

Economics laureates should disclose their political ideologies in policy petitions

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1 | INTRODUCTION

On 11 March 2021, US President Joe Biden signed into law a \$1.9 trillion economic stimulus bill, the American Rescue Plan Act of 2021. This stimulus bill was an addition to another \$2.2 trillion economic stimulus bill, the Coronavirus Aid, Relief, and Economic Security Act, which Biden's predecessor Donald Trump signed off on 27 March 2020. In addition to these two bills, Biden proposed the Build Back Better Act, which was estimated to cost over \$2.4 trillion (Committee for a Responsible Federal Budget, 2021). Inflation had been rising even before the Build Back Better Act was proposed, and Democratic Senator Joe Manchin's vote was crucial for the Act's passage in the narrowly divided Senate.

However, on 2 September 2021 the *Wall Street Journal* published an op-ed by Senator Manchin, in which he explained that his concern about the Build Back Better legislation's effect on inflation led him to refuse support for the bill (Manchin, 2021).

Against the backdrop of these events, on 20 September 17 recipients of the Nobel Memorial Prize in Economic Sciences signed an open letter in support of the President's Build Back Better package. The letter suggested that the Build Back Better agenda would not exert any inflationary pressure (Economic Policy Institute, 2021).

Yet, since the announcement of President Biden's Build Back Better agenda on 5 November 2020 (Kelly, 2020), the annual US inflation rate for the 12 months ending April 2022 increased to 8.3 per cent, a 40-year high. My point in this article is not that the signatories have faulty predictive ability. That is normal, as they are simply human beings with limited information. Rather, I argue that Nobel laureates' political ideologies can affect their judgements about the outcomes of policy choices.

Most economists would like to think that when they analyse the effects of policy choices, their analysis and inferences about those policies' effects will be free from their personal political biases. Some of the policy choices that economists evaluate concern monetary policy, minimum wage regulations, tariffs, health and safety regulations, fiscal policy, immigration laws, and the role of federal discrimination laws. Evaluating those policies' effects necessitates political and value judgements. The influence of ideologies on policy choices is not unique to economists. The reliance on sophisticated models in economics may give the illusion that the



inferences in those models about the effect of policies will be free from ideological bias. However, the evidence suggests that political bias can also affect those models' design (e.g. Saint-Paul, 2018). Thus, economists' judgement and interpretation of the effect of policy choices can be susceptible to their ideological views.

In this article, I suggest that the disclosure of political ideology is needed for policy petitions that 'experts' – particularly Nobel laureates in economics – sign. Nobel laureates add their names to those petitions because the policies are consistent with their political views. The policies that signatories support have important consequences for the public. In effect, the petitions are lobbying government to support policies for which taxpayers will pay. Thus, I argue that it is important for signatories to inform the public about their views. I believe that disclosing their views will improve the public discourse about those policies and lead to open and honest debate about the policies' consequences. My focus here is on the United States, but the principle applies elsewhere.

Some may argue that political ideology is a private matter and Nobel laureates have every right to petition their governments in order to influence their policy choices. However, these people are authoritative figures in economics. Many non-Nobel laureate economists are hesitant to criticise publicly the policy petitions laureates sign, even if they disagree with the petitions' interpretations of the policies' effect. Thus, the public hears only one side of the debate, at least from the media and the policymakers who support these policies.

There is no question that Nobel laureates in economics are authoritative opinion formers not just in academia but also in the eyes of the public on any subject related to economics. We all have an 'authority bias' to a certain extent. We attribute more credibility to the opinions of Nobel laureates and are swayed by their policy views. Administrations can use policy petitions that economics laureates sign to increase public support for particular policies.

I want to be clear here that I am not suggesting that the Biden Administration coordinated with these 17 laureates to ease concerns about inflation attributable to the Build Back Better Act. The laureates signed the petition because the policies proposed in the Act are consistent with their political preferences. However, that did not prevent the Biden Administration from using the petition to reassure the public that concern about the Act's effect on inflation is unwarranted. For example, in his State of the Union Address on 1 March 2022, President Biden stated that "17 Nobel laureates in economics say my plan will ease long-term inflationary pressures" (Biden, 2022).

I argue that if those laureates had disclosed their political ideologies in the petition, that could have reduced the prospect that the Administration would appeal to the public's authority biases by touting their support for the Act. Disclosure of political ideology in the petition would have informed the public about the laureates' political views. It would have notified the public that the laureates' judgements about the effect of the Build Back Better Act on inflation could differ from their own because of conflicting political preferences rather than simply technical appraisals.

Disclosures are already common practice in journals in numerous scientific fields. The two most common disclosures relate to funding and to conflict of financial interests. For example, many academic finance journals require authors to disclose their financial interests in their research.¹ Medical journals require authors to disclose the support they received to conduct their research.² These existing disclosures in academic research have not discredited the scholars' works. It is more likely that by being candid with readers about their funding resources and financial interests, they establish greater trust. I suggest that the disclosure of political ideology is as important as the disclosure of financial interests or funding resources. Political views are a large part of ourselves, and can be as important as financial interests. We know that wealthy Democrats

support higher taxes (*The Economist*, 2018). When people's political ideologies are inconsistent with their financial self-interests, they often prefer policies that are contradictory to their financial interests. Thus, it would be more valuable to disclose one's political ideology than one's financial interest, as it better informs readers about authors' predispositions.

