The Rise of the Experts

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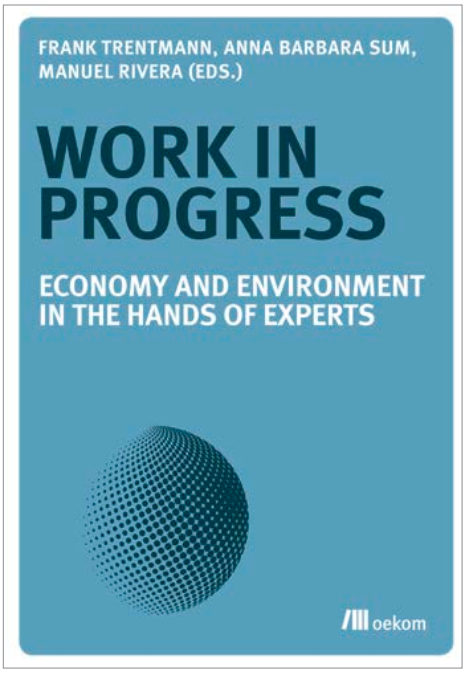
It has become commonplace to assume that financial experts were completely surprised by the financial crisis in 2007. To be sure, some marginal or marginalized researchers claimed to have seen it coming, but the big financial institutions seem to have failed to perceive it. It may be useful to be reminded that the Bank for International Settlement, which serves as a bank for central banks and is the world's oldest financial institution, said in its annual report in 2005 that "it was impossible to predict when international economic imbalances might unravel in a disorderly manner" but that "time might well be running out." This suggestion, of course, did not lead to any appreciable mitigating action.

This reminder is useful for three reasons. First, it questions received wisdom about the awareness of risks in financial markets. Second, it questions a claim about the failure of financial experts. (Perhaps you remember Michael Gove, a member of the British government, lambasting them in the wake of the 2016 Brexit referendum for getting it "consistently wrong.") And third, it highlights the role of experts in international organizations. The question still stands why financial institutions failed to prevent the financial crisis, even if it was anticipated. Maybe it was not so much flawed expertise but flawed political decision-making?

Work in Progress is a fascinating collection of essays on the role of experts in modern society. The chapters, written by different authors, provide much-needed historical perspectives. They marshal a wealth of examples and case studies from several countries, including



Work in Progress: Economy and Environment in the Hands of Experts
Edited by Frank Trentmann, Anna Barbara Sum, Manuel Rivera. Munich, Germany: Oekonom, 2018, 331 pp.

Colombia, Germany, Victorian and postwar Britain, and the United States. Several of the case studies focus on the role of international organizations, the expertise they mobilize, and the transnational policy diffusion they want to achieve. The two main policy areas covered are the economy and the natural environment.

A key feature of expertise is that it can never be completed; it is by nature unfinished and thus remains "work in progress," as the title of the book signals. Another key feature is that ideas do not flow freely, but rather are carried and articulated in different contexts by different actors. These actors are usually individual experts, but organizations can also be considered "expert" in a field. Experts working for public authorities at the highest level—close to, or influencing, political power holders—are the main topic of this book.

The editors, Frank Trentmann, Anna Barbara Sum, and Manuel Rivera, provide an introduction with some theoretical considerations, discussing several aspects of expertise. They highlight the scientific elements of expertise and the limitations of experts to put policy options into practice. "To succeed," they write, "experts have to radiate authority which politicians and the public expect from them. That authority is certified by a series of processes and agencies: professional qualifications and titles, membership in in scientific societies, and public commissions."

They acknowledge the tension between politics and expertise: "Expertise is not blind to power. It can consolidate powerful, established opinions and strengthen 'mainstream' approaches and views. But this arrangement is never stable. While politicians and experts have a mutual interest in maintaining the pretence of a smoothly functioning system of expertise vis-à-vis the public, in reality, crises create stress by challenging established wisdom and by creating spaces for heterodox knowledge and 'alternative' experts."

Compared with the literature in policy-related disciplines, where the science-policy nexus is mainly examined via science advice (as in the works of Sheila Jasanoff or Roger Pielke Jr.), the editors emphasize three aspects of expertise that are less prominent. These are (1) the role of providing recommendations about lifestyles and designs for the future, a dimension of expertise that comes close to what in current social media language is called an "influencer." Then there is (2) a focus on expertise that is part of technocratic settings and where experts use scientific research to justify their recommendations. Many of the case studies deal with expertise that

resides in top positions of national and international organizations (this overlaps with the above-mentioned literature). Then there are (3) famous writers and scientists who, in their role as public intellectuals, are seen as taking the function of expert. Examples are Rachel Carson, Margaret Mead, Paul Crutzen, C. P. Snow, and E. F. Schumacher. The first aspect is about the importance of values and visions embedded in expertise, the second about the role of science and access to power, and the third about specific actors who are occupying the role of expert.

