



ECONOMICS IN PRACTICE

In Sweden, Anti-Globalizationists Dominate Public Discourse, Econ Profs Do Little

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Abstract, Keywords, JEL Codes

ALONG WITH RESEARCH AND TEACHING, THE “THIRD DUTY” OF researchers at Swedish universities is the dissemination of knowledge to the public. This obligation is part of the Professors’ Code of Honor—approved by the Association of Swedish Professors in 1993—which also emphasizes the importance of objectivity in the public debate. Frey (2000) argues that crude views on public policy are advantaged to the extent that sophisticated scholars do nothing, and that the participation of researchers should improve the public debate. Sweden has had a long-standing tradition of leading economists being active in public discourse, including Knut Wicksell, Gustav Cassel, Eli Heckscher, Gunnar Myrdal, and Bertil Ohlin (Carlson and Jonung 1996).¹

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¹ Knut Wicksell, Gustav Cassel, and Eli Heckscher, three of Sweden’s most prominent economists at the beginning of the twentieth century, participated vigorously in the public

The academic activities of economists in Sweden are reported by most university departments and research institutes. Participation in public discourse, however, is not as well documented. At an institutional level, the “third duty” seems not to be taken seriously. Björklund (1996) claims that just a small fraction of all Swedish economists who publish in leading international journals also take an active part in the debate in the daily papers.

We investigate the recent public debate on globalization and the extent of economist involvement. The study is limited to Swedish economists and the Swedish debate. Do free trade and free capital movements contribute to economic growth and wealth, or do regulations and government controls perform better? Some countries have chosen free trade, others protectionism. Evaluating and spreading research results about these policy experiments should be a prime concern for economists.

Attac, a non-governmental organization, is an inspiration for many European participants in the public debate on globalization. The organization was founded in France in 1998 and its Swedish branch in January 2001. Through the work of local groups and national networks, Attac aims at influencing public opinion in various ways: direct contact with politicians and journalists, writing articles, demonstrations, and other street actions. Both the international Attac and its Swedish branch participate actively in the World Social Forum, a movement of anti-globalizationists all around the world. Attac can indeed be regarded as emblematic of this movement, so it seems warranted to focus our attention on their ideas and contrast their involvement in the globalization debate with that of academic economists.

THE PLANKS OF ATTAC

Attac’s planks can be succinctly summarized by quoting from their Swedish homepage (in our translation).

Under slogans of free trade, deregulation, and globalization,
the power over economic and social development is passed

debate. Cassel alone wrote more than 1,600 articles in the daily press. Nobel Laureate Gunnar Myrdal served as a government minister, and Nobel Laureate Bertil Ohlin served as leader of the largest opposition party.

from democratic institutions to the market. The consequence is increased inequalities, wrecked welfare systems and an unstable economy (Attac 2002).

A number of concrete policy suggestions are offered.

Attac wants to introduce a tax on international financial transactions, known as the Tobin tax...[T]o make the Tobin tax work well, it is also required that the tax havens—the free zones where economic activities are conducted beyond all control—be dismantled.

Attac demands that debts of the poor countries be written off. As quick as possible and without any obligations on part of the debtor nations.

Attac Sweden objects to using Swedish citizens' government-administered retirement funds for speculation purposes, forcing Swedish companies to fire employees in order to squeeze out the highest possible stock market value (Attac 2002).

Do free trade, deregulation, and globalization really contribute to increased inequalities, wrecked welfare systems, and an unstable economy? And if so, to what extent do Tobin taxes, unconditional debt relief and changed investment rules for retirement funds represent efficient remedies? In our humble opinion, economic research—theoretical as well as empirical—can shed light on these matters. Attac's opinion is otherwise: "[E]conomics contributes to lending those who administer the current policies an appearance of 'scientific' seriousness."

