



# DaWS

WORKING PAPER SERIES

WP 2017 - 4

DANISH CENTRE FOR WELFARE STUDIES  
UNIVERSITY OF SOUTHERN DENMARK

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Analyzing the Public Economic Debate Using  
Contemporaneous Interviews with Leading  
Social Scientists**

# Sweden's Welfare State Crisis, 1992–93:

## Analyzing the Public Economic Debate Using Contemporaneous Interviews with Leading Social Scientists

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### Abstract

How do economic ideas formulated by academics manifest themselves in policy debates? To answer this question, we turn to Sweden, a country that experienced an overwhelming economic and financial crisis in 1992–93, which presaged the experiences of many countries during the Global Financial Crisis of 2008 and its aftermath. Using an ideational framework, we analyze the Swedish crisis of the 1990s using personal interviews with social science experts involved directly or indirectly in a vigorous public debate over profoundly altering the path of Sweden's famous welfare state. We rely on a range of literatures, including personal accounts of policymaking economists, the rhetoric of economics literature and several lines of inquiry by non-economists. We focus on four themes: (i) economist “insider” versus “outsider” interpretations of the crisis; (ii) a high degree of consensus among economists about the causes of the crisis; (iii) exaggerations of economic claims; and (iv) the tendency to portray economic thinking as scientifically based. In addition to offering insights into nearly a century of Swedish academic economists' involvement in the public sphere, we argue the Swedish experience provides numerous insights to more recent events, such as the 2008 Financial Crisis and even the climate change debate that frequently spills over into the public sphere.

“Virtually every social phenomenon has an economic aspect. It also has a political aspect, an aesthetic aspect and a moral aspect. But it does have an economic aspect. And this fact—that there is an economic aspect in everything—doesn't mean this economic factor is *decisive* in everything. The decisive factor might be moral, demographic, aesthetic or political...” (Zetterberg 1993)

### INTRODUCTION

Very few advanced economies escaped the ravages of the Global Financial Crisis of 2008 and its aftermath. The United States employed massive fiscal stimulus and never-attempted policy innovations such as monetary “quantitative easing.” Several small advanced economies, such as Iceland, Greece and Ireland adopted—or were compelled to adopt—austere fiscal restraints, capital controls and bank nationalizations in the aftermath of the crisis. While an exploration of the relative merits of stimulus-versus-austerity or of the differing economic constraints facing small states compared to large ones in the face of financial crisis has attracted considerable analysis, this paper is aimed elsewhere.

We focus on the public role economists and other social scientists play in shaping public perceptions and public policy in such a crisis. Specifically, we examine Sweden's public debate over

its severe financial and economic crisis of 1992 and 1993. This particular episode is highly relevant beyond Sweden and the chronicling of its extensive welfare state. It turns out to be significant for the repercussions of the Global Crisis of 2008. What most non-Swedes do not realize is the very survival of Sweden's famed welfare state was fiercely debated, *publicly*, by economists and other expert social scientists: one group argued that maintaining existing welfare state policies was necessary to survive the crisis, while the other argued the crisis was actually caused by those very policies and that deep economic reform was necessary. Ultimately, Sweden's welfare state did survive, but it was fundamentally transformed in the years that followed.<sup>1</sup> It should be noted, moreover, that Sweden is one of the few developed economies to have largely escaped the ravages of the 2008 Global Crisis, something that some contend is precisely because of its reforms in the 1990s.

Both the Swedish upheaval of the 1990s and the Global Crisis of 2008 raise questions about the process whereby economists and other social scientists enter into the public debate to convince citizens and policymakers of the "nature" of economic crisis or indeed of the "nature" of the economy itself. What happens when different narratives of how to understand economic reality compete: for example, is the "market" the cause of the crisis or its solution? We argue the national economic debate that raged in Sweden over its severe crisis—and, indeed, over the future of its legendary welfare state—provides countless insights into how expert social scientists operate as public persuaders.

Our analysis relies on several distinct literatures that range from a traditional strand of work in economics that largely "reports" the experiences of economists who work directly in the policy domain to the "rhetoric of economics" project to an emerging stream of research in political sociology that concerns "knowledge regimes." We provide greater details in the next section.

Given the temporal distance from both crises, it is an opportune time to re-examine the Swedish public economic debate and its lessons for more recent events in addition to any situation where high experts step into public forums to persuade. Like the more recent experience, members of the Swedish public attempted to understand the crisis, but were largely confused by the complexity of the arguments. A number of questions beg answers. For example, can the public follow the subtleties as one economic paradigm gives way to another? Others questioned why economists had failed to warn of the disaster if their models of economic processes were as sophisticated as was often claimed. How do academics—who typically focus on persuading other academics—make their case when addressing a decidedly non-expert public? And, what does the public persuasion process look like when more than one academic profession competes in the public space to have its views accepted? Finally, just as in the more recent global experience, many Swedes wondered whether preconceived biases colored the advice of the debate participants, participants who typically proclaim themselves to be wholly dispassionate in their arguments.

The following pages explore these questions. During the spring and summer of 1993, while one of the present authors was living in Sweden, 14 interviews were conducted with economists

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<sup>1</sup> The following is a partial list of the reforms during this period and in the several years following the crisis: the tax system was overhauled for both individuals and corporations; new fiscal rules were implemented to lower government debt; the national pension system was restructured; industrial relations were reformed; monetary policy was transformed to focus solely on inflation; the pegged exchange rate was abandoned; the banking industry was reformed; radio and television state monopolies were abandoned; and highly regulated industries such as electricity were deregulated.

and other social scientists. The interviews focused on the then-raging economic crisis and the ongoing public debate concerning the direction the country should take; at the time, the future of Sweden's famed welfare state was directly at stake. The interviews and their broad analysis have remained unpublished until now.

A number of the interviewees—such P.O. Edin, F.O. Faxén, Kjell-Olof Feldt, Walter Korpi, Rudolf Meidner, Gösta Rehn and Bo Södersten—were renowned among Swedish social scientists, policymakers and policy influencers. Some enjoyed international reputations as academics, such as Lars Calmfors, Nils Elvander, Douglas Hibbs, Lars Jonung, Walter Korpi, Olof Petersson and Hans Zetterberg. Given the number of years since the interviews and the already-advanced ages of several of the interviewees, some have since died (e.g., Elvander, Faxén, Meidner and Rehn). Besides casting light on the many questions raised above, the interviews and their analysis have now also taken on a unique history-of-thought role.

Finally, we urge the reader to reflect on the implications beyond the economic sphere. Consider, for example, the implications of *any* expert academic controversy that spills over into the popular press. An example currently looming is the climate change debate frequently carried out by academic experts via non-expert media. Our perspective on economic “experts among the unsophisticated” has virtually the same ingredients as the climate debate, or the child vaccination debate, being played out among the public in recent years. Like the economic debate, the climate debate is characterized by: (i) academicians who routinely enter the popular sphere; (ii) academic scientists who utilize extremely sophisticated scientific modeling (of the long-distant future climate) in their academic studies; (iii) model-generated results that change, sometimes frequently; and (iv) an often-confused and bifurcated public. Like our Swedish economic case, there are undoubtedly very few members of the public who understand the technicalities of the debate, yet many are moved by the “headlines.” We feel our study can provide a template for analyzing this critical socio-scientific phenomenon.

In the next section, we review the methodology that guides our analysis. Following that, we outline why the Swedish economic crisis of the 1990s and the debate it generated are relevant to broader issues that should concern both economists and other social scientists interested in economic ideas and policy. In the fourth section, we provide an overview of the 1992–93 crisis and, in the fifth, we outline the rough contours of the debate, including the four prominent patterns that emerged from the interviews. The sixth section discusses and analyzes these four patterns.

## OUR TOOLS: THE SOCIOLOGY AND RHETORIC OF ECONOMICS

What might be considered a traditional literature has long existed in economics that focuses on economists involved in the policymaking process. It tends to be in the spirit of “my experience as a policy economist;” it is frequently idealized in the sense that it advocates how policy economists *should* act as neutral policy advisors or as guardians of the general interest (see, for example, Tinbergen 1952, 1967; Stigler 1959, 1965, 1982; Okun 1976; Friedman 1986; Nelson 1987; Hamilton 1992). We will draw on this approach throughout our analysis as this literature, among other things, underscores the common normative position that policy-involved economists *should* carry out their analyses and persuasion in the “common interest,” however vaguely defined that might be.

A completely different literature, the “rhetoric of economics,” has largely been carried out by a maverick subset of economists. It focuses on how economists persuade one another, what

constitutes a valid economic “argument” and what metaphors or “stories” they use (see, i.e., Klammer et al. 1988; and McCloskey, 1983). Indeed, there has been little analysis of how economists shift between their roles as academics, or custodians of the “general interest,” and purveyors of special interests. Goodwin (1988) delineates these roles as “philosopher, priest and hired gun,” respectively. He argues economists have not yet “come to grips with the difference between a scientific ‘discipline’ pursuing truth and a ‘profession’ selling services at market prices” (Goodwin 1988, p. 207). As such, he emphasizes the potential hazard of conflating these roles. We shall see his notion plays heavily in our analysis of the Swedish debate.