Rebecca Wright and Frank Trentmann show in their chapter how after World War II experts in several international organizations developed statistical tools and resources to evaluate world energy resources. At the national level, such data were seen as important for assessing future energy demand and supply. But the pitfalls of such forecasting exercises are legion. In 1963 a report in the United States, titled *Resources in America's Future*, looked ahead to the year 2000. Although it overestimated population growth, it failed to capture the increase in domestic energy consumption, which was the result of an unforeseen growth in single-occupancy households. In addition, changing social norms led to a higher indoor temperature as "normal comfort," a possible marker of status and powerful driver of domestic energy that escaped the forecasters.

Planning for future energy demand creates a logical desire for obtaining objective data. However, as one protagonist from Britain's Ministry of Fuel and Power stated in 1955, this was seen as politically "unrealistic," especially if the data would point to problems down the line: "I cannot imagine the British or any other Government supplying figures to show that there will be a gap and presumably a crisis in British fuel supplies in five or twenty years' time." It is an interesting question if this perception was typical of its time, of its political culture, or of its policy domain. Be that as it may, this seems to contrast with the reports published by the Intergovernmental Panel on Climate Change (IPCC), which issues regular assessments on the science related to global climate change. In that case, countries have signed up to receive reports that warn about future crises if they continue on business as usual.

A key figure in the British energy story was Harold Hartley, to whom the above-quoted government minister addressed his observations about the political nature of energy forecasts. Hartley, a physical chemist at Balliol College at Oxford, had been knighted in 1928 and made a Fellow of the Royal Society in 1926. He believed in the necessity of economic planning and recommended taking steps to promote energy efficiency, including improving home insulation, replacing old equipment, and eliminating open fires. These were included in his 1956 report, *Europe's Growing Needs of Energy: How Can They be Met?*, published by the Organisation for European Economic Co-operation, the forerunner of today's Organisation for Economic Co-operation and Development.

The author of a subsequent report, published four years later, was Austin Robinson, a University of Cambridge economist, associate of John Maynard Keynes, and husband of the economist Joan Robinson. He advocated the importance of the market and "freedom of choice for the consumer." Thus, some 60 years ago different policy options about energy futures were formulated that still have purchase today. If anything, questions about the future of energy have become more pressing, while still no consensus on the best answer has emerged. There are those who believe in government intervention and technological solutions, and those who believe in markets and behavior change as the best tools when addressing energy issues. However, the constellations have become more fractured, and advocates of behavior change are not necessarily against state intervention. Other options have been added to the list, resulting in a kaleidoscope of policy ideas. There are, of course, experts for every single one.

Several contributions in this book thematize economic performance and the question of how to measure it. Gross national product (GNP) became an accounting standard in many Western countries after World War II. As Deborah Poskanzer shows in her essay, it was the economist Simon Kuznets, working for the US National Bureau of Economic Research, who calculated the national income in 1937 and the GNP for the first time in 1942. This was used as a yardstick and diffused across nations through the efforts of international organizations. It allowed an easy comparison, leading to hierarchies of economically successful countries. The 1951 United Nations (UN) report *Measures for Economic Development of Under-Developed Countries* became a hallmark and a "repository of conventional wisdom" at the time.

Not everyone agreed. John Toye in his chapter reconstructs the contestation of official concepts of progress, starting with the work of the development economist Herbert Frankel, who criticized the 1951 UN report's expert group—especially one of its lead authors, the political economist Arthur Lewis. Frankel took aim at not only rapid economic change as a policy goal for developing countries and the excessive focus on individualism at the expense of communal activities, but also at government economic planning. In the ensuing debate Lewis defended himself by partly distancing himself from the UN report's presuppositions, arguing that he had merely carried out a technical task in answering questions that the UN had posed to the expert group. The main question was what governments of developing countries should do if they wanted to close the income gap with rich countries.

No matter how we consider Lewis's defense (Toye argues that it was grossly misleading, since Lewis shared the same presuppositions of the UN), this shows

a common problem for experts serving on panels for public organizations: are they merely serving a political master, or are they shaping the issue and defining solutions? Again, the parallel to the IPCC suggests itself.

