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ON IDEAS AND ECONOMIC POLICY:
A SURVEY OF MENA ECONOMISTS

Rana Hendy and Mahmoud Mohieldin

Working Paper No. 1346

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Abstract

This paper examines how economic ideas have been shaped throughout history and the influence of these on the formulation of economic policy. We collect both quantitative and qualitative data from economists who are originally from the Middle East and North Africa region or working on the region. We find that economists and their ideas are more likely to be influenced by multiple schools of thought than adhere to one school. This multiplicity spills over into the type of solutions proposed to economic problems and thus policy implications. One of the main recommendations of this study is that there is a need for the development of economics and economists to recognize the impact of political and social issues that are not easy to grasp through modeling. This recommendation aligns with appreciation of the power of ideas rather than the influence of one school of economic thought.

Keywords: Schools of Economic Thought; Economic Policy; Vested Interest; Middle East and North Africa.

JEL Classifications: B00; B1; B3.

1. Introduction

The paper has two main concerns, the first being how economic ideas have been shaped throughout history. Under the scope of this paper economic ideas are defined as *thoughts, an aim or purpose pursued with an economic goal*. The second concern is how economic ideas are currently influencing economic policy. Policy is defined here *as a course or principle of action adopted by a government*. Both concerns will be tested firstly through surveys and secondly by semi-structured interviews. The paper will ultimately build on previous research sourced from Ricketts and Shoesmith (1990), to introduce a new region into the equation, the Middle East and North Africa (MENA) region.³ During the paper's investigation, economists' opinions within school of thought will be examined, as well as policy choices defined by school of thought and region.

The first section of the paper outlines how economic ideas have evolved and the influence of economic thought on public policy throughout history. The second section presents the survey that was conducted between October 1 and November 15, 2018 with 163 respondents in MENA and analysis of its corresponding results. The final sections outline the existence of disagreements between economists as well as illuminate some messages for future economists to consider. The paper ultimately concludes with key findings and policy recommendations.

2. Ideas⁴ and Schools of Economic Thought

As noted by Skidelsky (2018) economic ideas and policy “are molded by the conditions of the times”,⁵ however one of the most consistent concerns with economic policy is the extent to which governments intervene in the economy. John Stuart Mill (1806-1873) stated this clearly:

*“One of the most disputed questions both in political science and in practical statesmanship...relates to the proper limits of the function of the agency of government. At other times it has been a subject of controversy how governments should be constituted, and according to what principles and rules they should exercise their authority; but it is now almost equally a question to what departments of human affairs that authority should extend”.*⁶

³ Respondents vary in their definitions, sometimes referencing the Arab region, the Middle East, or the Middle East and North Africa region.

⁴ Ekelund and Hebert (2014), pp. 700-701, define economic *ideas* on a range that starts from “hazy perception, opinion, or belief, to a detailed plan... an idea that is the product of mental activities”. They define *ideology* as “...the study of ideas, but a more popular meaning is that it comprises a set of ideas, doctrines, or beliefs that form the basis of some cultural, political or economic system...Economic ideas – while of enormous potential importance to society – may catch on only when *circumstances* warrant.” Emphasis added.

⁵ Skedelsky (2018), p. 7.

⁶ Cited in Hartwell (1989), p. 119.

It follows that since economic ideas are conceived in their time, economists build these from their “concentrations of attention” (Hicks 1904-1989).⁷ For example, during the interwar period mass unemployment was the focus, whereas in the 1970s, it was inflation. Ideas and theories develop to deal with these fluctuations and issues that mushroom up in different times.

It is argued that the producers of economic ideas enjoy a source of authority and leverage compared to the consumers of these ideas, i.e. ‘practical men’, politicians, civil servants and businessmen. However, one cannot neglect the impact of interaction between hard power and soft power. More than ever before we notice that practical men “like nothing better than to have their prejudices dressed up in scientific language”.⁸

In 1984, Arjo Klamer interviewed leading economists from different schools of thought.⁹ In the summary of these interviews he notes that

*“[they] are the very best the discipline has to offer. They nonetheless disagree fundamentally on theoretical and empirical questions, on policy proposals and on the ways economic issues should be studied and settled. At times, they even have difficulty understanding each other”.*¹⁰

Theoretical propositions can be solved through empirical evidence until differences are resolved. This is the objective and optimistic approach but despite the evolution and progress of empirical economics and the quantitative methods, empirical tests have not arbitrated disputes in the field and persistent disagreement exists between the different schools of economic thought.¹¹ On this theme, Ha-Joon Chang (2014) in introducing nine different kinds, or schools of thought, emphasizes that:

⁷ Ibid, p. 8.

⁸ Ibid p. 14.

⁹ See *The New Classical Macroeconomics: Conversations with New Classical Economists and Their Opponents* (Klamer 1984).

He interviewed Robert Lucas Jr., Thomas Sargent and Robert Townsend from what he classified as *New Classical economists*. He also interviewed James Tobin, Franco Modigliani and Robert Solow from the older generation of the *Neo-Keynsians* and from the younger generation, Alan Blinder and John Taylor. From the *Monetarists* he interviewed Karl Brunner and from what he described as *Nonconventional economists* he interviewed David Gordon and Leonard Rapping.

¹⁰ Ibid, p. 237.

¹¹ For detailed discussion and analysis of the different schools of economic thought, see the entry by Goodwin, in the *New Palgrave Dictionary of Economics* on history of economic thought. Also see Bloug on *Historiography of Economics*, as well as Canterbury (2005) and Harvey (2015). On contemporary utilization of old ideas of economists see Yueh (2018). For an alternative perspective see El-Issawy (2019). El-Issawy notes that there have been two waves of criticism against mainstream economics; one that stemmed from the dissatisfaction of students and scholars with the content of the economic curricula and the second caused by the reaction to the financial crisis of 2008. El-Issawy’s extensive study focused on three sets of criticism, the first set questions the fundamental assumptions, the second challenges some common beliefs: e.g., gender neutrality, pure objectivity and value free propositions, and that simple abstract models can explain the

*“... they are not irreconcilable enemies, however the boundaries between schools are actually fuzzy. But it is important to recognize that there are distinctive ways of conceptualizing and explaining the economy, or ‘doing’ economics...And none of these schools can claim superiority over others and still less a monopoly over the truth”.*¹²

Chang claims that understanding complex economic phenomena or implications of different market dynamics or government interventions requires knowledge of different schools of thought and ideas to limit as much as possible the dominance of the value judgements and bias of one school.¹³

It follows that economic theories do not supersede each other and are in fact interdependent on each other, unlike natural science where a more modern theory such as quantum physics replaces classical physics. The changeability of the subjects that are studied by economists and their interference with analyses indicates a clear distinction between economics and natural sciences, even though it uses, as much as it can, scientific method in analysis, prediction and the policy recommendations it advocates. Hence “progress in economics consists of greater precision in stating ideas, not the greater explanatory power of ideas themselves”¹⁴ and its theories cannot be entirely confirmed or rejected, except briefly.¹⁵ Therefore, economics might be said to be consistently conflictual with its scientific nature.

2.1. On the Impact of Ideas

Economics is generative of ideas, underscoring this, Keynes (1883-1946) challenged a widespread view that organized vested interests dominate what happens in the economy and public policy and argued that the world is ruled by ideas and little else. In the last chapter of the *General Theory of Employment, Interest and Money* Keynes concluded that *“... the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood. Indeed, the world is ruled by little else. Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist... I am sure that the power of vested interests is vastly exaggerated compared with the gradual encroachment of ideas... But, soon or later, it is ideas, not vested interests, which are dangerous for good or evil”.*¹⁶

complex economic world and the third and final set provides a critical appraisal of the three neoclassical economic theories of income distribution, international trade and development. El-Issawy proposes five alternative approaches benefitting from insights of: the nature of human behavior and social development; experimental research; integration of knowledge from the examples of happiness and feminist research; replacing the neoliberal approach and finally attempts to reflect on the complex economic system.

¹² Chang (2014), p. 81.

¹³ Ibid, pp. 82-83.

¹⁴ Skidelsky (2018), p. 12.

¹⁵ Ibid.

¹⁶ Keynes (1935), p.383.

History shows different examples of the formidable influence of ideas. In the early 20th century, the patterns of institutions and public policy adopted in the Soviet Union were influenced by the 19th century economist Karl Marx (1818-1883).¹⁷ Olson (1989) insisted that in the second half of the 20th century “the Kennedy tax cuts were beyond any doubt mainly a result of Keynes’s ideas”.¹⁸ In 1962, during a speech at Yale University, Kennedy supported a massive tax cut, which was then implemented by his successor, Lyndon Johnson, in 1964. In 1966 Heller declared overwhelming success of the policy, which created jobs, increased profits and real output and improved the budget position. The influence of Keynesian policies and their outcomes meant that Nixon declared “we are all Keynesians now”.¹⁹

When the Keynesian approach faced difficulties in the stagflationary period of the 1970s it was superseded by monetarism. Despite the realization of Milton Friedman (1912-2006) that advanced economies were falling into a trap of special interests by an iron triangle of three groups, namely beneficiaries of governmental privileges, the legislators and bureaucracies, Friedman claimed the tide of Keynesian ideas, which permitted such arrangements gave way to another tide reflected in Hayekian or free market ideas.²⁰ Barry (1989) noticed that such a change in tide had been successful before. Back in 1776, Adam Smith (1723-1790) wrote that

*“to expect that the freedom of trade should ever be finally restored in Great Britain is as absurd as to expect that an Ocean or Utopia can ever be established in it. Not only the prejudices of the public, but what is much more unconquerable, the private interests of many individuals, irresistibly oppose it.”*²¹

However, less than seven decades after this strong statement by Smith, free trade had been accomplished in the 1840s.²²

The potency of ideas and their interaction with vested interests is better explained by Dicey in his 1905 book on *Law and Opinion in England* in which he wrote about the period that saw the rise of the welfare state and changes in legislation and policies to support it in the domains of education, employment and pensions to name a few. Dicey showed that shifts in opinion to that of the idea that the well-being of society can be ensured through direct

¹⁷ Olson, (1989), p. 44.

¹⁸ Ibid. p.50.

¹⁹ Klamer (1984), p. 2.

²⁰ Barry (1989), pp. 58-59.

²¹ Cited in Barry (1989), p. 59.

²² Ibid, p. 59.

statutory intervention was a complex process and marked a kind of disintegration of the *laissez-faire* doctrine.²³

On legislation, ideas are not immediate as they take time to influence public opinion with a time lag to reach the wider public. Indeed, some powerful ideas require time to be grasped by individuals with political will who could, by coincidence or change of circumstances, use these ideas to change the world, or, at least try. Margret Thatcher, the British Prime Minister from 1979 to 1990, recalls in her autobiography that during her student life at Oxford in the mid-1940s, she read the famous book by Friedrich Hayek (1899-1992) *the Road to Serfdom*. She notes that:

*“I cannot claim that I fully grasped the implications of Hayek’s little masterpiece at the time. It was only in the mid-1970s, ... that I really came to grips with ideas he put forward. Only then did I consider his arguments from the point of view of the kind of state Conservatives find congenial- a limited government under a rule of law- rather than from a point of view of the kind of state we must avoid- a socialist state where bureaucrats rule by discretion”.*²⁴

Another example of the process of acquiring and digesting ideas and strengthening their impact could be seen during the famous visit of the Chinese leader Deng Xiaoping to Singapore²⁵ and his discussions with Lee Kuan Yew. While the aim of the visit was mainly political and dominated by Chinese concerns regarding the Soviet and Vietnamese threats at the time, Deng had an opportunity to listen to Lee’s explanation on how Association of Southeast Asian Nations (ASEAN) countries sought the implementation of the three ideas of economic development, political stability and national integrity²⁶. Singapore left a strong impression on the Chinese leader and helped solidify his conviction of the need for deep reforms in China. A year later after this visit, in a speech to a communist and till then centrally planned and controlled China, Deng commented on what he saw in Singapore and its ability to attract foreign investors who *“... pay taxes to the government, they provide work opportunities, and laborers receive income for their work. Foreign capitalists need not be so frightening.”*²⁷

Reform ideas resulted from the visit, but it needed exceptional leadership to adopt a ‘do what works approach’²⁸ and convenient circumstances to push it further. The implementation of reforms in China required, *inter alia*, mastering the pragmatism of

²³ Ibid, p. 60.

²⁴ Thatcher (2010), pp. 40-41.

²⁵ The visit took place in November 1978.

²⁶ Vogel (2011), p. 289.

²⁷ Ibid p. 291.

²⁸ Henry (2013), p. 64.

Deng's cat theory - "*it doesn't matter if a cat is black or white; as long as it catches mice*" and adapting Marxism-Leninism and the thought of Mao Zedong to the new realities of China. Deng shopped around for ideas with willingness to utilize relevant approaches from other nations and consulted international institutions to support China's new 'open door policy'.²⁹

Going back to the American example, before centuries of growth and great transformation, Greenspan and Wooldridge (2018) describe American life three hundred years ago as "truly Hobbesian- solitary, poor, nasty, brutish and short".³⁰ The birth of the new country coincided with a succession of supportive events and lucky breaks, the most important of these being the age of enlightenment, that challenged old models and institutions. Its struggle for independence didn't lack the political will of the revolutionaries and the founding fathers. The struggle began a year before the publication of the Wealth of Nations by Adam Smith in 1776, advancing a vision of free market in a dynamic society with abundance in opportunities. No other country embraced these ideas more than a country built based on revolt against a dominant mercantilist regime.³¹

When the U.S. constitution was written in 1787 it established that the newly born country was a common market with no taxes or levy on interstate trade. The protection of property rights were emphasized as reflected in Thomas Jefferson's words about man's "inalienable right to life, liberty and pursuit of happiness"³² mirroring John Locke's idea about the right of man to preserve "his life, liberty and estate against the injuries and attempts of other men".³³ Protection of property rights were extended to intellectual contributions, innovations and inventions with patent protection built in the early days into the constitution that provided a great advantage to business and growth and productivity.

Further, in 19th century America until the second world war³⁴ rich examples of Joseph Schumpeter's³⁵ (1883-1950) creative destruction provided the central mechanism for progress in America and the invisible force behind it. However, the political and social implications should not be understated as the costs are realized in the short term where the benefits seen in the long term. The problems are more profound if the change is fast and erupt without readiness to embrace such change.

²⁹ During the visit of Robert McNamara in 1980, President Deng told him 'We are very poor. We have lost touch with the world. We need the World Bank to catch up. We can do it without you, but we can do it quicker and better with you' cited in Henry (2013), p. 64.

³⁰ Greenspan and Wooldridge (2018), p. 418.

³¹ Ibid p. 6.

³² Ibid p. 8.

³³ Ibid p. 8.

³⁴ Greenspan and Wooldridge (2018), pp. 420-432.

³⁵ See Schumpeter (1942) *Capitalism, Socialism and Democracy*.

2.2. On the Formulation of Economic Policy

The economic historian Max Hartwell explained the influence of competing paradigms and the clash of rival schools dominant in England after the industrial revolution until the first world war that had a profound impact on policy. Hartwell noted that policy is formulated in five stages:³⁶

1. *Identification* of an issue and publicizing it by a thinker or moral entrepreneur preaching for reform.
2. In a democracy, a politician or the government may persuade the parliament that the issue needs investigation or legislation after *public inquiry* and obtain a report about it.
3. The parliament debates and may accept the report and hence passes *legislation* to be enforced by government bureaucracy or a regulatory agency.
4. The concerned bureaucracy may provide *feedback* on the new legislation and a chain reaction is created.
5. The legislation develops a life of its own with interactions with the concerned public and has impact through *cumulative sequence* depending on the dynamics of the sector or domain that it addresses.

During all of the stages there could be a tide of ideas embraced by the public. Jeremy Bentham's (1747-1832) individualism meant that the English parliament was hostile to any attempt to place a check on individual freedom. Following this, the tide changed and the prevailing ideas beginning in the 20th century moved towards forms of intervention by the state for conferring benefits upon the masses of the people even with some sacrifice of individual freedom.³⁷

During the last two centuries debates have been dominated by the dichotomy of intervention and freedom and the choice between one of the two ways organizing the economy and society was based on the performance of the economy under the prevailing approach. Hartwell (1989) eloquently summarized this pendulum movement: "*If, as in the 18th century, the existing Mercantilist economy seemed to be inefficient, then the prevalent mood was for greater freedom. If, as in the late 19th century, the existing liberal economy was perceived not to have solved the problems of poverty and insecurity, then the mood was for intervention. If, as today³⁸, the interventionist economy is perceived as having failed and governments as having grown too large, then the mood is for liberalism.*"³⁹

The reality of economic policy and management are more complex than neat dichotomies such as the confrontation between markets and governments and highlighting their relative

³⁶ Hartwell (1989), p. 103.

³⁷ Hartwell (1989), pp. 99-100.

³⁸ Hartwell wrote this in the late 1980s.

³⁹ Hartwell (1989), p. 118.

advantages or failures; all have their flaws. Dixit (1999) cites Herbert Stein, an economist with fifty years of experience in the American capital who summarized his experience in two lessons: *“Economists do not know very much about the economy; other people including the politicians who make economic policy, know even less”*.⁴⁰ Dixit goes further by quoting Alan Blinder’s observation that *“Economists have the least influence on policy where they know the most and most agreed; they have the most influence on policy where they know the least and disagree most vehemently”*.⁴¹

It is important to make a distinction between the two different roles that economists hold as far as economic policy is concerned. The economist can study the effects of public choice on the economy as an outside observer, classified under positive economics, or s/he can influence public choice by making proposals and recommendations as an advisor (classified as normative economics).⁴² Economic policy means different things to different people and in various time periods and may have more than one objective and multiple targets. However, economic policy also has numerous instruments, including traditional ones such as fiscal and monetary tools, in addition to microeconomic instruments, regulations and case specific measures and decisions. Economic policy relies on institutions which are, in the words of Douglass North *“humanly devised [formal and informal] constraints that structure human interactions... Together they define the incentive structure of societies and specifically economies”*.⁴³ Benassy-Quere et al. (2010) summarize the main tasks of economic policy in six categories:

1. Economic legislation and enforcing the rules of the economic system
2. Budgetary decisions which include taxation and public expenditure (fiscal policy)
3. Issuance of currency and the choice of the monetary and exchange rate regime (monetary policy and central banking)
4. Production of goods and services, primarily health and education services though some governments still own public enterprises
5. Managing crises and fixing problems, including through trying to influence private decisions
6. International negotiation and representation

The role of economists in constructing policy is a complex topic. Shultz and Dam (1998) emphasize that *“policy makers must aim for stability and equity in governmental arrangements. If they can succeed in that difficult task, they will provide an achievement*

⁴⁰ Dixit (1999), p. 1.

⁴¹ Ibid, p.2.

⁴² Benassy-Quere et al (2010) identify a third approach which is the political economy approach which could be considered as an extension of positive economics but instead of viewing the behavior of decision maker as exogenous it is considered as endogenous and determined by the state of the economy. For further discussion of the three approaches, see Benassy-Quere et al (2010), chapter 1.

⁴³ Cited in Benassy-Quere et al (2010), pp. 13-14.

*of tremendous significance... It is, after all, in the economy itself- not in the offices and corridors of [government]- that hopes for more jobs, stable prices and growing incomes can be realized”.*⁴⁴

In 1952, William Vickery, Columbia University, proposed a new pricing system for the congested subway in New York. Vickery utilized the basic logic of market⁴⁵ supply and demand to provide differential fares for commuters based on the peak and off-peak demand during the day. The success of the idea meant that its application was expanded to other means of transport in the US as well as to other countries around the world to manage congestion and reduce pollution.⁴⁶ Similarly, John Maynard Keynes and Harry Dexter White shaped the post-war international monetary and financial system. Their proposal, of a constitution of global economic cooperation was approved by 44 countries in Bretton Woods in 1944 and it benefited from their knowledge and experience during the inter-war period that suffered from the Great Depression and the challenges of the turbulence associated with Gold Standard. These cases are a good reminder of the phenomenon that economic ideas can be enormously beneficial when circumstances warrant.

However, we cannot ignore that there are bad ideas, or at least perceived bad ideas. The Growth Report,⁴⁷ prepared by a group of economists and policy makers led by Mike Spence, gives examples of bad ideas that include dealing with joblessness by relying on the civil service and imposing administrative price controls, banning exports and exchange rate misalignment.⁴⁸

Following this literature review, the following sections investigate areas of agreement and disagreement among MENA economists. Due to the expanded dataset and the semi-structured interviews, the research will allow a broader international comparison on key

⁴⁴ Shultz and Dam (1998), p. 205.