Klammer (1983) is the principal antecedent to research using interviews with economists to study economic argument. While heavily reliant on the spirit of Klammer, our interview study of Swedish social scientists deviates from his in that he focuses on discussions *among* economists in the realm of pure macroeconomic theory. By contrast, we concentrate on the process whereby experts attempt to convince the public about how to interpret real-world economic events. Ours might therefore be thought of as an investigation into how the theoretical discussions in Klammer “trickle down” to policy-level discussions and the public.<sup>2</sup>

Importantly, social scientists from other disciplines, especially political science and sociology, have explored the role of economists in public policy, notably through the analysis of the impact of economic ideas on policy development. This scholarship on the role of ideas in economic and social policy has dramatically expanded over the last two decades (see, for example, Hall 1993; Blyth 2002; Schmidt 2002; Campbell 2004; Somers and Block 2005; Berman 2006; Parsons 2007; Béland and Cox 2011; Mehta 2011; Rodrik 2014). Although this literature is not always explicit about the role of economists, a number of these scholars have analyzed the involvement of academic economists in policymaking. For example, Blyth (2002) stresses what he sees as the pivotal role of academic economists in the reform process that profoundly altered Swedish economic policy during the 1990s. At the most general level, Blyth claims that, during periods of acute economic uncertainty, policy actors are likely to reassess their preferences, turn to fresh economic ideas to reduce this uncertainty and, in some circumstances, create new economic institutions. Implicitly, crisis situations marked by greater levels of economic and political uncertainty empower economists who have alternative ideas to “sell” (Blyth 2002).

Another relevant social science literature, dealing directly with the role of economists in society, stresses national differences in the construction of economics as a profession (see, for example, Babb 2001; Fourcade-Gourinchas and Babb 2002; Fourcade 2009; Fourcade, Ollion and Algan 2015; on policy ideas and professions in general, see Mehta 2013). For instance, Fourcade (2009) explains how country-specific institutional dynamics has shaped the economics profession in France, Great Britain and the United States. She stresses that economics is not a homogenous discipline and that its development features major and enduring differences between countries.<sup>3</sup> At the methodological level, Fourcade (2009) is relevant for our study because she points to the added analytical leverage granted by interviews with economists who practice in a specific country.

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<sup>2</sup> While there is vague reference by the interviewees to the abstruse world of economic theorizing (particularly the issue and relevance of policy “neutrality” or “irrelevance”), rarely do any of the interviewees directly target a specific scholar or theoretical work.

<sup>3</sup> For a similar thesis tested by economists, see Frey et al. (1984).

We also integrate the construction of what Campbell and Pedersen (2011, 2014) call “knowledge regimes,” which describes the interaction of national economic and political institutions that shapes policy in specific countries. This scholarship is important for us because, like the two other streams of literature mentioned above, it shows that, instead of making general assertions about the nature and the impact of economic expertise, we must turn to the analysis of country-specific institutions and practices to understand how economic ideas might trickle down to the policy world.

## WHY SWEDEN?

The Swedish economic crisis of the early 1990s is noteworthy for several reasons. First, the political-economic debate over the welfare state was, in many respects, more advanced than in just about any other country in the world because of Sweden’s long-established and extensive redistributive and regulatory system. Thus, the kinds of austerity measures—and debates about them—(externally) imposed upon Greece or Ireland in 2010 and 2011, or the monumental reforms proposed for Social Security and Medicare in the United States around the same time, often look like replays of the Swedish experience in the early-1990s.

Second, the media in Sweden give policy issues significant emphasis, as evidenced by the large number of both regular and special features in newspapers, TV talk shows and news programs. These programs regularly feature Sweden’s top bank, industrial and labor economists, not to mention highly respected academics. Indeed, a third point is that the debate over Sweden’s crisis involved a distinguished academic crowd. That well-known Swedish academics played a key role in these debates and participated at all levels of policymaking is not peculiar to the 1990s debate either. As Jonung states, “A striking feature of the Swedish economics profession, in contrast to most other countries, is the heavy involvement of its professors in public life ... a tradition going back to the founders of economics in Sweden” (1992, p. 39).<sup>4</sup>

As a result of such active participation, academic economists are probably more clearly visible in Sweden than elsewhere, if not patently more influential. Going back as far as the 1930s, a visitor to Sweden took note of “the influence that the professional economists seemed to have on politicians both of right and left, on banking and business people as well as on the lay public. [Economists in Sweden] ... seem, moreover as a class, to have a better public reputation than elsewhere” (Brinley Thomas, quoted in Magnusson 1993, p. 83). This visibility, while setting Sweden apart, also provides insights for social scientists and students of public policy elsewhere for no other reason than this visibility allows us to see more clearly the processes involved when academic experts take to public venues. As such, Sweden may be the case about which many economists often seem to romanticize. For example, Krugman (1994a) essentially argues the

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<sup>4</sup> For example, academic and professional economists have taken to public persuasion as far back as the 19th century. David Davidson, Karl-Gustav Hammarskjöld, Per-Erik Bergfalk and Knut Wicksell are among the examples (Magnusson, 1993: 89). This tradition continued with the first generation of economists in the 20th century, which included Gustav Cassel, Eli Heckscher, Gösta Bagge and Sven Brisman, and an even stronger hold among those who followed, including Gunnar Myrdal, Bertil Ohlin, Erik Lindahl and Erik Lundberg. Jonung (1992: 40–43) discusses the importance of the “extracurricular” activities of the economists early in the 20th century. He provides a summary count of newspaper articles by Wicksell (about 450), Cassel (1506), Heckscher (about 300) and Ohlin (about 2000) along with a list of articles in the topical *Ekonomisk debatt*, a journal providing a forum for policy debates and current economic issues of the day. Jonung (1992: 21–22) also lists the professors of economics last century who became active politicians, including some well-known personalities like Nobel laureates Ohlin and Myrdal.

United States would be a better economic place if academic economists played a larger role in public persuasion, thus crowding out “special interest” policy entrepreneurs. Such a claim should be kept in mind throughout our analysis.

Many of the issues of the Swedish crisis were debated between economists and other social scientists. In fact, the non-economist social scientists were the chief “competition” for the economists in the realm of public persuasion. The assumption that scholars and disciplines compete for attention within and outside the academia is consistent with scholarship on academic and scientific life, for instance, Bourdieu’s (1988) classic work on the academic field in France. We therefore interviewed economists, political scientists and sociologists. Unsurprisingly, the non-economists were often at odds with the economists; in some cases, however, the non-economists largely sided with the economists.

## The Interviewees

<b>Table 1: The Interviewees</b>	
<b>Economists</b>	<b>Position at the time of the 1992-93 Crisis</b>
Lars Calmfors:	Professor, Institute for International Economic Studies, Stockholm University
P.O. Edin:	Chief Economist, LO (Sweden’s widely encompassing blue-collar labor union)
Kjell-Olof Feldt:	Former Minister of Finance
F.O. Faxén:	Former Director of Economic Research, SAF (Sweden’s [National] Employer Federation)
Lars Jonung:	Professor, Stockholm School of Economics and former Economic Adviser to the Prime Minister, Carl Bildt
Rudolf Meidner:	Former Research Director, LO and researcher with Swedish Institute of Labor Market Studies, Stockholm University
Gösta Rehn:	Former LO economist
Bo Södersten:	Professor, Lund University and former MP
<b>Political Scientists</b>	
Nils Elvander:	Professor Emeritus, Uppsala University
Sverker Gustavsson:	Docent (Associate Professor), Uppsala University
Douglas Hibbs:	Professor, Gothenberg University
Olof Petersson:	Docent (Associate Professor), Uppsala University
<b>Sociologists</b>	
Walter Korpi:	Professor, Stockholm University
Hans Zetterberg:	Former Professor and Chair at Ohio State University; Opinion Analyst and Publicist

The interviewees were chosen on the basis of a variety of characteristics, the principal aim being to compile a group of participants that exhibited a diversity of positions both in and out of economics. Thus, the key feature of the list is the range of views and backgrounds represented. See Table 1 for a list of interviewees and the professional position of each. Several of the interviewees are economists involved to a greater (Calmfors, Edin, Feldt and Södersten) or lesser (Jonung) extent in the 1990s debate; four are political scientists (Elvander, Gustavsson, Hibbs and Petersson) and two are sociologists (Korpi and Zetterberg). Several interviewees were not involved with the 1990s debate, but were major figures in earlier Swedish debates over the advancement of the welfare state (Elvander, Faxén, Meidner and Rehn). See Table 2 for a list of those involved in the 1990s’ debate and those involved in earlier debates.

**Table 2: Involvement in Swedish National Debates**

<i>1992-93 Debate</i>	<i>Earlier Debates</i>
Calmfors	Elvander
Edin	Faxén
Feldt	Meidner
Gustavsson	Rehn
Jonung	
Korpi	
Petersson	
Södersten	
Zetterberg	

We acknowledge all the interviewees were male, a situation that might be considered a limitation of our study. It must be recognized, however, that the interviews were carried out in 1992 and 1993, nearly a generation ago. Even today women are underrepresented in economics (not only in Sweden) and especially as full “chairs” in Swedish economics. As Jonung and Ståhlberg (2008) note in their appraisal of the role of women in economics in Sweden, the first female appointed with a full professorship (“chair”) in economics in Sweden was only in 1993 and there were still only six in 2006. To appreciate the historical context, it needs to be recognized that “[u]ntil the 1970s only two women had graduated with a PhD in economics in Sweden” (Jonung and Ståhlberg, p. 177). The upshot is that while we may come to this issue with a vastly different perspective nearly a quarter century later, all of the most senior academic positions in Swedish economics were men at the time. Our findings might have been different if we had interviewed less senior scholars, including and especially women.

Beyond this important point, we can note that some of the interviewees had firmly established reputations as international scholars (Calmfors, Elvander, Hibbs, Jonung, Korpi, Petersson and Zetterberg), while others were more involved with policy issues as advocates of one



interest group or another. Edin, Meidner and Rehn were, at one time or another, associated with the Swedish Confederation of Trade Unions (known more familiarly by its Swedish acronym “LO”), the country’s most comprehensive and politically influential labor union federation.<sup>5</sup> Faxén had been the former chief economist with LO’s industrial counterpart, the Swedish Employers’ Confederation (known by its Swedish acronym “SAF”), Sweden’s largest employers’ federation.<sup>6</sup> It is difficult to overstate the influence these two organizations played in the development of the great corporatist welfare state experiment in Sweden.