In this article, I examine the Democrat to Republican ratio for signatories based upon political affiliations.

My discussion proceeds as follows: section 2 sets out the data, section 3 discusses the results, and section 4 presents the conclusions.

2 | DATA

2.1 | Party affiliations

I use [RecordsFinder.com](#) to locate birthdates and current addresses of the policy petition's signatories. I find the party affiliations of 16 signatories using 2021 state and city voter registration databases from Connecticut, Washington DC, New York, New Jersey, Massachusetts, and California. Voter records for New York and New Jersey come from Stephen P. Morse's One-Step Search Tool generator. Party affiliation data for Connecticut and Washington DC are obtained from [VoterRecords.com](#). Voter registration records for Massachusetts are public records available from city election commissions and town clerks' offices. In addition, I purchased the California Voter Registration Statistics from the California Secretary of State's Election Division.

I also identify from the official Nobel Prize website 22 US Nobel laureates in economics who did not sign the policy petition and were alive when it was signed.

2.2 | Political contributions

I use political contributions to candidates and organisations as an alternative proxy for political ideology. My first database for political contributions derives from the Federal Election Commission's website. My second database for political contributions data is from OpenSecrets.

3 | RESULTS

3.1 | The signatories' party affiliations

First, I examine the political affiliations of the signatories of the policy petition in Table 1. I find that 14 of the signatories are Democrats, and none is a Republican. One has no

TABLE 1 Political affiliations of the signatories of the open letter

Democrat	Republican	Democrat to Republican ratio	No party affiliation	Not registered to vote
14	0	14:0	1	1

Note: It was possible to obtain the relevant information for only 16 of the 17 signatories.

party affiliation, and there is also one who is not registered to vote. Thus, the signatories' Democrat to Republican ratio is 14 to 0, indicating that they are overwhelmingly Democrat.

3.2 | The signatories' political contributions

Table 2 shows the political contributions of the signatories of the policy petition from 1979 until 2022. The political contribution ratio of Democrat to Republican is 487 to 1, such that for every \$1 in political contributions that the signatories made to Republicans, they contributed more than \$487 to Democrats.

TABLE 2 Signatories' political contributions

Signatory	Political contributions to Democrats (\$)	Political contributions to Republicans (\$)	First year of contribution	Last year of contribution
George Arthur Akerlof	85,000	0	1992	2020
Sir Angus Stewart Deaton	0	0	n/a	n/a
Peter Arthur Diamond	650	0	2002	2014
Robert Fry Engle III	1,100	0	2004	2010
Oliver Simon D'Archy Hart	8,850	0	2006	2020
Daniel Kahneman	49,910	0	2008	2020
Eric Stark Maskin	2,875	0	2018	2021
Daniel Little McFadden	4,500	0	2020	2020
Paul Robert Milgrom	37,802	0	2003	2022
Roger Bruce Myerson	44,816	750	2000	2022
Edmund Strother Phelps	1,525	0	2014	2020
Paul Michael Romer	0	0	n/a	n/a
William Forsyth Sharpe	5,365	0	1992	2020
Robert James Shiller	19,090	0	2003	2021
Christopher Albert Sims	8,100	0	2000	2020
Robert Merton Solow	3,250	0	2007	2020
Joseph Eugene Stiglitz	92,700	0	2004	2020
TOTAL	365,533	750		
Democrat–Republican ratio	487:1			

3.3 | Non-signatories' party affiliations

Next, I compare the signatories' political ideologies with those of non-signatory Nobel laureates in economics. Table 3 shows the names of 22 US Nobel laureates in economics who did not sign the policy petition and were alive when it was signed. I exclude six Nobel laureates in economics who did not sign the petition and were not US citizens.

In Table 4, I examine the political affiliations of those who did not sign the policy petition. I find that seven of those are registered Democrats, three are registered Republicans, three have no party affiliations, and another three are not registered to vote. I find that the

TABLE 3 Nobel laureate non-signatories of the policy petition

Non-signatory	Title	Institution
Joshua David Angrist	Professor	Massachusetts Institute of Technology
Abhijit Vinayak Banerjee	Professor	Massachusetts Institute of Technology
David Edward Card	Professor	University of California-Berkeley
Esther Duflo	Professor	Massachusetts Institute of Technology
Eugene Francis Fama	Professor	University of Chicago
Lars Peter Hansen	Professor	University of Chicago
James Joseph Heckman	Professor	University of Chicago
Guido Wilhelmus Imbens	Professor	Stanford University
Michael Robert Kremer	Professor	University of Chicago
Paul Robin Krugman	Professor	City University of New York
Robert Emerson Lucas, Jr.	Professor Emeritus	University of Chicago
Harry Max Markowitz	Professor	University of California-San Diego
Robert Cox Merton	Professor	Massachusetts Institute of Technology
William Dawbney Nordhaus	Professor	Yale University
Edward Christian Prescott	Professor	Arizona State University
Alvin Eliot Roth	Professor	Stanford University
Thomas John Sargent	Professor	New York University
Myron Samuel Scholes	Professor Emeritus	Stanford University
Vernon Lomax Smith	Professor	Chapman University
Andrew Michael Spence	Professor	New York University
Richard H. Thaler	Professor	University of Chicago
Robert Butler Wilson, Jr.	Professor Emeritus	Stanford University