METHOD

Those best suited for presenting scholarly findings and judgments on globalization are full professors conducting research on international trade or capital movements. These scholars have been deemed important by their peers. Further, full professors feel less "publish or perish" and other pressures so they especially ought to assume the responsibility of the "third

duty.” Therefore, we have chosen for investigation Sweden-based full professors specializing in international economics, with recent scholarly publications in international trade or capital movements.² We include those who have published internationally between 1996 and 2002. An article, book, or book chapter is considered scientific if it is included in the *Econlit* database. Publications within the research areas F1 (trade) and F2 (international factor movements and business) qualify for inclusion in the sample.³

Out of a population of more than 70 professors of economics at universities in Gothenburg, Jönköping, Lund, Örebro, Stockholm, Umeå, Uppsala, and Växjö, eleven met the selection criteria.⁴ Those eleven form the basis of our investigation.

We define activity in the public debate as authoring articles in the daily papers, business magazines, and *Ekonomisk Debatt* (a non-technical journal for academic economists and practitioners), or being interviewed in the papers or magazines. We used four press archives, available on the Internet by subscription.⁵ The archives cover, *inter alia*, more than fifty daily papers as well as two business publications. Not all daily papers are included, but all the major ones, such as *Dagens Nyheter*, *Svenska Dagbladet*, and *Göteborgs-Posten*. In the databases, we searched for each professor's name, both as an author and as a subject mentioned in the text. In the case of a “hit”, if the headline and introduction seemed to be relevant for this study, we went on to read the whole article. The articles in *Ekonomisk Debatt* were examined manually. The period of study is the three-and-a-half years from 1 January 1999 to 30 June 2002. The start of the period is chosen to approximately coincide with the first mentions of Attac in public discourse.⁶

² Neither adjunct professors nor *emeriti* are included in the sample.

³ We have not taken the research area F3 (international finance) into account since the professors' publications in this field mainly concerns the EMU, which we consider to be of less relevance for this study. We have made a similar assessment regarding F4 (macroeconomic effects of international trade and finance).

⁴ The eleven professors in the sample are Arne Bigsten (Gothenburg University), Magnus Blomström (Stockholm School of Economics), Harry Flam (Stockholm University), Göte Hansson (Lund University), Henrik Horn (Stockholm University), Mats Lundahl (Stockholm School of Economics), Lars Lundberg (Örebro University), Torsten Persson (Stockholm University), Paul Segerstrom (Stockholm School of Economics), Peter Svedberg (Stockholm University), and Clas Wihlborg (Gothenburg University).

⁵ *Mediearkivet*, *Press-Text*, *Dagens Industris arkiv*, and *Affärsvärldens arkiv*.

⁶ The earliest reference to Attac that we have found is from 1 February 1999 (*Aftonbladet*, 1999).

RESULTS

During the period, attention given to Attac was copious. The organization is mentioned 986 times in articles!

Yet we have found only one article in which an academic economist in our sample referred directly to the planks of Attac. In the article, Torsten Persson, of the Institute for International Economic Studies,⁷ is interviewed about the Tobin tax.

“It is not the size of the capital movements that causes sharp swings in the foreign currency transactions,” says Torsten Persson, professor at the Institute for International Economic Studies. Instead, it is the expectations that make prices fluctuate on financial markets. If one reduces the flows of capital, this may, on the contrary, make trade in foreign currency more volatile. In that case, a Tobin tax is counterproductive (Gatu 2001, 10).

We have found an additional seven articles written for the public, which, in some respect, can be seen as more general contributions to the debate on globalization. Only two of these are self-written articles (Bigsten 1999 and Bigsten and Levin 2001). The first deals mainly with adjustment problems on the Swedish labor market as a consequence of globalization, while the second one, among other things, shortly discusses the effects of different trade strategies in developing countries. The other five articles contain interviews with academic economists. Arne Bigsten comments on Africa’s lack of integration in the world economy (*Borås Tidning* 2002, and *TT* 2002) and the globalization that occurred around 1900 (Haldesten 2002). Magnus Blomström is interviewed about the effects of direct investments of multinational companies in developing countries (Carlsson 2001) and Harry Flam on the distributional effects of free trade in developing countries (Koblanck 2002). None of these interview articles mean to convey what economists think about Attac and the other anti-liberal groups.

Professor activity, then, is very low. We have not found a single self-written article that discusses the planks of Attac and only one interview article, in which the issue is addressed in only a few sentences.

Consider a thought experiment: A militant organization appears in the public arena, which in a thousand articles suggests a new controversial

⁷ The Institute for International Economic Studies is affiliated with Stockholm University.

cure for cancer. What activity level would we expect from the country's professors of medicine?