A few years later a public debate erupted on the same matter between the writer and scientist C. P. Snow and the literary critic F. R. Leavis. Snow's views were first expressed in a lecture at Cambridge University in 1959, which was later published in his book *The Two Cultures and the Scientific Revolution*. Famous for his optimism about the potential of science and technology, Snow provided what he called "social hope" based on an improvement of economic conditions (satirically dubbed "jam tomorrow" by critics). Leavis resorted to the Victorian critic John Ruskin's celebrated distinction between "material wealth" and "well-being," and attacked Snow for confusing the two. Leavis rejected the Western projects of modernizing developing countries through exporting their culture and technology.

In the early 1970s the economist E. F. Schumacher joined Leavis and the growing chorus of Snow's critics with the publication of his book *Small is Beautiful*. Attacking "industrial gigantism," Schumacher called for the creation of "intermediate technologies" and the expansion of rural employment, pointing to issues of sustainability. His views signified what Toye calls a "retreat from modernism," a rejection of technocracy, and thereby a call for dethroning the expert.

Among the other contributions to this volume, I want to highlight Eva Oberloskamp's history of the *Energiewende* (energy transition) in Germany and Laura Rischbieter's analysis of international finance organizations.

In her richly documented essay on the *Energiewende*, Oberloskamp examines two approaches to German energy policy, one favoring a centralized energy system fed by large-scale power plants and a monopoly structure, the other imagining "soft energy paths" (alluding to Amory Lovins's book of the same title from 1977). The latter rejected, above all, nuclear power and aimed to lower energy demand via energy savings in private households and industry. According to this view, the system should be based on renewable energy sources owned by cooperatives. An early advocate of this vision was the Öko-Institut, which in 1980 published *Energiewende: Wachstum und Wohlstand ohne Erdöl und Uran* (*Energy Transition: Growth and Prosperity Without Oil and Uranium*).

The German government set up two advisory bodies. The *Umweltrat*, or Environmental Council, was established in 1971 and consisted of mainly university professors from the natural sciences and engineering. No critical or dissenting scientists were included. A parliamentary commission devoted to "Future Nuclear Energy Policy" was set up in 1979 and comprised a variety of interests and viewpoints, including outspoken critics of nuclear energy. Oberloskamp is clear that it was not the increasing scientific credibility of antinuclear experts that led to the growing importance of *Energiewende*. Rather, it was the result of "contextual factors," such as rising social movements and public pressure, that served as a backdrop for experts to disrupt the old arrangements. It is ironic, and in line with an observation about Wright and Trentmann's chapter, that supporters of *Energiewende* are usually on the political left, yet argued for market liberalization and the breakup of centralized energy systems and monopolies.

Laura Rischbieter provides an interesting case study on international financial organizations such as the International Monetary Fund, the World Bank, and the Bank for International Settlement. This brings us back to the question of the role of expertise in decision-making. Rischbieter argues that the Bank for International Settlement issued a warning that proved correct, raising the question of why no one heeded it. However, she does not come back to this question, but instead journeys to the 1980s debt crises in Latin America, where between 1982 and 1992 countries defaulted on their debt obligations no fewer than 31 times.

Rischbieter examines the idea that "money doctors"—professional financial experts, especially at the top of international financial organizations—played a significant role in the Latin American crises. She rejects the notion for two reasons. First, there was no group of financial experts that possessed better information, or that arrived at a professional consensus on the best course of action. Second, monetary and fiscal policy decisions cannot be based solely on the academic advice provided by money doctors, as they are made under increasing uncertainty. The two main strategies for addressing debt crises are debt reduction or injecting more credit, and experts and financial stakeholders will lobby for these according to their interests. This chapter makes for fascinating reading, particularly with the more recent experience of the Greek sovereign debt crisis in mind, which the chapter does not mention.

The strength of *Work in Progress* lies in its historical delineation of important policy debates that are still with us today. The case studies are usually well documented. Sometimes there could have been more of a conceptual discussion relating to the role of expertise. The framework introduced by the editors does not serve as guideline for the chapters. Although such an expectation would be overly restricting, there is a tendency to lose focus around the central question of what the experts actually do and how their activities relate to political decision-making. Most importantly, I would like to have seen what influence expertise had on specific debates and decisions examined in more depth, and more systematically. But this is perhaps asking too much from a collection of otherwise-valuable historical essays.

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