Most of our interviewees had been involved as experts in various Swedish *Commissions* (SOU), the elaborate process whereby proposed legislation is analyzed and hammered out between various interest groups.<sup>7</sup> Several had formal government positions, namely, Feldt<sup>8</sup> (renowned former Minister of Finance), Jonung (former Economic Adviser to Prime Minister Carl Bildt) and Gustavsson (former deputy Minister for Education). Some of the interviewees would be classified as more sympathetic to market reforms (Calmfors, Faxén, Jonung, Petersson, Södersten and Zetterberg) and some less so (Edin, Gustavsson, Korpi, Meidner and Rehn). See Table 3 for a classification of interviewees according to market orientation.<sup>9</sup>

**Table 3: Economic Philosophy**

<i>Reform-Oriented</i>	<i>Status quo-Oriented</i>
Calmfors	Edin
Faxén	Gustavsson
Feldt	Korpi
Jonung	Meidner
Petersson	Rehn
Södersten	
Zetterberg	

## THE SWEDISH CRISIS

We now turn to a brief description of the economic crisis. Swedish life in 1992 and 1993 did not exhibit the tranquil character for which it had become renowned over the previous half century. Although this small Scandinavian country had faced several other economic crises, including the

<sup>5</sup> “LO” is the acronym for *Landsorganisationen i Sverige*.

<sup>6</sup> “SAF” is the acronym for *Svenska Arbetsgivareföreningen*.

<sup>7</sup> The official Swedish Commission of Inquiry is a highly pivotal step in the process of passing laws. The official report of the Commission is the *Statens offentliga utredningar* (SOU), which is available publicly. For a brief explanation see, for example, Sveriges Riksdag (2015).

<sup>8</sup> Kjell-Olof Feldt was not a social scientist by profession, although he holds a doctorate in economics and, at one time, held an adjunct professorship at Uppsala University. He was interviewed for his prominence in the debates and his experience as Minister of Finance for the eight years during which the tides were turning in the policy arena in Sweden, 1982-1990. He was perhaps the most well-known figure in the 1990s debates and he continued to write extensively on economic and policy issues.

<sup>9</sup> Those not included in Table 3 are more difficult to classify in this regard.

oil crises of the 1970s and a recession, a productivity slowdown, and budget crisis in the early 1980s, none threatened the social-democratic-led welfare state like the early 1990s crisis.

In 1993, unemployment, one of the sacrosanct pillars of the Swedish welfare state, crept above 9%, while the unofficial rate (including those on state training schemes) was above 13% (Lindbeck et al. 1993, p. 1). These rates compare to an average of 1–3% in the 1980s and even into the early 1990s. Manufacturing output declined by 17% between 1991 and 1993, a larger decline than Sweden had experienced during the 1930s Depression (Lindbeck et al. 1993, p. 2). By comparison to the Global Crisis of 2007–2008, Sweden’s decline in the 1990s was nearly 50% larger than the approximately 12% manufacturing decline the United States experienced between 2007 and 2009. Sweden’s GDP fell 6% between 1991 and 1993, and standards of living fell: Sweden went from 3<sup>rd</sup> place in OECD comparisons of GNP per capita in the early 1970s to 14<sup>th</sup> by the early 1990s. Its federal government budget position went from a surplus of almost 6% of GDP as late as 1989 (OECD 1990, p. 136) to an unsustainable 15% deficit in 1993. In fact, Sweden’s public debt continued to increase throughout the 1990s until it reached approximately 75% of GDP in the mid-1990s. It also suffered a debilitating currency crisis in which the krona fell by roughly 30%.<sup>10</sup> And, although the fall in the currency was a boost to exporters, a number of important Swedish firms, including its largest banks, either failed, or were bailed out by the Swedish government. Estimated at more than 5% of GDP, early cost estimates of the state bailout of the banks were massive (Lybeck 1993).

In political terms, the once-hegemonic Social Democratic Party no longer ruled unchallenged and the so-called “corporatist” arrangement had, for all practical purposes, fallen into disarray in the years leading up to the crisis.<sup>11</sup> There were also social upheavals. Many of the generous social insurance programs for which Sweden had been famous were being reduced, causing social unrest and a concern for the future that had been conspicuously absent in previous decades.<sup>12</sup>

## THE CRISIS DEBATE

These developments provoked controversy in Sweden as politicians, social scientists and various commentators—not to mention the average citizen—tried to sort out exactly what was happening to their once-envied system. Outside Sweden, various proponents of social democracy and corporatism also noticed the severe hardships faced by the welfare state *par excellence* and wondered what had gone wrong. As one of the interviewees, Olof Petersson, remarked, Sweden had been *the* destination for welfare-statist social scientists for well over thirty years. By the early 1990s, the numbers had dwindled to a trickle.

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<sup>10</sup> After months of trying to stave off a currency devaluation, the central bank was forced to relent in November 1992, and the currency, which had been pegged, was allowed to float. The crisis arose because of the government and central bank’s determined commitment to keep the krona pegged at its old rate.

<sup>11</sup> Corporatism refers to the coordination of the nation’s “overarching” interests—the tri-partite institutions of organized labor, organized employers and government. A key aspect of the system was the setting of wage policies and the management of other macroeconomic policies to maximize, theoretically, the objectives of the three groups (see, for example, Micheletti 1993).

<sup>12</sup> For example, there were cutbacks in health care and privatization in health services encouraged (see *Financial Times*, March 18, 1994, for a brief description of the privatization measures). Even sacred programs like the famous *Daghems*, the publicly-run child daycare centers, were targeted for cutbacks and privatization.

The debate over policy and indeed the future of Sweden took a prominent place in print, radio and TV media at this time. Ordinary citizens were inundated with news updates and commentary on the plight of the country: there were nearly daily news stories, op-eds, special print series and even multiple televised prime-time educational programs throughout the crisis. Each of the interviewees was a nationally-recognized expert in his field and many were household names in Sweden.

Turning to the interviews themselves, there are a number of potential themes and fruitful lines of inquiry. We identify four aspects that emerged from careful examination of hundreds of pages of interview transcripts that we believe hold the most promise for elucidating the process whereby economists and other social scientists endeavor to persuade the public. The four themes are:

- i) Two opposing interpretations of the crisis: one viewed the crisis as the result of decades of profligate domestic Swedish policy; the other saw the crisis as the result of international developments and thus beyond Sweden's control.
- ii) A strong degree of consensus, which was aligned with the domestic-causes narrative, emerged among the academic economists (and several of the non-economists); this consensus view accordingly argued for fundamental economic reform in Sweden and it was this side of the debate that dominated the public sphere.
- iii) The dominant reform-oriented group was accused by the "outsiders" of exaggerating its economic claims (but we also find evidence of exaggerations in earlier debates).
- iv) The scientific credentials of the participants were frequently touted.

We elaborate on each theme, in turn, before turning to our analysis.

#### *Opposing Interpretations of the Crisis: Internal vs. External Causes*

One way to characterize the views of the participants in the crisis of the early 1990s is to divide them into two broad intellectual camps. The first included those who viewed the 1990s crisis as the result of structural imbalances within the Swedish economy and therefore as a long-term domestic phenomenon. This is the "internal causes" thesis and it suggests that *Sweden was itself largely responsible for its problems* because of the overextension of its welfare state. On the other side of the debate was the "external causes" group, which believed the crisis was largely the result of international demand considerations (i.e., the crisis was a function of the general economic malaise in other European economies) and would therefore be short-lived. This view suggests *Sweden was not responsible for its troubles*. For example, interviewee Edin (1993), a prominent external-causes advocate, asserted the only reason the 1990s crisis was not as severe as the 1930s Depression was precisely because of the existing welfare state policies. An important implication of this argument was the crisis would be resolved when external demand for Swedish exports picked up.

Obviously, these two positions represent polar extremes. While some of the interviewees might have argued over subtleties, as a general rule, it is not difficult to classify each one as falling to one side or the other of this divide (see Table 4). In fact, positioning each interviewee according to external or internal causes provides one of the key insights of our study. Once positioned, each respondent's stance on a variety of other issues becomes reasonably predictable. For example, those who held the view that internal causes were to blame for the crisis argued for more severe economic and political reforms. Those embracing the external causes thesis tended to argue for maintaining the economic *status quo*.

**Table 4: External vs. Internal Causes**

<i>Internal Factors Caused Crisis</i>	<i>External Factors Caused Crisis</i>
Calmfors	Edin
Elvander	Gustavsson
Feldt	Korpi
Jonung	Meidner
Petersson	
Rehn	
Södersten	
Zetterberg	

### *Strong Economic Consensus on the Cause of the Crisis*

One of the striking features of the 1990s debate was the strong consensus of most economists around the internal-causes thesis. The arguments would be familiar to market-oriented economists anywhere. High levels of state intervention in the form of generous unemployment benefits and generous social insurance programs created strong work disincentives and other moral hazard problems. There were also high, incentive-killing marginal income tax rates and an assertion the government's growing budget deficit would crowd out future economic vitality. The dominance of such a market-oriented view is noteworthy because of Sweden's long-standing reputation for considerably more "progressive" policies, an issue we consider at length below.