TABLE 4 Non-signatories' political affiliations

Democrat	Republican	Democrat to Republican ratio	No party affiliation	Not registered to vote
7	3	2.33: 1	3	3

Note: It was possible to obtain the relevant information for only 16 of the 22 non-signatories.



TABLE 5 Non-signatories' political contributions

Non-signatory	Political contributions to Democrats (\$)	Political contributions to Republicans (\$)	First year of contribution	Last year of contribution
Joshua David Angrist	1,000	0	2018	2018
Abhijit Vinayak Banerjee	3,902	0	2004	2019
David Edward Card	0	0	n/a	n/a
Esther Duflo	8,290	0	2012	2020
Eugene Francis Fama	0	5,250	2014	2020
Lars Peter Hansen	5,000	0	2020	2020
James Joseph Heckman	3	1,499	2019	2021
Guido Wilhelmus Imbens	11,798	0	2000	2022
Michael Robert Kremer	23,376	0	2008	2020
Paul Robin Krugman	0	0	n/a	n/a
Robert Emerson Lucas, Jr.	0	0	n/a	n/a
Harry Max Markowitz	0	13,250	2007	2016
Robert Cox Merton	250	0	1998	1998
William Dawbney Nordhaus	4,750	0	2004	2012
Edward Christian Prescott	0	2,035	2005	2018
Alvin Eliot Roth	1,250	0	2008	2008
Thomas John Sargent	0	0	n/a	n/a
Myron Samuel Scholes	2,000	500	1992	1998
Vernon Lomax Smith	0	0	n/a	n/a
Andrew Michael Spence	1,100	0	1999	2018
Richard H. Thaler	67,695	0	2004	2020
Robert Butler Wilson, Jr.	400	0	2002	2002
TOTAL	130,814	22,534		
Democrat–Republican ratio	5.81:1			

non-signatories' Democrat to Republican ratio is 2.33 to 1. Although the majority of the non-signatory laureates are also Democrat, they appear less uniformly partisan than the signatories.

3.4 | The non-signatories' political contributions

Table 5 shows the political contributions of those who did not sign the policy petition. I find that the total political contributions of 22 non-signatory laureates to Democratic candidates and organisations amount to \$130,814, while their total political contributions to Republican candidates and organisations amount to \$22,534. Thus, the political contribution ratio of Democrat to Republican for the non-signatories is 5.81 to 1, in that for every \$1 in political contributions that the non-signatories made to Republicans, they contributed nearly \$6 to Democrats. Although the political contribution data suggest that the non-signatories are also Democrat, they are less partisan when we consider that the signatories' political contribution ratio of Democrat to Republican is 487 to 1.

4 | CONCLUSION

Consider two news headlines about the Nobel laureates' support for the Build Back Better Act. The first was in *Newsweek* on 16 September 2021. The headline states that 'Biden's Build Back Better Plan Will "Ease" Inflation, 15 Nobel Prize Economists say' (Lemon, 2021).³ Consider by contrast a hypothetical news headline if those laureates had disclosed their political ideologies in the petition. The hypothetical headline might state that 'Biden's Build Back Better Plan Will "Ease" Inflation, 15 *Democrat* Nobel Prize Economists say'. How will the public interpret those two different headlines? I suggest that the first appeals to the public's authority bias. The public could well attribute more accuracy to the laureates' opinions about the effect of the Build Better Act, as these individuals command enormous respect from the public. However, in the second case the public is likely to consider the laureates' political views of the plan. The second headline informs the public that the laureates' judgements about the effect of the Build Back Better Act on inflation could differ from theirs because of conflicting political preferences. The second headline would lead the public to have healthy scepticism about the petition's assertion. After the current annual inflation increased to 8.3 per cent, the petition's signatories received harsh criticism from the public and media (e.g. Sadler, 2022). For instance, the *Wall Street Journal* published an opinion letter on 30 May 2022, titled 'A Nobel Prize in Economics for Joe Manchin: Better him than the 17 academic superstars who endorsed Build Back Better as a salve for inflation' (*Wall Street Journal*, 2022). I suggest that this type of reputational damage to the profession could have been avoided if those 17 Nobel laureates had disclosed their political ideologies in the petition.

NOTES

¹ https://afajof.org/wp-content/uploads/files/policies-and-guidelines/Journal_of_Finance_Disclosure.pdf (accessed 9 August 2022).

² <https://journals.plos.org/plosmedicine/s/disclosure-of-funding-sources> (accessed 9 August 2022).

³ The letter was initially signed by only 15 Nobel laureates.



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