to be of particular concern: #4 “The extent to which policy-makers pay attention to the balance of trade deficit should be:”, #9 “The rate of the money supply growth should be:” and #10 “The level of the inflation target set by the central bank should be:” Regarding the first one (#4), as implied by the context, the question relates to international affairs and protectionism; it is precisely the balance of trade deficit that in popular thinking is associated with the need for protectionism. Economists who responded that “attention” should be higher are assumed to reveal an interventionist mindset. Regarding the monetary issues (#9 and 10), arguably both lie outside the liberalization dimension, strictly speaking. But both propositions suggest a situation where opting for higher levels (of money supply or of inflation targeting) is indicative of skepticism towards the ability of markets to stabilize themselves, and perhaps of support for the monetization of government finance. In what follows I count responses for higher levels in those three issues as interventionist. Dropping the three questions would leave the findings unchanged.

5. A few of the policy measures such as rent-control may be of a local nature. Because the survey was presented as a nationwide survey of Czech economists, respondents were asked to understand the issue in terms of all areas of the Czech Republic—on the whole, should rent-controls be relaxed or tightened?, as it were.

6. Education at public-sector university, conducted in the Czech language, is supplied free of charge to all students (Czech or foreign) of public universities. Introducing some sort of students’ participation in covering the cost has been a subject of public debate ever since the beginning of the transformation in the early 1990s.

7. For all 21 questions except #19 and #21, favoring a tighter restriction corresponds to a survey response of “higher,” while favoring liberalization corresponds to a survey response of “lower.” For #19 and #21, it is the reverse.

Figure 1: The Mean Responses to 21 Policy Issues

Support for liberalization, on the whole

It seems that Czechs learned something from the terrible experience of socialism and the exceptional governmentalization of society. Only 5 out of 21 propositions have a mean response that is below 1.9 (with 2.0 corresponding to the status quo), while 13 of the 21 propositions have a mean above 2.1, leaving three propositions between 1.9 and 2.1.⁸ Moreover, many of the means are much above 2.1, while none are much below 1.9. Czech economists favor greater freedom more frequently than greater restriction.⁹

8. There are four cases (propositions #9, #10, #11 and #13) where, if the true population mean were 2.0, the likelihood of obtaining a sample mean as far above/below as the actual sample mean exceeds 1 percent, in three of these cases (propositions #9, #10 and #13) such likelihood actually exceeds 5 percent. For the other 17 cases it is less than 1 percent.

9. Naturally, for such comparisons, the selection of the 21 propositions is decisive and one can then object that the above 21 are not a fair representation of the entire policy arena. While it may be complicated to select such a fair sample, it should be noted that the propositions in this survey reflect the same areas as previous surveys of economists.