Although some argued the debate was more balanced at the *academic* level, most agreed that, when it came to the public debates, the non-economists had been relegated to near inconsequence. Calmfors (1993), an economist with international stature, remarked,

I often miss sociologists and political scientists in the Swedish debate. I can see that there are very strong economic arguments for doing something and I think it's my duty to point them out, and I try to do it the best way I can. But I sometimes have the feeling that there's

an imbalance because there are too few sociologists or political scientists standing up and pointing out their arguments. And all are needed for the public to make a sound judgment.<sup>13</sup>

And Zetterberg (1993), a sociologist who was supportive of reforms, remarked

we have focused on the economic everywhere, so that we've got this huge misunderstanding that the world's problems are problems of the economy. I don't think Sweden is unique in this, in defining all the problems of society in economic terms, but it is one of the great misunderstandings of our times.

Most of the interviewees also felt the debate was often overly simplistic, even when they were on the dominant side.<sup>14</sup> Furthermore, most agreed the public debates had been equally narrow in previous decades, when the progressive agenda was intellectually and politically hegemonic.

**Table 5: The “Insiders” vs. “Outsiders” in 1992–93 Debate**

“Insiders” <sup>15</sup>	“Outsiders”
Calmfors	Edin
Jonung	Gustavsson
Petersson	Korpi
Södersten	
Zetterberg	

Table 5 is an attempt to classify the interviewees as “insiders” (the reformers) or “outsiders” (supporters of the *status quo*). Again, it is important to recognize the historical irony of referring to the market reformers as “insiders” and the defenders of the *status quo* as “outsiders.” The insiders were those who were part of the then-dominant market-reform side of the debate, while the “outsiders” were those who tended to be suspicious of market-oriented reforms; the latter favored maintaining as many of the institutions of the welfare state as possible.

<sup>13</sup> Interviewee Petersson (1993) also noted that, “[Only a] few political scientists [are currently] involved and sociology is absent” in the debates.

<sup>14</sup> Calmfors, Edin, Elvander, Faxén, Jonung, Gustavsson, Korpi, Meidner and Rehn all expressed this view.

<sup>15</sup> It should be noted that while Feldt is classified as a supporter of the “internal causes” view in Table 4, he is not an “insider” in Table 5. He is, perhaps, unique in his positioning as reform-oriented, given his continued association with the Social Democratic Party. This tension with the Party has often alienated him from the mainstream of that party, which he discussed in the interview at some length. Make no mistake, however, he wants no adulation from the reform-oriented, “bourgeois” parties as a result of his dissension from the Social Democratic mainstream. He referred to the bourgeois attempt at conciliation with him as the “kiss of death” (Feldt 1993).

### *Exaggeration of Economic Claims*

Hibbs, an American political scientist of international renown who had relocated to Sweden in the mid-1980s, had made his academic reputation doing empirical work focusing on the effects of various measures of government spending and growth on economic outcomes. He suggested a key feature of the Swedish national debate was the use of spurious empirical evidence to bolster a particular policy view (Hibbs 1993). He argued this was a greater problem among those who sought to change policy the most, in other words, the economic reformers. He noted, for example,

[I]t really corrupts science for some of these people to go into the newspapers and say research shows “x” ... because when you’ve been in this business as long as I have, you know that *research doesn’t show a thing* in social science until after several decades and hundreds of replications and so on. [So] we have claims on behalf of science in the newspapers based on ... a few regressions ... I’m not saying that the regressions are fraudulent. I’m just saying that having run regressions for 25 years, I have a great feeling for the instability ... especially with aggregate data and one should not be encouraging major shifts in policy on such a fragile research foundation.

This theme is, in fact, at the core of a severe and long-standing intellectual divide between sociologist Walter Korpi and the majority of mainstream economists.<sup>16</sup> This feud centered on Korpi’s contention that the dominant, internal causes argument had little if any evidence to support it.<sup>17</sup> He cited widely-available OECD data both in his interview and in his 1992 book that economic growth, for example, took its worst turn downward after 1990, *after* the new “bourgeois” (non-socialist) government took power. While it is beyond the scope of this paper to delve into this particular dispute, it is worth noting that each side alleges the other is exaggerating the claims that can be made by simply “looking” at the data.<sup>18</sup>

Exaggerations also manifested themselves in the interviews themselves. Korpi’s arguments were often disregarded out-of-hand by his detractors and he was often dismissed as a mere ideologue. In the opposite direction, arguments made by market proponents were frequently dismissed, essentially, as undemocratic; these were veiled suggestions the market group was motivated by non-solidaristic and perhaps even quasi-authoritarian impulses. Thus, the outsiders were critical of economists’ wholesale rejection of all non-economic arguments, yet often committed the same rhetorical maneuver by accusing several of the economists of being driven by less-than-noble motivations.

Calmfors (1993) asserted, moreover, that not only do economists exaggerate, but the media and policymakers do too.

People did not want to accept the idea of a trade-off. Once ideas had changed, they were as stubbornly conservative or as non-accommodative as they had earlier been accommodative

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<sup>16</sup> See Korpi’s (1996) position, as well as an opposing view (Henrekson 1996) in a series of articles (Agell 1996; Dixon 1996; Dowrick 1996) devoted to this particular Swedish debate in the *Economic Journal*.

<sup>17</sup> Korpi (1992) presents this argument in detail.

<sup>18</sup> Edin, Gustavsson, Hibbs and Meidner agreed, more or less, with Korpi’s position, whereas Elvander and Faxén, while not particularly in agreement with Korpi, felt that his presence and assertions were important in nudging the debate out of complacency.

or Keynesian. ... It's strange because I think we had a very good argument. ... I think it is probably a general tendency in politics that ... *you cannot have ideas that are too complex* (emphasis added).

### *The Scientific Image of Economists*

The consensus of economic opinion overlaps with the next theme: economists' role as "scientists," or their perception of themselves as such. A series of questions was put to the participants, first, concerning the relationship between the consensus among Swedish economists and the scientific quality of that advice. Second, they were asked about their standing with the public, or whether they felt the public saw them as scientific and thus reliable interpreters of economic events.

Consider the consensus question first. We asked whether the strong consensus among economists was a manifestation of the scientific quality of economics, or whether there were other factors at work. This topic incited discussion on the much broader issue of whether economists, in their advising and persuading capacity, were indeed more expert and able to supply definitive answers than other social scientists. Unsurprisingly, the responses and sentiments varied. The "insider" economists typically conveyed sentiments along the lines that non-economists "really don't have a theory" (Södersten 1993). Or, "they don't have any alternatives. And if you ask them to gather around one model ... they wouldn't be able to do it" (Jonung 1993). However, at least one insider economist suggested non-economic arguments might be useful:

On the one hand, you tend to get economists. On the other hand, you tend to get people that are not economists and they are not able to argue their case. Sometimes there would be good arguments against the position that the majority of economists have taken. I know of several cases from other countries where there are perfectly respectable arguments for taking another line. But to my surprise I find no one here who is able to voice these other arguments (Calmfors 1993).

The reasons for the superiority of economics, or economic "imperialism" as some have called it, seem to lie in the alleged scientific nature of economics, at least according to its protagonists (on the "superiority of economists," see Fourcade, Ollion, and Algan 2015). For example, economists are able to speak about the "laws" of social interaction, like the law of demand, or the "first law of economics of general equilibrium" (Södersten 1993). He continues,

I regard economics to be, as far as social sciences go, certainly the strongest, the most important, with the best body of theory. And, of course, economics as a science is built cumulatively. And is it really shocking that unschooled, or ordinary common sense can be wrong? It's only by scientific training that you are able to understand certain interconnections between things (Södersten 1993).

Several of the insider non-economists agreed with the idea that economics is more scientific than other fields. Petersson, a political scientist, remarked, "If economists do dominate,

it's because of the weaknesses of the other social sciences" (1993).<sup>19</sup> Zetterberg (1993), a renowned sociologist, added,

Economics has a fair amount of prestige; it's the only social science that gets a Nobel prize. It's also very advanced technically, mathematically. It's a good science. ... It can drape itself in all the attributes of an advanced science, while the other social sciences are considered perhaps more "loose"—a little bit more pseudo in character

As Zetterberg put it, economists are able to "drape" themselves in the attributes of a science.<sup>20</sup> A problem seems to arise, however, with the shifting of scientific and public roles: "Economics is a good science ... There's no question about it when you come to the pure scientific work that is being done. *But that's not really what we're discussing now*—we're discussing the recommendations for economic policy" (Calmfors 1993, emphasis added).

It was recognized among some of the interviewees on both sides that social scientists who entered the public debate became *political* actors, even if it was assumed they had attained "value neutrality" in their academic work. This shift in roles—between the "philosopher" and the "priest"—is at the core of Hibbs' reference to Assar Lindbeck, who was not only the most prominent of the insider reformers, but was also the most prominent academic economist in Sweden at the time. As Hibbs (1993) said, "[Lindbeck is] no longer speaking as an economist; he's speaking as a political figure."

Criticisms of economists' scientific standing came generally from the outsiders, and particularly from the non-economists. Korpi, perhaps the ultimate outsider, referred to the consensus among economists in Sweden as "theoretical blindness." In other words, everyone agrees to the same thing, so there was no need to test the most common assertions.<sup>21</sup> Hibbs (1993), a political scientist, detected a touch of protectiveness—even defensiveness—on the part of economists:

Economists talk each other up a lot, economists are great defenders of what in my view as a profession is a very weak scientifically. ... That's professional self-interest, self-preservation, as far as I can see. They have a kind of institutionalized contempt for all other social scientists and they institutionalize this sense of superiority, which they're very successful at selling to the public. I view this myself as largely based on sand, but in any event they flock together when it comes to the outside world. Among themselves, they can have bitter arguments, but there is this defensiveness, which I've seen many times, defending the profession against the know nothings and the unenlightened.

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<sup>19</sup> He noted, moreover, that the tools of economics are useful to other social sciences and, as a result of the adoption of these tools, there has been a blurring of distinctions between disciplines.

<sup>20</sup> See Starr (1982) for a similar analysis of medical doctors involved in health care debates.

