

Abstracts

Even economists need ideas: The role of ideas in political economy and during a financial crisis

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The financial crisis of 2008 might signify the end of a paradigm and the rise of a new. We argue that ideas are a major explanatory factor in times of crisis, because during such periods agents are placed in uncertain environments, unsure of their own and other agents' interest. Thus, to act purposefully actors fall back on existing as well as on new ideas. To fully understand the political significance of ideas, we need a discussion of the relationship between ideas and interest, and not least to discuss what an idea is and what functions ideas have in the political economy. Previous research on ideational change during economic and financial crises – especially in the 1930's and 1970's – supports the argument that ideas must be taken into serious consideration as explanatory factors, when analysing the financial crisis of 2008.

Structural unemployment – a child of economic ideas?

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A fundamental shift in the perception of the nature of Danish unemployment took place in the period between 1988 and 1992. It was a shift from a business cycle paradigm to a paradigm of structural unemployment. The new diagnosis was developed among leading economists and became broadly accepted by policy makers. The article analyses why the shift took place so quickly and peacefully. Besides being an excellent example of the independent influence of economic ideas it is also demonstrated that a policy paradigm does not necessarily imply one single solution.

The role of ideas in Danish economic policy 1974-1994

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Through comparison of several cases of change in Danish economic policy 1974-1994 it is shown how ideas influence policy. The Danish government changed its economic problem understanding two times. In 1989 Keynesianism was replaced by neoclassical ideas, while this process was reversed in

1993. The changes at the ideational level resulted in path braking change in economic policy. A process oriented study reveals how leading politicians are prepared to take on new ideas if it serves a greater political purpose.

On the rigidity of old ideas – a critique of the dominance of neoclassical theory in modern economics textbooks

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This paper asks why most economic textbooks present neoclassical macroeconomics as the only relevant paradigm. This is a problem because it excludes the very important insights presented by Keynes. From a theoretical point of view there is a vast difference between the neoclassical way of undertaking macroeconomic modelling and Keynes' methodology. This explains some of the differences between Keynes and the textbooks in their policy recommendations towards increasing employment in the short and longer run. This observation raises the question, how it can be that it is still the neoclassical paradigm which dominates major textbooks?

Economic truths or just sloppy journalism? On experts and the holding of microphones

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The most frequently quoted Danish economic experts draw on the same economic ideas. They agree on basic issues such as fear of a growing public sector, abolition of taxes targeted at people with higher incomes and shortening of the period in which one can re-

ceive unemployment benefits. This consensus is not challenged by journalists but rather canvassed. Hereby, the image of economics as an objective science is 'sold' to the public. Drawbacks, unintended consequences and fundamental uncertainty related to the implementation of economic reforms are neglected by experts as well as journalists – to the detriment of a broader and more nuanced public debate.

Why are there so few Public-Private Partnerships (PPPs) in Denmark?

– A departmental game for power, interests and positions

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Whereas public-private partnerships (PPPs) are used throughout the world, Denmark has taken a more reluctant stance towards PPPs. This article analyses the Danish regulatory framework for PPPs in an attempt to answer why Denmark displays so little action on PPPs. In an analysis inspired by game-theory it is shown how central government ministries such as the Ministry of Finance and the Ministry for Economic and Business Affairs take conflicting positions towards PPPs. The departmental games on Danish regulatory policies for PPPs are characterized by conflicting positions, and the institutional framework does not support a coordinated solution to these fundamental disagreements. The consequence is an uncoordinated governmental policy for PPPs. The article shows how the Ministry of Finance takes a dominant position in the inter-departmental coordination procedures, and provides a rare insight to the Danish Government's internal coordination procedures where the government's economic policies are formulated and coordinated.