Table 2: Survey propositions and response statistics

#	Proposition	Mean	Response distribution			
			1	2	3	Blank
2	The extent to which trade barriers (tariffs, quotas etc.) are used should be:	2.370	12.6%	37.4%	49.5%	0.5%
3	The extent to which antidumping and similar trade-political proceedings against foreign producers are used should be:	2.162	25.3%	31.9%	41.2%	1.6%
4	The extent to which policy-makers pay attention to the balance of trade deficit should be:	1.867	31.9%	48.4%	18.7%	1.1%
5	The size of the government budget deficit should be:	2.749	6.0%	12.6%	79.7%	1.6%
6	The size of the government expenditures should be:	2.584	11.5%	17.6%	68.7%	2.2%
7	The marginal income tax rate should be:	2.421	11.5%	33.5%	52.7%	2.2%
8	The size of the overall tax burden should be:	2.683	6.0%	19.2%	73.6%	1.1%
9	The rate of the money supply growth should be:	2.045	9.3%	74.2%	13.7%	2.7%
10	The level of the inflation target set by the central bank should be:	2.039	9.9%	74.2%	13.7%	2.2%
11	The extent of regulation aimed at environmental protection should be:	1.852	39.6%	31.9%	25.3%	3.3%
12	The extent of regulation aimed at consumer protection should be:	1.709	44.5%	37.9%	15.9%	1.6%
13	The extent to which the anti-trust authority interferes with the economy should be:	1.944	28.6%	47.3%	23.1%	1.1%
14	The level of difficulty the labor legislation imposes on laying off employees should be:	2.581	5.5%	30.2%	62.6%	1.6%
15	The legislated labor union power should be:	2.580	4.4%	33.0%	62.1%	0.5%
16	The extent of regulation of trade in illicit drugs (addictive substances) should be:	1.737	47.8%	28.6%	22.0%	1.6%
17	The extent of regulation of trade in human organs should be:	1.680	45.6%	37.9%	14.3%	2.2%
18	The level of the legislated minimum wage should be:	2.361	14.3%	34.6%	50.0%	1.1%
19	The level of the legislated maximum rent that can be charged for apartments should be:	2.506	12.1%	24.2%	61.5%	2.2%
20	The extent of government support of agriculture should be:	2.440	13.7%	28.6%	57.7%	0.0%
21	The extent to which university students share the cost of university education should be:	2.725	4.4%	18.7%	76.9%	0.0%
22	The extent of investment perks offered by government should be:	2.326	17.6%	31.9%	50.0%	0.5%

Comparisons between Czech and American Economists

Support for intervention beyond the Czech status quo is significant in three areas: trade in human organs, trade in illicit drugs, and regulation aimed at consumer protection (though, as Caplan (2007) emphasizes, it is probable that their interventionism is milder than that of the Czech population at large). Comparing to their American counterparts, I would say that the viewpoints on

consumer protection are perhaps similar. But I think there is a notable difference on illicit drugs and organs.

Surveys of AEA members conducted by Robert Whaples report that more than 60 percent of respondents agreed or strongly agreed with legalization of marijuana (Whaples 2006), and more than 70 percent agreed or strongly agreed with allowing payments to donors of organs (Whaples 2009).¹⁰ Although there are wording differences, on these two issues the American economists seem to show more liberalism than do the Czechs. On the drug issue, one may speculate that some of the difference arises from differences between the respective status quos.¹¹ But on the organ trade issue the current Czech policy is a ban on trade and compensation, so there is not much scope for policies to be more interventionist, save perhaps stricter enforcement. Yet, this is what Czech economists on average are calling for. Therefore, Czech economists certainly seem to be less open to liberalization on the issue.

The drugs and organ issues involve a repulsion on a personal level, in a way that labor-market or international-trade issues do not. My own speculation is that, while the debacle of socialism in Central Europe has made the Czech people relatively open to market reasoning, in critically discussing policy issues involving “repugnant” personal choices the Czech *public* discussion is simply far behind that of the United States. Precious few Czech institutions, professors, or public intellectuals have critically examined the prevailing prejudices.¹² Maybe economists in the United States are more liberal on drugs and organs simply because the public culture is.

My survey shows strong support for liberalization in taxation and spending (propositions #5, #6, #7, and #8) and labor markets (#14, #15 and #18). Comparison with American economists on such issues is difficult because of differences in questions and survey design, but these would be the areas in which Czech-economists’ liberalism seems to be strongest in relation to their American counterparts.

10. On the economists’ support for legalization of organ trade, see also Diesel (2010).

11. It is a well-known fact that the US war on drugs represents a generally more interventionist approach than the European policies, including the Czech one (both in terms of the scope of restrictions and in terms of penalties for breaking them). Consumption of marijuana, while not legal, is widely tolerated. American economists could then lean towards less restriction and the Czech economists could opt for more restriction while both agreeing on some kind of compromise in-between.

12. In Stastny 2001, I offer a liberal perspective on many social issues, including drugs and organ trade.

Single-peakedness versus U-shapedness

This matter concerns the sample's distribution of opinion for a single issue. It speaks to whether there is ideological cleavage or polarization in the sample. Indeed, it is somewhat embarrassing for a scientific discipline to exhibit U-shapedness—one would expect members of a scientific community to bunch themselves around the enlightened answer, yielding single-peakedness.