<sup>21</sup> In addition, Korpi (1993) asserted that the then-prevalent economic advice was "demand driven," which is to say he felt there was no demand for theories other than "growth retardation ones." We will return to this issue below. Edin (1993) also mentioned theoretical blindness and Calmfors (1993) suggested there is a tendency for "everyone to say the same thing" in the public debate, in contrast to the academic field.



Edin, a union economist, and Gustavsson, a political scientist who strongly supported the *status quo* corporatist model, felt economists were not any more able to separate “facts” from philosophical views than other social scientists, noting, for example, that “microeconomics is neutral, *but only to a person who knows how to use it ...* [It can be used] in a very political way and *to see that you must be an economist*” (Edin 1993, emphasis added). Both Edin and Gustavsson asserted, moreover, that the insiders were using economics in an overtly political way as they attempted to dismantle the welfare state. It should not be surprising, then, the interviewees favoring the external causes thesis considered market-oriented economics, especially the “policy neutrality,” “real business cycle,” or “public choice” variations, to be synonymous with what is often referred to as “bourgeois” politics. Edin (1993) stated,

The basic strategy for the conservative economist is to shift policy to this “norm” policy standard.<sup>22</sup> We should never change our exchange rate, for example. And, we should never run a budget deficit to keep up demand at the bottom of the business cycle. We should keep a fixed rule for the private sector and then let [the public sector] handle disequilibrium problems, like unemployment.

We then explored another question relating to the authority of economists’ advice. Did the public accept the economists’ version of economic reality, or more precisely, do our participants *think* the public accepted their interpretations of economic reality? We asked questions concerning the public trust in economists and whether believability depended on their reputation as “scientists” with non-ideological backgrounds. The response was mixed, some saying the fewer ties with interest groups (e.g., unions, employers, banks, etc.), the more believable the economist was: academic economists should, therefore, be more trustworthy. On the other side, some interviewees insisted that, as a general rule, economists are unable to extricate philosophical implications from their analyses; they tended toward the position that *all* economic advice was tainted with subjectivity. Thus, as one might imagine, the interviewee’s position concerning public faith in the quality of economic advice was closely linked to the interviewee’s stance on the scientific nature of economics.

An interesting theme that emerged from this line of questioning centered on the declining popularity and public trust in economists as a result of the crisis itself. Economists, it seems, were being blamed for the Swedish banking collapse and for not warning the public of the impending severity of the economic crisis. For example:

Of course, the trust in economists should decline dramatically ... it’s fair. ... So macroeconomists could not see what [was going to] happen, and our economists in the financial sector and the banks have had a very bad fall in the last two or three years. So, economists as a whole are considered stupid people (Edin 1993).

Korpi (1993) seemed to feel the reputation of economists had suffered, but not adequately:

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<sup>22</sup> The “norm” policy Edin is referring to is the grand macroeconomic debate of “norms versus discretion.”

[There is] ridicule of economists concerning the bank scandals. Bank economists are presented in the media as “economic experts.” *They* were found to have created billions of crowns of deficit in their banks and it has discredited them. But they have survived remarkably untouched; there is a kind of Teflon characteristic (emphasis added).

On the other side was the feeling among some of the insiders that economists had warned of the impending doom, but that their alarms had gone unheeded because of the inability of the media to convey subtleties.

There is this popular undercurrent, *that it's all the fault of the economists and politicians*, that we put a high priority on fighting inflation and [ignored] unemployment.<sup>23</sup> But, many people warned about this overheating in the eighties ... and that the extremely low unemployment in 1989, 1990 and 1991 (when open unemployment was down to almost 1%) would have a very high price. That's something I said myself in the [earlier] debate for which I was very much criticized. ...

I am not surprised, really ... I think it shows how difficult it is for us to have a balanced discussion about economic policy. The media is so simple-minded that if you say, “the overheating has gone too far,” then you're branded as someone who likes unemployment. And if you then come back later and say, “Now, the unemployment has become too high and we must give priority to fighting unemployment,” then the media decides that, “Now, the economists are changing their minds. They liked unemployment, earlier, but now they have seen that it is too high and have changed their minds” (Calmfors 1993, emphasis added).

#### ANALYSIS: WHEN ACADEMIC EXPERTS ATTEMPT TO PERSUADE THE PUBLIC

We take the two opposing views of the crisis (i.e., internal versus external causes), as both a point of departure and as a phenomenon requiring analysis. In essence, we aim to provide a coherent account of the remaining three observations—that is, (ii) strong consensus among economists, (iii) exaggeration of claims, and (iv) scientific image—against the backdrop of the external-versus-internal causes debate.

There are a number of directions in which the interview material, and the four themes, might be explored. While the purely historical context of this crisis is important, it is necessary to overlay some elementary theoretical constructs for our analysis. For example, we consider the differing roles experts play as they move between the academic and public media spheres. A key aspect of these different spheres is that the *rules of discourse change* as one's environment changes. In addition, we examine the self-interest maxim and its role as a motivator in the public sphere. We also emphasize that intellectuals involved in public debate compete to have their views dominate and be consumed by the public and policy makers. The importance of the competitive process for understanding an array of social processes is well accepted within economics, but it is also

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<sup>23</sup> Economists will recognize this as a reference to fixed money rules and credible government commitment; both are fundamental components of monetarism and its theoretical cousin, the real business cycles approach.

increasingly appreciated outside economics. Indeed, Bourdieu's (1988) perspective on the symbolic struggles central to any field of action, including academia and the "scientific field," is a case in point. He reminds us that analyzing the struggle between actors is necessary to understand asymmetrical power relations within the "economic field" and beyond. We begin our discussion by analyzing Sweden's narrow range of economic opinion, that is the strong economic consensus that virtually all of the participants acknowledged.

*Narrow Views: The Industrial Organization of the Swedish Academy*

Market-oriented views dominated across the advanced economies at the time of the 1992-93 crisis; recall, for example that the Soviet Union had only fallen in 1991. This intellectual domination seems to be particularly emblematic of the Swedish policy experience. One explanation for the strong consensus came from several of the interviewees themselves, Sweden's small population.<sup>24</sup> While entirely plausible, this hypothesis needs more detailed explanation. We posit the smallness claim is a "supply-side," or "production" phenomenon and, as such, we turn to the economics of idea production.

One element distinguishing the production of ideas from the analysis of most other production processes is that developing ideas is thought to exhibit increasing returns to scale (Stephan 1996), meaning the more commonly-employed economic tool of marginal analysis is inadequate for evaluation. According to the increasing returns approach, the development and dissemination of ideas share much in common with industries, such as software development, where the fixed costs of a new development can be large relative to the reproduction or dissemination costs. Increasing returns imply any successful, coherent set of economic theories require social and material support, such as institutional funding, professional exposure and the like (i.e., grants to support research). Increasing returns might well account for Sweden's narrow specialization in the production of economic thinking because, as a small country, there are insufficient resources to support the academic development of a wide range of theories at any given time.<sup>25</sup> Keep in mind that, at the time, Sweden was a country of about 8.5 million people compared to the United States' 250 million.

There are at least three other institutional features that support the increasing returns thesis. First, there is a long tradition in Sweden in which the very few full professors of economics play a substantial role in public policy and public affairs. As such, these professors have considerably more authority and symbolic power than their junior colleagues, as in some other countries (Bourdieu 1988). Second, Sweden's academic structure has been extremely hierarchical, often with only a single professor in a department. Because the number of dominant economics departments is limited, there has been a great concentration of academic influence and power (Dixit et al., 1992). In this context, only a small number of leading academic experts need to deviate from an existing dominant position or paradigm to change the entire academic course within the country (see also, Blyth 2002). Third, research funding has been narrowly focused and controlled

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<sup>24</sup> Calmfors, Edin, Feldt, Gustavsson, Hibbs, Korpi, Meidner and Zetterberg all noted this feature.

<sup>25</sup> Moreover, increasing returns to the production and trade of ideas imply virtually complete specialization when trade is opened with the outside. Following this line of thinking, we might well expect substantial intellectual specialization as Swedish economists compete internationally.

by a relatively small number of funding agencies and the objectives of those agencies often evolved, over time, from welfare-statist to more market-oriented ones. For example, an analysis of the economics profession in Sweden in the early 1990s concluded that “well over half of the overall [research] resources [going to economics] were allocated to the nation’s capital” (Stenkula and Engwall 1992, p. 66).

Moreover, interviewees overwhelmingly agreed that the range of public economic opinion was not only narrow in the 1990s debate, but that *it had been equally narrow for decades before that*. The dominant “market-friendly” position in the 1992–93 debate contrasted sharply with previous decades of economic thinking in Sweden. Throughout the inter- and postwar eras, a number of Swedish economists were involved in developing both economic theory and public justification that supported the impressive build-up of the welfare state both in Sweden and around the world. The “Stockholm School” of the 1930s developed approaches for economic and price stabilization, as well as notions of permanently eliminating unemployment through public works projects.<sup>26</sup> In the 1930s and 1940s, Gunnar and Alva Myrdal spearheaded the economic and sociological arguments that supported a number of then-progressive policies, such as comprehensive family and housing policies (see Lundberg 1985; Carlson 1990).<sup>27</sup> In the 1950s, interviewees Rehn and Meidner were known for the “Rehn-Meidner” model, which aimed to simultaneously solve the problems of underemployment *and* inflation by squeezing the profitability of firms (thereby putting pressure on firms to deny uncompetitive wage increases and consequently cost-push inflation) and by subsidizing the mobility of labor from declining industries to expanding ones (Lundberg 1985, pp. 17–19; Sandelin 1991, pp. 221–22).<sup>28</sup> In the 1960s, Gösta Edgren, interviewee Karl-Olaf Faxén, and Clas-Erik Odhner, economists from Sweden’s leading industrial relations institutions, collaboratively developed the “EFO” industrial relations model.<sup>29</sup> The essence of the policies developed by these economists was that the living standard of average Swedes could be improved through state-sponsorship or state-coordination. It is their ideas that dominated the public debates from roughly the 1930s and 1940s until the 1980s when market-oriented economists came to dominate.