⁴⁵ Roth (2015), provides examples from market design and match making that make resources less scarce and more efficient allocation of resources which economics is about and that modern economists can function like engineers.

⁴⁶ Ibid, pp. 2-3.

⁴⁷ World Bank (2008). *Growth Commission Report*.

⁴⁸ Others include:

- Dealing with joblessness by relying on the civil service;
- Underpaying civil servants compared to the private sector;
- Cutting fiscal deficits by sacrificing public investment in infrastructure;
- Subsidizing energy except for very limited subsidies to highly vulnerable sections of the population;
- Open-ended protection for specific sectors;
- Imposing administrative price controls;
- Banning exports;
- Exchange rate misalignment;
- Resisting urbanization/underinvesting in infrastructure;
- Ignoring environmental implications;
- Poorly regulating the Banking sector and excessive interference;
- Measuring educational progress solely by higher enrollments and ignoring the quality of education.

Source: *The Growth Report (2008), Mike Spence*

economic policy questions. By bringing a new region of opinion into the Ricketts and Shoemith (1990) dataset, the MENA region, a global approach on these key policy issues can be examined. The following survey results and analysis will investigate areas of consensus and tensions between economists in the MENA region. In the concluding remarks international comparison will be considered as well as overall recommendations for economists, policy makers and a new generation of economists to come.

3. Economists' Opinions: Survey and Results

3.1. Methodology

This study relies on a dataset that was compiled from a variety of sources. First, an online survey using both survey monkey and Qualtrics software was used. The questionnaire consisted of 29 questions⁴⁹ and was sent to all 355 economists who are affiliated to the Economic Research Forum (ERF) in addition to a number of other economists from the Middle East and North Africa (MENA) region. All 355 ERF economists have received their doctoral degree in economics or a related field from either inside or outside the MENA region. The questionnaire collected some demographic-related information such as the year of birth, the gender, the nationality and the country of residence. It also included questions about the reasons for choosing economics as the main field of study as well as information about the main educational institutions where she or he studied economics and, the persons she or he considers as the main teacher or mentor who influenced her or his economic thought.

To be able to analyze the role of ideas in the policymaking process, a list of questions about the economist's method type (quantitative, qualitative, theorist or other), the main school of thought they belong to and their opinion related to economic measures such as the minimum wage, the price ceiling among others, were surveyed. The last section of the questionnaire asks about her or his involvement in the policymaking process through a position in government or an international organization.

The data was collected between the period October 1 and November 15, 2018. In total, 163 responses were received. Among all responses, 50% were from ERF affiliated economists. The response rate of 46% is well within the range of other inquiries of a similar kind.⁵⁰ To complement the quantitative dataset and support the analysis, 21 semi-structured interviews with leading economists from the region or working on the region, were carried out.

As aforementioned, in 1990, Ricketts and Shoemith conducted a survey on British Economic Opinion with an attempt to measure the extent of agreement or disagreement

⁴⁹ See Annex B for the full questionnaire.

⁵⁰ See, for example Ricketts and Schoemith (1990).

among British economists and to explore whether there was a change of opinion regarding fundamental questions related to the role of the state versus markets. An earlier survey was conducted by Samuel Brittan in 1973. Several attempts to survey opinion of economists have been conducted in the USA in 1979, Austria, France, Germany and Switzerland 1984, Canada in 1988 and the UK in 1989/1990. Table 1 below provides examples of agreement and disagreement on key ideas and measures of economic policy.

Further, Rodrick⁵¹ refers to “many important matters on which nearly all professional economists agree” he refers to the recent work by Greg Mankiw in which he finds proposition upon which the majority of economists agree, including that “imposing a ceiling on rents reduces the quantity and quality of housing available”; “tariffs and import quotas usually reduce economic welfare”; “a large budget deficit has an adverse effect on the economy”.⁵²

3.2. Salient Features

This section presents some descriptive statistics of the main characteristics of our collected sample (n=163). As presented in Figure A.1 in the Annex, 70% of the sample are males and 30% are females. Around 50% of the economists in the sample are between 30 and 60 years old (see Figure A.2). Two types of economists are covered: academic and the non-academic. Of note is the share of junior economists aged 21 to 30 and 31 to 40 is larger than academic economists compared to their non-academic counterparts (see Figure A.3).

Regarding the country of residence of the economists in our sample, Egypt ranks first (26%) followed by the United States and Canada (16%) then come the Gulf Cooperation Council (GCC) States (18%) and the other Arab states (15%). Only 7% of our sample of economists are currently residents of other Middle East non-Arab states such as Turkey and Iran and another 7 % are based in the United Kingdom and Europe (see Figure A.4).

The institution and the country where people study economics are important determinants of economists’ views as well as their loyalty to a particular school of thought. In our sample, 29% studied economics in the United States and Canada, followed by Egypt (25%) and then the United Kingdom and Europe (21 %) (see Figure A.5).

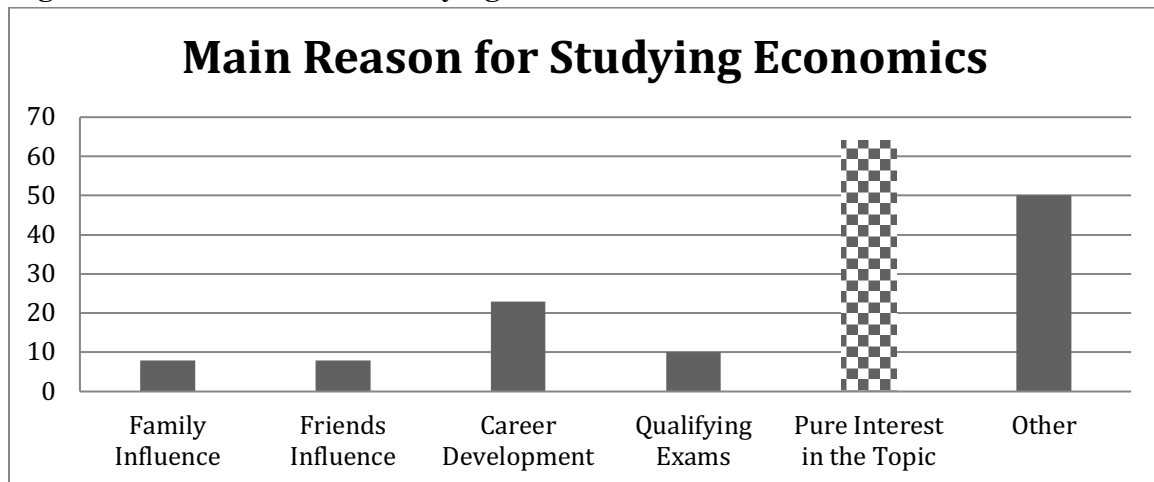
Figure 1 presents the main reason for choosing economics as a profession. It shows that 64% of our sample of economists from the Middle East and North Africa region have chosen economics due to a pure interest in the topic. It is important to note that the ‘other’

⁵¹ Rodrik (2015). pp.149-150.

⁵² Ibid, pp. 148 – 149. The list of propositions which are in agreement includes “a positive impact of a flexible exchange on international monetary arrangements”; “tax cuts have a positive stimulative impact on a less than fully employed economy”; “elimination of agricultural subsidies”; “the negative impact of minimum wage on unemployment, especially among young and unskilled workers.”

category mostly represents those who have chosen economics for two or more reasons. Very few chose this field because of family or friends influence. This result was also confirmed by the semi-structured interviews.

Figure 1. Main Reason for Studying Economics

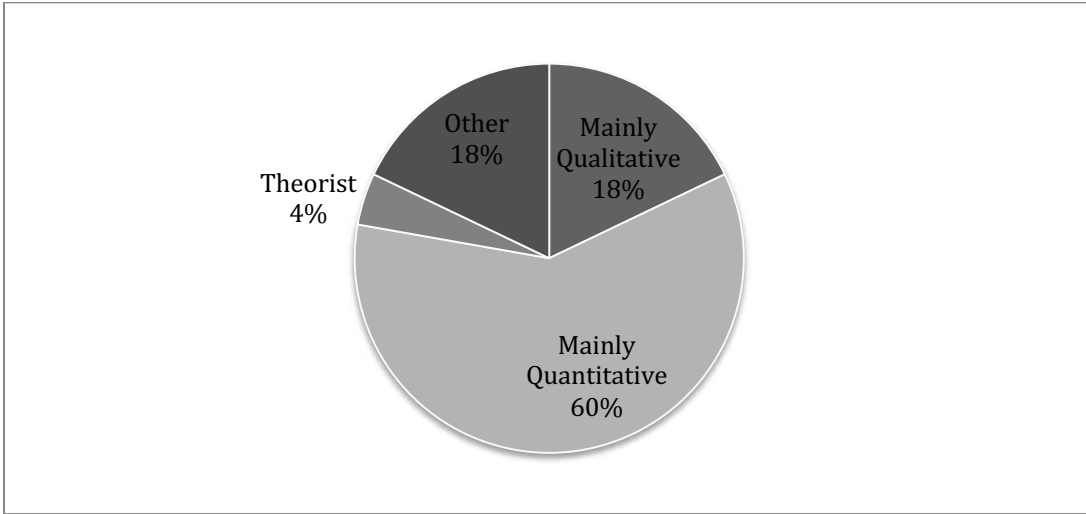


Note: The percentages are based on those who responded to the question.

We consider different types of economists: quantitative; qualitative; theorist and, others. The ‘other’ category includes those who belong to more than one type. For instance, many of those in the ‘other’ category are quantitative and qualitative. As it is presented in Figure 2, 60% of economists in the sample are quantitative ones versus only 18% qualitative and 4 % theorists.

Taking an in-depth look into the quantitative economists, we find that about 30% of these are below the age of 40 (see Figure A.6).

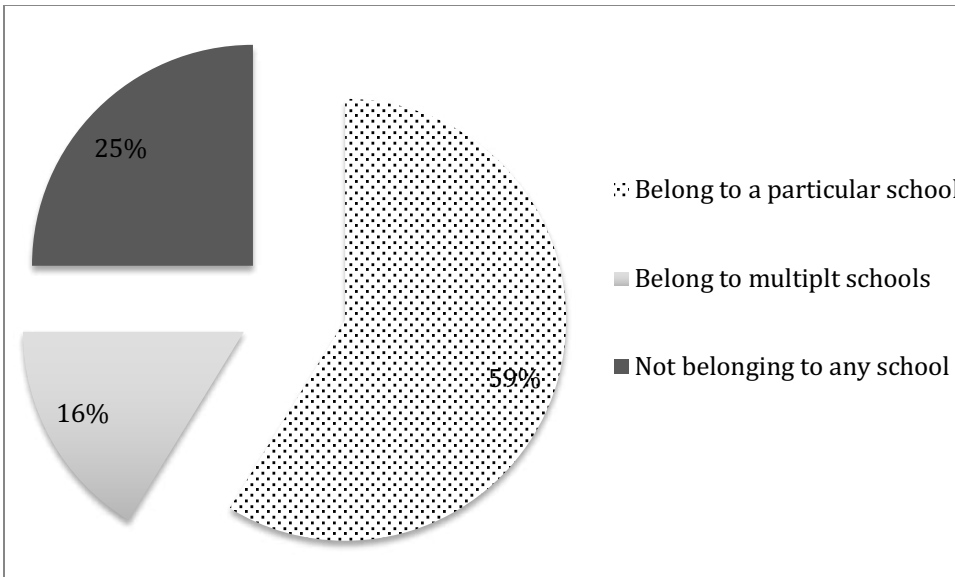
Figure 2. Types of Economists



Note: The percentages are based on those who responded to the question.

This presents the array of different schools of economic thought in the MENA region. Figure 3 demonstrates that 60% of our sample belong to a particular school of thought, 16% belong to more than one school of thought and, a quarter of the sample do not belong to any school.

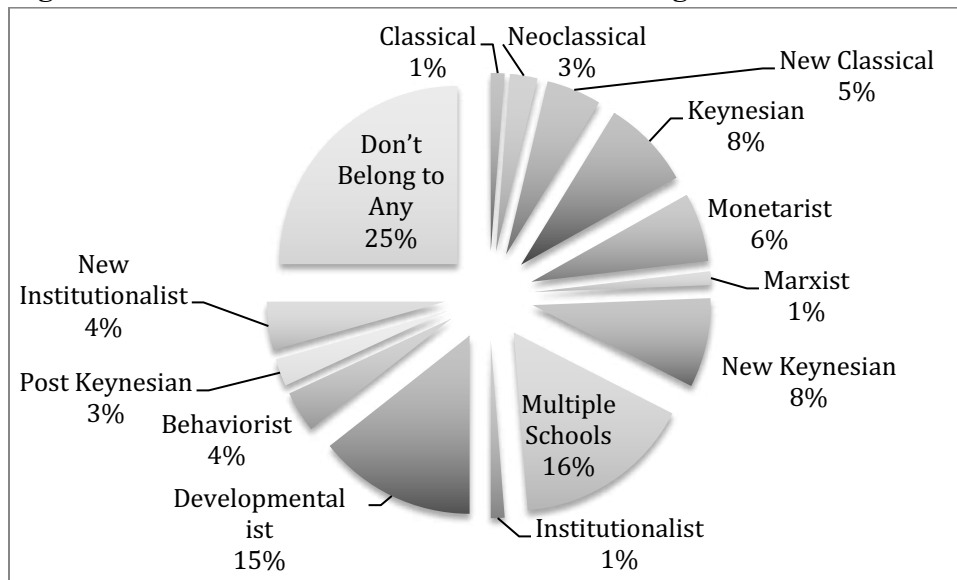
Figure 3. Economists Who Do Not Align with a School of Thought



12 school of economic thought are measured: Classical, neoclassical, new classical, Keynesian, new Keynesian, Post Keynesian, Monetarist, Marxist, Institutional, New Institutional, Developmentalist and Behaviorist. As is illustrated in figure 4, developmentalists represent the dominant school with 15% followed by the Keynesian and

new Keynesians. A significant share of MENA economists either belong to multiple schools or do not belong to any of these. Results to the individual policy questions are presented in the following analysis.

Figure 4. Influence of Schools of Economic Thought



Note: The percentages are based on those who responded to the question.

3.3. The 13 Questions on Economic Policy

To get a better sense of unified and divided opinion, the research below further explores specific questions and policy stances. The following thirteen questions (13) expand on a similar set of questions to the body of work sourced by Ricketts and Schoesmith in 1990, on European countries and the United States. Under this research, the MENA region is tested and the extra dataset added to that of Ricketts and Schoesmith. Therefore, the research explores the divisions between economists as an overall group, but also divisions in specific policy choices.

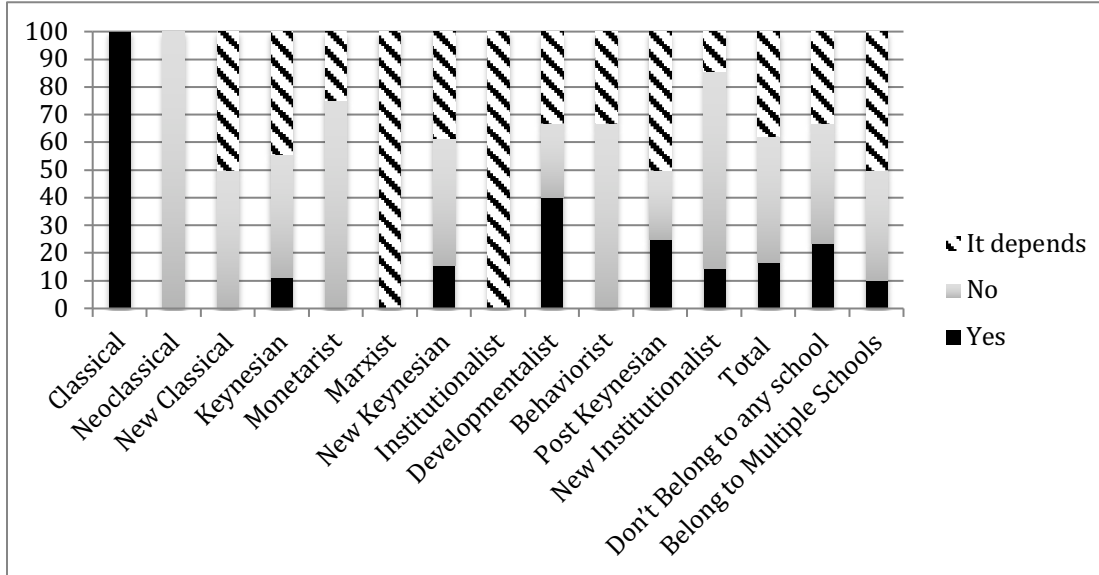
Q1. Are Price Ceilings on Goods and Services Beneficial?

Most economists are skeptical of price controls as they distort market forces.⁵³ Moreover, price controls contain inherent incentives to evade such measures, possibly resulting in a black market. Nevertheless, developing and emerging countries resort to administrative price ceilings for necessities including fuel and food to fix prices below the market value to ensure some populations can access these. As could be expected, interviewed economists interviewed responded unfavorably to the imposition of price ceilings. Some responses did not correspond to the school, in the case for instance, 2 respondents from the classical school indicated that they agree with the imposition of a price ceiling. Overall respondents

⁵³ Coyne, C. and Coyne, R. (2015).

indicated that price ceilings are not beneficial (45.7%) and 37.5% of respondents indicated that it depends on the situation.

Figure 5. Price Ceiling on Goods and Services are Beneficial



Note: The percentages are based on those who responded to the question.

Q2. Does Imposing a Minimum Wage Mean Lower Employment?

The introduction of a minimum wage can expand opportunities and increase earnings for one group of people at the at the cost of others, thus academic debate persists regarding the magnitude of these trade-offs.⁵⁴ The benefits of a minimum wage mean poor and low-income workers can access a sustenance standard of living, the downside being that a higher minimum wage may discourage firms from hiring lesser skilled workers, with a knock-on impact on poverty.⁵⁵ This theoretically occurs if the minimum wage is set above the equilibrium price of labor (wages); creating a gap between (lower) demand for labor and (higher) supply of labor, and hence unemployment. However, in cases of higher unemployment rates, the effective implementation of minimum wage could be questionable as well as in cases of significant informality in the labor market. Interestingly, the overall survey opinion appears to coalesce around the view that a minimum wage does not lower employment. Overall, respondents indicated that minimum wage does not lower the employment rate (40.48%), where 30% indicated that it does and 29% responded that it depends. 39% of non-academics responded that minimum wage does not mean lower employment, as did 42% of non-academics.

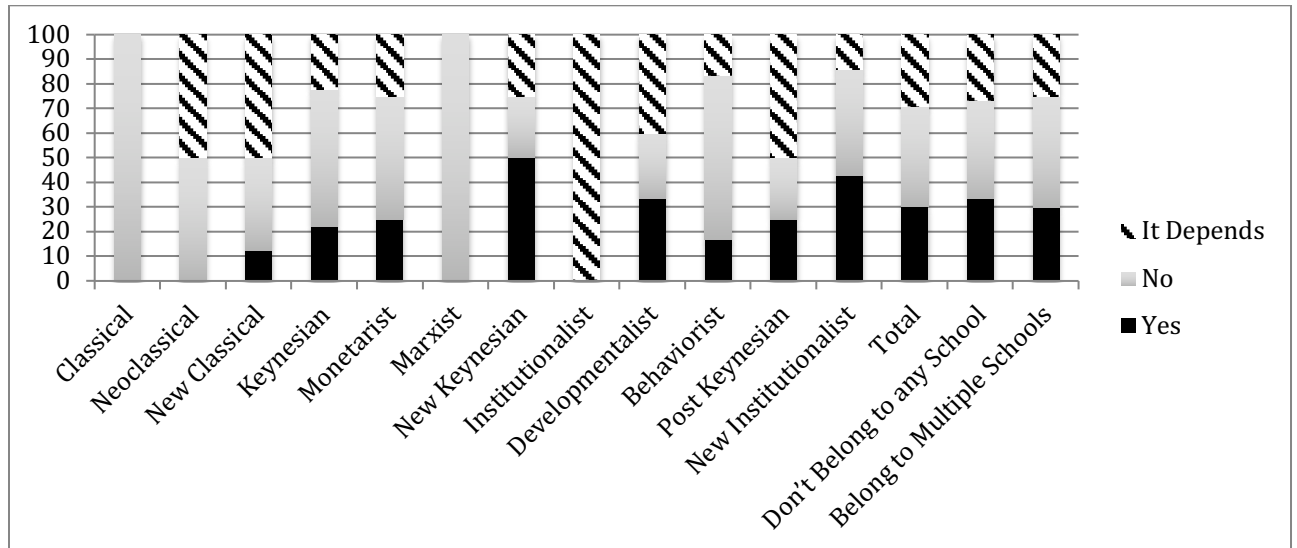
⁵⁴ Card, D. and Krueger, A. (1995). pp. 1, 6–7.