In my survey, response distributions exhibited single-peaked *on every one of the* 21 issues. On not a single proposition of the 21 propositions did the response distribution exhibit any degree of U-shapedness. This contrasts noticeably with surveys among American economists. Asking 18 policy-issue questions, Klein and Stern (2006) received 6 distributions that were not single-peaked (that is, that were U-shaped to some degree). For Whaples (2006) survey, 14 out the 24 propositions indicate such cleavage of opinion, and for Whaples (2009) it is 10 out of 20. Thus, in my survey I found no U-shaped response distributions, whereas in these American surveys it appeared in from one-third to one-half of the response distributions.

Now, my survey questions had just three response options, whereas the Whaples and Klein and Stern surveys had five, perhaps giving more space to a degree of U-shapedness. But, as plausible re-groupings of the American data show,¹³ it is likely that the striking difference is not fully or even significantly accounted for by the number of response options.

A more significant factor, I think, arises from differences in survey design. The Americans were asked, essentially, whether the minimum wage law is good or not, while the Czechs were asked to state whether the minimum wage should be higher or lower. The likelihood of a divergence between two economists' ideal level is always greater than the likelihood of a difference in their favored directions from the status quo. A supporter of minimum wage laws may nonetheless feel that the current level should be reduced. This difference in survey design might explain the absence of U-shapedness in the Czech responses.

Another possible factor may be that policy views in the United States are somewhat more rigidly aligned according to the two-party system. In the Czech politics there is "left and right," but Czech parliament is a proportional system and

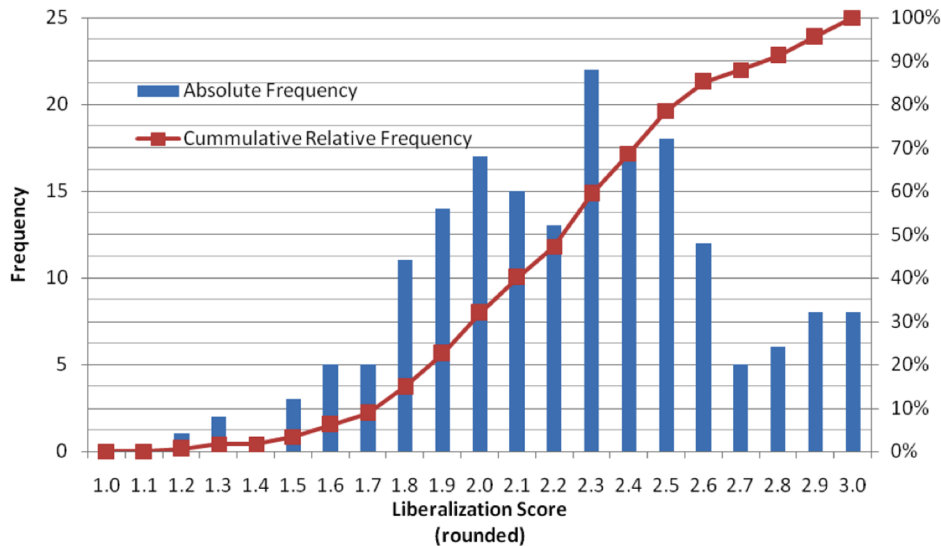
13. In a 3-class response system used in the Czech survey, each of the tail classes ("higher" and "lower") is likely to be so wide as to practically include the two classes on each tail used in the 5-class American survey (e.g. "strongly agree" and "agree" on the one end, and "disagree" and "strongly disagree" on the other). Thus, if the American surveys used 3-class response design (grouping the two classes on each tail into one), we could witness an even higher number of propositions with U-shapedness than under 5-class response design. For example, Whaples (2006) survey would under this assumption report 16 cases of U-shapedness (as opposed to 14 under the actual 5-class response system).

currently there are five parties. Even sympathizers of a party that is either clearly “left” or clearly “right” might feel less rigidly committed to that party’s views. In the United States, there may be more orientation toward two-party partisanship, giving rise to more cleavage in responses.