In sum, the narrow range of the public policy debate in the early 1990s was not particularly new in Sweden. Indeed, this narrow range seems to have wholly turned itself over several times during the previous 100 years, in what looks like an archetypical example of Kuhn’s paradigm change (Kuhn, 1962). The market-oriented interviewees frequently remarked about how difficult it

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<sup>26</sup> Carlson (1993, p. 190) details Lindahl’s and Myrdal’s public arguments for the elimination of unemployment. See Lundberg (1985, pp. 7–10) for a summary of the Stockholm School’s ideas and a contrast of these with Keynes’ *General Theory*. See also Jonung (1992, p. 29) for a brief survey and classification of the 20th century history of economic thought in Sweden.

<sup>27</sup> To appreciate the extent of some of the social reforms, see Broberg and Tydén (2005) for a discussion of the Myrdals’ involvement in rationalizing forced sterilizations during the Social Democratic-led reforms of the 1930s.

<sup>28</sup> Interviewee Meidner needs a separate mention for his development and advocacy of the “wage-earner funds” in the 1970s, a highly radical policy, designed to transfer corporate stock shares, and thus corporate control, of Sweden’s industries from existing shareholders to the labor unions by means of the government pension fund.

<sup>29</sup> The EFO model set out rules concerning the range for wage increases in the private sector based on growth and productivity: “It was understood that the distribution would be carried out, in part, according to the ‘solidaristic wage policy,’ which was pushed by low income unions in LO, in order to improve the income levels and wage differentials of low wage workers” (Olsson 1990, p. 30). Furthermore, the model assumed that public sector wage increases would match private sector ones and that the government was responsible for the employment level.

had been to get their views into the public sphere during the dominance of the previous paradigm.<sup>30</sup> Somewhat surprisingly, interviewee Rudolf Meidner, one of the key progressive economists of the 1950s, 1960s and 1970s, agreed:

we were dominant in a way which was not only positive ... [T]he dominance of the labor movement ... gave [us] a position and an influence which I think was a little too much. We had no real hard debates with, for example, the economists of SAF [the employers' union]. ... We could practically ignore them. It is my feeling that we neglected their existence (Meidner 1993).

### *Motives of the Debate Participants*

To explore the second and third set of phenomena—claims of public exaggerations and scientific aspirations—we introduce additional theoretical constructs. In considering the motives of the participants, we first sketch the common caricature of the term, “self-interest.” In its exaggerated form, many interpret the self-interest assumption to imply the crassest of motives on the part of our agents: individuals are assumed to “do whatever it takes” or “whatever they can get away with” in order to advance their interests. There is little room for altruism or anything else that might put others’ interests before one’s own. At its most extreme, a strong form of the self-interest assumption implies individuals are “perfectly elastic” with respect to their morals, that every individual is “corruptible” at some price. We find such a position over-stated and potentially highly distortionary with respect to the process of public persuasion (not to mention as a general description of the term).

For example, it is worth noting the often-considerable hostility towards the market-oriented reformers, who were regularly accused of merely serving the interests of bourgeois capitalists (i.e., industrialists and business owners who stood to gain from a friendlier market environment). This view is, however, difficult to substantiate, and sustain, either from the public debates themselves or the interviews. What is more likely is that market reformers—just like the opposition *status quo* proponents—felt deeply about their intellectual positions, an observation that was clearly evident in the interviews. There was no “corruption,” as even one of the external-causes advocates, interviewee Elvander, admitted:

Not that big business has been able to buy social science people. No, there is no corruption. But we have a system of fund raising where business has been giving money, Wallenberg funds, for instance. This is [a case] where you’re indirectly influencing research, but it is done in a very careful and correct way. So there is not a question of directly demanding a special kind of research from business, but indirectly by funding the right people.<sup>31</sup>

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<sup>30</sup> Sociologist Zetterberg (1993) opined, for example, “You must realize that this country has been virtually insulated from the capitalist debate and capitalist ideologies over several generations. There’s not a single journalist in this country that defends capitalism.” And economist Jonung (1993) rued, “... in the old days the social democratic hegemony, or dominance, was just absolute. You had to be a member of the party in order to have input. It was basically a one party country and [it] wasn’t fostering any debate.”

<sup>31</sup> And, of course, this observation is consistent with the points made above, in the industrial organization section.

Indeed, the very same critiques could well have been leveled against the *status quo* defenders (i.e., that they were simply protecting a myriad of long-entrenched welfare-state interests, including those of bureaucrats and administrators who, for example, controlled considerable state funding. But such allegations tended not to be made against the welfare-state defenders, which is a curious aspect of the debate in itself. In other words, the proponents of the *status quo* seemed to be treated by the public and most of the media as somehow having “purer” motives than those who were challenging the system.

While we find no evidence whatsoever of overt corruption of intellectual positions, it is useful to explore motivational nuances more carefully. In their case study of economists’ participation in the US debate on capital gains taxation, Cordes et al. (1993) describe two dominant “models” of economists involved in policy advice and persuasion: (i) the “Tinbergen model,” which assumes the policy maker and the advising economist are neutral advocates of the general interest;<sup>32</sup> and (ii) the “public choice model,” which assumes the policy maker is self-interested, while the economist and her advice remain exogenous and neutral.

Cordes et al. (1993) argue that both the Tinbergen and public choice models be rejected on methodological grounds because each relies on an inconsistent application of economic principles; both imply policy-involved economists are entirely dispassionate public-interest-seeking experts. Instead, Cordes et al. insist that policy economists be modeled just like other self-interested actors in the policy process, including self-interested pressure groups and self-interested political actors.

Their case may, however, be overstated. We wish to amend the Cordes et al. thesis slightly by proposing a distinction between two different levels of “self-interest.” They focus upon the first level with their assumption that public persuaders cannot be considered mere neutral conduits for some version of the “public interest.” Their focus on this level raises important questions. For example, how does one define the so-called “public interest?” While we do not intend to arbitrate which of the Swedish positions is more representative of “the” public interest, we assert that all our participants held strong inner convictions concerning their positions on the future direction of the Swedish welfare state. There was not, as suggested, any evidence that intellectual positions were for sale. It is reasonable to surmise that each debater felt he was representing the public interest. Thus, to imply that our participants—on either side—could or would easily promote whatever version of the public interest paid the most is a highly distortionary presumption.

But there is another level of self-interest, and this one is pivotal to our own mapping of the debate process: it is the *assumption of self-interest at the level of the debate* itself. In other words, even ruling out the most crass motives, such as taking payment from industrialists to promote views the academic does not really endorse—i.e., Goodwin’s “hired gun” (1988)—we are left with the self-interested motivation to “win the argument” in the public space. There are, for example, significant private benefits from taking part in public debates and being viewed as an influential public intellectual. No participant in the highly visible public sphere wants to be remembered for “having lost” the argument, particularly one as significant as the Swedish crisis debate. We return below to this point, which helps explain a key aspect of the debates.

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<sup>32</sup> The “Tinbergen model” is so-named because of Tinbergen’s (1952) implied assumption that policymakers and economists play an entirely neutral and non-partisan role in the policymaking process.

### *The Nature of the Public Debate “Market”*

We now consider the nature of the public debate market. In the standard analysis of markets, economists assume producers sell what consumers demand. Thus, when fuel prices increase substantially, individuals demand more fuel-efficient automobiles; unsold gas guzzlers languish and these signals induce auto companies to ramp up production of small cars and cut back production of big ones. This is such an elemental logical warrant in economics that it goes without saying in most competitive analyses.

The persuasion industry, which has much in common with the knowledge production industry, differs markedly from the auto example just given. When a public intellectual attempts to promote—or “sell”—some idea or other, it is frequently *not* to a willing and receptive consumer, but to citizens and policymakers who are potentially persuadable. In the case of the Swedish crisis, reformers were not selling what most “consumers” wanted. As with the outsider experts, the vast majority of the public was absolutely not predisposed—at least not at first—to greater free-market thinking and rational-choice-inspired arguments along the lines that government management of much of the economy suffered inefficiencies, cost overruns, incentive problems and the like. In fact, while the great Swedish welfare system had begun to show some chinks in the 1980s, there had not been much in the way of *public* market-oriented reform rhetoric before the crisis, even though intellectual tides had already been changing within academia. By and large, the public was still largely conditioned by decades-old economic models (*viz.* “rhetoric”) that had touted the many supposed benefits of greater state involvement into the economy. Even Södersten, one of the most vehement reformers, had had something of a transformation: earlier in his career, he had been a proponent of labor-managed policy and many of the institutions of the welfare state (see, for example, Södersten 1982).

As such, “consumers” of economic and financial information during the crisis were unlikely to welcome the unhappy prognosis that resolving the crisis would involve considerable pain for almost every household in the country.<sup>33</sup> The dominant reform-oriented side was largely *not* delivering what the public wanted; as a result, the would-be reformers often faced vitriolic attacks on their positions. Indeed, the *status quo* side of the argument was generally much more in line with the “tastes” of the public.

Thus, while the “supply-side” of the public debate was heavily skewed in favor of the pro-market, internal-causes argument, it was neither a popular view nor, as suggested, an entirely one-sided argument. Defenders of the *status quo* fought vehemently against reform. As such, each of the interviewees readily acknowledged the existence of a debate, or a public competition of sorts. In the language of economists, neither side had a monopoly over the entire national debate sphere, something that, owing to the then-falling costs of idea transmission among the public, was probably more true in the 1990s than it had ever been.