Card, D. and Krueger, A. (2000).

Leonard, T. C. (2000). pp. 117–144.

⁵⁵ Black, John (2003). p.300.

Figure 6. Minimum Wage Lowers Employment Rates



Note: The percentages are based on those who responded to the question.

Q3. Is Monetary Policy Dominated by Fiscal Conditions?

Monetary policy and fiscal conditions are very closely related, but the extent to which is contested (Sargent and Wallace 1981).⁵⁶ The conditions caused by high government spending can certainly cause monetary policy to be used as an afterthought. Specifically, excessive fiscal stimulus will constrain the amount of policy space in other domains, as seen in the United States during the aftermath of the 2017 tax cuts.⁵⁷

In general, fiscal and monetary space tend to be constrained in countries with a high debt-to-GDP ratio.⁵⁸ In developing countries, with a generally low tax base and high levels of sovereign debt, monetary policy space may be even further restrained as shifting interest rates could have a more pronounced negative effect on private enterprise and investment. The response to the survey indicate a split opinion on this, where 33% of economists indicate that monetary policy is dominated by fiscal conditions, 35% contend that it is not and 32% answered that it depends on the situation. Non-academics and academics differ in terms of responses as non-academics are more inclined toward the opinion that monetary policy is not dominated by fiscal conditions (47%).

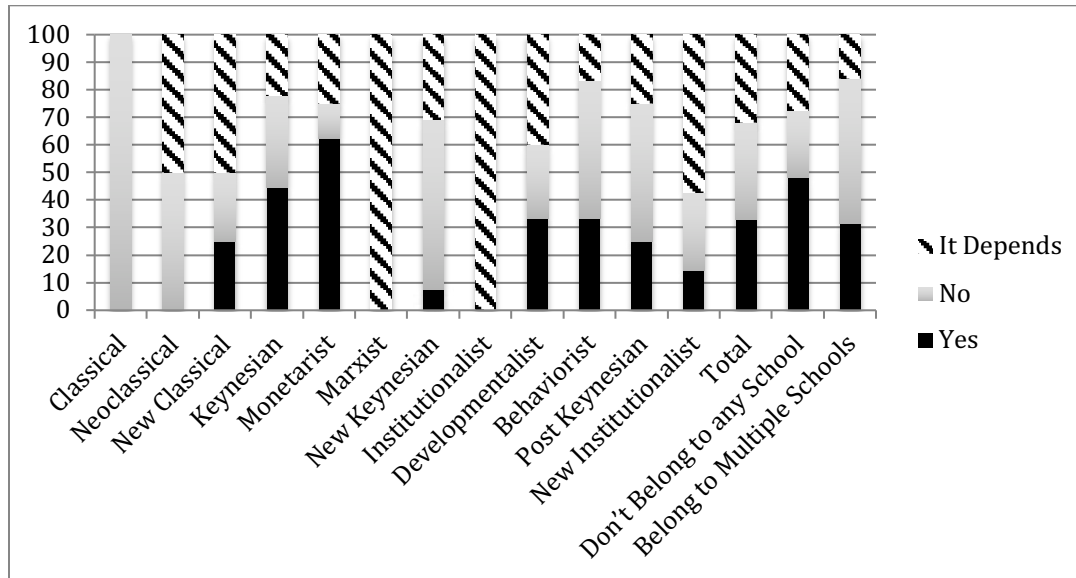
⁵⁶ Lambertini, Luca and Rovelli (2001).

Dahan (1998).

⁵⁷ Alesina, A. F. and Ardagna, S. (2011).

⁵⁸ Gunn, D. (2018).

Figure 7. Monetary Policy is Dominated by Fiscal Conditions



Note: The percentages are based on those who responded to the question.

Q4. Is Inflation Primarily a Monetary Phenomenon?

Friedman is famously quoted as underlining that “*inflation is always and everywhere a monetary phenomenon*” (Friedman 1963). It follows that economists have reached consensus that price stability is the primary objective of monetary policy⁵⁹ due to a particularly strong relationship between inflation and the money growth rate⁶⁰. Conversely, there is contestation that supply-side factors and structural constraints could cause inflation beyond monetary influence. Within the survey results developmentalist economists indicate factors outside of fiscal conditions that could influence inflation, such as political factors or external shocks. The respondents of the survey were divided on the topic as to whether inflation is a monetary phenomenon with 42% answering that it is, on the other hand 43% decided that inflation is not a monetary phenomenon. Non-academics predominantly urged that inflation is not a monetary phenomenon (45%), were academics tended to indicate that it is (44%).

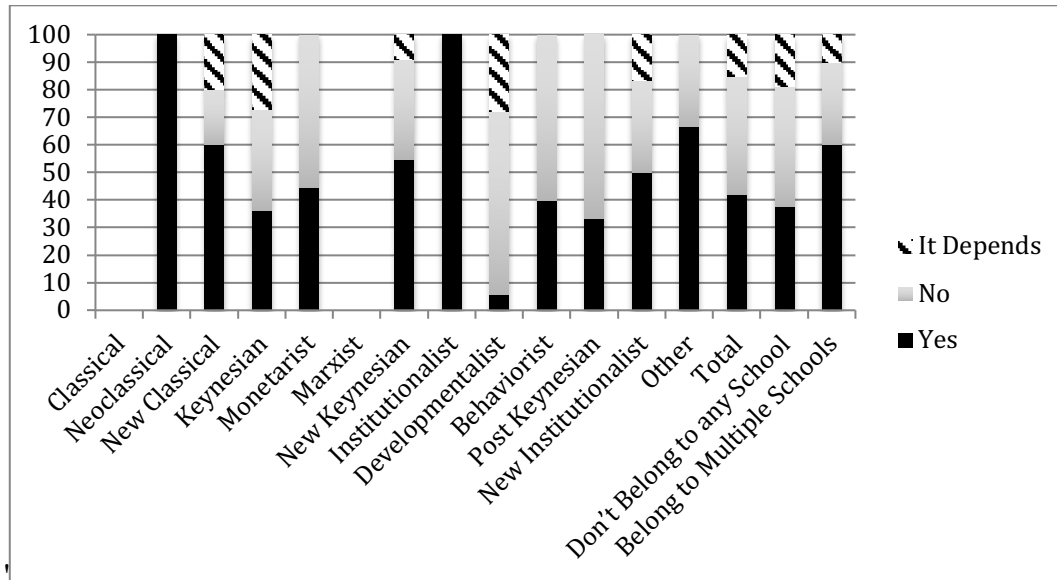
⁵⁹ King, M. (1999).

Blejer, M. I., and Leone, A. M. (2000).

Blejer, M. I., Ize, A., Leone, A. M. and Werlang, S. (2000).

⁶⁰ Grauwe, P. and Polan, M. (2005). pp. 239-259.

Figure 8. Inflation is Primarily a Monetary Phenomenon



Note: The percentages are based on those who responded to the question.

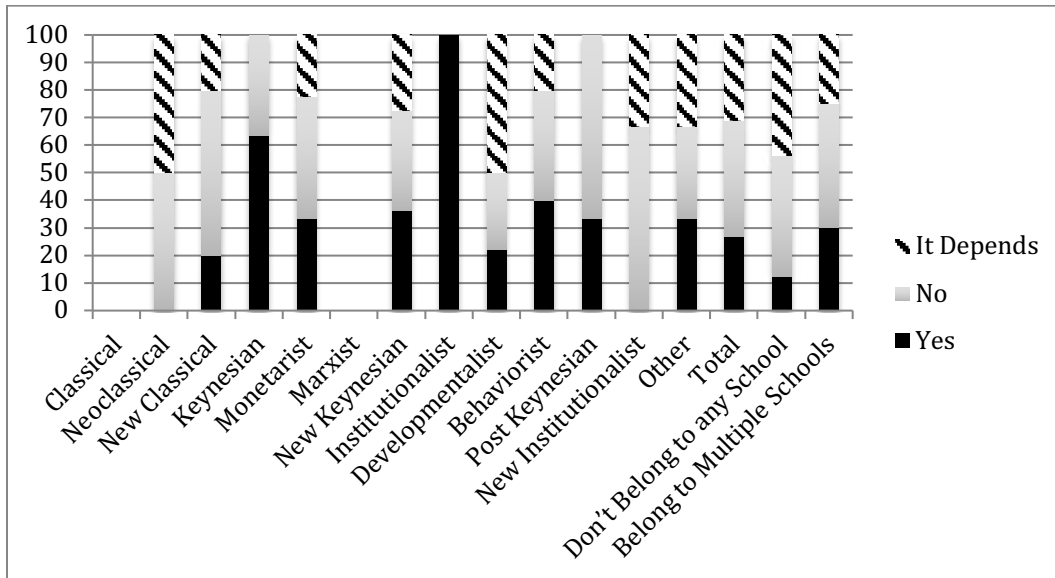
Q5. Can Unemployment be Reduced at a Higher Inflation Rate?

The relationship between inflation and unemployment has traditionally been understood to be an inverse one: the Phillips curve has the implication that an explicit level of inflation pairs with a specific rate of unemployment and vice versa. Economists thus weigh inflation and unemployment trade-off. However, Edmund Phelps,⁶¹ argued that this theory does not work in the long term, introducing the natural rate of unemployment which adjusts to any rate of inflation. Recent economic thought seems to favor the use of an expectations-augmented Philips curve⁶² which includes household and firm-level expectations. The survey responses indicate that the economists interviewed in large do not agree that unemployment can be reduced during high inflation (42%) and many indicate that it depends (31%). On the other hand, institutionalist economists strongly indicate that it is possible. Overall both academics (44%) and non-academics (38%) responded that it is not possible to reduce unemployment at a higher inflation rate.

⁶¹ Edmund S. P. (1967).

⁶² Coibion, O., Gorodnichenko, Y. and Ulate, M. (2019).

Figure 9. Unemployment Can be Reduced at a Higher Inflation Rate



Note: The percentages are based on those who responded to the question.

Q6. Are Cash Transfers More Effective Than In-Kind Subsidies?

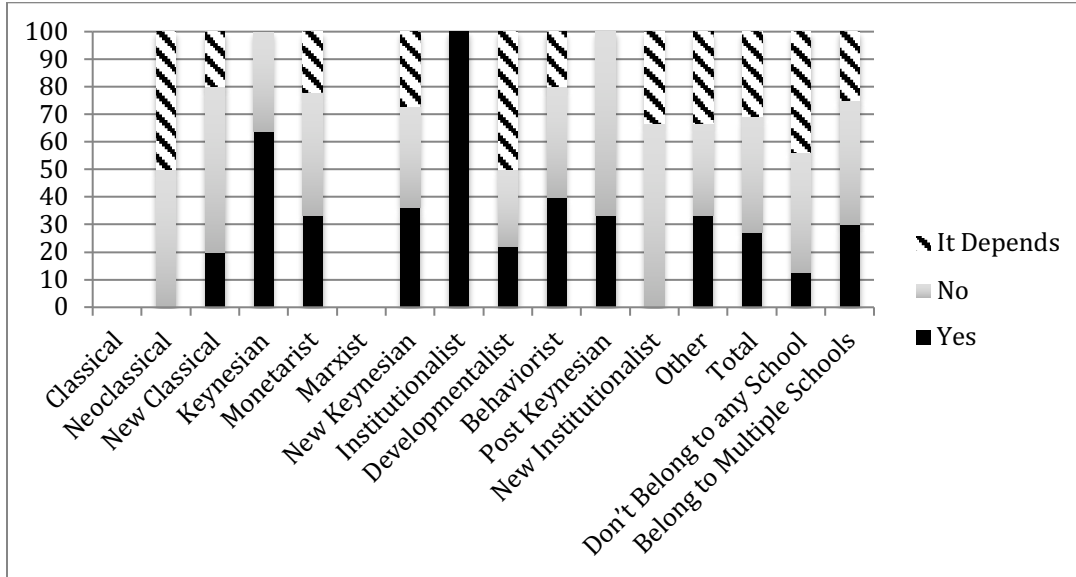
General economic wisdom favors transfers in cash rather than in kind, except in cases related to pure public goods.⁶³ Cash transfers target poor households and are usually conditional on investments in human capital, for example, children’s education.⁶⁴ Conditional cash transfers have been criticized as excluding particularly poor households who cannot comply with the conditions and therefore unconditional cash transfers may be preferred to conditional ones in terms of alleviating poverty.⁶⁵ The respondents of the survey had differing views on cash transfers versus in-kind subsidies, where the overall majority (47%) responded that cash transfers are indeed more effective than in-kind subsidies. Academics in particular emphasized that they are more effective (51%).

⁶³ Thurow, C. L. (2019). pp. 190-195.

⁶⁴ Bastagli, F., Hagen-Zanker, J., Harman, L., Barca, V., Sturge, G. and Schmidt, T. with Luca Pellerano (2016).

⁶⁵ Fiszbein, A. and Schady, N. (2009).

Figure 10. Cash Transfers are More Effective Than In-Kind Subsidies



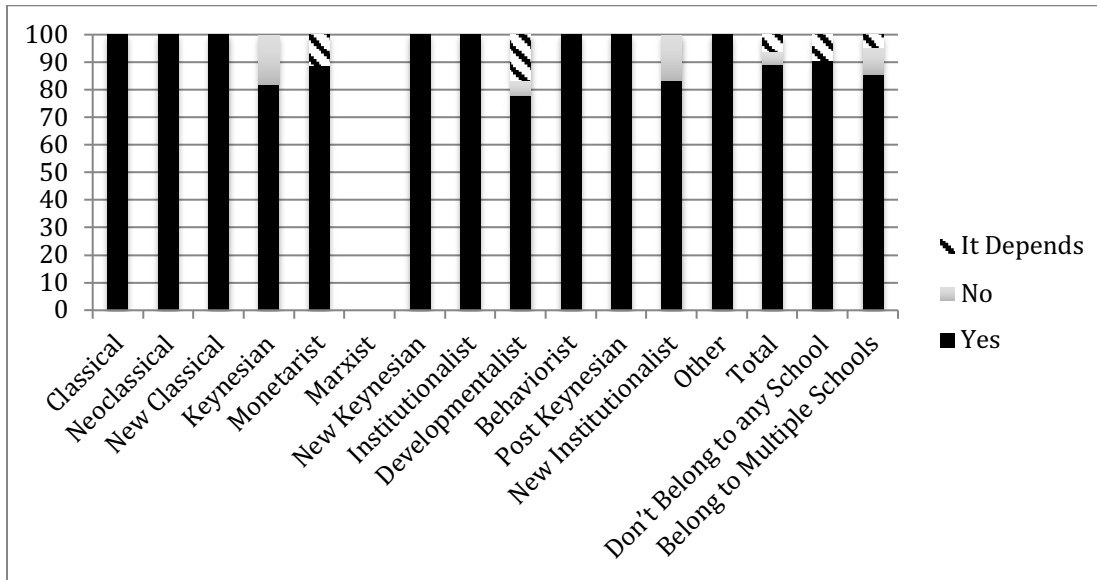
Note: The percentages are based on those who responded to the question.

Q7: Are Consumer Protection and Anti-Trust Laws Needed?

Consumers are likely to be less organized and powerful than producers and traders. This puts consumers at risk of being exploited through unfair trade practices, deceptive advertisements and sales, among others. These practices undermine efficiency, welfare and even safety and health. In some countries, legislation is introduced to shield consumers. Antitrust laws encourage competition and are intended to protect consumers from mergers and business practices that restrict competition and hike prices. Formulating and enforcing competition legislation is not a straightforward process and differs from country to country. Developing countries, for instance, face a number of difficulties while formulating competition policies and introducing competition laws. Difficulties also arise while defining the scope and objective of the law, and enforcing it, which requires establishing a competition agency (El Dean and Mohieldin 2001).⁶⁶ Nevertheless, the questionnaire’s respondents overwhelmingly supported the need for such laws (89.06%). A small number said the opposite (4.69%) or answered that it depends (6.25%). The pattern was the same across academic and non-academic economists, with 92.5% of academic economists answering yes, 5% answering no, and 2.5% answering that it depends. Moreover, 83.33% of non-academic economists answered yes, 12.5% answered that it depends and 4.17% answered no.

⁶⁶ El Dean, B., Mohieldin, M. (2001).

Figure 11. Consumer Protection and Anti-Trust Laws are Needed



Note: The percentages are based on those who responded to the question.

Q8. Does Corporate Social Responsibility Have a Critical Role to Play in Development?

Corporate Social Responsibility (CSR) refers to a company’s voluntary contribution and moral obligation to society and the environment that goes beyond legal requirements.⁶⁷ Studies provide evidence that investing in CSR and sustainable development improves relationships with local communities and host societies⁶⁸, with governments⁶⁹ and creates stakeholder value.⁷⁰ However, the concept has been contested, most notably by Friedman who stated that “*the social responsibility of business is to increase its profits*” (Friedman 1970). In the survey responses, CSR is definitively supported as playing a critical role in development by the economists interviewed. It is viable that CSR, profits and sustainability can create synergies for development. The respondents of the survey overwhelmingly confirmed their opinions that CSR does play a critical role in development (77.5%). Both academics and non-academics had the same response (78%) that CSR has a critical role. Only 8% of respondents indicate that it depends.

⁶⁷ European Commission. (2001).

⁶⁸ Gamerschlag, R., Moller, K. and Verbeeten, F. (2010). *Rev Manag Sci* (2011) pp.233–262.

Kolk, A. (2016). pp. 23-34.

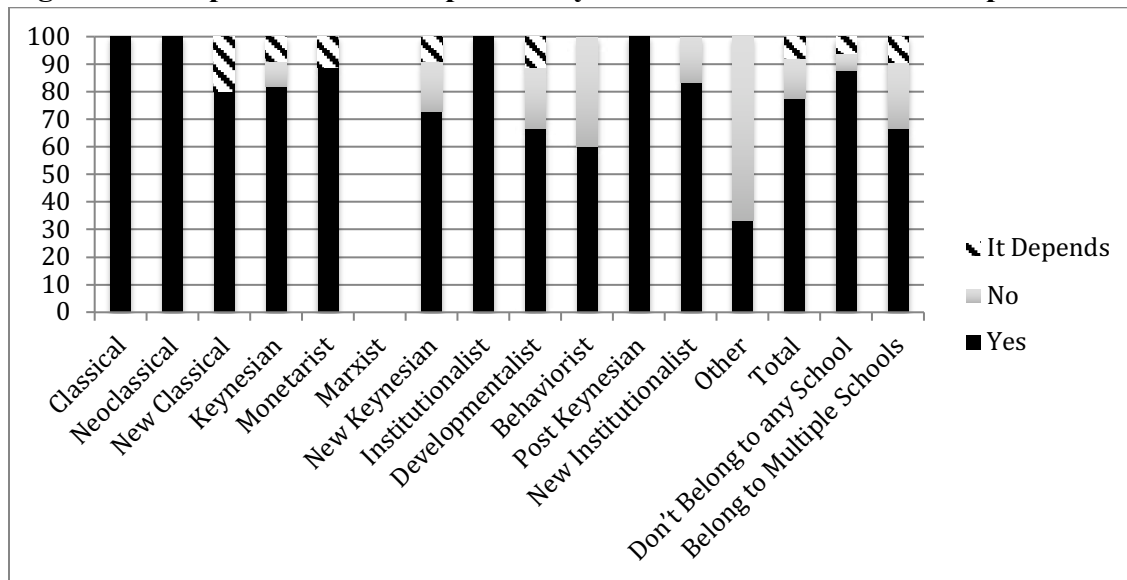
Kolk, A. and van Tulder, R. (2010). pp. 119-125.

⁶⁹ Scarpetta, S., Sonnet, A. and Manfredi, T. (2010).