Respondents’ Liberalization Scores

For each respondent, I took his or her mean response to the 21 policy propositions to be his or her *liberalization score*. With a range from 1 to 3, the higher the score, the more the respondent favored liberalization. The distribution of liberalization scores is shown in Figure 2.

Figure 2: Liberalization scores distribution for all survey respondents



The rightward skew of the distribution confirms the bent of the Czech economics profession toward liberalization. As seen from the red line showing the cumulative distribution, around 30 percent of the respondents have scores of 2.0 or below, which leaves a good majority in the “leaning toward liberalization” range of scores. We can also see that at the upper end the histogram does not flatten out, as at the lower end, but rather that there is a contingent of highly consistent liberalizers with scores above 2.8.

Liberalization Scores by Personal Traits

The survey asked about age, income, employment type, political party, and gender. For age, liberalization scores tended to go down by age.¹⁴ For income, liberalization scores tended to go up by income.¹⁵ For employment type, the differences were minor.¹⁶ We now turn to the other two: political party and gender.

Political party

The survey asked: “Which political party’s program is closest to your vision of economic policy?” Figure 5 shows the average liberalization scores economists of each of the five parties in the Czech parliament. The color-coding in the figure is faithful to the official colors of the parties, or to a color somehow associated with its program.

As shown in Figure 3, the number of economists identifying with three of the parties is hazardingly small ($n = 4, 5$, and 7), so be cautious with the associated results. That said, the average liberalization scores by party are ordered in a predictable way.

The most interventionist set of economists were those identifying with the Communist Party (KSČM, colored red), effectively a successor of the ruling party of the communist regime in the former Czechoslovakian federation. Those identifying with the Czech Social Democratic Party’s (ČSSD, colored orange) were somewhat less interventionist; it is a Czech version of a typical European social-democratic party. There are two parties for which the average liberalization score is mildly in favor of more freedom, both sharing some of the social democratic values while each of them focusing on a particular area of interest, the Green Party (SZ) and the Christian Democratic Party (KDU-ČSL, colored black). Lastly, the Civic Democratic Party (ODS, colored blue) is by most standards the

14. Here are the average liberalization scores by age groups: 25 or below ($n=4$): 2.12; 26 to 35 ($n=88$): 2.37; 36 to 45 ($n=33$): 2.24; 46 to 55 ($n=18$): 2.15; 56 to 65 ($n=29$): 2.12; 66 or above ($n=8$): 1.90; declined to answer ($n=2$): 1.95.

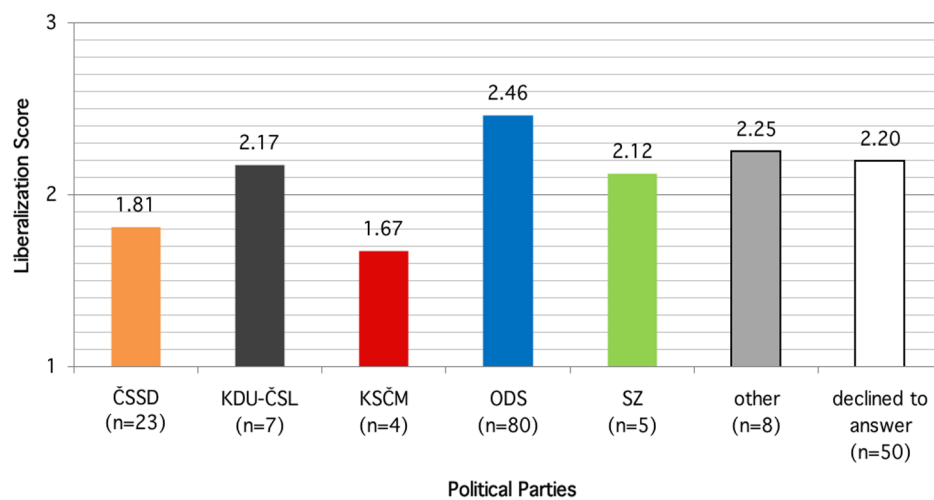
15. Here are the average liberalization scores by income groups: 250 thousand CZK or less ($n=18$): 2.08; 250 to 500 ($n=4$): 2.10; 500 to 750 ($n=38$): 2.32; 750 or above ($n=48$): 2.36; declined to answer ($n=33$): 2.33.