We offer another variation on the Cordes et al. theme: combining the assumption of participant self-interest with the existence of a debate or public competition forces us to conclude that our public persuaders were necessarily forced into a position of advocacy. Advocacy is

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<sup>33</sup> Examples would include increased taxes for many, exchange rate depreciation (which would mean higher costs for nearly everything because Sweden is a highly internationally-exposed economy) and fewer public subsidies for everything from daycare to higher education.

inherent in the process of persuading others that one's analysis or world-view is the correct one—that one's vision of the “public interest” is the one everyone else should adopt. Effectiveness, reputation and, indeed, self-preservation in the public sphere all depend on successfully convincing others of the value and relevance of one's particular approach.

This more nuanced version of self-interest helps move the argument away from the search for corruptible “bogey men” lurking in the shadows and toward the day-to-day competitive dynamics public persuaders face. We therefore accept that participants are self-interested, but that does not imply they were motivated by corrupt incentives. They were quite simply motivated to “win” in the sphere of public ideas and public policy.

### *Understanding Exaggeration*

With the assumption that each participant was motivated to prevail in the national debate, public rhetorical exaggerations become easy to comprehend. They were simply part of the process of advocating—of “selling”—one's view. Leman and Nelson (1981, p. 107), two policy economists, refer to “selling the economic analysis” and warn economists to “know your market.” Hamilton, a US Congressman and “consumer” of economic policy advice, implores economists to become good “salesmen” for free-trade (1992, p. 62). By all accounts, the dispassionate scholarly type does not survive long in the public or policy forum.<sup>34</sup>

Consider two of the competitive hurdles facing any public purveyor of ideas in Sweden. The first is overcoming the legacies of previously dominant (welfare-state-oriented) economic views. The second is competing with non-economists. The tendency to exaggerate or oversell the robustness of empirical relationships to the public becomes understandable as the proponents of one paradigm attempt to displace an older one.

We turn again to Cordes et al. (1993) for another concept indispensable for understanding the public debate process. They argue a profound dissonance between the rhetoric of economists and non-economists exists and that this difference—what they call the “rhetorical gap”—is critical to understanding policy arena dynamics. Their case study of the US debate on capital gains taxation suggests economists simply do not speak the same language as lawyers, journalists and policy makers.

We argue the notion of the rhetorical gap can be pushed further. Not only is there a rhetorical gap between economists and other expert policy analysts, but there is a profound dissonance between academics and the public. The critical distinction between the two spheres concerns the profound difference between the rules of discourse in each. In the academic field, the rules of discourse are essentially synonymous with the “scientific process.” Discourse is rather tightly bound. What is acceptable as an “argument” or as “evidence” in academic discourse is subject to a profoundly complex set of tacitly understood rules and procedures: a deference for established authority and precedent is probably the most primary of all rules. The overwhelming majority of all academic activity is, therefore, incremental.

In contrast to the academic field, the discourse in the public sphere is considerably more polarized and openly contentious. The rules of argument and evidence are not at all tightly

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<sup>34</sup> See, for example, Nelson (1987). And, of course, the “dispassionate scholarly type” is, itself, largely a misnomer, but we cannot take up this complex issue here.



guarded. For example, the exaggerations in the public debate we identified above are not exceptions; rather, they are required for survival in an environment where 30 second sound bites and 40 character headlines are the standards by which an argument is judged (see also, for example, Bourdieu 1998).<sup>35</sup> One of our interviewees summarizes this nicely:

*I think you tend to have a consensus around rather simple ideas, which means that if there's been one ideology or one type of idea that has been dominating, and you want to change it, you must exaggerate the arguments for change. I think that also applies to economists. If you only repeat what we already agree on, it has no impact. The more resistance you get, the more you need to stress the arguments in favor of change. It's a very delicate balance. . . . You always have to fight to get an acceptable headline . . . If you don't check it in the last minute they will invent something that looks very controversial because that is what attracts readers (Calmfors 1993, emphasis added).*

So, it is the extreme that draws attention publicly, however detrimental it may be to carefully-considered argument.<sup>36</sup> In the academic field, which demands deference to authority, scholars with seemingly “radical” views are likely to be ignored (at least for a time). In contrast, simplicity is part and parcel of the enterprise of mass consumer-oriented sales, whether those sales be soft drinks or ideas. Distilling a complex argument down to three sentences is surely a prescription to exaggerate that argument. Curiously, even the dominating market reformers complained their arguments were grossly simplified, even caricatured.

There are two further implications of public exaggerations. First, as the public is typically getting the most exaggerated forms of argument, public debates will tend to be more extreme—and certainly less nuanced—than academic ones. When public opinion does change, it is likely to be more extreme or volatile than academic opinion (which, as we noted, is overwhelmingly incremental). Again, it is the differing rules of discourse that dictate such an outcome; it is exceptionally difficult to radically change the academic discourse quickly and often because of the tight constraints.

Second, on the “consumption” side of the debate, it is easy to understand why the public often appears to be confused about the very nature of the “economic system” and increasingly cynical about the ability of economists to “solve” economic problems. The feeling expressed by several of the interviewees that “economists were blamed” for letting unemployment increase to the levels they had, or for “letting the banks fail” are manifestations of a public confused about the realistic capabilities of economists or policymakers more generally. The fact there was strong public opposition to the reforms of the right-of-center government led by Karl Bildt (which was

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<sup>35</sup> To be clear, this dichotomy between the academic discourse and the public one is not meant to imply the academy is free of self-interest, or that it is only there where we find “pure,” unadulterated science. The dichotomy is raised simply to highlight the differences in constraints between the two discourses. If anything, we should have every reason to believe that members of the scientific community should be self-interested in policing radical solutions and scientific outcomes in ways that those in the public debate are not. In any case, we should not be lulled into thinking that the scientific, or academic, community is simply driven by the “facts.”

<sup>36</sup> Naturally, this tendency to exaggerate is not restricted to the Swedish case. Leman and Nelson (1981, p. 110) document an example of economists “stretching the facts a bit” in the bureaucratic field in order that their analysis would appeal to a particular White House directive.

voted out of office in the fall of 1994 after only one term), as well as the subsequent social democratic government, indicates that understanding and accepting new ways to interpret economic processes were not straightforward processes. It is not surprising that most citizens were both confused and skeptical as they attempted to cognitively integrate new economic views with older, more familiar ones.

### *Science as a Club*

We turn to the fourth and final phenomenon, the tendency for economists to portray themselves as “the” scientific experts on policy reform. Klammer’s (1983, pp. 245-6) seminal interview project with high theoreticians of macroeconomics documents the considerable regard economists have had for their scientific qualifications in the context of academic discourse. As Bourdieu (1986) noted, the key advantage of selling oneself as a scientist in the public sphere is the authority and the “symbolic capital” science brings. The tactic is recognizable in several of the economists’ comments that they were the only ones to have a “model” or “theory” and thus were the only ones really equipped to analyze and interpret economic events. Leman and Nelson (1981, pp. 111-12) offer the following related insight:

The public tends to see the models as a scientifically neutral way of evaluating proposals and does not understand that the construction of a model involves important choices that often predetermine the conclusion. ... The Forest Service even encouraged ... [the reception of their linear programming model] ... by distributing a movie that romanticized the technical features and sophistication. ... As one [official put it] ... “Unless you have a really impressive model, people just won’t pay attention.” In such circumstances, economists are under pressure to make unjustified claims for their methods and models, or at least to let others do so.

While it may appear that market reformers are open to the greatest criticism for playing the “science card,” this is merely an artifact of our focus on the 1992–93 crisis debate. Make no mistake, both sides of the argument have been equally guilty of this tactic various times over the last century. Magnusson (1993) asserts that, as far back as the first half of the twentieth century, Swedish economists campaigned diligently to improve their scientific standing with the public. In the present context, while the *status quo* adherents were eager to condemn the reformers for leaning too hard on their scientific credentials, they too had had their day in the scientific sun. Recall, for example, the then-“scientific” models of Rehn-Meidner and EFO for stabilizing the economy and increasing the role of the state in virtually all aspects of the economy.

Indeed, the Swedish academic-cum-policy-advocate was eager to put on the mantle of science for the authority it brings: as a rhetorical device, it wins arguments.<sup>37</sup> Edin (1993) noted it is a way to neutralize one’s opponents; it is the argument to top all arguments. McCloskey (1990, p. 7)

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<sup>37</sup> Magnusson (1993, p. 96) noted the same tendency when comparing the academic and popular writings of Gustav Cassel, one of the founders of the “Swedish School of Economics” during the first decades of the 20th century. In his popular writings, the scientific quality of economics is a central and recurring theme.

sums this up nicely when he suggests that science is a “club with which to beat on arguments the modernists did not wish to hear.”

To put this behavior into perspective, we turn to Hayek (1942, 1989), who developed and sustained over decades a strong critique of the tendency in economics (and several other disciplines) to mimic the natural sciences. He disparagingly referred to this tendency as “scientism” and, later, as the “pretense of knowledge.”<sup>38</sup> His principal argument is the scientific “pretense” frequently outpaces our true understanding of the social processes in question. To quote Hayek (1989, p. 3) at some length,

While in the physical sciences it is generally assumed, probably with good reason, that any important factor which determines the observed events will itself be directly observable and measurable, in the study of such complex phenomena as the market, which depend on the actions of many individuals, all the circumstances which will determine the outcome of a process ... will hardly ever be fully known or measurable. And while in the physical sciences the investigator will be able to measure what, on the basis of a *prima facie* theory, he thinks important, in the social sciences often that is treated as important which happens to be accessible to measurement. This is sometimes carried to the point where it is demanded that our theories must be formulated in such terms that they refer only to measurable magnitudes.