⁷⁰ Pelozo, J. and Shang, J. (2011). pp. 117-135.

Porter, M.E. and Kramer, M.R. (2011). pp. 2-17.

Figure 12. Corporate Social Responsibility has a Critical Role in Development



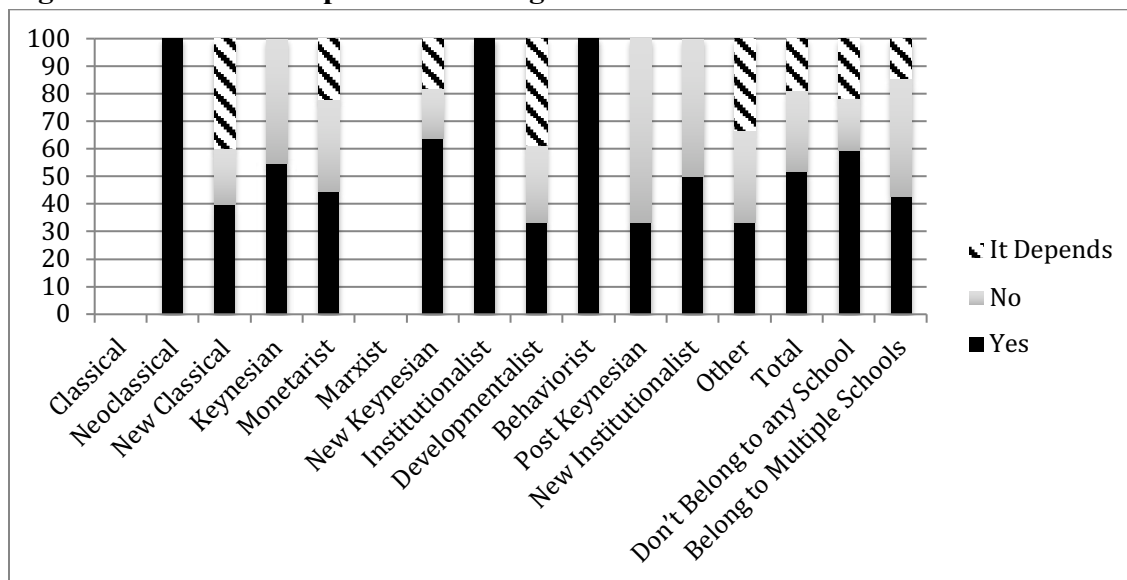
Note: The percentages are based on those who responded to the question.

Q9: Do Public Enterprises Have a Significant Economic Role in Modern Economies?

The discussion of the significance of public enterprises in modern economies has gained ground in the light of the trend toward privatization. Public enterprises, owned and controlled by governments, still cover a noteworthy share of business activity across the globe. They constitute 20% of investment, 5% of employment, and up to 40% of domestic output.⁷¹ They operate in crucial economic sectors such as natural resources, utilities and finance. Services and manufacturing also remain, in many countries, in the hands of the state. Since they also cover infrastructure industries, such as transportation and telecommunications, the effects of their performance can be felt across the economy. The question remains; do public enterprises have a significant economic role in modern economies? Most of the questionnaire's respondents answered positively to that question (51.97%), while 29.13% gave a negative answer and 18.9% answered that it depends. Academic and non-academic economists seemed to share similar views, with 52.5% of academic economists answering yes and 51.06% of non-academic giving the same answer. 30% of academic economists answer no, while 27.66% of non-academic economists gave a similar answer. 17.5% of academic economists and 21.28% of non-academic economists answered that it depends.

⁷¹ International Finance Cooperation (2018).

Figure 13. Public Enterprises have a Significant Economic Role in Modern Economies



Note: The percentages are based on those who responded to the question.

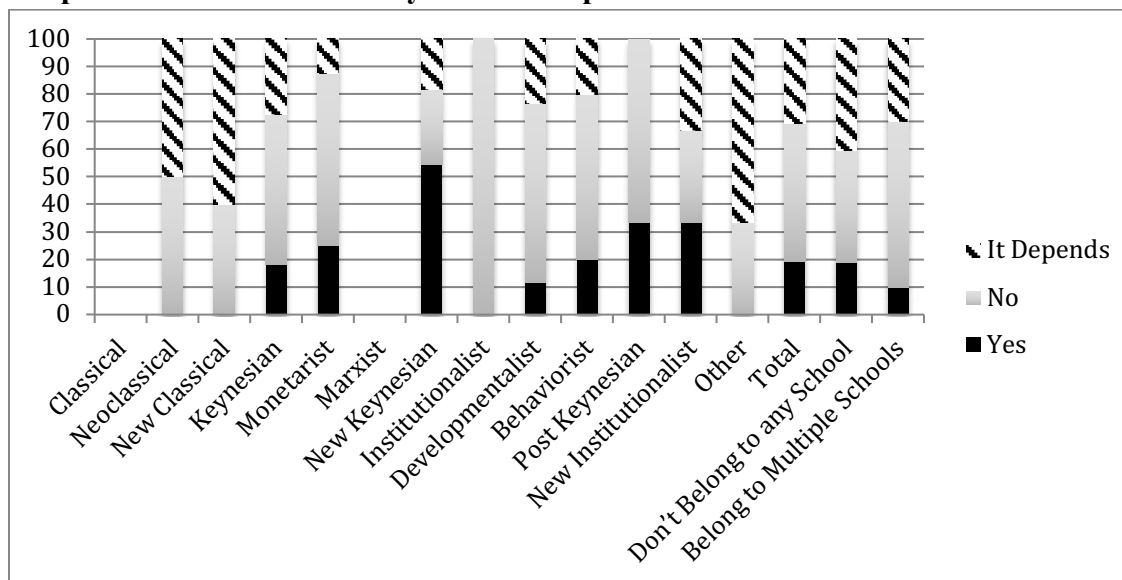
Q10: Is a Fixed Exchange Rate Regime Better than a Flexible one for the Purpose of Economic Stability and Development?

Some argue that a fixed exchange rate, which pegs the value of a currency to a strong foreign currency like the dollar or the euro, offers more advantages than a flexible one for developing countries that aim for economic stability and development.⁷² Cross-border linkages expose countries with fixed regimes to unstable capital flows, and some would argue that flexible regimes can better protect them against external shocks and can offer more monetary policy independence.⁷³ In recent years, a wave of countries have moved from fixed to flexible exchange rate regimes. Is a fixed exchange rate better than a flexible one for economic stability and development? The majority of respondents answered negatively 50%, that a fixed exchange rate is not favored over a flexible one, followed by 30.65% who answered that it depends. A small group answered yes (19.35%). Most academic economists answered that a fixed rate is not preferable (57.69%), while 36.96% of non-academic economists did. Most non-academic economists answered that it depends (41.3%) compared to 24.36% of academic economists. Only a small number of academic and non-academic economists answered that a fixed exchange rate is preferable, with 17.95% and 21.74% respectively.

⁷² IMF (2004).

⁷³ Duttagupta, R., Fernandez, G. & Karacadag, C. (2005).

Figure 14. A Fixed Exchange Rate Regime is Better than a Flexible one for the Purpose of Economic Stability and Development



Note: The percentages are based on those who responded to the question.

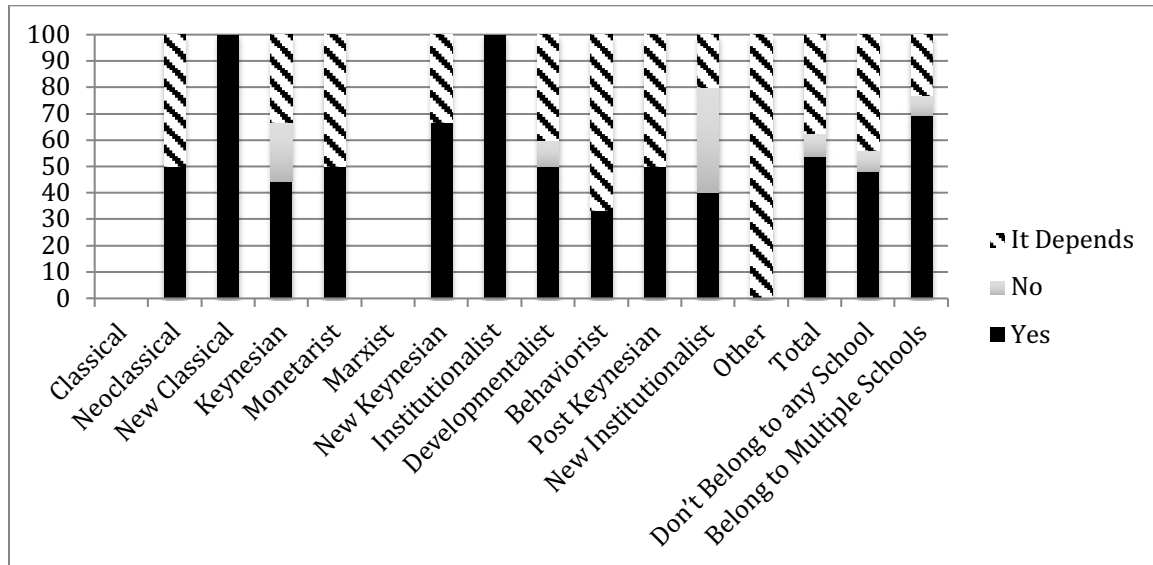
Q11: Is a Large Budget Deficit Bad for Economic Development?

It has been argued that large budget deficits can bring substantial economic problems. These include an increase in interest rates, crowding out the private sector and tax hikes, among others.⁷⁴ Rising debt levels are force countries slash public spending, long considered a primary engine of economic growth in the MENA region. In 2009, a survey conducted by Greg Mankiw showed 83% of respondents thought that a large budget deficit has an unfavorable economic effect (Rodrik 2015).⁷⁵ Most of the respondents to the questionnaire shared this view(53.85%) followed by a considerable number responding that it depends on the situation (37.36%). Only 8.79% answered that it is not necessarily bad for development. Most academic and non-academic economists said yes, with 56.6% and 50% respectively. 33.96% of academic economists and 42.11% of non-academic economists said that it depends on the situation.

⁷⁴ Alesina, A., Favero, C. A., & Giavazzi, F. (2018).

⁷⁵ Rodrik, D. (2015).

Figure 15. A Large Budget Deficit is Bad for Economic Development



Note: The percentages are based on those who responded to the question.

Q12: Do Import Restrictions Through Tariffs and/or Quotas have a Negative

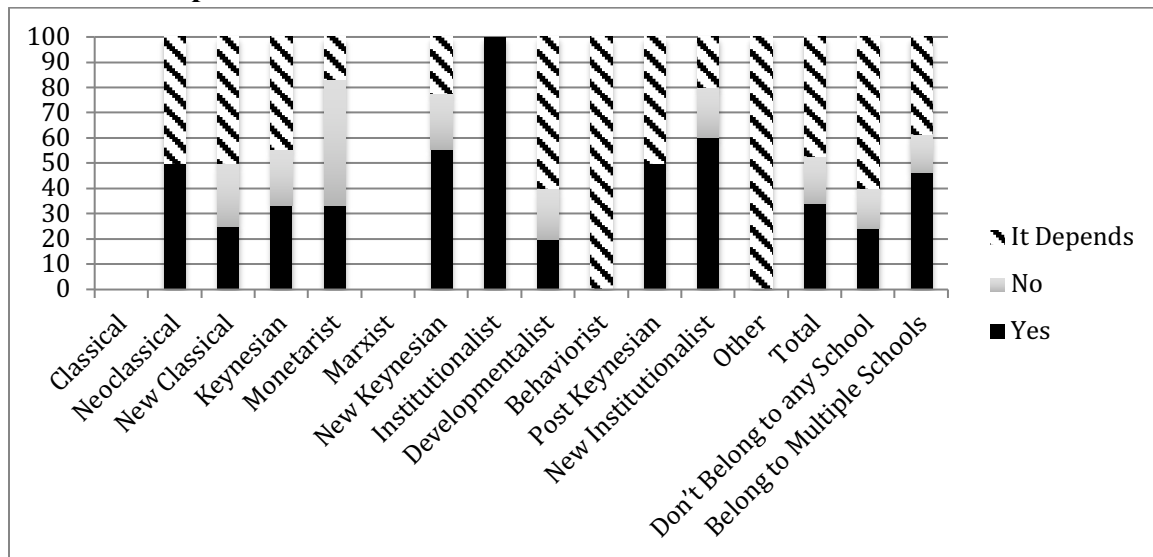
In general thought, the more a country opens up to international trade, the faster it will innovate, grow and provide more opportunities and higher incomes to its people. Open trade also makes goods and services more affordable, especially benefitting lower-income populations.⁷⁶ To achieve sustained growth, rapid growth in trade is required, with declining or low barriers to trade⁷⁷. However, trade barriers, including import restrictions like tariffs and/or quotas, have become common. Tariffs make up more than one-fifth of all measures introduced since the start of the financial crisis.⁷⁸ Some claim that, while such measures are politically attractive in the short run, they can inflict damage in the medium to long run. On the question whether import restrictions through tariffs and/or quotas have an adverse economic impact, the majority of the respondents said that it depends (47.25%), followed by 34.07% answering that it does, while 18.68% said no. Most academic economists answered that it depends (41.51%), while 37.74% said yes. The difference in numbers is narrower for non-academic economists, of which 55.26% said it depends, 28.95% said yes, and 15.79% said no.

⁷⁶ World Bank Group (2018).

⁷⁷ Panagariya, A. (2004).

⁷⁸ Kutlina-Dimitrova, Z., & Lakatos, C. (2017).

Figure 16. Import Restrictions through Tariffs and/or Quotas have a Negative Economic Impact



Note: The percentages are based on those who responded to the question.

Q13: Is the Service Sector, as Opposed to the Manufacturing Sector, the Best Route to Economic Development?

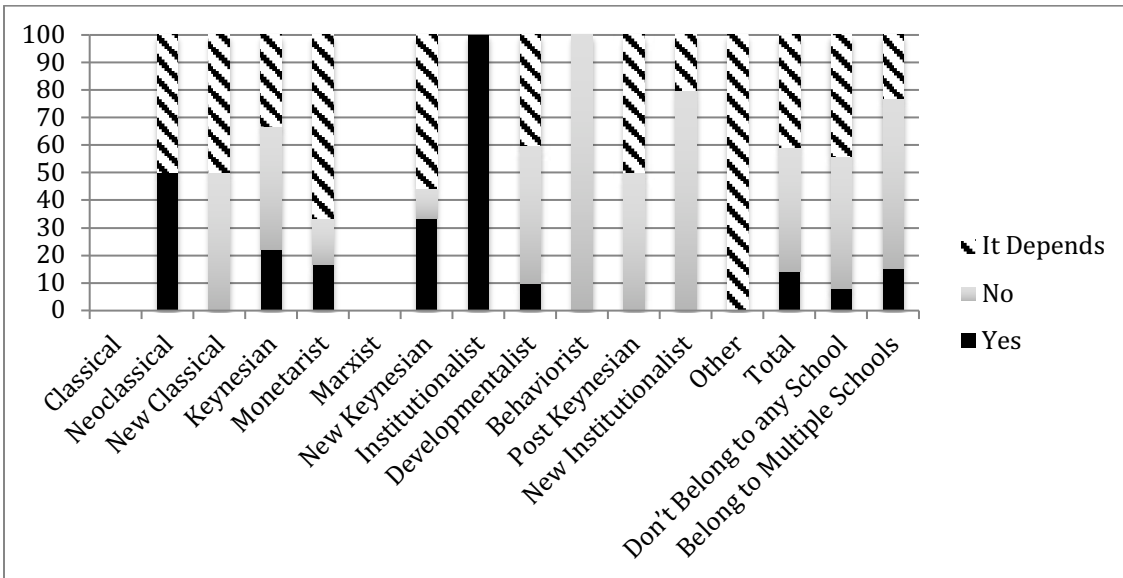
In the aftermath of the industrial revolution, manufacturing has been essential in spurring rapid economic growth. Countries built their manufacturing sectors and surpassed industrial powerhouses for this reason. Examples include the United States and Japan. For a long time, economic growth and a robust manufacturing sector were thought to go hand in hand (Ghani and O’Connell).⁷⁹ However, today manufacturing is deemed be more skill and capital intensive than other sectors, including the service sector. Overtime, contributions of the service sector to economies have increased. From 1980 to 2015, the share of services in GDP increased in all income level groups, including from 42 to 55 per cent in developing economies⁸⁰. This shift has changed the composition of global employment and economic production, in addition to global trading partners. Countries are expanding higher education to support this growing sector, instead of targeting their support to labor-intensive sectors.⁸¹ On the question of whether the service sector, as opposed to the manufacturing sector, is the best route to economic development, most respondents answered no (45.05%), followed by 40.66% answering that it depends, and only 14.29% answering yes. Academic and non-academic economists had different views on the topic. The majority of academic economists answered no (49.06%), followed by 39.62% answering that it depends, and 11.32% answering yes.

⁷⁹ Ghani, E., & O’Connell, S. D. (2014).

⁸⁰ UNCTAD (2017).

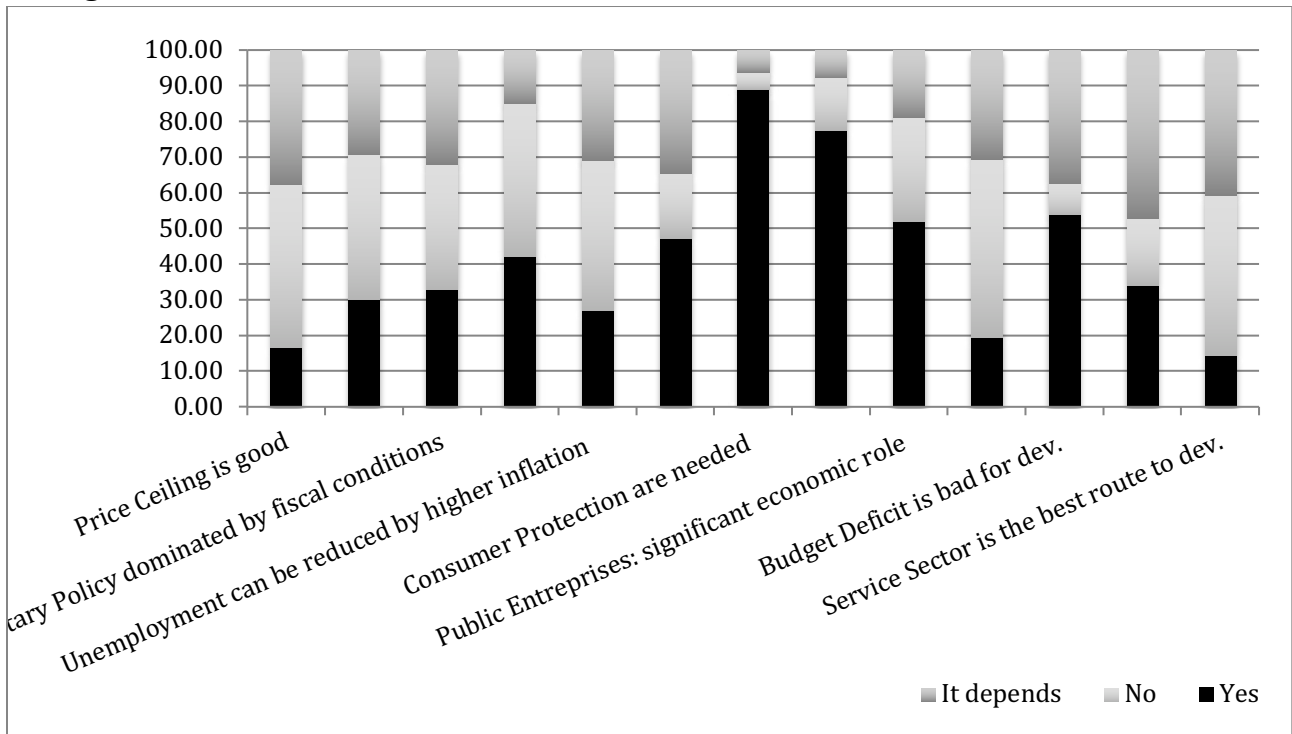
⁸¹ World Bank (2018).

Figure 17. The Service Sector, as Opposed to the Manufacturing Sector, is the Best Route to Economic Development



Note: The percentages are based on those who responded to the question.