It may be of interest to compare the Swedish professors with Jagdish Bhagwati, one of the world's leading researchers in international trade. For Bhagwati we found four articles directly referring to Attac and, in total, 24 articles on globalization (all of which are interview articles).⁸ Hence, in our data, he occurs in about three times as many Swedish articles as all the Swedish professors taken together.

There are several sources of uncertainty in our study. We have, for example, no information on appearances on television and radio (besides *Dagens Eko*, a daily news program on national radio, and we had no "hits" there). There are also uncertainties pertaining to the classification of the journal articles. There is a possibility that a professor would be excluded from the sample or that another professor would be added using a different classification. However, we have no reason to believe that our results would be modified in any significant way if the method were varied.

CONCLUSION

We conclude that Swedish professors, who have published internationally within the research fields international trade and capital movements, have let Attac run amuck in public discourse. The arguments of Attac have not been commented upon in any self-written article and only in one interview article. We find this hard to understand for several reasons. First, the debate is about economic issues with fundamental importance for economic growth and prosperity. Second, at least one distinguished *foreign* economist has engaged himself in the Swedish debate. Third, according to our examination of the press archives, the professors in our sample have been involved in *other* public debates during the period, for instance, in discussions about the EMU and foreign aid.

The professors' absence in the debate on globalization has created a vacuum that other economists have tried to fill.⁹ The university professors, most of whom draw a salary from Swedish taxpayers, need to attend to their

⁸ See Bhagwati (2002) for a summary of his arguments.

⁹ See, for instance, Berggren, Bergström, Bornefalk, and Sandström (2001a and 2001b), Berggren, Bornefalk, and Sandström (2002), and Suvanto (2001), all of which are critical of Attac, and Pålsson Syll (2001a, 2001b, and 2002) for an example of a more sympathetic attitude.

“third duty”—deploying economic understanding to improve economic policy. That means participating in public discourse.¹⁰

The potential consequences of the professors’ absence from public discourse are far from trivial. According to a recent survey of the Swedish International Development Cooperation Agency (SIDA, 2003), only a few percent of the Swedish respondents believe that during the last thirty years living conditions in poor countries have improved. Over 50 percent think that the literacy rate in developing countries is below 30 percent, whereas the actual rate, according to UN statistics, is over 70 percent. So Swedes seem to be badly informed about important developments in poor countries. The survey respondents were also asked about the most effective means for reducing poverty. Over 60 percent stated that “trade policy” was important, but it is not known whether less or more regulation was desired. “Debt relief”—one of the planks of Attac—was chosen by about 50 percent as was “foreign aid”, whereas “reduced agricultural subsidies” received less support, about 35 percent. Although the survey results are not without any ambiguity, they seem to support the view that Attac has made a great mark on public opinion.

Could the professional incentives facing academic economists help explain our findings? Yes, we think so. When the professors in our sample do participate in public discourse, their activity is often linked to their being appointed as an expert in a government commission, a task associated with some professional prestige as well as monetary reward.¹¹ In such cases, the issue addressed tends to be closely tied to current government deliberations over policy. But when it comes to larger, permanent issues, less directly linked to current policy deliberations, the incentives for participation in the debate are weak. The problem with this incentive structure is, of course, that economics may be seen as largely irrelevant by the general public. This increases the risk that ill-advised popular opinions will influence government policy in the longer run.

¹⁰ After the publication of a Swedish version of this article (Skedinger and Johansson 2002), Bigsten (2003) addressed the effects of globalization and discussed the arguments of its opponents. He explicitly referred to Skedinger and Johansson (2002) as motivation for the article.

¹¹ In Sweden these incentives are probably stronger than in the US, since relatively more academic economists are involved in work for government commissions in a small country.

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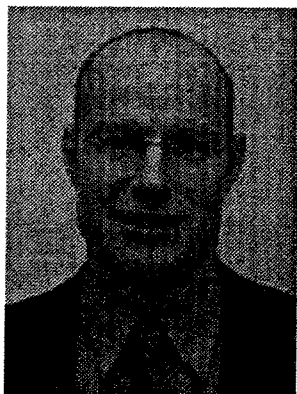
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