In the case of the Swedish public debate, the “scientific” assertion inserted into the public debate is essentially a Truth claim, a once-and-for-all assertion about how the economic system *really* functions. Academics readily understand that such a claim is unlikely to hold up unrevised over time; the public does not.

We argue this continued resort to grand Truth claims via so-called scientific assertions has had deleterious unintended effects in the public sphere. The community is frequently left wondering why economic reality rarely turns out like the expert scientists predicted it would. While academics move on to tweaking different variables or procedures in their econometric studies, or have perhaps moved on to entirely new paradigms, the public will often be looking for the results promised two or three years earlier, or maybe even those promised 10 or 20 years earlier. Recall Calmfors’ reference to the notion the “media decides that, ‘now, the economists are changing their minds.’” Once created, beliefs about the world—or beliefs in models of the world—have a curiously persistent quality, whether they are held by scientific communities (i.e., scientific paradigms *à la* Kuhn [1962]) or policy communities ones (i.e., policy paradigms *à la* Hall [1993]).

We thus propose another critical dimension to the Cordes et al. hypothesis, that there exists not only a rhetorical gap in any given time period (i.e., a “static” rhetorical gap), but also a *dynamic*, or *intertemporal* one and that this intertemporal gap especially confounds public understanding. The dynamic rhetorical gap describes the process whereby expert commentary in one period gives way to new and often conflicting commentary in the next. The public cannot “keep up” with the subtleties of scientific developments and, hence, whatever expectations they had formed are foiled

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<sup>38</sup> He took the term “scientism” from a French publication in the 1930s (Hayek 1942, p. 269).

(i.e., they are still waiting for the predictions of the previous period) and they are utterly confused about what “world model” they should use to understand current events at the time of the crisis. It was common to hear musings from the public along the lines of, “What do you mean the welfare state needs substantial reforms? You “experts” have been telling us for decades that the welfare state was *the* solution to many of the most basic socio-economic problems of any society.” Of course, the “you” is not the same person or group over time; one set of social scientists and their views has been replaced by another, and considerable academic water had passed under the bridge leading up to this new view, but the public did not—and cannot—follow these subtleties.

And so, economic claims are frequently oversold, especially in the public sphere precisely because of the laxity of rhetorical rules of the public game. If economists are blamed for bank failures and severe unemployment they did not predict, or cannot fix, it is partly because of the lax rules of public discourse, which they cannot control. However, it is also partly because of the *expectations* they themselves have promoted over time as scientists in white coats, dispassionately “manipulating” the economic system. Not only was this true during the 1990s crisis. It was also true that many of the scientific predictions upon which the welfare state was originally built were oversold, as several interviewees on both sides acknowledged.

Arguments, such as Krugman’s (1994b), that “in the long run, of course, economic sense will triumph over convenient nonsense through the sheer force of its predictive success,” or interviewee Södersten’s that economics is built “cumulatively”, ignore the theoretical cleavages that continue to persist in economics (i.e., see Frey et al., 1984). Both comments exemplify the overselling of economic advice to a rationally-ignorant public and obfuscate the difficulty of applying economic principles in practice. Aaron (1989, p. 12) makes the following point with regard to the difficulty US policymakers have in following economic advice: “the progress of economics makes it difficult for political leaders to know when to listen to us, even when they are inclined to do so. *The progress of economic understanding is often not a convergent process*” (emphasis added).

The essence of this problem—as Hayek (1989) intimated—is a profound misrepresentation of the scientific process, which the media perpetuates and public-oriented economists (and other scientists) abet. Economists are quick to point out the differences between the academic and public spheres. Calmfors’ statement that economics is a “good science” but policy advice is not, is typical. However, economists often blur this distinction when it comes to practice. Too often, results that would be considered highly tentative in the academic or scientific realm are plastered on the front pages of newspapers or the evening newscast. In a present day context, consider the frequent “scientific” findings concerning global warming. Clearly, scientists do not make the decision about headlines—as Calmfors noted—but all too often they appear willing to “run with the devil” when the media calls.

And recall, our public persuaders frequently complained that the media and the public reduce complex ideas into simple sound bites. The fact is, there will *never* be the kind of precision in the public sphere of ideas that exists in the academic one. The nearly diametrically-opposed rules of discourse in the two spheres assure this. This is the mismatch between the rules of the academy and rules of public discourse. The public simply does not follow the subtleties of the scientific process or of the scientific “discourse.” Those involved in the day-to-day slogging that is research—*viz.* “science”—know the pitfalls of making sweeping assertions based on the most recent

regression result, as Hibbs noted sharply. In the public discourse, however, exaggerations are a mainstay.

## CONCLUSION

We have provided a qualitative investigation into the 1992–93 economic crisis in Sweden. Specifically, we analyzed the ideational process whereby academic experts enter the public domain to persuade policy makers and citizens. Our study was based on personal interviews with a range of social science experts involved in the Swedish debates and the development of policy ideas. We utilized insights from several main sources, including personal accounts of policymaking economists, the rhetoric of economics literature, the scholarship on ideas and public policy, and the research on economics as a field and a profession. We focused on four themes running throughout the interviews: (i) two strongly opposing interpretations of the crisis, one claiming that internal or domestic factors caused the Swedish crisis and the other centering on external causes; (ii) the strong degree of consensus around the internal-causes narrative that emerged among the academic economists (and several of the non-economists), who thus argued for fundamental economic reform in Sweden; (iii) accusations of exaggerations on the part of public debate participants; and (iv) the importance of a “scientific” reputation.

One aspect of the study is to analyze an important Swedish public policy debate with the hindsight of history. Most Swedes are unaware of the patterns that run through the 1990s debate and previous ones. Gunnar Myrdal (1990 [1954]), for example, uncovered features of the Swedish public economic discourse back in the 1920s that have persisted to recent times. Throughout the century, a small group of publicly active economists have dominated the policy-oriented public discussions.

Unsurprisingly, we emphasize that intellectual constructs do not spring up whole cloth, but are rather a function of institutional and historical contexts. To explain the historical tendency for a rather narrow range of economic thinking to predominate at any given time, we emphasized the particular “industrial organization” of Swedish academics. This feature of the academic landscape also helps explain why large ideological swings in the nature of economic views—from predominantly welfare statist to relatively free market ones—occur when they do.

On the issue of motivations, we suggested that while Cordes et al.’s (1993) assumption about self-interest on the part of policy economists was insightful, such a position should not necessarily imply a public debate dominated by knaves. We thus argued for a distinction between a crass self-interest assumption and one that merely implies public persuaders are self-interested in winning the public debate. However slight, this shift in interpretation helps us understand certain features of the public debate, but does not suggest that academic purveyors are willing to spin their positions in any direction for a higher price. Indeed, while we assert that public persuaders will use a range of tactics to dominate the debate, this does not imply they have corrupt—or corruptible—motives. We come away from the interviews particularly confident that the interviewees felt deeply about their intellectual position.

In describing the nature of the public debate “market,” we asserted that, although dominated by the reform side, a legitimate variation of positions does exist and, hence, some degree of competition of ideas in the public realm. Combining the assumed desire to win the debate with some degree of competition of ideas suggests that participants will strongly advocate

for their respective positions. Such advocacy helps explain the rhetorical exaggerations the interviewees acknowledged.

However, we argued another key element in explaining the persistence of exaggerations is the laxity of the rhetorical rules in the public sphere; exaggerated claims sell newspapers better than careful—but tedious—argument. One important effect of the public exaggerations, particularly over longer periods, is public confusion over the various economic claims made at different times by different cohorts of experts. The exaggerations have thus led to previously unfulfilled promises and confusion on the part of the public as to what to expect from economic advice. We argue it is a misunderstanding—and a misconstruing—of the nature of science in the public sphere that is at least partly at fault.

Public disappointment in economists and their predictions simply highlights the unlikelihood we will ever be able to satisfactorily model the profoundly complex system of economic and social behavior. Even the high theorists interviewed by Klammer (1983, p. 243) in the early 1980s acknowledged that no single model or “vision” of the world, not even one’s own, holds all the answers. In fact, very few models hold up unaltered for even short periods of time, which is perfectly understandable in the realm of scientific discourse. Unfortunately, many in the public debate sphere have the habit of selling their product as if it were the true model at any given moment in time. This is not to argue that economics is nothing but subjective argument. Economists may be able to hypothesize about certain cause and effect relationships—and indeed, they may have a more technically sophisticated approach to modeling “the economy” than non-economists—but precision in prediction, one of the hallmarks of science as it is sold to the public remains as elusive as ever. We think taking a profoundly different approach to the concept of science as a process with a set of rules and institutions and incentives of its own, rather than as an almost mystical triumph over nature, would mitigate many of these misunderstandings.<sup>39</sup>

In addition to offering a perspective on nearly a century of Swedish academic economists’ deep involvement in the public sphere, we argued the Swedish experience continues to inform more recent events, such as the Global Crisis of 2008. Just like the Swedish experience in the early 1990s, experts engaged with popular media in an attempt to convince the public of the right way to understand the processes at work. We also hint at similar processes at work outside of the economic sphere. We encourage future work on extending our analysis into the realm of, for example, the climate change debate. That dispute, which frequently spills into lay media, has many of the same features as the process we study here: (i) academics who model (*viz.* “predict”) future climate conditions; (ii) model-generated results that change, sometimes frequently; (iii) academic experts who routinely enter the popular sphere; and (iv) an often confused public. We hope our article informs future research on the role of ideas in policy debates.

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<sup>39</sup> Curiously, the same admonition seems entirely relevant to the natural sciences as well.

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