Figure 18. Economists' Views



Note: The percentages are based on those who responded to the question.

3.4. Empirical Analysis

Annex C presents results of the economists' views of the thirteen economic questions presented above. We estimated a series of probit models that control for a set of demographic characteristics such as the age group that an economist belongs to, the gender, the region and country of residence and, the type of employment (academic versus non-academic). We found that gender is significant because Gender is significant in several models. For instance, the dependent variable of Model 4 in Table 2 is a binary variable that is equal to 1 if the economist agrees with the fact that unemployment can be reduced at a higher inflation rate.

Notably, female economists are more likely to agree with the interrelationship between inflation and unemployment. Similarly, Model 6, Table 2, shows that female economists are more likely to support cash-transfers, rather than in-kind subsidies, than their male counterparts. This result is in line with two branches of the literature on cash transfers. One shows that cash transfers mainly target children and the elderly. The second is related to family economics literature and show that women are more likely to direct resources to children and the elderly than their male counterparts. The results of Models 7 and 8, Table 2, show that female economists are more pro-consumer protection and corporate social responsibility than males.

Our models suggest that none of the schools of economic thought seem to shape the economists' views. For robustness, we have also tested the effect of belonging to any school of thought versus not belonging to any. The same result holds.

3.5. Main Challenges and Proposed Reforms

As mentioned, in addition to the questionnaire, semi-structured interviews were conducted. During those interviews, three primary challenges for the MENA region were identified as demography, governance and institutions and youth unemployment. The semi-structured interview results of 21 scholars were not very different to the questionnaire results which yielded governance as the main challenge (34%), with institutional issues as the second (21%) and resources (20%) as the third-most issue.⁸²

When asked how policymakers should deal with economic challenges the survey revealed that education (as part of human capital), a stable and inclusive financial system and stable macroeconomic environment were of importance. The 21 scholars interviewed revealed that governance reforms were the most reoccurring viable solutions identified. Within the survey, no significant difference of opinion based on age on how policymakers should deal with economic challenges was found.

⁸² See Annex D for full results.

4. Why do Economists Disagree?

In natural science new ideas replace old ones as they bring understanding closer to reality through evidence and facts, while in economics, as a social science, ideas and propositions do not satisfy the “universality criteria” as they are limited to time and place.⁸³ Economists have different value judgements based in different traditions of political philosophy. They disagree about what appropriate methods of enquiry they need to use, and the way they construct economic analysis. They disagree over the value and relevance of use of theoretical modelling, empirical research and historical enquiries. They further disagree on whether to adopt a big picture approach or more detailed micro analysis.⁸⁴

Agreements and disagreements among economists remind us of the nature of economic science, its strengths, as well as its limitations. In interviewing a number of MENA economists, and asking them about their reflections on two famous pieces of opinion from Friedman and Keynes, we are not surprised to find how the MENA economists were in disagreement on the interpretation and implications of those two particular quotations:

*“If economists could manage to get themselves thought of as humble competent people on a level with dentists, that would be splendid”.*⁸⁵

Keynes (1931)

*“In spite of my profound disagreement with the authoritarian political system of Chile, I do not consider it as evil for an economist to render technical economic advice to the Chilean Government, any more than I would regard it as evil for a physician to give technical advice to the Chilean Government to help end a medical plague”.*⁸⁶

⁸³ Ibid.

⁸⁴ Stilwell (2012), pp. 374.

⁸⁵ Keynes (1931).

⁸⁶ Friedman (1976).

Table 1. International Comparisons of Economic Opinion with MENA Supplement

Proposition		USA (1979)	Austria (1984)	France (1984)	Germany (1984)	Switz (1984)	Canada (1988)	UK (1989)	MENA (2018)
A minimum wage increases unemployment among young and unskilled workers	Agree	80	64	38	69	66	85	76	30
	Disagree	10	35	60	30	32	15	24	40
	It depends								29
A ceiling on rents reduces the quantity and quality of housing available	Agree	96	89	52	93	79	95	85	17
	Disagree	2	11	44	6	20	5	14	46
	It depends								38
'Consumer protection' laws generally reduce economic efficiency	Agree	50	29	22	35	44	46	23	89
	Disagree	46	70	77	65	56	52	77	5
	It depends								6
Tariffs and import quotas reduce general economic welfare	Agree	95	86	70	94	87	96	84	34
	Disagree	3	13	27	6	10	4	15	19
	It depends								47
Wage-price controls should be used to control inflation	Agree	28	47	54	7	39	26	39	42
	Disagree	71	52	43	92	61	73	60	43
	It depends								15

Source: Adapted from the data sourced in Ricketts and Schoesmith 1990 and from the authors' survey on MENA (2018).

Analyzing our new data set, there is clear deviation of opinion of the MENA sample from European countries and the US, indicating that region is a factor. This is especially evident on the policy question on the issue of minimum wage. The MENA sample disagrees that a minimum wage increases unemployment among young and unskilled workers, whereas the other countries surveyed unanimously agreed that it does. This opinion may be attributed to regional differences, although more research would have to be conducted to have a conclusive explanation.

There is marked differences between the European countries' answers and the United States answers on the questions as to whether ceilings on rents reduces quantity and quality of housing available as well as whether tariffs and import quotas reduce general economic welfare. On the former, the European countries and the United States agree that a ceiling does reduce quantity and quality of housing, where the opposite is true for MENA region

and many are undecided. On the latter, the MENA region respondents cite that it depends as to whether that tariffs and import quotas reduce economic welfare, whereas the United States and European countries clearly indicate that they do. A similar pattern is true of the clause that consumer protection laws generally reduce economic efficiency, although there is less consensus among all groups on this policy statement. The clause where there is little differentiation seen is the “wage-price controls should be used to control inflation” policy statement, with Germany advocating the strongest that wage-price controls should not be used to control inflation.

As is clear from our results, it is becoming the norm for economists to have diverging views, particularly by differing regions. Referring to topics 1 and 2 in table 4, the UK sample has the highest proportion of respondents in Europe that agree that minimum wages increase unemployment (76%), compared with 38% in France and 69% in Germany. On the effects of rent control, German, Austrian, and Swiss economists take a view comparable with that of the UK.

Moreover, As Rodrik (2009) indicates, Greg Mankiw provided a list of “*matters on which nearly all professional economists agree.*” One being that “*a ceiling on rents reduces the quantity and quality of housing available*”, another being “*that flexible and floating exchange rates offer an effective international monetary arrangement*”, a third as “*a large federal budget deficit has an adverse effect on the economy*” all of which have been tested in the survey conducted under the scope of this paper. The results in this case were not consensus, as they were not in our research.

5. Concluding Remarks

The paper set out to analyze how economic ideas and thought are, and have been, shaped throughout history and are currently being shaped. What has been made clear through analysis and the collected data sets is the declining importance of specific schools of economic thought and increasing influence of economic ideas. Many responses from our MENA sample are those influenced by multiple schools of economic thought, with consideration for specific contexts and shaped by international education. An economist’s region plays a role in shaping opinion on public policy. As Turner (2012)⁸⁷ indicates, echoing Skidelsky,⁸⁸ “*there is a need to rediscover economics as we know it - an intellectual revolution - and to deal with the real world as it is and in particular with human beings as they actually are*”.⁸⁹

⁸⁷ Turner, A. (2012).

⁸⁸ Skidelsky, R. (2018).

⁸⁹ Turner (1992), p. 93.

Those who influence policy are more likely to be older and non-academics, and vested interest is underscored as a factor in policy direction. A factor not considered at the beginning of the research was the incorporation and impact of technology on economic thought and policymaking. Within the semi-structured interviews, economists underlined that the field is moving toward incorporating technology and new data techniques and that economists in the MENA region need to be readied in terms of skills to harness the benefits that technology can bring.

Taking an in-depth look at the survey results, split opinions were revealed on the majority of topics. On whether price ceilings are beneficial (Q1), on whether minimum wage lowers employment (Q2) as well as whether monetary policy is dominated by fiscal conditions (Q3), whether inflation is a monetary phenomenon (Q4), unemployment can be reduced at a higher inflation rate (Q5) and whether import restrictions have a negative impact on economic development (Q10), the responses yielded an array of answers upon which economists could not reach consensus. By responding ‘it depends’ economists signaled that their ideas are guided by the situational context.

General agreement could be found on whether cash transfers are more effective than in-kind subsidies (Q6), whether consumer protection and antitrust laws are needed (Q7) and whether corporate social responsibility has a critical role to play in development (Q8). Economists indicated a positive response to these questions. Answering on a more moderate yet positive note, economists by and large agreed with the notion that public enterprises have a significant role to play in modern economies (Q9) and that a large budget deficit is negative for economic development (Q11). Similarly, the majority of economists included in our sample responded that a fixed exchange rate is not better than a flexible one for economic development (Q10).

Examining the table of International Comparisons of Economic Opinion with our additional MENA data set, it can be deduced that the responses to policy questions posed are less likely to produce clear cut answers than was the case throughout the 20th century in Europe and the US. Many responses from our research are influenced by multiple schools of thought, with consideration for specific contexts as well as shaped from an international education.

To quote an interviewee’s advice to the new generation of economists when presented with the previous quotes by Keynes and Friedman: *“Be good carpenters or dentists but if you don’t benefit society, you will fall very short of achieving what we’d like to see you contribute.”*⁹⁰

⁹⁰ For the full summary of the semi-structured interviews, see Hendy, Moheildin et al. (2018).

Recommendations that can be drawn from the research include the need for revised curricula that includes big data and techniques to process this, to allow more accurate economic advice. With the advance of AI, our interviewees suggested that economists become well versed in this technology. To add to the point on revised education, many of the interviewees suggested the need for an interdisciplinary approach to economic public policy making, which would fall in line with the questionnaire responses presented above.

As shown in the semi-structured interviews, vested interest can sometimes dominate public policy in relation to economic concerns. The interviewees therefore suggested that necessary regulation should be in place to allow policy makers to stimulate broader participation of society on economic concerns and solutions. Inclusive policymaking can thus impact on important policy matters, such as inequality. Many interviewees indicate juggling all three of the following factors – ideas, interest groups, others – to advise on economic policy.

As evidenced by the literature and further corroborated by the survey responses, there is a clear and marked shift from economic ideologies to economic thought underpinned by ideas. Our research reveals that economists are naturally influenced by biases and their background, including locality. It is therefore necessary for economists to use their variety of instruments and circumstances, unlike the natural sciences, to undertake a pragmatic approach to public policy. To become disjointed from a theory or model, and more reflective of reality. Despite disagreements, the multiplicity of thought and influence that is abundant in the profession today will allow for the development of economics and economists to recognize the impact of political, social and cultural issues, which are not easy to grasp through modeling.

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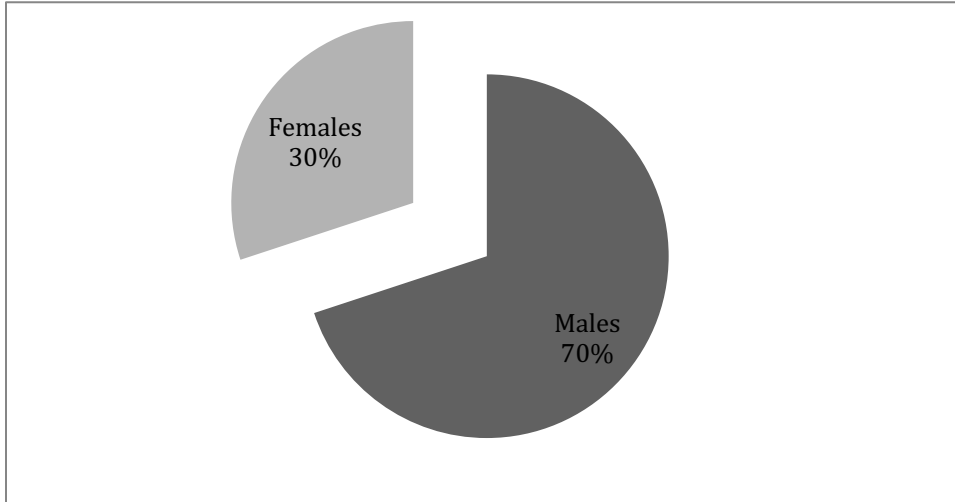
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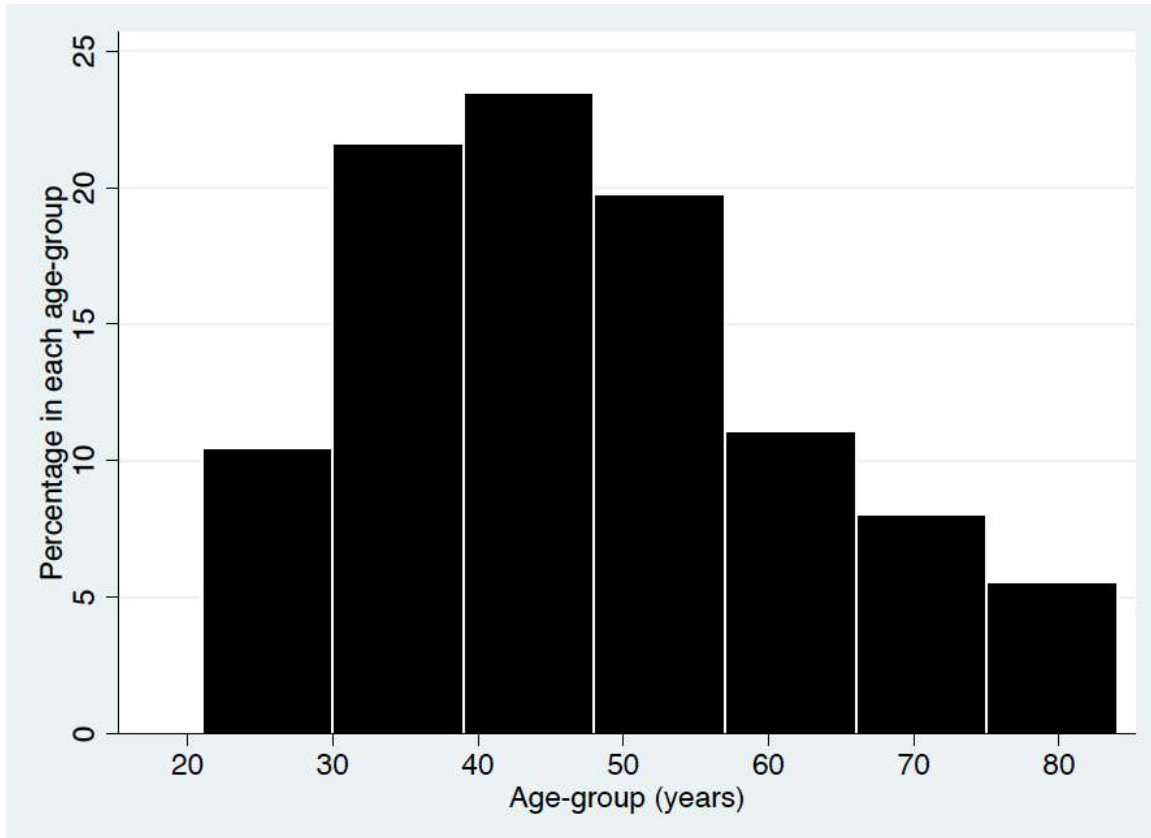
Annex A

Figure A.1. Sample Distribution by Gender



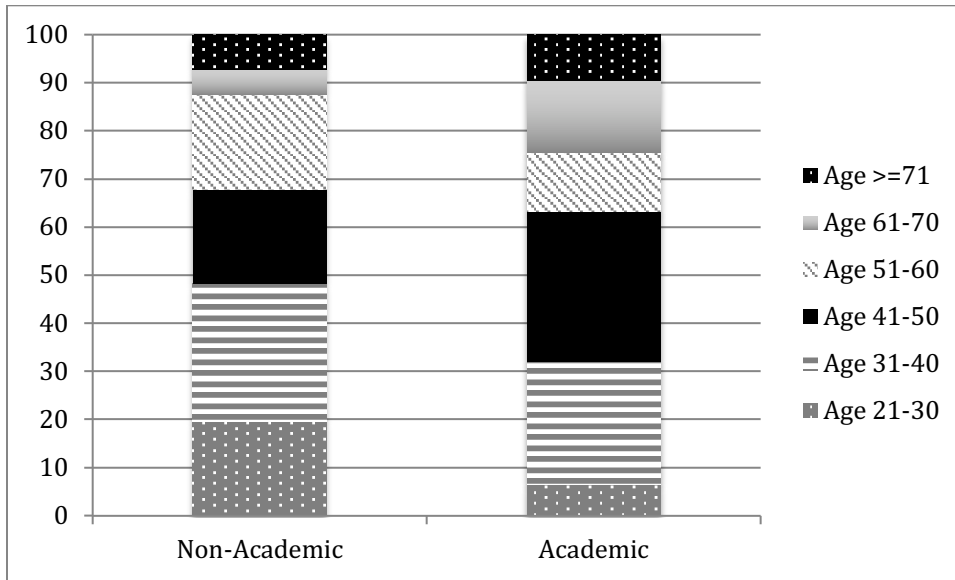
Note: The percentages are based on those who responded to the question.

Figure A.2. Sample Distribution by Age Group



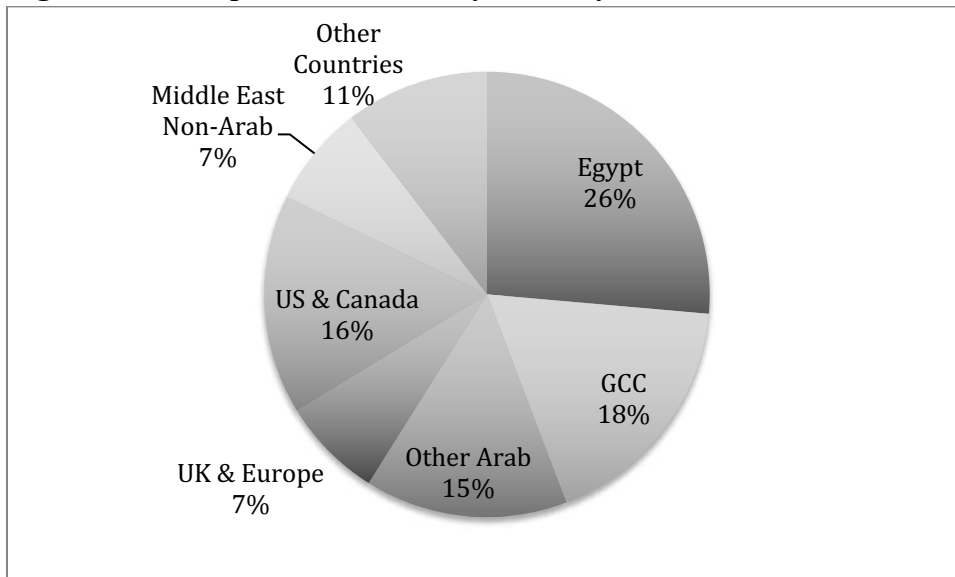
Note: The percentages are based on those who responded to the question.

Figure A.3. Sample Distribution by Age-Group and Type of Employment



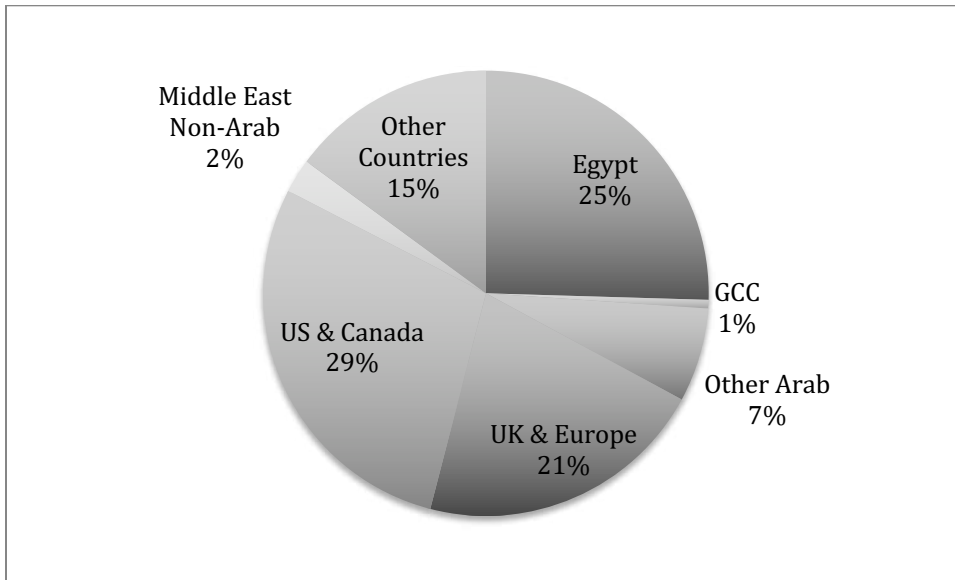
Note: The percentages are based on those who responded to the question.