16. Here are the average liberalization scores by employment type: academic ($n=102$): 2.27; private sector ($n=37$): 2.33; government ($n=16$): 2.18; economics as an avocation ($n=7$): 2.06; other ($n=7$): 2.36; declined to answer ($n=12$): 2.06.

least interventionist party, loosely analogous to the British Conservatives or American Republicans.

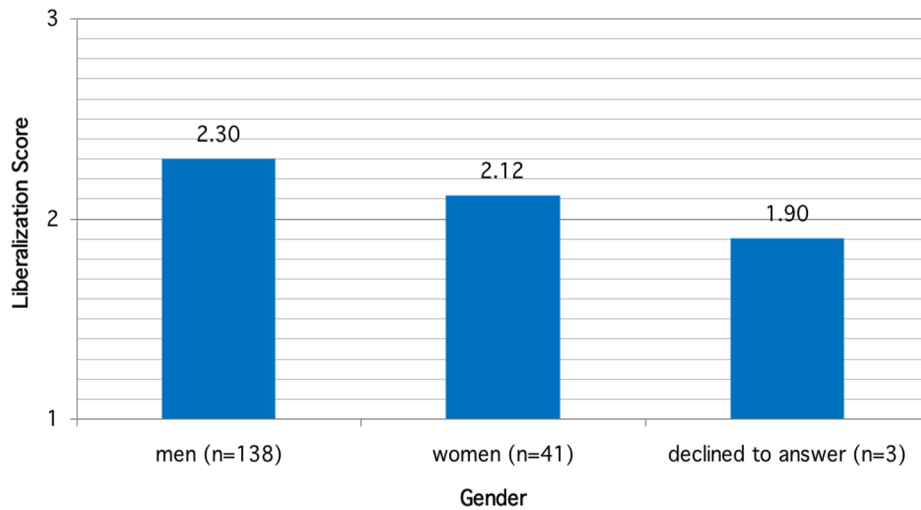
There was also the group that explicitly chose not to report any party (colored white). It was quite large (50 out of 177) which perhaps reflects apprehension and distrust regarding the secrecy of data. Respondents were more willing to report their incomes than their party affiliation. History dies hard.

Figure 3: Liberalization scores by political party



Gender

It appears that women economists in the United States tend to be more interventionist than men economists (May and Whaples 2010; Hedengren et al. 2010). As seen in Figure 4, the same seems to be true in the Czech Republic.

Figure 4: Liberalization scores by gender

Concluding Remarks

On most issues treated, most Czech economists would prefer less governmental involvement or restriction. On the whole, they tend to favor liberalization.

We have noted some contrasts between Czech and American economists. On the issues of illicit drugs and organ markets, the Americans seem to be more disposed toward liberalization. Also, we have noted that the American survey responses show much more cleavage in their distributions, but that could be a result of differences in survey design.

The appendices supply the survey data, which may be used in further research. In fact, I designed and conducted the survey to investigate the degree of consensus among Czech economists on particular policy issues, as well as the degree of correspondence between any such consensus and actual policy (see Stastny 2011). The appendices also provide the instrument in Czech and English translation.

Appendices

Appendix 1: The original survey instrument (in Czech) (pdf): [Link](#)

Appendix 2: The survey instrument in English translation (pdf): [Link](#)

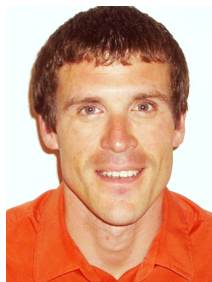
Appendix 3: The data (Excel): [Link](#)

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