Figure A.4. Sample Distribution by Country of Residence



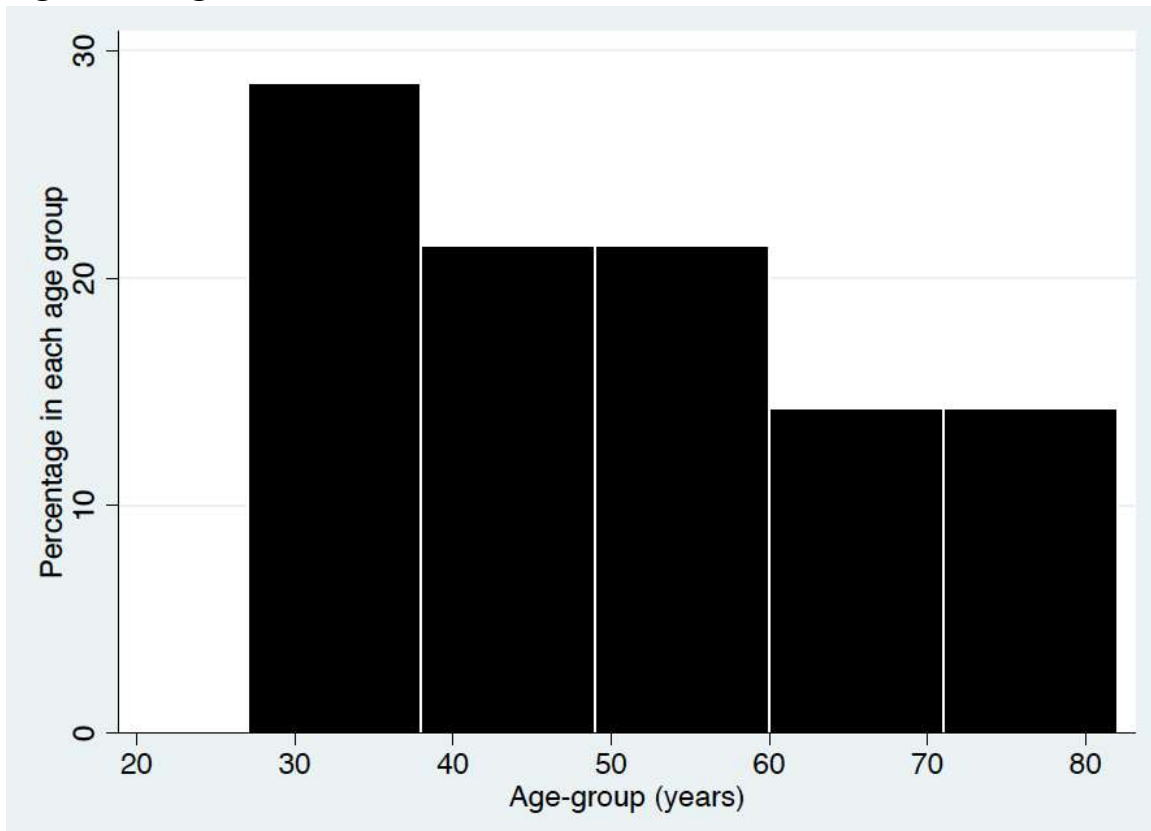
Note: The percentages are based on those who responded to the question.

Figure A.5. Country of Major Economics Institution



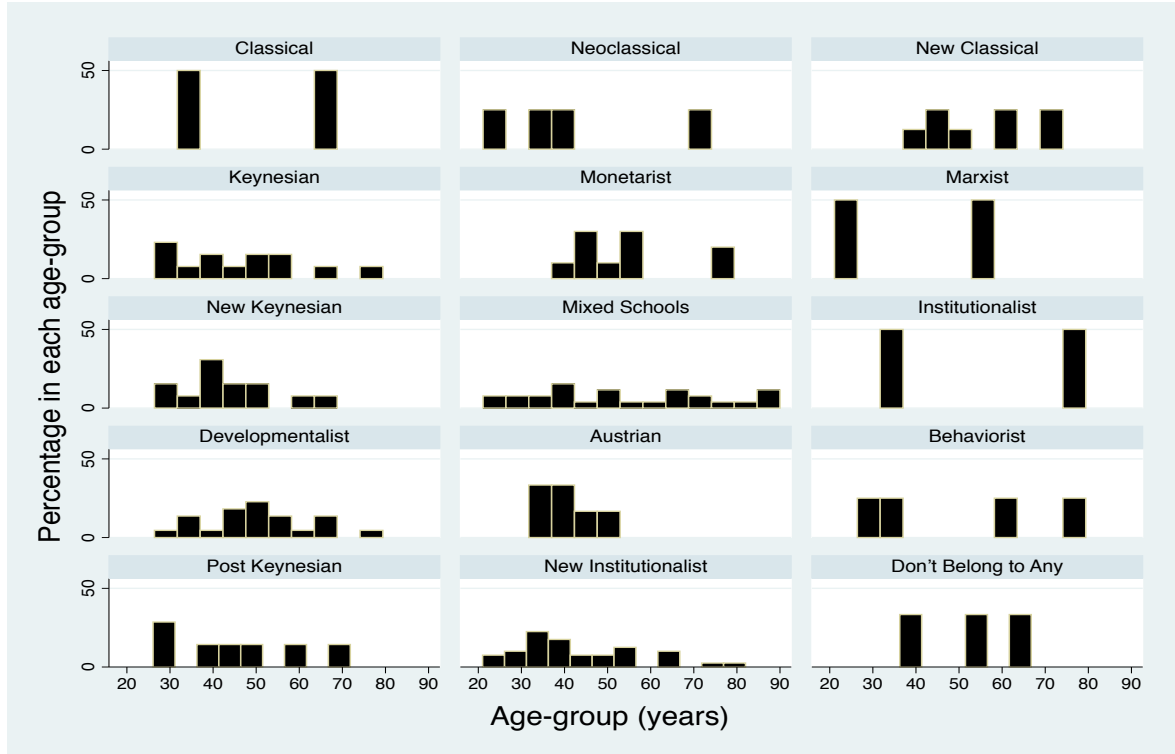
Note: The percentages are based on those who responded to the question.

Figure A.6. Age Distribution of Quantitative Economists



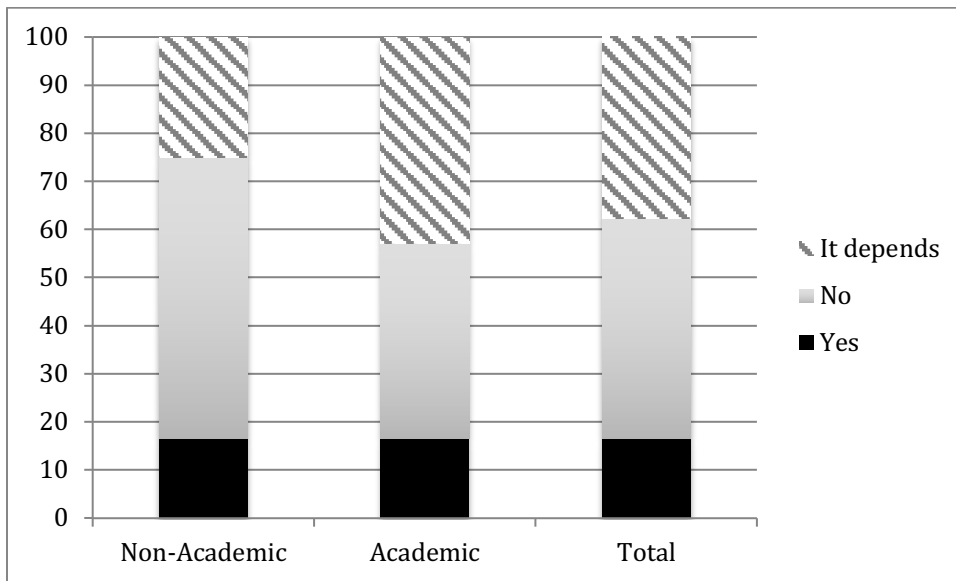
Note: The percentages are based on those who responded to the question.

Figure A.7. Age Distribution by Schools of Economic Thought



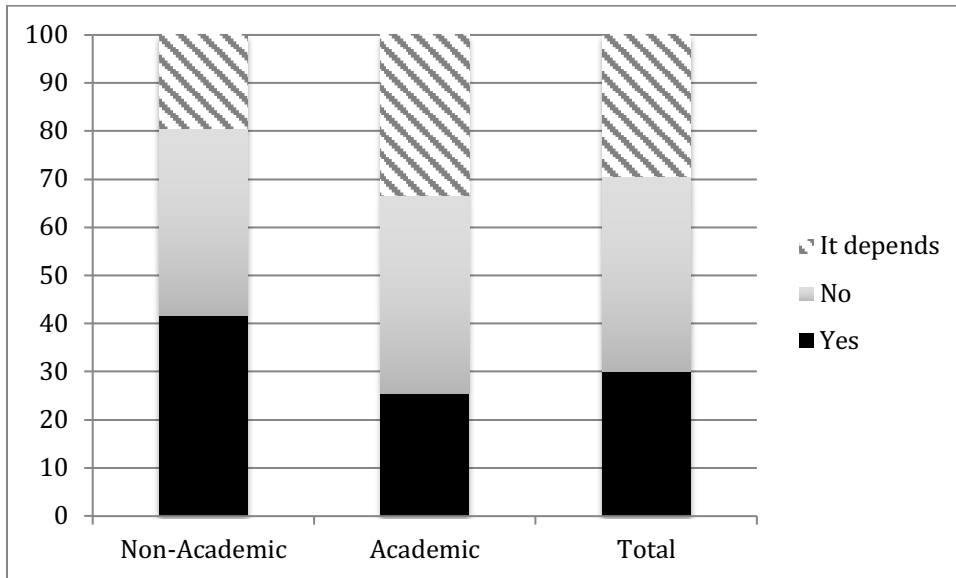
Note: The percentages are based on those who responded to the question.

Figure A.8. Distribution of whether price ceiling on goods and services is beneficial: Academic versus Non-Academic Economists



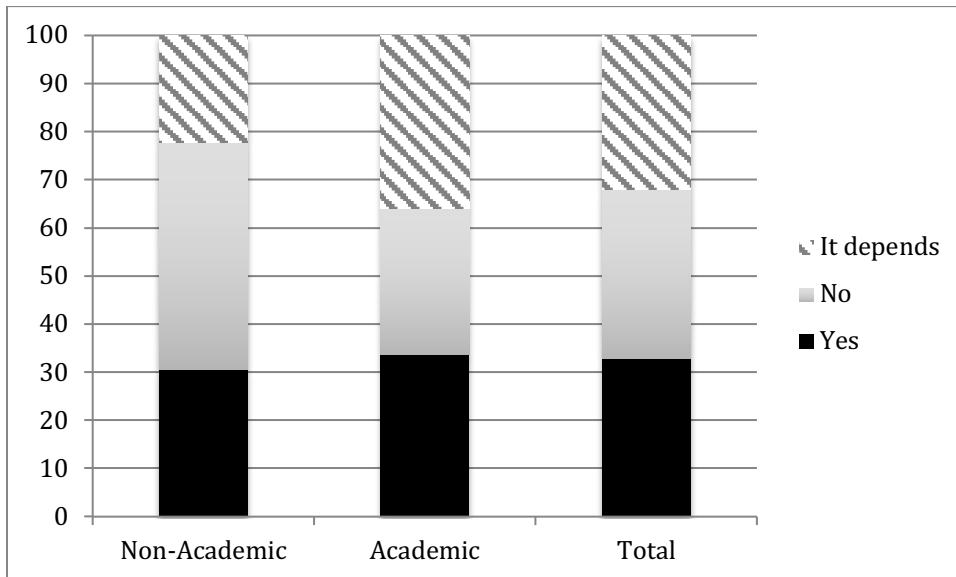
Note: The percentages are based on those who responded to the question.

Figure A.9. Distribution of whether A Minimum Wage Lowers Employment Rate for Academic versus Non-Academic Economists



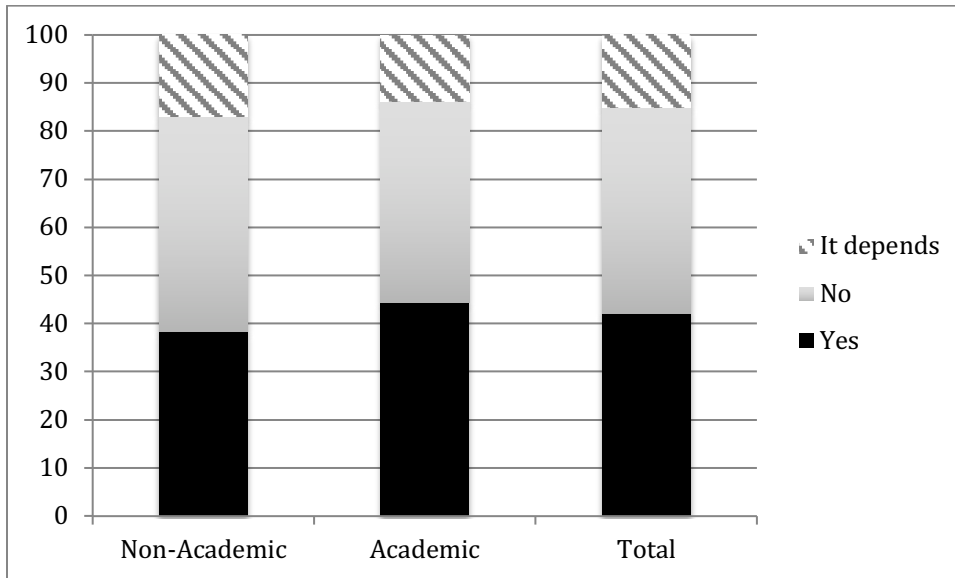
Note: The percentages are based on those who responded to the question.

Figure A.10. Distribution of whether Monetary policy decisions are always dominated for Academic versus Non-Academic Economists



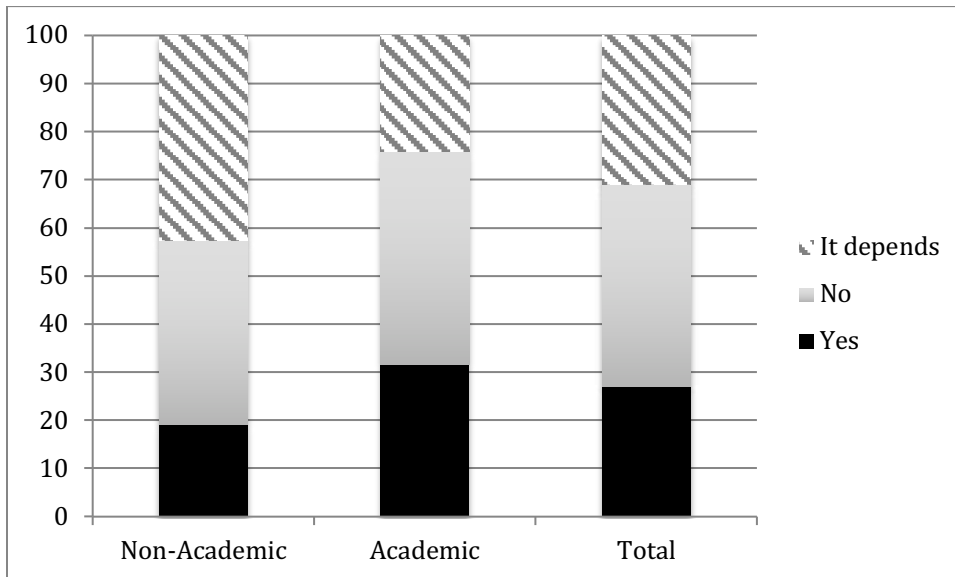
Note: The percentages are based on those who responded to the question

Figure A.11. Distribution of whether Inflation is primarily a monetary phenomenon for Academic versus Non-Academic Economists



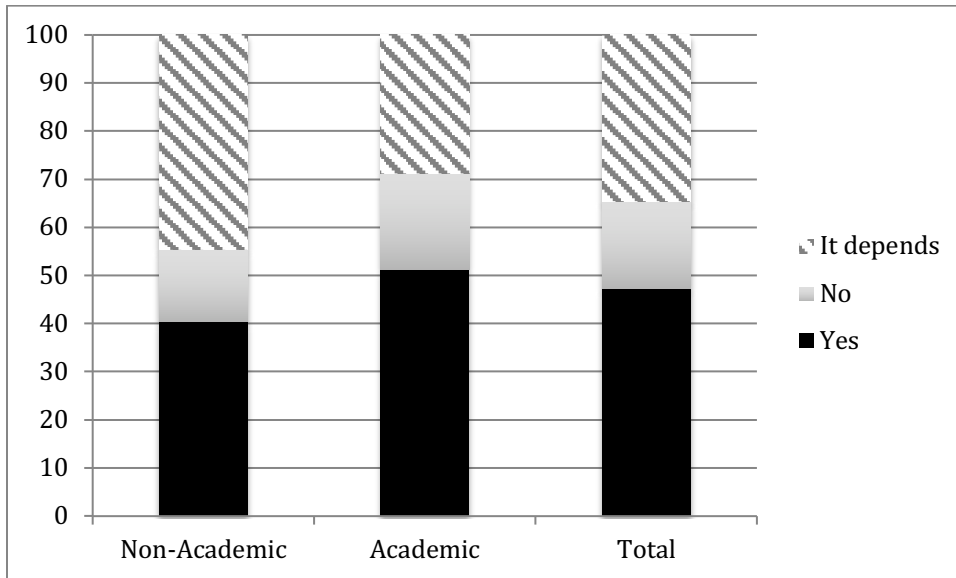
Note: The percentages are based on those who responded to the question.

Figure A.12. Distribution of whether Unemployment can be reduced at a higher inflation rate for Academic versus Non-Academic Economists



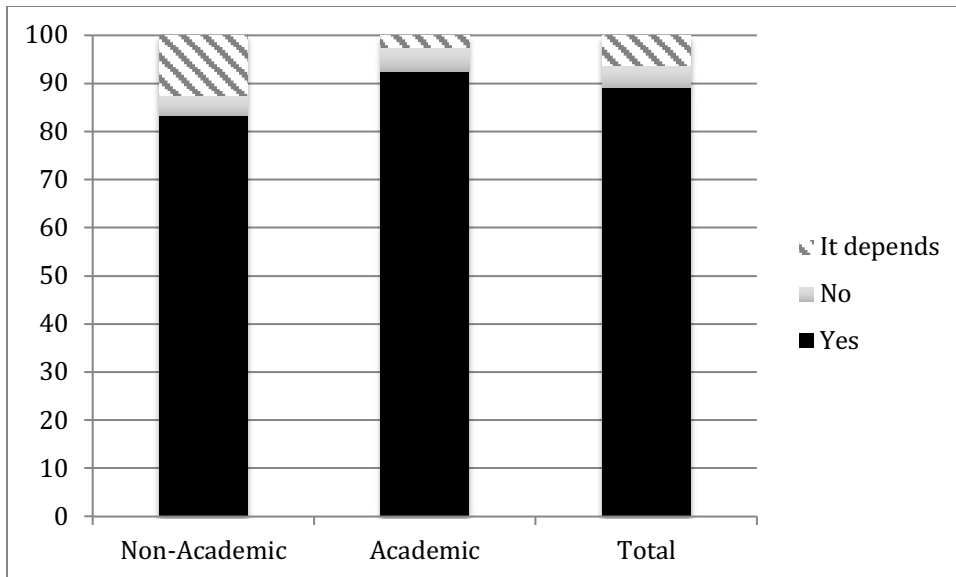
Note: The percentages are based on those who responded to the question.

Figure A.13. Distribution of whether Cash transfers are more effective than in-kind subsidies for Academic versus Non-Academic Economists



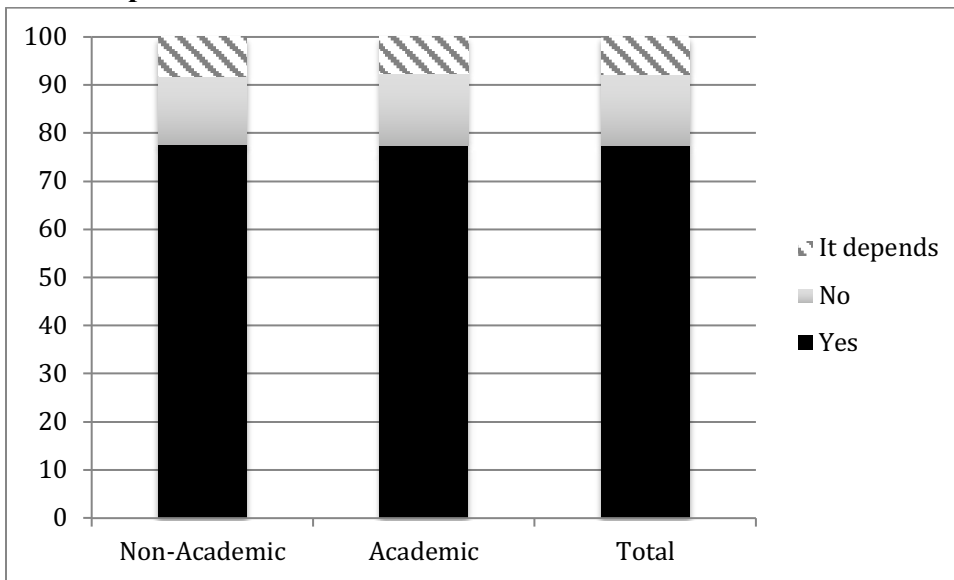
Note: The percentages are based on those who responded to the question.

Figure A.14. Distribution of whether Consumer protection and anti-trust laws are needed for Academic versus Non-Academic Economists



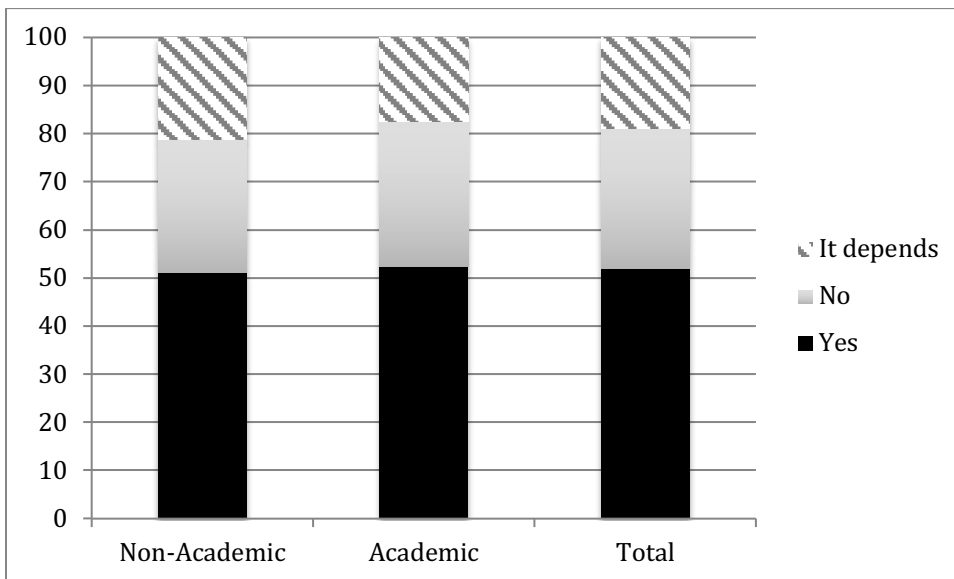
Note: The percentages are based on those who responded to the question.

Figure A.15. Distribution of whether Corporate social responsibility has a critical role in development for Academic versus Non-Academic Economists



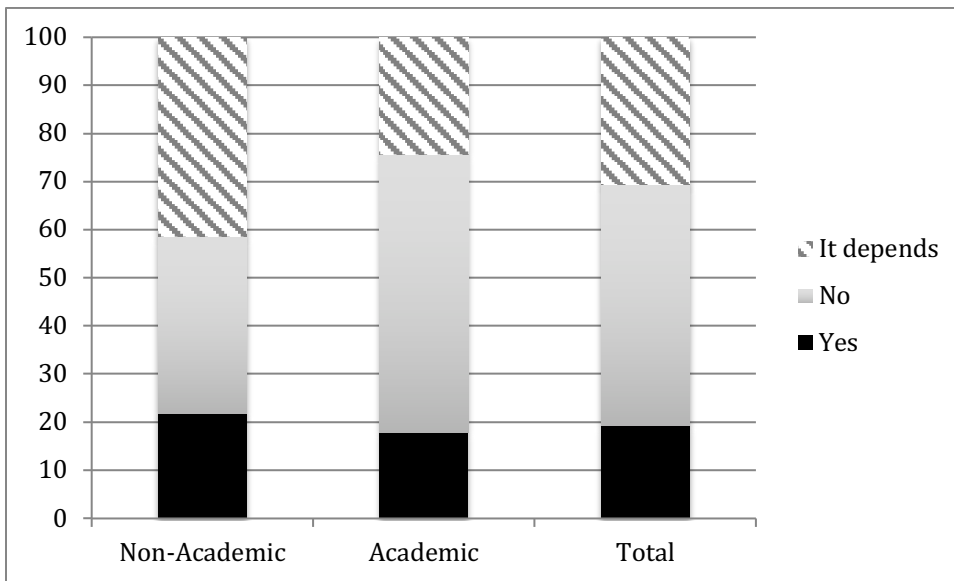
Note: The percentages are based on those who responded to the question.

Figure A.16. Distribution of whether Public enterprises have a significant economic role in modern economies for Academic versus Non-Academic Economists



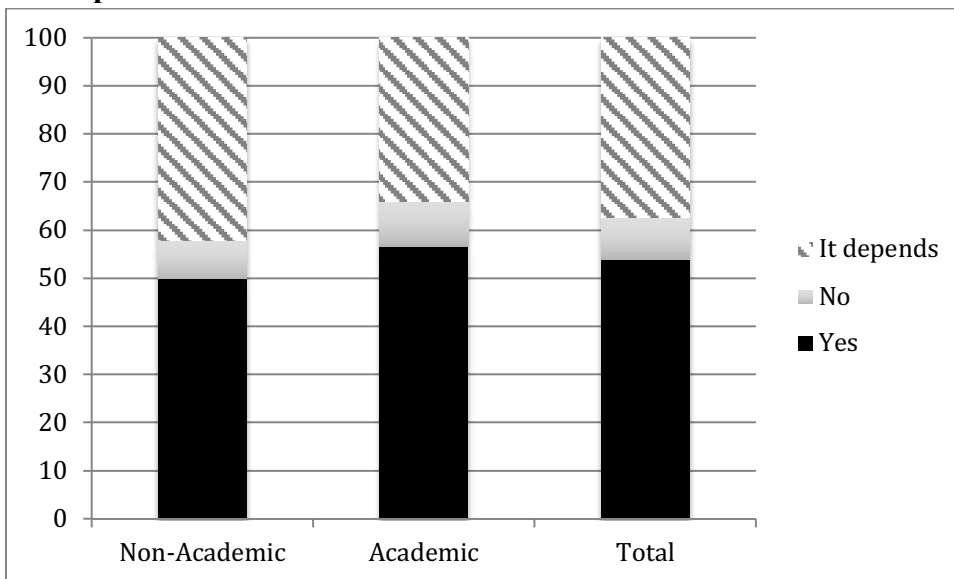
Note: The percentages are based on those who responded to the question.

Figure A.17. A fixed exchange rate regime is better than a flexible one for the purpose of economic stability and development for Academic versus Non-Academic Economists



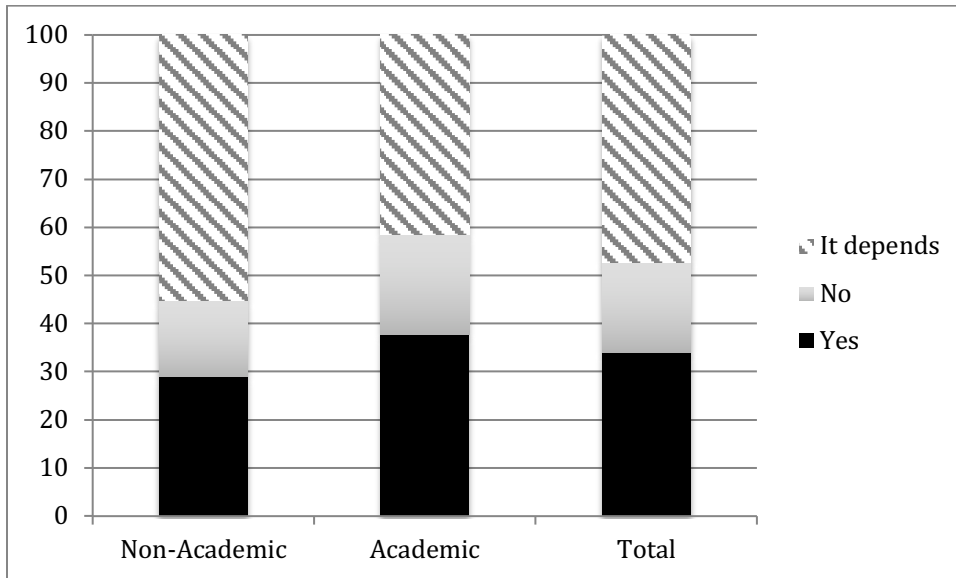
Note: The percentages are based on those who responded to the question.

Figure A.18. Distribution of whether A large budget deficit is bad for economic development for Academic versus Non-Academic Economists



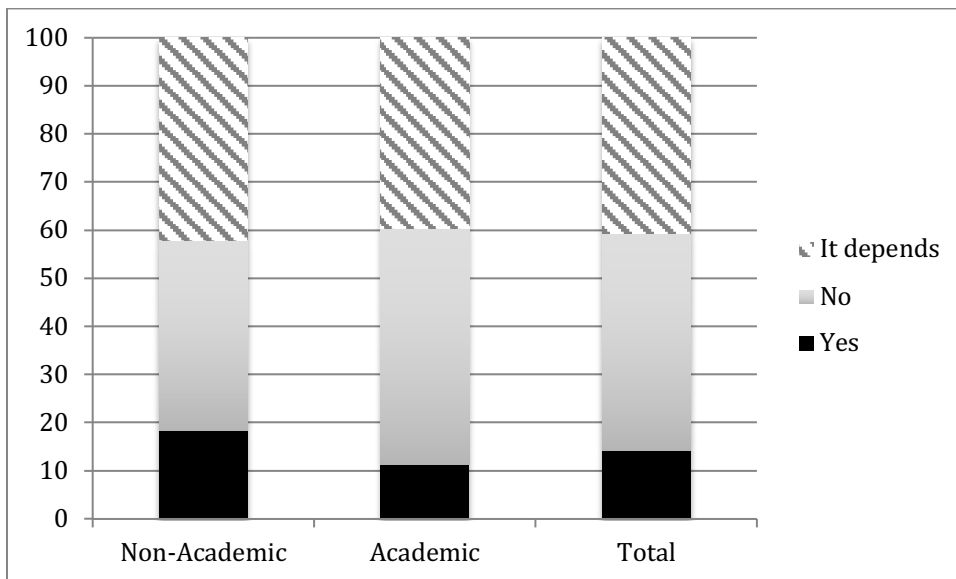
Note: The percentages are based on those who responded to the question.

Figure A.19. Import restrictions through tariffs and/or quotas have a negative economic impact for Academic versus Non-Academic Economists



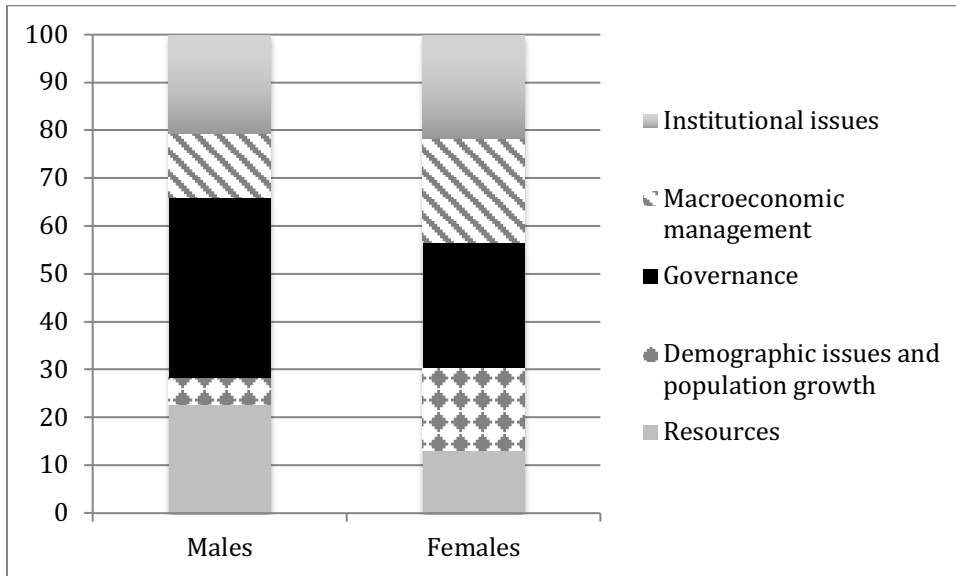
Note: The percentages are based on those who responded to the question.

Figure A.20. Distribution of whether The service sector - as oppose to the manufacturing sector - is the best route to economic development for Academic versus Non-Academic Economists



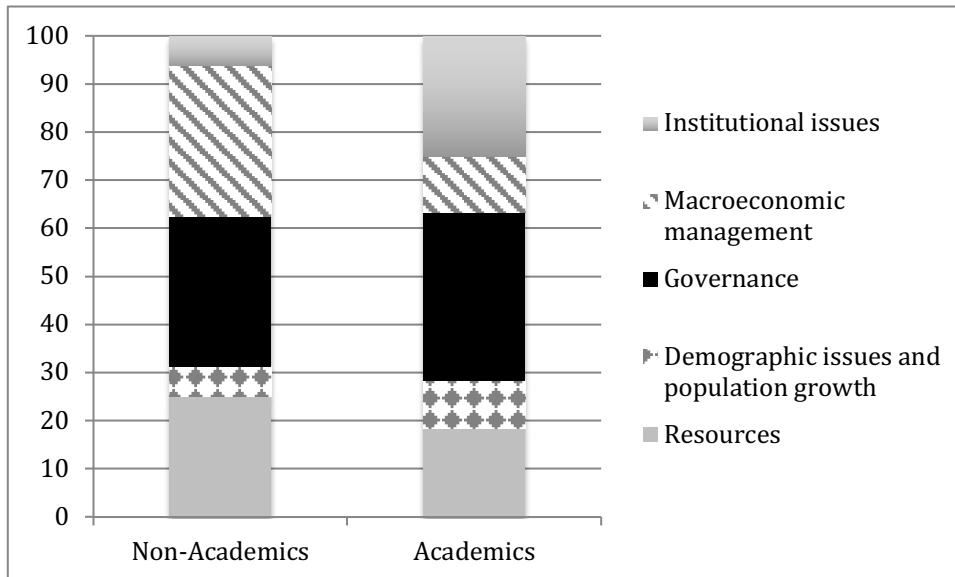
Note: The percentages are based on those who responded to the question.

Figure A.21. Main Challenges Facing the Region by Gender



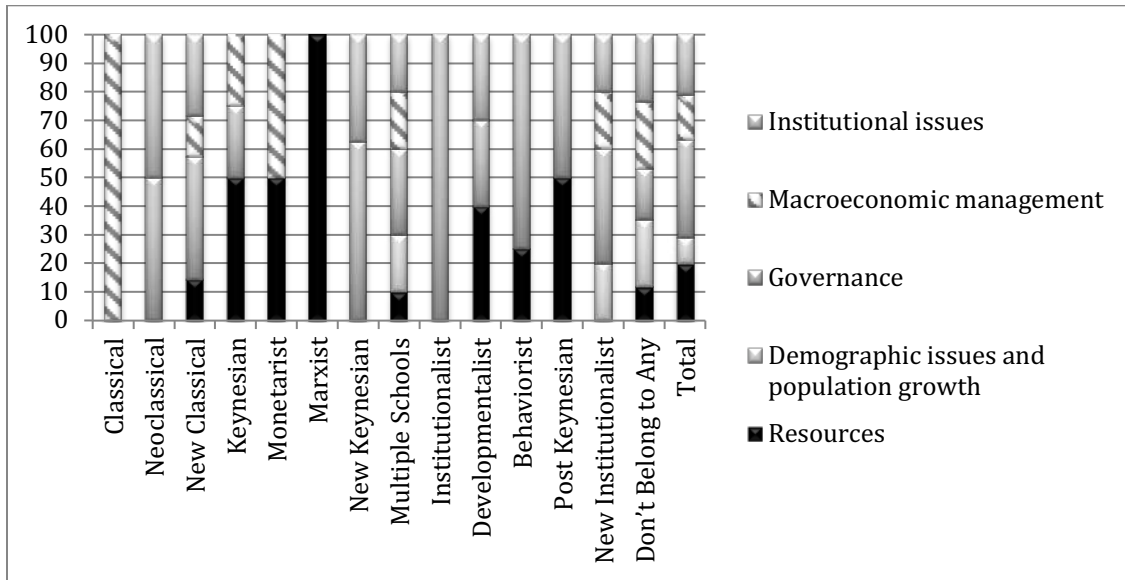
Note: The percentages are based on those who responded to the question.

Figure A.22. Main Challenges Facing the Region by Type of Economists



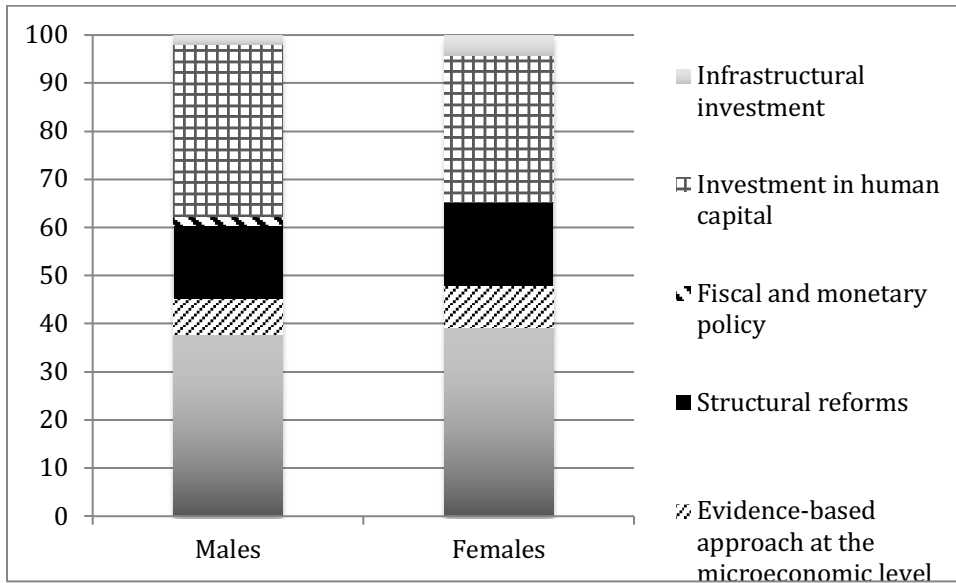
Note: The percentages are based on those who responded to the question.

Figure A.23. Main Challenges Facing the Region by Schools of Economic Thought



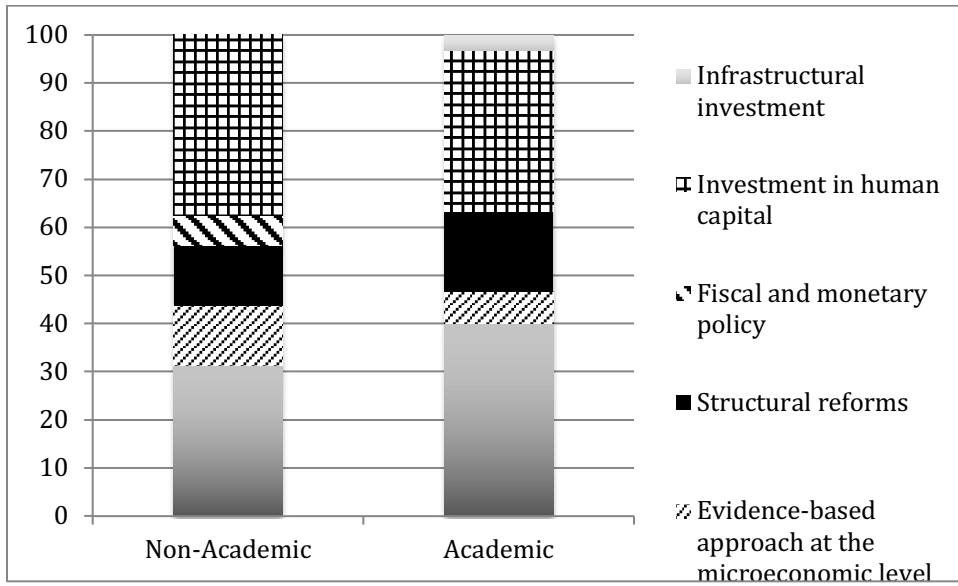
Note: The percentages are based on those who responded to the question.

Figure A.24. How Should Policymakers Deal with Economic Challenges (Most Important Measure) by Gender?



Note: The percentages are based on those who responded to the question.

Figure A.25. How Should Policymakers Deal with Economic Challenges (Most Important Measure) for Academic versus Non-Academic Economists?



Note: The percentages are based on those who responded to the question.

Annex B

The Questionnaire

Q1 What is your gender?

- Male
- Female

Q2 What is your year of birth?

- ▼ 2018 (1) ... 1890 (129)

Q3 What is your nationality? [in case of more than one nationality, choose your MENA one if applicable]

- ▼ Afghanistan (1) ... Zimbabwe (203)

Q4 What is your current country of residence?

- ▼ Afghanistan (1) ... Zimbabwe (203)

Q5 Are you affiliated to the Economic Research Forum (ERF)?

- Yes
- No

Q6 Do you enjoy Economics?

- Yes
- No
- Indifferent

Q7 Why did you choose to study Economics?

- Family influence
- Friends influence
- Career development and labor market needs
- Qualifying exams
- Pure interest in the subject
- If other, specify _____

Q8 Tell us about the major institution where you studied Economics

- Name of institution _____
- Country of institution _____
- Degree earned _____
- Year of graduation _____

Q9 Tell us about the second major institution where you studied Economics

- o Name of institution _____
- o Country of institution _____
- o Degree earned _____
- o Year of graduation _____

Q10 State the name of a teacher or mentor who significantly influenced your economic thinking

- o Name _____
- o Affiliation _____
- o School of thought (if known) _____

Q11 State the name of a second teacher or mentor who significantly influenced your economic thinking

- o Name _____
- o Affiliation _____
- o School of thought (if known) _____

Q12 Who taught you Macroeconomics?

- o Name of teacher #1 _____
- o Affiliation of teacher #1 _____
- o Name of teacher #2 (optional) _____
- o Affiliation of teacher #2 (optional) _____

Q13 Who do you consider as your main collaborator in the field?

- o Name _____
- o Affiliation _____
- o School of thought (if known) _____

Q14 Who do you consider as your second most important collaborator in the field?

- o Name _____
- o Affiliation _____
- o School of thought (if known) _____

Q15 What is the type of the institution you currently work in?

- o Academic
- o If other, specify _____

Q16 What is the name of your current institution?

Q17 In which year did you join your current institution?

▼ 2018 (1) ... 1900 (119)

Q18 Who do you consider yourself from the following types of Economists?

- Mainly Qualitative
- Mainly Quantitative
- Mainly Theorist
- If other, specify _____

Q19 Which of the following economic schools of thought has influenced your opinion and/or inspired your work?

- Classical
- Neoclassical/ Orthodox
- New-classical
- Keynesian
- Monetarist/ Chicago
- Marxist
- New-Keynesian
- Institutional
- Developmentalist
- Austrian
- Behaviouralist
- Post-Keynesian
- New-Institutionalist
- I don't belong to a particular school
- I belong to more than one school, specify _____
- Other, specify _____

Q20 In your opinion, do you agree with the following statements?

	Yes	No	It depends
A price ceiling on goods and services is a good thing			
A minimum wage lowers employment rate			
Monetary policy decisions are always dominated by fiscal conditions			
Inflation is primarily a monetary phenomena			
Unemployment can be reduced at a higher inflation rate			
Cash transfers are more effective than in-kind subsidies			
Consumer protection and anti-trust laws are needed			
Corporate social responsibility has a critical role in development			
Public enterprises have a significant economic role in			

modern
economies

A fixed exchange rate
regime is better
than a flexible one
for the purpose of
economic stability
and development

A large budget deficit
is bad for
economic
development

Import restrictions
through tariffs
and/or quotas
have a negative
economic impact

The service sector-
rather than
manufacturing- is
the best route to
economic
development

Q21 What is the type of relationship(s) did you ever have with the government/public service?

- Top official (e.g. minister; governor of central bank; head of economic authority etc..)
- Advisory position
- Public office employee
- Any of the above in addition to consultancy
- Consultant
- If other, specify _____
- None

Q22 In your opinion, were you ever able to influence the design of policies through government or public service position(s)?

- If yes, how? _____
- No
- Somehow
- Not sure

Q23 Have you ever held a position at a regional or International Organization?

- If yes, specify the position _____
- No

Q24 In your opinion, were you ever able to influence the design of policies through a position in a regional or an international organization?

- If yes, how? _____
- No
- Somehow
- Not sure

Q25 In your opinion, what are the main challenges for growth and development?

Rank the following from (1) the most important challenge to (5) the least important challenge

- _____ Resources
- _____ Demographic issues and population growth
- _____ Governance
- _____ Macroeconomic management
- _____ Institutional issues
- _____ Other, specify

Q26 Which economy are you currently working on?

- Arab economies
- Other

Q27 In your opinion, what is the major challenge that faces the economy you are currently working on?

- Unemployment
- Inflation
- Growth
- Poverty
- Inequality
- Public debt
- Other, specify _____

Q28 In your opinion, how should policy makers deal with economic challenges?

Rank the following from (1) the most important measure to (5) the least important measure

- _____ Institutional reforms
- _____ Evidence-based approach at the microeconomic level
- _____ Structural reforms
- _____ Fiscal and monetary policy
- _____ Investment in human capital
- _____ Infrastructural investment
- _____ Other, specify _____

Q29 For the purpose of the design of economic policy, how do you define measures and sequences of short, medium and long terms?

- According to a time horizon: weeks, months, years, etc...
- According to fixed versus variable factors
- Other, specify _____

Annex C

Empirical Analysis

This section will examine whether belonging to a particular school of economic thought shapes an economists' views and their participation in the policy making process. For this, we estimate a series of probit models that control for a set of demographic characteristics such as the age group that an economist belongs to, the gender, the region and country of residence and, the type of employment (academic versus non-academic).

Table 2 presents the results of the economist's views regarding 13 specific economic policy issues (presented above). Clearly, none of the schools of economic thought seem to shape the economists' views. For robustness, we have also tested the effect of belonging to any school of thought versus not belonging to any. The same result holds.

Table 2. Determinants of Economists' Views related to Economic Policies

	(1) Price Ceiling	(2) Minimum Wage	(3) Monetary Policy	(4) Inflation	(5) Unemployment	(6) Cash Transfers	(7) Consumer protection	(8) Social Responsibility
Reference: age-								
group 61 to 70								
Age 21 to 30								
Age 31 to 40			(+)*					
Age 41 to 50								
Age 51 to 60		(+)*	(+)**					
Age 71 to 82			(+)*					
Female				(+)***		(+)***	(+)***	(+)***
Ever-studied Econ in US or Canada			(-)***					(-)**
Ever-influenced policies								
Working in Academia			(+)***					(-)**
ERF affiliate			(-)*					
Residence in MENA		(+)*						
Reference:								
Classical								
Neoclassical								
New Classical								
Keynesian								
Monetarist								
Marxist								
New Keynesian								
Multiple Schools								
Institutionalist								
Developmentalist								
t								
Behaviorist								
Post Keynesian								
New								
Institutionalist								
Don't Belong to								
Any								

Reference:								
Quantitative economists								
Qualitative economists		(+)**	(+)***					(-)*
Theorists								
Other types of economists								(-)**
Observations	138	158	158	152	152	158	160	160

Notes: i. *** p<0.01, ** p<0.05, * p<0.1. ii. Outcomes of Probit models.

Table (continued): Determinants of Economists' Views related to Economic Policies

	(9) Public Enterprises	(10) Exchange Rate	(11) Budget Deficit	(12) Tariffs	(13) Service Sector
Reference: age-					
group 61 to 70					
Age 21 to 30					
Age 31 to 40					
Age 41 to 50			(-)*		
Age 51 to 60					
Age 71 to 82					
Female			(-)**		
Ever-studied					
Econ in US or					
Canada			(-)***		
Ever-influenced					
policies					
Working in					
Academia					
ERF affiliate					
Residence in					
MENA					
Reference:					
Classical					
Neoclassical					
New Classical					
Keynesian					
Monetarist					
Marxist					
New Keynesian					
Multiple Schools					
Institutionalist					
Developmentalis					
t					
Behaviorist					
Post Keynesian					
New					
Institutionalist					
Don't Belong to					
Any					

Reference:					
Quantitative economists					
Qualitative economists					
Theorists					
Other types of economists					
Observations	158	146	158	152	158

Notes: i. *** p<0.01, ** p<0.05, * p<0.1. ii. Outcomes of Probit models.

Having studied economics in the United States or Canada significantly impacts economists' views on monetary policy, the role of social responsibility in development and the budget deficit. On other topics, economists who have carried out their studies in the US and Canada are less likely to agree that monetary policy is dominated by fiscal conditions as well as less likely to agree that social responsibility is beneficial. Academic economists seem more likely to disagree on corporate social responsibility and more likely to agree that monetary policy is dominated by fiscal conditions.

On influencing policies through the conduit of government or international organizations, table 3 shows that belonging to a school of economic thought is not significant. Yet, age does seem to matter - older economists are more likely to influence policies compared to the younger ones. Further, as might be expected, non-academic economists seem to be more likely to influence policies than their academic counterparts. One notable result is that ERF affiliates are more likely to influence policies through positions in international organizations.

Table 3. What Determines the Role of Economists' in Influencing Policies?

	(1) Ever Influenced policies through a position in government? Yes or Somehow	(2) Ever Influenced policies through a position in an international organization? Yes or Somehow
reference: age-group 61 to 70		
Age 21 to 30	(-) ^{***}	
Age 31 to 40		(+) ^{**}
Age 41 to 50		(+) ^{**}
Age 51 to 60		
Age 71 to 82		(+) ^{**}
Female		
Ever-studied Econ in US or Canada		
Ever-influenced policies		
Working in Academia	(-) ^{***}	
ERF affiliate		(+) ^{**}
Residence in MENA		(+) ^{**}
Reference: Classical		
Neoclassical		
New Classical		
Keynesian		
Monetarist		
Marxist		
New Keynesian		
Multiple Schools		
Institutionalist		
Developmentalist		
Behaviorist		
Post Keynesian		
New Institutionalist		
Don't Belong to Any		
Reference: Quantitative economists		
Qualitative economists		(+) ^{***}
Theorists		

Other types of economists

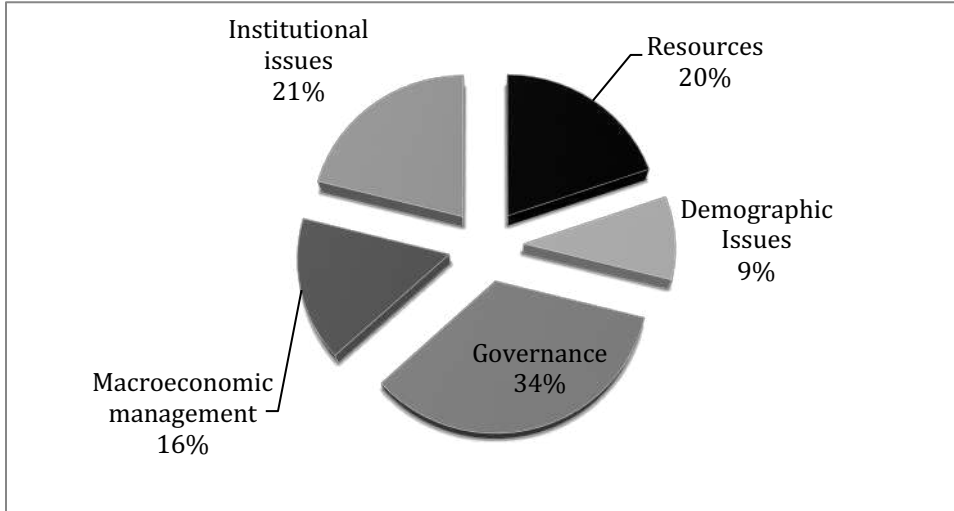
Observations	157	141
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Notes: i. *** p<0.01, ** p<0.05, * p<0.1. ii. Outcomes of Probit models.

Annex D

Main Challenges

Figure 19. Main Challenges Facing the Region for Growth and Development

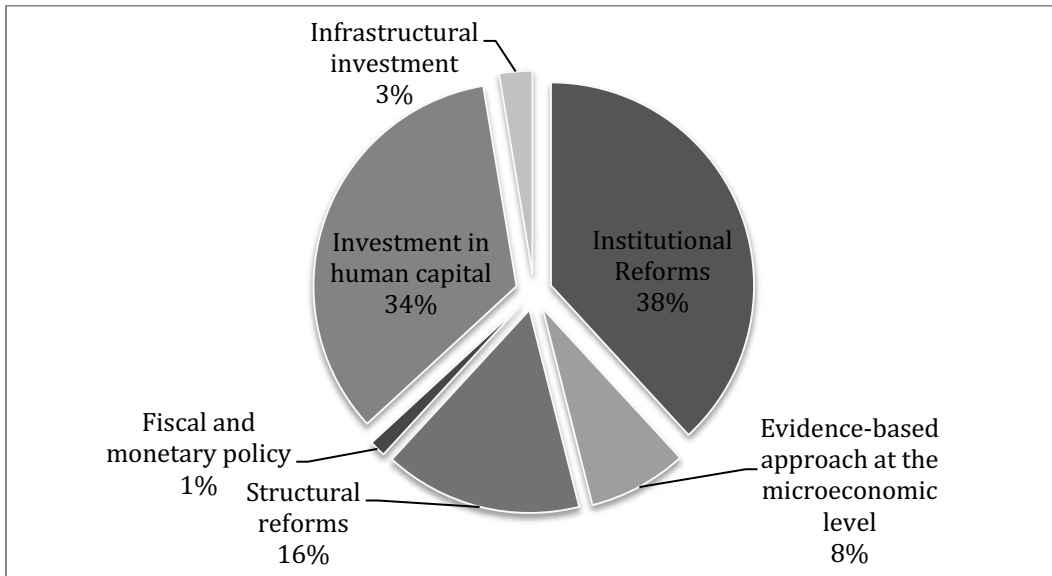


Note: The percentages are based on those who responded to the question.

Annex E

How Should Policymakers Deal with Economic Challenges?

Figure 20. How Should Policymakers Deal with Economic Challenges?

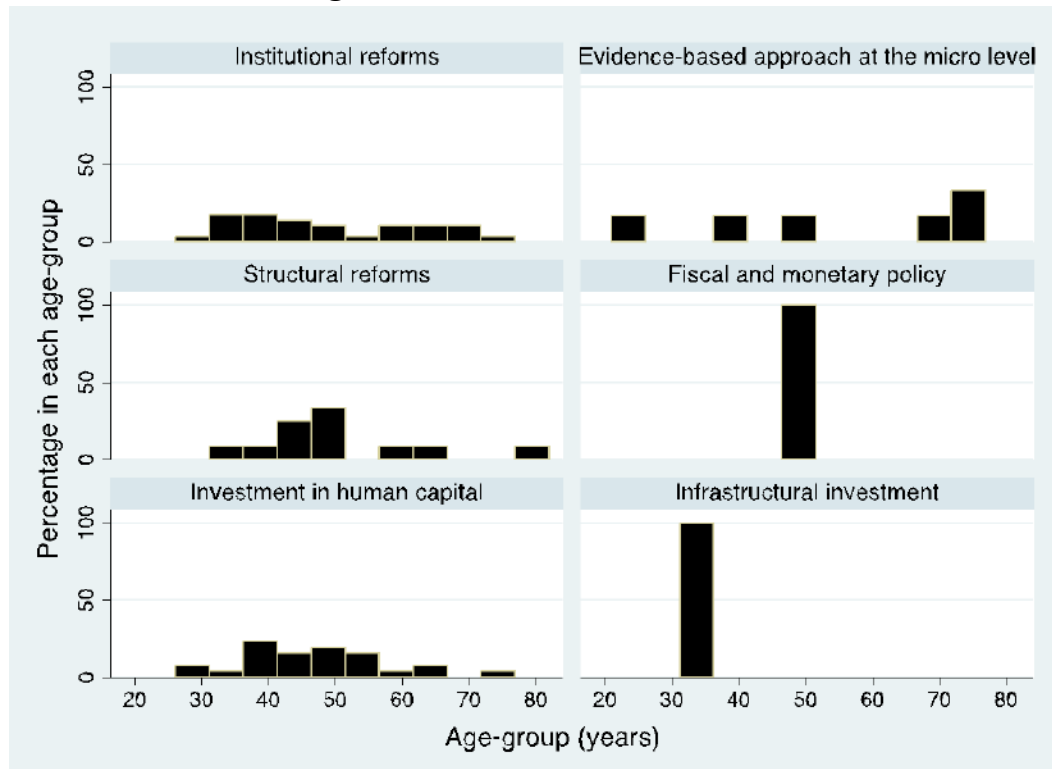


Note: The percentages are based on those who responded to the question.

Annex F

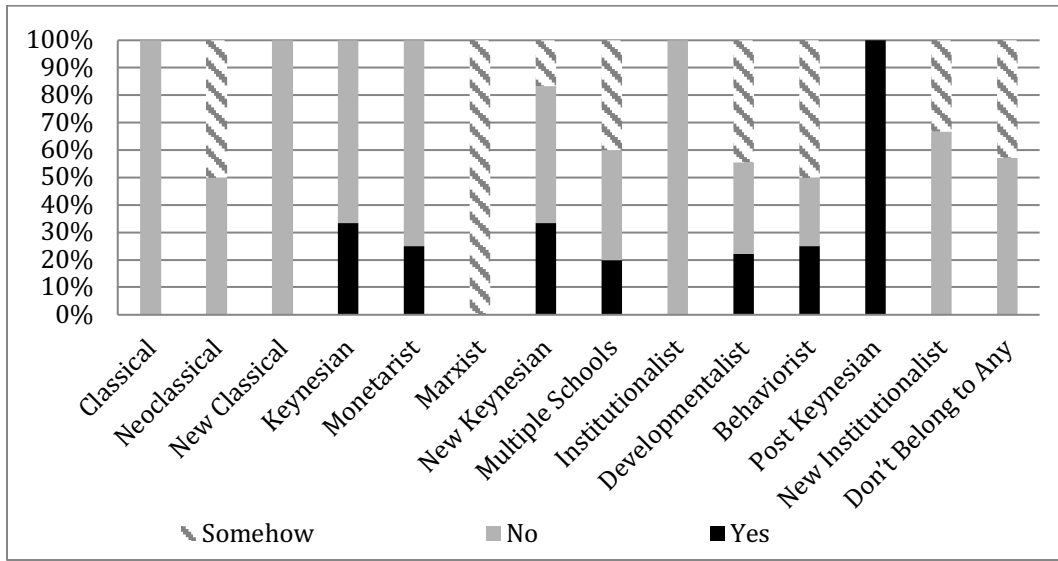
Age Distribution of Opinions Related to How Should Policymakers Deal with Economic Challenges and Influencing Design of Policies through International Organizations

Figure 21. Age Distribution of Opinions Related to How Should Policymakers Deal with Economic Challenges



Note: The percentages are based on those who responded to the question.

Figure 22. Influencing the Design of Policies through an International Organization



Note: The percentages are based on those who responded to the question.